

March 28, 2003

**Advice 2363-E
(Pacific Gas and Electric Company ID U39 E)**

Public Utilities Commission of the State of California

**Subject: Yearly Adjustments to the Electric Public Purpose Programs
Funding Obligations in Compliance with Resolution E-3792**

Pacific Gas and Electric Company (PG&E) hereby submits for filing the yearly adjustments to the electric Public Purpose Programs (PPP) funding obligations in compliance with Resolution E-3792. The 2003 PPP funding obligations for PG&E are the same as in 2002.¹

Purpose

This filing complies with Resolution E-3792 issued on December 17, 2002. Specifically, this filing submits the yearly adjustments to electric Public Purpose Programs funding obligations in compliance with Ordering Paragraph 7 of Resolution E-3792.

Background

Resolution E-3792 specifies the methodology for utilities to adjust the electric Public Purpose Program funding obligations required by the Public Utility Code Section 399.8(d)(2). This section states: "the [target funding] amounts shall be adjusted annually at a rate equal to the lesser of the annual growth in electric commodity sales or inflation, as defined by the gross domestic product deflator."

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.

The section does not identify when these adjustments should begin, but since the section extends these programs starting January 1, 2002, Resolution E-3792 proposes to begin applying the adjustment methodology one year later, on January 1, 2003. These adjustments will thus be based on changes in sales and prices during 2002.

Resolution E-3792 also specifies that the adjustment to one utility's allocated amounts in Table 7 should be governed by changes in its own sales (assuming that this statistic is lower than the rate of inflation), rather than by changes in the sales of all three utilities.

PG&E's electric sales were 78,373 million kilowatts (kWh) in 2001 and 78,230 million kWh in 2002. The percentage change of sales was -0.18%.

The percentage change in prices as measured by the change in the GDP deflator in 2002, as published by the U.S. Department of Commerce on February 28, 2003, was $(110.65-109.42)/109.42 = 1.12\%$.

Since the lower of sales change and price change is negative (-0.18%), according to Resolution E-3792, the authorization for the subsequent year shall remain constant. Therefore, the electric Public Purpose Programs funding obligations (Table 7 of Resolution E-3792) for PG&E in 2003 is the same as in 2002:

<u>EE Programs</u>	<u>Renewables</u>	<u>RDD</u>	<u>Totals</u>
\$106,000,000	\$67,700,000	\$31,400,000	\$205,100,000

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 17, 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 K. 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

In accordance with Resolution E-3792, PG&E respectfully requests an effective date of **January 1, 2003**.

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/customer_services/business/tariffs/

Vice President - Regulatory Relations