

June 30, 2003

Advice 2328-E-C

(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 tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

In accordance with Resolution E-3813 (Resolution) issued June 19, 2003, PG&E is submitting this third supplement to Advice 2328-E, which was filed to implement the Direct Access Cost Responsibility Surcharge (DA CRS) at the interim capped level of 2.7 cents per kWh effective January 1, 2003, in accordance with Ordering Paragraph (OP) 10 of Decision (D.) 02-12-045.

Background

Decision 02-11-022 set a DA CRS interim cap of 2.7 cents per kWh and D. 02-12-045 ordered that the DA CRS be billed to customers beginning January 1, 2003. PG&E filed Advice 2328-E on December 24, 2002, to add new electric rate Schedule EC – *Energy Charge*, which lists the rates that are used to determine both the Energy Charge shown on a customer's bill, as well as the credit for Direct Access customers. Advice 2328-E also included revisions to electric Preliminary Statement Part N – *Transition Revenue Account (TRA)* and electric Preliminary Statement Part AM – *Emergency Procurement Surcharge Balancing Account (EPSBA)* necessary to record separately the revenues collected from the DA

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.

CRS. In addition, Advice 2328-E eliminated electric rate Schedule PX - *Power Exchange Energy Cost*.

PG&E filed supplemental Advice 2328-E-A on January 13, 2003, to modify Schedule EC to accommodate customers that are exempt from the DA CRS. Advice 2328-E-A also addressed certain conditions set by the Executive Director in approving PG&E's request for an extension until April 1, 2003, to implement customer billing and accounting systems exempting continuous DA customers in accordance with OP 11 of D. 02-12-045.

PG&E then filed supplemental Advice 2328-E-B on January 23, 2003, to update references in the rules and rate schedules from Schedule PX or the Power Exchange to Schedule EC or the Energy Charge. Advice 2328-E-B also deleted electric rate Schedule A-RTP, and suspended the Hourly PX Pricing Option.

Resolution E-3813, issued June 19, 2003, approves PG&E's proposed accounting of the DA CRS revenues and allows the proposed Schedule EC on an interim basis until a decision is made in the Post-PX DA Credit proceeding (A. 98-07-003), which is expected to address the issue of "bottoms up" billing for direct access customers. The Resolution also requires PG&E to supplement Advice 2328-E to make modifications as discussed below.

Rate and Billing Implementation

Under PG&E's current method for adding the 2.7 cent per kWh DA CRS to direct access customers' bills, the amount direct access customers are charged for the DA CRS is approximately, but not exactly, 2.7 cents per kWh. Per OP 1 of the Resolution, PG&E shall re-compute the DA CRS charges on DA customer bills back to January 1, 2003, to identify customers that were not charged exactly the authorized 2.7 cent per kWh interim cap. PG&E will refund any and all overcharges with interest calculated at the 3-month commercial paper rate. In addition, PG&E may correct bills where less than 2.7 cents per kWh was collected for the DA CRS.

PG&E has revised Schedule EC to reflect the requirements of OP 1. PG&E has also included language in Schedule EC that PG&E will be unable to appropriately adjust bills until bottoms up billing for direct access customers has been implemented currently anticipated in response to a decision in the Post-PX DA Credit proceeding.

Per OP 2 of the Resolution, a separate line item for the DA CRS should appear on customers' bills so the customer can see the amount of the credit and the DA CRS. As of April 1, 2003, PG&E's bills were revised by Advice 2364-E-A to show a single line item for the DA CRS titled "Generation". PG&E will separate the DA CRS into its component parts and appropriately name each item (e.g., DWR Power Charge) on customers' bills upon implementation of bottoms up billing for

DA. PG&E currently anticipates that bottoms up billing for direct access customers will be implemented following a final decision in the A. 98-07-003 on Post-PX DA Credit, which is currently scheduled for consideration at the July 10 Commission meeting.

Per OP 7 of the Resolution, PG&E is revising Schedule EC to add language describing the required exemptions for CARE and medical baseline customers from all components of the DA CRS, except the CTC component, effective with the date this advice letter is filed. PG&E expects, however, that it will not be able to implement this exemption until bottoms up billing is implemented for direct access customers. Because of the delay, PG&E has included refund language in Schedule EC.

Per OP 9 of the Resolution, PG&E shall add tariff language to each applicable rate schedule referencing DA CRS applicability to DA customers, except those qualified as continuous DA customers. PG&E has complied with this requirement in Advice 2328-E-B.

Tariff Revisions

This filing revises electric rate Schedule EC, by adding language stating that refunds will be determined and bill corrections made upon implementation of bottoms up billing for DA in A. 98-07-003. This change is being made to comply with OP 1. In compliance with OP 7, PG&E is adding additional language to Schedule EC describing the required exemptions for CARE and medical baseline customers. Finally, in compliance with the Resolution's revised definition of DA customers' exemption from DWR bond charge component of DA CRS, this filing revises Schedule EC to implement the exemption based on the February 1, 2001, date for determination of customer's continuity on DA service.

Bill Messages

PG&E currently provides a bill message on all DA and bundled customer bills identifying the DWR power charge remittance rate. PG&E will revise the bill message to provide for a new DWR power charge remittance approach:

“Generation includes charges for the portion of your energy usage provided by the Department of Water Resources (DWR) and is being collected by PG&E as an agent for DWR. DWR is collecting \$0.09353 per kWh from bundled customers for each kWh it provides plus the Power Charge component of the Direct Access Cost Responsibility Surcharge from direct access customers.”

When bottoms up billing is implemented, DA customer bills will list DWR charges as separate line items, allowing for elimination of the bill message from DA customer bills.

Accounting Adjustments

Per OP 11 of the Resolution, PG&E shall credit the TRA with EPS revenues collected from DA customers between June 1, 2001, and the end of 2002, upon approval of this advice letter. No modifications to the balancing account are necessary to reflect this adjustment.

DWR Remittance Methodology

Per OP 3 of the Resolution, power charge revenues collected through the DA CRS shall be remitted to DWR. PG&E shall reduce the power charge remittance rate retroactively to January 1, 2003, according to the adopted method in Table C of the D.02-12-045 (as modified by Appendix A to D. 03-02-031). The remittance rate is reduced to reflect power charge revenues collected through the DA CRS, which will be remitted separately to DWR.

The revised rate is \$0.09353 per KWh. PG&E will reflect the resulting change in the DWR Power Charge remittances on the first of the month following approval of this advice letter provided that it is approved by 20th of the month.

PG&E will consult with DWR on whether any changes to the current servicing order and/or operating agreement are necessary to incorporate this modification to this remittance approach.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 20, 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 CPUC at the address shown below.

Pacific Gas and Electric Company
Attention: Brian Cherry
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 supplemental advice filing become effective on **January 1, 2003**, subject to Energy Division's determination that it complies with E-3813.

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 Rulemaking (R.) 02-01-011. 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 R. 02-01-011



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 Cost 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.

(T)

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.

California Alternative Rates for Energy (CARE) and Medical Baseline: CARE and medical baseline customers are exempt from the DWR Power Charge and DWR Bond Charge. Since the DA CRS is currently made up of DWR Power Charges, CARE and medical baseline customers are exempt from the entire DA CRS. CARE and medical baseline customers incorrectly charged the DA CRS since June 30, 2003, shall receive refunds for that period, after PG&E has implemented bottoms up billing for direct access customers.

(N)

(N)

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

(L)

(Continued)



SCHEDULE EC—ENERGY CHARGE
(Continued)

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. (L)

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.

The customer's actual use (by time-of-use (TOU) period if service is otherwise taken on a TOU rate schedule) multiplied by the energy cost rate shown below, averaged over any rate changes during the billing period, is equal to the energy charge for Bundled Service customers or energy credit for Direct Access customers. (L)

ADJUSTMENTS: As discussed above, DA customers not otherwise exempt from the DA CRS pay approximately 2.7 cents per kWh. Any and all overcharges collected under this approximation method shall be refunded to customers, with interest calculated at the three-month commercial paper rate. PG&E may also correct the bills of customers who were not exempt from the DA CRS but were charged less than 2.7 cents per kWh for the DA CRS beginning January 1, 2003. (N)

Such billing adjustments will be made after PG&E has implemented this correction to DA CRS billing prospectively. (N)

(Continued)



SCHEDULE EC—ENERGY CHARGE
(Continued)

(L)

RATES:
(Cont'd.)

<u>Rate Schedule</u>	<u>Rate</u> (\$/kWh)
Residential:	
E-1, EM, ET, ES, ESR, E-8, EL-1, EML, ESL, ESRL, ETL, EL-8	\$0.03298
E-7, Summer On-Peak	\$0.10746
EL-7 Summer Off-Peak	\$0.01707
Winter On-Peak	\$0.01987
Winter Off-Peak	\$0.01241
E-A7, Summer On-Peak	\$0.11539
EL-A7 Summer Off-Peak	\$0.01408
Winter On-Peak	\$0.01704
Winter Off-Peak	\$0.01063
E-9 Summer On-Peak	\$0.08165
Summer Partial Peak	\$0.02046
Summer Off-Peak	\$0.00430
Winter Partial Peak	\$0.01347
Winter Off-Peak	\$0.00451
Commercial/Industrial:	
A-1 Summer	\$0.04892
Winter	\$0.02107
A-6 Summer On-Peak	\$0.10012
Summer Partial Peak	\$0.03643
Summer Off-Peak	\$0.01350
Winter Partial Peak	\$0.03911
Winter Off-Peak	\$0.01933
A-10 Transmission Summer	\$0.06574
Transmission Winter	\$0.03881
Primary Summer	\$0.06067
Primary Winter	\$0.04019
Secondary Summer	\$0.05741
Secondary Winter	\$0.03813
A-15 Summer	\$0.04892
Winter	\$0.02107

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RATE SCHEDULES

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