

January 24, 2000

ADVICE 2206-G/1962-E

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits its proposal to refund \$920,000 plus interest, in compliance with Decision (D.) 99-05-032, dated May 13, 1999, in Case (C.) 87-12-022. By letter dated November 8, 1999, Commission Executive Director Wesley Franklin granted PG&E an extension of time to comply with D. 99-05-032, pending the disposition of PG&E's Application for Rehearing of D. 99-05-032. PG&E's application was denied by the Commission in D. 99-12-022, dated December 2, 1999.

On December 15, 1987, Independent Energy Producers Association, California Manufacturers Association, and Toward Utility Rate Normalization (collectively referred to as Complainants) filed a complaint against PG&E seeking reimbursement of postage costs associated with certain mailings, as well as a punitive fine.

For billings in June, July, and August of 1987, the PG&E Progress newsletter contained statements which the Complainants believed to be prohibited by Public Utilities Code § 453 (d). In D. 99-05-032, the Commission agreed with the Complainants, ordered PG&E to refund \$920,000, plus interest accrued since April 1, 1998, and directed PG&E to file an advice letter setting forth a proposed refund method. Following is PG&E's proposal.

PG&E will assign 55 percent of the total amount to electric customers, and the remaining 45 percent to gas customers. This is the allocation between electric and gas for customer-related expenses which was used in PG&E's 1999 General Rate Case.

PG&E will record the electric portion of the refund in the Electric Deferred Refund Account (EDRA), and will be returned to ratepayers as part of the EDRA refund. As ordered in D. 96-12-025, the EDRA records electric disallowances, Utility Electric Generation Department (UEG) shares of gas disallowances ordered by the Commission or the Federal Energy Regulatory Commission (FERC), and Commission- or FERC-related electric and UEG gas settlement amounts resulting from reasonableness disputes.

The gas portion of the refund will be returned to ratepayers as a credit to transportation rates in PG&E's 2000 Biennial Cost Allocation Proceeding (BCAP). The refund amount will be allocated to customer classes based on the adopted number of customers in each customer class. PG&E will record the core-customer portion of the refund in the Core Fixed Cost Account (CFCA) and the noncore-customer portion in the Noncore Customer Class Charge Account (NCA). The credit will be included in PG&E's customer class charge rate component.

On January 5, 2000, PG&E filed a petition for writ of review of D. 99-05-032 and D. 99-12-022 with the California Court of Appeal, First Appellate District. In light of the pending

court appeal and the irreparable harm that would result from prematurely refunding the amounts in question, PG&E proposes to return the \$920,000 plus interest to ratepayers in the manner discussed above only after the Court of Appeal has dismissed PG&E's petition for writ of review with prejudice or has granted the petition and issued a final decision on the merits.

This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing. Protests should be mailed to:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division (address above), and Les Guliasi, Regulatory Relations Department Manager, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, CA 94177, Facsimile: (415) 973-7226. The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There are no restrictions on whom may file a protest.

In accordance with Section III, Paragraph G, of General Order 96-A, PG&E is mailing copies of this advice letter to the utilities and interested parties shown on the attached list, and interested parties in C. 87-12-022. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

Attachments