June 15, 2004

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

Subject: Revisions to rate Schedules E-2 and E-3

Dear Ms Smith:

Advice Letter 2504-E is effective June 15, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

[Signature]

Paul Clanon, Director
Energy Division
May 6, 2004

Advice 2504-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Revisions to Electric Rate Schedules E-2 and E-3

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

Decision (D.) 04-01-012 dated January 8, 2004, approved the calendar year 2004 budget request of PG&E, Southern California Edison Company and San Diego Gas and Electric Company for the Statewide Pricing Pilot (SPP) for residential and small commercial customers. Pursuant to D. 04-01-012, PG&E is modifying its pilot SPP time-of-use and critical peak pricing tariffs to include the addition of a participation appreciation payment for customers who remain on their pilot tariff through October 31, 2004, and complete the demographic survey.

Background

Decision 03-03-036 dated March 13, 2003, approved the original SPP, a pilot program designed to test time-of-use and critical peak pricing tariffs for residential and small commercial customers on an opt-out basis. The SPP is testing the impact of such dynamic pricing tariffs on the usage patterns of a small sample of such customers randomly selected statewide. The SPP is subject to on-going evaluation and monitoring.¹

Customer Participation Appreciation Payments for the SPP were approved in D. 03-03-036. Under the 2004 budget approved in D. 04-01-012, the payment of $75 is extended through October 31, 2004.

¹ The Commission capped the SPP budget at $12 million for calendar year 2003, and provided a mechanism for considering and approving additional program costs that may be incurred in calendar year 2004, as well as any necessary adjustment to the cost cap. Decision 04-01-012 authorizes a calendar year 2004 budget $7.2 million, subject to specified conditions.
Participation Appreciation Payment

In accordance with D. 04-01-012, PG&E is amending Schedule E-2—Experimental Residential Time-of-Use Service, and Schedule E-3—Experimental Residential Critical Peak Pricing Service, to add language as follows in Special Condition 2—Participation Appreciation Payment:

Customers who continue to participate on their assigned pilot tariff through October 31, 2004, and complete the demographic survey will receive a Participation Appreciation Payment of $75.

Protests

Anyone wishing to protest this filing may do so by sending a letter by May 26, 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. 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 regular notice, June 15, 2004, which is 40 days after 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 parties on the service list for R.02-06-001. Address changes should be directed to Sharon Tatai at (415) 973-2788. Advice letter filings can also be accessed electronically at:

http://www.pge.com/tariffs

Karen A. Tomcala
Vice President - Regulatory Relations

Attachments

cc: Service List - R. 02-06-001
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SCHEDULE E-2—EXPERIMENTAL RESIDENTIAL TIME-OF-USE SERVICE
(Continued)

SPECIAL CONDITIONS:

1. TERMS OF SERVICE: Customer meeting the SPP program criteria shall be randomly selected by PG&E to receive service under this schedule and participate in the SPP. A customer may elect to change to another applicable rate.

2. PARTICIPATION APPRECIATION PAYMENT: A customer Participation Appreciation Payment of $25 will be paid to each participant upon successful completion of the program enrollment process, including provision of necessary demographic survey information. Those customers who continuously remain on their assigned pilot tariff through October 31, 2003, will receive an additional Participation Appreciation Payment of $75, and those who continue to participate through April 30, 2004, will receive a further additional Participation Appreciation Payment of $75. Customers who continue to participate on their assigned pilot tariff through October 31, 2004, and complete the demographic survey will receive a Participation Appreciation Payment of $75.

3. LIMITATION ON AVAILABILITY: Service under this schedule is restricted to customers randomly selected by PG&E, as specified by the CPUC in Decision 03-03-036. This schedule shall be available subject to metering availability and communications signal strength. Customer must have telephone service.

4. INFORMATION TREATMENTS: Customer shall receive information regarding the SPP, as well as energy cost management information. Customer shall be requested to provide demographic information for the purposes of the SPP by filling out a survey. The survey information may include, but will not be limited to questions about number of members in the household, income, end-uses, dwelling size, and age of dwelling. Customer may receive energy usage and cost information throughout the duration of the SPP. This information may be provided via multiple channels including, but not limited to: PG&E bill inserts, printed literature, fax, e-mail, pager, radio and/or web based content accessed via the Internet.

5. METERING: PG&E will supply, own, and maintain all necessary meters and associated equipment utilized for billings. In addition, and for purposes of monitoring customer load, PG&E may install, at its expense, load research metering. The customer shall supply, at no expense to PG&E, a suitable location for meters and associated equipment used for billing and load research.

6. BASELINE RATES: Baseline rates are applicable only to separately metered residential use. PG&E may require the customer to file with it a Declaration of Eligibility for Baseline Quantities for Residential Rates.
SCHEDULE E-3—EXPERIMENTAL RESIDENTIAL CRITICAL PEAK PRICING SERVICE

(Continued)

SPECIAL CONDITIONS:

1. TERMS OF SERVICE: Customer meeting the SPP program criteria shall be randomly selected by PG&E to receive service under this schedule and participate in the SPP. A customer may elect to change to another applicable rate.

2. PARTICIPATION APPRECIATION PAYMENT: A customer Participation Appreciation Payment of $25 will be paid to each participant upon successful completion of the program enrollment process, including provision of necessary demographic survey information. Those customers who continuously remain on their assigned pilot tariff through October 31, 2003, will receive an additional Participation Appreciation Payment of $75, and those who continue to participate through April 30, 2004, will receive a further additional Participation Appreciation Payment of $75. Customers who continue to participate on their assigned pilot tariff through October 31, 2004, and complete the demographic survey will receive a Participation Appreciation Payment of $75.

3. LIMITATION ON AVAILABILITY: Service under this schedule is restricted to customers randomly selected by PG&E, as specified by the CPUC in Decision 03-03-036. This schedule shall be available subject to metering availability and communications signal strength. Customer must have telephone service.

4. INFORMATION TREATMENTS: Customer shall receive information regarding the SPP, as well as energy cost management information. Customer shall be requested to provide demographic information for the purposes of the SPP by filling out a survey. The survey information may include, but will not be limited to questions about number of members in the household, income, end-uses, dwelling size, and age of dwelling. Customer may receive energy usage and cost information throughout the duration of the SPP. This information may be provided via multiple channels including, but not limited to: PG&E bill inserts, printed literature, fax, e-mail, pager, radio and/or web based content accessed via the Internet.

5. METERING: PG&E will supply, own, and maintain all necessary meters and associated equipment utilized for billings. In addition, and for purposes of monitoring customer load, PG&E may install, at its expense, load research metering. The customer shall supply, at no expense to PG&E, a suitable location for meters and associated equipment used for billing and load research.

6. BASELINE RATES: Baseline rates are applicable only to separately metered residential use. PG&E may require the customer to file with it a Declaration of Eligibility for Baseline Quantities for Residential Rates.

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## RATE SCHEDULES

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City of Palo Alto
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CLECA Law Office
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CPUC
Creative Technology
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Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services
DMM Customer Services
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