



**Pacific Gas and  
Electric Company**

**Karen A. Tomcala**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1065  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10A  
P.O. Box 770000  
San Francisco, CA 94177

415.972.5209  
Internal: 222.5209  
Fax: 415.972.5625  
Internet: KAT5@pge.com

September 24, 2003

**Advice 2426-E**  
**(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: In Compliance with General Order 96-A, Section X.B., Electric Rule 20.A. Allowance Exemption**

Pacific Gas and Electric Company (PG&E) hereby submits for filing in accordance with General Order 96-A, Section X.B., a special agreement with the City of Mill Valley (the City) wherein PG&E will provide the City with a one-time exemption to Section A.2.e. of electric Rule 20 – *Replacement of Overhead with Underground Electric Facilities.*<sup>1</sup>

**Purpose**

The purpose of Advice 2426-E is to notify the Commission that PG&E has agreed to extend the electric Rule 20.A. "borrowing" beyond the five years allowed in the tariff in order to begin construction of the East Blithedale Undergrounding Project in the City of Mill Valley.

The City Council of the City of Mill Valley has approved the East Blithedale Undergrounding Project and PG&E has verified that this project is eligible for ratepayer funding under the provisions of PG&E's electric Rule 20.A.1. This project has been in the planning process for a number of years and the City now recognizes that the cost of completing the project will be well in excess of electric Rule 20.A. undergrounding allowances currently available for such work. Under provisions of the Rule, the City may, in addition to their accumulated allowances, borrow against future allowances that will become available over the next five years. However, as described below, the East Blithedale project will require, in addition to the City's accumulated allocations, approximately eight years (total) of future allocations. To avoid further delay for this long-anticipated project, the City

---

<sup>1</sup> The Company 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, the Company 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.

of Mill Valley has requested that the City be allowed to borrow forward more than five years on their allocation in order to begin work on the East Blithedale Undergrounding Project as soon as practicable.

As described below, it is PG&E's practice to look at all requests for underground project borrowing on a case-by-case basis to determine whether additional project participation would be in the overall best interest of PG&E's ongoing construction and maintenance programs, the party making the request, and other electric Rule 20 project participants. PG&E's primary considerations include: (1) adequacy of PG&E's local (Division) construction and expense budgets; (2) local availability of physical crews and equipment to timely complete the project; (3) protection of the Company's primary mission to provide safe and reliable service; (4) the likelihood of certain project administration advantages or scale economies from the expanded project scope that would not be available if the project were split into two or more smaller projects; (5) minimizing disruption to public transit or important transportation corridors; and (6) that the additional borrowing and PG&E's commitment to the expanded project scope and compressed construction schedule will not adversely affect current electric Rule 20.A. projects, either locally or in other cities or counties in PG&E's service territory. These considerations apply with even greater force where, as here, the city seeks to borrow against future electric Rule 20.A. allocations beyond the five-year period permitted in the tariff and a tariff waiver is, therefore, required.

Based on close evaluation of the unique factors present in this project, PG&E believes that the criteria described above have been satisfied in this case and PG&E has informed the City of Mill Valley that it will notify the Commission pursuant to General Order 96-A and will move forward with construction of the East Blithedale Underground Project as soon as practicable.

### **Background**

The City and PG&E began planning for the East Blithedale Undergrounding Project in 1997. The resolution on this project was passed by the City Council in 2000 based on a 1996 preliminary estimate of about \$1 million for the work. At that time, the City had accumulated allocations of approximately \$600,000. Using the preliminary estimate, the City and PG&E believed that the accumulated electric Rule 20.A. allocations and allowable borrowing would be sufficient for the project.

As the composite designs, including designs for all other utilities, and final engineering neared completion in early 2003, it became apparent that due to the unique nature of this street (the main access for City residents to Highway 101) and the mainline electrical system it supports, the total cost of this project would be about \$1.9 million – significantly higher than the \$1 million preliminary estimate discussed with the City.

In 2003, the City's accumulated electric Rule 20.A. allocations equal about \$810,000. Its annual allocation is approximately \$125,000. With allowable "borrowing" (five times current allocations), PG&E can begin work on a project for the City of approximately \$1.4 million (\$810,000 plus \$625,000).

Based on the final estimate, the City would need to either: (1) wait another four years to start work on the East Blithedale project; (2) split the project into two phases with a five-year delay in between; or (3) borrow eight years of annual allocations to be able start work now. Given that the City has an active undergrounding program and that planning on this project began in 1997, that the additional and unanticipated costs are associated with the special work area protection and reduced working hours necessary to maintain traffic flow along this vital transportation link, that project administration will actually benefit from completing the project in a single phase, that local work crews are available, that expanding this project will not adversely affect PG&E's ability to maintain safe reliable service nor slow the pace of other undergrounding projects in the area, PG&E believes that it is reasonable to allow additional borrowing in order to avoid additional delay. PG&E has informed the City of this determination.

This tariff deviation represents a one-time exemption. The City acknowledges that it will not be able to begin another electric Rule 20.A. underground project until approximately 2012. This exemption supports the planning endeavors of local government and is in the spirit of the electric Rule 20.A. program to benefit local communities who have come to consensus on how they wish to use their allowances consistent with the electric Rule 20.A. criteria. This exemption also represents good management of the City's electric Rule 20.A. plan and is expected to achieve reasonable economies of scale. Further, commencement of work now will not place unreasonable strain on PG&E's local construction resources nor delay other current projects.

This filing will not increase any rate of charge; cause the withdrawal of service, or conflict with any rate schedule or rule.

### Protests

Anyone wishing to protest this filing may do so by sending a letter by **October 13, 2003**, which is 20 days from the date of this filing. 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:

September 24, 2003

IMC Branch Chief – Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov)

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below:

Pacific Gas and Electric Company  
Attention: Brian K. Cherry  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: [RxDd@pge.com](mailto:RxDd@pge.com)

**Effective Date**

In accordance with Section X.B. of General Order 96-A, PG&E requests that this advice filing be approved effective on the date filed, **September 24, 2003**.

**Notice**

In accordance with Section X.B. of General Order 96-A, PG&E notifies all interested parties, electronically and via U.S. mail, that this advice filing shall be implemented effective on the date filed, September 24, 2003. Address changes should be directed to Sandra Ciach at (415) 973-7572. 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/)

*Karen A. Tomcala /snc*

Vice President - Regulatory Relations

Attachments

**PG&E Electric Advice Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool  
ACN Energy, Inc.  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Alcantar & Elsesser  
Anderson Donovan & Poole P.C.  
Applied Power Technologies  
APS Energy Services Co Inc  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Bartle Wells Associates  
Blue Ridge Gas  
Bohannon Development Co  
BP Energy Company  
Braun & Associates  
C & H Sugar Co.  
CA Bldg Industry Association  
CA Cotton Ginners & Growers Assoc.  
CA League of Food Processors  
CA Water Service Group  
California Energy Commission  
California Farm Bureau Federation  
California ISO  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
CanAm Energy  
Cardinal Cogen  
Cellnet Data Systems  
Childress, David A.  
City of Glendale  
City of Healdsburg  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Constellation New Energy  
CPUC  
Creative Technology  
Crossborder Inc  
CSC Energy Services  
Davis, Wright Tremaine LLP  
Davis, Wright, Tremaine, LLP  
Defense Fuel Support Center  
Department of the Army  
Department of Water & Power City  
Dept of the Air Force  
DGS Natural Gas Services  
DMM Customer Services  
Downey, Brand, Seymour & Rohwer

Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Enron Energy Services  
Exeter Associates  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
GLJ Energy Publications  
Goodin, MacBride, Squeri, Schlotz &  
Grueneich Resource Advocates  
Hanna & Morton  
Heeg, Peggy A.  
Hogan Manufacturing, Inc  
House, Lon  
Imperial Irrigation District  
Integrated Utility Consulting Group  
International Power Technology  
J. R. Wood, Inc  
JTM, Inc  
Kaiser Cement Corp  
Korea Elec Power Corp  
Marcus, David  
Masonite Corporation  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Meyer, Joseph  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmiller & Assoc.  
New United Motor Mfg, Inc  
Norris & Wong Associates  
North Coast Solar Resources  
Northern California Power Agency  
Occidental Energy Marketing  
PG&E National Energy Group  
Pinnacle CNG Company  
PPL EnergyPlus, LLC  
Price, Roy  
Product Development Dept  
Provost Pritchard  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar

Sacramento Municipal Utility District  
SCD Energy Solutions  
Seattle City Light  
Sempra  
Sempra Energy  
Sequoia Union HS Dist  
SESCO  
Sierra Pacific Power Company  
Silicon Valley Power  
Simpson Paper Company  
Smurfit Stone Container Corp  
Southern California Edison  
SPURR  
St. Paul Assoc  
Stanford University  
Sutherland, Asbill & Brennan  
Tabors Caramanis & Associates  
Tansev and Associates  
Tecogen, Inc  
TFS Energy  
TJ Cross Engineers  
Transwestern Pipeline Co  
Turlock Irrigation District  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA