

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 15, 2004

Advice Letter 2528-~~6~~

Ms Anita Smith, Rate Analyst
Pacific Gas and Electric Company
77 Beale Street, Mail Code 10B
San Francisco, CA 94177

Subject: Revised baseline tariff rates per D.04-02-057

Dear Ms Smith:

Advice Letter 2528-~~6~~ is effective May 1, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clanon".

Paul Clanon, Director
Energy Division



Karen A. Tomcala
Vice President
Regulatory Relations

77 Beale Street, Room 1065
San Francisco, CA 94105

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Mail Code B10A
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March 19, 2004

ADVICE 2528-G

Subject: Revised Baseline Tariff Rates Per 04-02-057

Purpose

In accordance with Decision (D.)04-02-057, issued in Phase 2 of the Commission's Baseline Order Instituting Rulemaking 01-05-047 (Baseline OIR), PG&E is revising residential gas rates, to implement the authorized recovery of on-going baseline-related shortfalls, effective May 1, 2004.

Background

In May 2001, the Commission opened a statewide rulemaking proceeding (R.01-05-047) in response to concerns raised by residential customers regarding the 2001 Commission-approved electric surcharges. In the Baseline OIR, the Commission investigated the need to adjust the baseline program for both gas and electric service. Prior to opening the Baseline OIR, PG&E's gas baseline targets had last been adopted in the 1996 GRC.

In an April 9, 2002, Phase 1 decision (D.02-04-026), the CPUC determined that baseline quantities should be revised for PG&E's customers effective May 1, 2002, to reflect updated usage data for 1997 - 2000. While the Public Utilities (PU) Code requires that the CPUC simultaneously increase rates to recover any shortfall resulting from revisions in the baseline quantities, D.02-04-026 did not allow utilities to revise rates at that time. Instead, rate changes were to be addressed in Phase 2 of the Baseline OIR proceeding. Utilities were ordered to establish Baseline Balancing Account (BBA) mechanisms to ensure that utilities are compensated for any revenue shortfalls that accrue between the time baseline changes were made in Phase 1 and rates are adjusted in Phase 2 of the Baseline OIR proceeding.

The Commission issued D.04-02-057, in Phase 2 of the Baseline OIR proceeding, on February 26, 2004. The decision found that each gas utility is authorized to recover shortfalls due to gas baseline-related changes from the residential class, with rate changes based on previously adopted gas rate design principles to the extent feasible (Ordering Paragraph 25). One of the requirements of the decision was for each gas utility to file a compliance advice

letter within 60 days of the effective date of the decision, to adjust residential gas rates to affect the authorized recovery of on-going baseline-related shortfalls. PG&E is required to adjust its residential gas rates in a manner consistent with the rate design methodologies adopted in its most recent Biennial Cost Allocation Proceeding¹ (Ordering Paragraph 26).

Tariff Revisions

The residential rate changes resulting from this filing are shown on Attachment I. PG&E will incorporate the residential baseline transportation rate changes shown on Attachment I in the tariffs filed in its core procurement monthly procurement price advice letter for rates effective May 1, 2004.

Protests

Anyone wishing to protest this filing may do so by sending a letter by April 8, 2004, which is 20 days after 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. Protest should be mailed to:

IMC Branch Chief - Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

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

Protests should also be sent by email 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 email 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: rxdd@pge.com

¹ D.01-11-001

Effective Date

In accordance with D.04-02-057, PG&E requests that this advice filing become effective May 1, 2004, the beginning of PG&E's summer 2004 baseline period.

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 Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

Karen A. Somcala / AWS

Vice President – Regulatory Relations

Attachment

cc: Service List – R. 01-05-047

Attachment I
 Table 1

PACIFIC GAS AND ELECTRIC COMPANY
 BASELINE CHANGES PER PHASE 2 DECISION (04-02-057)

Note: Tariff sheets showing final core transportation rates will be included in PG&E's May 2004 core gas procurement monthly price filing.

<u>Residential Service</u>	<u>(Schedules G-1, GM, GS, GT)</u>		<u>CARE</u> <u>(Schedules GL-1, GML, GSL, GTL)</u>	
	<u>Baseline</u>	<u>Excess</u>	<u>Baseline</u>	<u>Excess</u>
Procurement:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
Transportation:	\$0.30647 (I)	\$0.52100 (I)	\$0.30647 (I)	\$0.52100 (I)
CARE Discount:	N/A	N/A	\$0.XXXXX	\$0.XXXXX
Total Rate:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

*Winter rates effective from November 1 through March 31.

Customers on Schedule G-CT -- *Core Gas Aggregation Service*, pay for service under their otherwise-applicable core rate schedule. Customers who procure gas from a third party do not pay the procurement charge on their otherwise-applicable rate schedule, and may be subject to franchise fee surcharges under schedule G-SUR.

**PGE Gas Advice Filing
List
General Order 96-A, Section III(G)**

ABAG Power Pool
Accent Energy
Aglert Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Applied Power Technologies
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Blue Ridge Gas
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
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
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
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Enron Energy Services
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Luce, Forward, Hamilton & Scripps
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
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
Price, Roy
Product Development Dept
Provost Pritchard
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
Simpson Paper Company
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
TJ Cross Engineers
Transwestern Pipeline Co
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