

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 25, 2012

Advice Letter 4109-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: Revisions to PG&E's Diablo Canyon Seismic Studies
Balancing Account Per D.12-09-008**

Dear Mr. Cherry:

Advice Letter 4109-E is effective September 24, 2012.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



September 24, 2012

Advice 4109-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revisions to PG&E's Diablo Canyon Seismic Studies Balancing
Account Per Decision 12-09-008**

Purpose

In compliance with Ordering Paragraph ("OP") 11 of Decision 12-09-008 ("the Decision") Pacific Gas and Electric Company ("PG&E") hereby submits revisions to its Diablo Canyon Seismic Studies Balancing Account ("DCSSBA").

Background

On September 13, 2012, the Commission approved Decision 12-09-008, which authorized PG&E to recover in customer rates an additional \$47.5 million above the \$16.73 million approved in Decision 10-08-003, for a total of \$64.25 million, to perform additional seismic studies recommended by the California Energy Commission. In addition to granting PG&E's request, the Commission in OP 11 of the Decision specifically ordered PG&E to file a Tier 1 advice letter within 10 days of the effective date of the Decision "to modify electric Preliminary Statement Part FM, Diablo Canyon Seismic Studies Balancing Account (DCSSBA), to specify that disposition of balances in the DCSSBA, including balances recorded in the Independent Peer Review Panel subaccount, shall be recovered in PG&E's annual Energy Resources Recovery Account (ERRA) Compliance proceedings."

PG&E's proposed revisions to Preliminary Statement Part FM are provided in **Attachment 1** of this advice letter.

As authorized by Decision 10-08-003, PG&E included in rates beginning January 1, 2012, \$11.78 million for the Diablo Canyon Seismic Studies Program (Seismic Studies Program). By December 31, 2012 PG&E will have recovered \$14.41 million total (2011:\$2.63 million, 2012: 11.78 million) in rates for its Seismic Studies Program. Recovery of any costs recorded to the DCSSBA for the Seismic Studies Program above \$14.41 million will be requested in PG&E's annual ERRA compliance proceeding and recovered in the Utility Generation Balancing Account (UGBA) until the

Seismic Studies Program concludes or the Commission revises the ratemaking treatment for the seismic studies program 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 **October 15, 2012**, which is 21¹ days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@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:

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

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

As ordered by the Commission in OP 11 of the Decision, PG&E submits this advice letter as a **Tier 1** and requests an effective date of September 24², 2012 which is the date of filing.

¹ The 20-day protest period has been extended to end on a regular business day.

² Ordering Paragraph 11 of the Decision ordered PG&E to submit revisions to its Diablo Canyon Seismic Studies Balancing Account Preliminary Statement FM within 10 days of the effective date of the Decision. The effective date of the Decision is September 23, 2012 and the 10th day from the effective date falls on Sunday, September 23; Therefore PG&E is submitting its revisions on the next business day which is Monday, September 24.

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 list for A. 10-01-014. 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 cursive script that reads "Brian Cherry". There is a small mark or scribble at the end of the signature.

Vice President – Regulatory Relations

cc: Service List for A.10-01-014

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 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Greg Backens

Phone #: (415) 973-4390

E-mail: gab4@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) #: **4109-E**

Tier: 1

Subject of AL: **Revisions to PG&E's Diablo Canyon Seismic Studies Balancing Account Per Decision 12-09-008**

Keywords (choose from CPUC listing): Balancing Account, Nuclear

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.12-09-008

Does AL replace a withdrawn or rejected AL? No. If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? No. If so, what information is the utility seeking confidential treatment for: N/A

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: **September 24, 2012**

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 FM - Diablo Canyon Seismic Studies Balancing Account (DCSSBA)

Service affected and changes proposed: As required by D.12-09-008, revise Prelim Part FM to specify that disposition of balances in the DCSSBA shall be recovered in PG&E's annual Energy Resources Recovery Account Compliance proceedings

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

EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**ATTACHMENT 1
Advice 4109-E**

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

Title of Sheet

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

| | | |
|---------|---|---------|
| 32060-E | ELECTRIC PRELIMINARY STATEMENT PART FM DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) Sheet 1 | 29615-E |
| 32061-E | ELECTRIC PRELIMINARY STATEMENT PART FM DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) Sheet 2 | 29616-E |
| 32062-E | ELECTRIC TABLE OF CONTENTS Sheet 1 | 32053-E |
| 32063-E | ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 17 | 31674-E |



ELECTRIC PRELIMINARY STATEMENT PART FM Sheet 1
DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA)

FM. DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA)

1. **PURPOSE:** The purpose of the DCSSBA is to record and track actual costs associated with conducting additional seismic studies and other related activities to implement the California Energy Commission Assembly Bill 1632 Report recommendations, as set forth in Application 10-01-014 and approved in Commission Decisions 10-08-003 and 12-09-008. (T)
2. **APPLICABILITY:** The DCSSBA shall apply to all electric customers except for those specifically excluded by the Commission. (T)
3. **REVISION DATE:** Disposition of the balance in the account shall be through annual Energy Resources Recovery Account (ERRA) compliance proceeding via the Utility Generation Balancing Account (UGBA), or its successor, or through another proceeding as authorized by the Commission. (T)
4. **RATES:** The DCSSBA does not have a separate rate component. (T)
5. **INDEPENDENT PEER REVIEW PANEL (IPRP) SUB ACCOUNT:**
 This sub-account is established to recover costs incurred by PG&E to comply with directions issued by the CPUC established Independent Peer Review Panel (IPRP). Costs incurred by the IPRP shall be reimbursed by PG&E and recovered in the DCSSBA. (T)
6. **ACCOUNTING PROCEDURE:**
 PG&E shall make entries at the end of each month as follows:
 a) **DCSSBA**
 1. A debit entry equal to any costs associated with conducting additional seismic studies and other related activities as set forth above. (T)
 2. A credit entry equal to the debit to UGBA based on the forecast of expenses adopted in D.10-08-003 (one twelfth of \$2.63 million for 2011 and \$11.78 million for 2012). (T)
 3. A debit or credit entry equal to interest on the average balance in the DCSSBA at the beginning of the month and the balance at the end of the month, at a rate equal to one-twelfth the interest rate on a three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)
 4. An annual debit or credit entry to transfer the DCSSBA balance approved for recovery in rates in the annual ERRA compliance proceeding to the UGBA, or another mechanism as authorized by the Commission, for recovery in rates, grossed up for franchise fees and uncollectibles. (T)

(Continued)



ELECTRIC PRELIMINARY STATEMENT PART FM Sheet 2
DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA)

FM. DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) (Cont'd.)

6. ACCOUNTING PROCEDURE (CONT'D.):

b) IPRP Sub Account

1. A debit entry equal to costs incurred by PG&E as a result of complying with directions issued by the IPRP and costs incurred by the IPRP that are reimbursed by PG&E.
2. A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance at the end of the month, at a rate equal to one-twelfth the interest rate on a three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
3. An annual credit entry to transfer the amounts recorded in the IPRP sub account approved for recovery in rates in the annual ERRA compliance proceeding to the UGBA, or another mechanism as authorized by the Commission, for recovery in rates. (T)
(T)



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Sheet 1

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PRELIMINARY STATEMENT

Sheet 17

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| Part FC | Wildfire Expense Memorandum Account..... | 29570-E |
| Part FD | Smart Grid Project Memorandum Account..... | 28944,28945-E |
| Part FE | On-Bill Financing Balancing Account (OBFBA)..... | 30840-E |
| Part FF | Electric Disconnection Memorandum Account..... | 28933-E |
| Part FG | CARE/TANF Balancing Account..... | 28950-E |
| Part FH | Smartmeter Evaluation Memorandum Account – Electric..... | 29149-E |
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| Part FU | Electric Program Investment Charge Revenue Adjustment Mechanism Balancing Account | 31670-E |
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(Continued)

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

| | | |
|--|---|--|
| AT&T | Department of General Services | Norris & Wong Associates |
| Alcantar & Kahl LLP | Department of Water Resources | North America Power Partners |
| Ameresco | Dept of General Services | North Coast SolarResources |
| Anderson & Poole | Douglass & Liddell | Northern California Power Association |
| BART | Downey & Brand | Occidental Energy Marketing, Inc. |
| Barkovich & Yap, Inc. | Duke Energy | OnGrid Solar |
| Bartle Wells Associates | Economic Sciences Corporation | PG&E |
| Bloomberg | Ellison Schneider & Harris LLP | Praxair |
| Bloomberg New Energy Finance | Foster Farms | R. W. Beck & Associates |
| Boston Properties | G. A. Krause & Assoc. | RCS, Inc. |
| Braun Blaising McLaughlin, P.C. | GLJ Publications | SCD Energy Solutions |
| Brookfield Renewable Power | GenOn Energy Inc. | SCE |
| CA Bldg Industry Association | GenOn Energy, Inc. | SMUD |
| CENERGY POWER | Goodin, MacBride, Squeri, Schlotz & Ritchie | SPURR |
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| California League of Food Processors | In House Energy | Sierra Pacific Power Company |
| California Public Utilities Commission | International Power Technology | Silicon Valley Power |
| Calpine | Intestate Gas Services, Inc. | Silo Energy LLC |
| Cardinal Cogen | Lawrence Berkeley National Lab | Southern California Edison Company |
| Casner, Steve | Los Angeles County Office of Education | Spark Energy, L.P. |
| Center for Biological Diversity | Los Angeles Dept of Water & Power | Sun Light & Power |
| Chris, King | Luce, Forward, Hamilton & Scripps LLP | Sunrun Inc. |
| City of Palo Alto | MAC Lighting Consulting | Sunshine Design |
| City of Palo Alto Utilities | MRW & Associates | Sutherland, Asbill & Brennan |
| City of San Jose | Manatt Phelps Phillips | Tecogen, Inc. |
| City of Santa Rosa | Marin Energy Authority | Tiger Natural Gas, Inc. |
| Clean Energy Fuels | McKenzie & Associates | TransCanada |
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| Coast Economic Consulting | Modesto Irrigation District | United Cogen |
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| Crossborder Energy | Morrison & Foerster LLP | Verizon |
| Davis Wright Tremaine LLP | NLine Energy, Inc. | Wellhead Electric Company |
| Day Carter Murphy | NRG West | Western Manufactured Housing Communities Association (WMA) |
| Defense Energy Support Center | NaturEner | eMeter Corporation |