March 22, 2005

Advice Letter 2548-E-A

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

Subject: Interim allocation of the supplemental 2004 Department of Water Resources revenue requirement and power charge remittance rate adjustment

Dear Ms de la Torre:

Advice Letter 2548-E-A is effective December 2, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division
September 7, 2004

Advice 2548-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Interim Allocation of the Supplemental 2004 Department of Water Resources (DWR) Revenue Requirement and Power Charge Remittance Rate Adjustment

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this filing for a DWR power charge remittance rate revision to implement Decision (D.) 04-08-050.

Background

On August 19, 2004, the Commission issued Decision 04-08-050 implementing an interim allocation of the supplemental 2004 DWR revenue requirement. The permanent allocation of the DWR revenue requirement will be determined in a subsequent decision.

In the footnote on page 3 of Appendix A of this Decision, the Commission stated that each IOU will directly estimate final DA CRS revenues as part of their advice filings implementing the Commission decision.

DA CRS Revenue Adjustment to the 2004 DWR Power Charge Remittance Rate

PG&E coordinated its final estimate of the 2004 DA DWR power charge revenues and resulting bundled DWR power charge remittance rate with DWR. The agreed 2004 forecast of DA usage subject to the power charge is 8,046 Gwh, and
estimated revenue is $99.5 million. This estimate reflects the March 1 and September 1, 2004, changes in PG&E’s DA Ongoing Competition Transition Charge (CTC) rates. The DA power charge is the difference of the 2.7 cents/Kwh DA Cost Responsibility Surcharge (CRS) and the sum of DA Bond, CTC and Regulatory Asset charges.

The resulting interim PG&E 2004 power charge remittance rate is $0.07620 per Kwh. Workpaper supporting this calculation is submitted as part of this Advice filing in Attachment I.

Customer Rates

This advice filing does not change customers' rates. PG&E proposes that all changes in customers' rates, including changes due to the supplemental 2004 DWR RRQ and revision in PG&E’s share of DWR’s RRQ as a result of implementing the Commission’s upcoming decision on a permanent allocation methodology are consolidated on January 1, 2005. Any difference between what PG&E remits to DWR pursuant to the remittance formula under PG&E’s applicable Servicing Order and the amount it collects from bundled customers through the Power Charge Collection Balancing Account (PCCBA) rate component will be captured in the PCCBA balance. The PCCBA balance will be reflected in customers’ rates on January 1, 2005.

Protests

Anyone wishing to protest this filing may do so by sending a letter by September 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 as of January 1, 2004, consistent with Ordering Paragraph 2 of D. 04-08-050.

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 for Application 00-11-038. Address changes should be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

http://www.pge.com/tariffs

[Signature]
Director - Regulatory Relations

Attachments

cc: Service List A. 00-11-038
Appendix A: 2006 DWR Revenue Requirement
INTERIM Methodology for Allocation of Revenue Requirement

Note: The INTERIM allocation of the 2006 DWR revenue requirement is based on the allocation methodology authorized by the CPUC in D.02-12-045.

### Calculation of Revenue Requirement

#### 1) Calculate the revenue requirement for each ROU using the formula:

\[
\text{Revenue Requirement} = \text{ escalated Cost} \times (1 + \text{Cost of Service Factor})
\]

#### 2) Adjust the revenue requirement for each ROU by applying the CPUC's adjustment factor to DWR's revenue requirement. In addition, subtract the ROU's share of surplus energy from DWR's revenue requirement.

#### 3) Calculate the adjusted DWR Revenue Requirement and allocate it by ROU.

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### Table: Calculations

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
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<th>SDG&amp;E</th>
<th>Total</th>
<th>Source</th>
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<td>1,708,332</td>
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<td>% DWR Surplus Energy</td>
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<td>49.05</td>
<td>49.05</td>
<td>DWR, Total (Line 6)</td>
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* The values in italics are adjusted to 2006 based on Prelim figures.

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### Table: Adjusted DWR Revenue Requirement

<table>
<thead>
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<th>Line</th>
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<tr>
<td>9</td>
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<td>Line 17 * Line 19</td>
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### Table: DWR Revenue Requirement

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<th>Line</th>
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### Table: Revenue Rate Calculations

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### Table: Final DWR revenue requirement

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<th>Line</th>
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### Table: Interim DWR revenue requirement

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<tr>
<th>Line</th>
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### Notes

- The final power charge model is based on the DWR's projected operating account (DWR) figures, the DWR's financial model, and the CPUC's authorized allocation factor to determine the final revenue requirement.

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### Summary

- The final power charge model is based on the DWR's projected operating account (DWR) figures, the DWR's financial model, and the CPUC's authorized allocation factor to determine the final revenue requirement.

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### References

- California Public Utilities Commission (CPUC), D.02-12-045.
PG&E Electric Advice Filing List
General Order 96-A, Section III(G)

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & 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
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginters & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cabinet Data Systems
Chevron Texaco
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
Energy Management Services, LLC
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
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 Weisenmiller & 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
PITCO
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost 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
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfitt Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramenes & Associates
Tansy and Associates
Tecogen, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA

07-Sep-94