



**Pacific Gas and
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November 18, 2003

Advice 2347-E-A
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplemental Filing - Submits Electric Franchise Fee Surcharge
Schedule E-FFS**

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental advice letter to clarify PG&E's intent to bill for franchise fee surcharges that were not collected from Direct Access customers from January 1, 2003, through September 30, 2003. This supplement does not require any further revisions to the electric rate schedules filed in Advice 2347-E.¹

Background

PG&E filed Advice 2347-E to add new electric rate Schedule E-FFS – *Electric Franchise Fee Surcharge*. Schedule E-FFS is applicable to DA customers and is necessary to comply with Public Utilities Code Sections 6350 through 6354. Specifically, Section 6350 provides that such a surcharge is necessary "...to replace, but not increase, franchise fees that would have been collected pursuant to this division if not for changes in the regulatory environment such as the "unbundling" of the gas industry."

Public Utilities Code Section 6352 (a) provides that non-exempt customers taking electric transportation service on a transmission and/or distribution system subject to franchise agreements shall pay a surcharge. That surcharge is then defined in Section 6353 (b). It provides that "...the energy transporter shall use that portion of the otherwise applicable utility rate or charge which, pursuant to commissioner order, is removed from the bill of a retail electric customer who has elected direct access to reflect the fact that the customer is purchasing energy from a non-utility provider..." PG&E's obligation to collect franchise fee surcharges from DA customers is further set forth in Rule 22 (Section B, paragraph 16).

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.

Prior to January 1, 2003, PG&E collected the electric franchise fee surcharge within the residual Competition Transition Charges (CTC) paid by direct access customers. Beginning January 1, 2003, however, PG&E no longer collected residual CTC from direct access customers, and therefore, did not collect the electric franchise fee surcharge. Instead, beginning January 1, 2003, PG&E collects only transmission, reliability services, distribution, nuclear decommissioning, public purpose programs, the fixed transition amount (FTA, where applicable), and the direct access cost responsibility surcharge (DA CRS) from direct access customers. In order to collect the franchise fee surcharge as mandated by the Public Utilities Code, PG&E must add an additional charge to a direct access customer's bill. Schedule E-FFS was proposed to meet that need.

Advice 2347-E, which set forth PG&E's proposal for the franchise fee surcharge was implemented in stages, but not fully implemented for direct access customers until October 1, 2003. From January 1, 2003, until October 1, 2003, PG&E did not collect the full amount of the franchise fee surcharge from direct access customers.

Tariff Revisions

This supplement does not require any further revisions to the electric rate schedules filed in Advice 2347-E. The Schedule E-FFS as proposed in Advice 2347-E sets forth the applicability of the franchise fee surcharges as well as its calculation. As discussed in Advice 2347-E, PG&E did not bill the full amount of the franchise fee surcharge initially and has only recently fully implemented the calculation in its billing system. In this supplemental filing, PG&E clarifies that it will rebill non-residential direct access customers for franchise fee surcharges that were not collected during 2003.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 8, 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: 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 advice filing become effective on **April 1, 2003**, which is the date PG&E implemented a separate line item for the Department of Water Resources Bond Charge.

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 Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs/>

Karen A. Tomcala/TSW

Vice President - Regulatory Relations

Attachments

**PG&E Electric Advice Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool
Aglert Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America

Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Meyer, Joseph
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
PG&E National Energy Group
Pinnacle CNG Company
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost Pritchard
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light

Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansev and Associates
Tecogen, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA