

August 27, 2003

**Advice 2414-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Direct Access Bottoms-Up Billing**

Pacific Gas and Electric Company (PG&E) hereby submits electric distribution rate component changes in order to implement bottoms-up billing (BUB) for direct access (DA) customers.<sup>1</sup>

**Purpose**

Decision 03-08-061, Ordering Paragraph 2, requires PG&E to file an advice letter with revised tariffs sheets to implement the authority granted for DA BUB within 30 days following the effective date of the order. PG&E is filing this advice letter in compliance with that order. As provided in Ordering Paragraph 1, PG&E has 75 days to implement this initiative.

**Background**

In Decision (D.) 03-08-061, the "Opinion Adopting a Post Power Exchange Direct Access Credit for Pacific Gas and Electric Company and Southern California Edison Company," the Commission concluded that DA customers should be billed on a "bottoms-up" basis. Bottoms-up billing requires that DA customers pay the charges which are applicable to direct access only, and that these charges be summed to determine the direct access bill amount. PG&E would no longer determine a direct access bill on a bundled basis and then apply a credit.

Under DA BUB, DA customers are required to pay transmission, reliability services, distribution, nuclear decommissioning, public purpose programs, the fixed transition amount (FTA), where applicable, the franchise fee surcharge and the applicable portions of the Direct Access Cost Responsibility Surcharge (DA

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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.

CRS). In addition, in this filing, PG&E has included changes to distribution rates first adopted in the Post Transition Electric Ratemaking proceeding, and confirmed in D.03-08-061 (p.10). Accordingly, the costs of nonfirm discounts, power factor and rate limiters are moved to distribution.<sup>2</sup> For bundled service customers, the change to distribution rates will be offset by a change to the generation component to ensure that total rates do not change as a result of this distribution rate change.

PG&E has filed in advance of the last date of the 30-day window provided for making this filing because PG&E plans to implement this initiative on October 1, 2003, well in advance of the 75-day time frame allowed by the decision, unless guidance to the contrary is provided by the Commission. PG&E proposes to implement DA BUB as soon as possible because many other initiatives will be implemented at the same time. Specifically,

- (1) Resolution E-3813 requires PG&E to bill the DA CRS at exactly 2.7 cents per kilowatt-hour (kWh) and to effect refunds for the period prior to when the exact DA CRS can be properly billed. PG&E will implement the DA CRS at exactly 2.7 cents per kWh with DA BUB.
- (2) Resolution E-3839 similarly requires refunds to customers taking service under the California Alternate Rates for Energy (CARE) program and medical baseline customers that are exempt from the DA CRS, where PG&E has not as yet been able to properly bill the exemption. PG&E will begin properly billing the DA CRS exemption with DA BUB.
- (3) Resolution E-3813 requires that the name for the DA CRS be changed from "generation" on DA bills. As described in Advice 2328-E-C, PG&E will separate the DA CRS into its component parts and appropriately name each item (e.g., DWR Power Charge) in the unbundling section of customer bills upon implementation of DA BUB.
- (4) Resolution E-3839 requires implementation of the DWR Bond Charge for DA, which will be implemented with DA BUB.
- (5) Decision 02-12-072, Service Attachment 1, requires that the DWR Bond Charge be shown separately on bills. This requirement will be implemented for DA with DA BUB.
- (6) Revision of distribution rates as proposed in Advice 2413-E, will be implemented at the same time as DA BUB.

PG&E has requested an implementation date of October 1, 2003, to minimize the number of rate changes that must be prorated over a single billing cycle (the required effective date for item (4), above, is October 1, 2003). An implementation date of October 1, 2003, for this and the other initiatives described

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<sup>2</sup> Costs of the nonfirm program were allocated based on an equal percent of revenue at present rates not including the energy surcharges. Rate limiter and power factor costs/revenues were allocated to the schedule in which they were incurred. The distribution rates proposed in this advice letter are based on the combination of this rate change and the distribution rate change filed in Advice 2413-E.

above allows PG&E to deal with only one rate change in most bills. PG&E believes that the sooner DA BUB can be implemented, the sooner billed amounts can be corrected and billing can be made less confusing.

### **Tariff Revisions**

PG&E has not filed a complete set of rate schedules with this advice letter. As discussed above, PG&E anticipates that other rates may also change on October 1, 2003, requiring that this advice letter be consolidated with other rate changes as filed in Advice Nos. 2383-E and 2413-E. Since these rate changes would require setting a different residual generation rate, PG&E proposes that prior to October 1, 2003, PG&E consolidate all applicable rate changes for October 1 implementation.

Instead of providing a complete set of tariffs, PG&E has provided the proposed distribution rates as Attachment I. PG&E also requests approval of the proposed changes in the text for DA BUB as shown in Attachment II.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **September 16, 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, 4<sup>th</sup> Floor  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto: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](mailto:RxDd@pge.com)

**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 parties on the service list for A. 98-07-003. 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: A. 98-07-003 – 1998 RAP Proceeding