

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 16, 2010

**Advice Letter 3701-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 Fuel Cell Project  
Memorandum Account**

Dear Ms. Yura:

Advice Letter 3701-E is effective August 6, 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

July 7, 2010

**Advice 3701-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 Fuel Cell Project Memorandum Account**

**Purpose**

Pacific Gas and Electric Company ("PG&E") hereby submits Advice 3701-E in compliance with Ordering Paragraph ("OP") 3.b of Decision ("D.") 10-04-028 (the "Decision"). The Decision approves PG&E's Fuel Cell Project (the "Project") and orders the establishment of the Fuel Cell Project Memorandum Account ("FCPMA").

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

**Background**

PG&E filed Application ("A.") 09-02-013 on February 20, 2009, seeking approval of its Fuel Cell Project and authorization to recover the Project's associated revenue requirement in rates. As subsequently approved, the Project consists of the installation and operation of three fuel cells on two university campuses: one 1.4 megawatt ("MW") molten carbonate fuel cell and one 200 kilowatt ("kW") solid oxide fuel cell at San Francisco State University and one 1.4 MW molten carbonate fuel cell at California State University East Bay, Hayward campus. PG&E will own, install, operate, and maintain the three fuel cell facilities. The fuel cell facilities will provide electricity to the grid and by-products, such as waste heat and water, that may be used by the campuses.

**Proposed Preliminary Statement**

OP 3.b of the Decision requires that PG&E “file an advice letter within 90 days of this decision to establish a Fuel Cell Project Memorandum Account to track the difference between the estimated and actual capital costs and estimated and actual operations and maintenance costs” of the Project.

PG&E hereby requests approval to include the FCPMA as Part FK of its Electric Preliminary Statement. The FCPMA will track and accrue the incremental revenue requirement associated with the actual capital and operations and maintenance costs of PG&E’s Fuel Cell Project.

The proposed tariff allows for the transfer of the balance in the FCPMA to the Utility Generation Balancing Account (“UGBA”). Transfers are allowed up to the total revenue requirement established by D.10-04-028. If costs for the Project are greater than those adopted in D.10-04-028, 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 27, 2010**, which is twenty (20) days from 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, CA, 94102

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

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 **August 6, 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 A.09-02-013 and A.09-04-018. 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>.



Vice President – Regulation and Rates

cc: Service List for A.09-02-013  
Service List for A.09-04-018  
Molly Sterkel – Energy Division  
Kevin Dudney – 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) #: **3701-E**

**Tier: 2**

Subject of AL: Request for Approval of PG&E's Fuel Cell Project Memorandum Account

Keywords (choose from CPUC listing): Memorandum 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.10-04-028

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<sup>1</sup>: \_\_\_\_\_

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 6, 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 Part FK

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**

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

**Title of Sheet**

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

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29551-E      ELECTRIC PRELIMINARY STATEMENT PART  
FK  
FUEL CELL PROJECT MEMORANDUM  
ACCOUNT (FCPMA)  
Sheet 1

29552-E      ELECTRIC PRELIMINARY STATEMENT PART  
FK  
FUEL CELL PROJECT MEMORANDUM  
ACCOUNT (FCPMA)  
Sheet 2

29553-E      ELECTRIC TABLE OF CONTENTS  
Sheet 1

29548-E

29554-E      ELECTRIC TABLE OF CONTENTS  
PRELIMINARY STATEMENT  
Sheet 9

29498-E



**ELECTRIC PRELIMINARY STATEMENT PART FK**  
**FUEL CELL PROJECT MEMORANDUM ACCOUNT (FCPMA)**

Sheet 1 (N)  
 (N)

- FK. Fuel Cell Project Memorandum Account (FCPMA) (N)
1. **PURPOSE:** The purpose of the Fuel Cell Project Memorandum Account (FCPMA) is to track the difference between the revenue requirement associated with the adopted costs of PG&E's Fuel Cell Project, as set forth in Decision (D.) 10-04-052, and the revenue requirement associated with the recorded costs of the Project. Specifically, the FCPMA will track the revenue requirement impact that results from a) differences between the Project's recorded and adopted capital costs; and b) differences between the Project's recorded and adopted operations and maintenance (O&M) costs. |
  2. **APPLICABILITY:** The FCPMA 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 FCPMA 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 equal to the monthly portion of the annual revenue requirement, based on the adopted capital and operations and maintenance costs of the Fuel Cell Project as approved by the Commission in Decision 10-04-028. |

(N)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART FK**  
**FUEL CELL PROJECT MEMORANDUM ACCOUNT (FCPMA)**

Sheet 2 (N)  
 (N)

- FK. Fuel Cell Project Memorandum Account (FCPMA) (Con'td.) (N)
5. ACCOUNTING PROCEDURES (Cont'd.)
- b. A debit entry equal to the monthly portion of the revenue requirement, based on the recorded capital costs of the Fuel Cell Project. Should the recorded capital costs of the Project exceed \$20.3 million, excess costs will be subject to a reasonableness review per D.10-04-028. Should the adopted capital costs exceed the recorded capital costs, PG&E will file an advice letter after the Project's commercial operation date to update the revenue requirement to reflect the actual capital costs of the Project. Upon Commission approval of this advice letter, PG&E will refund the difference between the authorized and recorded revenue requirement to ratepayers via a debit entry to the FCPMA and a credit entry to the Utility Generation Balancing Account ("UGBA").
- c. A debit entry equal to the monthly portion of the revenue requirement based on the recorded O&M costs of the Fuel Cell Project. After each year of operation, PG&E will file an advice letter to adjust the previous year's UGBA entries to reflect actual O&M costs, as long as O&M costs over the first four years of the Project's operation do not exceed \$4.71 million. Should actual O&M costs over these four years exceed \$4.71 million, excess costs will be subject to a reasonableness review per D.10-04-028. If applicable, PG&E will refund the difference between the authorized revenue requirement and the revenue requirement based on the recorded O&M costs to ratepayers via a debit entry to the FCPMA and a credit entry to the UGBA.
- 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. (N)

Advice Letter No: 3701-E  
 Decision No. 10-04-028

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

Date Filed July 7, 2010  
 Effective August 6, 2010  
 Resolution No. \_\_\_\_\_



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

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Advice Letter No: 3701-E  
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**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 9

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Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM) .....	25392-E
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Advice Letter No: 3701-E  
 Decision No. 10-04-028

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

Date Filed July 7, 2010  
 Effective August 6, 2010  
 Resolution No. \_\_\_\_\_

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

Alcantar & Kahl	Department of Water Resources	Northern California Power Association
Ameresco	Department of the Army	Occidental Energy Marketing, Inc.
Anderson & Poole	Dept of General Services	OnGrid Solar
Arizona Public Service Company	Division of Business Advisory Services	Praxair
BART	Douglass & Liddell	R. W. Beck & Associates
BP Energy Company	Downey & Brand	RCS, Inc.
Barkovich & Yap, Inc.	Duke Energy	Recon Research
Bartle Wells Associates	Dutcher, John	Recurrent Energy
Bloomberg New Energy Finance	Economic Sciences Corporation	SCD Energy Solutions
Boston Properties	Ellison Schneider & Harris LLP	SCE
Brookfield Renewable Power	Foster Farms	SMUD
C & H Sugar Co.	G. A. Krause & Assoc.	SPURR
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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	Lawrence Berkeley National Lab	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
Defense Energy Support Center	North America Power Partners	
	North Coast SolarResources	