

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



October 14, 2004

Advice Letter 2558-E

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

Subject: Adjustment to Residential Electric Rates to Exclude the Usage of Seasonal Residences from the Recorded Usage Used to Set Target Baseline Quantities

Dear Ms de la Torre:

Advice Letter 2558-E is effective November 1, 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



September 17, 2004

Advice 2558-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Adjustment to Residential Electric Rates to Exclude the Usage of Seasonal Residences from the Recorded Usage Used to Set Target Baseline Quantities

Purpose

The purpose of this filing is to address changes to non-generation electric rates specified by Ordering Paragraph (OP) 12 of Decision (D.) 04-02-057, issued in Phase 2 of the Commission's Baseline Order Instituting Rulemaking 01-05-047 (Baseline OIR).

Background

In D.04-02-057, the Commission ordered that "seasonal residences" be excluded from the recorded usage used to set gas and electric baseline quantities in climate zones where their inclusion would cause a material reduction in baseline allowances. This exclusion caused adjustments to the baseline quantities in several climate zones. PG&E filed these adjustments in Advice 2540-G/2499-E, which was approved on May 19, 2004.

Ordering Paragraph 12 of D.04-02-057 required any electric utility adjusting baseline quantities to:

" . . . adjust its non-generation or non-commodity rates if needed to maintain revenue neutrality for those rate components and shall adjust its generation or commodity rates so that total rates are unchanged, to be effective at the beginning of the next baseline period. Each such electric utility shall establish a BBA if it does not have one, and shall record in its BBA any generation or commodity revenue shortfalls resulting from the exclusion of seasonal residences from baseline calculations."

In compliance with Ordering Paragraph 12, new sections 5e and 5f to electric Preliminary Statement Part CE - *Baseline Balancing Account (BBA)* were established in Advice 2540-G/2499-E to track associated electric generation and

non-generation revenue shortfalls. It was also noted in Advice 2540-G/2499-E, that PG&E will address changes to electric rates at a later date. Since the new baseline quantities that were established in Advice 2540-G/2499-E will be implemented on November 1, 2004, PG&E is submitting this filing to address any resulting rate changes.

PG&E has calculated the change to distribution rates in all four tiers and the change to Tier 3 and Tier 4 generation rates attributable to changes to electric baseline quantities. PG&E has determined that the annual revenue impact of the baseline quantity changes to be relatively small, at \$27,000 in distribution revenue, and \$56,000 in generation revenue, or \$83,000 in total annual revenue. This is primarily because Baseline Territories Y and Z are sparsely populated. Consequently, there is no change to the distribution rate component because the distribution rate increase is too small (\$0.000001 per kWh) to increase distribution rates by the minimum \$0.00001 per kWh. Although the generation rate increase is high enough (\$0.000008 per kWh) to increase total rates by the minimum \$0.00001 per kWh, OP 12 requires that total rates remain unchanged.

Also, on May 10, 2004, PG&E filed a Petition to Modify D.04-02-057 to request that OP 12 be modified to allow, but no longer require, that electric non-generation rates be revised. PG&E's petition further requested that OP 23 be modified to track all generation and non-generation shortfalls, not just generation shortfalls, until recovery could be addressed in a comprehensive electric rate design proceeding. Due to the small change in distribution revenue, PG&E's request to defer the distribution rate change is moot. PG&E will track the generation shortfall as ordered by D.04-02-057.

Tariff Revisions

As discussed above, no changes to electric rates or tariffs are required. PG&E will make revenue neutral changes to total gas rates in a subsequent advice letter addressing changes to November gas procurement costs.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **October 7, 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.

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 advice filing become effective on regular notice, **November 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 parties on the service list for Baseline OIR 01-05-047**. 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, Esq.

Director, Regulatory Relations

Attachments

cc: Service List - Baseline OIR 01-05-047

**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
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Future Resources Associates, Inc
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Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
J. R. Wood, Inc
JTM, Inc
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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
PITCO
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
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