

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



January 9, 2013

Advice Letters 4157-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: Revision of PG&E's Electric Preliminary Statements Part CP ("Energy Resource Recovery Account") and Part FS ("New System Generation Balancing Account")

Dear Mr. Cherry:

Advice Letter 4157-E is effective as of December 5, 2012.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

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

Fax: 415.973.7226

December 5, 2012

Advice 4157-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revision of Pacific Gas and Electric Company's Electric Preliminary Statements Part CP ("Energy Resource Recovery Account") and Part FS ("New System Generation Balancing Account")

Pacific Gas and Electric Company ("PG&E") requests the California Public Utilities Commission ("Commission" or "CPUC") to approve PG&E's revision to Preliminary Statements Part CP (Energy Resource Recovery Account ("ERRA")) and Part FS (New System Generation Balancing Account ("NSGBA")) in order to record costs associated with the Marsh Landing Generating Station approved in D.10-07-045, less the net capacity costs recovered from retail customers, including Direct Access ("DA") and Community Choice Aggregation ("CCA") customers. These revisions take effect upon the filing of this Tier 1 advice letter and should be approved by the Energy Division pursuant to General Order ("GO") 96-B Rule 7.6.1.

Background

In Decision ("D.") 10-07-045, the Commission approved (1) the Marsh Landing Generating Station power purchase agreement ("Marsh Landing PPA")¹ and (2) the Partial Settlement Agreement ("Partial Settlement") relating to the ratemaking mechanism and cost recovery for new projects resulting from PG&E's 2008 Long Term Request for Offers Solicitation.² The Partial Settlement provides that PG&E should recover its costs associated with the Marsh Landing PPA from all benefiting customers through a net capacity cost charge authorized under Senate Bill 695, codified as Public Utilities Code section 365.1.³ The Partial Settlement adopts the same methodology for calculating net capacity costs that the Commission approved in D.07-09-044, Appendix A, Section IX.

¹ D.10-07-045, Ordering Paragraph ("OP") 2; *see also*, Partial Settlement Agreement, ¶ III.A.

² *Id.*, OP 7 ("The terms of the Partial Settlement Agreement (included here as Appendix A) are approved and adopted.").

³ *See*, Partial Settlement Agreement, ¶ III.D(1).

Purpose

PG&E seeks approval to add a subaccount for the Marsh Landing PPA to the existing ratemaking mechanisms through which PG&E collects authorized net capacity costs. PG&E currently utilizes the NSGBA to recover the net capacity costs for generation resources that the Commission approves for recovery through the Cost Allocation Mechanism (“CAM”) charge. The expected initial delivery date of the Marsh Landing Generating Station is May 1, 2013. PG&E’s forecast of Marsh Landing related costs in 2013 is included in PG&E’s Application for Approval of 2013 ERRA and Generation Non-bypassable Charge Forecast Revenue Requirements (A.12-06-002). When the A.12-06-002 rates take effect on January 1, 2013, a subaccount in the NSGBA will be required to record the costs and revenues associated with the Marsh Landing PPA. In addition, a modification to Line 5.af of the ERRA preliminary statement will be needed to accommodate a credit of the net capacity costs associated with the new Marsh Landing subaccount in the NSGBA.

The Commission should approve these revisions to ensure that the costs and benefits of the Marsh Landing PPA are appropriately recorded. The affected tariff sheets for the ERRA and NSGBA are attached to this advice letter.

Request

Commission General Order 96-B, Energy Industry Rule 5.1 subsection (1) provides that “A tariff change in compliance with specific requirements of a statute or Commission order where the wording of the change follows directly from the statute or Commission order” may be submitted under a Tier 1 designation. This advice letter implements the Commission’s determination in D.10-07-045 that the costs of the Marsh Landing PPA should be recovered in ERRA,⁴ and that PG&E should recover the net capacity costs of the Marsh Landing PPA as provided by the Partial Settlement.⁵ The proposed modifications of PG&E’s ERRA and NSGBA preliminary statements are not only appropriate for this Tier 1 advice letter, they are also reasonable. PG&E requests Energy Division to approve this advice filing as soon as practicable pursuant to G.O. 96-B, Rule 7.6.1.

Materials Tendered for Approval

The following materials are being submitted for approval:

Tariff Sheets, consisting of:

- Electric Preliminary Statement Part CP – Energy Resource Recovery Account
- Electric Preliminary Statement Part FS – New System Generation Balancing Account

⁴ D.10-07-045, Conclusion of Law 10.

⁵ D.10-07-045, OP 7, approving the Partial Settlement.

Effective Date

PG&E requests that this Tier 1 advice filing be approved effective on **December 5, 2012**.

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 21 days after the date of this submission, which is **December 26, 2012**.⁶ Protests should be mailed to:

CPUC Energy Division
Energy Division Tariff Unit
505 Van Ness Avenue, Fourth Floor
San Francisco, California 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:

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter.⁷ The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail

⁶ PG&E requests to extend the protest period by one additional day because twenty days following the submission date of this advice letter falls on a state holiday, Tuesday, December 25, 2012.

⁷ General Order 96-B, Section 7.4.

address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division.⁸

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.12-06-002 and A.09-09-021 (closed on May 26, 2011). Address changes to the General Order 96-B service list should be directed to PG&E at email address 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 – Regulatory Relations

Attachments: Tariff Sheets, consisting of:

- Electric Preliminary Statement Part CP – Energy Resource Recovery Account
- Electric Preliminary Statement Part FS – New System Generation Balancing Account

cc: Andrew Schwartz, Energy Division, CPUC
Jason Houck, Energy Division, CPUC
Cem Turhal, Energy Division, CPUC
Donald Brooks, Energy Division, CPUC
Joseph Abhulimen, DRA, CPUC
Service Lists A.12-06-002 and A.09-09-021 (closed on May 27, 2011)

⁸ *Id.*, Section 3.11.

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: Kimberly Chang

Phone #: (415) 972-5472

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) #: **4157-E**

Tier: **1**

Subject of AL: **Revision of Pacific Gas and Electric Company's Electric Preliminary Statements Part CP ("Energy Resource Recovery Account") and Part FS ("New System Generation Balancing Account")**

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D. 10-07-045

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: _____

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: **December 5, 2012**

No. of tariff sheets: 6

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 Statements Part CP and Part FS

Service affected and changes proposed: Modify the Energy Resource Recovery Account ("ERRA") and New System Generation Balancing Account ("NSGBA") preliminary statements to record costs associated with the Marsh Landing Generating Station.

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:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian 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 4157-E**

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

Title of Sheet

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

32210-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 8	31660-E
32211-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 1	31543-E
32212-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 2	
32213-E	ELECTRIC TABLE OF CONTENTS Sheet 1	32151-E
32214-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 14	31855-E
32215-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 17	32063-E



ELECTRIC PRELIMINARY STATEMENT PART CP
ENERGY RESOURCE RECOVERY ACCOUNT

Sheet 8

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- ad) A debit entry equal to power purchase payments provided to eligible Net Energy Metering customers for energy produced by on-site generation in excess of consumption over a 12-month period.
- ae) A debit entry equal to the capacity and energy costs for QF/CHP Program contracts.
- af) A credit entry equal to the net capacity costs recorded in the QF/CHP Program and Marsh Landing subaccounts of the New System Generation Balancing Account (NSGBA). (N)
- ag) A debit or credit entry equal to the cost or revenue associated with combined heat and power systems authorized in D.09-12-042, D.10-12-055 and D.11-04-033, and defined in PG&E's tariffs E-CHP, E-CHPS, and E-CHPSA; and
- ah) A debit entry equal to the GHG procurement costs for PG&E's GHG compliance instrument transactions under the California cap-and-trade program pursuant to AB 32.
- ai) A monthly 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 rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor; and
- aj) A debit entry equal to the year-end balance transferred from the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA).



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Advice Letter No: 4157-E
 Decision No. 10-07-045

Issued by
Brian K. Cherry
 Vice President
 Regulatory Relations

Date Filed December 5, 2012
 Effective December 5, 2012
 Resolution No. _____



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

1st Light Energy	Department of General Services	North America Power Partners
AT&T	Department of Water Resources	North Coast SolarResources
Alcantar & Kahl LLP	Dept of General Services	Northern California Power Association
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
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Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
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City of Palo Alto Utilities	Marin Energy Authority	Tiger Natural Gas, Inc.
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City of Santa Rosa	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	United Cogen
Clean Power	Modesto Irrigation District	Utility Cost Management
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Davis Wright Tremaine LLP	NRG West	eMeter Corporation
Day Carter Murphy	NaturEner	
Defense Energy Support Center	Norris & Wong Associates	