

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 10, 2012

Advice Letters 3230-G/3894-E

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

Subject: Withdrawal of Advice 3230-G/3894-E

Dear Mr. Cherry:

Advice Letters 3230-G/3894-E was withdrawn as requested in your letter dated October 14, 2011.

Sincerely,

A handwritten signature in black ink that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

Brian Cherry
Vice President
Regulation and Rates

Pacific Gas and Electric Company
Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

August 26, 2011

Advice 3230-G/3894-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Revise Recording of Energy Efficiency Expenditures Due to the Suspension of Gas EE Incentives and Rebates Resulting From Senate Bill 87

Pacific Gas and Electric Company (“PG&E”) hereby submits its request to revise the recording of energy efficiency (“EE”) expenditures in its one-way gas and electric balancing accounts effective September 1, 2011.

Purpose

PG&E requests authority from the California Public Utilities Commission (“CPUC” or “Commission”) to revise the recording of EE expenditures into its one-way balancing accounts to reflect changes in the forecast net benefit expense ratio for the 2010-2012 EE Portfolio. This request is due to the reduction in available gas Public Purpose Program (“PPP”) surcharges to fund the current EE portfolio pursuant to action by the California Legislature under Senate Bill (“SB”) 87.

Procedural History

In Decision (“D.”) 09-09-047, the Commission reaffirmed the methodology for allocating portfolio gas and electric expenses as originally adopted in D.05-09-043. Specifically, the Commission stated that “[f]or the combined utilities, PG&E and SDG&E, the portfolio budgets should split the electric and gas cost recovery according to an expense ratio aligned with the portfolios for savings/budgets.” (D.09-09-047, p.319). The Commission also noted that “[t]o implement the 2010-2012 Energy Efficiency portfolios, revenues and rates for each of the utilities, a compliance filing will be required to conform to the changes ordered by this decision.” (*Id.* at p.320.) On October 21, 2010, Energy Division approved PG&E’s Compliance Advice Letter filing 3065-G-A/3562-E-A (“Compliance Advice Letter”) which approve a net benefit expense ratio of 18% gas and 82% electric to be used for the 2010-2012 EE Portfolio.

Energy Efficiency Expenditures

On June 28, 2011, the State passed its 2011-2012 Fiscal Year (“FY”) Budget SB 87 that included a provision that allows up to \$155 million in gas PPP surcharges collected from customers for the purpose of funding gas energy efficiency to be transferred to the General Fund. On July 1, 2011, PG&E, San Diego Gas and Electric Company (“SDG&E”), and Southern California Gas Company (“SCG”), together referred to as the Joint IOUs, filed a Joint Motion requesting authority to utilize unspent, uncommitted gas and electric funds to back-stop the shortfall of funding that would result from such a transfer being made. The CPUC has not yet issued a decision on the Joint Motion. On July 7, 2011, the Assigned Commissioner set forth a proposal that would result in a \$68 million shortfall of gas PPP surcharge funding for PG&E, whose annual gas energy efficiency budget is approximately \$80 million. PG&E provided its plan to implement the proposed funding reduction in its July 21, 2011, filed comments to the Assigned Commissioner’s Ruling.¹ Pending a CPUC decision in this matter, PG&E notified its gas customers that it is suspending gas energy efficiency incentives and rebates as of September 1, 2011.

Due to SB 87 and PG&E’s subsequent suspension of gas energy efficiency rebates and incentives, PG&E’s forecasted net benefit expense ratio adopted in its EE Compliance advice letter is no longer accurate. The forecast net benefit ratio of 18%/82% is appropriate to apply to the fully-funded 2010-2012 EE portfolio that includes the approved mix of programs that generate both gas and electric savings and supports a variety of market transformation efforts. Unfortunately, this whole portfolio ratio is no longer accurate for recording the expenditure of limited gas funds under the suspension. Therefore, PG&E requests that a net benefit expense ratio of 0% gas and 100% electric be approved for PG&E effective September 1, 2011. Failure to modify the net benefit ratio would result in costs inappropriately continuing to be recorded to the gas balancing accounts without an appropriate funding mechanism.

Starting September 1, the gas portion of expenditures recorded in the PPPEEBA-gas will be limited to gas incentives and other gas program-related charges such as the gas portion of expenditures for Whole House and other American Recovery and Reinvestment Act (“ARRA”) funded activities.

There will be no change to the electric portion of expenditures recorded to the electric Public Purpose Program Energy Efficiency Balancing Account

¹ See Attachment 1, *Joint IOU Comments to Assigned Commissioner’s Ruling and Scoping Memo Regarding Public Purpose Program Funds, Phase III*, in Rulemaking 09-11-014 dated July 21, 2011.

(“PPPEEEBA-electric”) which is based on the proportion of Public Goods Charge (“PGC”) funding to the total EE authorized funding. The remaining expenditures will be recorded to the electric Procurement Energy Efficiency Balancing Account (“PEEBA”).

This request does not alter the authorized EE funding to be recovered in gas and electric customer rates and does not require a change to PG&E’s current tariffs to implement.

Self-Generation Incentive Program Funding Allocation

In accordance with D.01-03-073, PG&E allocates the Self-Generation Incentive Program (“SGIP”) costs between gas and electric customers based on the allocation of energy efficiency program costs. Since the SB 87 legislation only impacts EE programs, PG&E proposes no change to the 82% electric and 18% gas allocation currently used for recovery of SGIP costs.

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 **September 15, 2011**, which is 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, 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 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, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

Effective Date

PG&E requests that this advice filing be approved by Energy Division no later than September 26, 2011, which is 31 days from the filing date. PG&E request that the advice letter be approved effective **September 1, 2011**, the date that PG&E is suspending its gas EE program activities due to funding uncertainty in the wake of SB 87.

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 list for R.09-11-014. Address changes to the General Order 96-B service list and all electronic approvals 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. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.



Vice President – Regulation and Rates

cc: Service List R.09-11-014

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:	Contact Person: <u>Linda Tom-Martinez</u>
<input checked="" type="checkbox"/> ELC <input checked="" type="checkbox"/> GAS	Phone #: <u>(415) 973-4612</u>
<input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	E-mail: <u>lmt1@pge.com</u>

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3230-G/3894-E**

Tier: 2

Subject of AL: **Revise Recording of Energy Efficiency Expenditures Due to the Suspension of Gas EE Incentives and Rebates Resulting From Senate Bill 87**

Keywords (choose from CPUC listing): Energy Efficiency, Balancing Account

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 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: **September 1, 2011**

No. of tariff sheets:

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: N/A

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: Brian Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

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

AT&T	Dept of General Services	North Coast SolarResources
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Economic Sciences Corporation	R. W. Beck & Associates
BART	Ellison Schneider & Harris LLP	RCS, Inc.
Barkovich & Yap, Inc.	Foster Farms	Recurrent Energy
Bartle Wells Associates	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg	GLJ Publications	SCE
Bloomberg New Energy Finance	GenOn Energy, Inc.	SMUD
Boston Properties	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Braun Blasing McLaughlin, P.C.	Green Power Institute	San Francisco Public Utilities Commission
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
Casner, Steve	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
City of San Jose	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	NaturEner	Wellhead Electric Company
Day Carter Murphy	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation
Department of Water Resources	North America Power Partners	