

Decision 04-05-038 May 27, 2004

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Verification, Consolidation and Approval of
Costs and Revenues in the Transition Revenue
Account.

Application 98-07-003
(Petition Filed February 23, 2004)

**OPINION GRANTING THE PETITION OF PACIFIC GAS AND ELECTRIC
COMPANY TO MODIFY DECISION 03-08-061**

Pacific Gas and Electric Company (PG&E) seeks to modify Decision (D.) 03-08-061 to eliminate the reporting requirement for the Post Power Exchange (PX) Direct Access (DA) credit.¹ These quarterly reports are required by D.03-08-061 to show the amount of embedded generation rate revenue from frozen rates and surcharges that have been collected monthly from January 2001 through October 2003. PG&E also reports the amount of surcharge revenues collected monthly from DA customers during that time period including Department of Water Resources charges, reflecting any offsetting credits provided to DA customers for the same period. The decision orders PG&E to file these reports quarterly on the twentieth day of the second month following the end of each quarter.

¹ On March 11, 2004, the Commission's Executive Director suspended this reporting requirement pending Commission action on this petition.

PG&E asserts that beginning January 1, 2003, DA customers no longer contributed revenue to generation surcharges. Instead, any revenue contributed by DA customers in excess of charges for transmission, distribution, public purpose programs, nuclear decommissioning, and the fixed transition amount (collectively TandD charges) contributed to the Direct Access Cost Responsibility Surcharge (DA CRS). Beginning also on that date, DA credits were determined in such a way as to ensure DA customers paid only TandD charges and the DA CRS, and were therefore not a measure of the value of generation. On October 1, 2003, DA customers were moved to bottom-up billing, eliminating the DA credit methodology completely. DA customers now pay only for the services they use. The services DA customers use are exclusive of PG&E generation; accordingly, PG&E believes a report detailing generation revenues and costs or credits for DA customers is no longer relevant. PG&E has filed two Post PX DA Credit Reports pursuant to D.03-08-061. The first report was filed on October 1, 2003, the second on December 22, 2003. The report due March 20, 2004 has been suspended pending the outcome of this petition.

PG&E concludes that the Commission should modify D.03-08-061 to eliminate the Post PX DA Credit reporting requirement, as it is no longer meaningful.

Discussion

The petition was served on all parties to Application 98-07-003. There are no objections. For the reasons stated by PG&E the petition will be granted.

Comments on Draft 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, the otherwise applicable 30-day period for public review and comment is being waived.

Assignment of Proceeding

Carl Wood is the Assigned Commissioner and Robert Barnett is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. On October 1, 2003, DA customers were moved to bottom-up billing, eliminating the DA credit methodology.
2. Today DA customers only pay for the services they use, which excludes PG&E commodity charges.
3. A report detailing generation revenues and costs or credit for DA customers is no longer relevant.

Conclusion of Law

The petition should be granted.

O R D E R

IT IS ORDERED that:

1. The petition of Pacific Gas and Electric Company to modify Decision (D.) 03-08-061 is granted.
2. D.03-08-061 is modified to eliminate the Post Power Exchange Direct Access Credit reporting requirement.

3. Application 98-07-003 is closed.

This order is effective today.

Dated May 27, 2004, at San Francisco, California.

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners