

January 6, 2003

Advice 2336-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Tariff Revisions to Accommodate California Department of Water Resources (DWR) Bond-Related Costs

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

Purpose

PG&E is filing this advice letter to comply with Decision (D.) 02-12-082, *Order Granting Rehearing Of Decision 02-11-074*. Specifically, in compliance with Ordering Paragraph (OP) 2, PG&E is revising the Department of Water Resources (DWR) Bond Charge in its Preliminary Statement Part I - *Rate Schedule Summary* and Preliminary Statement Part CM – *Bond Charge Balancing Account (BCBA)*. This advice letter also provides updated customer notification language that identifies eligible customers as all retail electric customers, except customers on a medical baseline rate, on a California Alternate Rates for Energy (CARE) rate, or customers served by an Electric Service Provider. Effective January 6, 2003, residential sales under 130 percent of baseline are not in the exempt category of customers. The DWR Bond Charge currently is not applied to departing load customers' usage and direct access customers' usage.

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.

Background

Decision 02-10-063 imposed bond charges to recover DWR bond costs from most bundled customers; excluded from the bond charge were San Diego Gas and Electric Company's (SDG&E) sales up to 130 percent of baseline, and all medical baseline and CARE eligible usage.

Decision 02-11-074, *Order Granting Rehearing To Modify Decision 02-10-063*, revised the original decision to exempt PG&E's, SDG&E's, and Southern California Edison's (SCE) residential sales up to 130 percent of baseline usage from the DWR Bond Charge in addition to the existing exemption on sales to Medical Baseline and CARE customers' usage.

Decision 02-12-082, *Order Granting Rehearing Of Decision 02-11-074*, revises the DWR Bond Charge to be imposed on all three utilities residential sales up to 130 percent of baseline. Medical baseline and CARE customers' sales remain exempt.

Pursuant to D. 02-11-022, the DWR Bond Charge should be imposed on all Direct Access (DA) customers, except for those who have been on DA continuously both before and since DWR began procuring power under Assembly Bill (AB) 1X. However, The Rate Agreement (between DWR and the Commission) provides that the Commission may impose Bond Charges on DA customers only after (1) the Commission issues an order that provides for such charges, and (2) the order becomes final and unappealable.² Pursuant to D. 02-10-063, the non-exempt retail bundled customers' usage will be billed for DWR Bond Charges at the rate which excludes responsibility of other customer groups. The difference between revenue from the current rate and revenue at the rate of \$0.00444 per kWh³ that would have resulted from implementation of the decision in Rulemaking (R.) 02-01-011 will be tracked in the BCBA.

Tariff Revisions**Rate Schedule Summary**

In compliance with D. 02-12-082, PG&E is revising the DWR Bond Charge shown on Preliminary Statement Part I – *Rate Schedule Summary*. This charge is now applicable to all bundled customers, including residential sales up to 130 percent of baseline, except Medical Baseline and CARE sales. The DWR Bond charge of \$.00513 per kWh shall apply to all such consumption effective upon filing, subject to review by the Energy Division for compliance with this order. This approach is

² Rate Agreement, Section 4.3, which is attached to D.02-02-051.

³ The rate that would have resulted from implementation of Decision 02-11-022, \$0.00444 per kWh, is based on the 2003 DWR Bond Revenue Requirement of \$744 million submitted on November 8, 2002, and the "Total Load Minus Excluded Residential and Departed Load" from Table 1 of Appendix A to Decision 02-11-074.

consistent with the way other surcharges, such as CARE, are identified and communicated.

Bond Charge Balancing Account

In compliance with D.02-12-082, PG&E is revising the language referencing the applicability of the DWR Bond Charge in Preliminary Statement CM Bond Charge Balancing Account (BCBA), to indicate residential sales below 130 percent of baseline are subject to the charge.

Customer Notification

Decision 02-10-063 required PG&E to properly notify customers of the DWR surcharge inclusion on their monthly bill. Pending implementation of a line item on the bill for DWR Bond Charges, PG&E has been using bill inserts to notify customers of the bond charge since November 15, 2002, and will print a revised message on the bill as soon as technically possible to notify customers as follows:

"A new line item titled "DWR Bond Charge" will appear on your bill soon. This is imbedded in current rates and is not a rate increase. Eligible customers are all retail electric customers except customers on a medical baseline rate, on a CARE rate, or customers served by an Electric Service Provider."

Protests

Anyone wishing to protest this filing may do so by sending a letter by **January 26, 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 on **January 6, 2003**, which is the date of filing, subject to review by the Energy Division.

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



PRELIMINARY STATEMENT
(Continued)

I. Rate Schedule Summary (\$ per kWh)*

	<u>CEE Incentive Rate</u>	<u>CAREA**</u>	<u>DWR Bond***</u>	
All Schedules	.00021	.00124	.00513	(R)

* The CEE Incentive and CAREA rates apply to all eligible retail sales. Any Customer, Meter, Demand, or other Charges specified in the rate schedules shall be accounted for in the TRA.

** The CARE rates apply only to NONCARE Schedules and nonqualifying use under ESL, ESRL, and ETL.

*** The Department of Water Resources (DWR) Bond charge applies to all retail bundled sales, excluding CARE and Medical Baseline Sales.

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PRELIMINARY STATEMENT
(Continued)

CM. BOND CHARGE BALANCING ACCOUNT (BCBA)

1. PURPOSE: The purpose of the BCBA is to record revenues from the DWR Bond Charge rate by customer class during the period after a decision in R. 02-01-011 and pursuant to Decision 02-10-063, Decision 02-11-074, and Decision 02-12-082. The BCBA has three subaccounts: (1) Bundled Customer Subaccount, (2) Direct Access Customer Subaccount, and (3) Departing Load Customer Subaccount. (T)
2. APPLICABILITY: The BCBA will apply to Retail Bundled Customer, Direct Access, and Departing Load Customers, except California Alternate Rates for Energy (CARE) and medical baseline. (T)
3. REVISION DATE: The revision dates applicable to the BCBA shall be as determined in the Revenue Adjustment proceeding or as otherwise ordered by the Commission.
4. BCBA RATES: The BCBA does not have a rate component.
5. ACCOUNTING PROCEDURE: PG&E shall maintain the BCBA by making entries at the end of each month as follows:
 - a. Bundled Customer Subaccount
 - 1) A credit entry equal to the Bond Charge revenue from non-exempt retail bundled customers.
 - 2) A debit entry equal to the Bond Charge revenue from non-exempt retail bundled customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
 - 3) A credit entry equal to the interest on the average of the 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.
 - b. Direct Access Customer Subaccount
 - 1) A credit entry equal to the Bond Charge revenue from eligible Direct Access Customers.
 - 2) A debit entry equal to the Bond Charge revenue from eligible Direct Access Customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
 - 3) A credit entry equal to the interest on the average of the 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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PRELIMINARY STATEMENT
(Continued)

CM. BOND CHARGE BALANCING ACCOUNT (BCBA) (Continued)

5. ACCOUNTING PROCEDURE (Cont'd.)

c. Departing Load Customer Subaccount

- 1) A credit entry equal to the Bond Charge revenue from eligible Departing Load Customers.
- 2) A debit entry equal to the Bond Charge revenue from eligible Departing Load Customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
- 3) A credit entry equal to the interest on the average of the 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.

(Continued)



TABLE OF CONTENTS
(Continued)

PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part AL	Not Being Used	
Part AM	Emergency Procurement Surcharge Balancing Account	19252-E
Part AN	Diablo Canyon Property Tax Balancing Account	14432-E
Part AO	Not Being Used	
Part AP	Not Being Used	
Part AQ	Reduced Return on Equity Memorandum Account	14449-E
Part AR	1997 Rate Design Window Shareholder Participation Memorandum Account	14723-E
Part AS	Fixed Transition Amount Charge	14794,18611-E
Part AT	Rate Reduction Bond Memorandum Account	14796,14797-E
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account	14837-E
Part AV	Transition Cost Balancing Account	14983 to 14990,16177, 18178,16618,16619,16620,14995,15723,15724,15725,14998 to 15001,16621,16622,16623-E
Part AW	Rate Group Transition Cost Obligation Memorandum Account	16635,15005,18715,18716-E
Part AX	Must-Run Fossil Plant Memorandum Account	15726,15009-E
Part AY	Non-Must-Run Fossil Plant Memorandum Account	15727,15011-E
Part AZ	Non-Must-Run Hydroelectric/Geothermal Memorandum Account	15728,16804,16805-E
Part BA	Not Being Used	
Part BB	Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads	16399,14957,14958,16400,14960, 14961,16229,16230,16231,14963,14964,14965,14966,14967,14968,14969,16401,16402-E
Part BC	PU Code Section 376-Restructuring Implementation Tracking Account	16520,16521-E
Part BD	PU Code Section 381(d)-Renewable Program Costs Tracking Account	15018-E
Part BE	Must-Run Hydroelectric/Geothermal Plant Memorandum Account	16510,16181,16806,16807-E
Part BF	Streamlining Residual Account	15101-E
Part BG	Generation Facility Operations and Maintenance Account	16225,16226-E
Part BH	Not Being Used	
Part BI	Not Being Used	
Part BK	Transmission Revenue Requirement Reclassification Memorandum Account	16761-E
Part BL	Not Being Used	
Part BM	Applicant Installation Trench Inspection Memorandum Account	16607-E
Part BN	Vegetation Management Quality Assurance Balancing Account	16979-E
Part BO	Real Property Gain/Loss on Sale Memorandum Account	16651-E
Part BP	PX Credit Audit Memorandum Account	16647-E
Part BQ	Interim PX-Based Price Tracking Account (IPXPTA)	16695-E
Part BR	Applicant Installation Trench Inspection Deferred Account	16606-E
Part BS	Schedule E-BID Memorandum Account	16991,16992-E
Part BT	Electric Supply Cost Memorandum Account	16813-E
Part BU	Vegetation Management Balancing Account	16887-E
Part BV	Allocation of Residual Costs Memorandum Account	17003,17004-E
Part BW	Power Exchange Bilateral Option Memorandum Account	17843-E
Part BX	Interruptible Load Programs Memorandum Account	18902,18855-E
Part BY	Self-Generation Program Memorandum Account	18777-E
Part BZ	Demand-Responsiveness Program Memorandum Account	18778-E
Part CA	Food Service Technology Center Memorandum Account	18781-E
Part CB	DWR/ISO Cost Balancing Account	18784-E
Part CC	Real Time Energy Metering Memorandum Account	18307,18308-E
Part CD	Kern Restoration and Operation Memorandum Account	18509-E
Part CE	Baseline Balancing Account	18812,18813-E
Part CF	Net Energy Metering Memorandum Account	18831-E
Part CJ	Surcharge Amortization Revenue Memorandum Account	18937-E
Part CM	Bond Charge Balancing Account (BCBA)	19555,19556-E (T)

(Continued)



TABLE OF CONTENTS
(Continued)

PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part A	Description of Service Area & General Requirements	12081 to 12090,17048-E
Part B	Not Being Used	
Part C	Not Being Used	
Part D	Not Being Used	
Part E	CPUC Reimbursement Fee	11994-E
Part F	Helms Adjustment	11995-E
Part G	Catastrophic Event Memorandum Account	18716,11740-E
Part H	Interest	10579-E
Part I	Rate Schedule Summary	19554-E
Part J	Income Tax Component of Contributions Provision	11752,11503-E
Part K	Energy Commission Tax	10880-E
Part L	Electric Restructuring Costs Accounts	16515 to 16517-E
Part M	California Alternate Rates for Energy Account.....	18601-E
Part N	Transition Revenue Account.....	17860,17861,17020-E
Part O	Not Being Used	
Part P	Customer Energy Efficiency Adjustment.....	15104,15095,15097,15105,15106-E
Part Q	Competition Transition Charge Responsibility	14028-E
Part R	Affiliate Transfer Fees Account.....	16532-E
Part S	Hazardous Substance Mechanism	15719,15720,13540,13419 to 13421-E
Part T	Qualifying Facility Contribution in Aid of Construction Memorandum Account	13426-E
Part U	Capital Audit Consultant Cost Memorandum Account	17993-E
Part V	Arbitration Memorandum Account.....	13360-E
Part W	Interruptible Load Curtailment Penalty Memorandum Account.....	17896-E
Part X	Not Being Used	
Part Y	Electric and Magnetic Field Measurement Policy	13399-E
Part Z	Electric Vehicle Balancing Account.....	18685,18686-E
Part AA	Electric Deferred Refund Account.....	14274-E
Part AB	Not Being Used	
Part AC	Power Exchange Memorandum Account.....	14260-E
Part AD	Transition Cost Audit Memorandum Account.....	15917-E
Part AE	Generation Divestiture Transaction Costs Memorandum Account	14169-E
Part AF	Block Forward Market Memorandum Account	17028-E
Part AG	Competition Transition Charge Exemptions Memorandum Account.....	14277,14278-E
Part AH	Not Being Used	
Part AI	Not Being Used	
Part AJ	System Safety and Reliability Enhancement Funds Balancing Account..	14787,14788,15100-E

(T)

(Continued)



TABLE OF CONTENTS

	CAL P.U.C. SHEET NO.	
Title Page	8285-E	
Table of Contents:		
Rate Schedules	19559,19221,18990-E	(T)
Preliminary Statements	19557,19558-E	(T)
Rules, Maps, Contracts and Deviations	18979-E	
Sample Forms	18596,18980,19236,18911,17337,18788-E	

RATE SCHEDULES

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
RESIDENTIAL RATES		
E-1	Residential Service	19154,19155,19156,19157-E
EE	Service to Company Employees	18188-E
EM	Master-Metered Multifamily Service	19158,19159,15242,19160-E
ES	Multifamily Service	19161,18816,18190,19162,19163-E
ESR	Residential RV Park and Residential Marina Service	19164,19165,15250,19166-E
ET	Mobilehome Park Service	19167,18818,18193,19168,19169-E
E-7	Residential Time-of-Use Service	19170,18949,18819,19171-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service	19172,18950,18820,19173-E
E-8	Residential Seasonal Service Option	19174,19175-E
E-9	Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers	19176,18952,18953,18821,18627,19177-E
EL-1	Residential CARE Program Service	19178,18822,19179-E
EML	Master-Metered Multifamily CARE Program Service	19180,18823,19181-E
ESL	Multifamily CARE Program Service	19182,18824,18479,19183-E
ESRL	Residential RV Park and Residential Marina CARE Program Service	19184,18825,18204,19185-E
ETL	Mobilehome Park CARE Program Service	19186,18826,19187,19188,19189-E
EL-7	Residential CARE Program Time-of-Use Service	19190,18959,18827,19191-E
EL-A7	Experimental Residential CARE Program Alternate Peak Time-of-Use Service	19192,18960,18828,19193-E
EL-8	Residential Seasonal CARE Program Service Option	19194,19195,19196-E
COMMERCIAL/INDUSTRIAL		
A-1	Small General Service	19197, 19198,19199-E
A-6	Small General Time-of-Use Service	19200,18963,18214,19201-E
A-10	Medium General Demand-Metered Service	19202,18852,15307,18216,18217, 19203,19204-E
A-T	Nondomestic Interruptible Service	11862-E
A-RTP	Experimental Real-Time-Pricing Service	18219,16483-E
A-15	Direct-Current General Service	18738,17090-E
E-19	Medium General Demand-Metered Time-of-Use Service	19205,17092,17093,18965 18966,18967,15321,18221,18222,18037,18864,18039,18040,18865,17900,16414,15330 18742,18743,18744,16416,18223,16418,16419,16420,19206,17094,17095,19207,19208-E
E-20	Service to Customers with Maximum Demands of 1,000 Kilowatts or More	19209,17254,18745, 18746,18747,15348,18225,15350,18226,18866,18044,18045,18867,15356,16430,15358, 18748,18749,18750,16432,18227,16434,16435,16436,18228,17099,17100,17101,19210-E
E-25	Restricted Variable-Peak-Period Time-of-Use Service to Water Agencies	19211,19212,18752,18753,15376,18229,15378,18230,19213-E
E-36	Small General Service to Oil and Gas Extraction Customers	19214,18754,19215-E
E-37	Medium General Demand-Metered Time-of-Use Service to Oil and Gas Extraction Customers	19216,17108,18755,15690,15691,18233,19217-E
ED	Experimental Economic Development Rate	18234,17110-E
E-CARE	CARE Program Service for Qualified Nonprofit Group-Living and Qualified Agricultural Employee Housing Facilities	18335-E

(Continued)