

November 13, 2002

**Advice 2300-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Tariff Revisions to Accommodate California Department of  
Water Resources (DWR) Bond-Related Costs**

Pacific Gas and Electric Company (PG&E) hereby submit revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.<sup>1</sup>

**Purpose**

PG&E is filing this advice letter to comply with Decision (D.) 02-10-063, *Decision Adopting Methodology for Setting Charges to Recover Bond-Related Costs Incurred by the Department of Water Resources (DWR)*. Specifically, in compliance with Ordering Paragraphs (Ops) 4, 6, and 10, PG&E is adding the DWR Bond charge to its Preliminary Statement Part I - *Rate Schedule Summary* and establishing a new Preliminary Statement Part CM - *Bond Charge Balancing Account* (BCBA). This advice letter also includes revisions to Preliminary Statement Part AM – *Emergency Procurement Surcharge Balancing Account* (EPSBA) to remove the DWR Bond Charges from revenue available for other purposes. Pursuant to D. 02-10-063, a draft advice letter, pro forma tariffs, and proposed bill insert language submitted for the Commission's review on November 4, 2002. Electric Preliminary Statement Parts I, AM, and CM are now filed in final form, five (5) days after DWR submitted its more precise bond revenue requirement for 2003 on November 8, 2002. This advice letter also provides bill

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<sup>1</sup> 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.

insert language, previously approved by the CPUC Energy Division, that PG&E will use in notifying affected ratepayers of the DWR bond charge.

### **Background**

DWR began procuring electricity on behalf of the three investor-owned utilities in January 2001, during the California energy crisis. Consequently, DWR incurred debt totaling over \$10 billion, primarily advanced from the State of California's General Fund. To repay the advances from the General Fund, DWR is in the process of issuing up to \$11.95 billion in bonds to refinance the interim loan and to create financial reserves. As such, the CPUC will impose charges on the three utilities' electric customers to allow for the revenues needed to repay DWR's bond-related costs.

The decision adopts a methodology that applies a uniform per kilowatt-hour (kWh) charge on all bundled electric consumption, with the following exemptions. In the PG&E service territory, Medical Baseline and California Alternate Rates for Energy (CARE) customers are exempt from paying the DWR bond charge.

Pursuant to decision 02-11-022, the DWR Bond Charge should be imposed on all DA customers except for those that have been on DA continuously both before and since DWR began procuring power under AB 1X. However, The Rate Agreement provides that the Commission may impose Bond Charges on DA customers only after (1) the Commission issues an order that provides for such charges, and (2) the order becomes final and unappealable.<sup>2</sup> Pursuant to decision 02-10-063, the non-exempt retail bundled customers' usage will be billed for DWR Bond Charges at the rate which excludes responsibility of other customer groups. The difference between revenue from this initial rate and revenue that would have been received at the Bond Charge resulting from implementation of the decision in R. 02-01-011, will be tracked in the BCBA.

### **Tariff Revisions**

#### **Rate Schedule Summary**

In accordance with D. 02-10-063, PG&E is adding the DWR Bond charge to Preliminary Statement Part I – *Rate Schedule Summary*, applicable to all bundled customers except for those on Medical Baseline and CARE rates. The DWR Bond charge of \$.00525 per kWh shall apply to all such consumption on or after November 15, 2002. This approach is consistent how other surcharges, such as CARE, are identified and communicated.

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<sup>2</sup> Rate Agreement, Section 4.3, which is attached to D.02-02-051.

Tables 1 and 2 in the attached workpapers summarize the rates and charges that are currently filed at the Commission for residential electric rate Schedule E-1. These tables also demonstrate that the total bundled rates are set at the frozen rate levels established under AB 1890, in addition to the effects of the one-cent and three-cent Energy Procurement Surcharges. Total rates do not change when functional rate components are changed or added. As Table 3 demonstrates, the net change of the DWR bond charge on total rates and charges is zero because the proposed DWR Bond Charge is offset by an equal decrease to the sum of the residually calculated CTC component and Energy Procurement Surcharges.

### **Emergency Procurement Surcharge Balancing Account (EPSBA)**

Revisions are necessary to electric Preliminary Statement Part AM - *Emergency Procurement Surcharge Balancing Account (EPSBA)*, to record the DWR bond charge revenue remitted to DWR. The EPSBA's purpose is to record the Emergency Procurement Surcharge (EPS) established in D.01-01-018 and apply these revenues to the ongoing procurement costs. The DWR bond surcharge represents procurement costs incurred after the EPS surcharge was established in January 2001. Revenue remitted to DWR, and therefore not available to offset other ongoing procurement costs, is removed from the EPSBA.

### **Bond Charge Balancing Account**

The new BCBA includes subaccounts for Bundled, Direct Access, and Departing Load customers. Decision 02-10-063 provides that Direct Access and Departing Load customers may be subject to the bond charges upon a determination in R.02-01-011. However, these customers will not be billed until the determination becomes final and unappealable. Page 39 of D. 02-10-063 states:

In addition, if it is ultimately determined that cost responsibility for bond-related costs will be imposed on DA customers, the utilities should immediately create subaccounts for each customer category held responsible for bond-related costs. These subaccounts will track costs and payments until a decision imposing cost responsibility on DA customers becomes final and unappealable

Thus, the three subaccounts (Bundled, Direct Access, and Departing Load) track the costs associated with each customer class in the event the bond charges are imposed on the DA and/or the DL class as effective with a decision in R.02-01-011.

Pursuant to decision 02-11-022 all DA customers except for those that have been on DA continuously both before and since DWR began procuring power under AB 1X, will be held responsible for the DWR Bond Charge effective November 15, 2002. However, the Commission may not impose Bond Charges on DA

customers until the order becomes final and unappealable. Therefore, PG&E will in tracking the difference between revenue from this initial rate and revenue that would have been received at the Bond Charge resulting from the decision in R. 02-01-011 becoming final and unappealable, effective November 15, 2002.

### **Customer Notification – Bill Insert**

Decision 02-10-063 also requires PG&E to properly notify customers of the DWR surcharge inclusion on their monthly bill. The following language, which has been approved by the Energy Division, will be printed on a bill insert to notify customers:

“Important Notice. Pursuant to CPUC Decision 02-10-063, certain usage is subject to a per-kilowatt-hour DWR Bond Charge. This charge is included in current rates and does not represent a rate increase. The bond charge applies to all usage on and after November 15, 2002 for all retail electric customers except customers served by an Electric Service Provider, customers on a medical baseline, and California Alternate Rates for Energy (CARE) customers.”

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **December 3, 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, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto: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: Les Guliasi  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000

San Francisco, California 94177

Facsimile: (415) 973-7226

E-mail: RxDd@pge.com

**Effective Date**

PG&E requests that this advice filing become effective upon filing of the final advice letter and tariff changes, **November 13, 2002**, as ordered in D. 02-10-063, OP 4.

**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 and the service list for Application 00-11-038. Address changes should be directed to Rose Abao at (415) 973-2218. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments

cc: Monica Wiggins, Sempra  
Phillip Durgin, Southern California Edison  
Service List – A. 00-11-038



PRELIMINARY STATEMENT  
(Continued)

I. Rate Schedule Summary (\$ per kWh)\*

	CEE Incentive Rate	CAREA**	(N)-----(N) DWR Bond***
All Schedules	.00021	.00124	.00525

\* The CEE Incentive and CAREA rates apply to all eligible retail sales. Any Customer, Meter, Demand, or other Charges specified in the rate schedules shall be accounted for in the TRA.

\*\* The CARE rates apply only to NONCARE Schedules and nonqualifying use under ESL, ESRL, and ETL.

\*\*\* The Department of Water Resources (DWR) Bond charge applies to all retail bundled sales, excluding CARE and Medical Baseline Sales. (N)  
(N)



PRELIMINARY STATEMENT  
(Continued)

AM. EMERGENCY PROCUREMENT SURCHARGE BALANCING ACCOUNT (EPSBA)

1. **PURPOSE:** The purpose of the EPSBA is to record, by customer class, the Emergency Procurement Surcharge (EPS) established in D.01-01-018 and apply these revenues to the ongoing procurement costs. The EPS revenue and the ongoing procurement costs will be recorded in a separate subaccount for each customer class.
2. **APPLICABILITY:** The EPSBA shall apply to all electric customers except for those customers eligible for the California Alternative Rates for Energy (CARE) program, and customers on Schedule E-DEPART.
3. **REVISION DATE:** Disposition of amounts in this account shall be determined in a proceeding authorized by the Commission.
4. **RATE:** The EPSBA rate is set forth in Schedule E-EPS.
5. **ACCOUNTING PROCEDURE:** Separate subaccounts will be set up by customer class. The following entries shall be made for each subaccount each month:
  - a. A credit entry equal to the EPS revenues received from the customer class during the month.
  - b. A debit entry equal to the amount recorded for all power obtained for PG&E's customers as used in Schedule PX, to the extent these costs are incurred on or after January 4, 2001.
  - c. A debit entry equal to the obligations to the Department of Water Resources (DWR) for bond charges from PG&E's customers. (N)  
(N)
  - d. A credit entry, if the sum of the beginning of the month balance and the entries above is a debit, to transfer that sum to the TRA (electric Preliminary Statement Part N). (T)
  - e. A monthly entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the interest rate on three month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G. 13 or its successor. (T)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

CM. BOND CHARGE BALANCING ACCOUNT (BCBA)

(N)

1. PURPOSE: The purpose of the BCBA is to record revenues from the DWR Bond Charge rate by customer class during the period after a decision in R. 02-01-011 and pursuant to Decision 02-10-063. The BCBA has three subaccounts: (1) Bundled Customer Subaccount, (2) Direct Access Customer Subaccount, and (3) Departing Load Customer Subaccount.
2. APPLICABILITY: The BCBA will apply to Retail Bundled Customer, Direct Access, and Departing Load Customers, except California Alternate Rates for Energy (CARE) and medical baseline.
3. REVISION DATE: The revision dates applicable to the BCBA shall be as determined in the Revenue Adjustment proceeding or as otherwise ordered by the Commission.
4. BCBA RATES: The BCBA does not have a rate component.
5. ACCOUNTING PROCEDURE: PG&E shall maintain the BCBA by making entries at the end of each month as follows:
  - a. Bundled Customer Subaccount
    - 1) A credit entry equal to the Bond Charge revenue from non-exempt retail bundled customers.
    - 2) A debit entry equal to the Bond Charge revenue from non-exempt retail bundled customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
    - 3) A credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
  - b. Direct Access Customer Subaccount
    - 1) A credit entry equal to the Bond Charge revenue from eligible Direct Access Customers.
    - 2) A debit entry equal to the Bond Charge revenue from eligible Direct Access Customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
    - 3) A credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

(N)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

CM. BOND CHARGE BALANCING ACCOUNT (BCBA) (Continued)

(N)

5. ACCOUNTING PROCEDURE (Cont'd.)

c. Departing Load Customer Subaccount

- 1) A credit entry equal to the Bond Charge revenue from eligible Departing Load Customers.
- 2) A debit entry equal to the Bond Charge revenue from eligible Departing Load Customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
- 3) A credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

(N)

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