

Decision 00-06-066 June 22, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Approval of its Electric Rate Design Proposals
for its Test Year 2000 Rate Design Window
Proceeding. (U 39 M)

Application 00-01-015
(Filed January 12, 2000)

Pacific Gas and Electric Company, for Petition for
Modification of Resolution E-3479.

Application 99-09-055
(Filed September 30, 1999)

O P I N I O N

Pacific Gas and Electric Company (PG&E) in Application (A.) 00-01-015, requests authority to implement two changes to its electric tariffs pursuant to the Electric Rate Design Window (RDW) procedures at the end of its current electric rate freeze. PG&E's first proposal is to clarify that the Economic Stimulus Rate (ESR) credit established by PG&E in 1993 to benefit larger customers and the economy in general, expires at the end of the electric rate freeze. The second proposal is to directly allocate franchise fees for the electric commodity to the commodity charge commencing at the end of the rate freeze.

The proposal for ending the ESR credit was not addressed in the Post Transition Electric Ratemaking (PTER) Proceeding (A.99-01-016), but was proposed in Phase 2 of the 1999 general rate case (GRC). In addition, PG&E has made the same proposal in its September 30, 1999 Petition for Modification of

Resolution E-3479.¹ We consider the ESR credit in this proceeding because a September 9, 1999 Assigned Commissioner's ruling suspended the procedural schedule in Phase 2 of the 1999 GRC (A.99-03-014). PG&E is concerned that this issue would not be addressed before the end of the rate freeze.

PG&E states that its RDW proposals will not increase the rates for any class of customer. The ESR provided a credit for customers on Schedules E-20 and A-RTP-E-20, and originally was scheduled to terminate at the end of 1996 (Resolution E-3429). The ESR credit was extended in Resolution E-3479 due to the Assembly Bill 1890 rate freeze. Resolution E-3479 did not directly specify that the ESR credit would terminate with the end of the freeze, but the extension was due to the freeze. Moreover, the ESR credit has always been in effect for limited periods. Therefore, PG&E is seeking confirmation that the intent of Resolution E-3479 is to terminate the ESR credit at the end of the freeze. PG&E says that the ruling PG&E is requesting will not increase total authorized rates, but will end the credit consistent with the intent of previous Commission resolutions on ESR.

The second issue concerns the franchise fees associated with electric commodity charges at the end of the rate freeze. These fees and the method for their collection are established in Public Utilities Code Sections 6350-6354.1. PG&E's proposal is designed to allocate these franchise fees to the commodity charge at the end of the rate freeze, consistent with the intent of this statute. Under this proposal, a bundled customer would pay for franchise fees associated with commodity in the commodity charge and a direct access customer would

¹ PG&E's petition was docketed as A.99-09-055. PG&E has filed A.00-01-015 as part of the 2000 RDW to obtain a decision pursuant to the Rate Case Plan schedule, as assurance that this rate credit will end at the end of the rate freeze.

pay the franchise fee surcharge² for commodity based on PG&E's price for commodity. PG&E's franchise fee proposal does not actually change the way franchise fees are calculated after the electric rate freeze ends compared to how they are calculated during the electric rate freeze. Currently the franchise fee surcharge collected from direct access customers and remitted to cities and counties is equal to the Power Exchange (PX) credit multiplied by the system average franchise fee factor adopted in PG&E's GRC. For bundled customers, PG&E currently collects franchise fees associated with commodity charges in the amount equal to the PX charge multiplied by the system average franchise fee factor adopted in PG&E's GRC. The franchise fees remitted to the cities and counties for the commodity portion of a bundled service customer's bill, however, is determined based on the existing franchise fee structure, which may vary for different franchise areas.

PG&E's RDW proposal does not change these methods of calculation. The only change will be in how the franchise fees are shown on the bill. Instead of being included in the residual competition transition charge (CTC), PG&E's RDW proposal will show the franchise fee surcharge separately for direct access customers, consistent with Pub. Util. Code § 6354(h). For bundled customers, PG&E's proposal will include franchise fees associated with commodity with the commodity charge instead of in the CTC. At the end of the rate freeze, franchise fees on commodity would not otherwise be included in an existing rate component unless PG&E's proposal is approved.

² This term is specific to direct access customers, where the term "franchise fees associated with commodity" is used to refer to the equivalent franchise fees collected from a bundled service customer.

PG&E declares that its proposal for assigning franchise fees associated with electric commodity to commodity charges will not increase the rate for any class of customer. Instead, PG&E's proposal ensures that franchise fees associated with commodity continue to be charged and collected in rates. The absolute level of the franchise fee factor is not an issue in this proceeding, but is set at the then-current level adopted in PG&E's GRC. The proposal in this case will only move the franchise fees from the residual CTC calculation, which ceases to exist after the end of the rate freeze, to the electric commodity.

There are no protests. Because A.00-01-015 supersedes A.99-09-055, we dismiss A.99-09-055. This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is waived.

Findings of Fact

1. The ESR credit established by PG&E in 1993 expires at the end of the electric rate freeze.
2. It is reasonable for PG&E to directly allocate franchise fees for electric commodity to the commodity charge commencing at the end of the rate freeze.

Conclusions of Law

1. A.00-01-015 should be granted as set forth in the following order.
2. A.99-09-055 should be dismissed as moot.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized:
 - a. to terminate the Economic Stimulus Rate (ESR) credit as of the end of the rate freeze;

- b. to include language in the Economic Stimulus Rate credit tariffs that expressly provide for termination of the ESR credit at the end of the freeze;
 - c. to modify its tariffs and bills to include the franchise fees associated with electric commodity in the electric commodity charge for bundled service customers, instead of the Competitive Transition Change (CTC), effective at the end of the electric rate freeze;
 - d. to modify its tariffs and bills to make the franchise fees surcharges for direct access customers a specific charge that will no longer be included in CTC, effective at the end of the electric rate freeze;
 - e. to include a notation on the bundled customer bills explaining that the commodity charge includes the stated percent for franchise fees associated with electric commodity that are not avoided by electing direct access; and to include a notation on direct access customer bills explaining that the average commodity price provided for the customer's reference includes the stated percent for franchise fees associated with electric commodity that are not avoided by electing direct access.
2. Application (A.) 00-01-015 and A.99-09-055 are closed.

This order is effective today.

Dated June 22, 2000, at San Francisco, California.

HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
CARL W. WOOD
Commissioners

President Loretta M. Lynch, being necessarily absent, did not participate.