

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 15, 2010

Advice Letter 3614-E

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177

**Subject: Modification to Electric Preliminary Statement FD-Smart
Grid Project Memorandum Account**

Dear Ms. Yura:

Advice Letter 3614-E is effective March 22, 2010.

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

February 18, 2010

Advice 3614-E

Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Modification to Electric Preliminary Statement FD-Smart Grid
Project Memorandum Account**

Pacific Gas and Electric Company (PG&E) hereby submits for filing modifications to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

The purpose of this advice letter is to modify PG&E's Electric Preliminary Statement Part FD to modify the Smart Grid Project Memorandum Account name and acronym and update language in the tariff sheets to clarify the accounting treatment of Franchise Fees and Uncollectibles (FF&U) for costs PG&E incurs associated with Smart Grid projects for which PG&E has requested funding from the United States Department of Energy (DOE) under the American Recovery and Reinvestment Act (ARRA) of 2009 as authorized in Ordering Paragraph 2 of Decision (D.) 09-09-029.

Background

PG&E submitted Advice 3537-E on October 8, 2009 to the California Public Utilities Commission (Commission or CPUC) requesting authority to establish a memorandum account to track costs PG&E incurs associated with projects for which PG&E has requested funding from the United States Department of Energy (DOE) as authorized in Ordering Paragraph 2 of D.09-09-029 for Smart Grid projects.¹

¹ OP2 from D.09-09-029 states that investor-owned utilities (IOUs) subject to Commission regulation that apply for Smart Grid funding from the United States Department of Energy shall be authorized to establish memorandum accounts to track the costs associated with these projects. Each IOU is authorized to track these costs from the effective date of this decision. Costs must be separately tracked for each individual project. Each IOU seeking a memorandum account to track these costs shall file an advice letter with the Commission with 30 days of the effective date of this decision.

On November 9, 2009, the Commission issued an approval letter for PG&E's Advice 3537-E. Subsequent to this filing, PG&E discovered that the acronym SGPMA for which it requested approval to establish as a memorandum account for Smart Grid projects was already in use for an existing memorandum account.

As a result, PG&E proposes to modify its Electric Preliminary Statement Part FD to revise the name of the Smart Grid Project Memorandum Account to Smart Grid Memorandum Account and revise the acronym for the Smart Grid Memorandum Account from SGPMA to SGMA. Additionally, PG&E is revising the tariff sheets to clarify that FF&U will be added to the SGMA revenue requirement when it is transferred to DRAM.

Preliminary Statement Modifications

PG&E proposes to modify its Electric Preliminary Statement Part FD by revising the acronym for the Smart Grid Project Memorandum Account approved by the Commission in its November 9, 2009 approval letter from SGPMA to SGMA as the acronym SGPMA already exists for Electric Preliminary Statement Part BY, *Self Generation Program Memorandum Account*.

Additionally, PG&E is revising the tariff sheets to clarify PG&E's treatment of FF&U and expenditures over the CPUC authorized amount for those projects approved for funding from the DOE under the ARRA of 2009. The updated tariff sheets are provided in Attachment 1.

Effective Date

PG&E is filing this advice letter as Tier 2 to be approved as of **March 22, 2010**, which is 32 days from the filing date.

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 **March 10, 2010** which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

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

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

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

Notice

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 changes to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Brian Cherry

Vice President - Regulatory Relations

Attachments

cc: Service List R.08-12-009

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: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3614-E

Tier: 2

Subject of AL: Modification to Electric Preliminary Statement FD-Smart Grid Project Memorandum Account

Keywords (choose from CPUC listing): Text changes, Preliminary Statement

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

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 AL: N/A

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

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

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

Resolution Required? Yes No

Requested effective date: March 22, 2010

No. of tariff sheets: 4

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: Electric Preliminary Statement FD

Service affected and changes proposed: 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 3614-E**

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

Title of Sheet

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

28944-E	ELECTRIC PRELIMINARY STATEMENT PART FD SMART GRID MEMORANDUM ACCOUNT Sheet 1	28563-E
28945-E	ELECTRIC PRELIMINARY STATEMENT PART FD SMART GRID MEMORANDUM ACCOUNT Sheet 2	
28946-E	ELECTRIC TABLE OF CONTENTS Sheet 1	28930-E
28947-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	28565-E



ELECTRIC PRELIMINARY STATEMENT PART FD
SMART GRID MEMORANDUM ACCOUNT

Sheet 1
 (T)

1. PURPOSE: The purpose of the Smart Grid Memorandum Account (SGMA) is to record and recover the incremental Operations and Maintenance (O&M) and Administrative and General (A&G) expenditures and capital-related revenue requirements associated with PG&E's incurred costs for Smart Grid Projects as authorized by the Commission in Ordering Paragraph 2 of Decision (D.) 09-09-029 from the effective date of that decision. (T)
2. APPLICABILITY: The SGMA applies to all customer classes, except for those specifically excluded by the Commission. (T)
3. REVISION DATE: Once a project is approved by the Commission and by the Department of Energy (DOE), the balance in the subaccount for that project is transferred to the Distribution Revenue Adjustment Mechanism (DRAM) Account at the end of each year for recovery through the Annual Electric True-up Advice Letter until the PG&E portion of the total expenditure amount adopted for that project is reached. Revenue requirements associated with expenditures in excess of the adopted amounts shall continue to accrue in the subaccount, but are not transferred to DRAM for recovery unless and until authorized by the Commission. (T)
(T)
4. RATES: The SGMA does not have a separate rate component. (T)
5. ACCOUNTING PROCEDURES: PG&E shall maintain a separate subaccount for each project for which PG&E has requested DOE funding. The balance in the SGMA shall be the sum of the subaccount balances. As of September 10, 2009, PG&E shall make entries to each subaccount at the end of each month as follows: (T)
 - a. A debit entry equal to PG&E's incremental O&M and A&G expenses and capital-related revenue requirements incurred for each individual project within the Smart Grid Project.¹ Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the cost of installed equipment. This entry is net of any costs funded by DOE or other third party and facilities or services provided by vendors.
 - b. An entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, 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, H. 15, or its successor. (T)

¹ Since it is PG&E's ratemaking practice to apply franchise fees and uncollectibles for the SGMA only when costs become part of the balance to set rates, PG&E will gross-up the SGMA to the DRAM transfer amount for ratemaking purposes as part of PG&E's next Annual Electric True-Up advice letter. (N)
 (N)
 (N)

(Continued)



ELECTRIC PRELIMINARY STATEMENT PART FD
SMART GRID MEMORANDUM ACCOUNT

Sheet 2
 (T)

ACCOUNTING
 PROCEDURES:
 (Cont'd.)

c. A credit or debit entry at the end of each year to transfer amounts to the DRAM for recovery as authorized by the Commission up to the total expenditure authorized by the CPUC or Resolution. (T)

If PG&E spends more than the expenditure authorized, the revenue requirements associated with expenditures over the authorized amount will continue to accrue in the memorandum account until the Commission authorizes recovery through a separate request or subject to such disposition as the Commission may otherwise authorize. Ongoing revenue requirements associated with expenditures under the authorized amount will continue to be transferred to DRAM annually. (T)



ELECTRIC TABLE OF CONTENTS

Sheet 1

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	Rules	28694-E	
	Sample Forms	28385,28691,28261,28932,28280,28424,25059-E	

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ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT

Sheet 9

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Part EC	Demand Response Expenditures Balancing Account (DREBA).....	27867, 27868-E
Part ED	Demand Response Revenue Balancing Account (DRRBA).....	27869-E
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Part EH	Negative Indifference Amount Memorandum Account (NIAMA).....	25088-E
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Part EM	ClimateSmart Balancing Account	26098-E
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Part ER	Air Conditioning Tracking Memorandum Account	26721 -E
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Part EX	Dynamic Pricing Memorandum Account.....	27667-27669-E
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Part FB	Fire Hazard Prevention Memorandum Account.....	28410-E
Part FD	Smart Grid Memorandum Account.....	28944, 28945-E

(T)

(Continued)

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

Alcantar & Kahl	Defense Energy Support Center	Northern California Power Association
Ameresco	Department of Water Resources	Occidental Energy Marketing, Inc.
Anderson & Poole	Department of the Army	OnGrid Solar
Arizona Public Service Company	Dept of General Services	Praxair
BART	Division of Business Advisory Services	R. W. Beck & Associates
BP Energy Company	Douglass & Liddell	RCS, Inc.
Barkovich & Yap, Inc.	Downey & Brand	Recon Research
Bartle Wells Associates	Duke Energy	SCD Energy Solutions
Boston Properties	Dutcher, John	SCE
C & H Sugar Co.	Economic Sciences Corporation	SMUD
CA Bldg Industry Association	Ellison Schneider & Harris LLP	SPURR
CAISO	FPL Energy Project Management, Inc.	Santa Fe Jets
CLECA Law Office	Foster Farms	Seattle City Light
CSC Energy Services	G. A. Krause & Assoc.	Sempra Utilities
California Cotton Ginners & Growers Assn	GLJ Publications	Sierra Pacific Power Company
California Energy Commission	Goodin, MacBride, Squeri, Schlotz & Ritchie	Silicon Valley Power
California League of Food Processors	Green Power Institute	Silo Energy LLC
California Public Utilities Commission	Hanna & Morton	Southern California Edison Company
Calpine	Hitachi	Sunshine Design
Cameron McKenna	International Power Technology	Sutherland, Asbill & Brennan
Cardinal Cogen	Intestate Gas Services, Inc.	Tabors Caramanis & Associates
Casner, Steve	Los Angeles Dept of Water & Power	Tecogen, Inc.
Chamberlain, Eric	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	McKenzie & Associates	U S Borax, Inc.
Coast Economic Consulting	Merced Irrigation District	United Cogen
Commerce Energy	Mirant	Utility Cost Management
Commercial Energy	Modesto Irrigation District	Utility Specialists
Consumer Federation of California	Morgan Stanley	Verizon
Crossborder Energy	Morrison & Foerster	Wellhead Electric Company
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
	North Coast SolarResources	