

APPENDIX A

SUMMARY OF PARTIES' PROPOSED DIRECT ACCESS COST RESPONSIBILITY SURCHARGE ELEMENTS

Summary of Edison's 2001 Proposed Charge Components										
Party		Amortization of Historic DWR Undercollection			Prospective DWR Costs	CTC Component				Cap
		Historic Undercollection Only		Full Bond Charge		URG	Employee Transition Costs	Total CTC Component		
		Cents/kWh								
		10-Year	20-Year							
		Edison							N/A	
CLECA Henwood Base Case (Total Utility Resource Basis By Individual Utility)		N/A	0.36	N/A	3.161	N/A	N/A	N/A	N/A	2.25
CIU	Pay As You Go	N/A	0.313	N/A	2.615	N/A	N/A	Applicable	0	2.5
ORA		N/A	0.533	Applicable	4.252	1.1699	0.3091	N/A	1.479	4
CMTA		N/A	0.285	N/A	0.93	1.3019	-0.4027	N/A	0.8992	2

Summary Of PG&E's 2003 Proposed Charge Components												
Party		Amortization of Historic DWR Uncollection					Prospective DWR Costs	CTC Component				Cap
		Historic Undercollection Only			Full Bond Charge			QF/PPAs	URG	Employee Transition Costs	Total CTC Component	
2003	10-Year	20-Year				Cents/kWh	Cents/kWh	Cents/kWh	Cents/kWh	Cents/kWh	Cents/kWh	
PG&E	0.473	N/A	N/A		Applicable	3.277	0.5178	0	0.0012	0.519	4	
	N/A	N/A	0.36		N/A	0.812	N/A	N/A	N/A	N/A	2	
CIU	N/A	N/A	0.313		N/A	2.615	N/A	N/A	Applicable	0	2.5	
ORA	N/A	N/A	0.577		Applicable	4.252	0.9604	N/A	0.0006	0.961	4	
CMTA	N/A	N/A	0.285		N/A	0.93	0.5576	-0.514	N/A	0.436	2	

Summary Of SDG&E's 2003 Proposed Charge Components

Party	Amortization of Historic DWR Undercollection				Prospective DWR Costs	CTC Component				Cap
	Historic Undercollection Only		Full Bond Charge	URG		Employee Transition Costs	Total CTC Component			
	Cents/kWh									
	10-Year	20-Year								
SDG&E	N/A	0.64	Applicable	1.26	N/A	N/A	0.68	2.7		
CLECA Henwood Base Case (Total Utility Resource Basis By Individual Utility)	N/A	0.36	N/A	5.709	N/A	N/A	N/A	2.75		
CIU	N/A	0.313	N/A	2.615	N/A	N/A	0	2.5		
ORA	N/A	0.533	Applicable	4.252	N/A	N/A	N/A	4		
CMTA	N/A	0.285	N/A	0.93	-0.0499	0.4736	0.4236	2		

(END OF APPENDIX A)

APPENDIX B

**SUMMARY OF MODELING SCENARIOS
PERFORMED BY NAVIGANT
CONSULTING, INC.**

Table 1 - Summary Descriptions of Scenarios and Results

Scenario	Description	Scenario Based On	DA Growth Rate (per year)	DA Load Shape (Table 4)	Incremental DA % (1)	Sales as % of Spot Price	Gas Price (2) (Table 3)	New Generation Entry (Table 2)	Ongoing Operating and Portfolio Costs (\$Million)	2003 Average Cost of Spot Purchases (\$/MWh)	Revenue Shortfall (\$Million)	20-Year Levelized CRS (\$/MWh)
Base Case	Based on DWR ProSym Run 19H.	N/A	2%	System Average	2 / 13.1	50%	Base (2)	Base	3,972	40.41	1,043.80	19.98
1	Updated base case assumptions, many changes in URG, hydro, contracts, and load forecast. DWR ProSym Run 28.	N/A	0%	DA Specific	2 / 13.62	50%	Medium	Less than Base	4,959	36.53	1,092.90	26.26
2	High gas prices, low new generation additions and sales at market clearing price.	Base Case	0%	DA Specific	2 / 13.62	100%	High	Low	3,216	49.39	1,092.70	18.64
2A	Scenario 2 with off-system sales @ 50% of spot prices.	Base Case	0%	DA Specific	2 / 13.62	50%	High	Low	4,077	49.39	1,092.70	22.37
3	High gas prices and sales at market clearing price.	Base Case	0%	DA Specific	2 / 13.62	100%	High	Base	3,763	46.38	1,092.70	21.01
4	Low gas prices.	Base Case	0%	DA Specific	2 / 13.62	50%	Low	Base	5,053	35.15	1,092.70	26.59
4 (a)	Scenario 3 with low gas prices.	Base Case	0%	DA Specific	2 / 13.62	100%	Low	Base	4,371	35.15	1,092.70	23.64
5	Service area specific CRS.	Scenario 1	0%	DA Specific	PG&E 1.2/14.8 SCE 1/11 SDG&E 9.9/20.1	50%	Medium	Less than Base	PG&E 1,908 SCE 2,438 SDG&E 632	40.33 35.68 33.32	506 379 89	19.62 30.53 32.43
6	Bond charge component of fee removed.	Scenario 1	0%	DA Specific	2 / 13.62	50%	Medium	Less than Base	4,959	36.53	NA	21.52
7	Additional 3.71% of load exempt from CRS.	Scenario 1	0%	DA Specific	5.71 / 13.62	50%	Medium	Less than Base	3,757	36.53	744	28.63
8	Renegotiated DWR contracts.	Scenario 1	0%	DA Specific	2 / 13.62	50%	Medium	Less than Base	4,851	35.26	1,092.90	25.79
9	Scenario 8 with no DA customers exempt.	Scenario 8	0%	DA Specific	2 / 13.62 (4)	100%	Medium	Less than Base	4,302	35.26	1,092.90	18.44

(1) The first number is the DA % on July 1, the second is the DA % after September 2001.

(2) Base is slightly higher than medium through 2006, and lower thereafter.

(3) Table numbers refer to tables in the May 17 Cost Responsibility Paper.

(4) Costs are allocated to all DA customers.

APPENDIX C

PG&E'S PROPOSAL

PACIFIC GAS & ELECTRIC COMPANY TABLE 3-1

ILLUSTRATIVE ANNUAL CALCULATION OF DWR NBC FOR PG&E

	2003	2004	2005	2006	2007
July, 2001 DA Load (Pre-Migration to DA)					
COSTS (\$000)					
Contract Purchases	1,773,852	1,907,979	1,648,825	1,536,284	1,556,485
Spot Purchases	361,573	463,663	407,740	465,599	558,792
Off-System Sales	(23,582)	(36,597)	(26,685)	(17,924)	(12,623)
Net Purchases	2,111,843	2,335,045	2,029,881	1,983,959	2,102,654
Non-Energy Fixed Costs	12,236	12,969	12,298	11,942	12,382
TOTAL COSTS	2,124,079	2,348,014	2,041,978	1,995,901	2,115,036
ENERGY (MWh 000s)					
Net Contract Energy Delivered	19,208	21,960	20,230	19,986	20,531
Spot Energy Delivered	10,188	12,847	11,173	12,335	13,951
Total Delivered Energy	29,395	34,807	31,403	32,322	34,482
DWR UNIT COST DELIVERED ENERGY (\$/MWh)	\$ 72.26	\$ 67.46	\$ 65.03	\$ 61.75	\$ 61.34
September 20, 2001 DA Load (Post-Migration to DA)					
COSTS (\$000)					
Contract Purchases	1,649,128	1,720,430	1,535,865	1,423,753	1,440,686
Spot Purchases	136,646	256,809	160,255	202,327	270,537
Off-System Sales	(89,286)	(93,546)	(83,719)	(68,666)	(56,228)
Net Purchases	1,696,488	1,883,693	1,612,400	1,557,414	1,654,995
Non-Energy Fixed Costs	11,185	12,234	11,161	10,689	11,233
TOTAL COSTS	1,707,673	1,895,927	1,623,561	1,568,104	1,666,228
ENERGY (MWh 000s)					
Net Contract Energy Delivered	15,257	17,469	16,763	16,701	17,494
Spot Energy Delivered	3,593	6,793	4,094	5,076	6,442
Total Delivered Energy	18,851	24,262	20,858	21,778	23,936
DWR UNIT COST DELIVERED ENERGY (\$/MWh)	\$ 90.59	\$ 78.14	\$ 77.84	\$ 72.01	\$ 69.61
Cost Increase due to Departing Load					
Increase in Unit Cost to Bundled Customers (\$/MWh)	\$ 18.33	\$ 10.68	\$ 12.81	\$ 10.25	\$ 8.27
Annual DA Responsibility: Unit Cost * Bundled Load (\$000)	345,543	259,228	267,285	223,321	193,066
ANNUAL DWR NBC	\$ 32.77	\$ 24.58	\$ 25.35	\$ 21.18	\$ 18.78

NOTES:

Cost data from Navigant Scenario 8, dated May 17, 2002

Off-system sales revenue recovers 100% of MCP, and is calculated by doubling the sales revenue at 50% of MCP from Navigant's data

Non-energy fixed costs allocated to PG&E based on PG&E's share of DWR total delivered energy pre-migration to DA

(END OF APPENDIX C)

APPENDIX D
SDG&E PROPOSAL

Table 1

Direct Access Exit Fee Model

Summary of DA Cost Responsibility 2001-2010 (@September 30, 2002 Dollars)

1) Ongoing DWR Contract Costs (\$000)	2,379,021				
2) Up-Front Financing Costs (\$000)	35,685				
3) Allowance for Uncollectibles (\$000) ^b	9,516				
4) Operating Reserve (\$000)	<u>242,472</u>				
5) Balance to be Financed (\$000)	\$ 2,666,644				
6) Annual Revenue Required before Op Reserve (\$000)	\$ 265,489				
7) Annual Revenue Required after Op Reserve Credit (\$000)	<u>\$ 249,328</u>				
	2002	2003	2004	2005	2006
8) DA Revenue Requirement (\$000)	\$ 249,328	\$ 249,328	\$ 249,328	\$ 249,328	\$ 249,328
9) DA Annual Load - Fiscal Year (MWh 000s) ^c	22,685	20,261	20,261	20,261	20,261
10) DA Rate (\$/MWh)	\$ 10.99	\$ 12.31	\$ 12.31	\$ 12.31	\$ 12.31
11) Non-Levelized Exit Fee (\$/kWh)	\$ 0.02175	\$ 0.02634	\$ 0.02331	\$ 0.02038	\$ 0.01525
12) Levelized Exit Fee (\$/kWh)	<u>\$ 0.01220</u>	<u>\$ 0.01220</u>	<u>\$ 0.01220</u>	<u>\$ 0.01220</u>	<u>\$ 0.01220</u>

Ongoing DWR Contract Cost Impacts

July 1, 2001 Cutoff

	Oct-Dec 01	2002	2003	2004	2005
13) Contract Purchases	\$ 574,512	\$ 3,434,342	\$ 4,127,689	\$ 4,362,414	\$ 3,977,928
14) Off-System Sales	(14,714)	(9,538)	(27,438)	(41,838)	(32,194)
15) Net Purchases	\$ 559,798	\$ 3,424,804	\$ 4,100,251	\$ 4,320,576	\$ 3,945,734
16) Net Contract Energy Delivered (MWh 000)	5,286	35,979	44,904	50,446	49,056
17) DWR UNIT COST DELIVERED ENERGY (\$/MWh)	\$ 105.90	\$ 95.19	\$ 91.31	\$ 85.65	\$ 80.43

September 20, 2001 Cutoff

	Oct-Dec 01	2002	2003	2004	2005
18) Contract Purchases	\$ 574,512	\$ 3,377,477	\$ 4,096,389	\$ 4,362,414	\$ 3,977,928
19) Off-System Sales	(12,063)	(71,706)	(115,626)	(126,110)	(119,678)
20) Net Purchases	\$ 562,449	\$ 3,305,771	\$ 3,980,763	\$ 4,236,304	\$ 3,858,250
21) Net Contract Energy Delivered (MWh 000)	4,907	30,016	37,750	43,948	42,836
22) DWR UNIT COST DELIVERED ENERGY (\$/MWh)	\$ 114.63	\$ 110.14	\$ 105.45	\$ 96.39	\$ 90.07

Cost Increase due to Departed Load

23) Increase in Unit Contract Cost to Bundled Customers (\$/MWh)	\$ 8.73	\$ 14.95	\$ 14.14	\$ 10.75	\$ 9.64
24) Annual DA Responsibility: Unit Cost * Delivered Contract Energy (\$000)	\$ 42,847	\$ 448,653	\$ 533,737	\$ 472,233	\$ 412,828
25) Annual DA Responsibility @ September 30, 2002 (\$000)	\$ 44,839	\$ 448,653	\$ 505,960	\$ 424,360	\$ 351,670
26) Total DA Responsibility @ September 30, 2002 (\$000)	\$ 2,379,021				

Assumptions

27) Cost of Capital ^m	6.20%	6.20%	5.49%	5.49%	5.49%
28) Loan Initiation Fee	1.50%				
29) Operations Reserve Percentage	10%				
30) Term of financing (years) ⁿ	15				

(END OF APPENDIX D)

Table 1
Year by Year Forward Exit Fee
On a Total Utility Resource Versus DWR Only Basis

All rates in \$/MWh	/1 4Qtr 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	/2 Levelized Exit Fee No Delay	2 year Delay
Henwood Base Case													
All IOUs Total Portfolio Basis	27.31	21.69	22.39	24.07	20.43	16.17	12.13	11.41	11.52	11.06	7.02	13.52	14.25
All IOUs DWR Only Basis	30.34	30.55	27.88	28.68	21.81	17.42	13.96	12.80	12.77	12.34	8.05	16.03	16.90
Henwood Base Case w/10% Inc MCP													
All IOUs Total Portfolio Basis	27.31	18.25	18.98	20.93	17.46	12.75	8.37	7.63	7.91	7.47	3.60	10.79	11.37
All IOUs DWR Only Basis	30.34	28.99	25.76	26.29	19.70	14.93	11.21	10.09	10.28	9.96	6.24	14.24	15.02

Notes:

/1 Using Data from Navigant

/2 Exit fees levelized over 15 years

Table 2

Year by Year Forward Exit Fee
On a Total Utility Resource Basis by Individual Utility

All rates in \$/MWh	/1 4Qtr 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	/2 Levelized Exit Fee No 2 year Delay Delay
Henwood Base Case												
PG&E	14.01	5.99	8.12	13.23	12.94	9.84	7.32	7.00	7.26	7.58	4.18	7.12 7.51
SCE	8.12	35.05	31.61	30.62	25.74	21.40	16.29	15.44	15.04	13.75	9.27	18.17 19.17
SDG&E	26.64	49.40	57.09	54.70	38.16	27.45	20.10	18.35	19.63	19.35	12.48	23.15 24.42
Henwood Base Case w/10% Inc MCP												
PG&E	14.01	3.34	5.32	10.78	10.48	7.02	4.15	3.79	4.12	4.42	1.02	4.85 5.11
SCE	8.12	30.68	27.69	27.10	22.54	17.65	12.11	11.21	11.08	9.77	5.53	15.10 15.93
SDG&E	26.64	46.51	52.57	49.73	34.27	22.89	15.28	13.61	15.05	14.80	8.72	20.29 21.40

Notes:

/1 Using Data from Navigant

/2 Exit fee levelized over 15 years for PG&E and SCE and over 20 years for SDG&E