April 11, 2003

Advice 2370-E
(Pacific Gas and Electric Company ID U 39 E)

Subject: Vegetation Management Balancing Account -
Transfer 2002 Balance to Transition Revenue Account

Public Utilities Commission of the State of California

In accordance with Preliminary Statement, Part BU--Vegetation Management Balancing Account (VMBA), Pacific Gas and Electric Company (PG&E) submits for filing a summary of the entries made to the VMBA for the period from January 1, 2002, through December 31, 2002. Also, upon approval of this filing, PG&E will transfer the year-end 2002 balance to the Transition Revenue Account (TRA). This is consistent with treatment of the 1999 and 2000 year-end VMBA balances authorized in Decision (D.) 02-02-043, dated February 21, 2002, in PG&E’s Attrition Rate Adjustment (Attrition) proceeding and 2001 year-end VMBA balances by approval of Advice 2215-E.1

Background

In PG&E’s 1999 General Rate Case (GRC) D. 00-02-046, the Commission adopted a one-way balancing account mechanism to track vegetation management expenditures during the time the 1999 GRC revenue requirement is in effect. The VMBA provides that PG&E will file an annual advice letter summarizing the entries to the VMBA for that year and a proposal for the disposition of any credit balance in the account.

On January 10, 2001, Administrative Law Judge Robert Barnett issued a ruling in PG&E’s 2001 Attrition proceeding that bifurcated the proceeding into two phases and adopted the review of PG&E’s vegetation management expenditures (for 1999 and 2000) under Phase 1 of the proceeding. In D. 02-02-043, the Commission authorized PG&E to transfer the 1999 and 2000 VMBA balances to

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. In particular, 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 U.S. Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.
the TRA, as requested in Advice 2016-E and Advice 2139-E, respectively.

2002 VMBA Balance

Entries made to the VMBA for the period January 1, 2002, through December 31, 2002, are shown in Table 1, below. The recorded expenses for 2002 totaled $129,715,370. In accordance with VMBA accounting procedures, this amount excludes expenses relating to the vegetation management quality assurance program, shareholder-funded expenses as defined in D. 99-07-029 (Tree Trimming OII Settlement), and vegetation management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction.


The difference between the amount adopted in D. 00-02-046, as modified, and the amount recorded for 2002 is $52,651. This amount represents an overcollection, or credit balance, to the VMBA. PG&E is transferring this overcollection, including interest, to the TRA, consistent with treatment of the 1999 and 2000 VMBA overcollections authorized in D. 02-02-043 and the 2001 VMBA overcollection approved in Advice 2215-E.

This filing will not increase any rate or charge, cause the withdrawal of service or conflict with any other rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by May 1, 2003, which is 20 days after 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:

2 D. 01-10-031 changed the adopted Tree Removal expense from $20.384 million to $17.333 million resulting in a reduction of $3.051 million from the original adopted vegetation management expense.

3 D. 02-02-043, mimeo p. 18, footnote 2, adopted year 2001 escalation of 3.29%.
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 May 21, 2003, which is forty days’ regular notice from the date of this 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 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

Attachments
Table 1

Decision Nos. 01-10-031 and 02-02-043

Vegetation Management
Balancing Account Summary

January 1, 2002, through December 31, 2002

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999 GRC Adopted Estimate</td>
<td>$131,415,587</td>
</tr>
<tr>
<td>Less VMQABA*</td>
<td>($759,102)</td>
</tr>
<tr>
<td>Less FERC Allocation</td>
<td>($888,464)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$129,768,021</td>
</tr>
<tr>
<td>2002 Recorded Expenses</td>
<td>$131,291,488</td>
</tr>
<tr>
<td>Less VMQABA*</td>
<td>($688,014)</td>
</tr>
<tr>
<td>Less FERC Allocation</td>
<td>($888,104)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$129,715,370</td>
</tr>
<tr>
<td>Over (Under) Expenditure</td>
<td>($52,651)</td>
</tr>
<tr>
<td>Interest (through January 2003)</td>
<td>($89,831)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>($142,482)</td>
</tr>
</tbody>
</table>

* Vegetation Management Quality Assurance Balancing Account