November 18, 2003

Advice 2347-E-A
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing - Submits Electric Franchise Fee Surcharge Schedule E-FFS

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental advice letter to clarify PG&E's intent to bill for franchise fee surcharges that were not collected from Direct Access customers from January 1, 2003, through September 30, 2003. This supplement does not require any further revisions to the electric rate schedules filed in Advice 2347-E.1

Background

PG&E filed Advice 2347-E to add new electric rate Schedule E-FFS – Electric Franchise Fee Surcharge. Schedule E-FFS is applicable to DA customers and is necessary to comply with Public Utilities Code Sections 6350 through 6354. Specifically, Section 6350 provides that such a surcharge is necessary “...to replace, but not increase, franchise fees that would have been collected pursuant to this division if not for changes in the regulatory environment such as the “unbundling” of the gas industry.”

Public Utilities Code Section 6352 (a) provides that non-exempt customers taking electric transportation service on a transmission and/or distribution system subject to franchise agreements shall pay a surcharge. That surcharge is then defined in Section 6353 (b). It provides that “...the energy transporter shall use that portion of the otherwise applicable utility rate or charge which, pursuant to commissioner order, is removed from the bill of a retail electric customer who has elected direct access to reflect the fact that the customer is purchasing energy from a non-utility provider...” PG&E’s obligation to collect franchise fee surcharges from DA customers is further set forth in Rule 22 (Section B, paragraph 16).

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.
Prior to January 1, 2003, PG&E collected the electric franchise fee surcharge within the residual Competition Transition Charges (CTC) paid by direct access customers. Beginning January 1, 2003, however, PG&E no longer collected residual CTC from direct access customers, and therefore, did not collect the electric franchise fee surcharge. Instead, beginning January 1, 2003, PG&E collects only transmission, reliability services, distribution, nuclear decommissioning, public purpose programs, the fixed transition amount (FTA, where applicable), and the direct access cost responsibility surcharge (DA CRS) from direct access customers. In order to collect the franchise fee surcharge as mandated by the Public Utilities Code, PG&E must add an additional charge to a direct access customer's bill. Schedule E-FFS was proposed to meet that need.

Advice 2347-E, which set forth PG&E’s proposal for the franchise fee surcharge was implemented in stages, but not fully implemented for direct access customers until October 1, 2003. From January 1, 2003, until October 1, 2003, PG&E did not collect the full amount of the franchise fee surcharge from direct access customers.

**Tariff Revisions**

This supplement does not require any further revisions to the electric rate schedules filed in Advice 2347-E. The Schedule E-FFS as proposed in Advice 2347-E sets forth the applicability of the franchise fee surcharges as well as its calculation. As discussed in Advice 2347-E, PG&E did not bill the full amount of the franchise fee surcharge initially and has only recently fully implemented the calculation in its billing system. In this supplemental filing, PG&E clarifies that it will rebill non-residential direct access customers for franchise fee surcharges that were not collected during 2003.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **December 8, 2003**, 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, 4th Floor  
San Francisco, California  94102

Facsimile: (415) 703-2200  
E-mail: 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: Brian Cherry
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 on April 1, 2003, which is the date PG&E implemented a separate line item for the Department of Water Resources Bond Charge.

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 Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

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

Karen A. Tomcaka

Vice President - Regulatory Relations

Attachments
ABAG Power Pool
Aulet Consumer Alliance
Agnews Developmental Center
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Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
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Korea Elec Power Corp
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Masonite Corporation
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Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
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Meyer, Joseph
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Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
PG&E National Energy Group
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RMC Lonestar
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