

February 2, 2000

ADVICE 1964-E

Public Utilities Commission of the State of California:

Pacific Gas and Electric Company (PG&E) hereby seeks approval to refund \$456,586 to the Modesto Irrigation District (MID), which recently made payments totaling approximately \$1.95 million to PG&E in consequence of Interim Competition Transition Charge (ICTC) and Competitive Transition Charge (CTC) amounts owed by four former PG&E customers now receiving service from that agency. PG&E will record a one-time debit to the Transition Cost Balancing Account (TCBA) in the amount of these refunds. This one-time refund and offsetting entry to the TCBA is necessary in order to true-up the ICTC portion of the payment recently received from MID, in compliance with the true-up procedure provided for when the Commission adopted PG&E's ICTC in Decisions 96-04-054 and 96-11-041.

On February 15, 1996, PG&E filed an emergency motion asking the Commission to adopt a procedure to apply an ICTC to those customers with demands of at least 500 kilowatts who might depart its system before the Commission had adopted a final CTC. PG&E's motion was granted subject to modifications in D. 96-04-054, and implemented pursuant to D. 96-11-041 (which included consideration of certain exemptions from CTC responsibility which had been authorized by AB 1890). PG&E submitted tariffs in compliance with D. 96-11-041 on December 6, 1996, in Advice 1631-E, which was approved by a letter from the Energy Division.

The ICTC procedure authorized by D. 96-11-041 provided for a uniform ICTC rate of 39.2 percent, multiplied by the customer's average monthly bill during a 12- or 36-month period prior to its departure. The resulting monthly amounts associated with each departing customer would either be billed to that customer or (for customers whose loads were subject to the exemptions authorized by AB 1890) posted to an appropriate Competition Transition Charge Exemptions Memorandum Account (CTCEMA) sub-account. D. 96-11-041 also ordered that all payments (including inferred amounts posted to the CTCEMA) should be subject to subsequent true-up for three factors:

- differences between the preliminary unbundled revenue requirement for generation that had been assumed for the purpose of determining the ICTC rate and the final CTC methodology that was then still to be adopted for rate unbundling purposes;

- differences between the short-run avoided cost (SRAC) forecast used to establish the ICTC and the actual SRAC energy and capacity prices posted during 1996 and 1997 and the period in 1998 prior to the advent of PX operations and direct access; and,
- differences between the uniform system average ICTC allocation and the final CTC allocation method that was then still to be adopted for assigning CTC responsibility to departing load customers after the advent of direct access.

The final decision in the Commission's cost separation proceeding established separate generation cost percentage factors applicable to each PG&E rate class and schedule (D.97-08-056, Appendix D). PG&E proposes to use the generation billing factors from that decision to accomplish the purposes of accounting for the first and third of the ICTC true-up factors, and to use the actual SRAC energy and capacity prices posted during 1996, 1997, and early 1998 to account for the second true-up factor. The necessary customer-specific supporting calculations for these true-up adjustments are provided in Attachment I.¹

Subsequent to the issuance of D. 96-04-054 and D. 96-11-041, only a relatively small number of customers ever fell under the final provisions of the ICTC. Of these, many of the involved customers were the beneficiaries of clear and uncontested exemptions from both CTC and the ICTC (and so would only need to be tracked via the CTCEMA), while several others asserted claims to exemptions that were contested by PG&E. The final classification of which customers were actually subject to the ICTC during the period that it was in effect has therefore only very recently been determined, and this is why PG&E is only now able to make the requisite true-ups. In order to complete its true-up accounting for the ICTC, PG&E will also true-up its previous entries to the CTCEMA. These true-ups require additional analysis and will be submitted in a later advice letter.

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

PG&E requests that this filing become effective **March 13, 2000**, which is 40 days after the date of filing.

¹ Attachment I contains customer-specific information that is **confidential** pursuant to Public Utilities Code § 583.

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Anyone wishing to protest this filing may do so by sending a letter within 20 days 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, California 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 Manager, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, California 94177, Facsimile (415) 973-7451. The protest should set forth the grounds upon which it is based and shall be submitted expeditiously. There are no restrictions on who may file a protest.

In accordance with Section III, Paragraph G of General Order 96-A, PG&E is mailing copies of this advice filing to the utilities and interested parties shown on the attached list. Attachment I is **CONFIDENTIAL** pursuant to Public Utilities Code §583, and is therefore only submitted to Commission staff. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

Vice President - Regulatory Relations

Attachments

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