

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



July 19, 2010

Advice Letter 3685-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: Operations and Maintenance Contingency Balancing Account

Dear Ms. Yura:

Advice Letter 3685-E is effective July 9, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

June 9, 2010

Advice 3685-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Operations and Maintenance Contingency Balancing Account

Pacific Gas and Electric Company ("PG&E") hereby submits for filing a new preliminary statement for inclusion in its electric tariff to establish the Operations and Maintenance Contingency Balancing Account ("OMCBA"), which will accrue the Operations and Maintenance ("O&M") contingency associated with the Humboldt Bay and Colusa Power Plants.

Background

In D.06-11-048 and D.08-02-019, the California Public Utilities Commission ("Commission") granted PG&E certificates of public convenience and necessity and authorized PG&E to recover its cost of procuring, owning, and operating the Humboldt Bay and Colusa Power Plants. The Commission granted PG&E recovery of the forecasted O&M costs and directed PG&E to book its O&M contingency amounts in a one-way balancing account. This will allow PG&E to recover any contingent O&M expenses that are incurred prior to the revision of O&M expenses in the General Rate Case ("GRC") to include Humboldt and Colusa costs following commercial operation.¹

PG&E's revision to its preliminary statement is consistent with the authority conferred by D.06-11-048, Ordering Paragraph 11, and is, therefore, submitted by a Tier 2 advice letter filing pursuant to Commission General Order ("G.O.") 96-B, Energy Industry Rule 5.2.

Purpose

The purpose of the OMCBA is to provide for recovery of PG&E's O&M contingency amount in a one-way balancing account at least until the effective date of rates resulting from PG&E's first GRC following the Humboldt Bay and

¹ D.06-11-048, Ordering Paragraph ("OP") 11.

Colusa Generating Stations in-service date. PG&E will be able to recover contingent O&M expenditures "if and when they are actually expended prior to revision in the GRC following operation" in compliance with D.06-11-048, Ordering Paragraph 11. The new preliminary statement is listed in Attachment I.

The GRC following commercial operation is expected to be the 2011 GRC. PG&E has updated its O&M forecast in the 2011 GRC so this balancing account is expected to operate for only a few months.

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 **June 29, 2010**, which is twenty (20) days from the date of this filing. Protests should be mailed to:

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

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

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

The protest also should be sent v 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: Jane Yura
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-Mail: PGETariffs@pge.com

Effective Date

PG&E submits this advice letter as a Tier 2 filing, to become effective on **July 9, 2010**, which is thirty (30) days after the date of filing.

Notice

In accordance with G.O. 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 and the service list for A.06-04-012. Address changes to the G.O. 96-B service list should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President - Regulation and Rates

cc: Service List A.06-04-012

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) #: **3685-E**

Tier: 2

Subject of AL: **Operations and Maintenance Contingency Balancing Account**

Keywords (choose from CPUC listing): Balancing Account, Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.06-11-048

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: **July 9, 2010**

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: Electric Preliminary Statement FI

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: Jane K. Yura

Vice President, Regulation and Rates

77 Beale Street, Mail Code B10B

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**ATTACHMENT 1
Advice 3685-E**

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

Title of Sheet

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

29478-E ELECTRIC PRELIMINARY STATEMENT FI
OPERATIONS AND MAINTENANCE
CONTINGENCY BALANCING ACCOUNT
Sheet 1

29479-E ELECTRIC TABLE OF CONTENTS
Sheet 1

29458-E

29480-E ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT
Sheet 9

28953-E



ELECTRIC PRELIMINARY STATEMENT FI
OPERATIONS AND MAINTENANCE CONTINGENCY BALANCING ACCOUNT

Sheet 1 (N)
(N)

1. PURPOSE: The purpose of the Operations and Maintenance Contingency Balancing Account ("OMCBA") is to provide for recovery of PG&E's Operations and Maintenance ("O&M") contingency related to the Humboldt Bay and Colusa Generating Stations ("Generating Stations") in a one-way balancing account at least until PG&E's first General Rate Case ("GRC") following in-service dates of the Generating Stations. The OMCBA is created in compliance with Decision 06-11-048, dated November 30, 2006. (N)
2. APPLICABILITY: Operations and Maintenance Balancing Account ("OMCBA") shall apply to all customer classes, except for those specifically excluded by the Commission.
3. REVISION DATES: Disposition of the balances in the subaccounts of this account shall be determined through the advice letter process.
4. GENERATION RATES: The generation rates are included in the effective rates set forth in each rate schedule.
5. ACCOUNTING PROCEDURES: The following entries shall be made to the account:
 - a. A debit entry each month equal to the expense incurred in the Humboldt Bay and Colusa cost centers for the current month in excess of the amount adopted in D.06-11-048 as modified by AL 3685-E for each month the plants are operative in 2010. The total amount recorded for 2010 is subject to the cap of 15% times the O&M adopted by D.06-11-048 as modified by AL 3685-E prorated for the number of months operative in 2010.
 - b. An entry each month equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month.
 - c. On January 1, 2011, a debit entry to transfer any under-collected balance in the account to the Utility Generation Balancing Account (UGBA). (N)



Pacific Gas and Electric Company
San Francisco, California
U 39

Revised
Cancelling Revised

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

29479-E
29458-E

ELECTRIC TABLE OF CONTENTS

Sheet 1

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(Continued)

Advice Letter No: 3685-E
Decision No. 06-11-048

Issued by
Jane K. Yura
Vice President
Regulation and Rates

Date Filed June 9, 2010
Effective July 9, 2010
Resolution No. _____



**ELECTRIC TABLE OF CONTENTS
 PRELIMINARY STATEMENT**

Sheet 9

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Part EH	Negative Indifference Amount Memorandum Account (NIAMA).....	25088-E
Part EI	SmartMeter Project Balancing Account - Electric	28231,28232-E
Part EJ	Pension Contribution Balancing Account.....	26297,25228-E
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(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	Recurrent Energy
Bloomberg New Energy Finance	Dutcher, John	SCD Energy Solutions
Boston Properties	Economic Sciences Corporation	SCE
Brookfield Renewable Power	Ellison Schneider & Harris LLP	SMUD
C & H Sugar Co.	Foster Farms	SPURR
CA Bldg Industry Association	G. A. Krause & Assoc.	Santa Fe Jets
CAISO	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
CLECA Law Office	Green Power Institute	
CSC Energy Services	Hanna & Morton	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	Hitachi	Silicon Valley Power
California Energy Commission	International Power Technology	Silo Energy LLC
California League of Food Processors	Intestate Gas Services, Inc.	Southern California Edison Company
California Public Utilities Commission	Los Angeles Dept of Water & Power	Sunshine Design
Calpine	Luce, Forward, Hamilton & Scripps LLP	Sutherland, Asbill & Brennan
Cameron McKenna	MAC Lighting Consulting	Tabors Caramanis & Associates
Cardinal Cogen	MBMC, Inc.	Tecogen, Inc.
Casner, Steve	MRW & Associates	Tiger Natural Gas, Inc.
Chris, King	Manatt Phelps Phillips	Tioga Energy
City of Glendale	McKenzie & Associates	TransCanada
City of Palo Alto	Merced Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Mirant	U S Borax, Inc.
Coast Economic Consulting	Modesto Irrigation District	United Cogen
Commerce Energy	Morgan Stanley	Utility Cost Management
Commercial Energy	Morrison & Foerster	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	New United Motor Mfg., Inc.	Wellhead Electric Company
		Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	Norris & Wong Associates	eMeter Corporation
Day Carter Murphy	North Coast SolarResources	