

January 19, 2001

**Advice 2074-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: 1999 Revenue Adjustment Procedure--Procurement Adder**

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

**Purpose**

On January 4, 2001, the Commission issued Decision (D.) 01-01-019, adopting a procurement adder of 0.007 cents per kilowatt-hour (kWh) as part of the 1999 Revenue Adjustment Procedure (RAP) for PG&E Southern California Edison Company and San Diego Gas and Electric Company. The RAP reviews, tracks, and compares each utility's authorized revenue requirements with actual recorded revenues and approves any necessary updates or adjustments to authorized revenues. D. 01-01-019 ordered that within 15 days of the effective date of the decision, utilities should file tariffs implementing Ordering Paragraph (OP) 1 and other provisions authorized in the decision.

On January 12, 2001, in a letter to Wes Franklin, Commission Executive Director, PG&E requested an extension of time until February 5, 2001, to file updated year 2000 electric rates for distribution, nuclear decommissioning, and public purpose program functional revenues. PG&E has not yet received a reply to its request, but is advice-filing today as proposed in its letter in anticipation of soon receiving a response from Mr. Franklin. The timing of D. 01-01-019 requires PG&E to incorporate four previously adopted changes in revenue requirement and rate design changes that took place during 2000, as well as rate changes effective January 1, 2001. However, in the letter PG&E stated that, on January 19, 2001, it would file the rate changes necessary to implement the procurement adder of 0.007 cents per kWh, and other functions authorized in OP 1, with the exception of updating year 2000 electric rates.

**Tariff Revisions**

PG&E is revising Schedule PX--*Power Exchange Energy Cost*, to incorporate the authorized procurement adder of 0.007 cents per kWh effective January 19, 2001.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter within 20 days of 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, CA 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, Mailcode B10C  
P.O. Box 770000  
San Francisco, CA 94177  
Facsimile: (415) 973-7226

**Effective Date**

In accordance with D. 01-01-019, this advice filing is effective on **January 19, 2001**, which is 15 days from the date of the decision.

**Notice**

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for A. 99-08-022. Address changes should be directed to Nelia Avendano at (415) 973-3529.

Vice President - Regulatory Relations

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January 19, 2001

Cc: Service List – A. 99-08-022 (electronically)

Attachments



SCHEDULE PX—POWER EXCHANGE ENERGY COST

**APPLICABILITY:** This schedule applies to customers who elect PG&E's Bundled, Direct Access and Hourly PX Pricing Option services.

**TERRITORY:** Schedule PX applies everywhere PG&E provides electric service as shown in Preliminary Statement, Part A.

**RATES:** This schedule will apply where calculation of the Power Exchange (PX) energy cost is required for either energy cost credits or charges. The PX cost used for billing will consist of the forward market cost plus settlement costs, adjusted by an allowance for uncollectibles, Distribution Loss Factors (DLFs), and the Procurement Adder. PG&E shall utilize the best information available for calculating the PX energy cost. (T)

1. Development of hourly forward market costs:

Hourly market clearing prices and loads, or the total costs allocated to PG&E by the PX, as a result of block forward, day-ahead, or hour-ahead scheduling of load in a PX-administered forward energy market will be obtained (or estimated to the extent feasible) for each relevant transmission pricing zone on the day following each trading day. Total costs for services obtained through the PX shall include, but are not limited to, the following:

- a. Energy, including inter-zonal congestion fees;
- b. Ancillary Services;
- c. Independent System Operator (ISO) and PX administration costs including subscription fees, payments, or charges by the PX, or CalPX Trading Services (CTS), as required by CTS trading rules and/or the Participation Agreement net of credits, rebates, or refunds; and
- d. Other miscellaneous ISO/PX charges incurred to serve Bundled Service Customers.

(Continued)



SCHEDULE PX—POWER EXCHANGE ENERGY COST  
(Continued)

RATES:  
(Cont'd.)

4. Post Real-Time Settlement Costs:

Adjustments for incentive payments made to customers taking service under Schedule E-BID, costs recorded in the E-BIDMA (Preliminary Statement Part BS), black start capability, long term voltage support, PX administration costs, ISO grid management charges, and amounts resulting from dispute resolution may be required after the real-time settlement cost adjustment is incorporated into PX prices. PX charges including, but not limited to, these adjustments which are available after the real-time settlement cost adjustment has been implemented for a specific hour, will be accrued once a month and applied to adjust PX prices in the next full calendar month. Once the total accrued amounts are summed, the total will be divided by the number of days in the next full calendar month to develop a daily amount. The daily amount will be divided by the sum of PG&E's estimate of the 24 hourly loads for the day to determine an adjustment (\$/MW) for the day.

(T)  
(T)

5. Adjustments for Distribution Loss Factors (DLFs), Uncollectibles and the Procurement Adder:

The average hourly cost at the transmission/distribution interface, as determined by the sum of the average costs described in Parts 1, 2, 3 and 4 of this section, is multiplied by the DLF and an uncollectible factor to determine the appropriate price to be paid by end-use customers served at each voltage level. Finally, a Procurement Adder equal to \$0.00007 is added to the hourly price. DLFs will be calculated by PG&E based on the forecast hourly PG&E UDC Service Area Load (Direct Access, plus Bundled Service, including Hourly PX Pricing Option Service) per Decision 97-08-056. The hourly DLFs will be broken out by service voltage level and made available each day to market participants during the day-ahead market. PG&E will calculate the hourly DLFs based on samples of hourly service area load by applying the approach approved in Decision 92-12-057. The uncollectible factor is equal to 1.002456.

(T)  
(T)

BUNDLED  
SERVICE OR  
DIRECT ACCESS  
SERVICE:

1. Calculation of PX charges for Bundled Service and Hourly PX Pricing Option Customers and PX credits for Direct Access and Hourly PX Pricing Option Customers:

For purposes of determining PX charges for Bundled Service Customers and the PX credit for Direct Access and Hourly PX Pricing Option Customers, an average for each schedule (or TOU period) is developed through the use of a statistical load profile which represents the average load profile for all customers (both Direct Access and Bundled Service) on a given rate schedule. For Agricultural, Traffic Control, Streetlighting, and Outdoor Lighting rate schedules, the statistical load profiles are "static" and are determined hourly for the entire year based on average historical data for three recorded years. These latter static statistical load profiles are updated each calendar year based on available data for the previous three years. For all remaining rate schedules, the statistical load profile is determined "dynamically," using the most current load research information available. This current data will become available and will be posted approximately seven days from the date of occurrence.

The sum of the products of the (1) average hourly costs, including adjustments, and (2) the hourly loads, divided by the use associated with the statistical load profile (expressed as a fraction of the profile period use allocated to each hour) will yield an average cost for a specific customer group and TOU period. These average PX costs will be updated weekly.

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