

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



February 14, 2005

Advice Letter 2589-E

Rose de la Torre  
Pacific Gas & Electric  
77 Beale Street, Room 1088  
Mail Code B10C  
San Francisco, CA 94105

Subject: System safety and reliability enhancement funds balancing account

Dear Ms de la Torre:

Advice Letter 2589-E is effective December 29, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher, Director  
Energy Division



**Pacific Gas and  
Electric Company**

**Brian K. Cherry**  
Director  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Internal: 223.4977  
Fax: 415.973.7226  
Cellular: 415.517.5067  
Internet: BKC7@pge.com

November 19, 2004

**REVISED**

**Advice 2589-E  
(Pacific Gas and Electric Company ID U39 E)**

Public Utilities Commission of the State of California (CPUC)

**Subject: System Safety and Reliability Enhancement Funds Balancing  
Account**

Pacific Gas and Electric Company (PG&E) hereby submits for filing its report on the status of payments from joint pole owners for pole test and treat costs incurred in 1997 and 1998.

**Background**

In Decision (D.) 04-09-020, the Commission ordered that:

PG&E shall file an Advice Letter detailing the current status of payments from joint pole owners for work performed in 1997 and 1998, and should actively seek reimbursement of costs from such joint pole owners. To the extent that PG&E receives reimbursement from joint pole owners, such funds shall be tracked in a memorandum account and credited to ratepayers. (D.04-09-020, Ordering Paragraph 2)

During the time that Application (A.) 99-03-039 was before the Commission, PG&E reached agreement with Pacific Bell (now SBC) regarding compensation by Pacific Bell to PG&E for pole test and treat work performed from January 1, 1998, through the end of 2004. This agreement was memorialized by a Memorandum of Understanding (MOU) dated March 16, 1999. See Attachment I.

Pursuant to the MOU, Pacific Bell agreed to pay PG&E \$16.50 for each pole inspected in the test and treat program, excluding the poles newer than 10 years, estimated as 10% of the number of jointly owned poles. Payment was to be made in equal installments of \$1.493 million per year from 1999 through 2004.

For pole test and treat work performed by PG&E in 1998 on jointly owned poles, Pacific Bell paid PG&E \$1.692 million (113,943 poles x .90 x \$16.50 per pole).

To credit this amount of other operating revenues to ratepayers, PG&E proposes to record a credit of \$1.692 million to the Distribution Revenue Adjustment

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **December 9, 2004**, 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:

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**

PG&E requests that this advice filing become effective **December 29, 2004**, which is 40 days from the date of this filing.

**Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this Advice Letter is being sent electronically and via U.S. mail to parties shown on the attached list and to the Service List A.99-03-039. Address changes should

be directed to Rose De La Torre at (415) 973-4716. Advice Letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

*Brian K. Cherry*

Director - Regulatory Relations

Attachments

cc: Service List A. 99-03-039

T+T MSU

RECEIVED  
SHAN BHATTACHARYA

MAR 23 1999

March 16, 1999

Shan Bhattacharya  
Pacific Gas and Electric  
Vice President, Distribution Engineering and Planning  
123 Mission Street, Room 1525  
San Francisco, California 94105

cc: GLL  
J. Green  
L. Vincent

4/5/99 - signed copy sent  
to Byron McDaniel

Re: Test and Treat Program

Dear Mr. Bhattacharya:

This Memorandum of Understanding reflects a conceptual agreement reached between PG&E and Pacific Bell on the test and treat program. PG&E shall submit a draft agreement to Pacific Bell by PG&E within thirty (30) days of execution of this letter. Pacific Bell shall review the draft agreement, and within ten (10) days of its receipt, shall submit any proposed modifications to PG&E. The draft agreement will address:

1. Completion of the existing test and treat cycle; and
2. Future test and treat cycles. (Market conditions can fluctuate/change which may dictate a need to modify this agreement accordingly.)

#### Completion of the Existing Test and Treat Cycle

- Both parties agree to collectively approach the CPUC to request the extension of the existing test and treat cycle from 2001 to 2004.
- Pacific Bell will compensate PG&E for test and treat work performed, prorated over the remaining life of the existing cycle. This amount will be based on the total jointly owned poles by PG&E and Pacific Bell that have been part of the test and treat program for the existing cycle, less prior payments by Pacific Bell. All costs will be shared proportionate to the number of parties having ownership in the poles being tested. (See Attachment A).

#### Future Test and Treat Cycle

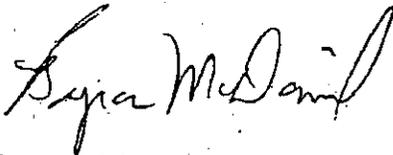
- The next test and treat cycle will not start until the completion of the existing cycle.
- Both parties agree that testing and treating of utility poles should be conducted on a 10-year cycle.

Shan Bhattacharya  
March 16, 1999  
Page 2

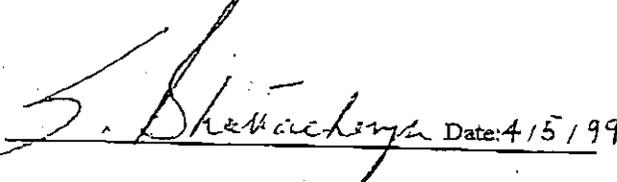
- Both parties will participate in the awarding of bids for contractors to perform test and treat work and associated administrative costs for awarding the contract(s).
- Payment will be made by Pacific Bell to PG&E for testing and treating PG&E and Pacific Bell jointly owned utility poles. Payments are to be made no later than December 1<sup>st</sup> of each year within the cycle. Total costs for testing and treating will be shared equally between all joint owners; e.g., half if two (2) owners, third if three (3) owners, etc. This amount includes all administrative costs and will be prorated over the 10-year cycle in equal payments.
- Actual costs for poles tested and treated will be trued-up at the conclusion of the cycle. During a cycle the parties may, at the request of either party, adjust the annual costs based on bids for new test and treat contracts.
- New cycle costs will be based on actual joint pole quantity and actual contractor bid prices.

As always, feel free to give me a call if you have any questions.

Sincerely,



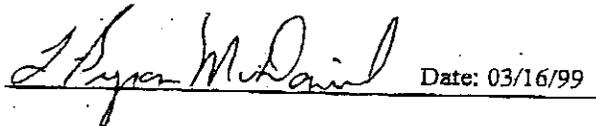
Byron McDaniel  
General Manager  
Construction & Engineering



Date: 4/15/99

VP-Distribution Engr & Planning  
TITLE

Pacific Gas & Electric



Date: 03/16/99

General Manager, C&E  
TITLE

Pacific Bell

## STATISTICS OF EXISTING TEST AND TREAT CYCLE

• Total jointly owned poles between PG&E and Pacific Bell as reported to the NCJPA by Pacific Bell.	<u>1,026,805</u>
• PG&E and Pacific Bell Joint poles tested and treated 1995-1997	423,723
• PG&E and Pacific Bell joint poles tested and treated 1998	113,943 -
• PG&E and Pacific Bell joint poles remaining 1999 through completion	489,139 -
• Based on the concept that PG&E and Pacific Bell can negotiate with the CPUC to move the existing cycle to 2004, the cost to Pacific Bell to complete the existing cycle including 1998 test and treat	\$1,492,628*

- \*  $603,082 - 10\%$  (poles newer than 10 years)  $60,308 = 542,774$  joint poles x  $\$16.50$  (1/2 average cost of \$33.00 per pole) =  $\$8,955,771/6$  years =  $\$1,492,628$  per year. This is the equivalent of 90,462 joint poles per year for the remainder of the cycle.

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

ABAG Power Pool  
Accent Energy  
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 Gas Acquisition Svcs  
California ISO  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
Cardinal Cogen  
Cellnet Data Systems  
Chevron Texaco  
Chevron USA Production Co.  
Childress, David A.  
City of Glendale  
City of Healdsburg  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Constellation New Energy  
Cooperative Community Energy  
CPUC  
Creative Technology  
Cross Border Inc  
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  
Douglass & Liddell  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Energy Management Services, LLC  
Enron Energy Services  
Exelon Energy Ohio, Inc  
Exeter Associates  
Foster Farms  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
G. A. Krause & Assoc  
Gas Transmission Northwest Corporation  
GLJ Energy Publications  
Goodin, MacBride, Squeri, Schlotz &  
Hanna & Morton  
Heeg, Peggy A.  
Hogan Manufacturing, Inc  
House, Lon  
Imperial Irrigation District  
Integrated Utility Consulting Group  
International Power Technology  
Interstate Gas Services, Inc.  
J. R. Wood, Inc  
JTM, Inc  
Kaiser Cement Corp  
Korea Elec Power Corp  
Luce, Forward, Hamilton & Scripps  
Marcus, David  
Masonite Corporation  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmiller & Assoc.  
Navigant Consulting  
New United Motor Mfg, Inc  
Norris & Wong Associates  
North Coast Solar Resources  
Northern California Power Agency  
Office of Energy Assessments  
Palo Alto Muni Utilities  
PG&E National Energy Group  
Pinnacle CNG Company  
PITCO  
Plurimi, Inc.  
PPL EnergyPlus, LLC  
Praxair, Inc.  
Price, Roy  
Product Development Dept  
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  
U S Borax, Inc  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA