

August 22, 2003

**Advice 2413-E**

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: 1999 General Rate Case – Changes to Electric Distribution Rate Components Consistent with the Final Results of Operations Analysis Decision (D.) 03-04-002**

Pacific Gas and Electric Company (PG&E) hereby submits electric distribution rate component changes consistent with the final results of operations for the 1999 General Rate Case (GRC).<sup>1</sup> This filing is submitted in compliance with D.03-04-002, Opinion Adopting Stipulation Regarding 1998 Electric Distribution Plant, Ordering Results of Operations Analysis to be Performed, and Closing General Rate Case Dockets.

**Background**

PG&E filed its final electric and gas results of operations for the 1999 General Rate Case (GRC) in Advice 2459-G/2380-E, which was approved effective May 19, 2003. In that filing, PG&E stated that it would file revisions to electric distribution and electric public purpose program (PPP) rate components upon approval of the advice letter.

While the instant filing submits electric distribution rate component revisions consistent with the final revenue requirement determined by the final Results of Operations (RO) analysis, the electric PPP rate component revisions are deferred to PG&E's 2003 GRC pursuant to Ordering Paragraph 6 of Resolution E-3792.

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<sup>1</sup> 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.

### **Electric Distribution Rates**

The electric distribution rates submitted in this filing are based on PG&E's final RO analysis for the 1999 GRC as required by D.03-04-002, which was submitted and adopted in Advice 2459-G/2380-E.

Table 1 compares the currently authorized distribution revenue requirement with the distribution revenue requirement currently in rates.

Table 1

Date	Distribution Revenue Requirement (million dollars)	Source
January 1, 2003	\$2,165,480	Advice 2324-E
October 1, 2003	\$2,125, 293	D. 03-04-002 and Advice 2459-G/2380-E
Difference	\$40,187	

Attachment I shows the derivation of the currently authorized revenue requirement. The revised revenue requirement yields a decrease to present distribution rates of approximately \$40 million. PG&E's proposed distribution rates have been designed consistent with the approach taken in Revenue Adjustment proceedings during the rate freeze. Specifically, transmission and distribution marginal costs were used to allocate the sum of transmission revenue at present rates and the distribution revenue requirement. The distribution allocation to each rate schedule was then determined as the total allocation of transmission and distribution to each rate schedule less the transmission revenue at present rates.

Rates were also determined in the manner approved in Revenue Adjustment proceedings during the rate freeze. Here, distribution customer and meter charges were held at current levels and distribution energy and demand charges were adjusted to collect the distribution revenue allocated to each rate schedule. Attachment II, provides PG&E's proposed distribution rates and Schedule EC rate changes. PG&E will place these revised rates into effect on October 1, 2003, absent direction to the contrary from the Commission. When implemented, the revisions to distribution rates will be offset by changes to the generation rate component such that total rates do not change.

Because PG&E expects other rates to change on or before October 1, 2003, PG&E has not filed the residual generation rates or a complete set of revised tariffs with this advice letter. Instead, PG&E will consolidate all filed rate changes which will be implemented on October 1, 2003, in a separate advice letter.

**Protests**

Anyone wishing to protest this amended filing should do so by sending a letter via U.S. mail and facsimile by **September 11, 2003**, which is 20 days after 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, Room 4002  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via U.S. mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Regulatory Relations  
Attn: Brian K. Cherry, Director  
Pacific Gas and Electric Company  
P.O. Box 770000 Mail Code B10C  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: [RxDd@pge.com](mailto:RxDd@pge.com)

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

**Effective Date**

PG&E requests that this advice filing become effective on regular notice, **October 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 parties for A. 97-12-020. 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/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments

cc: Service List - A. 97-12-020