

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



March 15, 2006

Advice Letter 2707-E, 2707-E-A

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

Subject: Recovery of charges from direct access customers in compliance with D.04-02-062, D.04-05-055 and D.04-06-12

Dear Ms de la Torre:

Advice Letter 2707-E, 2707-E-A is effective February 24, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	
R De la Torre	
B Lam	
	D Poster
	S Ramaiya
MAR 17 2006	
Return to	Records
	File
cc to	



**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

September 7, 2005

Advice 2707-E

(Pacific Gas and Electric Company ID U 39 E)

**Subject: Recovery of Charges from Direct Access Customers in
Compliance with D.04-02-062, D.04-05-055 and D.04-06-012**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing its plan to recover from direct access customers deferred charges resulting from Decision (D.) 04-02-062 (Rate Design Settlement Agreement), D.04-05-055 (Test Year 2003 General Rate Case, Phase I), and D.04-06-012 (2004 Energy Resource Recovery Account). The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

The purpose of this filing is to request Commission approval to make billing adjustments to all Direct Access (DA) customer bills to refund or collect, as appropriate, certain rate component changes related to the 2004 revenue requirements that were not reflected in the DA customers' rates between: (1) January 1, 2004, and June 16, 2004 for nuclear decommissioning, distribution and public purpose programs for all DA customers, and (2) January 1, 2004, and August 31, 2004, for ongoing Competition Transition Charges (CTC) and Regulatory Asset for DA California Alternate Rates for Energy (CARE) customers, DA medical baseline customers and continuous DA customers.

This filing implements the provisions set forth in electric Preliminary Statement Part DL—*Direct Access Revenue Shortfall Tracking Account (DARSTA)*, with the modification that PG&E hereby requests that all customer-specific DARSTA bill adjustments be amortized into twelve equal monthly installments.

Background

In D.04-02-062, the Commission adopted a \$799 million rate reduction that consisted of an \$18 million increase for direct access customers. In its review of PG&E's proposal to implement this change, the Commission stated that, "We will not approve any increases under the expedited schedule in this case. We

therefore deny without prejudice the annual revenue requirement increase of \$18 million for DA customers proposed by PG&E in AL 2465-E. PG&E can track the revenue requirement for DA customers for implementation after a decision in Phase 1 of PG&E's 2003 GRC." (p. 23, 24)

The \$18 million increase was derived from changes to nuclear decommissioning, distribution and public purpose program charges for all DA customers and from ongoing CTC and regulatory asset charges from DA CARE customers, DA medical baseline customers and continuous DA customers. PG&E established Preliminary Statement Part DL, the Direct Access Revenue Shortfall Tracking Account, for the purpose of estimating the associated shortfall from these customers.

In D.04-05-055, the Commission authorized the proper level of charges for distribution, nuclear decommissioning and public purpose program charges. On June 17, 2004, in compliance with D.04-05-055, PG&E began charging DA customers at the proper level for these components. Accordingly, no further amounts were accrued to DARSTA for these components after June 16, 2004, but for interest.

In D.04-06-012, the Commission determined the revenue requirement for test year 2004 for ongoing CTC. Beginning on September 1, 2004, PG&E began billing DA CARE customers, DA medical baseline customers and continuous DA customers for the regulatory asset and for CTC. Accordingly, no further amounts were accrued to DARSTA for these components after August 31, 2004, but for interest.

To date, PG&E has not made billing adjustments for distribution, nuclear decommissioning and public purpose program charges for DA customers for the period January 1, 2004, through June 16, 2004, or for CTC and regulatory asset charges for DA CARE, DA medical baseline, or continuous DA for the period January 1, 2004, through August 31, 2004.

Direct Access Bill Adjustments

PG&E proposes an adjustment to the bills of affected DA customers to reconcile the difference¹ between the billed component rates and the adopted values described below, without interest. PG&E will calculate the total amount of the customer-specific bill adjustment, then amortize this amount into twelve equal monthly installments on affected customers' bills.

These DARSTA bill adjustments will commence no earlier than March 1, 2006. This will allow time for PG&E to complete all historical DARSTA bill adjustment calculations, establish all related billing system modifications and programming for

¹ PG&E expects most bill adjustments will recover prior undercharges.

the installment plan, and provide direct customer-specific communications in advance of installment plan implementation to notify all affected customers of their individual DARSTA bill adjustments. An installment plan approach will help mitigate one-time bill adjustments that may otherwise be a hardship for medical baseline, CARE, or other affected DA customers. Delaying commencement until March 2006 will also better avoid the historical high winter bill season.

The bill adjustment for each component will be determined by the electric kWh usage (and/or applicable kW demand) within the periods described above, multiplied by the component adjustment rate specified, for all DA customers of record in each subject month. The resulting component dollar adjustment amounts will then be divided into twelve equal monthly installments, and grouped into two line items on customer bills as described below.

The regulatory asset rate PG&E proposes to use for these adjustments was adopted in D.04-02-062 and remained unchanged during 2004. PG&E proposes to use nuclear decommissioning, public purpose program and distribution rates filed in compliance with D.04-05-055 to calculate bill adjustments.² Finally, PG&E proposes to use the ongoing CTC rates adopted in D.04-06-012 for 2004 to calculate the necessary bill adjustments.

Due to the multiple rate components involved in this adjustment and to avoid customer confusion, PG&E proposes to reflect the adjustment as two combined net amounts, rather than as separate line items for each separate rate component adjustment on the customer's bill. One line item will reflect the combined installment plan monthly bill adjustment for distribution, nuclear decommissioning, and public purpose program charges. The other line item will reflect the combined installment plan monthly bill adjustment for regulatory asset and CTC charges. However, revenue will be credited to the proper preliminary statement balancing account by component. Any remaining DARSTA adjustments that have not been presented to customers will be billed immediately if the customer's account is closed prior to the end of the 12 month installment plan.

Delete Preliminary Statement Part DL

Since the actual difference in rates as described above will be used to calculate the necessary adjustments, the estimated balance in DARSTA will not be required and this tracking account can be eliminated. Therefore, if the Commission approves the bill adjustments set forth herein, PG&E proposes to delete DARSTA from its tariffs upon the effective date of this advice letter, as shown on Attachment I to this filing, and the accompanying electric Table of Contents – Preliminary Statements.

² Use of rates adopted in D.04-05-055, rather than D.04-02-062, benefits customers slightly since rates implemented in D.04-05-055 were slightly lower than those approved previously.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **September 27, 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:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

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: PGETariffs@pge.com

Effective Date

PG&E requests that this advice filing be approved upon regular notice, **October 7, 2005**, which is 30 days after this filing. Implementation of installment plan billing adjustments would commence no sooner than March 1, 2006, based on 2004 historical monthly individual customer billing determinants, in conjunction with the monthly discrepancy between actual and proper levels for the affected rate components in the 2004 subject period.

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 A. 02-11-017. 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 / BK

Director - Regulatory Relations

Attachments

cc: Service List - A.02-11-017

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Bernard Lam

Phone #: (415) 973-4878

E-mail: bxlc@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2707-E**

Subject of AL: Recovery of Charges from Direct Access Customers in Compliance with D.04-02-062, D.04-05-055 and D.04-06-012

Keywords (choose from CPUC listing): Direct Access, Billings, Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 04-02-062, D.04-05-055 and D.04-06-012

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 10/7/2005

No. of tariff sheets: 2

Estimated system annual revenue effect: This advice does not change previously authorized revenue requirements, but corrects for approximately \$6 million of prior period direct access undercharges. (%): 0.06%

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement DL

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2707-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
Delete	Preliminary Statement Part DL--DA Revenue Shortfall Tracking Account	21607-E
Delete	Preliminary Statement Part DL (Cont.)	21608-E
Delete	Preliminary Statement Part DL (Cont.)	21609-E
23757-E	Table of Contents -- Preliminary Statements	23443-E*
23758-E	Table of Contents -- Rate Schedules	23444-E*



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Part CC	Real Time Energy Metering Memorandum Account	18307,18308-E
Part CD	Kern Restoration and Operation Memorandum Account	18509-E
Part CE	Baseline Balancing Account	18812,18813-E
Part CF	Net Energy Metering Memorandum Account	18831-E
Part CG	Utility Generation Balancing Account	21640-E
Part CJ	Surcharge Amortization Revenue Memorandum Account	18937-E
Part CL	Distributed Energy Resources Memorandum Account	19042-E
Part CM	Bond Charge Balancing Account	19555,19556-E
Part CN	Research, Development, and Demonstration Balancing Account	19371-E
Part CO	Renewables Balancing Account	19372-E
Part CP	Energy Resource Recovery Account	19379,19876-E
Part CQ	Modified Transition Cost Balancing Account	19381-E
Part CR	Common Area Balancing Account	19768,19769-E
Part CS	Advanced Metering and Demand Response Account	22317,19875,22318-E
Part CY	EI Paso Settlement Electric Memorandum Account	20985-E
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Part DA	Public Purpose Program Revenue Adjustment Mechanism	21118-E
Part DB	Nuclear Decommissioning Adjustment Mechanism	21119-E
Part DC	Regulatory Asset Revenue Adjustment Mechanism	21120-E
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Part DJ	Procurement Transaction Auditing Account	21160-E
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Part DM	Bundled Financing Allocation Tracking Account	21216-E
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**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool
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Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Eisesser
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APS Energy Services Co Inc
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Crossborder Inc
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Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services
DMM Customer Services
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Heeg, Peggy A.
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Hogan Manufacturing, Inc
House, Lon
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Integrated Utility Consulting Group
International Power Technology
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JTM, Inc
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Korea Elec Power Corp
Luca, Forward, Hamilton & Scripps
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Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
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Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra
Sempra Energy
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