

January 13, 2003

Advice 2328-E-A

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing - Tariff Revisions to Implement the Interim Cap of 2.7 cents per Kilowatt-hour Direct Access Cost Responsibility Surcharge

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

Purpose

This filing supplements Advice 2328-E filed December 24, 2002, which implements the Direct Access Cost Responsibility Surcharge (DA CRS) at the interim capped level of 2.7 cents per kilowatt-hour (kWh) effective January 1, 2003. This supplemental filing is made for two purposes. First, in making its initial DA CRS filing in Advice 2328-E, PG&E did not include the method for prorating charges. In this supplement we provide the method to prorate these charges, taken in large part from the method used in Schedule PX – *Power Exchange*. Second, in a letter to the Executive Director dated December 26, 2002, PG&E requested an extension until April 1, 2003, to implement customer billing and accounting systems exempting continuous DA customers in accordance with Ordering Paragraph 11 of D. 02-12-045. In a letter dated December 30, 2002, the Executive Director approved PG&E's request, subject to certain conditions. PG&E accepts these conditions and addresses each in this supplemental filing.

Tariff Revisions for Proration of Schedule EC Charges

Absent a method to prorate charges, customers whose billing period includes January 1, 2003, would effectively pay the DA CRS prior to January 1, 2003. This result is inappropriate since the DA CRS became effective on January 1, 2003.

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 legal 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.

Proration of charges will also be required when non-generation charges change and when seasonal rate changes are implemented.

PG&E proposes to modify electric rate Schedule EC – *Energy Charge* to include the following proposed language for proration of charges:

Applicable energy cost rates shall be prorated, as necessary, to reflect the revised DA credit methodology introduced effective January 1, 2003, as well as changes in applicable energy cost rates due to seasonal cross-over or subsequent Commission-approved rate revisions. The average energy cost rates reflected on bills shall be specific to the customer's billing period, and shall span all weeks from the time of the customer's previous billing through the week prior to the current billing. Average energy cost rates shall be developed for periods of 4 to 12 weeks. Billing periods that span 4 weeks or less shall use the 4 week average. Billing periods that span 12 weeks or more shall use the 12 week average. 4 to 12 week average energy cost rates shall be effective each Thursday for 7 days.

In addition to including this language on Schedule EC, the prorated charges shall be available each week on PG&E's Web Page at:

www.pge.com/tariffs/efdtpage.html

Notification to Continuous DA Customers

The Executive Director's letter dated December 30, 2002, requires that PG&E specify in its supplemental advice letter its "commitment to duly notify continuous DA customers that they need not pay the DA CRS." PG&E agrees with this condition and is sending a letter to all exempt customers identified in PG&E's billing system. The letter states that exempt customers need not pay the DA CRS.

Tariff Modifications for Continuous DA Customers

The second condition set forth in the Executive Director's December 30, 2002, letter requires that filed tariffs must include appropriate language (1) "specifying that continuous DA customers are exempt and not liable for the DA CRS billing component, even though the billing and accounting system currently in effect does not accurately distinguish continuous DA customers from other DA customers"; (2) "PG&E shall remain responsible for identifying those customers and promptly crediting such customers for any improper payments of DA CRS (including an appropriate interest provision for the time value of money) once the billing system is implemented by April 1, 2003"; and (3) "If PG&E erroneously imposes interest, penalties, or initiates other actions against a continuous DA customer because the customer does not pay the DA CRS components of their bill, PG&E shall be required to promptly correct such errors and rebate any such interest or penalty charges assessed in error upon detection," with interest.

To meet these conditions, PG&E proposes the following language to be added to Schedule EC. PG&E has placed this provision in Schedule EC since it is this rate schedule that also sets forth how the DA CRS will be collected.

Continuous Direct Access (DA): Continuous DA customers are customers that took DA service on February 1, 2001, and that have been DA continuously since that time. Continuous DA customers are exempt from paying the DA Customer Responsibility Surcharge (CRS), which is collected as Competition Transition Charges (CTC) and energy procurement surcharges as specified below. However, PG&E cannot currently distinguish continuous DA customers from other DA customers for purposes of billing and shall bill continuous DA customers as non-exempt DA customers. Therefore, even though continuous DA customers shall be billed for the DA CRS (as CTC and energy procurement surcharges), they are not liable for these charges effective January 1, 2003, and need not pay them. Accordingly, PG&E shall notify continuous DA customers identified in its billing records that they are not required to pay DA CRS.

PG&E shall implement capability to properly bill exempt customers by April 1, 2003, and shall promptly credit exempt customers who have been improperly billed for DA CRS in their May 2003 bill (including interest). The credit also will include any necessary adjustments due to utility users taxes, the franchise fee surcharge that still must be paid by DA customers, and any proration of charges necessary based on the effective DA CRS implementation date of January 1, 2003. Further, if PG&E erroneously imposes interest, penalties, or initiates other actions against a continuous DA customer because the customer does not pay the DA CRS components of their bill, PG&E shall be required to promptly correct such errors and rebate any such interest or penalty charges assessed in error upon detection with interest.

In addition to placing this description in Schedule EC, PG&E will also make conforming changes to the "Billing" section of each rate schedule where direct access is described. Specifically, PG&E will add the following reference to Schedule EC for the DA CRS in a future supplemental filing:

The Customer Responsibility Surcharge applies to Direct Access customers. This charge and exemptions to this charge are further described in Schedule EC.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 2, 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 advice filing become effective as of **January 1, 2003**, as ordered in D. 02-12-045, OP 10, subject to Energy Division's determination that the revised tariffs comply with applicable statutes and Commission decisions. Since the implementation of the tariffs is on an interim and provisional basis, any protests will not stay their effective date of January 1, 2003.

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 and the service list for Application 00-11-038. 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

cc: Service List A. 00-11-038



SCHEDULE EC—ENERGY CHARGE

APPLICABILITY: This schedule applies to customers who elect PG&E's Bundled and Direct Access services.

Continuous Direct Access (DA): Continuous DA customers are customers that took DA service on February 1, 2001, and that have been DA continuously since that time. Continuous DA customers are exempt from paying the DA Customer Responsibility Surcharge (CRS), which is collected as Competition Transition Charges (CTC) and energy procurement surcharges as specified below. However, PG&E cannot currently distinguish continuous DA customers from other DA customers for purposes of billing and shall bill continuous DA customers as non-exempt DA customers. Therefore, even though continuous DA customers shall be billed for the DA CRS (as CTC and energy procurement surcharges), they are not liable for these charges effective January 1, 2003, and need not pay them. Accordingly, PG&E shall notify continuous DA customers identified in its billing records that they are not required to pay DA CRS.

(N)

PG&E shall implement capability to properly bill exempt customers by April 1, 2003, and shall promptly credit exempt customers who have been improperly billed for DA CRS in their May 2003 bill (including interest). The credit also will include any necessary adjustments due to utility users taxes, the franchise fee surcharge that still must be paid by DA customers, and any proration of charges necessary based on the effective DA CRS implementation date of January 1, 2003. Further, if PG&E erroneously imposes interest, penalties, or initiates other actions against a continuous DA customer because the customer does not pay the DA CRS components of their bill, PG&E shall be required to promptly correct such errors and rebate any such interest or penalty charges assessed in error upon detection with interest.

(N)

TERRITORY: Schedule EC applies everywhere PG&E provides electric service as shown in Preliminary Statement, Part A.

RATES: This schedule will apply where calculation of energy cost is required for either energy cost credits or charges. The rates used to determine energy cost charges or credits are set forth below.

Energy Cost Rates:

The following rates will be used to determine energy charges for Bundled Service customers and the credit for Direct Access customers. The rates are determined on a schedule average basis such that residual Competition Transition Charges (CTC) shown on individual customer bills approximate 1.7 cents per kWh for most customers. The residual CTC plus the one-cent per kWh Energy Procurement Surcharge provided in Section 1 of Schedule E-EPS – Energy Procurement Surcharges, ensures that most Direct Access customers pay approximately 2.7 cents per kWh for the CRS.

Applicable energy cost rates shall be prorated, as necessary, to reflect the revised DA credit methodology introduced effective January 1, 2003, as well as changes in applicable energy cost rates due to seasonal cross-over or subsequent Commission-approved rate revisions. The average energy cost rates reflected on bills shall be specific to the customer's billing period, and shall span all weeks from the time of the customer's previous billing through the week prior to the current billing. Average energy cost rates shall be developed for periods of 4 to 12 weeks. Billing periods that span 4 weeks or less shall use the 4-week average. Billing periods that span 12 weeks or more shall use the 12-week average. 4 to 12-week average energy cost rates shall be effective each Thursday for 7 days.

(N)

(N)

(L)

(Continued)



SCHEDULE EC—ENERGY CHARGE
(Continued)

RATES:
(Cont'd.)

<u>Rate Schedule</u>	<u>Rate</u> (\$/kWh)	
Commercial/Industrial: (Cont'd.)		
TC-1 Summer	\$0.02267	(L)
Winter	\$0.02267	
E-19V Transmission		
Summer On-Peak	\$0.13682	
Summer Partial Peak	\$0.04544	
Summer Off-Peak	\$0.03705	
Winter Partial Peak	\$0.05015	
Winter Off-Peak	\$0.03674	
E-19V Primary		
Summer On-Peak	\$0.10904	
Summer Partial Peak	\$0.04533	
Summer Off-Peak	\$0.02908	
Winter Partial Peak	\$0.03861	
Winter Off-Peak	\$0.02615	
E-19V Secondary		
Summer On-Peak	\$0.11333	
Summer Partial Peak	\$0.04940	
Summer Off-Peak	\$0.02968	
Winter Partial Peak	\$0.04033	
Winter Off-Peak	\$0.02595	(L)
E-19 Transmission		
Summer On-Peak	\$0.11524	
Summer Partial Peak	\$0.04487	
Summer Off-Peak	\$0.03777	
Winter Partial Peak	\$0.05120	
Winter Off-Peak	\$0.03883	
E-19 Primary		
Summer On-Peak	\$0.10417	
Summer Partial Peak	\$0.04382	
Summer Off-Peak	\$0.02915	
Winter Partial Peak	\$0.03804	
Winter Off-Peak	\$0.02637	
E-19 Secondary		
Summer On-Peak	\$0.11750	
Summer Partial Peak	\$0.05119	
Summer Off-Peak	\$0.02967	
Winter Partial Peak	\$0.04068	
Winter Off-Peak	\$0.02566	(L)

(Continued)



SCHEDULE EC—ENERGY CHARGE
(Continued)

RATES:
(Cont'd.)

<u>Rate Schedule</u>	<u>Rate</u> (\$/kWh)	
Commercial/Industrial: (Cont'd.)		
E-20 Transmission		
Summer On-Peak	\$0.07754	(L)
Summer Partial Peak	\$0.02386	
Summer Off-Peak	\$0.01889	
Winter Partial Peak	\$0.02490	
Winter Off-Peak	\$0.01780	(L)
E-20 Primary		
Summer On-Peak	\$0.09823	
Summer Partial Peak	\$0.03806	
Summer Off-Peak	\$0.02373	
Winter Partial Peak	\$0.03121	
Winter Off-Peak	\$0.02041	
E-20 Secondary		
Summer On-Peak	\$0.10176	
Summer Partial Peak	\$0.04197	
Summer Off-Peak	\$0.02202	
Winter Partial Peak	\$0.03044	
Winter Off-Peak	\$0.01773	
E-25 Transmission		
Summer On-Peak	\$0.10417	
Summer Partial Peak	\$0.04382	
Summer Off-Peak	\$0.02915	
Winter Partial Peak	\$0.03804	
Winter Off-Peak	\$0.02637	
E-25 Primary		
Summer On-Peak	\$0.10417	
Summer Partial Peak	\$0.04382	
Summer Off-Peak	\$0.02915	
Winter Partial Peak	\$0.03804	
Winter Off-Peak	\$0.02637	
E-25 Secondary		
Summer On-Peak	\$0.11750	
Summer Partial Peak	\$0.05119	
Summer Off-Peak	\$0.02967	
Winter Partial Peak	\$0.04068	
Winter Off-Peak	\$0.02566	

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