

September 12, 2003

Advice 2419-E

(Pacific Gas and Electric Company (ID U39 E))

Public Utilities Commission of the State of California

**Subject: Establish Customer Credit Holding Account and Revise DWR
Remittance Rate in Compliance with Decision 03-09-018**

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

Purpose

This filing submits a proposed Customer Credit Holding Account (CCHA), and revises the power charge remittance rate paid to the Department of Water Resources (DWR) in compliance with Decision (D.) 03-09-018 adopted on September 4, 2003.

Background

Decision 03-09-018 allocates the 2003 DWR revenue requirement reduction of \$1.002 billion among PG&E, SCE, and SDG&E, and orders the utilities to return the allocated amounts to ratepayers through a one-time bill credit within 45 days. The \$1.002 billion reduction reflects a decrease in DWR's revenue requirement that was made possible after the utilities resumed procurement of power supplies in January 2003. The decision further orders PG&E to remit to DWR, DWR's estimate of the difference between the Western Area Power Authority (WAPA) remittance, ordered in D.03-09-017, and PG&E's \$444 million share of DWR's \$1.002 billion reduction, a difference of approximately \$77 million. The decision requires PG&E to establish a new holding account, which will be used to track any difference between the \$444 million share of the revenue requirement reduction allocated to PG&E's customers and the actual amount of the bill credits, with interest. The account is held in trust for DWR.

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 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.

Decision 03-09-018 also revises the power charge remittance rate to \$0.09467 per kWh, to be further adjusted for the Direct Access (DA) power charge revenue. The power charge remittance rate is being revised to implement the 2003 DWR Supplemental Determination Of Revenue Requirements, which was submitted for Commission review on July 1, 2003, excluding the effect of the \$1.002 billion revenue requirement reduction. The remittance rate adopted in D.03-09-018 does not include any adjustment to reflect the DWR power charge portion of the Direct Access Cost Responsibility Surcharge (DA CRS) for 2003. Instead, the decision requires the utilities to adjust the remittance rate to reflect DA CRS power charge remittances in their advice filings.

Holding Account

In accordance with D.03-09-018, Ordering Paragraph 8, PG&E proposes new electric Preliminary Statement Part CU - *Customer Credit Holding Account (CCHA)* to track the \$444 million of excess DWR funds that are being returned to PG&E ratepayers and the amount actually returned to ratepayers per the collection curve. The CCHA will be held in trust for DWR, and will earn interest at the three-month commercial paper rate. The interest ultimately will be returned to DWR. Any balance remaining in the CCHA (other than interest) after conclusion of the bill credit (and check payment) program, shall be paid out to the benefit of PG&E's ratepayers, pursuant to a further order of the Commission. (D.03-09-018 page 24, OP 9 and 11.)

DWR Remittance Rate

Decision 03-09-018 adopts a DWR remittance rate of \$0.09467 per kWh, and directs the utilities to adjust this rate to reflect the contribution from DA customers to the power charge revenue requirement, using the power charge component of the DA CRS. Therefore, the DWR remittance rate for the period September 5, 2003, through September 30, 2003, is \$0.08481 per kWh. This reflects annual DA power charge revenue of \$200.2 million, at a rate of \$0.027 per kWh times the DWR forecast of eligible DA usage of 7,415 GWh. Eligible DA usage is based on actual usage for January through August 2003, and DWR's forecast underlying the 2003 supplemental revenue requirement for September through December 2003.

On October 1, 2003, the DA power charge rate will be revised to \$0.02256 per kWh, as ordered in Resolution E-3839. The revised power charge rate reflects the adopted DWR bond charge rate of \$0.00444 per kWh within the DA CRS cap of \$0.027 per kWh. As a result, the annual DA power charge revenue available to offset the power charge revenue requirement will be revised to \$188.4 million. The DWR remittance rate effective October 1, 2003, will be \$0.08539 per kWh.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **October 2, 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 filing become effective **September 5, 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 Application (A.) 00-11-038. 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

cc: Service List - A. 00-11-038



PRELIMINARY STATEMENT
(Continued)

CU. CUSTOMER CREDIT HOLDING ACCOUNT (CCHA)

(N)

1. **PURPOSE:** The purpose of the CCHA is to track the difference, with interest, between the DWR revenue requirement reduction allocated to PG&E customers in accordance with Decision 03-09-018 and the reduction offered to ratepayers through bill credits or other mechanisms.
2. **APPLICABILITY:** The CCHA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.
3. **REVISION DATE:** Disposition of amounts in this account are subject to further Commission direction. The interest in this account ultimately will be returned to DWR. The balance, excluding interest, shall be paid out to the benefit of PG&E's ratepayers, pursuant to a further order of the Commission. (Decision 03-09-018 page 24, OP 9 and 11.)
4. **RATE:** The CCHA currently does not have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall maintain the CCHA by making entries to this account as follows:
 - a. A credit entry equal to the excess DWR funds, as defined in Decision 03-09-018, that are being returned to PG&E ratepayers.
 - b. A debit entry equal to the reduction offered to ratepayers through bill credits or other mechanisms in accordance with the collection curve contained in the PG&E/DWR Servicing Order.
 - c. An entry equal to the interest on the average balance of the account at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

(N)

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