

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



March 15, 2006

Advice Letter 2742-E

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

Subject: Methodology for calculation of non-bypassable charges for Mountain House customers (Modesto Irrigation District)

Dear Ms de la Torre:

Advice Letter 2742-E is effective December 30, 2005. 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	D Poster
R Dela Torre (2)	S Ramaiya
B Lam (1)	
MAR 17 2006	
_____ Records _____	
Return to _____	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

November 30, 2005

Advice 2742-E
(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

This filing is made in accordance with Decision (D.) 04-03-036, dated March 16, 2004, for PG&E's Application (A.) 03-02-005 pertaining to authorization to lease and sell certain electric distribution facilities serving the Mountain House Area to Modesto Irrigation District (MOD). Pacific Gas and Electric Company (PG&E) hereby files the annual advice letter to describe its calculations and methodologies for determining applicable non-bypassable charges (NBCs), for customers in the Mountain House Area of San Joaquin County, California, served by MOD.

Background

Pursuant to Public Utilities Code § 9610, a total of 137 Mountain House customers departed PG&E's service territory on January 1, 2001, and began receiving electric service from MOD. Decision 04-03-036 approved, among other things, an agreement between PG&E and MOD for the lease of certain electric distribution facilities in the Mountain House area ("the Lease Agreement") (Application 03-02-005 dated February 7, 2003). The Lease Agreement provides that MOD will pay NBCs on behalf of the departing customers. Ordering Paragraph 6 of D.04-03-036 requires that PG&E shall annually file an advice letter that contains the proposed calculations and methodologies for determining the amount of NBCs to be paid by MOD for the year at least 90 days before the due date for MOD's payment of the NBCs for approval by the Commission Energy Division. This Advice Letter fulfills PG&E's requirement as detailed in Ordering Paragraph 6 of D.04-03-036.

Methodology and Illustrative Calculations

Attachment 1 to this filing is PG&E's statement of methodology for calculating NBCs to be paid by MOD on behalf of departing customers.

Attachment 2 to this filing is a preliminary 2005 NBC bill for the Mountain House customers that departed PG&E's service territory on January 1, 2001, and began receiving electric service from MOD. This bill covers NBC charges with interest for the period from January 1, 2005 through December 31, 2005.¹ The only NBC charges shown on the current bill are the Trust Transfer Account (TTA) Charge, and Nuclear Decommissioning (ND) Charges. Competition Transition Charges (CTC) are not included in this bill because PG&E currently can only bill for TTA Charges and ND Charges per Schedule E-DEPART.

For 2004, PG&E was not authorized to bill for the ND charges because PG&E's Schedule E-DEPART had expired as of March 31, 2002. Resolution E-3903, January 27, 2005, approved a modification of PG&E's Schedule E-DEPART to extend its expiration date, so that PG&E can now bill for ND charges. Under Res. E-3903, PG&E is also authorized to calculate "the amount of ...ND charges that it should have but did not collect from DL customers from the date Schedule E-DEPART expired through the effective date of this Resolution," to amortize this amount over a three-year period, and to bill DL customers accordingly. (Res. E-3903, page 10). Accordingly, the bill also includes one third of the amortized ND charges for the Mountain House customers from March 31, 2002 (the date the E-DEPART tariff expired) through January 31, 2005.

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.²

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 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:

¹ The rates used to calculate charges for December 2005 were based on rates in effect on November 1, 2005. If subsequently the rates change prior to the end of 2005 affecting any applicable NBC or interest amounts, charges for the affected time period will be calculated based on actual rates in effect at that time.

² See D.03-07-028, Ordering Paragraph 2. For PG&E, the CRS adopted by D.03-07-028 consists of the DWR Bond Charge (DWRBC), the DWR Power Charge (DWRPC), and the Competition Transition Charge (CTC). The DWRBC and DWRPC components of the CRS only apply to customers who departed PG&E service after February 1, 2001, and thus not to Mountain House customers (who departed on the January 1, 2001 transfer date). However, Mountain House customers are obligated to pay the CTC component of the CRS, which is applicable to customers who depart after December 20, 1995.

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

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jjj@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, CA 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

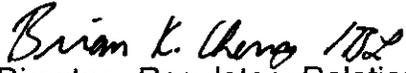
Effective Date

PG&E requests that this advice filing become effective on regular notice, **December 30, 2005**, which is 30 days after the date of this filing.

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 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>


Director - Regulatory Relations

Attachments

cc: Service List A.03-02-005
Joy A. Warren, Modesto Irrigation District

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) #: **2742-E**

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

Keywords (choose from CPUC listing): Billings

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

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

D.04-03-036

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: 12/30/2005

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

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: None

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.

Methodology for Calculation of 2005 Non-Bypassable Charges For Mountain House Customers

Pursuant to Ordering Paragraph 6 of Decision 04-03-036, this attachment describes PG&E's method of calculating the non-bypassable charge (NBC) obligations for 2005 associated with PG&E's Mountain House customers that departed to Modesto Irrigation District (MOD).

A total of 137 Mountain House customers departed PG&E service on January 1, 2001 and began receiving electric service from MOD. Just prior to their departure, PG&E took a "snapshot" of each customer's billing determinants for the period of January 2000 to December 2000 (i.e., the 12 months immediately prior to their departure on January 1, 2001).

The NBC obligations of the Mountain House customers include Competition Transition Charges (CTCs, per Public Utilities Code Sections 367, 368, 375 and 376), Fixed Transition Amounts (FTA, per Code Section 840(d)),¹ and Nuclear Decommissioning (ND, per Code Section 379) Charges.

CTCs — The opportunity for utilities to recover and the obligation for customers to pay CTCs has been established both by Commission policy decisions and California law.² Except for those specific activities expressly exempted by the California legislature or the Commission, these costs are to be paid by all energy consumers.

FTA Charges — The FTA charge is only applicable to PG&E's residential and small commercial customers, to pay back rate reduction bonds issued to finance a 10 percent reduction in rates for these customers.

ND Charges — ND costs are separately identified in Code Section 379 as a non-bypassable charge that will continue until those costs are fully recovered. Per PG&E Advice 1614-E, filed October 11, 1996, PG&E's Commission-

¹ Preliminary Statement Part AS of PG&E's electric tariffs establishes a Fixed Transition Amount (FTA) charge for residential and small commercial customers who received the 10 percent rate reduction on January 1, 1998, as mandated in Assembly Bill (AB) 1890 (Code § 368 (a)).

² Electric Restructuring Policy Decision (D.95-12-063), as modified by the Revised Policy Decision (D.96-01-009), primarily Conclusions of Law 54 and 58, and Ordering Paragraph 28, and AB 1890, primarily Code Sections 367, 368, 375, 376 and 840(d). (A.00-01-056)

jurisdictional nuclear decommissioning accrual is approximately \$33 million per year.³

The Department of Water Resources' Bond and Power Charges, imposed by Decision 03-07-028, do not apply to the Mountain House customers due to the fact that these customers departed prior to February 1, 2001.

Since January 2002 PG&E has been annually billing MOD for all applicable NBCs. To date, PG&E has sent MOD four annual NBC bills (for 2001, 2002, 2003, and 2004) covering the obligations of the 137 departing customers.

The first NBC bill (for 2001) was calculated by: (1) aggregating the usage "snapshots" of all customers on each rate schedule; (2) applying then-current schedule-specific NBC rates to the usage totals by schedule; and (3) summing the resulting NBC bills across schedules to obtain a total bill. Since then, however, each of the 137 customers was individually set up for departing load billing in PG&E's Customer Information System (CIS). PG&E's CIS calculates each departed customer's NBC bill based on monthly usage from the customer's 12-month historic "snapshot" and the then-current NBC rates applicable to the customer's rate schedule or otherwise approved by the Commission for municipal departing load. The monthly NBC charges for each customer plus interest at the three-month commercial paper rate are then summed across all customers to create one annual bill to send to MOD covering the preceding year.

³ Nuclear Decommissioning costs were approved in the 1996 General Rate Case at \$36 million per year, and then reduced by Advice 1614-E to \$33 million per year after a ruling by the Internal Revenue Service.

Advice 2742-E
Attachment 2

99950006650193300008115790000811579

Invoice Number	Invoice Date	Amount Due	Amount Enclosed
0006650193 -3	01/13/2006	\$ 8,115.79	

MODESTO IRRIGATION DISTRICT
 ATTN: ROBERT HONDEVILLE
 P.O. BOX 4060
 MODESTO CA 95352

PG&E
 Box 997300
 Sacramento, CA
 95899-7300

Please return this portion with your payment. Thank you.

* O

When Making Inquiries or Address Changes,
 Please Contact :

Departing Load Coordinator
 Mail Code B19C
 P.O. Box 770000
 San Francisco CA 94177-0001
 1-800-743-5000

Customer Number
 353102

Invoice Number
 0006650193 -3

Service Address :

Rate schedule : E 1SB
 Please see PG&E's tariffs for rate component price.

Description	Quantity	Unit Of Measure	Amount
Reference Number: WXV1349007			
TRUST TRANSFER ACCOUNT CHARGES- JAN 05	91,360	Kwh	560.41
NUCLEAR DECOMMISSIONING CHARGES-JAN 05	168,364	Kwh	58.99
INTEREST CHARGE-JAN 05			21.07
TRUST TRANSFER ACCOUNT CHARGES-FEB 05	88,236	Kwh	541.50
NUCLEAR DECOMMISSIONING CHARGES-FEB 05	161,344	Kwh	56.91
INTEREST CHARGE-FEB 05			19.06
TRUST TRANSFER ACCOUNT CHARGES-MAR 05	78,131	Kwh	479.07
NUCLEAR DECOMMISSIONING CHARGES-MAR 05	150,816	Kwh	52.86
INTEREST CHARGE-MAR 05			15.72

MODESTO IRRIGATION DISTRICT
ATTN: ROBERT HONDEVILLE
P.O. BOX 4060
MODESTO CA 95352

PG&E
Box 997300
Sacramento, CA
95899-7300

When Making Inquiries or Address Changes,
Please Contact :

Departing Load Coordinator
Mail Code B19C
P.O. Box 770000
San Francisco CA 94177-0001
1-800-743-5000

Customer Number
353102

Invoice Number
0006650193 -3

TRUST TRANSFER ACCOUNT CHARGES-APR 05	65,960 Kwh	404.64
NUCLEAR DECOMMISSIONING CHARGES-APR 05	153,479 Kwh	53.49
ND AMORTIZATION-APR 05		81.30
INTEREST CHARGE-APR 05		14.67
TRUST TRANSFER ACCOUNT CHARGES- MAY 05	72,771 Kwh	446.17
NUCLEAR DECOMMISSIONING CHARGES- MAY 05	216,132 Kwh	75.50
ND AMORTIZATION-MAY 05		81.30
INTEREST CHARGE-MAY 05		14.87
TRUST TRANSFER ACCOUNT CHARGES-JUN 05	98,949 Kwh	606.90
NUCLEAR DECOMMISSIONING CHARGES-JUN 05	272,506 Kwh	95.58
ND AMORTIZATION-JUN 05		81.30
INTEREST CHARGE-JUN 05		17.24
TRUST TRANSFER ACCOUNT CHARGES-JUL 05	92,228 Kwh	566.85
NUCLEAR DECOMMISSIONING CHARGES-JUL 05	253,321 Kwh	88.54
ND AMORTIZATION-JUL 05		81.30

MODESTO IRRIGATION DISTRICT
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MODESTO CA 95352

PG&E
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Sacramento, CA
95899-7300

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Customer Number
353102

Departing Load Coordinator
Mail Code B19C
P.O. Box 770000
San Francisco CA 94177-0001
1-800-743-5000

Invoice Number
0006650193 -3

INTEREST CHARGE-JUL 05		14.10
TRUST TRANSFER ACCOUNT CHARGES-AUG 05	106,449 Kwh	654.43
NUCLEAR DECOMMISSIONING CHARGES-AUG 05	206,082 Kwh	71.94
ND AMORTIZATION-AUG 05		81.30
INTEREST CHARGE-AUG 05		13.12
TRUST TRANSFER ACCOUNT CHARGES-SEP 05	101,365 Kwh	624.27
NUCLEAR DECOMMISSIONING CHARGES-SEP 05	198,811 Kwh	69.82
ND AMORTIZATION-SEP 05		81.30
INTEREST CHARGE-SEP 05		10.20
TRUST TRANSFER ACCOUNT CHARGES-OCT 05	75,775 Kwh	466.46
NUCLEAR DECOMMISSIONING CHARGES-OCT 05	129,973 Kwh	45.31
ND AMORTIZATION-OCT 05		81.30
INTEREST CHARGE-OCT 05		6.05
TRUST TRANSFER ACCOUNT CHARGES-NOV 05	84,356 Kwh	517.49
NUCLEAR DECOMMISSIONING CHARGES-NOV 05	197,444 Kwh	68.88

MODESTO IRRIGATION DISTRICT
ATTN: ROBERT HONDEVILLE
P.O. BOX 4060
MODESTO CA 95352

PG&E
Box 997300
Sacramento, CA
95899-7300

When Making Inquiries or Address Changes,
Please Contact :

Departing Load Coordinator
Mail Code B19C
P.O. Box 770000
San Francisco CA 94177-0001
1-800-743-5000

Customer Number
353102

Invoice Number
0006650193 -3

ND AMORTIZATION-NOV 05		81.30
INTEREST CHARGE-NOV 05		4.43
TRUST TRANSFER ACCOUNT CHARGES-DEC 05	93,168 Kwh	570.85
NUCLEAR DECOMMISSIONING CHARGES-DEC 05	155,150 Kwh	54.38
ND AMORTIZATION-DEC 05		81.30
INTEREST CHARGE-DEC 05		2.32
	<i>Line Item Subtotal</i>	8,115.79

AMOUNT NOW DUE \$ 8,115.79

NOTE : This invoice reflects current charges only.
Any past due amounts will be billed separately.

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

ABAG Power Pool
Accent Energy
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 Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
Cooperative Community Energy
CPUC
Cross Border Inc
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
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
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
Interstate Gas Services, Inc.
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
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.
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
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
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
Transcanada
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