August 25, 2004

Advice Letter 2516-E-A/2516-E-B

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Revised medical baseline, CARE and continuous direct access rates

Dear Ms Smith:

Advice Letter 2516-E-A/2516-E-B is effective September 1, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

[Signature]

Paul Clanon, Director
Energy Division
June 7, 2004

Advice 2516-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revises Medical Baseline, CARE, and Continuous Direct Access Rates in Compliance with D. 04-05-055 (Test Year 2003 General Rate Case, Phase 1)

Purpose

The purpose of this filing is begin applying the Ongoing Competition Transition Charge (CTC) and Regulatory Asset (RA) rates to medical baseline, CARE, and continuous Direct Access (DA) customers. This filing is made in compliance with Decision (D.) 04-05-055, in Application (A.) 02-11-017, PG&E’s Test Year 2003 General Rate Case.

Ordering Paragraph 5 of D.04-05-055 requires that PG&E file revised tariff sheets to implement the revenue requirements, accounting procedures, and changes set forth in the decision. PG&E has separated this tariff change from other tariff changes required by the GRC decision and filed in Advice 2515-E because PG&E requests a different implementation date for the initiatives in each filing.

Background

Decision 04-05-055 adopts the distribution and generation revenue requirements for use in setting rates. Under this decision, PG&E will receive annual increases in revenue requirements of approximately $236 million for electric distribution operations and $38 million for electric generation operations, which were to a large degree, already reflected in total rates implemented on March 1, 2004, in compliance with D.04-02-062.

Ordering Paragraph 5 of D.04-05-055 requires that PG&E file revised tariff sheets to implement the revenue requirements, accounting procedures, and changes set forth in the decision. Today, in Advice 2515-E, PG&E filed its request for changes to tariffs for an implementation date of June 17, 2004. In this filing, PG&E is concurrently filing to implement Ongoing CTC and RA rates for medical baseline, CARE, and continuous DA customers for implementation beginning August 1,
2004. Due to the structural nature of the billing change required to implement new charges for these customers, PG&E could not implement this change on June 17, 2004. Accordingly, PG&E is filing separate advice letters for these two changes.

**Tariff Revisions**

**Electric Rate Schedules**

On March 1, 2004, PG&E implemented total rate changes consistent with the best available revenue requirement information at that time. However, to avoid increases in charges for DA customers as required by D.04-02-062, PG&E did not revise Public Purpose Program, Nuclear Decommissioning, or Distribution rates or begin applying charges for Ongoing CTC and the RA for medical baseline, CARE, and continuous DA customers. In D.04-02-062, the Commission authorized PG&E to revise these rates, which amount to approximately an $18 million annual revenue requirement (for DA customers), after a decision in Phase 1 of the GRC.

Therefore, in this filing, PG&E proposes to begin charging medical baseline, CARE, and continuous DA customers for the RA and Ongoing CTC on August 1, 2004. These customers are exempt from the DWR portions of the DA Cost Responsibility Surcharge (CRS), which before March 1, 2004, was the only component of the DA CRS. Since March 1, the Ongoing CTC and RA charges were added to the DA CRS. Application of Ongoing CTC and RA charges will increase the total rates these customers pay. No revisions to the rate schedules are necessary, since Schedule DA CRS already requires these customers to pay Ongoing CTC and the RA, and each charge is already separately shown in the DA billing section of every rate schedule.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by June 27, 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 August 1, 2004. PG&E will implement the rates effective August 1, 2004.

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 A. 02-11-017. Address changes should be directed to Sharon Tatal at (415) 973-2788. Advice letter filings can also be accessed electronically at:

http://www.pge.com/tariffs

Karen A. Tomalak

Vice President - Regulatory Relations

Attachments

cc: Parties to A.02-11-017
ABAG Power Pool  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Alicanar & Elsesser  
Anderson Donovan & Poole P.C.  
Applied Power Technologies  
APS Energy Services Co Inc  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Bartle Wells Associates  
Blue Ridge Gas  
Bohannan Development Co  
BP Energy Company  
Braun & Associates  
C & H Sugar Co.  
CA Bldg Industry Association  
CA Cotton Ginners & Growers Assoc.  
CA League of Food Processors  
CA Water Service Group  
California Energy Commission  
California Farm Bureau Federation  
California ISO  
Caillane  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
Cardinal Cogen  
Cellnet Data Systems  
Childress, David A.  
City of Glendale  
City of Healdsburg  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Constellation New Energy  
CPUC  
Creative Technology  
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  
Dept of the Air Force  
DGS Natural Gas Services  
DMM Customer Services  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynegy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Enron Energy Services  
Exeter Associates  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
GLJ Energy Publications  
Goodin, MacBride, Squeries, Schiotz & Grueneich Resource Advocates  
Hanna & Morton  
Heeg, Peggy A.  
Hogan Manufacturing, Inc  
House, Lon  
Imperial Irrigation District  
Integrated Utility Consulting Group  
International Power Technology  
J. R. Wood, Inc  
JTM, Inc  
Kaiser Cement Corp  
Korea Elec Power Corp  
Marcus, David  
Masonite Corporation  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmillar & Assoc.  
New United Motor Mfg, Inc  
Norris & Wong Associates  
North Coast Solar Resources  
Northern California Power Agency  
PG&E National Energy Group  
Pinnacle CNG Company  
PPL EnergyPlus, LLC  
Price, Roy  
Product Development Dept  
Provoest Pritchard  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar  
Sacramento Municipal Utility District  
SCD Energy Solutions  
Seattle City Light  
Sempra Energy  
Sequoia Union HS Dist  
SESCO  
Sierra Pacific Power Company  
Silicon Valley Power  
Simpson Paper Company  
Smurfit Stone Container Corp  
Southern California Edison  
SPURR  
St. Paul Assoc  
Stanford University  
Sutherland, Asbill & Brennan  
Tabors Caramanis & Associates  
Tansev and Associates  
Tecogen, Inc  
TFS Energy  
TJ Cross Engineers  
Transwestern Pipeline Co  
Turlock Irrigation District  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA