

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 5, 2009

Advice Letter 3523-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 to Establish the Fire Hazard Prevention Memorandum Account (FHPMA), Pursuant to Decision 09-08-029 in Phase 1 of Rulemaking 08-11-005

Dear Mr. Cherry:

Advice Letter 3523-E is effective August 20, 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

September 10, 2009

Advice 3523-E

Pacific Gas and Electric Company (U 39 E)

Public Utilities Commission of the State of California

Subject: Request to Establish the Fire Hazard Prevention Memorandum Account (FHPMA), Pursuant to Decision 09-08-029 in Phase 1 of Rulemaking 08-11-005

Pacific Gas and Electric Company (PG&E) hereby submit for approval revisions to its electric tariffs. The FHPMA Preliminary Statement is provided herein as Attachment 1.

Purpose

The purpose of this advice filing is to establish a Fire Hazard Prevention Memorandum Account (FHPMA), in compliance with Ordering Paragraph 7 of Decision (D.) 09-08-029, to record costs related to the implementation of fire hazard prevention measures as adopted in D.09-08-029. The function of the FHPMA is to record costs associated with fire hazard prevention measures that have not been previously authorized for recovery in PG&E's General Rate Case (GRC) or other regulatory proceedings in order to avoid retroactive ratemaking.

Background

On November 13, 2008, the Commission initiated Rulemaking (R.) 08-11-005 - *Order Instituting Rulemaking to Revise and Clarify the Commission Regulations Relating to the Safety of Electric Utility and Communications Infrastructure Provider Facilities*, to consider revising and clarifying the Commission's regulations designed to protect the public from potential hazards, including fires, which may be caused by electric utility lines or communications infrastructure providers' facilities in proximity to overhead electric lines. The OIR was opened to consider whether to clarify existing requirements, revise portions of General Orders (GO) 95, 128 and 165, and/or to establish new rules applicable to utilities operating in California, including publicly owned and communications utilities.

The preliminary scope for the proceeding identified the following issues for consideration: 1) immediate reporting of fire-related incidents/full cooperation with Commission staff; 2) applying GO 165 or similar maintenance/inspection requirements to all communications providers and electric transmission facilities; 3) pole overloading; 4) prompt reporting/resolution of hazards and violations that one pole occupant may observe in another pole occupant's facilities; 5) vegetation management in high-risk fire areas; and 6) mitigating of wildfire ignition in high wind areas.

On January 6, 2009, the Assigned Commissioner issued a ruling and scoping memo (ACR), which split the proceeding into two phases. The first phase was to consider measures to reduce fire hazards that could be implemented before the 2009 autumn fire season in southern California; the second phase would address measures that require more time to consider and implement.

On August 25, 2009, the Commission approved Phase 1 in D.09-08-029, which: 1) ordered California electric and communications utilities to implement certain measures for electric utility lines and related communication facilities that would help reduce fire hazards in Southern California before the start of the 2009 fall fire season; 2) adopted some statewide safety measures; and 3) directed all entities subject to the new directives to take all reasonable measures to begin implementation of those directives.

The Commission also found that each cost-of-service regulated utility is entitled to recover reasonable costs prudently incurred to comply with the measures adopted. The Commission's decision emphasized that not all costs incurred to comply with the revised rules will be automatically assumed to be reasonable but that, after the Commission verifies the reasonableness of costs, recovery will be permitted. In Ordering Paragraph No. 7, the Commission directed each cost-of-service regulated utility "to file an advice letter establishing a memorandum account and to record its costs related to implementing these measures in a memorandum account to avoid retroactive ratemaking." (D.09-08-029 at p. 54)

The Commission's review of fire safety hazards related to electrical utility lines and communication facilities will continue in Phase 2 of this Rulemaking. This phase will review some of the rules put into place in Phase 1 and will consider additional measures to address fire safety on a state-wide basis. In addition, Phase 2 will decide the appropriate forum for seeking recovery of costs related to the revised or new rules, develop an appropriate tracking mechanism for these additional costs and determine how to incorporate these costs into each utility's general rate case.

Tariff Revision: Establishment of the FHPMA

As directed in D.09-08-029, PG&E is revising its tariffs to establish the FHPMA. This memorandum account will track the costs associated with fire hazard prevention measures adopted in this Rulemaking and applicable to PG&E until

those costs are reviewed by the Commission in a future proceeding and authorized for recovery.

This filing will not increase any rate or 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 letter sent via U.S. mail by facsimile or electronically, any of which must be received no later than **September 30, 2009**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, 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, CA 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

PG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B and respectfully requests that this filing become effective on **August 20, 2009** (the effective date of D.09-08-029), subject to review by the Commission's Energy Division.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being served on the service list for R.08-11-005. In addition, in accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address change requests should be directed to San Heng at (415) 973-2640. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry / mt".

Brian K. Cherry
Vice President - Regulatory Relations

cc: Service List – R.08-11-005

Attachments

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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3523-E**

Tier: 1

Subject of AL: **Request to Establish the Fire Hazard Prevention Memorandum Account (FHPMA), Pursuant to Decision 09-08-029 in Phase 1 of Rulemaking 08-11-005**

Keywords (choose from CPUC listing): Memorandum Account,

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.09-08-029

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

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: **August 20, 2009**

No. of tariff sheets: 3

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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 FB

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

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 and 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

**ATTACHMENT 1
Advice 3523-E**

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

Title of Sheet

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

28410-E ELECTRIC PRELIMINARY STATEMENT PART
 FB
 FIRE HAZARD PREVENTION MEMORANDUM
 ACCOUNT
 Sheet 1

28411-E ELECTRIC TABLE OF CONTENTS
 Sheet 1

28384-E

28412-E ELECTRIC TABLE OF CONTENTS
 PRELIMINARY STATEMENT
 Sheet 9

28234-E



ELECTRIC PRELIMINARY STATEMENT PART FB
FIRE HAZARD PREVENTION MEMORANDUM ACCOUNT

Sheet 1

1. **PURPOSE:** In compliance with Commission Decision 09-08-029, the purpose of the FHPMA is to record costs associated with the implementation of fire hazard prevention measures adopted in Rulemaking 08-11-005 that have not been previously authorized for recovery in PG&E's General Rate Case (GRC) or other regulatory proceeding. These costs may include expenses related to the implementation of fire hazard prevention measures governed by General Order (GO) 95, GO 165, and any other expenses incurred in implementing fire hazard prevention measures adopted in Rulemaking 08-11-005. Examples of these expenses are provided in Part (5), below. (N)
2. **APPLICABILITY:** The FHPMA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** The disposition of this account balance will be addressed in phase 2 of Rulemaking 08-11-005.
4. **FHPMA RATES:** The FHPMA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall make the following entries to the FHPMA:
 - a. A monthly debit entry equal to PG&E's expenses associated with the implementation of fire hazard prevention measures adopted in Rulemaking 08-11-005 governed by GO 95;
 - b. A monthly debit entry equal to PG&E's expenses associated with the implementation of fire hazard prevention measures adopted in Rulemaking 08-11-005 governed by GO 165;
 - c. A monthly debit entry equal to PG&E's expenses associated with any other implementation of fire hazard prevention measures adopted by the Commission in Rulemaking 08-11-005;
 - d. A credit entry to transfer the balance plus interest in this FHPMA to other accounts for future rate recovery, as authorized by the CPUC in phase 2 of this Rulemaking; and
 - e. A monthly debit entry equal to interest on the average balance in the FHPMA 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. (N)

Advice Letter No: 3523-E
 Decision No. 09-08-029

Issued by
Brian K. Cherry
 Vice President
 Regulatory Relations

Date Filed September 10, 2009
 Effective August 20, 2009
 Resolution No. _____



ELECTRIC TABLE OF CONTENTS

Sheet 1

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Advice Letter No: 3523-E
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PRELIMINARY STATEMENT

Sheet 9

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Advice Letter No: 3523-E
 Decision No. 09-08-029

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 Vice President
 Regulatory Relations

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

Alcantar & Kahl	Defense Energy Support Center	North Coast SolarResources
Ameresco	Department of Water Resources	Northern California Power Association
Anderson & Poole	Department of the Army	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Dept of General Services	OnGrid Solar
BART	Division of Business Advisory Services	Praxair
BP Energy Company	Douglas & Liddell	R. W. Beck & Associates
Barkovich & Yap, Inc.	Douglass & Liddell	RCS, Inc.
Bartle Wells Associates	Downey & Brand	Recon Research
C & H Sugar Co.	Duke Energy	SCD Energy Solutions
CA Bldg Industry Association	Dutcher, John	SCE
CAISO	Ellison Schneider & Harris LLP	SMUD
CLECA Law Office	FPL Energy Project Management, Inc.	SPURR
CSC Energy Services	Foster Farms	Santa Fe Jets
California Cotton Ginners & Growers Assn	G. A. Krause & Assoc.	Seattle City Light
California Energy Commission	GLJ Publications	Sempra Utilities
California League of Food Processors	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
California Public Utilities Commission	Green Power Institute	Silicon Valley Power
Calpine	Hanna & Morton	Southern California Edison Company
Cameron McKenna	Hitachi	Sunshine Design
Cardinal Cogen	International Power Technology	Sutherland, Asbill & Brennan
Casner, Steve	Intestate Gas Services, Inc.	Tabors Caramanis & Associates
Chamberlain, Eric	Los Angeles Dept of Water & Power	Tecogen, Inc.
Chevron Company	Luce, Forward, Hamilton & Scripps LLP	Tiger Natural Gas, Inc.
Chris, King	MBMC, Inc.	Tioga Energy
City of Glendale	MRW & Associates	TransCanada
City of Palo Alto	Manatt Phelps Phillips	Turlock Irrigation District
Clean Energy Fuels	Matthew V. Brady & Associates	U S Borax, Inc.
Coast Economic Consulting	McKenzie & Associates	United Cogen
Commerce Energy	Merced Irrigation District	Utility Cost Management
Commercial Energy	Mirant	Utility Specialists
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)
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
	Norris & Wong Associates	