

February 20, 2003

Advice 2347-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Submits Electric Franchise Fee Surcharge Schedule E-FFS

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

Purpose

The purpose of this filing is to add new electric rate Schedule E-FFS – *Electric Franchise Fee Surcharge*. Schedule E-FFS is applicable to direct access 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.” Absent PG&E’s implementation of Schedule E-FFS, the franchise fee surcharge will not be collected from direct access customers.

Background

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...”

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 collects residual CTC from direct access customers, and therefore, has not been collecting 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 is proposed to meet that need.

Tariff Revisions

The proposed Schedule E-FFS sets forth the applicability of the franchise fee surcharges as well as its calculation. Specifically, PG&E proposes to calculate the surcharge as the product of the most recently approved franchise fee factor from PG&E's General Rate Case and the sum of the direct access credit as provided in Schedule EC – *Electric Charge* plus the three cents per kWh generation surcharge set forth in Schedule E-EPS – *Energy Procurement Surcharges*, Section 2. The sum of this generation surcharge and the direct access credit from Schedule EC equals the total amount removed from a bundled customer's bill when taking direct access service.

Initially, PG&E will be unable to include the three cent per kWh generation surcharge in the calculation of the franchise fee surcharge, and will determine the franchise fee surcharge as the product of the direct access credit as provided in Schedule EC and the most recently approved franchise fee factor. As soon as it is able, PG&E will revise the franchise fee surcharge calculation for direct access customers to include the three cents per kWh generation surcharge in accordance with the attached tariff.

PG&E also proposes to incorporate reference to Schedule E-FFS by adding the following sentence in each rate schedule in the section on direct access billing. PG&E will provide these conforming rate schedule revisions on April 1, 2003:

“In addition, Direct Access Customers shall pay the electric franchise fee surcharge set forth in Schedule E-FFS.”

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 12, 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 regular notice, **April 1, 2003**, which is 40 days after the date of filing, to coincide with implementation of 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/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments



SCHEDULE E-FFS—FRANCHISE FEE SURCHARGE

(N)

APPLICABILITY: Pursuant to California Public Utilities Code Sections 6350-6354, this schedule applies to all electric volumes procured by Customers from third-party entities and transported by PG&E with the following exceptions:

(N)

- a. The State of California or a political subdivision thereof;
- b. A utility transporting electricity for end use in its Commission-designated service area through another utility's service area;
- c. A utility consuming electricity transmitted through its own electric transmission and distribution system for purposes of generating electricity or for use in its own operations; and
- d. A cogeneration or nonutility generation facility when the facility transports electricity through its own electric transmission or distribution system or otherwise delivers electricity in the manner described in Section 218 of the Public Utilities Code.

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

RATES: Pursuant to Public Utilities Code Sections 6350-6354, an Electric Franchise Fee Surcharge shall be charged to all direct access electric service customers, unless otherwise exempted.

The franchise fee surcharge shall equal the product of the Franchise Fee Factor adopted in PG&E's most recent General Rate Case and the sum of the customer's direct access energy credit, calculated as set forth in Schedule EC, and the customer's imputed Generation Surcharges, calculated as set forth in Schedule E-EPS, Section 2. The adopted Franchise Fee Factor is 0.006368.

(N)



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