

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 25, 2005

Advice Letter 2617-G

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Gas public purpose program surcharge refund plan for exempt customers

Dear Ms de la Torre:

Advice Letter 2617-G is effective May 1, 2005. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



**Pacific Gas and
Electric Company**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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March 17, 2005

Advice 2617-G

(Pacific Gas and Electric Company ID U39G)

**Subject: Gas Public Purpose Program Surcharge Refund Plan
for Exempt Customers**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits its Gas Public Purpose Program (PPP) Surcharge Refund Plan (Refund Plan) pursuant to Decision (D.) 04-08-010. The Refund Plan is described in Attachment 1 to this filing.

Purpose

This filing complies with Ordering Paragraph (OP) 8 of D. 04-08-010, issued August 19, 2004, which requires PG&E to return any gas PPP surcharge amounts, with interest, collected from customers exempt from the gas PPP surcharge under Public Utilities (PU) Code Section 896. OP 8 orders PG&E to refund gas PPP surcharge amounts collected from exempt customers, with interest, within 60 days following the implementation of system changes to identify the gas surcharge as a separate line item on customers' bills. PG&E began displaying gas PPP surcharges as a separate line item on customers' bills and exempting all qualifying customers from the gas PPP surcharge on March 1, 2005, in accordance with Advice 2475-G.

Background

On August 19, 2004, the Commission issued D. 04-08-010 in Rulemaking (R.) 02-10-001, which determined broad policy issues and a framework for administering the gas PPP surcharge. Decision 04-08-010 resolved gas PPP surcharge administration and implementation issues, including refunding surcharge amounts to exempt customers. Certain PG&E customers categorized as exempt from the gas PPP surcharge pursuant to PU Code Section 896 were billed for and paid the

gas PPP surcharge beginning January 1, 2001, until March 1, 2005, and thus are entitled to a refund of the surcharges paid.

The exempt customers identified in PU Code Section 896, that PG&E is addressing in this Refund Plan are those customers that the State of California is prohibited from taxing under the United States Constitution; consistent with California Energy Resources Surcharge Regulations 2315 and 2316, as described in Publication No. 11, issued by California State Board of Equalization (BOE). The Refund Plan submitted in this filing describes how refunds will be made to these customers consistent with D. 04-08-010.

Refund Amount Calculation

The Refund Plan describes the methodology for determining the customer specific refund, including interest, for approximately 5000 eligible customers. PG&E has not yet finalized the exact refund amount for these eligible customers since additional research is required to confirm customer usage records back to January 1, 2001. The refund amount based on currently available data is estimated at \$4.8 million, including interest. Prior to implementing the refund, PG&E will transfer the refund amount based on recorded PPP surcharges from the Core Fixed Cost Account (CFCA), the Noncore Customer Class Charge Account (NCA) and the California Alternate Rates for Energy (CARE) Account to a refund liability account.¹

Effective Date

In compliance with D. 04-08-010, PG&E requests that this advice filing become effective on **May 1, 2005**, which is 45 days after the date of this filing. PG&E will complete the refund to eligible customers during the billing cycle beginning on May 1, 2005, if so authorized by the Commission. In the event the Commission approves the Refund Plan after that date, the Refund Plan will be implemented as soon as possible following Commission approval.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 6, 2005**, which is 20 days from the date of this filing. The protest must state the

¹ In accordance with D. 04-08-010, PG&E filed Advice 2440-G-B to establish new balancing accounts to record gas PPP surcharges that are currently recorded to the CFCA and NCA. If Advice 2440-G-B is approved prior to the implementation of the Refund Plan, PG&E will transfer the refund amounts from these successor accounts to the refund liability account.

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.

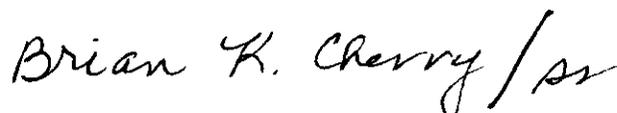
Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

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. 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/>

Handwritten signature of Brian K. Cherry in cursive script, followed by a forward slash and the letters 'sr'.

Director, Regulatory Relations

Attachments

Attachment 1

PACIFIC GAS AND ELECTRIC COMPANY

NATURAL GAS PUBLIC PURPOSE PROGRAM SURCHARGE REFUND PLAN

1. PURPOSE

This Natural Gas Public Purpose Program (PPP) Surcharge Refund Plan (Refund Plan) complies with Ordering Paragraph 8 of Commission Decision (D.) 04-08-010, which requires PG&E to return, with interest, gas PPP surcharge amounts that were collected from customers exempt from the gas PPP surcharge from January 1, 2001, through February 28, 2005.

2. INITIAL REFUND DATE

Refunds will be made to eligible gas customers, as described in Section 4, below, beginning with the May 2005 billing cycle, assuming Commission approval of the Refund Plan by May 1, 2005. In the event the Commission does not approve the Refund Plan by May 1, 2005, the Refund Plan will be implemented as soon as possible following Commission approval.

3. REFUND

Certain customers, who were later categorized as exempt from paying the PPP surcharge pursuant to Public Utilities (PU) Code Section 896, were billed for and paid PG&E's gas PPP surcharge beginning January 1, 2001, the date the surcharge was established by the Commission. These customers continued to pay the gas PPP surcharge until March 1, 2005, when PG&E implemented billing system changes that no longer billed those customers for the gas PPP surcharge, as required by D. 04-08-010, and approved by the Commission in Advice 2574-G. Pursuant to the Refund Plan, eligible customers will receive refunds of gas PPP surcharges paid through February 28, 2005, with interest. In accordance with PG&E's approved tariffs, the monthly interest rate PG&E will apply to the refunds will equal one-twelfth of the three-month commercial paper interest rate as reported in the Federal Reserve statistical release.

4. CUSTOMER ELIGIBILITY

The exempt customers identified in PU Code Section 896, that PG&E is addressing in this Refund Plan are those customers which the State of California is prohibited from taxing under the United States Constitution;

consistent with California Energy Resources Surcharge Regulations 2315 and 2316, as described in Publication No. 11, issued by California State Board of Equalization (BOE).¹ These customers include:

- The United States, its unincorporated agencies and instrumentalities;
- Any incorporated agency of instrumentality of the United States wholly owned by either the United States or by a corporation wholly owned by the United States;
- The American National Red Cross, its chapters and branches;
- Insurance companies, including title insurance companies, subject to taxation under California Constitution, Article XIII, Section 28, or its successor;
- Enrolled Indians purchasing and consuming natural gas on Indian reservations; and
- Federal Credit unions organized in accordance with the provisions of the Federal Credit Union Act.

5. METHODOLOGY FOR DISTRIBUTION OF REFUNDS TO ELIGIBLE CUSTOMERS

Refunds will be made to PG&E's eligible gas customers based on the method described below:

- a) The refund amount due to each eligible customer is equal to the customer's gas usage billed for the period of January 1, 2001, through February 28, 2005, multiplied by the actual gas PPP surcharge rates charged to the customer during that period (see Table 1), including interest.
- b) PG&E will refund the amount due to each eligible customer through a one-time bill credit.
- c) The utility users' tax, if applicable, will be adjusted at the rate in effect for the billing period.

6. ADJUSTMENTS OF REFUNDS UPON CUSTOMER INQUIRY

If any former or present customer contends, within six months after the initial implementation date of the Refund Plan, that the amount received by

¹ All other exempt customers, including municipalities, districts and public agencies offering their own public purpose programs, electric generation, wholesale, cogeneration, and Enhanced Oil Recovery, have not paid PG&E's gas PPP surcharges.

the customer is incorrect, PG&E will investigate and make an appropriate adjustment.

7. UNCASHED CHECKS

Any uncashed checks resulting from the Refund Plan will remain a liability of PG&E to the individual customer for one year after the date of the check issuance. The claim of any person legally entitled to one of the uncashed checks (whether or not the check is returned to PG&E) will be honored. Where a check has been returned, PG&E will make every reasonable effort to locate the payee.

8. REFUND PLAN BALANCES

Prior to beginning the refund, PG&E will transfer the refund amount from the Core Fixed Cost Account (CFCA), the Noncore Customer Class Charge Account (NCA) and the California Alternate Rates for Energy (CARE) Account, the accounts where the gas PPP surcharges for the eligible customers have been recorded, to a refund liability account.

If, after nine months following the initial date of the Refund Plan, there is a balance in the refund liability account, excluding amounts unclaimed by specific customers under Section 7 above, the balance will be transferred from the refund account to the CFCA, NCA and CARE account, or their successor accounts.²

9. REPORT ON REFUND PLAN

The total amount of refunds made to PG&E customers pursuant to the Refund Plan, including adjustments and corrections made pursuant to Section 6 of the Refund Plan, will be reported to the CPUC's Energy Division after completing the refunds and no later than 14 months after the refunds are issued.

10. CUSTOMER NOTIFICATION

A "Gas PPP Surcharge Credit" will be shown as a line item on eligible customers' bills with an explanation identifying the refund credit.

² PG&E has filed Advice 2440-G-B to establish new balancing accounts to record gas PPP surcharges that are currently recorded to the CFCA and NCA.

Table 1

Pacific Gas and Electric Company

Summary of Gas PPP Surcharge Rates By Customer Class

January 1, 2001 through February 28, 2005

Rate Effective Date	Res	Res-CARE	Small Comm'l	Small Comm'l CARE	Large Comm'l	Ind-D	Ind-T/BB
1/1/01-6/30/01	.01342	.01132	.01251	.01041	.02212	.00473	.00373
7/1/01-12/31/01	.01517	.01132	.01426	.01041	.02387	.00648	.00548
1/01/02-12/31/02	.01736	.01053	.01559	.00876	.04422	.00937	.00845
1/01/03-2/28/03	.02893	.01422	.02544	.01073	.06511	.01811	.01690
3/1/03-7/31/03	.02899	.01422	.02550	.01073	.06517	.01817	.01696
8/1/03-12/31/03	.02899	.01422	.02550	.01073	.06516	.01817	.01696
1/1/04-12/31/04	.02966	.01419	.02617	.01070	.06574	.01886	.01765
01/01/05-2/28/05	.04124	.01768	.03615	.01259	.04245	.02876	.02648

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

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