

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION  
I.D.# 6323  
RESOLUTION E-4057  
February 15, 2007

**R E S O L U T I O N**

Resolution E-4057. Pacific Gas and Electric Company requests approval to re-bill departing load customers for the ongoing Competition Transition Charge adopted by Decision 05-02-040.

By Advice Letter 2805-E Filed on March 28, 2006.

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**SUMMARY**

**Pacific Gas and Electric Company's (PG&E) request to re-bill departing load (DL) customers from March through December, 2005, to properly reflect the ongoing Competition Transition Charge (CTC) adopted by Decision (D.) 05-02-040 at \$.00515 per kWh is approved with modifications.**

- The Commission confirms that PG&E is authorized to bill DL customers for which it currently has the authority to bill through an approved tariff (e.g. Customer Generation Departing Load) (CGDL)<sup>1</sup>, an asset sale agreement (e.g. the Turlock Irrigation District), and through Commission Resolution E-3999, issued November 30, 2006, which addresses the outcome of Advice Letter (AL) 2433-E (transferred municipal departing load (MDL)).
- PG&E should re-bill the referenced DL customers beginning February 24, 2005, through December 31, 2005, at \$.00515 per kWh.
- Authority to bill new MDL customers who have not yet been billed for ongoing CTC is pending in AL 2483-E.

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<sup>1</sup> As approved in AL 2375-E-C, effective July 19, 2004.

## **BACKGROUND**

### **Decision (D.)95-12-063 authorized PG&E to collect retail transition costs associated with electric industry restructuring.**

The Commission issued D.95-12-063 on December 20, 1995, authorizing PG&E to collect retail transition costs associated with electric industry restructuring. The Commission recognized that in the transition to a competitive generation electricity market, certain utility generation-related assets and obligations would prove to become uneconomic, or stranded. The Commission therefore ruled that PG&E could collect those transition costs associated with industry restructuring.

### **Assembly Bill (AB) 1890 provided further definition to electric industry restructuring in California, establishing a mechanism by which transition costs should be collected.**

On September 23, 1996, AB 1890 was signed into law, providing legislative guidance for electric industry restructuring in California. Among other things, AB 1890 authorized PG&E to collect retail transition cost and other nonbypassable charges (NBCs) associated with restructuring and a nonbypassable CTC was established. Authority for this was codified in Public Utilities Code §§ 367, 368, 375, and 376. Public Utilities Code § 367 delineates CTC recovery components which continue beyond December 31, 2001, and are considered “ongoing”, and which are defined later in this resolution.

### **The ongoing CTC and other NBCs are recovered from all customers, including DL customers.**

The ongoing CTC and other NBCs are generally applicable to all existing and future PG&E bundled customers, direct access (DA) customers, and DL customers. DL customers are responsible for the same ongoing CTC and other NBC payment amounts as would any similarly situated bundled service or DA customer. Ongoing CTC costs are one of the components of the Cost Responsibility Surcharge (CRS)<sup>2</sup>, a charge assessed to bundled, DA, and DL customers.

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<sup>2</sup> For PG&E, the CRS also consists of the Department of Water Resources (DWR) Bond Charge, the DWR Power Charge, and the Regulatory Asset (RA) Charge.

**DL customers are generally defined as customers originally located within the PG&E service territory, which now receive electricity from a source other than PG&E.**

PG&E's Commission-approved Preliminary State BB, "Competition Transition Charge Responsibility for all Customers and CTC Procedure for Departing Load" also defines DL: "Departing Load is that portion of a PG&E electric customer's load for which the customer, on or after December 20, 1995.....(1) discontinues or reduces its purchases of electricity supply and delivery services from PG&E; (2) purchases or consumes electricity supplied and delivered by sources other than PG&E to replace such PG&E purchases; and (3) remains physically located at the same location or within PG&E's service area as it existed on December 20, 1995. Reductions in load are classified as Departing Load only to the extent that such load is subsequently served with electricity from a source other than PG&E."<sup>3</sup>

**The ongoing CTC revenue requirement is determined annually in the Energy Resources Recovery Account (ERRA) proceeding.**

The ERRA is an annual proceeding in which PG&E forecasts its ERRA and ongoing CTC revenue requirement for the following year.<sup>4</sup> To recover ERRA costs, PG&E forecasts costs for fuel used in utility retained generation (URG), electricity purchased from Qualifying Facilities (QFs), and California Independent System Operator (CAISO) charges. The ERRA forecast does not include costs for existing California Department of Water Resources (DWR) contracts allocated to PG&E and base costs for PG&E's URG assets.

The ongoing CTC forecast and recovery mechanism is defined by costs authorized by Public Utilities Code § 367(a)(1)-(6). Costs include (1) power acquired from third parties for the forecast year that were in effect on December 20, 1995, at a price that exceeds the current market price of electricity, (2) QF contract restructuring costs, and (3) amortization of the year-end balance in the

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<sup>3</sup> PG&E, Preliminary Statement BB, 3.c.

<sup>4</sup> D.03-07-030, O.P. 18 ordered PG&E to include its forecast revenue for ongoing CTC in the annual ERRA forecast proceeding.

Modified Transition Cost Balancing Account (MTCBA), which tracks ongoing CTC costs and revenues. This resulting ongoing CTC revenue requirement is then passed through to bundled, DA, and DL customers. The ongoing CTC revenue requirement attributable to DL customers is calculated using the “statutory” method, as ordered in D.05-12-045<sup>5</sup> and stated in D.05-01-031.<sup>6</sup> This statutory method reflects that the ongoing CTC is limited to the costs specified in Public Utilities Code § 367(a)(1)-(6).

**As reinforced in D.05-12-045 and D.05-01-031, and as previously determined and reflected in D.05-10-047, D.05-10-046, and D.05-01-035, the ongoing CTC revenue requirement and resulting rate is calculated for all customers using the same statutory methodology.**

After determining the ongoing CTC revenue requirement through the statutory method, PG&E’s systemwide cost per-kWh is calculated by dividing the total ongoing CTC revenue requirement by forecasted megawatt hour (MWh) generation; the ongoing CTC per-kWh cost for DL customers is calculated in the same manner, by dividing DL share of total revenue requirement by DL share of total MWh generation. The statutory method used to determine the ongoing CTC results in the same rate for all customers who are obligated to pay the ongoing CTC. The actual ongoing CTC rate for individual customer classes may differ due to amortization of any over- or undercollection of the previous ongoing CTC revenue requirement allocated to a customer class.

**PG&E used the statutory method to calculate the ongoing CTC rate, and proposes to comply with D.05-02-040 which adopted a 2005 ongoing CTC revenue requirement, by re-billing for the period from March 1, 2005 through December 31, 2005.**

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<sup>5</sup> O.P.6: “Ongoing CTC shall be calculated in accordance with the statutory method described in the body of this Order. If the above-market component of ongoing CTC is negative, this negative amount may offset positive above-market costs included in ongoing CTC to the extent set forth in the body of this Order.”

<sup>6</sup> Footnote 11, page 26: “Although PG&E and the Irrigation Districts argue that the Commission adopted two different methodologies for calculating the ongoing CTC, i.e., the statutory method and the total portfolio method, under both methods, the calculation of the ongoing CTC is based on the requirements of § 367 (a)(1)-(6).”

PG&E submitted AL 2805-E on March 28, 2006. The AL requests approval to re-bill DL electric customers who had previously been billed at the 2004 rate of \$.00703 per kWh for ongoing CTC charges during the calendar year 2005. PG&E proposes to re-bill at the 2005 rate adopted in D.05-02-040, \$.00515 per kWh, for the period March 1 through December 31, 2005. D.05-02-040, was issued February 24, 2005, and was effective that same day.

PG&E explains in AL 2805-E that D.05-02-040 did not set a deadline to begin billing at the 2005 ongoing CTC rate. PG&E sought to consolidate the ERRA and ongoing CTC rate changes with other pending rate changes on January 1, 2006.

### **NOTICE**

Notice of AL 2805-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, and served on parties to Application (A.) 04-06-003 and A.05-06-007.

### **PROTESTS**

**PG&E's AL 2805-E was protested on April 17, 2006.**

PG&E's AL 2805-E was timely protested by Merced Irrigation District and Modesto Irrigation District (the Districts), and the Turlock Irrigation District (Turlock).

The Districts submitted that PG&E's AL requested relief in violation of a Commission order, and that it was not authorized by cited Commission orders. In support of the claim, the Districts cited Rule 4.2(2) in Appendix to D.05-01-032. *"Specifically, the cited Commission orders do not provide PG&E with authority to bill CTC to Municipal Departing Load (MDL) and Commission orders that are not cited defer such authority to a separate Commission order which has not yet issued."*

The Districts also stated *"PG&E has filed an ambiguous AL, referencing "Departing Load and "DL" without making clear whether "Departing Load" and "DL" refer to Customer Generation Departing Load (CGDL), MDL, both or some other sort of departing load. This ambiguity potentially leads to the AL seeking authority to bill MDL when PG&E currently does not have authority to do so."*

The Districts continue by stating *“The only departing load PG&E is currently authorized to bill for CTC is CGDL, pursuant to AL 2375-E-C, which PG&E references in the third paragraph of this AL. PG&E has no current tariff authority to bill CTC to MDL, whether so-called “Transferred” MDL or so-called “New” MDL. Rather, in D.03-07-028, the Commission specifically “defer[red] to a separate order the specific means by which the billing and collection process” for MDL CRS would be implemented.”*

In referencing the “separate order” subject to D.03-07-028, the Districts stated that proposals for billing and collection of various CRS are currently pending in AL 2483-E (new MDL) and 2433-E (transferred MDL). The Districts emphasized that they do not *“oppose a proposal to apply a lower CTC rate to CGDL”, or “oppose a proposal to apply a lower CTC rate to MDL customers if such billing has occurred pursuant to a voluntary transaction involving a POU<sup>7</sup> and PG&E that led to CTC being billed to POU customers in the first place.”*

Finally, the Districts acknowledged that PG&E’s proposal to implement the 2005 CTC DL on a re-billed basis made sense because D.05-02-040 was not adopted until February 2005. However, the District also asserted that *“it may also be necessary to adjust the 2004 DL CTC rate to zero from January through June 2004, since D.04-06-012 was not adopted until June 2004 and under D.05-01-040, the 2003 DL CTC rate is zero.”*

In its April 26, 2006 reply to protests, PG&E addressed the Districts’ statements:

In addressing the Districts’ first issue regarding PG&E’s authority to bill MDL for CTC, PG&E stated that its *“request is to re-bill only those departing load customers for which it did have the authority to bill either through an approved tariff, as is the case for Customer Generation Departing Load (CGDL) or an asset sale agreement, as is the case for Turlock, and for which PG&E has already billed the tariff rate of \$.00703/kWh.”*

Regarding the Districts’ statement asserting ambiguity in defining DL, PG&E stated *“Advice Letter 2805-E is intended to apply to all departing load customers that PG&E has billed for CTC for all or part of the time period of March 1, 2005 through December 31, 2005 (i.e. CGDL customers and MDL customers served by Turlock). If a*

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<sup>7</sup> Publicly Owned Utility.

*departing load customer has not been billed during the time period discussed above, this advice letter would not be applicable, since PG&E's request focuses solely on rebilling customers already billed."*

In reply to the Districts' assertion that PG&E's authority to bill DL customers was subject to determination of the billing and collection process for MDL in a separate order per D.03-07-028, and with proposals for billing and collection of various CRS to MDL pending in ALs 2483-E and 2433-E, PG&E stated *"this has no relevance to PG&E's request in Advice Letter 2805-E, which pertains to rebilling customers to reflect 2005 rates adopted in D.05-02-040. For the record, however, PG&E notes rates adopted in D.04-06-012 were interim and although it was not issued until June 2004, it explicitly adopted rates retroactively to January 1, 2004 (OP 2). Final rates for 2004 were adopted in D.05-01-031. (OP 4, OP 5)."*

PG&E's further stated in a footnote that *"The Districts also assert that D.05-01-040 set the CTC rate for 2003 to zero. This, too, is irrelevant to the request being made in Advice 2805-E, which pertains solely to rebilling 2005 CTC for already-billed customers. But here, too, the Districts are wrong. D.05-01-040 did not make a determination that the 2003 CTC rate was zero. Rather, PG&E suggested, and the Commission agreed, that PG&E would forgo adopting a specific ongoing CTC rate for 2003 as the majority of customers had contributed to the CTC either through payment of the indifference rate or through bundled rates. As a result, the Commission never adopted a specific 2003 CTC rate. Had it chosen otherwise, however, the rate would not have been zero."*

Turlock submitted two issues not addressed by the Districts. First, Turlock stated *"The Advice Letter contains material errors and omissions in its failure to reference the PG&E tariff provisions that are being modified and (in) which advice letters are being superseded. The Advice Letter also fails to reference the affected rate schedules."* It also stated that *"Turlock questions the proposed effective date of the Advice Letter"* in asserting that the lower re-billed rate of \$.00515 per kWh should be effective for all of 2005, rather than March through December only.

In its April 26 reply, PG&E addressed Turlock's statements:

PG&E addressed the first issue regarding material errors and omissions by stating *"tariff sheets with rates effective in 2005 have been superseded by tariffs with rates effective January 1, 2006. As such, the 2005 tariffs are obsolete and therefore will be unaffected by the proposal in this advice letter. PG&E's proposal to re-bill the CTC for 2005 does not require modifications to the currently effective tariffs, which address rates*

*effective in 2006. Nor is there an outstanding advice letter pending approval which this request would supersede."*

PG&E addressed the second issue regarding the proposed effective date of the AL by stating *"Turlock's assertion that the rebilling period should reflect all of 2005 is wrong. D.05-02-040 was effective February 24, 2005 (OP 7). Therefore, PG&E's proposal to rebill with an effective date as of March 1, 2005, is reasonable, as it coincides with the first day of the next billing month. The months of January and February of 2005 do not fall under the applicable timeframe for D.05-02-040."*

## **DISCUSSION**

**The Commission issued Interim Opinion D.04-06-012 on June 9, 2004, authorizing PG&E's CTC for 2004.**

D.04-06-012 authorized an interim ongoing CTC rate for DL customers of \$.00703.<sup>8</sup> The ERRA and ongoing CTC revenue requirements and ongoing CTC rate was set for 2004,<sup>9</sup> making the interim ongoing CTC rate effective retroactive to January 1, 2004.

**AL 2375-E-C became effective on July 13, 2004, implementing the CGDL CRS and ongoing CTC components of rates.**

PG&E filed AL 2375-E-C to implement various aspects of D.05-01-035, D.05-01-031, D.04-11-015, and Resolution E-3903. The Commission staff made AL 2375-E-C effective, authorizing PG&E to bill CGDL customers for ongoing CTC at \$.00703 per kWh. This rate was applicable to customers that have CGDL as defined in PG&E's tariffs, including customers who displace all or a portion of their load with customer generation, including new load served by customer generation as set forth in PG&E's Schedule E-DCG tariff under special conditions.<sup>10</sup>

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<sup>8</sup> D.04-06-012, O.P. 4.b.

<sup>9</sup> D.04-06-012, O.P. 2, 3

<sup>10</sup> PG&E Special Condition 6., from Schedule E-DCG states: "In accordance with Public Utilities Code Section 369, a new electric consumer, which locates in PG&E's service

*Footnote continued on next page*

**The Commission issued D.05-01-031 on January 13, 2005, confirming PG&E's 2004 ongoing CTC rate for DL customers.**

D.05-01-031 concluded that adjustments to the ongoing CTC calculation as recommended by parties were not warranted, and confirmed the 2004 CTC rate for DL customers at \$.00703 per kWh.<sup>11</sup>

**D.05-02-040 in Application (A.) 04-06-003 authorized the new per-kWh ongoing CTC rate effective February 24, 2005.**

In D.05-02-040, the Commission authorized the 2005 ERRRA and ongoing CTC revenue requirements along with an ongoing CTC rate based on authorized methodology effective February 24, 2005.<sup>12</sup> This superseded the previously approved ongoing CTC rate of \$.00703.

**PG&E shall re-bill DL customers for the 2005 ongoing CTC rate from February 24, 2005, through December 31, 2005.**

In AL 2805-E, PG&E submitted a request to re-bill previously billed DL customer at the rate of \$.00515 per kWh from March 1 through December 31, 2005, to supersede the previously authorized rate of \$.00703 per kWh. D.05-02-040, Conclusion of Law 8 states "this decision should be effective immediately so that PG&E can implement its 2005 ERRRA forecast expeditiously." However, the decision did not set a deadline for implementation of this ongoing CTC rate, and in fact PG&E did not implement this rate component during 2005.

PG&E waited to consolidate the ongoing CTC rate with other rate changes on January 1, 2006, pending a decision in Phase 2 of PG&E's 2003 General Rate Case

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area as it existed on December 20, 1995 (and any incremental load of an existing PG&E customer) shall be responsible for paying Nonbypassable Charges as applicable, except where such consumer's new or incremental load is being met through a direct transaction that does not make any use of transmission or distribution (T&D) facilities owned by PG&E."

<sup>11</sup> D.05-01-031, O.P.5

<sup>12</sup> D.05-02-040, O.P.7

(GRC), which adopted an all-parties, May 13, 2005 settlement agreement. D.05-11-005 was issued on November 18, 2005, adopting the settlement and authorizing rates effective “on or after” January 1, 2006.<sup>13</sup>

D.05-02-040 gave PG&E flexibility on when to begin billing the 2005 ongoing CTC rate. That decision required PG&E to submit an AL proposing new rates to implement the revenue requirements adopted in the decision, but did not specify the date on which the 2005 ongoing CTC should be implemented.

PG&E’s proposal to re-bill ongoing CTC for 2005 is reasonable, but its proposed period for re-billing from March 1, 2005, to December 31, 2005, requires modification. D.05-02-040 authorizing the 2005 ongoing CTC revenue requirement was effective February 24, 2005. The Commission did not authorize PG&E to bill the 2005 ongoing CTC rate beginning March 1, 2005. Thus, the period for re-billing shall be effective on February 24, 2005, and run through December 31, 2005.

**Resolution E-3999 authorized PG&E to bill transferred MDL customers.**

Resolution E-3999, issued November 30, 2006, authorized PG&E to bill transferred MDL customers effective April 1, 2002,<sup>14</sup> which includes the rate authorized by D.05-02-040, from February 24, 2005 through December 31, 2005, at \$.00515 per kWh.

**Pursuant to D.05-12-045, PG&E billed DL customers at the rate of \$.00431 per kWh during the calendar year 2006.**

D.05-12-045 authorized a new ongoing CTC rate effective January 1, 2006. PG&E billed DL customers for ongoing CTC at the rate of \$.00431 per kWh during calendar year 2006, as required by that decision.

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<sup>13</sup> D.05-11-005, O.P.2

<sup>14</sup> Resolution E-3999, O.P.4.

**Pursuant to D.06-12-018, PG&E is authorized to bill DL customers for ongoing CTC, at the rate of \$.00013 per kWh during 2007.**

In compliance with D.06-12-018 and Resolution E-4032, PG&E issued AL 2895-E-A on December 28, 2006, in its annual electric true-up (AET). Based on updated AET amounts in its ongoing CTC revenue requirement, PG&E is authorized to bill DL ongoing CTC at \$.00013 per kWh for 2007.

**The Districts' protest does not raise issues relevant to this resolution.**

This resolution addresses PG&E's ability to re-bill those DL customers that PG&E had authority through prior Commission orders to bill for the ongoing CTC during 2005. The Districts' protest regarding PG&E's authority to bill MDL is not the subject of this resolution. That aspect of the Districts' protest is subject to other Commission proceedings and is not appropriately addressed herein.

As for the Districts' request to re-bill the 2004 ongoing CTC rate at zero for January until June 2004 when D.04-06-012 was issued, we note that (1) interim 2004 ongoing CTC rates were adopted June 9, 2004, retroactive to January 1, 2004 in D.04-06-012, (2) Final ongoing CTC rates for 2004 were adopted in D.05-01-031, (3) the Commission never adopted a specific 2003 ongoing CTC rate, and (4) had the Commission adopted a 2003 ongoing CTC rate, this rate would not have been set at zero. Ongoing CTC rates have decreased gradually from \$.00703 per kWh for 2004 until February 23, 2005, \$.00515 per kWh from February 24 through the end of 2005, \$.00431 for 2006, and \$.00013 for 2007.

Today's resolution does not authorize PG&E to collect any ongoing CTC rates affecting DL customer that are not already approved by other Commission orders. This resolution does not prejudge any issue affecting the Districts' customers pending in any Commission proceedings or in other advice letters.

**Turlock's protest is denied.**

Turlock's protest on AL 2805-E raised two issues that were not addressed by the Districts.

Turlock's first asserts that PG&E's advice letter contained "*material errors and omissions in its failure to reference tariff provisions that are being modified and which advice letters are being superseded*" and that it failed to "*reference the affected rate*

*schedules*". We agree with PG&E in its reply to this assertion. PG&E's 2005 tariffs are unaffected by its proposal, and no references to tariffs are necessary. PG&E is simply proposing to re-bill certain customers to implement rates that the Commission authorized to collect for the 2005 ongoing CTC revenue requirement.

Turlock also "*questions the proposed effective date of the advice letter*". As discussed above D.05-02-040 authorized a 2005 ongoing CTC revenue requirement and ongoing CTC rates, and was effective on February 24, 2005, as stated in O.P.7 of the decision. The effective date of the re-billing shall be February 24, 2005, not January 1, 2005 as Turlock asserts. D.05-02-040 did not make 2005 ongoing CTC rates retroactive to January 1, 2005.

Accordingly, Turlock's protest on PG&E's AL 2805-E is denied. This resolution does not prejudice any issue affecting Turlock's customers pending in any Commission proceedings or in other advice letters.

## **COMMENTS**

**Per statutory requirement, a draft resolution was mailed to parties for comment at least 30 days prior to consideration by the Commission.**

Public Utilities Code § 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, this draft resolution was mailed to parties for comments at least 30 days before being considered by the Commission.

## **FINDINGS**

1. D.95-12-063 ruled that in the transition to a competitive generation electricity market, certain utility generation-related assets and obligations would prove to be uneconomic or stranded costs, and therefore authorized PG&E to collect retail transition costs associated with electric industry restructuring.
2. AB 1890 was signed into law on September 23, 1996, and provides legislative guidance for electric industry restructuring, authorizing PG&E to collect transition costs and other NBCs associated with restructuring through a CTC.
3. Authority for this process is codified in Public Utilities Code §§ 367, 368, 375, and 376, with § 367 defining the specific components of the CTC, and ongoing CTC costs extending beyond December 31, 2001.

4. The ongoing CTC and other NBCs are applicable to existing and future bundled, DA, and DL customers.
5. DL customers are responsible for the same ongoing CTC and other NBC payment amounts as would any similarly situated bundled service or DA customer.
6. Ongoing CTC costs are one of the components of the CRS. The other CRS components applicable to PG&E are the DWR Bond and Power charges, and the Regulatory Asset Charge.
7. DL is specifically defined in the Commission-authorized, PG&E Preliminary Statement BB.
8. The ongoing CTC is determined annually in the ERRA proceeding.
9. The ongoing CTC revenue requirement is calculated by forecasting the sum of:
  - a. Power acquired that is in excess of the current market price of electricity;
  - b. QF contract restructuring costs;
  - c. Amortization of the MTCBA, which tracks ongoing CTC costs and revenues.
10. The calculation of the ongoing CTC revenue requirement is reflected in this statutory method as defined in Public Utilities Code § 367, and confirmed in D.05-12-045 and D.05-01-031.
11. The ongoing CTC rate is calculated by dividing the ongoing CTC revenue requirement by forecasted MWh generation; the ongoing CTC rate for DL customers is calculated in the same manner, by dividing DL share of total revenue requirement by DL share of total MWh generation.
12. D.05-02-040 directed PG&E to submit an advice letter proposing new rates, using the revenue requirement and rate design adopted in the decision, and authorized PG&E to bill DL customers at the new rate calculated by adopted methodology effective February 24, 2005.
13. D.05-02-040 did not set a deadline for implementation of the ongoing CTC rate made effective February 24, 2005.
14. PG&E submitted AL 2805-E on March 28, 2006, requesting an ongoing CTC rate of \$.00515, and re-billing of previously billed DL customers from March 1 through December 31, 2005.
15. Resolution E-3999, issued November 30, 2006, authorized PG&E to bill transferred MDL customers effective April 1, 2002, which includes the rate authorized by D.05-02-040, from February 24, 2005 through December 31, 2005, at \$.00515 per kWh.

16. The settlement in PG&E's 2003 GRC, which was approved in D.05-11-005, provide for rate changes to be consolidated on January 1, 2006; the ERRA and ongoing CTC were among the rate changes included as part of the settlement.
17. Timely protests on PG&E's AL 2805-E were filed on behalf of the Modesto and Merced Irrigation Districts (the Districts) and Turlock Irrigation District (Turlock) on April 17, 2006.
18. PG&E replied to protests on AL 2805-E on April 24, 2006.
19. The issues raised by the Districts' protest are not relevant to matters being resolved by this Resolution; Turlock's protest is denied.
20. PG&E billed DL customers at the rate of \$.00431 for all of 2006.
21. PG&E is authorized to bill DL customers at the rate of \$.00013 per kWh for all of 2007.

**THEREFORE IT IS ORDERED THAT:**

1. PG&E's request to re-bill DL customers as requested in Advice Letter AL 2805-E is approved with modifications. PG&E shall re-bill applicable DL customers at an ongoing CTC rate of \$.00515 per kWh for the period from February 24, 2005, through December 31, 2005.
2. PG&E shall comply with the above order by filing a supplemental advice letter with any necessary tariff changes to reflect the provisions of the resolution with 10 days of today's date.

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 February 15, 2007; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director

**ID # 6323**

**January 12, 2007**  
**Commission Meeting Date: February 15, 2007**

TO: PARTIES INTERESTED IN Pacific Gas and Electric  
Company's Advice Letter 2805-E.

Enclosed is draft Resolution E-4057 of the Energy Division. It addresses PG&E's request to re-bill departing load customers for the Ongoing Competition Transition Charge (OCTC) adopted by Decision (D.) 05-02-040. The draft Resolution will be on the agenda at the February 15, 2007 Commission meeting. The Commission may then vote on this draft Resolution, or it may postpone a vote until later.

When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution.

An original and two copies of the comments, with a certificate of service, should be submitted to:

Honesto Gatchalian

***Energy Division***

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Fax: 415-703-2200; JNJ@CPUC.CA.GOV

A copy of the comments should be submitted by electronic mail to Felix Robles in the Energy Division at:  
FVR@CPUC.CA.GOV.

Any comments on the draft Resolution must be received by the Energy Division by February 1, 2007. Those submitting comments must serve a copy of their comments on 1) all parties listed on the service list attached to this letter, 2) all Commissioners, and 3) the Chief Administrative Law Judge and General Counsel for the CPUC, on the same date that the comments are submitted to the Energy Division. Comments may be submitted electronically.

Comments shall be limited to fifteen pages in length, and list the recommended changes to the draft Resolution. Comments shall focus on factual, legal or technical errors in the proposed draft Resolution. Comments that merely reargue positions taken in the advice letter or protests will be accorded no weight and are not to be submitted.

Replies to comments on the draft resolution may be submitted (i.e. received by the Energy Division) on February 6, 2007, and shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed fifteen pages in length and shall be served as set forth above for comments.

Late submitted comments or replies will not be considered.

***Gurbux Kahlon***

***Program Manager***

***Energy Division***

***Enclosures:***

***Certificate of Service***

***Service List***

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of Draft Resolution E-4057 on all parties in these filings or their attorneys as shown on the attached list.

Dated January 12, 2007 at San Francisco, California.

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*Honesto Gatchalian*

**NOTICE**

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

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