

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 8, 2011

**Advice Letter 3807-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: GRC Phase 3 IT Consultant Cost Reimbursement**

Dear Ms. Yura:

Advice Letter 3807-E is effective February 15, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division

February 23, 2011

**Advice 3807-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: GRC Phase 3 IT Consultant Cost Reimbursement**

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment 2.

**Purpose**

As directed in the August 18, 2010 scoping memo in PG&E's 2010 Rate Design Window ("RDW") Application ("A.") 10-02-028, PG&E files this advice letter seeking authorization from the California Public Utilities Commission ("Commission") to include in the Distribution Revenue Adjustment Mechanism ("DRAM") costs PG&E will incur in reimbursing the Division of Ratepayer Advocates ("DRA") for work performed by their retained IT consultant(s).

**Background**

On June 16, 2010, PG&E and DRA ("Parties") entered into an agreement<sup>1</sup> ("Agreement"), included herein as Attachment 1, where Parties agreed among other things to:

- a) Move PG&E's Real Time Pricing ("RTP") and Revised Energy Statement ("RCES") proposals and cost estimates into a new phase of A.10-03-014, GRC Phase 3;
- b) Move PG&E IT cost estimates for Peak Time Rebate ("PTR") in A.10-02-028 to Phase 3 of A.10-03-014, while the non-IT costs for PTR would remain in A.10-02-028; and

---

<sup>1</sup> This agreement applied to DRA IT costs in two cases: a) GRC Phase 3 (where the PTR IT costs are currently located) and b) the default residential critical peak pricing case A.10-08-005.

- c) Reimburse DRA for the work its IT consultants will perform in reviewing and sponsoring testimony on IT proposals and costs for RTP, RCES and PTR in GRC Phase 3, and default residential critical peak pricing in a separate case.<sup>2</sup>

Further, as part of Agreement, Parties agreed that the cumulative amount PG&E would reimburse DRA for work performed by their retained IT consultant(s) would not exceed Two Hundred and Forty Thousand Dollars (\$240,000). The Agreement further stipulated that PG&E would record to DRAM for cost recovery purposes any amounts reimbursed to DRA for work performed by the retained IT consultant(s).

On December 31, 2010, PG&E filed a motion with the Commission seeking authorization to transfer PTR IT costs back to the 2010 RDW Proceeding, A.10-02-028. Within this motion, currently pending before the Commission, PG&E has agreed to work with DRA to amend the Agreement, increasing the authorized reimbursement cap of Two Hundred and Forty Thousand Dollars (\$240,000) to Two Hundred and Ninety Thousand Dollars<sup>3</sup> (\$290,000), so as to cover any additional work DRA IT consultants would need to perform as a result of the Commission granting PG&E's December 31, 2010, motion.

Therefore as directed in the August 18, 2010, scoping memo in A.10-02-028, PG&E files this advice letter seeking Commission authority to modify the DRAM to include for rate recovery purposes up to Two Hundred and Ninety Thousand Dollars (\$290,000) that could be incurred in reimbursing DRA for work performed by their retained IT Consultant. If however, following this filing, the Commission denies PG&E's December 31, 2010, motion which seeks to transfer PTR IT Costs from A.10-03-014 back to A.10-02-028, PG&E will only record to DRAM and seek recovery of up to Two Hundred and Forty Thousand Dollars (\$240,000) for work performed by DRA's retained consultant in reviewing IT costs in the GRC Phase 3 (RTP, RCES, and PTR IT) and default residential critical peak pricing proceedings.

### **Proposed Preliminary Statement**

PG&E is requesting Commission authority to modify Preliminary Statement Part CZ, "Distribution Revenue Adjustment Mechanism," to begin recording costs that PG&E will reimburse DRA for work performed by the retained IT consultant(s).

---

<sup>2</sup> Pursuant D.08-07-045, on August 9, 2010, PG&E filed A.10-08- 005 proposing among other proposals, a default critical peak pricing ("CPP") rate for residential customers. The default residential critical peak pricing is currently pending before the Commission.

<sup>3</sup> PG&E proposed in the December 31, 2010, motion to recover the increase reimbursement cap amount (\$50,000), through the same process as set forth in the Agreement for the initial \$240,000, for which this Advice Letter seeks to establish.

**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 15, 2011**, 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: [ijnj@cpuc.ca.gov](mailto:ijnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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:

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, California 94177

Facsimile: (415) 973-6520  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**Effective Date**

PG&E requests that this Tier 1 advice filing become effective as of **February 15, 2011**, so that any costs PG&E reimburses to DRA after that date for work performed by their retained IT Consultant can be recorded to DRAM for cost recovery purposes.

**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 parties on the service lists for A.10-02-028, A.10-03-014, and A.10-08-005. 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>.

A handwritten signature in black ink that reads "Jane Yura /ent". The signature is written in a cursive style.

Vice President - Regulation and Rates

Attachments

cc: Service Lists for A.10-02-028, A.10-03-014, and A.10-08-005

# 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) #: **3807-E**

**Tier: 1**

Subject of AL: GRC Phase 3 IT Consultant Cost Reimbursement

Keywords (choose from CPUC listing): GRC/General Rate Case, Agreements

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

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

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: **February 15, 2011**

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 Part CZ

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**



**Pacific Gas and  
Electric Company**

77 Beale Street  
P.O. Box 770000  
San Francisco, CA 94177

415.973.7000

June 16, 2010

Ms. Dana Appling  
Division of Ratepayer Advocates  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: A.10-03-014, Pacific Gas and Electric Company General Rate Case, Phase 2, and  
A.10-02-028, Pacific Gas and Electric Company 2010 Rate Design Window Case

Dear Ms. Appling,

The purpose of this letter of understanding, which has been revised to address an issue raised by Mr. Como regarding paragraph 6 below, is to confirm the agreement between the Division of Ratepayer Advocates (DRA) and Pacific Gas and Electric Company (PG&E) regarding certain schedule and scope issues connected with A.10-03-014, PG&E's currently pending 2011 General Rate Case Phase 2, and certain scope issues connected with A.10-02-028, PG&E's currently pending 2010 Rate Design Window Case (2010 RDW).

In A.10-03-014, PG&E has presented cost estimates and requested recovery for incremental costs to implement the Real-Time Pricing (RTP) and Revised Customer Energy Statement (RCES) proposals in its prepared testimony. In the 2010 RDW, PG&E also presented cost estimates and requested recovery for incremental costs to implement the 2-part Peak Time Rebate (PTR) proposal contained in its testimony. In both A.10-03-014 and the 2010 RDW, DRA has objected to the inclusion of the costs and recovery requests. PG&E has opposed DRA's objection.

In order to resolve the resulting scoping issues for A.10-03-014 and the 2010 RDW, and the scheduling question for A.10-03-014, DRA and PG&E jointly made the following proposal to the California Public Utilities Commission (CPUC) at the 2011 GRC Phase 2 Prehearing Conference on May 19, and in the PG&E, DRA, and TURN Joint Supplemental Prehearing Conference Statement filed with the CPUC on May 19:

1. The RTP and RCES proposals and cost estimates, and the cost recovery requests for RTP and RCES, will be moved into a separate, new phase of A.10-03-014 (Phase 3) for litigation and decision. TURN also agrees to this proposal.
2. The Information System (IT) costs for 2-part PTR in the 2010 RDW will also be moved into the new Phase 3. The non-IT costs for 2-part PTR will remain in the



Ms. Dana Appling  
 June 16, 2010  
 Page 2

2010 RDW to be litigated there. TURN also agrees to this proposal. DRA will withdraw its motion to strike the cost and recovery issues in the 2010 RDW.

3. DRA will retain an outside consultant with special expertise in IT for Phase 3 IT issues and default residential critical peak pricing IT issues. Because of factors unique to this situation, PG&E will reimburse DRA for the costs of the outside IT consultant work to review and sponsor testimony on the IT proposals and costs for a) RTP, RCES and 2-part PTR in Phase 3 and b) the default residential critical peak pricing case under Ordering Paragraph (OP) 8 of D.08-07-045.<sup>1</sup> The cumulative amount reimbursed by PG&E shall not exceed \$240,000.00.
4. PG&E will record the amounts reimbursed to DRA in the Distribution Revenue Adjustment Mechanism (DRAM) for rate recovery. At its discretion, PG&E may file an advice letter to modify the DRAM to include the costs incurred to reimburse DRA. DRA will support expeditious approval of the advice letter.
5. DRA and PG&E support the following schedule for Phase 2 and the new Phase 3, in A.10-03-014.

**TABLE 1**

<b>Event</b>	<b>Revised GRC Phase 2 (Marginal costs, revenue allocation, rate design other than RTP)</b>	<b>GRC Phase 3 (RTP, RCES, IT costs in PTR)</b>
DRA serves testimony	September 15, 2010	February 5, 2011
Intervenors serve testimony	October 6, 2010	February 5, 2011
All parties serve rebuttal testimony	October 29, 2010	February 26, 2011
Evidentiary hearings begin	November 15, 2010	March 22, 2011
Opening briefs due	December 6, 2010	April 19, 2011
Reply briefs due	December 20, 2010	May 7, 2011
ALJ proposed decision	March 2011	August 2011
Final decision	May 2011	October 2011

DRA and PG&E recognize that the Presiding Commissioner and Administrative Law Judge may adopt a final schedule with somewhat different dates. DRA and PG&E agree that adoption of somewhat different dates in the final schedule will not be a material change for purposes of rendering this agreement null and void.

6. DRA and PG&E agree to be bound by all of the terms and provisions above and intend this agreement to be interpreted and treated as a unified, integrated agreement. In the event the Commission, Assigned Commissioner, or Administrative Law Judge

<sup>1</sup> The filing deadline in OP 8 was extended to August 9, 2010 in a letter from the Commission's Executive Director dated November 10, 2009.

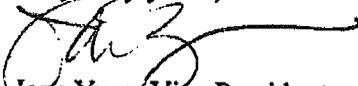


Ms. Dana Appling  
June 16, 2010  
Page 3

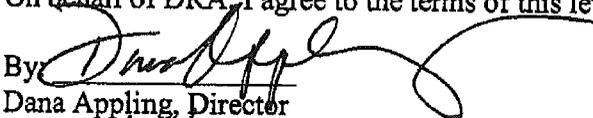
in A.10-03-014 or A.10-02-028 rejects or does not implement any one or more of the terms or provisions of this agreement, the agreement will become null and void. Notwithstanding the foregoing, changes in the residential RTP and/or default residential PDP implementation schedule (e.g., should the Commission grant the pending petition for modification by DRA and TURN in A.09-02-022 and A.06-03-005 to delay implementation of those programs) shall not result in this agreement becoming null and void. However, this agreement shall not be applicable to a future case or cases involving default residential PDP and/or residential RTP that results from a Commission decision on the pending petition by DRA and TURN. This agreement applies to DRA's IT consultant costs only in GRC Phase 3 and the August 2010 default residential PDP case.

Please contact me if you have any questions about the contents or subject of this letter of understanding. PG&E appreciates DRA's courtesy and looks forward to a continued cooperative relationship on these matters.

Very truly yours,

  
Jane Yura, Vice President

On behalf of DRA, I agree to the terms of this letter of understanding.

By:   
Dana Appling, Director

Date: 6/16/2010, 2010

cc: Dexter Khoury  
Rashid A. Rashid  
Christopher Danforth  
Joe Como

**ATTACHMENT 2  
Advice 3807-E**

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

**Title of Sheet**

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

---

30076-E	ELECTRIC PRELIMINARY STATEMENT PART CZ DISTRIBUTION REVENUE ADJUSTMENT MECHANISM Sheet 3	29699-E
30077-E	ELECTRIC TABLE OF CONTENTS Sheet 1	29964-E
30078-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 14	29902-E



**ELECTRIC PRELIMINARY STATEMENT PART CZ**  
**DISTRIBUTION REVENUE ADJUSTMENT MECHANISM**

Sheet 3

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- q. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric distribution non-depreciable asset, as approved by the Commission.
- r. A debit entry equal to the electric portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065, plus an allowance for franchise fees and uncollectibles (FF&U) accounts expense at the rates authorized in PG&E's most recent GRC for the incremental administrative costs.
- s. A debit entry equal to the Schedule E-BIP incentives paid to third party demand response aggregators, net of any penalties paid to PG&E, plus an allowance for Franchise Fees and Uncollectible Accounts expense.
- t. A debit entry equal to the costs that PG&E will reimburse the Division of Ratepayer Advocates (DRA) for work performed by the retained IT consultant(s) in Application (A.) 10-02-028 as authorized by the Commission, recorded during the month, plus an allowance for Franchise Fees and Uncollectible Accounts expense. The costs that PG&E will reimburse DRA shall not exceed \$240,000 (excluding an allowance for FF&U), subject to revision by the Commission. (N)  
I  
I  
I  
(N)
- u. An entry 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. (T)

6. SHAREHOLDER PARTICIPATION: PG&E's shareholders bear some responsibility for economic risks and rewards associated with, but not limited to, Commission-approved economic discounts and credits to certain PG&E customers. This section ensures that ratepayers will not assume shareholders' obligations.

Shareholder Participation will be calculated monthly as follows:

The amount of the Shareholder Participation Mechanism for Schedule ED, in accordance with Resolution E-3654.

Note: All debits and credits described above, except for that described in Section 5.t, shall include an allowance for franchise fees and uncollectible accounts expense.



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
	Title Page .....	30077-E	(T)
	Rate Schedules .....	29890,29891,29965,29893,29894,29936,29896, 29897, 29966-E	
	Preliminary Statements .....	29899,29900,29901,30078,29903,29904,29905-E	(T)
	Rules .....	29957,29958,29908-E	
	Maps, Contracts and Deviations.....	29909-E	
	Sample Forms .....	29910,29911,29912,29913,29914,29915,29916,29917,29918,29919,29920,29921-E	

(Continued)



**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 14

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>
<b>Preliminary Statements (Cont'd)</b>		
Part CC	Real Time Energy Metering Memorandum Account.....	18307,18308-E
Part CD	Kern Restoration and Operation Memorandum Account.....	18509-E
Part CE	Baseline Balancing Account.....	23410,23411-E
Part CF	Net Energy Metering Memorandum Account .....	18831-E
Part CG	Utility Generation Balancing Account.....	27779,25926-E
Part CH	Utility Retained Generation Income Tax Memorandum Account.....	20502-E
Part CI	Wholesale DWR/ISO Cost Memorandum Account .....	20503-E
Part CJ	Negative Ongoing Transition Charge Memorandum Account .....	25999-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account .....	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CM	Bond Charge Balancing Account (BCBA) .....	20245,19556-E
Part CN	Research, Development, and Demonstration Balancing Account.....	29676-E
Part CO	Renewables Balancing Account.....	29677-E
Part CP	Energy Resource Recovery Account .....	29940,25085,27225, 29941-E
Part CQ	Modified Transition Cost Balancing Account.....	25896,26415-E
Part CR	Common Area Balancing Account .....	19768,19769-E
Part CS	Advanced Metering and Demand Response Account.....	26376-26378-E
Part CU	Customer Credit Card Holding Account .....	21533-E
Part CZ	Distribution Revenue Adjustment Mechanism.....	27780,28714,30076-E (T)

(Continued)

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

Alcantar & Kahl LLP	Division of Business Advisory Services	Occidental Energy Marketing, Inc.
Ameresco	Douglass & Liddell	OnGrid Solar
Anderson & Poole	Downey & Brand	Praxair
Arizona Public Service Company	Duke Energy	R. W. Beck & Associates
BART	Dutcher, John	RCS, Inc.
Barkovich & Yap, Inc.	Economic Sciences Corporation	Recurrent Energy
Bartle Wells Associates	Ellison Schneider & Harris LLP	SCD Energy Solutions
Bloomberg	Foster Farms	SCE
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SMUD
Boston Properties	GLJ Publications	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
Braun Blasing McLaughlin, P.C.	Green Power Institute	Santa Fe Jets
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
CA Bldg Industry Association	Hitachi	Sempra Utilities
CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
Clean Energy Fuels	Modesto Irrigation District	Turlock Irrigation District
Coast Economic Consulting	Morgan Stanley	United Cogen
Commercial Energy	Morrison & Foerster	Utility Cost Management
Consumer Federation of California	NLine Energy, Inc.	Utility Specialists
Crossborder Energy	NRG West	Verizon
Davis Wright Tremaine LLP	Navigant Consulting	Wellhead Electric Company
Day Carter Murphy	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	
Dept of General Services	Northern California Power Association	