

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

Application 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)

Application of Pacific Gas and Electric Company  
to Revise its Gas Rates and Tariffs to be Effective  
July 1, 2005.  
(U 39 G)

Application 04-07-044  
(Filed July 30, 2004)

**ADMINISTRATIVE LAW JUDGES' RULING  
(A) GRANTING WMA MOTION (TO CONSIDER GAS MASTER METER  
DISCOUNT ISSUES IN APPLICATION 04-07-044) AND  
(B) MODIFYING SCOPING MEMO IN APPLICATION 04-07-044**

This ruling grants the December 29, 2004 motion of the Western Manufacturing Housing Communities Association (WMA) to move an issue from Application (A.) 04-06-024 to A.04-07-044,<sup>1</sup> which is PG&E's BCAP. This ruling also modifies the Scoping Memo in A.04-07-044 to include this issue and set a schedule.

---

<sup>1</sup> A.04-06-024 is the rate design phase (Phase II) of the general rate case (GRC) of Pacific Gas and Electric Company (PG&E). A.04-07-044 is PG&E's 2005 Biennial Cost Allocation Proceeding (BCAP).

## **1. Background**

On December 29, 2004, WMA filed a motion seeking to move issues related to the setting of the master meter discount for natural gas customers from A.04-06-024 to A.04-07-044. (The motion does not seek to similarly move the setting of the master meter discount for electric customers.) Responses in opposition to WMA's motion were filed by PG&E, the Office of Ratepayer Advocates (ORA), and The Utility Reform Network. WMA filed a reply.

## **2. Moving Issue to BCAP**

The motion is granted for the following reasons. First, the Commission has recently determined that the submetering discount for mobile home parks "shall be determined in a general rate case, biennial cost allocation proceeding, or similar proceeding (revenue requirement proceeding) where the utility's revenue requirement is determined and rates are set." (Decision 04-11-033, Ordering Paragraph 2.) As part of the BCAP, the Commission will allocate gas revenue requirements and set gas rates. Any changes in the amount of the gas discount may affect the revenues needed to be recovered from other customers, and thereby potentially affect allocations and rates. Thus, while the gas discount might be determined in the rate design phase of PG&E's GRC, the discount is better determined in the gas-related BCAP because of the implications for cost allocation.

Second, the adopted BCAP schedule anticipates a decision by early summer 2005, while the decision in the rate design phase of the GRC is not now anticipated until about six months later. PG&E proposes an increase in the discount of about \$0.95 per unit per month for master meter customers who submeter at mobile home parks. PG&E proposes an increase in the discount of about \$2.61 per unit per month for master meter customers who submeter at

multifamily facilities. If the Commission adopts an increase in the discount, addressing the issue in the GRC rather than the BCAP would deprive customers of lower bills for a period that might exceed six months.

Third, the rate design phase of PG&E's GRC involves electric, not gas, allocations and rates. ORA asserts that there is no "bright line rule" that forecloses the consideration of gas rates here. This is true. Nonetheless, there is a current BCAP proceeding that can accommodate this issue. No other gas-related matters are identified by opponents as now included in this rate design phase of the GRC. Moving this one gas-related issue to the BCAP keeps the focus in the BCAP on gas rates, and keeps the focus in the GRC on electric rates.

Fourth, opponents support keeping the issue in the GRC by contending that data adopted in the revenue requirement phase (Phase I) of PG&E's GRC is necessary for setting the discount. Even if true, the same data may be used in either the rate design phase (Phase II) of the GRC or the BCAP. Moreover, WMA asserts that a major component of the gas submeter discount relies on the costs developed in the BCAP (e.g., operations, maintenance, billing, metering), not the GRC. Further, WMA says that none of the components of the gas submeter discount is developed from any other parts of PG&E's current Phase II GRC application. Under the circumstances, it is reasonable to determine the discount in the BCAP proceeding.

Finally, all other things equal, opponents to the motion are generally indifferent to whether the discount is resolved in the GRC or BCAP. Opponents are seriously concerned, however, that the timing of the WMA motion will, if granted, unreasonably disturb the BCAP schedule. In this case, however, the BCAP schedule can be reasonably modified to include this issue, as explained below.

PG&E asserts that the electric and gas master meter discounts should be considered in the same proceeding to ensure consistency in consideration of the discount. To the extent true, we expect parties to seek reasonable relief in the GRC (e.g., opportunity to submit updated testimony) if the events or results in the BCAP necessitate any modification in their recommendations in the GRC.

### **3. Modification of Scoping Memo in BCAP**

Resolving the issue of gas master meter discounts in the BCAP need not cause a delay in the BCAP proceeding. PG&E has already presented testimony in its GRC application and should serve that portion of its testimony relating to the gas master meter discount on all parties to the BCAP proceeding. Other parties may address the master meter discount for customers who submeter in testimony to be served at a later date, for hearing at a later date, if necessary and as follows:

<b>ITEM</b>	<b>DATE</b>
PG&E serves relevant proposed testimony from its GRC on parties to A.04-07-044	January 14, 2005
ORA and other parties serve proposed testimony	February 15, 2005
Evidentiary Hearings, if needed	March 8, 2005

#### **IT IS RULED** that:

1. The December 29, 2004 motion of the Western Manufacturing Housing Communities Association to move issues related to the setting of the master meter discount for natural gas customers from Application (A.) 04-06-024 to A.04-07-044 is granted.
2. The Scoping Memo in A.04-07-044 is modified as set forth herein.

3. Testimony on issues relating to a master meter discount for natural gas customers should be served in A.04-07-044 on dates set forth herein.

4. The Commission will conduct a hearing, as needed, in A.04-07-044 on issues relating to Pacific Gas and Electric Company's proposal to discount master meter customers at 10 a.m. on March 8, 2005, in the Commission Courtroom, State Office Building, 505 Van Ness Ave., San Francisco, California.

Dated January 10, 2005, at San Francisco, California.

/s/ KIM MALCOLM

---

Kim Malcolm  
Administrative Law Judge

/s/ BURTON W. MATTSON  
by KIM

---

Burton W. Mattson  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judges' Ruling (A) Granting WMA Motion (to Consider Gas Master Meter Discount Issues in Application 04-07-044) and (B) Modifying Scoping Memo in Application 04-07-044 on all parties of record in this proceeding or their attorneys of record.

Dated January 10, 2005, at San Francisco, California.

/s/ KE HUANG

Ke Huang

**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.

\*\*\*\*\*

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

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.