

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 9, 2010

**Advice Letter 3692-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: Request for Approval of PG&E's Photovoltaic Program  
Memorandum Account to Track the Capital Costs of  
PG&E's PV Program**

Dear Ms. Yura:

Advice Letter 3692-E is effective July 30, 2010.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Jane K. Yura**  
Vice President  
Regulation and Rates

*Mailing Address*  
Mail Code B10B  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.6520

June 21, 2010

**Advice 3692-E**  
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Request for Approval of PG&E's Photovoltaic Program Memorandum Account to Track the Capital Costs of PG&E's PV Program**

**Purpose**

Pacific Gas and Electric Company ("PG&E") hereby submits Advice 3692-E in compliance with Ordering Paragraph ("OP") 4.b of Decision ("D.") 10-04-052 (the "Decision"). The Decision approves PG&E's Solar Photovoltaic Program ("PV Program") and orders the establishment of the Photovoltaic Program Memorandum Account ("PVPMA").

PG&E requests that the Commission approve the creation of the PVPMA and the associated tariff modifications outlined in Attachment 1.

**Background**

On February 2, 2009, PG&E filed Application ("A.") 09-02-019, seeking approval of the PV Program and authorization to recover the associated revenue requirement for the PV Program in rates. As subsequently approved, the PV Program consists of the installation and operation of up to 500 megawatts ("MW") of primarily 1 to 20 MW solar photovoltaic generation facilities in PG&E's service territory over five program years. PG&E will procure up to 250 MW through power purchase agreements with independent power providers. An additional maximum of 250 MW will come from utility-owned generation that PG&E will own, install, operate, and maintain.

### **Proposed Preliminary Statement**

OP 4.b of D.10-04-052 requires that PG&E “file an advice letter within 60 days of this decision to establish Photovoltaic Program Memorandum Account to track the difference between the estimated and actual capital costs of this program.” PG&E hereby requests approval to include the PVPMA as Part FJ of its Electric Preliminary Statement. The PVPMA will track and accrue the incremental revenue requirement associated with the actual capital costs of PG&E’s utility-owned solar PV facilities.

The proposed tariff allows for the transfer of the balance in the PVPMA to the Utility Generation Balancing Account (“UGBA”). Transfers are allowed up to the total revenue requirement established by D.10-04-052. If capital costs for PG&E’s utility-owned solar PV facilities are greater than those adopted in D.10-04-052, the revenue requirement associated with expenditures over the authorization will continue to accrue in the memorandum account until the Commission authorizes recovery.

### **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 **July 12, 2010**, which is twenty-one (21) days from the date of this filing.<sup>1</sup> Protests should be mailed to:

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

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

Copies of the protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

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

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<sup>1</sup> The end of the 20-day protest period falls on a Sunday. PG&E therefore moves the protest due date to the following business day.

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 after Energy Division approval. PG&E requests approval by **July 21, 2010**, which is thirty (30) days after the date of filing.

### **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 and the service lists for R.08-08-009, R.06-02-012, and A.09-02-019. Address changes to the General Order 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 approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Handwritten signature of Jane Yura in cursive script, with a vertical line and the word "sent" written below it.

Vice President – Regulation and Rates

cc: Service List for R.08-08-009  
Service List for R.06-02-012  
Service List for A.09-02-019  
Paul Douglas - Energy Division  
Sean Simon – Energy Division

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) #: **3692-E**

Tier: **2**

Subject of AL: **Request for Approval of PG&E's Photovoltaic Program Memorandum Account to Track the Capital Costs of PG&E's PV Program**

Keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-04-052

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: \_\_\_\_\_

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 21, 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: New Electric Preliminary Statement FJ

Service affected and changes proposed<sup>1</sup>: 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 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 3692-E**

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

**Title of Sheet**

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

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29513-E      ELECTRIC PRELIMINARY STATEMENT PART FJ  
PHOTOVOLTAIC PROGRAM MEMORANDUM  
ACCOUNT (PVPMA)  
Sheet 1

29514-E      ELECTRIC TABLE OF CONTENTS  
Sheet 1

29458-E

29515-E      ELECTRIC TABLE OF CONTENTS  
PRELIMINARY STATEMENT  
Sheet 9

28953-E



**ELECTRIC PRELIMINARY STATEMENT PART FJ**  
**PHOTOVOLTAIC PROGRAM MEMORANDUM ACCOUNT (PVPMA)**

Sheet 1 (N)  
 (N)

- FJ. Photovoltaic Program Memorandum Account (PVPMA) (N)
1. **PURPOSE:** The purpose of the Photovoltaic (PV) Program Memorandum Account (PVPMA) is to track the difference between the revenue requirement associated with the capital costs incurred as a result of PG&E's PV Program and the authorized revenue requirement set forth for this Program in Decision (D.) 10-04-052. |
  2. **APPLICABILITY:** The PVPMA shall apply to all customers under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission. |
  3. **REVISION DATE:** Disposition of the balance in this account shall be through the Annual Electric True-Up advice letter process, or as otherwise authorized by the Commission. |
  4. **RATES:** The PVPMA does not have a separate rate element. |
  5. **ACCOUNTING PROCEDURES:** The following entries shall be made to this account at the end of each month or as applicable: |
    - a. A credit entry each month equal to the monthly portion of the \$1.454 billion 5-year revenue requirement based on the adopted capital cost of the PV Program as approved by the Commission in Decision 10-04-052. |
    - b. A debit entry each month equal to the revenue requirement based on the recorded capital costs of the PV Program. Should the actual revenue requirement exceed the authorized revenue requirement at the end of the 5-year program, these costs will be subject to a reasonableness review per Decision 10-04-052. Should the authorized revenue requirement exceed the actual revenue requirement at the end of the 5-year program, the difference between the authorized revenue requirement and the actual costs will be refunded back to the ratepayers via a debit entry to the PVPMA and a credit entry to the UGBA. |
    - c. The authorized revenue requirement is based on a 250 megawatt (MW) program and a specific capacity price target as approved in Decision 10-04-052. Should PG&E develop fewer than 250 MW over the 5-year life of the program, the authorized revenue requirement shall be pro-rata adjusted to reflect the reduced amount of deployed capacity. In the case that the revenue requirement needs to be reduced, a debit entry to the PVPMA and a credit entry to UGBA will be made to reduce the authorized revenue requirement. |
    - d. 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, as reported in the Federal Reserve Statistical Release, H.15 or its successor. |
  6. **SHAREHOLDER INCENTIVES:** At the end of the 5-year PV Program, should actual average capital costs per kW installed fall below \$3,920 per kW (Direct Current), PG&E shareholders are eligible to retain 10% of the difference between the actual average capital cost and \$3,920 for every kW installed under the Utility-owned generation portion of the PV Program. Upon Commission approval of PG&E's demonstration of eligibility for this incentive, a debit entry will be made to UGBA to reflect the amount of the shareholder incentive. (N)

Advice Letter No: 3692-E  
 Decision No. 10-04-052

Issued by  
**Jane K. Yura**  
 Vice President  
 Regulation and Rates

Date Filed June 21, 2010  
 Effective July 30, 2010  
 Resolution No. \_\_\_\_\_



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

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Advice Letter No: 3692-E  
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**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 9

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Advice Letter No: 3692-E  
 Decision No. 10-04-052

Issued by  
**Jane K. Yura**  
 Vice President  
 Regulation and Rates

Date Filed June 21, 2010  
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 Resolution No. \_\_\_\_\_

**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
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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
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California Energy Commission	Hitachi	Silo Energy LLC
California League of Food Processors	International Power Technology	Southern California Edison Company
California Public Utilities Commission	Intestate Gas Services, Inc.	Sunshine Design
Calpine	Los Angeles Dept of Water & Power	Sutherland, Asbill & Brennan
Cameron McKenna	Luce, Forward, Hamilton & Scripps LLP	Tabors Caramanis & Associates
Cardinal Cogen	MAC Lighting Consulting	Tecogen, Inc.
Casner, Steve	MBMC, Inc.	Tiger Natural Gas, Inc.
Chris, King	MRW & Associates	Tioga Energy
City of Glendale	Manatt Phelps Phillips	TransCanada
City of Palo Alto	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	U S Borax, Inc.
Coast Economic Consulting	Mirant	United Cogen
Commerce Energy	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	NRG West	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	