

April 9, 2002

Advice 2225-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revisions to Electric Tariffs to Eliminate Power Factor Billing
for Customers with Demands Below 500 kW.**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

The purpose of this filing is to revise the language of various PG&E tariffs to eliminate power factor adjustments for customers with demands between 400 kW and 500 kW. This revision will benefit customers in this class overall by approximately \$150,000 per year.

Background

As part of its on-going efforts to provide exceptional service to its customers, PG&E is implementing a new customer information system. Later this year, PG&E intends to switch from the current information system to the new CorDaptix system. As part of the analysis leading to this change of customer information systems, PG&E has identified tariff improvements that will make the transition easier and more efficient to implement. This advice letter addresses the

¹ 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. PG&E reserves all rights to amend or revise its filings before the Commission and other agencies to implement the requirements of the order or orders of the Bankruptcy Court confirming PG&E's plan of reorganization as originally filed on September 20, 2001, and subsequently amended.

elimination of power factor bill adjustments for customers with demands below 500 kW.

For electric customers with demand below 500 kW, PG&E installs a reactive demand meter and makes power factor adjustments when demand exceeds 400 kW for three consecutive months. (If the customer's demand falls below 300 kW for 12 consecutive months, no power factor adjustment is applied.) The power factor adjustment, which applies a charge for power factors less than 85.0% and a credit for power factors more than 85.0%, is quite small. In fact, the largest credit (for a 100.0% power factor) is only 0.9% of the customer's total monthly electric charges.

On balance, the elimination of the power factor adjustment will benefit this customer group and will decrease customer charges by approximately \$150,000 per year. PG&E requests this tariff revision to avoid unnecessary software modifications to monitor reactive demand meter qualification and to compute power factor adjustments.

Tariff Revisions

PG&E proposes to revise the language of the tariffs listed in Attachment I to eliminate power factor bill adjustments for customers with demands below 500 kW. The draft tariffs filed in this advice letter are in strike-and-bold format to ease the process of review. PG&E will supplement this filing prior to the actual CorDaptix implementation date with actual tariff sheets.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 29, 2002**, which is 20 days from 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, California 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, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

Effective Date

PG&E requests that this advice filing become effective on regular notice, **May 20, 2002**, which is 40 days after the date of filing.

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 Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments



SCHEDULE A-10—MEDIUM GENERAL DEMAND-METERED SERVICE
(Continued)

~~POWER FACTOR ADJUSTMENT: When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the bill will be adjusted for weighted monthly average power factor as follows: If the average power factor is greater than 85 percent, the total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the average power factor is below 85 percent, the total monthly bill (including any voltage adjustment but excluding any taxes and the EPS provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than ten percent of the highest such demand in the preceding 11 months.~~

~~Power factor adjustments will be assigned to Generation for billing purposes.~~

~~CONTRACT: For customers who use service for only part of the year, this schedule is available only on an annual contract.~~

~~SEASONS: The summer rate is applicable May 1 through October 31, and the winter rate is applicable November 1 through April 30. When billing includes use in both the summer and winter periods, demand and energy charges will be prorated based upon the number of days in each period.~~

(Continued)



COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-19—MEDIUM GENERAL DEMAND-METERED TIME-OF-USE SERVICE
(Continued)

5. DEFINITION OF TIME PERIODS:
(Cont'd.)

WINTER	Period B (service from November 1 through April 30):		
Partial-Peak:	8:30 a.m. to 9:30 p.m.	Monday through Friday	(except holidays).
Off-Peak:	9:30 p.m. to 8:30 a.m.	Monday through Friday	(except holidays).
	All day	Saturday, Sunday,	and holidays

HOLIDAYS: "Holidays" for the purposes of this rate schedule are New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day. The dates will be those on which the holidays are legally observed.

CHANGE FROM SUMMER TO WINTER OR WINTER TO SUMMER: When a billing month includes both summer and winter days, PG&E will calculate demand charges as follows. It will consider the applicable maximum demands for the summer and winter portions of the billing month separately, calculate a demand charge for each, and then apply the two according to the number of billing days each represents.

NOTE: If the meter is read within one work day of the season changeover date (May 1 or November 1), PG&E will use only the rates and charges from the season having the greater number of days in the billing month. Workdays are Monday through Friday, inclusive.

6. POWER FACTOR ADJUSTMENTS:

~~When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until the demand has fallen below 300 kW for 12 consecutive months, the bill will be adjusted based upon the power factor.~~ **Bills will be adjusted based on the power factor for all customers except those selecting voluntary E-19 service.** The power factor is computed from the ratio of lagging reactive kilovolt-ampere-hours to the kilowatt-hours consumed in the month. Power factors are rounded to the nearest whole percent.

The rates in this rate schedule are based on a power factor of 85 percent. If the average power factor is greater than 85 percent, the total monthly bill (excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the average power factor is below 85 percent, the total monthly bill (excluding any taxes and the EPS provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent.

Power factor adjustments will be assigned to generation for billing purposes.

7. CHARGES FOR TRANSFORMER AND LINE LOSSES:

The demand and energy meter readings used in determining the charges will be adjusted to correct for transformation and line losses in accordance with Section B.4 of Rule 2.

(Continued)



SCHEDULE AG-1—AGRICULTURAL POWER
(Continued)

13. VOLTAGE DISCOUNT (B Rate Only): (Cont'd.) PG&E retains that right to change its line voltage at any time. Customers receiving voltage discounts will get reasonable notice of any impending change. They will then have the option of taking service at the new voltage (and making whatever changes in their systems are necessary) or taking service without a voltage discount through transformers supplied by PG&E.
14. ~~POWER-FACTOR-ADJUSTMENT:~~ ~~When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows: If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than 10 percent of the highest such demand in the preceding 11 months.~~
- The power factor adjustment will be assigned to generation for billing purposes.
15. SEASONS: Summer season begins on May 1 and ends on October 31.
16. BILLING: A customer's bill is first calculated according to the rates and conditions above, and any applicable DAP or GAP discount described below is then calculated. The following adjustments are made depending on the option applicable to the customer.

(Continued)



SCHEDULE AG-R—SPLIT-WEEK TIME-OF-USE AGRICULTURAL POWER
(Continued)

14. MAXIMUM-PEAK-PERIOD DEMAND (Rates B and E Only): The customer's maximum-peak-period demand will be the highest of all the 15-minute averages for the peak period during the billing month.

15. VOLTAGE DISCOUNT (Rates B and E Only): The customer may be eligible for a discount on the charges shown above if the customer takes delivery of electric energy at primary voltage.

The voltage discount, if any, will be applied to the Demand Charge.

Discounts are applied in any month as follows:

- (1) For periods where the winter maximum demand charge applies, \$0.30 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.
- (2) For periods where the summer maximum demand charge applies, \$0.40 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.

PG&E retains the right to change its line voltage at any time. Customers receiving voltage discounts will get reasonable notice of any impending change. They will then have the option of taking service at the new voltage (and making whatever changes in their systems are necessary) or taking service without a voltage discount through transformers supplied by PG&E.

~~16. POWER FACTOR ADJUSTMENT: When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows: If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than ten percent of the highest such demand in the preceding 11 months.~~

~~The power factor adjustment will be assigned to generation for billing purposes.~~

(Continued)



SCHEDULE AG-V—SHORT-PEAK TIME-OF-USE AGRICULTURAL POWER
(Continued)

~~16. POWER-
FACTOR-
ADJUSTMENT:~~

~~When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows: If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than ten percent of the highest such demand in the preceding 11 months.~~

~~The power factor adjustment will be assigned to generation for billing purposes.~~

17. BILLING:

A customer's bill is first calculated according to the total rates and conditions above, and any applicable DAP or GAP discount described below is then calculated. The following adjustments are made depending on the option applicable to the customer.

Bundled Service Customers receive supply and delivery services solely from PG&E. The customer's bill is based on the Total Rate set forth above and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS. The Power Exchange (supply) component is determined by multiplying the average Power Exchange cost for Schedule AG-V for each time period during the last month by the customer's total usage for each time period.

Direct Access Customers purchase energy from an energy service provider and continue receiving delivery service from PG&E. The Power Exchange component is determined as specified for a Bundled Service Customer. The bill will be calculated as for a Bundled Service Customer, but the customer will receive a credit for the Power Exchange component.

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SCHEDULE AG-4—TIME-OF-USE AGRICULTURAL POWER
(Continued)

16. VOLTAGE
DISCOUNTS
(Rates B and E
Only):

The customer may be eligible for a discount on the charges shown above if the customer takes delivery of electric energy at primary voltage.

The voltage discount, if any, will be applied to the Demand Charge.

Discounts are applied in any month as follows:

- (1) For periods where the winter maximum demand charge applies, \$0.30 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.
- (2) For periods where the summer maximum demand charge applies, \$0.40 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.

PG&E retains the right to change its line voltage at any time. Customers receiving voltage discounts will get reasonable notice of any impending change. They will then have the option not taking service at the new voltage (and making whatever changes in their system are necessary) or taking service without a voltage discount through transformers supplied by PG&E.

~~17. POWER
FACTOR
ADJUSTMENT
(Rates B, C, E
and F Only):~~

~~When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows:— If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt-ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customers' maximum demand is less than ten percent of the highest such demand in the preceding 11 months.~~

~~The power factor adjustment will be assigned to generation for billing purposes.~~

(Continued)



SCHEDULE AG-5—LARGE TIME-OF-USE AGRICULTURAL POWER
(Continued)

16. VOLTAGE
DISCOUNTS
(Rates B and E
Only):

The customer may be eligible for a discount on the charges shown above if the customer takes delivery of electric energy at primary voltage.

The voltage discount, if any, will be applied to the demand charge.

Discounts are applied in any month as follows:

- (1) For periods where the winter maximum demand charge applies, \$0.65 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.
- (2) For periods where the summer maximum demand charge applies, \$0.95 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.
- (3) For periods where the winter maximum demand charge applies, \$3.25 per kW of seasonal billing demand when service is delivered without transformation at one of the standard transmission voltages specified in PG&E's Electric Rule 2, Section B.1.
- (4) For periods where the summer maximum demand charge applies, \$4.85 per kW of seasonal billing demand when service is delivered without transformation at one of the standard transmission voltages specified in PG&E's Electric Rule 2, Section B.1.

PG&E retains the right to change its line voltage at any time. Customers receiving voltage discounts will get reasonable notice of any impending change. They will then have the option of taking service at the new voltage (and making whatever changes in their systems are necessary) or taking service without a voltage discount through transformers supplied by PG&E.

17. ~~POWER
FACTOR
ADJUSTMENT~~
(Rates B, C, E,
and F Only):

~~When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows: If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than ten percent of the highest such demand in the preceding 11 months.~~

~~Power factor adjustments will be assigned to generation for billing purposes.~~

(Continued)



SCHEDULE AG-6—LARGE AGRICULTURAL POWER
(Continued)

13. VOLTAGE DISCOUNTS (B Rate Only): (Cont'd.) (2) For periods where the summer maximum demand charge applies, \$0.95 per kW of seasonal billing demand when service is delivered from a "single customer substation" or without transformation from PG&E's serving distribution system at one of the standard primary voltages specified in PG&E's Electric Rule 2, Section B.1.

PG&E retains the right to change its line voltage at any time. Customers receiving voltage discounts will get reasonable notice of any impending change. They will then have the option of taking service at the new voltage (and making whatever changes in their systems are necessary) or taking service without a voltage discount through transformers supplied by PG&E.

- ~~14. POWER FACTOR ADJUSTMENT (B Rate Only):~~ ~~When the customer's demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows: If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than 10 percent of the highest such demand in the preceding 11 months.~~

~~Power factor adjustments will be assigned to generation for billing purposes.~~

15. SEASONS: Summer season begins on May 1 and ends on October 31.
Winter season begins on November 1 and ends on April 30.

16. BILLING: A customer's bill is calculated according to the total rates and conditions above and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS. Customers taking service under this schedule receive supply and delivery services solely from PG&E. The Power Exchange (supply) component is determined by multiplying the average Power Exchange Cost for Schedule AG-6 during the last month by the customer's total usage.



SCHEDULE AG-7—EXPERIMENTAL TIERED TIME-OF-USE AGRICULTURAL POWER
(Continued)

~~17. POWER-
FACTOR-
ADJUST-
MENT:
(Rates B and
E Only)~~

~~When the customer's maximum demand has exceeded 400 kW for three consecutive months and thereafter until it has fallen below 300 kW for 12 consecutive months, the customer's bill will be adjusted for weighted monthly average power factor as follows: If the customer's average power factor is greater than 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS) will be reduced by 0.06 percent for each percentage point above 85 percent. If the customer's average power factor is below 85 percent, the customer's total monthly bill (including any voltage adjustment but excluding any taxes and the EPS as provided in Schedule E-EPS) will be increased by 0.06 percent for each percentage point below 85 percent. Such average power factor will be computed (to the nearest whole percent) from the ratio of lagging reactive kilovolt ampere hours to kilowatt hours consumed in the month. No power factor correction will be made for any month when the customer's maximum demand is less than ten percent of the highest such demand in the preceding 11 months.~~

~~Power factor adjustments will be assigned to generation for billing purposes.~~

18. BILLING:

A customer's bill is first calculated according to the total rates and conditions above and provided in the Agreement. The following adjustments are made depending on the option applicable to the customer.

Bundled Service Customers receive supply and delivery services solely from PG&E. The customer's bill is based on the Total Rate set forth above and the Energy Procurement Surcharge (EPS) as provided in Schedule E-EPS. The Power Exchange component is determined by multiplying the average Power Exchange cost for the customer's otherwise applicable schedule for each time period (where applicable) during the last month by the customer's total usage for each time period (where applicable).

Direct Access Customers purchase energy from an energy service provider and continue receiving delivery services from PG&E. The Power Exchange component is determined as specified for a Bundled Service Customer. The bill will be calculated as for a Bundled Service Customer, but the customer will receive a credit for the Power Exchange component.

Hourly PX Pricing Option Customers receive supply and delivery service solely from PG&E. A customer taking Hourly PX Pricing Option service must have an interval meter installed at its premise to record hourly usage, since Power Exchange costs change hourly. The bill for a Hourly PX Pricing Option Customer is determined by calculating the bill as if it were a Bundled Service Customer, then crediting the bill by the amount of the Power Exchange component, as determined for Bundled Service and Direct Access Customers, then adding the hourly Power Exchange component which is determined by multiplying the hourly energy used in the billing period by the hourly cost of energy from the Power Exchange.

Nothing in this rate schedule prohibits a marketer or broker from negotiating with customers the method by which their customer will pay the CTC charge.