

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



May 27, 2005

Advice Letter 2648-E

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

Subject: Notice of Federal Energy Regulatory Commission Rate Change for 2005:
Transmission Access Charge Balancing Account Adjustment Rate

Dear Ms de la Torre:

Advice Letter 2648-E is effective May 26, 2005. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher
Director
Energy Division



**Pacific Gas and
Electric Company®**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

April 1, 2005

Advice 2648-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Notice of Federal Energy Regulatory Commission Rate Change
for 2005: Transmission Access Charge Balancing Account
Adjustment Rate**

This advice letter notifies the California Public Utilities Commission (CPUC or Commission) of the approval by the Federal Energy Regulatory Commission (FERC) of the 2005 Transmission Access Charge Balancing Account Adjustment (TACBAA) rate. Under the Transmission Owner (TO) tariff, the revised TACBAA rate became effective on April 1, 2005. PG&E has delayed implementation of the TACBAA rate change so that it could be consolidated with other CPUC approved rate changes. In any event, PG&E proposes to implement this rate change no later than June 1, 2005.

Purpose

PG&E hereby provides the 2005 TACBAA rate of \$0.00034 per kWh to be included in the transmission charges shown on the customers' bills. PG&E proposes to implement this rate change with the first electric rate change approved by the CPUC following the filing of this advice letter or June 1, 2005, whichever is earlier.

Background

The TACBAA is a ratemaking mechanism designed to pass through to retail customers the net costs billed to PG&E under the California Independent System Operator (ISO)'s Transmission Access Charge (TAC) rate methodology. The TACBAA tracks the difference between ISO TAC rates and PG&E's utility-specific Access Charge billings from the ISO.

As of March 1, 2004, PG&E's overall rates were designed to collect an authorized revenue requirement, effectively ending the AB 1890 rate freeze. At that time, PG&E began charging the TACBAA rate of \$0.00011 per kWh to retail customers. On October 15, 2004, in PG&E's Annual True-Up advice letter (2570-E), PG&E proposed to include the TACBAA rate change with other rate

changes on January 1, 2005. However, the TACBAA rate change could not be filed at FERC until December 23, 2004, making it impossible to obtain a FERC decision before the end of the year. Accordingly, PG&E did not implement the TACBAA rate change on January 1, 2005. By letter dated March 3, 2005, FERC approved the revised TACBAA rate of \$0.00034 per kWh effective April 1, 2005, in Docket ER05-378-000. The increase of approximately \$0.00023 per kWh increases total charges for direct access and bundled customer by approximately \$19 million.

Consolidated Rate Change

PG&E proposes to implement the TACBAA rate change at the same time as the next rate change approved by the CPUC, but no later than June 1, 2005. In general, an increase in the TACBAA rate increases charges for both bundled and direct access customers, except as limited by the requirements of AB 1X¹. PG&E filed its rate proposal and illustrative rates incorporating the TACBAA rate change in Advice 2647-E on April 1, 2005. PG&E will supplement that advice letter as necessary to implement the consolidated rate change. Should the TACBAA rate change without being consolidated with other rate changes, PG&E will supplement this advice letter with final rates and tariffs, based on the revenue allocation and rate design rules used to set rates for PG&E's 2005 Annual Electric True Up filing (Advice 2570-E-A).

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 20, 2005**, 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 Water Code Section 80110 prohibits increases to total charges paid for residential usage up to 130 percent of baseline, relative to the levels of those charges on February 1, 2001, until DWR recovers the costs of power it has procured for the electrical corporation's retail end use customers.

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: PGETariffs@pge.com

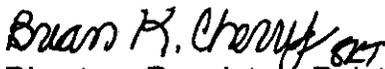
Effective Date

PG&E requests that this advice filing become effective no later than June 1, 2005..

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. 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>


Director - Regulatory Relations

Attachments

**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
Cooperative Community 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
DGS Natural Gas Services
DMM Customer Services
Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy

Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
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
PITCO
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
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
Transwestern Pipeline Co
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA