

December 30, 2002

Advice 2415-G-A

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Supplemental Advice Filing – CARE Alternative Rates for Energy – Revisions to Gas Rates in Compliance with Resolution G-3342

Pacific Gas and Electric Company (PG&E) hereby updates 2003 rates incorporating the California Alternate Rates for Energy (CARE) revenue treatment ordered in Commission Resolution (R.) G-3342.¹ The updated rates are shown on Table A to this filing.

Purpose

This supplemental filing presents gas rates that reflect: (1) the Program Year (PY) 2002 CARE program budget adopted by the Commission in Decision (D.) 02-09-021; (2) PG&E's PY 2003 Low-income Energy Efficiency (LIEE) program budget adopted by the Commission in D. 02-12-019; (3) the CARE subsidy and account balance filed by PG&E on December 23, 2002, in Advice 2421-G-A; and (4) the CARE administration revenue treatment ordered by the Commission in R. G-3342. This supplemental advice filing supersedes in toto Advice 2415-G dated October 11, 2002. PG&E does not seek approval of any rate changes in this filing. The gas tariffs reflecting these rate changes have been filed in other advice filings as described herein.

Background

The Commission issued D. 02-09-021 on September 5, 2002. Ordering Paragraph 6 of the decision requires PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) to submit proposed gas surcharge rates reflecting the CARE budgets adopted in the

¹ PG&E reserves all legal right 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 requirements 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.

decision, to become effective with other year-end consolidated gas rate updates on January 1, 2003.

Consistent with Ordering Paragraph (OP) 6 of D. 02-09-021, PG&E filed illustrative class average gas rates in Advice 2415-G dated October 11, 2002. The illustrative gas rates reflected the 2002 CARE program budget adopted in D. 02-09-021, including an adjustment due to funding provided by Senate Bill (SB) X1 5. The illustrative rates filed in Advice 2415-G reduced the CARE subsidy adopted in D. 02-09-021 from \$40 million to \$37 million because of a revised CARE program penetration rate. PG&E stated that it would file further adjustments in its annual balancing account true-up filing for rates effective January 1, 2003.

On December 5, 2002, the Commission issued D. 02-12-019, establishing (PY) 2003 (LIEE) program funding levels for PG&E, SDG&E and SoCalGas. Ordering Paragraph 3 of D. 02-12-019 requires the utilities to consolidate any changes in rates resulting from the decision with the next Biennial Cost Adjustment Proceeding (BCAP) or annual true-up filing.

On December 19, 2002, the Commission issued R. G-3342 establishing Public Purpose Program (PPP) surcharge rates effective January 1, 2003. The PPP surcharge rates for PG&E reflect: (1) the level of CARE administrative spending adopted in D. 02-09-021, excluding an adjustment for the funding authorized in SB X1 5; (2) removal of 1999 GRC CARE administration expenses from PG&E's PPP surcharge rate calculation; (3) an estimated annual CARE subsidy of \$39 million; and (4) inclusion of the PG&E Program Year 2003 LIEE funding authorized in D. 02-12-019.

The Commission also issued Resolutions M-4807 and G-3339 on December 19, 2003. Resolution M-4807 increased the CPUC fee for gas utilities from \$0.00076 per therm to \$0.001988 per therm, effective January 1, 2003. Resolution G-3339 ordered PG&E to remove from its monthly core procurement rate the costs associated with its acquisition of El Paso capacity pursuant to Order Instituting Rulemaking (OIR) 02-06-041.²

Rate Changes

PG&E filed supplemental Advice 2421-G-A on December 23, 2002, to adjust rates in its Annual True-Up of Balancing Accounts filing, effective January 1, 2003. The PPP surcharge included in the rates filed in the supplemental filing incorporates the requirements adopted in Resolutions G-3342, M-4807, and G-

² Resolution G-3339, among other things, also ordered PG&E to file an advice letter, within 20 days of the effective date of the resolution, with PG&E's proposed tariff adjustments necessary to include the El Paso pipeline capacity costs in future transportation rates. These new costs will impact the CARE rate, however, unless authorized by the Commission, the 2003 gas PPP surcharge will not be updated to reflect the anticipated change in transportation rates.

3339. The CARE subsidy portion of PG&E's PPP Surcharge has been reduced from \$39 million to \$38 million to accurately reflect the CPUC fee increase and interstate capacity cost decrease ordered in R. M-4807 and R. G-3339, respectively. Attached Table A shows the class-average rate changes authorized by the Commission in D. 02-09-021 and the other rulings described above.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **January 21, 2003**, which is 21 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, 4th Floor
San Francisco, California 94102

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

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

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: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

Effective Date

In accordance with the decisions and resolutions discussed above, PG&E requests that this advice filing become effective on **January 1, 2003**.

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 CARE A. 02-04-031. 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/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Service List – CARE A. 02-04-031