PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ID#4572

ENERGY DIVISION **RESOLUTION E-3918**

MAY 26, 2005

R E S O L U T I O N

Resolution E-3918. Pacific Gas and Electric Company submits Electric Rate Schedule E-SDL to specify charges and provisions applicable to Split-Wheeling Departing Load.
Approved with modifications.

By Advice Letter 2579-E filed on November 5, 2004.

SUMMARY

Pacific Gas and Electric Company's (PG&E's) proposed electric rate Schedule E-SDL is approved with minor modifications.

Approval is contingent upon the filing of a supplemental advice letter to:

1) include applicable provisions from Preliminary Statement Part BB, and
2) specify and clearly describe the "monthly average billing" approach utilized to calculate energy usage.

BACKGROUND

Designated customers who depart from utility service must pay a non-bypassable charge established to ensure recovery of electricity purchase related costs.

A Cost Responsibility Surcharge (CRS) has been adopted and applied to designated direct access and departing load customers under a series of California Public Utilities Commission (CPUC) decisions issued in Rulemaking (R.) 02-01-011. The CRS was established to ensure that these customers bear a portion of the costs that the California Department of Water Resources (DWR) incurred pursuant to Assembly Bill (AB) 1X and AB 117, and certain other costs, as necessary to avoid shifting costs to utility bundled service customers.

Clarification was sought regarding exemptions to CRS.

On June 4, 2003, a motion was filed in R.02-01-011 by the Central Valley Project Preference Power Post-2004 Implementation Group (CVP Group) seeking an order from the CPUC affirming that CRS shall not apply to various customers served by the Western Area Power

Administration (WAPA).[1] The CVP Group consists of certain preference power customers[2] under individual contracts with WAPA.

The CPUC clarified CRS responsibility for this unique class of customers.

In Decision (D.) 03-09-052, issued on September 18, 2003, the CPUC granted CVP Group's motion to the extent it sought to seek confirmation that those preference power customers meeting their full electric power requirements through deliveries from WAPA shall bear no CRS obligation. The CPUC, however, denied the motion to the extent that it sought to permit split-wheeling customers[3] to escape CRS responsibility for that portion of their power needs provided through bundled service. The CPUC confirmed its previous determination in D.96-11-041, that customers may receive increased allocations of federal preference power and thus would not be classified as departing load subject to CRS to the extent that such increased power was allocated in a manner contemplated under Contract 2948A.[4] If a customer's electric loads fall within the customer's Contract Rate of Delivery (CRD)[5] in the manner contemplated under the existing provisions of Contract 2948A, the customer receives all of its power from WAPA and thus takes no bundled retail service from PG&E.

Meet-and-confer sessions were ordered but did not result in resolution of outstanding technical implementation issues.

In D.03-09-052, the CPUC also ordered PG&E, the CVP Group, and the University of California / California State University (UC / CSU) to meet and confer to identify and discuss resolution of any outstanding questions concerning the manner in which relevant preference

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[1] WAPA is a federal power marketing agency within the United States (US) Department of Energy that sells capacity and energy generated by the US Bureau of Reclamation at Central Valley Project (CVP) hydroelectric plants that is surplus to the CVP's own project power consumption.

[2] Preference power customers refers to those entities granted a preference by WAPA when contracting to sell surplus federal power, and includes "municipalities and other public corporations or agencies; and also cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 (7 USC 901 *et seq.*)".

[3] Split-wheeling customers receive both retail electric service from PG&E (on a bundled service basis) and preference power from WAPA (wheeled over PG&E's transmission system).

[4] Contract 2948A, executed in 1967 between PG&E and WAPA, governs the interconnection of PG&E's and WAPA's transmission systems, WAPA's use of PG&E's transmission and distribution system, and the integration of WAPA's loads and resources into PG&E's system.

[5] The CRD is the amount of WAPA power allocated to each split-wheeling customer.

power volumes in excess of the CRD under Contract 2948A subject to the CRS, would be identified and billed by PG&E. Upon resolution of this matter, D.03-09-052 directed PG&E to promptly file an advice letter to reflect the identification and billing of CRS for the applicable split-wheeling volumes. To the extent the parties could not reach timely agreement, D.03-09-052 provided that parties could file a subsequent motion for clarification.

Representatives from PG&E, the CVP group, and UC/CSU met in October 2003 to discuss technical implementation issues but were unable to resolve all issues and did not reach any formal agreements.

Settlement Agreement submitted at the Federal Energy Regulatory Commission (FERC) set forth a common understanding regarding implementation of CRS for split-wheeling customers.

On March 31, 2004, PG&E filed documents at the FERC in Docket No. ER04-690-001 seeking, among other things, to cancel service under Contract 2948A. Several technical conferences were held to address issues raised in the filings. Through these conferences, PG&E, WAPA, and the CPUC, among other things, were able to reach a common understanding of how D.03-09-052 would be implemented for split-wheeling customers. On October 22, 2004, PG&E and WAPA filed an Offer of Settlement at FERC (referred to herein as the "Settlement Agreement") which articulated and finalized the terms of their common understanding in a document entitled "Non-Applicability of Departing Load Charges to Western-PG&E Split Wheeling Customers".[6]

PG&E and WAPA agreed, and the CPUC formally concurred, that in accordance with D.03-09-052, CRS for departing load would not apply to that portion of WAPA's split-wheeling customers' load that was previously served at retail rates by PG&E, provided that the articulated reallocation is accomplished. Specifically, WAPA would revise its customer CRD allocation as of October 1, 2004 for the remainder of 2004, and revise its customer Base Resource allocation to take effect January 1, 2005 in a manner to ensure that the full power requirements of each identified split-wheeling customer would be met by WAPA, and thus these customers would not owe CRS.

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[6] This document was included as Appendix D to the PG&E Wholesale Distribution Tariff (WDT) Service Agreement for Wholesale Distribution Service to WAPA (Service Agreement), and was also included as Appendix F to the Interconnection Agreement Between PG&E and WAPA (IA). The IA and the Service Agreement were included as Attachments 1 and 3, respectively, to the Offer of Settlement in Docket No. ER04-690-001.

PG&E filed an advice letter to implement CRS and incorporate other nonbypassable charges applicable to split-wheeling customers who were not exempted through the reallocation process specified in the Settlement Agreement.

On November 5, 2004, PG&E filed Advice Letter (AL) 2579-E, submitting Electric Rate Schedule E-SDL to specify charges and provisions applicable to Split-Wheeling Departing Load Customers that depart for service from WAPA or a similarly situated entity after December 31, 2004. The tariff would not apply to those customers for which reallocations of preference power have been accomplished pursuant to the Settlement Agreement.

NOTICE

AL 2579-E was noticed in the Daily Calendar.

Notice of AL 2579-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the AL was mailed and distributed in accordance with Section III-G of General Order 96-A.

PROTESTS

AL 2579-E was protested by several parties.

AL 2579-E was protested by the University of California, Davis (UC Davis) on November 24, 2004, the Power and Water Resources Pooling Authority (PWRPA) on November 26, 2004, and NASA-Ames Research Center (NASA-Ames) on November 29, 2004. PG&E responded to the protests on December 3, 2004.

UC Davis protests AL 2579-E on the basis that it 1) does not implement PG&E agreements on technical determinations, 2) unilaterally implements unresolved and still contested determinations, 3) is inconsistent with other tariff provisions regarding the treatment of load growth, 4) is inconsistent with PG&E's federal WDT, and 5) causes economic hardship on UC Davis.

PWRPA urges PG&E to withdraw AL 2579-E and re-file a new advice letter to more clearly and expressly reflect the categorical exemption accorded split-wheeling customers through the reallocation process articulated in Settlement Agreement filed at FERC. As an inferior alternative, PWRPA urges the CPUC to require PG&E to add language to the proposed tariffs to provide greater specificity with respect to the definitions of Split-Wheeling Customer and Split-Wheeling Departing Load.

NASA-Ames specifies seven items in its protest. Five of the items indicate support or no objection to certain aspects of AL 2579-E and/or CPUC determinations. NASA-Ames expresses concern with respect to the measurement of departing load, and possible factual error concerning the calculation of load consumed by NASA-Ames.

DISCUSSION

It is not inappropriate for PG&E to seek to implement unresolved and still contested technical determinations.

D.03-09-052 ordered parties to attend meet-and-confer sessions to identify and discuss resolution of any outstanding issues concerning the manner in which relevant preference power volumes in excess of the CRD subject to the CRS would be identified and billed. If parties could not reach agreement during these meetings, D.03-09-052 provided that they may file a motion for clarification of the methodology in R.02-01-011. Instead of mutually agreeing to technical determinations and/or filing any motion for clarification in compliance with D.03-09-052, UC Davis argues that PG&E inappropriately seeks to unilaterally implement unresolved and still contested issues.

D.03-09-052 explicitly considered the scenario that parties may not agree on all outstanding issues in the meet-and-confer sessions and accordingly allowed parties the opportunity to file a subsequent motion. No party filed any such motion. Over one year lapsed from the time sessions were held and the time PG&E filed AL 2579-E. It is apparent that parties are unable to develop and agree to a mutually acceptable methodology to identify and bill CRS to Split-Wheeling Departing Load. In the interest of implementation within a reasonable timeframe, we believe it is appropriate to accept PG&E's proposal by advice letter filing with all opposing interests to be heard through the protest process. Accordingly, UC Davis' protest regarding implementation of unresolved and contested issues is denied.

Since no formal documents resulted from the meet-and-confer sessions, it is not known whether or not PG&E agreed to a February 1, 2001 Date of Departure.

The Date of Departure is the date on which the customer will reduce or discontinue its electric service from PG&E to take electric service from WAPA or another similarly situated entity. In its proposed Schedule E-SDL, PG&E designates January 1, 2005 as the Date of Departure for WAPA split-wheeling customers. Utilizing this prescribed date, PG&E uses historical energy usage (over a 1 to 3 year period) to calculate nonbypassable charges. UC Davis asserts that PG&E agreed in the meet-and-confer sessions to a determination that the Date of Departure would be February 1, 2001 not January 1, 2005. UC Davis contends that PG&E agreed to the February 1, 2001 date on several principles: 1) it was the closest beginning month date to the

execution of the DWR long term power purchases; 2) at that time in 2001 it was already documented that PG&E would not renew Contract 2948A nor provide retail service to WAPA split-wheeling customers after December 31, 2004; and therefore prior to February 1, 2001 all WAPA split-wheeling customers had already effectively departed PG&E retail service at a predefined future point in time, and 3) DWR purchases executed in January 2001 were based on WAPA customers' usage in the years preceding (rather than subsequent to) the purchases and thus should be used to determine CRS.

PG&E admits discussing the January 1, 2001 as the designated Date of Departure at the meet-and-confer sessions but states that it did not agree to it. Since there were no documented agreements submitted to the CPUC on behalf of the parties, we do not know whether or not the January 1, 2001 date was agreed to. Therefore, UC Davis' protest regarding PG&E's agreement to a Date of Departure is denied.

CRS should be based on a Date of Departure of January 1, 2005.

For the reasons cited above, UC Davis requests that February 1, 2001 be the Date of Departure from which CRS should be based. PG&E believes that a January 1, 2005 date is the most appropriate Date of Departure because it is consistent with other departing load tariffs by taking a "snapshot" on the date at which customers actually depart. For split-wheeling customers, that is the date Contract 2948A terminates. PG&E believes the issue of "gaming" which had driven the previous discussions concerning the February 1, 2001 date are less relevant due to the filing of the settlement agreement relating to termination of Contract 2948A and the extension of a service agreement for wholesale distribution service to WAPA for the period commencing January 1, 2005 (an event that was unanticipated at the meet-and-confer meetings)

We concur with PG&E that January 1, 2005 should be the Date of Departure. That is the date split-wheeling customers, under Contract 2948A, will reduce or discontinue its electric service from PG&E to take electric service from WAPA or another similarly situated entity. In PG&E's other departing load tariffs, the Date of Departure is defined as the actual date the customer terminates service or reduces its load. We believe this reference point should be defined consistently throughout PG&E's tariffs. As a result, UC Davis' protest concerning a February 1, 2001 Date of Departure is denied.

Except for NASA-Ames, PG&E should use the X/Y method to calculate usage over and above the CRD.

In AL 2579-E, PG&E proposes to use the X/Y pricing provisions from Contract 2948A[7] to calculate the amount of PG&E power delivered to split-wheeling customers. UC Davis believes that the X/Y method is not an accurate load forecasting variable nor is it an accurate representation of the actual amount of electricity over and above its firming obligations (to WAPA) that PG&E/DWR would have contemplated when procuring power to meet future loads. UC Davis believes the amount instead should be based on the actual amount of power PG&E delivered over the CRD. UC Davis offers an example that it believes demonstrates that use of the X/Y pricing provision could greatly overstate the amount owed for CRS.

PG&E responds that its proposal to use the X/Y method to calculate usage over and above the CRD is entirely consistent with how UC Davis and other split-wheeling customers (with the exception of NASA-Ames) have been billed for their retail usage through the duration of Contract 2948A.

Consistent with Contract 2948A, PG&E has used the X/Y method to calculate the portion of UC Davis' total usage attributable to PG&E retail service and has billed UC Davis for that amount of usage. We believe it is appropriate to use the very same amounts of usage attributable to PG&E as the basis for calculating Split-Wheeling Departing Load bills, and note that PG&E uses historical data on usage in a similar fashion for billing other departing load customers. Thus, UC Davis' protest that the amount of power delivered to split-wheeling customers be based on the actual amount over CRD instead of the X/Y method is denied.

The 25 percent rule was adopted in previously-established tariffs; it should not be eliminated in Schedule E-SDL nor should any exceptions to the rule be granted.

To compute the amount of nonbypassable charges owed, PG&E chooses the lesser of the customer's 12-month or 36-month average historical energy usage subject to a 25 percent rule. The 25 percent rule states that if the 12-month average differs from the 36-month average by an amount greater than 25 percent, the 36-month average will be used unless there is substantial evidence to demonstrate that the more recent usage is the result of a persisting change in the customer's electric usage, and that the 12-month average will be more indicative of the customer's future electric requirements.

UC Davis believes PG&E should eliminate the 25 percent rule because the difference could be due to fluctuations in CRD which were contemplated and allowed for under Contract 2948A. As a less preferred alternative, UC Davis suggests adding language that would allow an exception to the rule if the change in PG&E retail usage was due to a change in the customer's WAPA CRD.

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[7] Contract 2948A pricing provisions are described in more detail at the end of this section.

PG&E responds that the 25 percent rule is consistent with its other departing load tariffs (in effect and proposed) and is an important measure designed to ensure a more accurate estimate of a customer's future usage and to mitigate the potential advantage given to a customer in allowing it to unilaterally choose between a 12-month and a 36- month historical usage snapshot.

We agree with PG&E. We previously approved the 25 percent rule in Preliminary Statement Part BB which established the specific procedures pertaining to payment of the Competition Transition Charge (CTC) and other nonbypassable charges for departing loads. UC Davis' argument does not persuade us to deviate from the established precedent. Accordingly, its protest that the 25 percent rule be eliminated or modified to allow an exception is denied.

PG&E appropriately removed the term"Partially Departing Split-Wheeling Customers"[8] and related references from its proposed tariff.

UC Davis believes that the provisions for CRS applicability for "partially departing split-wheeling customers" with respect to load growth are inconsistent with the provisions in the tariff applicable to fully departing split-wheeling customers.

PG&E responded that, upon further reflection, it believes the concept of "partially departing split-wheeling customer" can be deleted from its proposed tariff, based on the terms of the Settlement Agreement. Accordingly, PG&E submitted revised tariff sheets to reflect this change.

Under the Settlement Agreement, split-wheeling customers will become full requirements customers of WAPA as of January 1, 2005, provided that the articulated reallocation is accomplished. No CRS would apply to these specific customers provided they do not exceed their new base resource allocation from WAPA. CRS would apply to that portion of a split-wheeling customer's electric load that, after December 31, 2004, departs for service from WAPA or another similarly situated entity. These customers are correctly referred to as split-wheeling departing load customers. There will be no partially departing split-wheeling customers. Accordingly, PG&E appropriately revised the tariffs to omit this term, as well as the other tariff language which refers to this category of customers. These revisions render UC Davis' protest regarding CRS applicability for partially departing split-wheeling customers moot.

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[8] PG&E defined "Partially Departing Split-Wheeling Customer" as a Split-Wheeling Customer who, on or after January 1, 2005, increases its energy deliveries from WAPA or another similarly situated entity, but continues to take a portion of its electric supply from PG&E.

Schedule E-SDL, as modified, is consistent with PG&E's WDT Service Agreement.

UC Davis states that Appendix D of the PG&E's WDT Service Agreement provides that CRS will not apply to certain WAPA split-wheeling customers whose CRD changed effective October 1, 2004. It alleges this provision is significantly inconsistent with PG&E's proposed Schedule E-SDL because the tariff would apply to all WAPA split-wheeling customers. PG&E responded that upon its filing, PG&E believed Schedule E-SDL was consistent with the Service Agreement but it now concurs with UC Davis that improvements could be made to clarify and ensure that there is no conflict. PG&E subsequently submitted some definitional modifications along the lines suggested by PWRPA (discussed further below) that it believes should address the concerns raised by UC Davis. We grant UC Davis' protest regarding PG&E's Schedule E-SDL as originally proposed, however, we believe PG&E's proposed subsequent language revisions provide clarity and ensure consistency with Appendix D of the Service Agreement.

UC Davis' arguments concerning alleged favoritism in the Service Agreement and reasonableness of CRS recovery from split-wheeling customers should have been pursued in other forums.

UC Davis believes Appendix D of the Service Agreement inappropriately grants preferential treatment to certain WAPA split-wheeling customers; it states that it "objects to the design of public electricity tariffs that favor only selected customers within a standard rate classification." Further, UC Davis argues that the amount of PG&E's retail service provided to WAPA customers is too trivial to be subjected to departing load charges.

We will not address UC Davis' allegations of favoritism granted through Appendix D of the FERC jurisdictional agreement. As PG&E noted in its response to UC Davis' protest, such concerns should have been taken up at FERC. Also, any arguments about the "trivial" nature of CRS recovery (in light of revenue requirements more broadly) should have been raised in the proceeding leading up to D.03-09-052, the decision that clarified that split-wheeling customers are generally liable for departing load charges. Accordingly, UC Davis' protest with respect to these issues is denied without prejudice.

D.03-09-052 did not make CRS responsibility contingent upon the outcome and/or financial impact that may result from specific technical implementation determinations.

UC Davis asserts that additional costs due to the expiration of Contract 2948A, and the imposition of CRS, represents a real economic hardship to it and other WAPA customers who are on fixed budgets. PG&E responds that although it does not wish to minimize UC Davis' claim of economic hardship, it believes that this is not the appropriate forum to address it but rather it should have been pursued in the proceeding leading up to D.03-09-052.

We note that UC Davis did object to the imposition of CRS on economic grounds in R.02-01-011 in support of the CVP Group motion. After full consideration of the record in that proceeding, we issued D.03-09-052 which denied the CVP Group motion to the extent it sought to permit split-wheeling customers to escape CRS responsibility for that portion of their power needs that has been provided through bundled service. We did order meet-and-confer sessions in an attempt to get parties to reach agreement on outstanding technical implementation issues relating to the quantification of departing load; however, we did not make CRS responsibility contingent upon the outcome and/or financial impact that may result from those specific determinations. Thus, UC Davis' protest on the basis of economic hardship is denied.

PG&E's proposed definitional revisions address PWRPA's concerns regarding the need for tariffs to reference and comport with the Settlement Agreement filed at FERC.

PWRPA asserts that AL 2579-E and proposed Schedule E-SDL, as filed, are unduly vague and confusing with the categorical exemption accorded split-wheeling customers through the reallocation process. It points out that Appendix D of the Service Agreement is not even mentioned in the filing. Accordingly, PWRPA requests that it should either be withdrawn or modified to specifically comport with the Service Agreement.

Specifically, PWRPA believes that PG&E should withdraw AL 2579-E and re-file a new advice letter that: 1) describes and identifies those split-wheeling customers that are reasonably likely to be subject to the terms of rate schedule, 2) provides greater specificity before customers are subjected to possible "violations" and "breaches", and 3) revises Special Condition 5 to accommodate the type of reallocation described in Appendix D. As an inferior alternative, PWRPA requests that proposed Schedule E-SDL be modified to add language to the definition of Split-Wheeling Customer to clarify limitations regarding service points, and add language to the definition of Split-Wheeling Departing Load to clarify that it shall not apply to those split-wheeling customers for which reallocations of preference power have been accomplished.

PG&E responded that it is amenable to making the definitional changes, with modifications, and submitted substitute sheets to AL 2579-E accordingly. The Energy Division has reviewed these substitute sheets and believes they address PWRPA's concerns by adding more clarity, and citing language with respect to the categorical exemptions accorded split-wheeling customers through the reallocation process accomplished by WAPA stated in Appendix D. Therefore, PWRPA's protest recommendation that PG&E withdraw and refile AL 2579-E is denied but its alternative recommendation to modify definitions to specifically comport with the Service Agreement is granted.

Any applicable provisions from Preliminary Statement Part BB should be explicitly stated in Schedule E-SDL.

In AL 2579-E, PG&E states that it did not include dispute resolution provisions in its proposed Schedule E-SDL at this time but contemplates submitting similar provisions in a future filing. Until it files these provisions, PG&E proposes that all aspects of the dispute resolution provisions found in Preliminary Statement Part BB would apply.

NASA-Ames does not object to PG&E's proposal but believes it should be clarified that only the dispute resolution provisions of Preliminary Statement Part BB will apply to split-wheeling departing load customers. It states that failure to clarify this would require customers to refer to multiple tariffs to determine their departing load obligations, thus defeating the goal of tariff simplification sought by Schedule E-SDL.

To the extent provisions from Preliminary Statement Part BB will apply to split-wheeling customers, we believe they should be explicitly stated in Schedule E-SDL to avoid causing customer confusion and/or the need to refer to multiple rate schedules. Accordingly, NASA-Ames' protest with respect to specification of the dispute resolution provisions is granted. Although NASA-Ames noted the dispute resolution provisions were not included, it seems that some other applicable provisions such as those regarding deposits, payments and enforceability are also not included. We believe this should be clarified. Accordingly, we direct PG&E to file a supplemental advice letter within 10 business days to explicitly state in Schedule E-SDL any applicable provisions from Preliminary Statement Part BB.

PG&E should calculate energy usage utilizing its proposed "monthly average billing" approach.

Citing its highly uneven usage pattern, NASA-Ames argues that its departing load charges should be calculated "based on the average monthly usage for the 12 or 36 months prior to January 1, 2005" instead of using a "different usage for each month of the year" based on the historical averages for those particular months. Although NASA-Ames prefers the one method, it requests that PG&E be required to explicitly state that either method could be used.

PG&E objects to NASA-Ames recommendation. PG&E prefers to use a "monthly-average billing" method consistent with its approach under Preliminary Statement Part BB and its other departing load tariff proposals. PG&E asserts that this approach allows more accurate billing due to the possibility of seasonal pricing differences.

We agree with PG&E that it should use its "monthly average billing" method because it is consistent with the billing method used under Preliminary Statement Part BB. Accordingly, NASA-Ames protest regarding its recommendation to use an alternate method for measuring departing load is denied. We do believe, however, that PG&E's "monthly average billing" method should be specified and clearly described in Schedule E-SDL to eliminate confusion over how energy usage will be calculated. PG&E should include this clarification in its supplemental advice letter.

There is no factual error in Schedule E-SDL.

NASA-Ames states that PG&E's assertion in AL 2579-E that the customer's usage attributable to PG&E for billing purposes is based upon the X/Y method is not accurate for NASA-Ames. It requests PG&E to correct the error by stating that "under Contract 2948A, WAPA supplies the first 80 MW of load consumed by NASA-Ames in any half hour and PG&E supplies loads in excess of 80 MW".

PG&E admits that X/Y method is not accurate for NASA-Ames but does not believe there is any factual error. For NASA-Ames only, PG&E agrees it uses a different method for calculating usage attributable to PG&E.

To better understand the issue, it is helpful to explain the different methods PG&E utilizes to calculate retail usage above the CRD for delivery and billing purposes. Under the power accounting provisions stated in Contract 2948A, Article 14 (c)(2)(i), all split wheeling customers, except NASA-Ames, purchase WAPA power based on a load factor calculation (i.e. CRD/maximum demand for the month, multiplied by the total energy for the month). This determines the amount of WAPA power supplied that customer in a month. PG&E serves the remaining requirements of such customers and bills them under retail tariffs. PG&E refers to this as the X/Y method.

For NASA-Ames, PG&E utilizes the power accounting provision described in Contract 2948A, Article 14 (c)(1). Specifically, WAPA would serve the total load of NASA-Ames, up to the CRD for all 30-minute billing periods through the month. PG&E provides retail service to NASA-Ames for those amounts in excess of the WAPA CRD, calculated for each 30-minute billing period and summed for the monthly billing period.

Although dispute over calculating retail usage became an issue as a result of PG&E's characterization and discussion in AL 2579-E, we note that its proposed Schedule E-SDL does not contain any erroneous language. In fact, the pertinent language in that tariff states that the split wheeling customer's energy usage "shall be the PG&E retail usage computed and billed by PG&E under Contract 2948A". This language enables PG&E to utilize the appropriate accounting power provisions applicable to each individual split-wheeling customer. Because Schedule E-SDL properly accounts for this situation, NASA-Ames' protest on this issue is moot.

COMMENTS

Per statutory requirement, this Draft Resolution was mailed to parties for comment at least 30 days prior to consideration by the Commission.

Public Utilities Code section 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. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this Resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments.

FINDINGS

1. PG&E filed AL 2579-E submitting Electric Rate Schedule E-SDL to specify charges and provisions applicable to Split-Wheeling Departing Load Customers that depart for service from WAPA or a similarly situated entity after December 31, 2004.
2. UC Davis, PWRPA and NASA-Ames protested AL 2579-E.
3. Because parties were unable to develop and agree to a mutually acceptable methodology to identify and bill CRS to Split-Wheeling Departing Load within a reasonable timeframe, it is appropriate to accept PG&E's proposal by advice letter filing with all opposing interests to be heard through the protest process.
4. It is not known whether or not PG&E agreed to a February 1, 2001 Date of Departure at the meet-and-confer sessions since no formal documents were submitted to the CPUC.
5. CRS should be based on a Date of Departure of January 1, 2005 because that is the date split-wheeling customers, under Contract 2948A, will reduce or discontinue its electric service from PG&E to take electric service from WAPA or another similarly situated entity.
6. Except for NASA-Ames, PG&E should use the X/Y method to calculate Split-Wheeling Departing Load bills consistent with its use of historical data on usage in billing other departing load customers.
7. The 25 percent rule was previously established in Preliminary Statement Part BB; it should not be eliminated from Schedule E-SDL nor should any exceptions to the rule be granted.
8. PG&E appropriately removed the term "Partially Departing Split-Wheeling Customers" and related references from Schedule E-SDL.
9. Schedule E-SDL, as modified, is consistent with PG&E's WDT Service Agreement.
10. UC Davis' allegations of favoritism granted through the Service Agreement and its concerns regarding the reasonableness of CRS recovery from split-wheeling customers in general should have been pursued in other forums.
11. D.03-09-052 did not make CRS responsibility contingent upon the outcome and/or financial impact that may result from specific technical implementation issues.
12. PG&E's definitional revisions address PWRPA's concerns by providing additional clarity, and cites to the categorical exemptions accorded split-wheeling customers through the reallocation process stated in the Settlement Agreement filed at FERC.

13. PG&E should file a supplemental advice letter within 10 business days to revise Schedule E-SDL to a) include any applicable provisions from Preliminary Statement Part BB, and b) specify and clearly describe use of its "monthly average billing" approach to calculate energy usage.
14. Subject to verification of compliance by the Energy Division, the supplemental advice letter should become effective on the date filed.
15. Schedule E-SDL does not contain factual error with respect to the method utilized to calculate retail energy usage.
16. The protests are resolved as described in the Discussion Section.

THEREFORE IT IS ORDERED THAT:

1. PG&E's Schedule E-SDL submitted in AL 2579-E is approved with modifications.
2. PG&E shall file a supplemental advice letter within 10 business days to revise Schedule E-SDL to a) include any applicable provisions from Preliminary Statement Part BB, and b) specify and clearly describe the use of its "monthly average billing" approach to calculate energy usage.
3. PG&E's AL 2579 as supplemented will be effective on the date the supplement is filed, subject to verification of compliance by the Energy Division.

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 May 26, 2005; the following Commissioners voting favorably thereon:

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STEVE LARSON
Executive Director

April 26, 2005 Commission Meeting Date: May 26, 2005
ID#4572

TO: PARTIES TO PACIFIC GAS AND ELECTRIC COMPANY ADVICE LETTER 2579-E

Enclosed is draft Resolution E-3918 of the Energy Division. It addresses PG&E's proposed Electric Rate Schedule E-SDL which specifies charges and provisions applicable to customers with Split-Wheeling Departing Load. The draft Resolution will be on the agenda at the May 26, 2005 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:

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

A copy of the comments should be submitted by electronic mail to Laura Martin in the Energy Division at: LRA@CPUC.CA.GOV.

Any comments on the draft Resolution must be received by the Energy Division by May 10, 2005. Those submitting comments must serve a copy of their comments on 1) the entire service list attached to this letter, 2) all Commissioners, and 3) the Director of the Energy Division, on the same date that the comments are submitted to the Energy Division. Comments may be submitted electronically.

Comments shall be limited to five 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 May 17, 2005, and shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed five 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-3918 on all parties in these filings or their attorneys as shown on the attached list.

Dated April 26, 2005 at San Francisco, California.

_____

Jerry Royer

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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