

August 2, 2001

**Advice 2149-E**

(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

**Subject: Memorandum Account to Track Costs of Restarting and  
the Kern Electric Generation Plant Facility**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariff sheets. The affected tariff sheets are listed on the enclosed Attachment I.<sup>1</sup>

**Purpose**

The purpose of this filing is to comply with Commission Decision (D.) 01-06-083, which grants PG&E's motion to establish a memorandum account to track costs associated with restoring, operating and maintaining the Kern electric generation plant (Kern Facility), and to add electric Preliminary Statement Part CD—*Kern Restoration and Operation Memorandum Account* (KROMA), to PG&E's tariffs. Specifically, the KROMA will be used to record any capital or non-capital expenses incurred by PG&E to restore the Kern Facility as required by D. 01-04-004.<sup>2</sup>

**Background**

On April 3, 2001, the Commission issued D. 01-04-004, denying PG&E's request to sell its Kern Facility to North American Power Group, Ltd. In its decision, the Commission determined the necessity for adding generation capacity at this time

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<sup>1</sup> PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

<sup>2</sup> The KROMA could also be used to track the revenues generated from any rate increase adopted by the Commission to finance the project. The preliminary statement attached to this filing does not provide for tracking such revenues, but will be modified upon Commission approval of a rate increase for the restart and operation of the Kern Facility.

and directed PG&E to restart the facility as soon as reasonably possible. On May 8, 2001, the Commission issued an Assigned Commissioner's Ruling directing PG&E to apply by motion for a memorandum account to track costs for restoring and operating the facility. On May 16, 2001, PG&E filed its motion. On June 28, 2001, the Commission issued D. 01-06-083, authorizing PG&E to establish a memorandum account to exclusively record costs directly related to the restarting and operating of the Kern Facility, and that such costs may be allowed, subject to "just and reasonable" review (Order 1, p.4).

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other rate schedules of rules.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing, which is **August 22, 2001**. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, CA 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Les Guliasi  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177  
Facsimile: (415) 973-7226

### **Effective Date**

In accordance with D. 01-06-083, PG&E requests that the attached tariffs become effective one day from the date of this filing, which is **August 3, 2001**.

**Notice**

In accordance with Section III, Paragraph G, of General Order 96-A, PG&E is mailing copies of this advice letter to the utilities and interested parties shown on the attached list, and the parties on the service list for A. 00-05-031. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments

cc: Service List – A. 00-05-031 (via electronic mail)



PRELIMINARY STATEMENT

(Continued)

CD. KERN RESTORATION AND OPERATION MEMORANDUM ACCOUNT (KROMA)

1. PURPOSE: The purpose of the KROMA is to track the costs associated with restoring, operating and maintaining the Kern Facility electric generation plant. (N)  
 Descriptions of the terms and definitions used in this section are found in Rule 1. |
2. APPLICABILITY: The KROMA balance will be recovered from all customer classes, except those specifically excluded by the CPUC. |
3. REVISION DATE: Disposition of amounts in this account shall be determined in the Revenue Allocation Proceeding, or other proceeding as authorized by the Commission. |
4. RATES: The KROMA does not currently have a rate component. |
5. ACCOUNTING PROCEDURE: Upon recognition of any capital or non-capital expenses incurred by Pacific Gas and Electric Company to restore the Kern Facility, PG&E shall maintain the KROMA from the date of the expense by making entries to this account at the end of each month as follows: |
  - a. A debit entry equal to the capital expenses incurred to restore the Kern Facility to operating status and to keep it operating. |
  - b. A debit entry equal to the operating and maintenance expenses, including administrative and general expenses, incurred to restore, operate and maintain the Kern Facility. |
  - c. A credit entry to transfer all or a portion of the balance in this KROMA to other accounts for future rate recovery, as may be approved by the CPUC. |
  - d. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from CD.5.a through CD.5.c, above, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor. |
6. FINANCIAL REPORTING: PG&E may, at its discretion, record the balance in the KROMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary. (N)



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Part AN	Diablo Canyon Property Tax Balancing Account.....	14432-E
Part AO	Diablo Canyon Audit Costs Memorandum Account.....	14433-E
Part AP	Real Property Sales Memorandum Account.....	14436-E
Part AQ	Reduced Return on Equity Memorandum Account.....	14449-E
Part AR	1997 Rate Design Window Shareholder Participation Memorandum Account.....	14723-E
Part AS	Fixed Transition Amount Charge.....	14794,17662-E
Part AT	Rate Reduction Bond Memorandum Account.....	14796,14797-E
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account.....	14837-E
Part AV	Transition Cost Balancing Account.....	14983 to 14990,16177,16178, 16618,16619,16620,14995,15723,15724,15725,14998 to 15001,16621,16622,16623-E
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Part AY	Non-Must-Run Fossil Plant Memorandum Account.....	15727,15011-E
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Part BA	Divestiture Bonus Return on Equity Memorandum Account.....	15015,15016-E
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