Friday, July 09, 2004

Members of the CAL-SLA Executive Committee --

Attached as a Word97 document is a long memo on Pacific Gas & Electric's application to revise its electric marginal costs, revenue allocation, and rate design. This is the second phase of the utility's 2003 Test Year General Rate Case.

The attached Excel spreadsheet compares present rates with proposed rates for street lighting and traffic signals.

Feel free to contact me, if you have any comments or questions. Dave and I will be using the memo to determine what issues CAL-SLA should address in the general rate case. Let us know if there are any issues that you want to raise in the rate case at the CPUC.

-- Reed

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TO: Members of CAL-SLA Executive Committee

FROM: Reed Schmidt

DATE: July 9, 2004

SUBJECT: Pacific Gas & Electric, 2003 Test Year General Rate Case, Phase 2 Application 04-06-024

On June 17, 2004 Pacific Gas & Electric (PG&E) filed Application (A.) 04-06-024, requesting to revise its electric rates. This application is Phase 2 to PG&E's 2003 Test Year General Rate Case (GRC). In Decision (D.) 04-05-055 the California Public Utilities Commission (CPUC or Commission) adopted PG&E's Phase 1 electric revenue requirement. Phase 2 does not change the electric revenue requirement; it allocates it to the customer classes using marginal costs and then design rates and charges. According to the schedule suggested by PG&E, new rates and charges would go into effect sometime in October 2005.

The last general rate decision for PG&E that revised rates was in 1993. The Commission did not authorize new electric rates in the general rate cases for 1996 and 1999 because of the rate freeze enacted by Assembly Bill 1890, the energy crisis, and PG&E's bankruptcy. The rate freeze has ended, the energy crisis is past us, and PG&E has emerged from bankruptcy. So, it is time for a new general rate case.

PG&E's rate case is premised on two key principles: (1) electric rates must be re-designed on the basis of cost of service and assigned to customer classes proportional to the costs they cause and (2) electric rates must be simplified for better customer understanding and elimination of complex rate design.

The first principle results in a re-distribution of the electric revenue requirement, so that residential customer class would receive revenue increases and the medium and large commercial customer classes would receive revenue decreases. The re-distribution would partially mollify the huge increases that commercial and industrial received as a result of the rate surcharges authorized in 2001 in response to the energy crisis.

The second objective means there are no major changes in rate structures but there is the removal of certain rate options.

Marginal Costs

Cost of service for the purpose of revenue allocation and rate design is based on marginal costs.

Marginal Generation Costs. PG&E calculates two types of marginal generation costs: (1) marginal energy costs and (2) marginal generation capacity costs. Marginal energy costs based on the forecast of hourly market prices, capped at the variable operating cost of a combustion turbine generation plant. Marginal energy costs are estimated for each time-of-use period. Marginal generation capacity costs are based on the annualized capital cost of a combustion turbine and are expressed a dollars per kW-year.

Marginal Transmission Costs. While the CPUC does not set transmission rates, which are set by the Federal Energy Regulatory Commission, marginal transmission costs are used in demand-side management cost-effectiveness tests and other non-ratemaking applications. Marginal transmission costs are estimated using a present value analysis of transmission investment over a long-term planning period.

Marginal Distribution Costs. Marginal distribution costs are also estimated with a present value analysis of distribution investment over a long-term planning period. Marginal distribution costs are estimated for 18 geographic divisions of PG&E's electric distribution system and further divided by voltage levels: primary and secondary. Marginal distribution costs are capacity-related and are expressed in dollars per kW. For primary distribution, PG&E measures capacity at substations using peak capacity allocation factors. For secondary distribution, PG&E measures peak capacity at the final line transformer.

Marginal Customer Access Costs. Marginal customer costs are the costs associated with providing and maintaining customers' access to PG&E's electric system. There are generally two customer costs: the investment costs required to hook up new customers and costs for on-going customer services. The investment costs include transformers, service connections, meters, and distribution line extensions. Marginal customer costs are calculated for various customer classes, including street lighting and traffic signals.

Revenue Allocation

The revenue requirement authorized by the CPUC in Phase 1 is allocated to the various customer classes and rate schedules using marginal costs. Individual marginal costs are applied to estimates of demand (kW) and energy sales (kWh) for 2005 to determine marginal cost revenues. The billing determinants depend upon kW load and kWh sales forecasted for the different customer classes and rate schedules.

The basic concept used in revenue allocation is that the revenue requirement is allocated to each customer class proportion to that class' marginal cost revenues. This methodology is referred to as equal percentage of marginal costs (EPMC).

Nevertheless, a different revenue allocation method is used for each utility function, such as generation, distribution, public purpose programs, on-gong competitive transition charges (CTC), nuclear decommissioning, reliability services, regulatory asset, fixed transition amount, and rate reduction bonds. This memo will summarize the revenue allocation proposed by PG&E for the more important functions that will be decided in the general rate case.

Generation Allocation. PG&E proposes to apply the EPMC method to allocate PG&E generation revenue requirement using marginal generation costs. PG&E generation costs include the costs of owning and operating PG&E's power plants, the costs of power purchased by PG&E from qualifying facilities, power purchase agreements and bilateral contracts. PG&E generation revenue requirement *excludes* revenues recovered with competitive transition charges.

PG&E proposes to allocate the Department of Water Resources (DWR) power revenues paid by bundled service customers on the basis of equal cents per kWh and differentiated by voltage level, consistent with prior a Commission decision. (PG&E is not proposing a change in the level of the Direct Access Cost Responsibility Surcharge (DA CRS) or any of its components in this general rate case. Further, PG&E has assumed that bundled service customers are not financing any undercollection of the DA CRS for the test year.)

DWR Bond Charge. In the general rate case, PG&E is proposing no change to the DWR bond charge or its allocation method.

Competitive Transition Charge. The current method of allocating CTC revenue requirement adopted by the CPUC is to use the top 100 hours of kW demand, which was adopted by the CPUC in Decisions 00-06-034 and 02-11-022. PG&E is not proposing any changes to the CTC allocation method or to CTC rates in the general rate case.

Public Purpose Program. The current revenue allocation method for public purpose programs charge is divided into California Alternate Rates for Energy (CARE)-related and non-CARE and is complicated. PG&E proposes to revise the CARE-related revenue allocation but to continue with system average percentage method for the non-CARE revenues and use current total rates rather than frozen rates. All customers, except street lighting, pay a CARE surcharge.

Distribution. The distribution revenue requirement would be allocated using EPMC and marginal distribution and customer access costs.

Revenue Allocation Mitigation. PG&E proposes to mitigate the amount of revenue allocated to the residential class by moving 75 percent of the way from the current allocation to each class to the allocation that would be assigned under full revenue allocation. PG&E proposes to limit the generation and distribution revenue allocations. The proposed revenue allocation results in a 75 percent movement from current rates towards full cost levels.

Summary. A summary of the revenue allocation that illustrates PG&E's proposal is shown below. It uses total revenues and rates effective March 1, 2004.

PG&E's 2003 GRC Phase 2 Illustrative Revenue Allocation Results
(Dollars in Thousands)

Class and Service	Change in Bundled Revenues	Percent Change in Bundled Revenues	Change in Direct Access Revenues	Percent Change in Direct Access Revenues
Residential	$444,192	12.2%	$401	5.4%
Small Commercial	$7,625	0.6%	$855	12.2%
Medium Commercial	($226,122)	-12.5%	($2,043)	-4.6%
Large Commercial	($128,975)	-12.4%	($9,873)	-7.0%
Street Lights	($1,325)	-2.3%	N/A	N/A
Standby	$4,553	13.3%	N/A	N/A
Agriculture	$7,078	1.5%	($183)	-8.5%
Large Industrial	($92,129)	-8.6%	($4,054)	-2.0%
System Total	$14,897	0.2%	($14,897)	-3.7%

Rate Design

Phase 2 of the 2003 Test Year General Rate Case presents the first time since the rate freeze enacted by AB 1890, the energy crisis, and PG&E's bankruptcy for the CPUC to comprehensively review and revise PG&E's rates and charges. This will be a big case.

Although PG&E requests to revise its rate charges, it does not propose any changes in rate structure. There will still be demand, energy, and customer charges for some customers. The utility proposes to base them on cost causation and to reduce the number of options in order to make the tariff schedules easier to understand and more straightforward.

According to the rate case schedule suggested by PG&E, the new rates would not go into effect until autumn 2005. Proposed rates and charges are based on 2005 revenues derived from rates filed in Advice Letter 2465-E-A and implemented on March 1, 2004 (i.e., present or current rates) and kWh sales and billing determinants estimated for 2005.

Rates and charges are unbundled into various components pursuant to prior Commission decisions. They also reflect statutory constraints, most notably that residential rates in Tiers 1 and 2 up to 130% of baseline quantities are capped at current levels. This cap has an impact on not only rate design for the residential class but also revenue allocation to all customer classes and PG&E's revenue allocation mitigation proposal.

PG&E used consistent, common principles for rate design applicable to all tariff schedules and customer classes. Distribution rates are based on distribution and customer marginal costs. Customer charges are scaled up class-specific marginal customer costs by the EPMC multiplier for distribution-related revenues.

Street Light Rate Design. PG&E uses the same rate design model approved in the CPUC in prior general rate cases, starting in 1984 to design street light rates. This method was initially approved by the Commission in D.83-12-068 in the 1984 GRC and affirmed in subsequent GRC decisions: D.86-12-091 (1987 GRC), D.93-06-087 (1993 GRC, Phase 2), and D.97-12-044 (1996 GRC, Phase 2)

The model calculates facilities charges using a two-step process. The first step is compute the rate base for street facilities using the original cost less depreciation (OCLD) value of the facilities owned by PG&E and multiplying the OCLD rate base by the CPUC-authorized rate of return. The second step is to allocate the OCLD revenue requirement to individual lamp-types according to their replacement cost new (RCN) values. RCN values reflect PG&E's current costs to install street light equipment, such as luminaires, mast arms, poles, wiring, etc.

The energy charges used in the street light model comes from the EPMC revenue allocation model used for all customer classes. The street light energy charge is expressed as $/kWh like for other classes and is unbundled into various rate components, such as transmission, generation, distribution, nuclear decommissioning, public purpose programs, on-going competitive transition charge, DWR bond charge, etc. The same energy charge applies to the three street light schedules: LS-1, LS-2, and LS-3.

PG&E does nevertheless propose some changes to street light model adopted by the CPUC in the 1996 GRC. The Commission indicated in its 1996 GRC D.97-12-044 it would have approved PG&E's proposed street light model had it not been for the AB 1890 rate freeze, which went into effect in June 1996. The model was not revised in the

1999 GRC, because the 1999 GRC was suspended due to the energy crisis and then ensuring bankruptcy by PG&E.

In the 2003 GRC, PG&E proposes the following major changes to the street light model: (1) use cost estimates for street light operation and maintenance costs from the 2003 GRC Phase 1 Comparison Exhibit, (2) allocate a portion of total 2003 electric distribution customer accounts expense (less meter reading) to street lights according to the proportion of street light customer accounts to total electric distribution customer accounts; and (3) allocate a portion of total 2003 electric distribution administrative and general expense to street light using a similar allocation method. In the 1996 GRC, PG&E used a "bottoms-up" method to estimate all of these expenses for street lighting.

PG&E allocates a portion of capital and O&M costs for common plant to customer-owned lights and includes these costs in LS-2 rates. This allocation method was approved by the Commission in the 1996 GRC D.97-12-044 but was not implemented due to AB 1890 and the rate freeze.

In the 2003 GRC application, PG&E proposes to change the installation provisions for street lighting to be similar to the revenue-based installation provisions appearing in Rules 15 and 16. Details of this proposal will be explained in a subsequent memo; the proposed tariff revisions are quite complicated and lengthy.

PG&E requests "special" street light rates be included in LS-1 and LS-2 schedules. PG&E also requests expansion of its ability in its tariffs to add "special" street lights. These tariff revisions will be addressed in more detail in the next memo.

PG&E requests that Schedule LS-1C be closed to new customers. Schedule LS-1C applies to "mixed ownership", where a portion of the street light installation is owned by PG&E and a portion is owned by the local government.

PG&E maintains street light equipment owned by local governments under Schedules LS-2B and LS-2C. PG&E asks the Commission for approval to close LS-2B and LS-2C to both new customers and to additional lamps of existing customers.

PG&E wants to expand the applicability sections of Schedules LS-3 and TC-1. For LS-3, PG&E wishes to include flood lighting, architectural lighting, and incidental load. For TC-1, PG&E requests to include incidental load.

PG&E proposes no change in the hours of operation, approximately 11 hours per night, and not exceeding 4,100 hours per year for all-night lamps. The kWh per lamp per month would not change. PG&E uses manufacturers' specifications and ballast data

from PG&E's Electric Distribution Department for high pressure sodium vapor, mercury vapor, and metal halide lamps.

Let's us not forget pole painting. PG&E asks the Commission to eliminate the pole painting provision contained in Schedules LS-1, LS-2B, and LS-2C and to approve PG&E's transition plan. More importantly, PG&E requests elimination of the pole painting fee. PG&E would continue to paint street light poles it owns under Schedule LS-1, but do it as part of regular maintenance and include in its on-going O&M expenses. PG&E would paint customer-owned poles, if requested, on a time and material basis. During the transition period, because customers have paid a pole painting fee, PG&E proposes to still paint street light poles owned by customers charged the fee. If the CPUC denies PG&E requests, PG&E proposes a pole painting fee of $0.97 per pole per month which would increased in the following year to $1.02.

Regarding Schedule LS-3, PG&E proposes to significantly increase the monthly customer charge from $3.00 per meter per month to $12.00. The proposed customer charge would equal the proposed charge for the General Service, Small Light and Power Schedule A-1.

For Schedule TC-1, PG&E proposes to also increase the customer charge from $0.26612 per meter per day to $0.39425, an increase of 48%. The present customer charge is the same as for Schedule A-1 and the proposed charge would also be the same as for Schedule A-1.

Schedule TC-1 will receive a separate revenue allocation based on its unique usage and load characteristics. The energy charge for TC-1 is lower than for Schedule A-1 but is greater than for Schedule LS-3.

The attached Excel spreadsheet compares present and proposed rates for Schedule LS-1, LS-2, LS-3, and TC-1. The first worksheet shows total rates. The major reason LS-1 rates increase is due to increases in facilities charges. LS-2 rates decrease because of the decrease (14%) in the energy charge, which is shown in the second worksheet. The third worksheet compares present and proposed energy and customer rates for Schedule TC-1.

I realize that all of this is somewhat abstract and when you look at the proposed rates and compare them to current rates it can be confusing. Therefore, more analysis is needed, and I have to review PG&E's workpapers, which I have requested. I will also need to talk with PG&E rate analysts.

Potential Issues of Interest to CAL-SLA

The following is a list of potential issues that CAL-SLA should consider for further analysis. The list is based on my review of PG&E's application and exhibits and what issues the Office of Ratepayer Advocates and intervenors have raised in other general rate cases. Needless to say, for every rate proposal that PG&E has offered, the Commission has in the past adopted another proposal in a prior case, and some intervenor has recommended an alternative method. PG&E has not proposed any "radical" rate design and has generally followed recent Commission's decisions, guidelines, and directions. The controversies will lie in their interpretation, the request probably from agricultural customers to change the rate design for agricultural schedules, and the allocation of revenue increases to the residential class and decreases to commercial and industrial customers.

- Calculation of marginal energy generation costs, using a forecast of wholesale energy prices. This method differs from what the CPUC has adopted in previous general rate cases.

- Calculation of marginal capacity generation costs, using a combustion turbine.

- Calculation of marginal distribution costs based on a forecast of distribution investments in 18 geographic diverse areas; the marginal distribution costs differ by area, especially between urban and agricultural.

- How to calculate marginal customer costs: whether to use the one-time hookup method or the rental method. Also, calculation of costs unique to hooking up a street light.

- How to measure the costs to hookup new customers, taking into the account the vastly different types of customers — residential, small commercial, industrial, agricultural, street lighting, etc.

- What costs, such as general administration, overhead, management, should be included in ongoing customer costs.

- Whether to use a different revenue allocation approach for different rate components.

- Allocating generation revenues less CTC revenues using marginal generation costs.

- How to allocate DWR power revenues. I expect intervenors representing large consumers will advocate using EPMC and marginal generation costs rather than continue with the equal-cents-per-kWh method proposed by PG&E.

- PG&E proposes really to not look at CTC rates. I believe other parties will want to analyze CTC rates and may recommend a new allocation. Right now and under PG&E's revenue allocation proposal, CTC costs are allocated to customers who fall within the 100 top hours of kW demand. On-peak users may want to spread CTC costs more evenly among PG&E's customers.

- Distribution revenue allocation will depend on marginal distribution costs and forecasts of kWh usage and kW demand by customer class.

- Revenue allocation mitigation and whether there should be any caps on percentage changes to any particular customer groups. In prior general rate cases, the CPUC has adopted caps, such as 5 percent, on any percentage change in a class' allocated revenues from current revenues. PG&E does not propose a cap, but some other party may. PG&E's proposed mitigation plan is unique and will take some more looking at.

- PG&E proposes to significantly increase customer charges, including Schedules LS-3 and TC-1, and these increases need to be investigated. The increases are due to the higher marginal customer costs.

- Street light energy rates are based on the amount of revenue allocated to the street light class. Generation and distribution revenue allocations are very important.

- Estimate of street light O&M costs. Use 1996 GRC or 2003 GRC method?

- Estimate of customer accounts expense. Use 1996 GRC or 2003 GRC method?

- Estimate of A&G expenses. Use 1996 GRC or 2003 GRC method?

- How much of customer accounts and A&G expenses should be allocated to customer-owned street lights and included in LS-2 rates.

- How much, if any, of the costs for common plant should be allocated to LS-1 and LS-2 customers.

- Check kWh estimates by lamp-type.

- Major overhaul of tariff special conditions applicable to street lighting.

- Major changes to rules on installing new street lights and the applicability of Rules 15 and 16 to street light installations.

As you can see, the GRC application generates a host of rate design issues. I believe it will also generate a lot of interest from ORA and consumer groups. I believe CAL-SLA should intervene in the GRC and be prepared to present expert witness testimony on subjects that impact local governments' electric accounts.

I will be sending another memo on PG&E's proposals to change rules and tariff schedules for street lighting. If you have any questions, feel free to contact me. There is a multitude of street light issues.

COMPARISON OF PRESENT WITH PROPOSED RATES
PACIFIC GAS & ELECTRIC COMPANY

APPLICATION 04-06-024
PG&E 2003 GENERAL RATE CASE -- PHASE 2

Present Rates: Effective June 17, 2004, Advice Letter 2515-E, Decision 04-05-055
Proposed Rates: Application, filed June 17, 2004, Exhibit PG&E-4

SCHEDULE LS-1 -- UTILITY-OWNED STREET AND HIGHWAY LIGHTING

Lamp Watts	kWh per Month	Avg. Lumens	Present June 17, 2004	Proposed October-05	Difference	Percent Change
			CLASS A			
HIGH PRESSURE SODIUM VAPOR						
120 Volts						
70	29	5800	$8.519	$10.446	$1.927	22.6%
100	41	9500	9.777	11.485	1.708	17.5%
150	60	16000	12.133	13.209	1.076	8.9%
240 Volts						
70	32	5800	N/A	$10.703		
200	81	22000	16.211	15.838	-0.373	-2.3%
250	100	27000	17.222	17.617	0.395	2.3%
400	154	46000	24.749	22.680	-2.069	-8.4%
MERCURY VAPOR						
100	40	3500	10.197	11.795	1.598	15.7%
175	68	7500	12.012	15.330	3.318	27.6%
250	97	11000	14.830	18.046	3.216	21.7%
400	152	21000	20.862	22.553	1.691	8.1%
700	266	37000	34.672	33.008	-1.664	-4.8%
INCANDESCENT						
58	20	600	10.420	15.467	5.047	48.4%
92	31	1000	11.518	15.330	3.812	33.1%
189	65	2500	14.905	18.046	3.141	21.1%
295	101	4000	18.595	22.553	3.958	21.3%
405	139	6000	22.883	33.008	10.125	44.2%

CLASS B

HIGH PRESSURE SODIUM VAPOR						
70	29	5800	No	No		
100	41	9500				
150	60	16000	Rates	Rates		
200	81	22000				
250	100	27000	Existing	Existing		
400	154	46000				
MERCURY VAPOR						
100	40	3500				
175	68	7500	9.891	11.108	1.217	12.3%
250	97	11000	12.791	13.558	0.767	6.0%
400	152	21000	18.508	18.047	-0.461	-2.5%
700	266	37000	31.531	28.361	-3.170	-10.1%
INCANDESCENT						
58	20	600				
92	31	1000				
189	65	2500	11.980	15.257	3.277	27.4%
295	101	4000	15.676	18.503	2.827	18.0%
405	139	6000				

CLASS C

HIGH PRESSURE SODIUM VAPOR						
70	29	5800	7.625	7.713	0.088	1.2%
100	41	9500	8.915	8.797	-0.118	-1.3%
150	60	16000	10.906	10.423	-0.483	-4.4%
200	81	22000	14.303	12.553	-1.750	-12.2%
250	100	27000	15.640	14.129	-1.511	-9.7%
400	154	46000	22.523	19.292	-3.231	-14.3%
MERCURY VAPOR						
100	40	3500	8.944	11.865	2.921	32.7%
175	68	7500	11.754	14.780	3.026	25.7%

CLASS D

HIGH PRESSURE SODIUM VAPOR						
70	29	5800	11.092	10.862	-0.230	-2.1%
100	41	9500	12.393	11.393	-1.000	-8.1%
150	60	16000	14.364	13.883	-0.481	-3.3%

CLASS E

HIGH PRESSURE SODIUM VAPOR						
70	29	5800	11.637	10.328	-1.309	-11.2%
100	41	9500	12.909	11.412	-1.497	-11.6%
150	60	16000	14.879	13.038	-1.841	-12.4%
200	81	22000	18.610	15.168	-3.442	-18.5%
250	100	27000	19.622	16.744	-2.878	-14.7%
400	154	46000	27.148	21.907	-5.241	-19.3%
MERCURY VAPOR						
175	68	7500	16.079	17.369	1.290	8.0%

CLASS F

HIGH PRESSURE SODIUM VAPOR						
70	29	5800	16.023	11.306	-4.717	-29.4%
100	41	9500	17.475	12.346	-5.129	-29.4%
150	60	16000	19.802	14.070	-5.732	-28.9%
200	81	22000	23.946	16.698	-7.248	-30.3%
250	100	27000	25.160	18.478	-6.682	-26.6%
400	154	46000	32.273	23.541	-8.732	-27.1%
MERCURY VAPOR						
175	68	7500	20.398	24.519	4.121	20.2%

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CLASS F.1

HIGH PRESSURE SODIUM VAPOR						
70	29	5800	15.494	11.306	-4.188	-27.0%
100	41	9500	16.979	12.346	-4.633	-27.3%
150	60	16000	19.261	14.070	-5.191	-27.0%
200	81	22000	23.124	16.698	-6.426	-27.8%
250	100	27000	24.472	18.478	-5.994	-24.5%
400	154	46000	31.465	23.541	-7.924	-25.2%
MERCURY VAPOR						
175	68	7500	19.333	24.519	5.186	26.8%

COMPARISON OF PRESENT WITH PROPOSED RATES
PACIFIC GAS & ELECTRIC COMPANY

APPLICATION 04-06-024
PG&E 2003 GENERAL RATE CASE -- PHASE 2

Present Rates: Effective June 17, 2004, Advice Letter 2515-E, Decision 04-05-055
Proposed Rates: Application, filed June 17, 2004, Exhibit PG&E-4

SCHEDULE LS-2 -- CUSTOMER-OWNED STREET & HIGHWAY LIGHTING

Lamp Watts	kWh per Month	Avg. Lumens	Present June 17, 2004	Proposed October-05	Difference	Percent Change
			CLASS A			
HIGH PRESSURE SODIUM VAPOR						
120 VOLTS						
35	15	2150		$1.640		
50	20	3800		2.069		
70	29	5800	$3.070	2.841	-$0.229	-7.5%
100	41	9500	4.267	3.785	-0.482	-11.3%
150	60	16000	6.163	5.500	-0.663	-10.8%
200	81	22000		7.302		
240 VOLTS						
50	22	3800		2.240		
70	34	5800	3.569	3.098	-0.471	-13.2%
100	47	9500	4.866	4.214	-0.652	-13.4%
150	69	16000	7.061	6.015	-1.046	-14.8%
200	81	22000	8.259	7.216	-1.043	-12.6%
250	100	25500	10.155	8.932	-1.223	-12.0%
310	119	37000	12.051	10.905	-1.146	-9.5%
400	154	46000	15.544	13.393	-2.151	-13.8%
LOW PRESSURE SODIUM VAPOR						
35	21	4800	2.271	2.155	-0.116	-5.1%
55	29	8000	3.070	2.841	-0.229	-7.5%
90	45	13500	4.666	4.214	-0.452	-9.7%
135	62	21500	6.363	5.672	-0.691	-10.9%
180	78	33000	7.960	7.045	-0.915	-11.5%
METAL HALIDE						
70	30	5500	3.210	3.098	-0.112	-3.5%
100	41	8500	4.323	3.956	-0.367	-8.5%
150	63	13500		3.956		
175	71	14000		6.444		
250	100	20500		8.932		
400	162	30000	16.342	13.994	-2.348	-14.4%
1000	387	90000	38.795	32.353	-6.442	-16.6%

MERCURY VAPOR

40	18	1300		1.897		
50	22	1650		2.240		
100	40	3500	4.167	3.785	-0.382	-9.2%
175	68	7500	6.962	6.272	-0.690	-9.9%
250	97	11000	9.856	8.846	-1.010	-10.2%
400	152	21000	15.344	13.307	-2.037	-13.3%
700	266	37000	26.720	22.401	-4.319	-16.2%
1000	377	57000	37.797	32.009	-5.788	-15.3%

INCANDESCENT

58	20	60		2.069		
92	31	1000	3.269	3.012	-0.257	-7.9%
189	65	2500	6.662	5.929	-0.733	-11.0%
295	101	4000	10.255	9.018	-1.237	-12.1%
405	139	6000	14.047	12.278	-1.769	-12.6%
620	212	10000	21.331	18.540	-2.791	-13.1%
860	294	15000	29.514	25.575	-3.939	-13.3%

CLASS B

HIGH PRESSURE SODIUM VAPOR

120 VOLTS

70	29	5800	4.028	5.156	1.128	28.0%
100	41	9500	5.253	6.107	0.854	16.3%
150	60	16000	7.177	7.823	0.646	9.0%

240 VOLTS

70	34	5800	4.527	5.413	0.886	19.6%
100	47	9500	5.852	6.536	0.684	11.7%
150	69	16000	8.075	8.337	0.262	3.2%
200	81	22000	9.272	9.533	0.261	2.8%
250	100	25500	11.196	11.254	0.058	0.5%
310	119	37000				
400	154	46000	16.584	15.710	-0.874	-5.3%

MERCURY VAPOR

100	40	3500	5.071	6.387	1.316	26.0%
175	68	7500	7.811	8.788	0.977	12.5%
250	97	11000	10.732	11.247	0.515	4.8%
400	152	21000	16.275	15.723	-0.552	-3.4%
700	266	37000	28.472	25.574	-2.898	-10.2%
1000	377	57000	39.248	35.258	-3.990	-10.2%

INCANDESCENT

92	31	1000	6.227	10.082	3.855	61.9%
189	65	2500	9.614	13.083	3.469	36.1%
295	101	4000	13.304	16.319	3.015	22.7%
405	139	6000	17.592	20.698	3.106	17.7%
620	212	10000	25.759	27.193	1.434	5.6%
860	294	15000	34.649	35.093	0.444	1.3%

CLASS C

HIGH PRESSURE SODIUM VAPOR						
120 VOLTS						
70	29	5800	4.486	5.453	0.967	21.6%
100	41	9500	5.710	6.404	0.694	12.2%
150	60	16000	7.634	8.120	0.486	6.4%
240 VOLTS						
70	34	5800	4.984	5.710	0.726	14.6%
100	47	9500	6.309	6.833	0.524	8.3%
150	69	16000	8.532	8.634	0.102	1.2%
200	81	22000	9.729	9.830	0.101	1.0%
250	100	25500	11.653	11.551	-0.102	-0.9%
310	119	37000				
400	154	46000	17.041	16.007	-1.034	-6.1%
MERCURY VAPOR						
100	40	3500	5.529	6.684	1.155	20.9%
175	68	7500	8.268	9.085	0.817	9.9%
250	97	11000	11.189	11.544	0.355	3.2%
400	152	21000	16.732	16.020	-0.712	-4.3%
700	266	37000	28.930	25.871	-3.059	-10.6%
1000	377	57000	39.705	35.555	-4.150	-10.5%
INCANDESCENT						
92	31	1000	6.684	10.379	3.695	55.3%
189	65	2500	10.071	13.380	3.309	32.9%
295	101	4000	13.761	16.616	2.855	20.7%
405	139	6000	18.049	20.995	2.946	16.3%
620	212	10000	26.216	27.490	1.274	4.9%
860	294	15000				

COMPARISON OF ADOPTED WITH PROPOSED RATES
PACIFIC GAS & ELECTRIC COMPANY

APPLICATION 04-06-024
PG&E 2003 GENERAL RATE CASE -- PHASE 2

Present Rates: Effective June 17, 2004, Advice Letter 2515-E, Decision 04-05-055
Proposed Rates: Application, filed June 17, 2004, Exhibit PG&E-4

SCHEDULE LS-3 -- CUSTOMER-OWNED STREET & HIGHWAY LIGHTING
ELECTROLIER METER RATE

	Present June 17, 2004	Proposed October-05	Difference	Percent Change
Service Charge ($/Meter/day)	0.09856	0.09856	0.00000	0.0%
Switching Charge ($/Circuit)	0.10678	0.10678	0.00000	0.0%
Total energy charge ($/kWh)	0.09979	0.08579	(0.01400)	-14.0%

COMPARISON OF PRESENT WITH PROPOSED RATES
PACIFIC GAS & ELECTRIC COMPANY

APPLICATION 04-06-024
PG&E 2003 GENERAL RATE CASE -- PHASE 2

Present Rates: Effective June 17, 2004, Advice Letter 2515-E, Decision 04-05-055
Proposed Rates: Application, filed June 17, 2004, Exhibit PG&E-4

TOTAL ENERGY RATES
($ per kWh)

Energy Rate Component	Present June 17, 2004	Proposed October-05	Difference	Percent Change
Generation	$0.05845	$0.05072	($0.00773)	-13.22%
Distribution	$0.02813	$0.01478	($0.01335)	-47.46%
Transmission	$0.00292	$0.00251	($0.00041)	-14.04%
Transmission rate adjustments	($0.00041)	$0.00000	$0.00041	-100.00%
Reliability services	$0.00167	$0.00167	$0.00000	0.00%
Public purpose programs	$0.00386	$0.00316	($0.00070)	-18.13%
Nuclear decommissioning	$0.00024	$0.00049	$0.00025	104.17%
DWR Bond	$0.00493	$0.00493	$0.00000	0.00%
RegAsset		$0.00597	$0.00597	
Ongoing CTC		$0.00156	$0.00156	
Total energy charge	$0.09979	$0.08579	($0.01400)	-14.03%

Note present rates in Exhibit PG&E-4 of the Application are different.
They include rates for Reg Asset and Ongoing CTC.
Rates for Distribution and Generation are lower.
The total energy rate is higher and is $0.10114.

COMPARISON OF PRESENT WITH PROPOSED RATES
PACIFIC GAS & ELECTRIC COMPANY

APPLICATION 04-06-024
PG&E 2003 GENERAL RATE CASE -- PHASE 2

Present Rates: Effective June 17, 2004, Advice Letter 2515-E, Decision 04-05-055
Proposed Rates: Application, filed June 17, 2004, Exhibit PG&E-4

SCHEDULE TC-1 -- TRAFFIC CONTROL SERVICES

	Present June 17, 2004	Proposed October-05	Difference	Percent Change
Energy Rate Components				
Generation	$0.03335	$0.05046	$0.01711	51.30%
Distribution	0.06810	0.01424	(0.05386)	-79.09%
Transmission	0.00744	0.00703	(0.00041)	-5.51%
Transmission rate adjustments	(0.00041)	0.00000	0.00041	-100.00%
Reliability services	0.00425	0.00425	0.00000	0.00%
Public purpose programs	0.00379	0.00296	(0.00083)	-21.90%
Nuclear decommissioning	0.00024	0.00045	0.00021	87.50%
DWR Bond	0.00493	0.00493	0.00000	0.00%
RegAsset		0.00597	0.00597	
Ongoing CTC		0.01158	0.01158	
Total energy rate	$0.12169	$0.10187	($0.01982)	-16.29%
Customer charge ($ per meter per day)	$0.26612	$0.39425	$0.12813	48.15%

Note present rates in Exhibit PG&E-4 of the Application are different.
They include rates for Reg Asset and Ongoing CTC.
Rates for Distribution and Generation are lower.
The total energy rate is higher and is $0.12266.