

June 14, 2001

Advice 2125-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Establishes a Mandatory Pilot Rate Design for a Market-Based Rate for Federal Agencies.

Purpose

This advice filing complies with Ordering Paragraph 5 of Decision (D.) 01-05-064 which orders PG&E to establish a rate design for Federal Agencies which incorporates a generation charge based on the current wholesale commodity costs.

PG&E reserves all legal rights 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 requirement 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.

Background

In D. 01-05-064, the Commission adopted ORA's proposal to establish "a rate for federal agencies that would reflect market prices for their electricity consumption" (D. 01-05-064, mimeo, at page 41). PG&E currently has approximately 2,800 accounts serving Federal Agencies, with the vast majority of accounts (2,500) currently served on Rate Schedules A-1, A-6, and A-10. However, the 36 accounts served on Schedule E-20 – *Service to Customers with Maximum Demands of 1,000 Kilowatts or More*, account for approximately 65% of the Federal Agencies' usage.

PG&E proposes to use the voluntary Real-Time Pricing rate currently being developed by the California Energy Commission (in Commission sanctioned workshops, ordered by D. 01-05-064) for PG&E's other customers as the basis for the mandatory Federal Agency Market Based Tariff (FMBT). PG&E expects that this tariff will provide that Federal Agency customers who have an hourly interval meter installed would thus be charged (or credited) the applicable hourly price on their usage above or below the baseline established by last year's usage. Federal

Agencies with either a flat or TOU meter would have their hourly profile estimated using their recorded usage and the dynamic¹ load template to spread the usage across all hours in the month.

PG&E will supplement this advice letter after the Commission approves the voluntary Real-Time Pricing Option. Upon approval of the supplement, PG&E will notify its Federal Customers that they will be transferred to the FMBT tariff on the customer's next meter read date.

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

PG&E proposes to implement the rate design proposed here concurrently with the pilot Real-Time Pricing Program also adopted in D. 01-05-064. PG&E requests

¹ PG&E has a small number of Federal Government accounts (approximately 57) who are served on an agricultural schedule, for whom dynamic templates are not available. For these customers, PG&E will use a static template to spread their usage across the hours of the month.

that this advice filing become effective on July 24, 2001, which is 40 days after the date of filing. The rate changes proposed herein will not be implemented until the Commission has approved the voluntary real-time pricing rate.

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 to the service list for A. 00-11-038 et al. Address changes should be directed to Nelia Avendano at (415) 973-3529.

Vice President - Regulatory Relations

Cc: Service List - A. 00-11-038 et al.