

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 27, 2009

**Advice Letter 3387-E**

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Request Approval to Establish the Land Conservation Plan  
Environmental Remediation Memorandum Account (LCPERMA),  
per Commission D.08-11-043**

Dear Mr. Cherry:

Advice Letter 3387-E is effective February 1, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.7226

December 22, 2008

**Advice 3387-E**

Pacific Gas and Electric Company (U 39 E)

Public Utilities Commission of the State of California

**Subject: Request Approval to Establish the Land Conservation Plan  
Environmental Remediation Memorandum Account (LCPERMA),  
Per Commission Decision 08-11-043**

**Purpose**

Pacific Gas & Electric Company (PG&E) submits this advice letter in compliance with Ordering Paragraph 7 (OP 7) of the California Public Utilities Commission (CPUC or Commission) Decision (D.) 08-11-043 issued November 21, 2008 approving, with modifications, the all-party Settlement Agreement between PG&E, the Division of Ratepayer Advocates (DRA), County of Plumas, Bucks Lake Homeowners Association, et. al., Mr. David Albrecht, and Ms. Alice Rothlind in Application 08-04-020 (A.08-04-020). In this advice letter, PG&E requests “to include the Land Conservation Plan Environmental Remediation Account in its Preliminary Statement,” consistent with the adopted Settlement and Appendix B of D.08-11-043 OP 7.

**Background**

In A.08-04-020, PG&E requested approval under Public Utilities Code Section 851 for (1) a streamlined procedure to convey/encumber certain properties and (2) a memorandum account to track potential environmental remediation costs and recovery of such costs pursuant to the bankruptcy modified Settlement Agreement. PG&E specifically requested that the Commission approve a memorandum account to track costs for potential hazardous waste or hazardous substance mitigation or remediation relating to properties under the Land Conservation Plan (LCP)—referred to as the Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA)—and approve a process for the recovery of such costs in rates, consistent with the terms of the all-party Settlement Agreement and Section 12(f) of the Bankruptcy Settlement and

Stipulation adopted in D.03-12-035.

The all-party Settlement Agreement set forth the language in the LCPERMA Preliminary Statement, clarifying the types of eligible and ineligible costs to be recorded in the memorandum account and specifying that actual costs recorded in the LCPERMA will be recovered by the means of PG&E's existing Annual Electric True-up proceeding (AET), which provides for an annual Energy Division audit and is subject to protests by any party. The LCPERMA Preliminary Statement is provided herein as Attachment 1.

In addition, the parties also agreed that PG&E would provide a notice to the Program Manager of DRA's Electricity Pricing and Customer Program Branch within 30 days of the end of the month when total LCPERMA costs for any given calendar year exceed \$5 million. If such notice is provided for any given calendar year, then concurrent with its AET update filing in December of that calendar year, PG&E will also provide DRA with the AET workpapers pertaining to the LCPERMA costs. Such workpapers shall include a list of the types of costs and actions taken, as well as a list of the projects and/or properties involved. Consistent with the Bankruptcy Settlement and Stipulation adopted in D.03-12-035, the purpose of this notice and the Commission's AET audit review is to determine whether the LCPERMA costs have been properly accounted for by the utility and to verify that the reported costs are not already being recovered in rates.

### **Establishment of the LCPERMA**

In Decision 08-11-043, the CPUC finds "that the provisions of the LCPERMA are reasonable and consistent with the Bankruptcy Settlement and Stipulation" and thus, adopts it (page 25 and Findings of Fact 17, pages 38-39).

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by January 12, 2009, which is 21<sup>1</sup> 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:

---

<sup>1</sup> The 20 day protest period concludes on a weekend. PG&E extends the deadline to the following business day.

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission.

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

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

**Effective Date:**

PG&E requests that this advice filing be approved as soon as possible, with the effective date of **January 1, 2009**. PG&E submits this as a Tier 1 filing.

**Notice:**

In accordance with General Order 96-B, Section IV, a copy of this advice letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for Rulemaking 97-04-011/Investigation 97-04-012. Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

A handwritten signature in black ink, appearing to read "Brian K. Cherry". The signature is written in a cursive, somewhat stylized font.

Brian K. Cherry  
Vice President - Regulatory Relations

cc: Service List for Rulemaking 97-04-011/Investigation 97-04-012.  
Service List for Application 08-04-020.

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail : DXPU@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3387-E

Tier: [1]

Subject of AL: Request Approval to Establish the Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA), Per Commission Decision 08-11-043

Keywords (choose from CPUC listing): land Conservation Plan

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.08-11-043

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Resolution Required?  Yes  No

Requested effective date: 1/1/2009

No. of tariff sheets: 3

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement Part EZ

**Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

[jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Pacific Gas and Electric Company

Attn: Brian K. Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**Cal P.U.C.  
Sheet No.**

**Title of Sheet**

**Cancelling Cal  
P.U.C. Sheet No.**

---

27881-E      ELECTRIC PRELIMINARY STATEMENT PART  
EZ  
LAND CONSERVATION PLAN ENVIROMENTAL  
REMEDATION MEMORANDUM ACCOUNT  
Sheet 1

27882-E      ELECTRIC TABLE OF CONTENTS  
Sheet 1

27883-E      ELECTRIC TABLE OF CONTENTS  
PRELIMINARY STATEMENT  
Sheet 9

27879-E



**ELECTRIC PRELIMINARY STATEMENT PART EZ**  
**LAND CONSERVATION PLAN ENVIRONMENTAL REMEDIATION**  
**MEMORANDUM ACCOUNT**

Sheet 1

1. **PURPOSE:** The purpose of the LCPERMA is to record and recover hazardous substance investigation, remediation, or mitigation costs incurred by PG&E related to properties which will be or are encumbered or transferred pursuant to the Land Conservation Commitment (consistent with D.03-12-035). These costs may include, for example: investigation costs, remediation costs, monitoring costs, closure costs, agency oversight fees, permit fees, hazardous waste taxes, and costs to pursue, defend or pay claims relating to hazardous substance remediation or mitigation (provided that recoveries from third parties due to any such PG&E claims shall be recorded as a credit to the LCPERMA).

(N)

However, PG&E may not record into the LCPERMA the following costs related to the investigation, remediation, or mitigation of hazardous substances on properties subject to the Land Conservation Commitment: fines or penalties, personal injury damages, or costs of defending personal injury lawsuits related to environmental liabilities or hazardous substances that may be found on these properties. In addition, PG&E may not record into the LCPERMA costs that are otherwise being recovered in rates.

2. **APPLICABILITY:** The LCPERMA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. **REVISION DATE:** Disposition of the balance in the account shall be through the Annual Electric True-Up (AET) advice letter process via the Utility Generation Balancing Account (UGBA), its successor, or another proceeding as authorized by the Commission.

4. **LCPERMA RATES:** The LCPERMA does not have a rate component.

5. **ACCOUNTING PROCEDURE:** PG&E shall make the following entries to the LCPERMA:

- a. A monthly debit entry equal to environmental remediation or mitigation costs associated with the encumbrance or disposition of properties under the Land Conservation Plan.
- b. A monthly debit entry equal to interest on the average balance in the LCPERMA at the beginning of the month and the balance at the end of the month, at a rate equal to one-twelfth the interest rate on a three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
- c. A credit entry, if applicable, for recoveries from third parties due to any such PG&E claims relating to hazardous substance remediation or mitigation.
- d. An annual credit entry to transfer the balance to the UGBA, or another mechanism as authorized by the Commission, for recovery in rates.

(N)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
	Title Page .....	27882-E	(T)
	Rate Schedules .....	27813,27814,27757,27815,27491,27663,27542-E	
	Preliminary Statements .....	27816,27817,27818,27883-E	(T)
	Rules .....	27820-E	
	Sample Forms .....	27821,27583,27822,27823,24958,227824,26295,25059-E	

(Continued)

Advice Letter No: 3387-E  
 Decision No. 08-11-043

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulatory Relations

Date Filed December 22, 2008  
 Effective February 1, 2009  
 Resolution No. \_\_\_\_\_



**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 9

<b>PART</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>
<b>Preliminary Statements</b>		
Part EA	Internal Combustion Conversion Incentives Balancing Account.....	23642-E
Part EC	Demand Response Expenditures Balancing Account (DREBA).....	27867, 27868-E
Part ED	Demand Response Revenue Balancing Account (DRRBA).....	27869-E
Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM) .....	25392-E
Part EH	Negative Indifference Amount Memorandum Account (NIAMA).....	25088-E
Part EI	SmartMeter Project Balancing Account - Electric .....	25141-25142-E
Part EJ	Pension Contribution Balancing Account.....	26297,25228-E
Part EK	Land Conservation Plan Implementation Account (LCPIA) .....	26324-E
Part EL	Renewables Portfolio Standard Cost Memorandum Account.....	27643-E
Part EM	ClimateSmart Balancing Account .....	26098-E
Part EN	British Columbia Renewable Study Balancing Account.....	28041-E (T)
Part EO	California Solar Initiative Balancing Account .....	26211-26213-E
Part EP	Market Redesign and Technology Upgrade Memorandum Account .....	27623, 27624-E
Part EQ	Humboldt Bay Power Plant Memorandum Account.....	26307,26308-E
Part ER	Air Conditioning Tracking Memorandum Account .....	26721 -E
Part EV	Air Conditioning Expenditures Balancing Account.....	27297-E
Part EW	Long-Term Procurement Plan Technical Assistance Memorandum Account.....	27311-E
Part EX	Dynamic Pricing Memorandum Account.....	27667-27669-E
Part EY	Energy Efficiency 2009-2011 Memorandum Account.....	27827-E
Part EZ	Land Conservation Plan Environmental Remediation Memorandum Account .....	27881-E
Part FA	Gateway Settlement Balancing Account.....	28019-E

(Continued)

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
Cameron McKenna	Imperial Irrigation District	St. Paul Assoc.
Cardinal Cogen	Innercite	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Cerox	Intestate Gas Services, Inc.	TFS Energy
Chamberlain, Eric	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chevron Company	JTM, Inc.	Tecogen, Inc.
Chris, King	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of Palo Alto	MBMC, Inc.	TransCanada
City of San Jose	MRW & Associates	Turlock Irrigation District
Clean Energy Fuels	Manatt Phelps Phillips	U S Borax, Inc.
Coast Economic Consulting	Matthew V. Brady & Associates	United Cogen
Commerce Energy	McKenzie & Associates	Utility Cost Management
Commercial Energy	Meek, Daniel W.	Utility Resource Network
Constellation	Merced Irrigation District	Utility Specialists
Constellation New Energy	Mirant	Vandenberg Air Force
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
		White & Case
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	