

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 12, 2007

Advice Letter 2939-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 2939-E is effective December 30, 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	D Poster
R Dela Torre	S Ramaiya
B Lam	
JAN 23 2007	
Records	
Return to	File
cc to	



Brian K. Cherry
Vice President
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, 2006

Advice 2939-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 Pacific Gas and Electric Company's (PG&E) 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). 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 2006 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, 2006 through December 31, 2006.¹ The only NBC charges shown on the current bill are the Trust Transfer Account (TTA) Charges (also referred to as the Fixed Transition Amount Charges, or FTA Charges) and the Nuclear Decommissioning (ND) Charges. Competition Transition Charges (CTC) are not included in this bill because, although Mountain House customers owe the CTC, PG&E currently is only authorized to bill for TTA Charges and ND Charges per Schedule E-DEPART.²

In addition to the current ND charges, Commission Resolution E-3903 also authorized PG&E to calculate and collect "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.

MOD recently notified PG&E that 43³ previously-transferred accounts no longer exist, since they have been removed to make way for new development. Accordingly, PG&E has adjusted the NBC charges for the period January 1, 2006 through December 31, 2006 to account for these removals (and their removal dates), and PG&E will exclude these removed accounts from future NBC billings.

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.⁴

¹ The rates used to calculate charges for December 2006 were based on rates in effect on November 1, 2006. If subsequently the rates change prior to the end of 2006 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 On October 12, 2006, the Energy Division issued Draft Resolution E-3999, approving Advice 2433-E-C, PG&E's proposed Schedule E-TMDL for billing transferred municipal departing load customers for CTC and other non-bypassable charges. Once the Commission issues Resolution E-3999, PG&E will have authority to bill previously-transferred Mountain House customers for CTC.

³ The total number of removed accounts on the list provided by MOD to PG&E was 46; however, one account was listed twice and two accounts were not on PG&E's transferred customer list.

⁴ 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

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 20, 2006**, 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, CA 94102
Facsimile: (415) 703-2200
E-mail: mas@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
Vice President, 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, 2006**, which is 30 days after the date of this filing.

(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. As noted in Footnote 2, PG&E is not yet authorized to bill for CTC but will be able to do so once the Commission issues Resolution E-3999.

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>

A handwritten signature in black ink, appearing to read "Brent K. Angler". The signature is written in a cursive style with a large, sweeping "B" and "A".

Vice President - Regulatory Relations

Attachments 1-2

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 U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@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) #: 2939-E

Subject of AL: Methodology for Calculation of Non-Bypassable Charges for Mountain House Customers

Keywords (choose from CPUC listing): Compliance

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:

Resolution Required? Yes No

Requested effective date: **12-30-2006**

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: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets:

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

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Utility Info (including e-mail)

Pacific Gas and Electric Company

Attn: Brian Cherry

Vice President, Regulatory Relations

77 Beale Street, Mailcode B10C

P.O. Box 770000

San Francisco, CA 94177

Facsimile: (415) 973-7226

E-mail: PG&ETariffs@pge.com

PG&E Advice 2939-E

Attachment 1

Methodology for Calculation of 2006 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-jurisdictional nuclear decommissioning accrual is approximately \$33 million per year.³ Per Commission Resolution E-3903, PG&E is authorized to bill previously-transferred Mountain House customers responsible for past ND charges for the

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)

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.

period between March 31, 2002 (when Schedule E-DEPART temporarily expired) through January 31, 2005 (when Schedule E-DEPART was reinstated), amortized over a three-year period.

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 NBCs for which it had tariff authorization to bill. To date, PG&E has sent MOD five annual NBC bills (for 2001, 2002, 2003, 2004 and 2005) 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).⁴ 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 rates⁵ 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.

⁴ Forty-three of the 137 originally transferred customers have been removed from the list this year, per MOD's request, as the accounts ceased to exist due to sale of land for new development activities.

⁵ ND rates of \$0.00038/kWh, and FTA rates of \$0.00468/kWh for residential customers and \$0.00489/kWh for small commercial customers, are in effect for 2006.

PG&E Advice 2939-E

Attachment 2

Non-Energy Invoice

99950006730317200005030850000503085

Invoice Number	Invoice Date	Amount Due	Amount Enclosed
0006730317 -2	11/27/2006	\$ 5,030.85	



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.

*

*When Making Inquiries or Address Changes,
 Please Contact :*

Customer Number
353102

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

Invoice Number
0006730317 -2

Departing Load Nonbypassable Charges

Rate Schedule: E 1SB

Please see PG&E tariffs for rate component price

Description	Quantity	Unit Of Measure	Amount
Reference Number: WXV1349007			
NUCLEAR DECOMMISSIONING - JAN 06	121,552	Kwh	46.38
TRUST TRANSFER ACCOUNT - JAN 06	80,894	Kwh	380.20
ND AMORTIZATION -JAN 06			52.84
INTEREST CHARGE -JAN 06			20.62
NUCLEAR DECOMMISSIONING - FEB 06	119,392	Kwh	45.69
TRUST TRANSFER ACCOUNT - FEB 06	79,509	Kwh	373.48
ND AMORTIZATION - FEB 06			52.84
INTEREST CHARGE - FEB 06			18.45
NUCLEAR DECOMMISSIONING - MAR 06	109,011	Kwh	41.64

Non-Energy Invoice

Page 2 of 4
11/27/2006

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

0006730317 -2

TRUST TRANSFER ACCOUNT - MAR06	68,797 Kwh	323.36
ND AMORTIZATION - MAR 06		52.84
INTEREST CHARGE - MAR 06		14.50
NUCLEAR DECOMMISSIONING - APR 06	96,914 Kwh	36.90
TRUST TRANSFER ACCOUNT - APR 06	57,972 Kwh	272.34
ND AMORTIZATION -APR 06		52.69
INTEREST CHARGE - APR 06		10.49
NUCLEAR DECOMMISSIONING - MAY 06	149,332 Kwh	56.86
TRUST TRANSFER ACCOUNT - MAY 06	60,255 Kwh	282.58
ND AMORTIZATION - MAY 06		50.69
INTEREST CHARGE - MAY 06		10.29
NUCLEAR DECOMMISSIONING - JUN 06	151,468 Kwh	57.35
TRUST TRANSFER ACCOUNT - JUN 06	82,684 Kwh	387.57
ND AMORTIZATION - JUN 06		50.50
INTEREST CHARGE - JUN 06		10.54

Non-Energy Invoice

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11/27/2006

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
0006730317 -2

NUCLEAR DECOMMISSIONING - JUL 06	129,685 Kwh	49.45
TRUST TRANSFER ACCOUNT - JUL 06	72,142 Kwh	338.25
ND AMORTIZATION - JUL 06		43.22
INTEREST CHARGE - JUL 06		7.50
NUCLEAR DECOMMISSIONING - AUG 06	87,671 Kwh	33.47
TRUST TRANSFER ACCOUNT - AUG 06	80,316 Kwh	376.69
ND AMORTIZATION - AUG 06		42.09
INTEREST CHARGE - AUG 06		5.77
NUCLEAR DECOMMISSIONING - SEP 06	77,111 Kwh	29.11
TRUST TRANSFER ACCOUNT - SEP 06	72,064 Kwh	337.84
ND AMORTIZATION - SEP 06		38.78
INTEREST CHARGE - SEP 06		3.29
NUCLEAR DECOMMISSIONING - OCT 06	52,477 Kwh	20.05
TRUST TRANSFER ACCOUNT - OCT 06	50,197 Kwh	235.48
ND AMORTIZATION - OCT 06		33.37

Non-Energy Invoice

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11/27/2006

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
0006730317 -2

INTEREST CHARGE - OCT 06		1.61
NUCLEAR DECOMMISSIONING - NOV 06	91,575 Kwh	34.63
TRUST TRANSFER ACCOUNT - NOV 06	60,955 Kwh	286.02
ND AMORTIZATION - NOV 06		33.37
NUCLEAR DECOMMISSIONING - DEC 06	71,208 Kwh	26.97
TRUST TRANSFER ACCOUNT - DEC 06	68,067 Kwh	318.88
ND AMORTIZATION - DEC 06		33.37
	<i>Line Item Subtotal</i>	5,030.85

AMOUNT NOW DUE \$ 5,030.85

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	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynegy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	Utility Resource Network
City of Healdsburg	McKenzie & Assoc	Wellhead Electric Company
City of Palo Alto	McKenzie & Associates	Western Hub Properties, LLC
City of Redding	Meek, Daniel W.	White & Case
CLECA Law Office	Mirant California, LLC	WMA
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	