

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
Proposing a Market Structure and Rules for the  
Northern California Natural Gas Industry for the  
Period Beginning January 1, 2003 as Required by  
Commission Decision 01-09-016. (U 39 G)

Application 01-10-011  
(Filed October 8, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING  
REGARDING PROPOSED DECISION'S RATES AND OTHER MATTERS**

**Summary**

On November 18, 2003, the Proposed Decision of ALJ Wong (PD) was made available to the public. The PD recommends that various adjustments be made to Pacific Gas and Electric Company's (PG&E) revenue requirement request, and that certain proposals be adopted or rejected. The PD recommends that the rates shown in Tables 3 through 13 of Appendix A of the PD be adopted.

This ruling directs PG&E to run its models using the PD's recommendations for the revenue requirement, adjustments, and proposals, and to provide the tables resulting from such runs, together with any explanations of differences that might appear between the PD's recommended rates and PG&E's runs. Interested parties may reply to PG&E's response to the ruling.

Today's ruling also addresses the motion to correct Exhibit 78, and proposed corrections to the Reporter's Transcript.

### **Modeling Using PD's Recommendations**

The tables that appear in Appendix A of the PD are based on the PD's recommended revenue requirement, adjustments and proposals, and the use of PG&E's results of operation model and rate model. Those models were supplied to the Commission staff by PG&E for the staff's use in this proceeding. The staff, using the recommended revenue requirement, adjustments and proposals, made certain changes to the models, which were then run, resulting in Tables 1 through 13. The workpapers of the staff, which are also contained in Appendix A of the PD, shows the various steps and assumptions taken to adjust the models.

Since the staff's use and understanding of PG&E's models may vary from PG&E's use and understanding of the models, and in order for the Commission to derive accurate rates, PG&E is directed in this ruling to run the models using the PD's recommended revenue requirement, adjustments and proposals. PG&E shall provide the rate tables resulting from its runs, together with any relevant workpapers. If differences appear between PG&E's rate tables and the rate tables in the PD, PG&E shall provide detailed explanations as to why it believes the results vary, and which tables it believes are more accurate. PG&E shall also prepare tables similar to Table 14.1-1 and Table 14.1-2 of Exhibit 3, reflecting the PD's recommended revenue requirement, adjustments, and proposals, along with the relevant workpapers.

PG&E shall be directed to file a response to this ruling, which is to contain PG&E's runs of Tables 3 through 13, the other tables, and relevant workpapers and explanations, on or before December 2, 2003. PG&E shall serve its response to those on the service list by e-mail, as well as by mail or hand-delivery. Any party interested in filing a reply to PG&E's response, shall file its response on or

before December 10, 2003. The reply shall indicate which of the model runs it believes is more accurate, and the explanations for that belief. The undersigned will review the response and replies and, in conjunction with Commission staff, prepare any needed adjustments to the tables in the PD.

Comments and reply comments to the PD are to be filed separately. Comments to this PD are due on December 8, 2003, and reply comments are due on December 15, 2003.

### **Motion To Correct Exhibit 78**

On May 14, 2003, the California Cogeneration Council and Calpine Corporation (CCC/Calpine) filed a motion to correct “Table 3 (revised)” that appears in Exhibit 78. CCC/Calpine states that an error was found in the calculation of that table, and requests that “Table 3 (revised)” be replaced by “Table 3 (revised and corrected).”

No one filed a response to the motion of CCC/Calpine. The motion of CCC/Calpine to correct Exhibit 78 shall be granted. A copy of “Table 3 (revised and corrected),” is attached to this ruling, and shall replace “Table 3 (revised)” that was attached to Exhibit 78, and which was entered into evidence on April 16, 2003.

### **Transcript Corrections**

At the conclusion of the evidentiary hearing on April 16, 2003, the undersigned addressed the procedure for making corrections to the transcript. (See 12 RT 1287-1288.)

Letters requesting transcript corrections were received from PG&E, Duke Energy (Duke), Wild Goose Storage Inc. (Wild Goose), and The Utility Reform Network (TURN). Those proposed transcript corrections are attached to this ruling.

In a letter dated May 12, 2003, counsel for CCC/Calpine objected to PG&E's proposed transcript correction at page 76, line 24, to replace the word "lower" with the word "higher." CCC/Calpine contends that the transcript should remain unchanged because the transcript "accurately reflects PG&E witness Williams' response," and because "granting PG&E's request would substantively modify witness Williams' statement."

In a letter dated May 12, 2003, PG&E responded to the May 12, 2003 letter of CCC/Calpine. PG&E contends that the transcript reference to page 76, line 24, should be changed "because it is obvious from the context of the testimony that Mr. Williams misspoke," and, if uncorrected, the transcript "will result in a record that is misleading to the Commission." PG&E's letter also states that it has no objections to the proposed transcript corrections of TURN, Duke, and Wild Goose.

No other letters were received in connection with the proposed transcript corrections.

The transcript citation at page 76, line 24, regarding the word "lower" shall be left unchanged. All other transcript corrections requested by the parties, and which are attached to this ruling, shall be made to the Reporter's Transcript.

**IT IS RULED** that:

1. Pacific Gas and Electric Company (PG&E) shall run its models, using the Proposed Decision of ALJ Wong's (PD) recommended revenue requirement, adjustments, and proposals.

a. The rate tables resulting from PG&E's run shall be included in PG&E's response to this ruling, together with the other tables mentioned in the ruling and with any relevant workpapers, and explanations of any differences that might appear between the PD's recommended rates shown in Tables 3 through 13 of

Appendix A of the PD, and with the rate tables that PG&E generates in response to this ruling.

- b. PG&E shall file its response, containing the information described above, with the Docket Office on or before December 2, 2003.
  - c. PG&E shall serve its response on the service list by both e-mail and by mail or hand-delivery.
2. Interested parties may file a reply to PG&E's response, and such a response shall be filed with the Docket Office on or before December 10, 2003.
    - a. The reply shall be served on the service list by e-mail, and a copy sent to the undersigned and PG&E by mail or hand-delivery.
  3. The motion of the California Cogeneration Council and Calpine Corporation to correct Exhibit 78 is granted.
    - a. "Table 3 (revised and corrected)," which is attached to this ruling, shall replace "Table 3 (revised)" in Exhibit 78.
  4. All of the corrections to the Reporter's Transcript requested by the parties, as shown in the proposed transcript corrections attached to this ruling, except for PG&E's proposed correction to page 76, line 24, are granted.

Dated November 25, 2003, at San Francisco, California.

/s/ JOHN S. WONG  
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John S. Wong  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Regarding Proposed Decision's Rates and Other Matters on all parties of record in this proceeding or their attorneys of record.

Dated November 25, 2003, at San Francisco, California.

/s/ HELEN FRIEDMAN  
Helen Friedman

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.