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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION CA-31 ID 3446
RESOLUTION E-3865
APRIL 22, 2004

R E S O L U T I O N

Resolution E-3865. Approves a refund plan for Pacific Gas and Electric Company to return an overcollection of revenue to electric customers through a bill credit, as required by Decision 04-02-062.

By Advice Letter 2488-E filed on April 1, 2004.

SUMMARY

This Resolution approves Pacific Gas and Electric Company's (PG&E's) Electric Refund Plan (Refund Plan). The plan proposes to return approximately \$100 million that PG&E collected from January 1 through February 29, 2004 in excess of the Rate Design Settlement amount adopted by the Commission in Decision (D.) 04-02-062 through a one-time bill credit to eligible customers. PG&E's Refund Plan proposes a reasonable methodology for distributing refunds resulting from the two-month revenue overcollection.

BACKGROUND

Commission Required Bill Credit or Refund to Return Excess Revenues to Customers

D. 04-02-062 approved a Rate Design Settlement reducing PG&E's electric rates by \$799 million. The rate reductions were implemented by PG&E in Advice Letter (AL) 2465-E-A. Although the rate reductions were effective on January 1, 2004, the reduced rates were not implemented in customer bills until March 1, 2004. Instead of tracking the overcollection for later refund, the Commission required PG&E to provide a one-time bill credit or refund to customers by May 1, 2004.

PG&E Submitted a Refund Plan to Comply with D. 04-02-062

In compliance with D.04-02-062, PG&E filed AL 2488-E to return electric revenue requirement overcollections from January 1 through February 29, 2004 to customers through a one-time bill credit. The refund is determined by comparing the rates in effect on January 1, 2004 to the rates in effect on March 1, 2004.

NOTICE

Notice of AL 2488-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A.

PROTESTS

No protests to AL 2488-E were filed.

DISCUSSION

PG&E's Proposed Methodology for Determining Customers' Bill Credit is Reasonable Because Refunds to Eligible Customers are Based Upon Percentage Reductions Implemented in D.04-02-062 and AL 2465-E-A

Energy Division has reviewed the Refund Plan PG&E submitted in AL 2488-E to comply with D.04-02-062. The Refund Plan specifies that a one-time bill credit will be provided to customers beginning on May 1, 2004, and continuing through each customer billing serial in May. PG&E proposes to add a one-time line item to customer bills that describes the credit as: "Rate Reduction Refund".

The bill credit to each eligible PG&E electric customer will be calculated as a percentage of the billed energy procurement surcharges, where the percentage is based on the difference between the energy surcharge rates from Section 2 of Schedule E-EPS in effect in January and February 2004 and the energy surcharge rates in effect on March 1, 2004. This approach is reasonable because the total electric rate reductions which were ordered by the Commission in D.04-02-062 and established in AL 2465-E-A were achieved by reducing the energy procurement surcharges.

PG&E Will Notify Master-Metered Customers of the Refund Plan

In the Refund Plan, PG&E states that it will inform master-metered customers of potential refunds and remind them of their obligation to pass along any refunds to their tenants in accordance with Section 739.5 (b) of the Public Utilities Code.

PG&E Proposes to Adjust Refunds Upon Customer Inquiry

If within nine months of the initial implementation date of the Refund Plan a current or former customer contends that the amount refunded is incorrect, PG&E states that it will investigate the matter and make an appropriate adjustment.

PG&E will File Reports on the Refund Plan with the Energy Division

PG&E estimates that approximately \$100 million will be returned to eligible customers for the two-month period of overcollection. The actual amount refunded pursuant to the Refund Plan will be furnished to the Director of the Energy Division in a final report by March 31, 2005. A preliminary report of the amount refunded through June 30, 2004 will be provided to the Director of the Energy Division by July 10, 2004. These reports will include adjustments made pursuant to the Customer Inquiry section of the Refund Plan.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. D. 04-02-062 directed PG&E to return electric revenue overcollections from January 1 through February 29, 2004 through a one-time bill credit or refund to customers by May 1, 2004.
2. PG&E filed AL 2488-E to submit a refund plan to comply with D.04-02-062.
3. PG&E's Refund Plan is reasonable and should be implemented beginning on May 1, 2004.
4. In accordance with its Refund Plan, PG&E's proposals to a) inform master-metered customers of potential refunds and remind them of their obligation

to pass along any refunds to their tenants in accordance with Section 739.5 (b) of the Public Utilities Code, b) investigate and make an appropriate adjustment of refund upon customer inquiry, and c) file a preliminary report on July 10, 2004 and a final report on March 31, 2005 to the Director of the Energy Division are accepted.

THEREFORE IT IS ORDERED THAT:

1. PG&E's refund plan submitted in Advice Letter 2488-E is approved and shall be implemented beginning on May 1, 2004.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 22, 2004; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director