February 11, 2004

Advice Letter 2463-E

Ms Anita Smith, Rate Analyst
Pacific Gas and Electric Company
77 Beale Street, 10B Mail Code
San Francisco, CA 94177

Subject: Establishment of the Procurement Transaction Auditing Account (PTAA)

Dear Ms Smith:

Advice Letter 2463-E is effective January 16, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

[Signature]

Director
Energy Division
January 16, 2004

Advice 2463-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Establishment of the Procurement Transaction Auditing Account (PTAA)

Pacific Gas and Electric Company (PG&E) hereby submits for filing the following revisions to its electric tariff sheets. The affected tariff sheet is listed on the enclosed attachment.¹

Purpose:

The purpose of this filing is to submit new electric Preliminary Statement Part DJ to establish the Procurement Transaction Auditing Account (PTAA) authorized in Decision (D.) 03-12-062, ordering paragraph 20, dated December 18, 2003. The PTAA will record the costs associated with the independent auditing of PG&E’s quarterly procurement transactions.

Background:

Pursuant to ordering paragraph 20 of D.03-12-062, the California Public Utilities Commission directed the Energy Division, in consultation with each utility and its Procurement Review Group (PRG), to select an outside, independent auditor to review and verify that the quarterly procurement transactions submitted to the Commission on a quarterly basis via advice letter are in compliance with the

¹ The Company 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, the Company 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.
adopted procurement plan and to certify the results. All costs associated with this independent auditing shall be recorded in the PTAA and subject to full future recovery in conjunction with the Energy Resource Recovery Account (ERRA) application or other proceeding as authorized by the Commission.

Protest:

Anyone wishing to protest this filing may do so by sending a letter by February 5, 2004, 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. Protest 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: jir@cpuc.ca.gov

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: 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:

In compliance with D. 03-12-062, PG&E requests that this filing become effective January 16, 2004, which is 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, and the service list parties for Rulemaking (R.) 01-10-024. 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/

Director - Regulatory Relations

cc: Service List – R.01-10-024
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* 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.
PRELIMINARY STATEMENT
(Continued)

DJ. PROCUREMENT TRANSACTION AUDITING ACCOUNT (PTAA) (N)

1. PURPOSE:

The purpose of the PTAA is to record the costs associated with the independent auditing of the
quarterly procurement transactions authorized in Decision 03-12-062, Ordering Paragraph 20,

2. APPLICABILITY:

The PTAA shall apply to all customer classes, except for those specifically excluded by the
Commission.

3. PTAA RATES:

The PTAA rate is set forth in electric Preliminary Statement I.

4. ACCOUNTING PROCEDURE:

PG&E shall maintain the PTAA by making entries to this account at the end of each month as
follows:

a. A debit entry equal to the recorded costs associated with or related to the quarterly audit of
the procurement transactions.

b. A debit entry equal to the interest on the average of the balance at the beginning of the month
and the balance after entry 4.a, 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, G.13 or its successor.

PG&E shall request the recovery of the balance in the PTAA through the Energy Resource
Recovery Account (ERRA) application, or other proceeding as authorized by the Commission.
Preliminary Statement
(Continued)

DJ. PROCUREMENT TRANSACTION AUDITING ACCOUNT (PTAA)

1. PURPOSE:
The purpose of the PTAA is to record the costs associated with the independent auditing of the quarterly procurement transactions authorized in Decision 03-12-062, Ordering Paragraph 20, dated December 18, 2003.

2. APPLICABILITY:
The PTAA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. PTAA RATES:
The PTAA rate is set forth in electric Preliminary I – Rate Summary.

4. ACCOUNTING PROCEDURE:
PG&E shall maintain the PTAA by making entries to this account at the end of each month as follows:

a. A debit entry equal to the recorded costs associated with or related to the quarterly audit of the procurement transactions.

b. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after entry 4.a, 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, G.13 or its successor.

PG&E shall request the recovery of the balance in the PTAA through the Energy Resource Recovery Account (ERRA) application, or other proceeding as authorized by the Commission.
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15-Jan-04