

April 24, 2002

**ADVICE 2384-G/2228-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Revises Baseline Territory Quantities and Establishes  
Baseline Balancing Accounts**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.<sup>1</sup>

**Purpose**

In accordance with Decision (D.) 02-04-026, issued in Phase 1 of the Commission's Baseline Order Instituting Rulemaking 01-05-047 (Baseline OIR), PG&E is revising electric residential baseline territory quantities effective **May 1, 2002**. Baseline quantities for residential gas customers are being revised in conjunction with gas procurement rate changes in Advice 2382-G, also filed this date.

This filing also presents other information in compliance with various ordering paragraphs of D.02-04-026 including: 1) proposed new gas and electric Baseline Balancing Account preliminary statements for tracking revenue shortfalls due to postponement of baseline rate changes, and for recording administrative costs incurred as a result of medical baseline program changes; and 2) a description of PG&E's medical baseline outreach program to Independent Living Center and Senior Organizations.

**Background**

Decision 86-12-091 dated December 22, 1986, and D. 89-12-057 dated December 20, 1989, provide that baseline quantities may be revised on May 1<sup>st</sup> of each year until the target levels established in PG&E's most recent General

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<sup>1</sup> PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

Rate Case (GRC) are reached. While the next change to baseline allowances would normally occur in a GRC, the Commission found that there was no need to wait for a GRC to be filed in order to adjust baseline allowances.

## **Tariff Revisions**

### **Rate Schedules**

Gas and electric target baseline quantities for the summer and winter seasons are established based on a percentage of average residential usage for the years 1997 to 2000 in each of PG&E's ten baseline territories.<sup>2</sup> The target baseline quantities are calculated separately based on whether or not the customer has permanently installed electric space heating and whether the customer is individually-metered or master-metered. All baseline quantities continue to be set at the highest percentage allowed by Section 739, as has been PG&E's longstanding practice.

Baseline quantities are changing on all residential schedules. Changes to rates resulting from adjustments to both gas and electric baseline quantities will not be considered until Phase 2 of the Baseline OIR.

### **Preliminary Statements**

In accordance with D. 02-04-026, PG&E proposes a new electric Preliminary Statement Part CE - *Baseline Balancing Account (BBA)*, and a new gas Preliminary Statement Part AY - *Baseline Balancing Account*, to track the under-collections resulting from the changes in electric and gas baseline allowances effective May 1, 2002. As stated in D. 02-04-026, these balancing accounts are authorized to maintain revenue neutrality for the changes in baseline quantities, until rates change in Baseline OIR Phase 2. The BBAs will also record administrative costs incurred as a result of the medical baseline program changes. The Baseline OIR decision also authorizes reasonable recovery of costs caused by the changes to the medical baseline program.

#### **1) Electric Baseline Balancing Account**

Pursuant to D. 02-04-026, electric baseline allowances will increase in some baseline climate zones and will remain at current levels in those zones where they would otherwise have decreased. Pursuant to D. 02-04-026, the electric BBA is established to record revenue under-collections resulting from the Commission's "up - not down" approach to the electric baseline allowances.

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<sup>2</sup> In compliance with Ordering Paragraph (OP) 6 of D. 02-04-026, PG&E notes that it had previously calculated baseline quantities based on the most recent available calendar year, which is then weather-normalized to reflect temperatures in a "normal" year. PG&E changed to a simple average of the most recent available four calendar years. Under this new methodology (which was approved in D. 02-04-026, at page 8), baseline quantities were determined for each of those four years, and then averaged to arrive at the baseline quantities filed in this advice letter.

PG&E proposes three subaccounts in the electric BBA: 1) the Surcharge Baseline Revenue Shortfall Subaccount, which will record the revenue shortfall from the Energy Procurement Surcharge (electric rate Schedule E-EPS) that results from those residential customers whose usage is under 130 percent of baseline allowance; 2) the Frozen Rate Baseline Revenue Shortfall Subaccount, which will record the revenue shortfall from the current "frozen" standard electric rates; and 3) the Medical Baseline Program Cost Subaccount, which will record the electric portion of the administrative costs caused by the changes ordered by the Commission to the medical baseline program.

## 2) **Gas Baseline Balancing Account**

Pursuant to D. 02-04-026, gas baseline allowances have changed (increased in some territories and decreased in others), while Tier 1 and Tier 2 rates have been kept constant, for the time being, instead of increasing. The effect is an increase in system-wide volumes qualifying for the baseline rate, and a resulting revenue under-collection. In accordance with Baseline OIR D. 02-04-026, PG&E is establishing a new gas BBA to record revenue under-collections resulting from postponement of rate changes associated with changes to gas baseline quantities until after Phase 2, and to record the gas portion of administrative costs incurred as a result of medical baseline program changes.

### **Medical Baseline**

#### **Medical Baseline Program Outreach**

PG&E currently performs medical baseline program outreach to Independent Living Centers and Senior Organizations through: 1) presentations to community organizations; 2) participation in community fairs; 3) radio interview spots; 4) CARE outreach efforts; and 5) participation in community coalitions throughout PG&E's service territory. Examples of outreach efforts include:

- Presentations on financial assistance programs (e.g., medical baseline, CARE, Energy Partners, REACH, LIHEAP) and PG&E outreach efforts to the disabled community at the California Foundation of Independent Living Centers Statewide Meeting.
- Presentations on financial assistance programs, conservation, and energy management programs to organizations serving seniors and disabled persons which include: Self Help for the Elderly, Hong Fook Senior Center, South San Francisco Senior Citizens Conference, San Mateo Senior Center, Fairfield Salvation Army Center, Italian American Community Center, and Richmond Network of Elders.

- Participated in Santa Rosa Senior Celebration Fair and provided information about financial assistance programs, outage and conservation tips, and energy management programs.
- Provided information on financial assistance programs on KSOL radio interview spot (Spanish-speaking).

PG&E also provides information about the medical baseline program to customers and the public through bill inserts, 24-hour telephone service, and PG&E's website. Information about medical baseline, CARE and other programs is regularly provided to customers who call to inquire about high bills and/or financial assistance.

### **Pending Medical Baseline Form Revisions**

PG&E's current medical baseline forms will be revised via the informal process described in D. 02-04-026, OP 19. After agreement is reached between all parties on the revised forms, PG&E will file an advice letter to replace its current medical baseline forms. The revised forms will incorporate the new self-certification and doctor certification requirements, as described in OP 22. PG&E will offer the new forms in the languages described in OP 13, and will utilize the new applications in all outreach efforts.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **May 14, 2002**, 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, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Les Guliasi  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226

**Effective Date**

In accordance with D. 02-04-026, PG&E requests that this advice filing become effective **May 1, 2002**

**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 R. 01-05-047. Address changes should be directed to Rose Abao at (415) 973-2218. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments

cc: Service List – R. 01-05-047



PRELIMINARY STATEMENT  
(Continued)

AY. BASELINE BALANCING ACCOUNT (BBA)

(N)

1. **PURPOSE:** The purpose of the gas Baseline Balancing Account (BBA) is to record revenue shortfalls resulting from changes in baseline allowances as authorized in Decision 02-04-026 from May 1, 2002, until a decision is reached in Phase 2 of OIR 01-05-047. This account also records the administrative costs for the medical baseline program changes authorized in Decision 02-04-026.
2. **APPLICABILITY:** The gas BBA applies to all gas customers except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the amounts in this account shall be determined in the next Cost Allocation Proceeding (CAP) or at other times, as ordered by the CPUC.
4. **RATES:** This account does not currently have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall make the following entries to the account at the end of each month or when applicable:
  - a. An entry equal to the net under- or over-collection in residential customer revenue resulting from changes in baseline allowances per Decision 02-04-026. The entry will be computed by subtracting such monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
  - b. A debit entry equal to the gas portion of administrative costs associated with the medical baseline program changes authorized in Decision 02-04-026.
  - c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
  - d. A debit or credit entry equal to the transfer of all or a portion of the balance in the gas BBA to other balancing accounts for future rate recovery, as may be approved by the CPUC.

(N)

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