

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIAApplication of Pacific Gas and Electric Company
To Revise Its Electric Marginal Costs, Revenue
Allocation, and Rate Design.

(U 39 M)

Application 04-06-024
(Filed June 17, 2004)**ORDER MODIFYING DECISION 05-11-005
TO REOPEN RATE SCHEDULES E-7 AND EL-7****1. Summary**

Pacific Gas and Electric Company (PG&E or applicant) filed this application June 17, 2004 for a review of its marginal costs, revenue allocations to customer classes, and rate design, all of which resulted in modifications to various rates. Decision (D.) 05-11-005, issued November 21, 2005, resolved most issues in this proceeding following the filing of a settlement.

On November 22, 2006, PG&E, The Utility Reform Network (TURN), Vote Solar, PV Now and the California Solar Energy Industries Association (CAL SEIA) filed a petition to modify D.05-11-005 to re-open Schedules E-7 and EL-7 to up to 5,000 new solar customers. These tariffs would remain open until the Commission issues a decision in Phase 2 of PG&E's pending 2007 general rate case (Application (A.) 06-03-005), which would resolve the disposition of related tariff schedules for solar customers. This order grants the petition to modify D.05-11-005 with the conditions proposed by the petition.

2. Background

In Phase 2 of PG&E's 2003 general rate case (A.04-06-024) PG&E, the Division of Ratepayer Advocates (DRA) and TURN filed a settlement that, among other things, required PG&E to close its then-effective residential time-of-use (TOU) rate schedules and offer new TOU rates effective May 1, 2006.

D.05-11-005 adopted the settlement and, consistent with the order, PG&E filed new residential TOU rate schedules and closed Schedules E-7 and EL-7 to new customers. The Commission adopted the new rates over the protests of CAL SEIA, which raised concerns over the impacts of closing E-7 and EL-7 on the development of solar energy installations in PG&E's territory.

Development of an appropriate residential TOU rate schedule is an issue that is being addressed in PG&E's pending 2007 general rate case. A decision in that docket is not expected to be issued in 2006, however, as the schedule originally anticipated. The subject petition to modify therefore proposes that PG&E reopen E-7 and EL-7 to new customers effective January 1, 2007, the date the tariffs would likely have been authorized if the Commission were to approve PG&E's related proposal in the general rate case by the end of 2006.

The parties who filed the subject petition to modify D.05-11-005 included a motion to shorten the period for replies to the petition to five days. The assigned Administrative Law Judge granted that motion by way of a ruling dated November 27, 2006. No parties filed replies to the petition to modify or otherwise protested it.

3. Discussion

The pending petition to modify proposes that PG&E re-open TOU rate Schedules E-7 and EL-7, effective January 1, 2007, with the following conditions:

- Schedules E-7 and EL-7 would be reopened only for new solar customers on an interim basis until the issuance of a final decision in Phase 2 of PG&E's 2007 general rate case;
- Schedule E-7 and EL-7 would be closed following the issuance of a Phase 2 decision in PG&E's 2007 general rate case or once 5,000 new solar customers have enrolled in the reopened schedules, whichever comes first;
- New solar customers would be required to take TOU service at the rate adopted in PG&E's 2007 Phase 2 decision; however, customers subscribing to E-7 and EL-7 prior to the adoption of new rates would be allowed to continue service on the rates adopted herein even after the issuance of a final decision in Phase 2 of PG&E's general rate case;
- Customers currently electing service on Schedule E-1 or E-6, or their low income counterparts, prior to January 1, 2007, would not be considered "new" customers for purposes of taking service under the E-7 or EL-7 tariffs; these customer would be permitted to transfer from Schedule E-1 to the revised E-6 rate that is expected to be available according to the Phase 2 2007 general rate case decision;
- New solar customers taking service on Schedules E-7 and EL-7 would not be required to pay the TOU installation charge but would be required to pay the higher ongoing TOU meter charge on Schedule E-7.

The proposal, if implemented, would support the development of solar projects in California by offering an attractive TOU rate to new solar installations. Such a rate option may not otherwise be available for several months while the Commission considers the many other issues included in the scope of Phase 2 of PG&E's general rate case. Approving the petition now will ensure the timely availability of TOU rates that are attractive to new solar customers while preserving the Commission's discretion to adopt permanent tariff provisions at a later date that would be available to customers who

subscribe to TOU rates after the issuance of the Phase 2 order. The proposal in the petition to modify is reasonable and we herein adopt it.

4. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

5. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Burton W. Mattson is the assigned ALJ in this proceeding.

Findings of Fact

1. California's policy is to promote solar development. The petition to modify D.05-11-005 filed by CAL SEIA, PG&E, TURN, Vote Solar and PV Now would promote solar development by offering a TOU schedule to solar customers.
2. Included in the scope of PG&E's 2007 general rate case are the appropriate TOU rates for solar customers, but the Commission will not issue an order on that topic by January 2007.
3. PG&E estimates the ratemaking effect of the proposal to re-open the E-7 and EL-7 tariffs for up to 5,000 new solar customers would be slightly less than \$1 million.
4. The proposal in the petition to modify provides an attractive TOU rate to new solar customers prior to the issuance of the Phase 2 PG&E 2007 general rate case order while preserving the Commission's discretion to adopt permanent rates for future solar customers.

Conclusions of Law

1. The rates and terms proposed in the petition to modify D.05-11-005 filed November 22, 2006 in this proceeding are reasonable with the conditions set forth in the petition.

2. The Commission should grant the petition as proposed and modify D.05-11-005 accordingly.

3. This order should be effective immediately so that applicant may prepare the tariff schedules in time for them to become effective January 1, 2007.

O R D E R**IT IS ORDERED** that:

1. The petition to modify Decision (D.) 05-11-005 is granted as set forth herein.

2. D.05-11-005 is modified to provide that Rate Schedules E-7 and EL-7 shall be reopened effective January 1, 2007 with the rates set forth in the petition and with the following conditions:

- Schedules E-7 and EL-7 shall be reopened only for new solar customers on an interim basis until the issuance of a final decision in Phase 2 of Pacific Gas and Electric Company's (PG&E's) 2007 general rate case;
- Schedule E-7 and EL-7 shall be closed following the issuance of a Phase 2 decision in PG&E's 2007 general rate case or once 5,000 new solar customers have enrolled in the reopened schedules, whichever comes first;
- New solar customers shall be required to take time-of-use (TOU) service at the rate adopted in PG&E's 2007 Phase 2 decision; however, customers subscribing to Schedules E-7 and EL-7 prior to the adoption of new rates shall be allowed to continue service on the

rates adopted herein even after the issuance of a final decision in Phase 2 of PG&E's general rate case;

- Customers currently electing service on Schedule E-1 or E-6, or their low income counterparts, prior to January 1, 2007, shall not be considered "new" customers for purposes of taking service under the Schedules E-7 or EL-7 tariffs; these customers would be permitted to transfer from Schedule E-1 to the revised E-6 rate that is expected to be available following issuance of the Phase 2 2007 general rate case decision;
- New solar customers taking service on Schedules E-7 and EL-7 shall not be required to pay the TOU installation charge but shall be required to pay the higher ongoing TOU meter charge on Schedule E-7.

3. Within 10 days of the effective date of this order, PG&E shall file revised tariff sheets with the Commission's Energy Division to implement the orders herein. The revised tariff sheets shall comply with General Order 96-A, or its successor, and shall become effective on January 1, 2007, subject to verification of compliance by the Director of the Energy Division. The revised tariff sheets shall apply to service rendered on or after their effective date.

4. Application 04-06-024 is closed.

This order is effective today.

Dated _____, at San Francisco, California.