

December 24, 2002

Advice 2326-E

Pacific Gas and Electric Company (ID U39 E)

Public Utilities Commission of the State of California

Subject: Establish Balancing Accounts in Compliance with Resolutions E-3792

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

This filing complies with Resolution E-3792 issued on December 17, 2002. Specifically, this filing submits proposed balancing accounts, effective January 1, 2002, to collect and track Research, Development, and Demonstration (RD&D), and Renewables program funds.

Background

Resolution E-3792 allocates the 2002 budget for Renewables, RD&D, and Energy Efficiency programs among PG&E, SDG&E, and SCE, and adopts the 2002 funding levels for PG&E's programs. In addition, Resolution E-3792 requires the utilities to establish balancing accounts to track the RD&D and Renewables program funds² and establishes a mechanism to revise the revenue requirement associated with these programs on an annual basis.

The balancing accounts ordered by Ordering Paragraph (OP) 1 of Resolution E-3792 are effective January 1, 2002, while the rates reflecting the 2002 revenue requirement are effective on January 1, 2003. Due to the different effective dates of the ordered tariff changes, PG&E is submitting revisions in two separate

¹ PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

² The Energy Efficiency Program funds are tracked in the Energy Efficiency California Energy Commission Memorandum Account. (See Electric Preliminary Statement, Part D.)

advice letters. This filing submits the proposed balancing accounts, and Advice 2325-E submits the PPP rates for 2003.

Tariff Revisions

Pursuant to OP 1 of Resolution E-3792, PG&E is establishing balancing accounts to track the funds and costs associated with the Renewables program and the RD&D programs, effective January 1, 2002. PG&E proposes to add electric Preliminary Statement Part CN – *Research, Development and Demonstration Balancing Account* (RDDDBA), and electric Preliminary Statement Part CO – *Renewables Balancing Account* (RBA). Revenue from the PPP rate components continue to flow to the Transition Revenue Account (TRA) (electric Preliminary Statement Part N) to offset the PPP revenue requirement. The new RDDDBA and RBA accounts track the difference between the authorized revenue requirement recorded in the TRA and actual costs.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **January 13, 2003**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

Effective Date

PG&E requests that this filing become effective on **January 1, 2002**.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments



PRELIMINARY STATEMENT
(Continued)

CN. PU CODE SECTION 399.8 – RESEARCH, DEVELOPMENT, AND DEMONSTRATION
BALANCING ACCOUNT (RDDBA)

(N)

1. PURPOSE: The purpose of the Research, Development, and Demonstration (RDD) Balancing Account (RDDBA) is to track the RDD program revenue collected through rates and RDD program cost, beginning with customer billings on January 1, 2002 forward, as ordered in Ordering Paragraph 1 of Resolution E-3792 dated December 17, 2002.
2. APPLICABILITY: The RDDBA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.
3. RATES: This account does not have a separate rate component.
4. ACCOUNTING PROCEDURE: PG&E shall maintain the RDDBA by making entries at the end of each month as follows:
 - a. A credit entry equal to one twelfth of the annual authorized RDD revenue.
 - b. A debit entry equal to the recorded RDD cost during the month.
 - c. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.

(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

CO. PU CODE SECTION 399.8 – RENEWABLES BALANCING ACCOUNT (RBA)

(N)

1. **PURPOSE:** The purpose of the Renewables Balancing Account (RBA) is to track the renewables program revenue collected through rates and Renewables program cost, beginning with customer billings on January 1, 2002 forward, as ordered in Ordering Paragraph 1 of Resolution E-3792 dated December 17, 2002.
2. **APPLICABILITY:** The RBA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.
3. **RATES:** This account does not have a separate rate component.
4. **ACCOUNTING PROCEDURE:** PG&E shall maintain the RBA by making entries at the end of each month as follows:
 - a. A credit entry equal to one twelfth of the annual authorized Renewables revenue.
 - b. A debit entry equal to the recorded Renewables cost during the month.
 - c. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.

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