

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



August 6, 2004

Advice Letter 2524E|E-A

Ms Rose de la Torre
Pacific Gas and Electric Company
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Methodology for Calculation of Non-Bypassable Charges for Mountain House
Area Customers (Modesto Irrigation District)

Dear Ms de la Torre:

Advice Letter 2524E|E-A is effective July 25, 2004. A copy of the advice letter is sent
herewith for your records.

Sincerely,

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

Director
Energy Division



July 15, 2004

Advice 2524-E-A
(Pacific Gas and Electric Company ID U39E)

Subject: Methodology for Calculation of Non-Bypassable Charges for Mountain House Customers (Modesto Irrigation District)

Public Utilities Commission of the State of California:

Pacific Gas and Electric Company (PG&E) hereby files this supplemental filing to further clarify its calculations and methodologies for determining applicable non-bypassable charges (NBCs), and address the cost responsibility surcharges (CRS) imposed by Decision (D.) 03-07-028, for customers in the Mountain House Area of San Joaquin County, California, served by Modesto Irrigation District (Modesto). This filing also is made in accordance with Decision (D.) 04-03-036, dated March 16, 2004, granting PG&E's Application 03-02-005 pertaining to authorization to lease and sell certain electric distribution facilities serving a total of 137 Mountain House customers to Modesto.

This supplemental filing addresses issues raised in a protest letter dated July 6, 2004, from Modesto, to which PG&E responded on July 12, 2004. Modesto's protest centers on Attachment 2, which provides illustrative NBC calculations for three Mountain House customers representing three different customer classes. As noted in Attachment 1, Mountain House customers are not obligated to pay the DWR-related components of the CRS imposed by D.03-07-028, since they departed prior to the February 1, 2001, threshold date adopted in that decision.

Issues

First, Modesto correctly notes that the values shown in Attachment 2 of Advice 2524-E for Nuclear Decommissioning (ND) Customer C appear to be overstated by a factor of 100. (The ND amount for Customers A and B is shown as \$0.005 and the amount for Customer C is shown as \$0.0640). PG&E agrees that the ND value for Customer C on Attachment 2 should be shown as \$0.00064. This makes the total annual amount for Customer C \$313. PG&E attaches hereto a revised Attachment 2 containing the correct ND rate and amounts for Customer C and labeled "Revised Attachment 2".

Secondly, Modesto states that the interim Competition Transition Charge (CTC) of \$0.00703 from Decision (D.) 04-06-012 should be used in the examples shown in



Attachment 2. PG&E agrees that D. 04-06-012 established an interim CTC of \$0.00703, effective June 9, 2004. However, Attachment 2 was prepared for illustrative purposes only; it gave three examples of how NBCs would be calculated, using a CTC rate previously proposed by PG&E.¹ At the end of 2004, when PG&E prepares the NBC billing to Modesto for the 137 Mountain House customers for 2004, PG&E will use the actual Commission-approved rates in effect during each billing cycle. However, as a courtesy, PG&E has incorporated the interim CTC rate approved by the Commission of \$0.00703 in the "Revised Attachment 2".

Third, Modesto suggests that the examples in Attachment 2 be calculated to PG&E's standard five decimal places, rather than four. Although Attachment 2 showed only four decimal places, in fact the rates used in the calculations had five decimal places. As a courtesy, the revised Attachment 2 submitted herewith shows five decimal places, rather than four.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **August 4, 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, 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.

¹ PG&E based the examples in Attachment 2 on the ND and FTA rates in effect on March 1, 2004. Modesto notes that these rates differ from those effective on June 17, 2004. Modesto has requested the calculations use currently effective rates. Attachment 2 was prepared for illustrative purposes and was filed on June 15, 2004, using ND and TTA rates effective on that date. As noted above, when the NBC billing to Modesto for 2004 is prepared, PG&E will use the actual Commission-approved rates in effect during each billing cycle.



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

PG&E requests that the Commission approve Advice 2524-E as supplemented by this filing. Since no other protests were received, and PG&E is addressing Modesto's concerns in this supplemental filing, PG&E requests that this advice filing become effective on **July 25, 2004**, which is the date originally requested in Advice 2524-E.

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 Application (A.) 03-02-005. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>

Brian K. Cherry /ss

Director, Regulatory Relations

Attachments

cc: Service List - A. 03-02-005

ILLUSTRATIVE EXAMPLE OF NBC CALCULATION FOR THREE ACTUAL MOUNTAIN HOUSE CUSTOMERS

	Rates				Charges			Total Bill (\$)
	Sales	ND	CTC	FTA	ND	CTC	FTA	
	(kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$)	(\$)	(\$)	
Customer A (Schedule E-1)								
Jan	1,572	\$0.00048	\$0.00703	\$0.00782	\$1	\$11	\$12	\$24
Feb	540	\$0.00048	\$0.00703	\$0.00782	\$0	\$4	\$4	\$8
Mar	702	\$0.00048	\$0.00703	\$0.00782	\$0	\$5	\$5	\$11
Apr	613	\$0.00048	\$0.00703	\$0.00782	\$0	\$4	\$5	\$9
May	685	\$0.00048	\$0.00703	\$0.00782	\$0	\$5	\$5	\$10
Jun	796	\$0.00048	\$0.00703	\$0.00782	\$0	\$6	\$6	\$12
Jul	651	\$0.00048	\$0.00703	\$0.00782	\$0	\$5	\$5	\$10
Aug	907	\$0.00048	\$0.00703	\$0.00782	\$0	\$6	\$7	\$14
Sep	920	\$0.00048	\$0.00703	\$0.00782	\$0	\$6	\$7	\$14
Oct	638	\$0.00048	\$0.00703	\$0.00782	\$0	\$4	\$5	\$10
Nov	657	\$0.00048	\$0.00703	\$0.00782	\$0	\$5	\$5	\$10
Dec	873	\$0.00048	\$0.00703	\$0.00782	\$0	\$6	\$7	\$13
Annual	9,554				\$5	\$67	\$75	\$146

	Rates				Charges			Total Bill (\$)
	Sales	ND	CTC	FTA	ND	CTC	FTA	
	(kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$)	(\$)	(\$)	
Customer B (Schedule A-1)								
Jan	742	\$0.00054	\$0.00703	\$0.00817	\$0	\$5	\$6	\$12
Feb	774	\$0.00054	\$0.00703	\$0.00817	\$0	\$5	\$6	\$12
Mar	691	\$0.00054	\$0.00703	\$0.00817	\$0	\$5	\$6	\$11
Apr	681	\$0.00054	\$0.00703	\$0.00817	\$0	\$5	\$6	\$11
May	933	\$0.00054	\$0.00703	\$0.00817	\$1	\$7	\$8	\$15
Jun	1,610	\$0.00054	\$0.00703	\$0.00817	\$1	\$11	\$13	\$25
Jul	1,225	\$0.00054	\$0.00703	\$0.00817	\$1	\$9	\$10	\$19
Aug	1,674	\$0.00054	\$0.00703	\$0.00817	\$1	\$12	\$14	\$26
Sep	1,438	\$0.00054	\$0.00703	\$0.00817	\$1	\$10	\$12	\$23
Oct	789	\$0.00054	\$0.00703	\$0.00817	\$0	\$6	\$6	\$12
Nov	637	\$0.00054	\$0.00703	\$0.00817	\$0	\$4	\$5	\$10
Dec	814	\$0.00054	\$0.00703	\$0.00817	\$0	\$6	\$7	\$13
Annual	12,008				\$6	\$84	\$98	\$189

	Rates				Charges			Total Bill (\$)
	Sales	ND	CTC	FTA	ND	CTC	FTA	
	(kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$)	(\$)	(\$)	
Customer C (Schedule AG-1B)								
Jan	4,136	\$0.00064	\$0.00703	\$0.00000	\$3	\$29	\$0	\$32
Feb	3,751	\$0.00064	\$0.00703	\$0.00000	\$2	\$26	\$0	\$29
Mar	3,641	\$0.00064	\$0.00703	\$0.00000	\$2	\$26	\$0	\$28
Apr	2,864	\$0.00064	\$0.00703	\$0.00000	\$2	\$20	\$0	\$22
May	3,020	\$0.00064	\$0.00703	\$0.00000	\$2	\$21	\$0	\$23
Jun	3,297	\$0.00064	\$0.00703	\$0.00000	\$2	\$23	\$0	\$25
Jul	3,020	\$0.00064	\$0.00703	\$0.00000	\$2	\$21	\$0	\$23
Aug	3,676	\$0.00064	\$0.00703	\$0.00000	\$2	\$26	\$0	\$28
Sep	3,321	\$0.00064	\$0.00703	\$0.00000	\$2	\$23	\$0	\$25
Oct	2,442	\$0.00064	\$0.00703	\$0.00000	\$2	\$17	\$0	\$19
Nov	3,375	\$0.00064	\$0.00703	\$0.00000	\$2	\$24	\$0	\$26
Dec	4,325	\$0.00064	\$0.00703	\$0.00000	\$3	\$30	\$0	\$33
Annual	40,868				\$26	\$287	\$0	\$313

Notes:

1. ND and FTA rates shown are from PG&E's current tariffs in effect on March 1, 2004.
2. CTC rate shown was established for departing load customers on an interim basis in Decision 04-06-012.

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

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alicantar & 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
Dynegy 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.
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
Tecogen, Inc
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