

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 9, 2004

Advice Letter 2466-E

Ms Anita Smith, Rate Analyst  
Pacific Gas and Electric Company  
77 Beale Street, 10B Mail Code  
San Francisco, CA 94177

Subject: Interim Allocation of the 2004 Department of Water Resources (DWR) Revenue Requirement and Power Charge Remittance Rate Adjustment

Dear Ms Smith:

Advice Letter 2466-E is effective January 1, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clamor".

Director  
Energy Division



**Pacific Gas and  
Electric Company**

**Karen A. Tomcala**  
Vice President  
Regulatory Relations

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January 26, 2004

**Advice 2466-E  
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: Interim Allocation of the 2004 Department of Water Resources  
(DWR) Revenue Requirement and Power Charge Remittance  
Rate Adjustment**

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits this filing for a DWR power charge remittance rate revision and corresponding tariff revisions to implement Decision (D.) 04-01-028.

**Background**

On January 8, 2004, the Commission issued Decision 04-01-028 (Decision) implementing an interim allocation of the 2004 DWR revenue requirement and truing up the 2001-2002 DWR revenue requirement.

In this Decision the Commission ordered that two adjustments be made to the utility power charges calculated in Appendix A of the Decision: (1) DWR's estimates of DA CRS revenues that were utilized by the Energy Division in Appendix A must be updated; and (2) the 2001-2002 true-up amount should be reflected in setting California Investor-Owned Utilities' (Utilities) 2004 interim DWR power charge remittance rates. Ordering Paragraph (OP) 3 states that the calculation of the first adjustment should be provided by the Utilities in their implementation advice letters. OP 4 further states that 2004 power charge rates adjusted as indicated above should go into effect immediately and will remain in effect until further order of the Commission.

In addition, OP 5 required that the IOUs file advice letters with revised tariffs that would reflect the charges with the two adjustments adopted in the Decision.

Finally, the Decision allowed PG&E to establish the Power Charge Balancing Account (PCBA) and established the 2004 Bond Charge remittance rate at 0.493 cents per KWh.

### **DA CRS Revenue Adjustment to the 2004 DWR Power Charge Remittance Rate**

As ordered by the Decision, PG&E coordinated its proposed adjustment to the prospective 2004 DA power charge revenues estimate with the Energy Division and the DWR. The agreed 2004 forecast of DA usage subject to the power charge is 8,046 Gwh, and resulting estimate of revenues is \$178 million.<sup>1</sup> The resulting interim PG&E 2004 DWR power charge remittance rate is 7.910 cents per KWh. Workpapers supporting this calculation is submitted as part of this Advice filing as Attachment I.

### **2001-2002 True-Up Adjustment to the Interim 2004 DWR Power Charge Remittance Rate**

Based on PG&E's review of the Appendix A provided with D.04-01-028, the 2001-2002 true up is already reflected as a required adjustment to the interim 2004 DWR power charge remittance rate. With the proper DA power charge revenues adjustment as described above, the interim 2004 DWR power charge remittance rate for PG&E should be 7.910 cents per KWh.

### **Power Charge Balancing Account (PCBA)**

The DWR Power Charge Balancing Account (PCBA) will record the difference between the amount remitted to DWR pursuant to the Commission-adopted remittance formula and the amount collected from bundled electric customers' DWR power charge rate component on behalf of DWR. OP 7 of the Decision authorizes PG&E to establish a PCBA. In Advice 2460-E/2510-G, *Implement Ratemaking Provisions Supporting Settlement Agreement Per Decision 03-12-035*, PG&E filed a proposed DWR PCBA, which is pending Commission approval. PG&E will put the PCBA in operation once its Advice 2510-G/2460-E is approved and rates resulting from its plan of reorganization are implemented.

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<sup>1</sup> Per Energy Division's recommendation this estimate assumes zero for PG&E's Ongoing CTC and Regulatory Asset rates and will change when these rates are adopted by the Commission in the ERRA and the PG&E's Plan of Reorganization proceedings. At that time PG&E may true up bundled power charge remittances retroactive to January 1, 2004, if ordered by the Commission's rulings in the respective proceedings.

### Tariff Revisions

Tariff revisions to implement requirements of D. 04-01-028 include: (1) revising the Power Charge Balancing Account rate and (2) revising rates for the change to the DWR Bond Charge. PG&E proposes to implement these changes at the same time rates resulting from PG&E's Plan of Reorganization are established.

With regard to the Power Charge Balancing Account (PCBA) rate, as mentioned above, PG&E has already filed the PCBA in Advice 2510-G/2460-E, *Implement Ratemaking Provisions Supporting Settlement Agreement Per Decision 03-12-035*. PG&E will file the PCBA rate for electric Preliminary Statement Part I, consistent with this decision in its Advice Letter with its proposed retail rates for the Plan of Reorganization. Similarly, PG&E proposes to implement the rate change for the DWR Bond Charge in billing at the same time Plan of Reorganization rates are implemented.

### Effective Date for 2004 Bond and Interim Power Charge Remittance Rates

In OP 4 and 8 the Commission sets 2004 bond and interim power charge remittance rates effective immediately. PG&E recommends to implement the new remittance rates effective January 1, 2004, instead of January 8, 2004, which is the effective date of the Decision. Effective date of January 1, would significantly streamline the remittance process for PG&E. This effective date would also be consistent with the intent of the DWR revenue requirement process, as it would match the first day of the period to which DWR 2004 bond and power charge revenue requirements apply.

### Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 15, 2004**, 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 K. 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**

For reasons stated above PG&E recommends that this filing is effective **January 1, 2004.**

**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 for Application (A.) 00-11-056. 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. Orncala*  
Vice President - Regulatory Relations

Attachments

cc: Service List – A. 00-11-056

Attachment I

Workpaper Supporting Interim 2004 Bundled Customer DWR Power Charge Remittance Rate

	Appendix A D. 04-01-028	With PG&E DA CRS power charge revenue estimate
<b>PG&amp;E Cost Allocation Summary:</b>		
1. Adjusted 2004 Revenue Requirement	1,884,526,526	1,884,526,526
2. Less: Off-system Sales	(10,030,641)	(10,030,641)
3. Less: Direct Access Power Charge-Related Revenues /1	(1,025,360)	(177,585,283)
4. Less: 2001-2002 True-Up	(100,590,687)	(100,590,687)
5. 2004 DWR Delivered Energy (kwh)	20,168,714,762	20,168,714,762
<b>Components of PG&amp;E Power Charge (\$/kWh)</b>		
6. Adjusted RRQ Component	0.09344	0.09344
7. Off-system sales	(0.00050)	(0.00050)
8. DA CRS Contribution	(0.00005)	(0.00880)
9. Energy Division DWR Financial Model Solution Rate	(0.00005)	(0.00005)
10. 2001-2002 True-Up	(0.00499)	(0.00499)
11. <b>Total PG&amp;E Power Charge</b>	<b>0.08785</b>	<b>0.07910</b>

DWR's 2004 Power Charge Revenue Requirement - D. 04-01-028

Workpaper Supporting Capped DA Power Charge Revenue Forecast

Class	DA DWR Bond Eligible Sales	DWR Bond Rate	CTC Rate	Reg Asset Rate	Capped DWR Power Charge Rate	Total Capped DACRS Charge	Capped DWR Power Charge Revenue
Res	25,491,314	0.00493	0.00000	0.00000	0.02207	0.02700	\$562,593
SLP	82,303,670	0.00493	0.00000	0.00000	0.02207	0.02700	\$1,816,442
MLP T	0	0.00493	0.00000	0.00000	0.02207	0.02700	\$0
MLP P	6,600,947	0.00493	0.00000	0.00000	0.02207	0.02700	\$145,683
MLP S	780,596,949	0.00493	0.00000	0.00000	0.02207	0.02700	\$17,227,775
E-19 T	5,363,785	0.00493	0.00000	0.00000	0.02207	0.02700	\$118,379
E-19 P	198,982,255	0.00493	0.00000	0.00000	0.02207	0.02700	\$4,391,538
E-19 S	2,438,009,235	0.00493	0.00000	0.00000	0.02207	0.02700	\$53,806,864
Streelights	0	0.00493	0.00000	0.00000	0.02207	0.02700	\$0
Stby T	0	0.00493	0.00000	0.00000	0.02207	0.02700	\$0
Stby P	0	0.00493	0.00000	0.00000	0.02207	0.02700	\$0
Stby S	0	0.00493	0.00000	0.00000	0.02207	0.02700	\$0
AG P	0	0.00493	0.00000	0.00000	0.02207	0.02700	\$0
AG S	38,015,833	0.00493	0.00000	0.00000	0.02207	0.02700	\$839,009
E20T	1,878,193,244	0.00493	0.00000	0.00000	0.02207	0.02700	\$41,451,725
E20P	1,939,989,820	0.00493	0.00000	0.00000	0.02207	0.02700	\$42,815,575
E20S	<u>652,908,906</u>	0.00493	0.00000	0.00000	0.02207	0.02700	<u>\$14,409,700</u>
	<u>8,046,455,958</u>						<u>\$177,585,283</u>

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

ABAG Power Pool  
Aglet 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  
Dynergy 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  
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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