

July 11, 2001

Advice 2328-G

(Pacific Gas and Electric Company ID U 39 G)

Subject: Corrective Filing—Gas Preliminary Statement Part C (F&U Factor)

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

The purpose of this corrective filing is to update gas Preliminary Statement Part C—*Gas Accounting and Definitions*, to incorporate the Franchise Fee and Uncollectible Factor (F&U) with text changes filed and approved in Advice 2303-G, which removed references to discontinued core subscription service, onto one tariff sheet. The F&U factor approved in PG&E's 1999 General Rate Case (GRC) Decision 00-02-046 of 1.01843 replaces the F&U factor of 1.01236 from PG&E's 1996 GRC effective March 1, 2001.² The corresponding Preliminary Statement Part C tariff sheet filed and approved in Advice 2303-G erroneously showed the 1996 F&U.

Protests

Since this is a corrective filing to incorporate previously authorized changes onto a single tariff sheet, protest language is not included in this filing.

Effective Date

PG&E requests that this corrective advice filing be made effective **March 1, 2001**, which is the effective date of Advice 2303-G.

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. Also, 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 Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

² The 1999 GRC F&U factor was originally filed in Advice 2219-G.

Notice

In accordance with Section III, Paragraph G, of General Order 96-A, 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 Ms. Nel Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Eugene Cadenasso--Energy Division



PRELIMINARY STATEMENT
 (Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

6. FRANCHISE FEES AND UNCOLLECTIBLE ACCOUNTS EXPENSE (F&U): F&U refers to that portion of rates designed to recover PG&E's authorized expenses for both the use of public rights-of-way (franchise fees) and bad debts (uncollectible accounts expense). Rates for retail customers include a component for F&U, as determined in PG&E's 1999 General Rate Case, Decision 00-02-046. Rates for wholesale customers include a component for the franchise fees only, per Decision 87-12-039. Rates for UEG and cogeneration include uncollectibles expense and a reduced component for franchise fees. Since UEG is exempt from franchise fees, the franchise fee rate for UEG and cogeneration is reduced to account for the UEG franchise fee exemption while maintaining UEG/cogeneration parity in accordance with Public Utility Code 454.4.

The F&U factor is equal to1.01843

7. GAS SUPPLY PORTFOLIO: This portfolio includes the cost of gas procured by PG&E for its Core Portfolio (Core Procurement) customers. Gas Supply Portfolio costs are recovered through the Procurement Revenue Requirement described in Section C.10.d.

Costs incurred for the portfolio include the cost of volumetric transportation, incremental pipeline capacity costs, imbalance transactions, hub services, incremental storage services, voluntary diversions, and emergency flow order (EFO) and operational flow order (OFO) charges. These costs may be offset by revenue or gains from risk management tools such as derivative financial instruments (net of transaction costs), and out-of-state sales. Other transactions such as net revenue from imbalance transactions and byproducts extraction and expenses/losses from risk management tools are included in the portfolio.

Effective January 1, 1998, this portfolio will include the cost of Transwestern capacity forecast to be used for Core Portfolio customers. For the Schedule G-BAL Transition Period, purchases under Schedule G-BAL will be included in the Gas Supply Portfolio.

The net cost of the "flowing supply" is the result of the transactions listed above. This portfolio also includes gas withdrawn from storage and excludes gas injected into storage for Core Procurement customers using the core storage reservation.

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