

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



August 17, 2012

**Advice Letters 3282-G/4008-E & 3282-G-A/4008-E-A**

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: Revision to Gas Rule 15 Residential Allowances and  
Supplemental Filing**

Dear Mr. Cherry:

Advice Letters 3282-G/4008-E and 3282-G-A/4008-E-A are effective  
August 8, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



March 1, 2012

**Advice 3282-G/4008-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Revision to Gas Rule 15 Residential Allowances**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. PG&E is not seeking changes to its electric line extension tariffs at this time for reasons detailed below. The updated allowances are shown below and supporting workpapers are available upon request. The affected tariff sheets are listed on the enclosed Attachment 1.

**Purpose**

In compliance with provisions of Gas Rule 15.H.2<sup>1</sup>, PG&E submits this Advice Letter to revise its residential gas line and service extension allowance calculations. This is consistent with PG&E's testimony in Application (A.) 05-10-016, Chapter 3, Pages 3-6C, wherein PG&E proposed to update its allowance calculation, if needed, every three years prior to the filing of its General Rate Case (GRC) Phase 1 application in such time that the Commission could provide a decision on the allowance update allowing PG&E to incorporate any revenue requirements changes that would result from the updated allowance into its GRC filing.

**Background**

In Decision (D.) 99-06-079 and Advice Letter (AL) 1963-E-B, the Commission approved the provisions in Gas and Electric Rules 15 noted above which require PG&E to review factors it uses to determine residential allowances. In D.07-07-

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<sup>1</sup> Gas Rule 15.H.2 PERIODIC REVIEW: PG&E will periodically review the factors it uses to determine its residential allowances, nonrefundable discount option percentage rate, and cost of service factor stated in this rule. If such review results in a change of more than five percent (5%), PG&E will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision. Additionally, PG&E shall submit by advice letter proposed tariff revisions, which result from other relevant Commission decisions, to the allowance formula for calculating line and service extension allowances.

019, the Commission approved various changes to the method by which electric and gas service and line extension allowances are calculated. The Decision also approved refinements to the calculation of the Cost of Ownership (COO) applicable to refundable balances in excess of the line extension allowances. The changes were initially implemented in AL 2885-G-A/3153-E-A which detailed changes in the calculation of average usage factors.

### **Revised Allowances**

In accordance with PG&E's proposal as set forth in A.05-10-016, PG&E's upcoming 2014 GRC Phase I proceeding prompted a review of the residential allowances. The results are shown in the table below.

| <b>Gas Residential Allowance</b>      | <b>Current</b> | <b>Updated</b> | <b>Percent Change</b> |
|---------------------------------------|----------------|----------------|-----------------------|
| Water Heater                          | \$439          | \$529          | 20.5%                 |
| Space Heating                         | \$586          | \$647          | 10.4%                 |
| Oven/Range                            | \$27           | \$57           | 112.9%                |
| Dryer/Stub                            | \$34           | \$22           | (35.9%)               |
| <b>Gas Total</b>                      | <b>\$1,086</b> | <b>\$1,255</b> | <b>15.6%</b>          |
|                                       |                |                |                       |
| <b>Electric Residential Allowance</b> | <b>Current</b> | <b>Updated</b> | <b>Percent Change</b> |
|                                       | \$1,918        | \$1,984        | 3.4%                  |

### *Gas and Electric Cost of Ownership:*

Gas Rule 2.C.3.e and Electric Rule 2.I.3.e. provide that monthly cost of ownership charges are to be reviewed and re-filed when changes occur in PG&E's cost of providing such service. A recent review of the gas allowance calculation showed no change in the Gas Rule 2.C.3.b utility-financed cost of ownership percentage when compared to the currently effective level (e.g., 1.39%).

PG&E's review of the electric allowance calculation revealed a minor change in the COO percentage from the currently effective level of 1.40% to 1.38%. Due to this de minimus change in the newly calculated electric COO percentage, PG&E is not seeking a change in the Electric Rule 2.I.3.b utility-financed cost of ownership percentage (1.40%) at this time.

### **Gas Allowance:**

In reviewing PG&E's gas residential allowance calculations (including the calculations for the utility-financed cost-of-ownership percentages which are used to determine the Cost of Service Factor, the gas allowance represents a total increase of 15.6%, based on residential gas appliance consumption data provided

in the 2009 California Residential Appliance Saturation Study (RASS)<sup>2</sup> issued by the California Energy Commission (CEC) in October 2010, PG&E's residential distribution rate, effective January 1, 2011, and a monthly COO percentage of 1.39%. Accordingly, PG&E is requesting a change in all of the gas residential allowance components, replacing the current gas residential allowances with the amounts shown above in the "Updated" column.

**Electric Allowance:**

In reviewing PG&E's electric residential allowance calculation, the electric allowance per residential unit represents an increase of 3.4%, based on PG&E's average electric revenue per residential customer, revenue cycle service credits adopted in Phase II of PG&E's 2011 GRC and a monthly COO percentage of 1.38%. As Electric Rule 15.I.2<sup>3</sup> is essentially identical to Gas Rule 15.H.2, and only requires revising the allowances if they change by more than 5 percent, PG&E is not seeking to revise its electric allowance at this time.

**Treatment of Applications for Service Received and Contracts Issued or Executed Prior to the Effective Date of Implementation**

PG&E also seeks approval for the following treatment of allowances when an *Application for Service* has been received by PG&E or a contract issued or executed prior to the effective date of implementation of the new gas residential allowances. PG&E proposes the following:

- New allowances will apply to contracts issued (prepared and mailed by PG&E but not yet executed by the customer) within ninety (90) days prior to the effective date of the new allowances. PG&E will re-issue these contracts after the effective date of the new allowances.
- New allowances will not apply to contracts executed prior to the effective date of the new allowances. If PG&E has not yet begun its construction work, PG&E will allow applicants to terminate existing contracts, reapply for new allowances

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<sup>2</sup> Table ES-3: Natural Gas UEC and Appliance Saturation Summaries by Utility" (see PG&E results)

<sup>3</sup> Electric Rule 15.I.2 PERIODIC REVIEW: PG&E will periodically review the factors it uses to determine its residential allowances, nonrefundable discount option percentage rate, and cost of service factor stated in this rule. If such review results in a change of more than five percent (5%), PG&E will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision. Additionally, PG&E shall submit by advice letter proposed tariff revisions, which result from other relevant Commission decisions, to the allowance formula for calculating line and service extension allowances.

but, if the customer so elects, PG&E will require new, updated costs be applied to the residential line extension.

This is the same “grandfathering” approach provided in PG&E’s Advice 2885-G-A/3153-E-A, which was approved by the Commission on March 14, 2008.

### **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 21, 2012** which is 20 days after the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. 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 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:

Brian K. Cherry  
Vice President, Regulatory Relations  
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 submits this as a Tier 2 advice filing. PG&E requests that this advice filing become effective on regular notice, **March 31, 2012**, which is 30 calendar days

after the date of filing and that the new allowance not become effective until thirty (30) days after approval of this advice filing to allow time for implementation of the allowance changes.

**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 Service List for A.09-12-020. Address changes to the General Order 96-B service list and electronic approvals should be directed to e-mail [PGETariffs@pge.com](mailto: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](mailto:Process_Office@cpuc.ca.gov). Advice letter filings can be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in black ink, appearing to read "Brian Cherry". The signature is stylized with a large, sweeping "B" and a long, horizontal stroke extending to the right.

Vice President, Regulation and Rates

Attachments

cc: Service List for A.09-12-020

# 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: Kimberly Chang

Phone #: (415) 973-5472

E-mail: kwcc@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) #: **3282-G/4008-E**

**Tier: 2**

Subject of AL: **Revision to Gas Rule 15 Residential Allowances**

Keywords (choose from CPUC listing): Compliance, Agreements, Line Extensions

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-07-019

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: **March 31, 2012**

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: Gas Rule 15

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: 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**

**ATTACHMENT 1  
Advice 3282-G**

| <b>Cal P.U.C.<br/>Sheet No.</b> | <b>Title of Sheet</b>                             | <b>Cancelling Cal<br/>P.U.C. Sheet No.</b> |
|---------------------------------|---------------------------------------------------|--------------------------------------------|
| 29570-G                         | GAS RULE NO. 15<br>GAS MAIN EXTENSIONS<br>Sheet 4 | 27503-G                                    |
| 29571-G                         | GAS TABLE OF CONTENTS<br>Sheet 1                  | 29563-G                                    |
| 29572-G                         | GAS TABLE OF CONTENTS<br>Sheet 6                  | 29287-G                                    |





**GAS RULE NO. 15**  
**GAS MAIN EXTENSIONS**

Sheet 4

**C. EXTENSION ALLOWANCES (Cont'd.)**

2. **BASIS OF ALLOWANCES.** Allowances shall be granted to an Applicant for Permanent Service; or to an Applicant for a subdivision or development under the following conditions:
  - a. PG&E is provided evidence that construction will proceed promptly and financing is adequate; and
  - b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s); or
  - c. Where there is equivalent evidence of occupancy or gas usage satisfactory to PG&E.

The allowances in Section C.3 and C.4 are based on a revenue-supported methodology using the following formula:

$$\text{Allowance} = \frac{\text{Net Revenue}}{\text{Cost-of-Service Factor}}$$

where the Cost of Service Factor is the annualized utility-financed Cost of Ownership as stated in Gas Rule 2.

3. **RESIDENTIAL ALLOWANCES.** The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Residential Service per meter or residential dwelling unit, on a per-unit basis, is as follows:

|                     |           |
|---------------------|-----------|
| Water Heating ..... | \$529 (I) |
| Space Heating ..... | \$649 (I) |
| Oven/Range .....    | \$ 57 (I) |
| Dryer Stub .....    | \$ 22 (R) |

(Continued)



**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.

29571-G  
29563-G

## GAS TABLE OF CONTENTS

Sheet 1

| TITLE OF SHEET                      | CAL P.U.C.<br>SHEET NO.                |     |
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| Title Page .....                    | <b>29571-G</b>                         | (T) |
| Rate Schedules .....                | 29564,29565-G                          |     |
| Preliminary Statements.....         | 29566,29341-G                          |     |
| Rules .....                         | <b>29572-G</b>                         | (T) |
| Maps, Contracts and Deviations..... | 29288-G                                |     |
| Sample Forms .....                  | 29289,28995,27262,28662,29290*,28503-G |     |

(Continued)

Advice Letter No: 3282-G  
Decision No.

Issued by  
**Brian K. Cherry**  
Vice President  
Regulation and Rates

Date Filed March 1, 2012  
Effective August 8, 2012  
Resolution No. \_\_\_\_\_



## GAS TABLE OF CONTENTS

Sheet 6

| RULE         | TITLE OF SHEET                                                                                                                                                  | CAL P.U.C.<br>SHEET NO.                                                                                                      |
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| Rule 01      | Definitions.....                                                                                                                                                | 27880,26782,25123,18197,26823,26824,24120,18200,<br>22924,29263, 29264,29265,29266,29267,29268,29269,29270-G                 |
| Rule 02      | Description of Service.....                                                                                                                                     | 23062-23066,26825-G                                                                                                          |
| Rule 03      | Application for Service.....                                                                                                                                    | 27248,27249-G                                                                                                                |
| Rule 04      | Contracts.....                                                                                                                                                  | 17051-G                                                                                                                      |
| Rule 05      | Special Information Required on Forms.....                                                                                                                      | 17641,13348-13349-G                                                                                                          |
| Rule 06      | Establishment and Reestablishment of Credit.....                                                                                                                | 22126-22127,28653-G                                                                                                          |
| Rule 07      | Deposits.....                                                                                                                                                   | 28654,28655-G                                                                                                                |
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| Rule 11      | Discontinuance and Restoration of Service.....                                                                                                                  | 18217-18220,27251,23520,<br>18223-18227,27252,24860,19710-G                                                                  |
| Rule 12      | Rates and Optional Rates.....                                                                                                                                   | 18229,27253,24132,21981-21982,24474-G                                                                                        |
| Rule 13      | Temporary Service.....                                                                                                                                          | 22832-G                                                                                                                      |
| Rule 14      | Capacity Allocation and Constraint of Natural Gas Service.....                                                                                                  | 18231-18235,28274,<br>28275-28283, 28923, 28285-28292 -G                                                                     |
| Rule 15      | Gas Main Extensions.....                                                                                                                                        | 21543,18802,18803, <b>29570</b> ,20350,29271,29272,26827,21544, (T)<br>21545,22376,22377-22379,26828,26829,18814-G           |
| Rule 16      | Gas Service Extensions.....                                                                                                                                     | 21546,18816,17728,17161,18817,18818,18819,18820,18821,<br>18822,29273,18824,18825,17737,18826,18827-G                        |
| Rule 17      | Meter Tests and Adjustment of Bills for Meter Error.....                                                                                                        | 14450,28656,28764,28770,28771,<br>28772,28773,28774-G                                                                        |
| Rule 17.1    | Adjustment of Bills for Billing Error.....                                                                                                                      | 22936,28657,29274-G                                                                                                          |
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| Rule 19.3    | California Alternate Rates for Energy for Qualified Agricultural Employee Housing Facilities.....                                                               | 24138,29068,28214,27256-G                                                                                                    |
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| Rule 21.1    | Use of Pacific Gas and Electric Company's Firm Interstate Rights.....                                                                                           | 20461,18260,18261-G                                                                                                          |
| Rule 23      | Gas Aggregation Service for Core Transport Customers.....                                                                                                       | 29275,18263,26664,18265,<br>26665-26666,24825,24826,24827,24828,29276,29277,26667,24832-24833,24849,29278,-<br>29279,18272-G |
| Rule 25      | Gas Services-Customer Creditworthiness and Payment Terms.....                                                                                                   | 28816-28828-G                                                                                                                |
| Rule 26      | Standards of Conduct and Procedures Related to Transactions with Intracompany<br>Departments, Reports of Negotiated Transactions, and Complaint Procedures..... | 18284,18285,18633,20462-G                                                                                                    |

(Continued)

**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                                                    |
| BART                                     | Economic Sciences Corporation               | R. W. Beck & Associates                                    |
| Barkovich & Yap, Inc.                    | Ellison Schneider & Harris LLP              | RCS, Inc.                                                  |
| Bartle Wells Associates                  | Foster Farms                                | Recurrent Energy                                           |
| Bloomberg                                | G. A. Krause & Assoc.                       | SCD Energy Solutions                                       |
| Bloomberg New Energy Finance             | GLJ Publications                            | SCE                                                        |
| Boston Properties                        | GenOn Energy, Inc.                          | SMUD                                                       |
| Braun Blaising McLaughlin, P.C.          | Goodin, MacBride, Squeri, Schlotz & Ritchie | SPURR                                                      |
| Brookfield Renewable Power               | Green Power Institute                       | San Francisco Public Utilities Commission                  |
| CA Bldg Industry Association             | Hanna & Morton                              | Seattle City Light                                         |
| CLECA Law Office                         | Hitachi                                     | Sempra Utilities                                           |
| CSC Energy Services                      | In House Energy                             | Sierra Pacific Power Company                               |
| California Cotton Ginners & Growers Assn | International Power Technology              | Silicon Valley Power                                       |
| California Energy Commission             | Intestate Gas Services, Inc.                | Silo Energy LLC                                            |
| California League of Food Processors     | Lawrence Berkeley National Lab              | Southern California Edison Company                         |
| California Public Utilities Commission   | Los Angeles Dept of Water & Power           | Spark Energy, L.P.                                         |
| Calpine                                  | Luce, Forward, Hamilton & Scripps LLP       | Sun Light & Power                                          |
| Casner, Steve                            | MAC Lighting Consulting                     | Sunshine Design                                            |
| Center for Biological Diversity          | 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                                                |
| City of Santa Rosa                       | Modesto Irrigation District                 | Turlock Irrigation District                                |
| Clean Energy Fuels                       | Morgan Stanley                              | United Cogen                                               |
| Coast Economic Consulting                | Morrison & Foerster                         | Utility Cost Management                                    |
| Commercial Energy                        | Morrison & Foerster LLP                     | Utility Specialists                                        |
| Consumer Federation of California        | NLine Energy, Inc.                          | Verizon                                                    |
| Crossborder Energy                       | NRG West                                    | Wellhead Electric Company                                  |
| Davis Wright Tremaine LLP                | NaturEner                                   | Western Manufactured Housing Communities Association (WMA) |
| Day Carter Murphy                        | Navigant Consulting                         | eMeter Corporation                                         |
| Defense Energy Support Center            | Norris & Wong Associates                    |                                                            |
| Department of Water Resources            | North America Power Partners                |                                                            |