

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 14, 2013

Advice Letter 4162-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: Adjustment of the Utility Generation Balancing Account Entries to
Reflect the Actual Operation and Maintenance Expenses of PG&E's Fuel
Cell Project**

Dear Mr. Cherry:

Advice Letter 4162-E is effective as of January 10, 2013.

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
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-7226

December 11, 2012

Advice 4162-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Adjustment of the Utility Generation Balancing Account Entries to Reflect the Actual Operation and Maintenance Expenses of Pacific Gas and Electric Company's Fuel Cell Project

Pacific Gas and Electric Company ("PG&E") hereby submits Advice 4162-E, to adjust the Utility Generation Balancing Account ("UGBA") entries for PG&E's Fuel Cell Project (the "Project"). These adjustments will reflect the Project's operations and maintenance ("O&M") expense actuals beginning on the Project's operative dates and ending exactly one year after.¹

Background

PG&E filed Application 09-02-013 ("PG&E's Fuel Cell Application") on February 20, 2009, seeking approval of its Fuel Cell Project and authorization to recover the Project's associated revenue requirement in rates. As subsequently approved, the Project consists of the installation and operation of three fuel cells on two university campuses: one 1.4 megawatt ("MW") molten carbonate fuel cell and one 200 kilowatt solid oxide fuel cell at San Francisco State University as well as one 1.4 MW molten carbonate fuel cell at California State University East Bay, Hayward campus. PG&E will own, install, operate, and maintain the three fuel cell facilities. The fuel cell facilities will provide electricity to the grid and by-products, such as waste heat and water that can be utilized by the campuses.

PG&E's Fuel Cell Application was approved by the California Public Utilities Commission ("Commission" or "CPUC") via ("D.") 10-04-028 (the "Decision") on April 8, 2010. The Decision approves the Project and orders PG&E, in Ordering Paragraph ("OP") 3.b, to file an advice letter within 90 days of the Decision's approval to establish a

¹ PG&E's Fuel Cell Project became operative in July and August 2011. The San Francisco State University plants became operative in July 2011. The California State University, East Bay plant became operative in August 2011. Due to this the actuals reflected within this advice letter will cover the time frames of July 2011 through July 2012 for the San Francisco State University plants and August 2011 through August 2012 for the California State University, East Bay plant.

Fuel Cell Project Memorandum Account ("FCPMA") to track the difference between estimated and actual capital costs and estimated and actual O&M costs.

In compliance with OP 3.b of the Decision, PG&E filed Advice 3701-E on July 7, 2010, requesting the institution of PG&E's FCPMA. PG&E's Advice 3701-E was approved on August 16, 2010 by the CPUC's Energy Division.

Purpose

This filing is being made in accordance with the Decision and OP 3.d in which the Commission requires that PG&E update its previous year's UGBA entries to reflect the Project's actual O&M expenses after each year of operation of the approved fuel cells. PG&E will utilize its FCPMA, approved in Advice 3701-E, to obtain the needed information to update the Project's O&M expense entries within PG&E's UGBA because its FCPMA is the Commission approved mechanism for tracking the Project's estimated and actual O&M costs.

Also per the Decision, OP 3.d, PG&E is instructed to make this update/adjustment via an advice letter so long as the Project's O&M expenses have not exceeded the authorized \$4.71 million O&M amount for the first four years of plant operation or until superseded by rates to be established in PG&E's next general rate case following commercial operation of the facilities, whichever shall come first. If the \$4.71 million O&M authorized amount is exceeded before the authorized time frame, PG&E must seek recovery of any costs within a petition to modify the Decision or file a new application in which the CPUC will determine the reasonableness of the additional costs and make a determination. This same ratemaking treatment and concept applies if the Project incurs additional capital costs.

PG&E does not anticipate exceeding the \$4.71 million O&M authorized amount per the time restrictions identified above and therefore submits this advice letter in compliance with Decision, OP 3.d.

Discussion

This advice letter reflects the adjustments made to PG&E's UGBA to capture the Project's actual O&M expenses for July 2011 through July 2012 for the San Francisco State University facilities and August 2011 through August 2012 for the California State University, East Bay facility.

Currently, PG&E has recorded \$782,831 in its FCPMA for the entire Project's actual O&M expenses for the time frame referenced above. Please note no Project O&M expenses were recorded to PG&E's FCPMA before July 2011 because the Project's plants were not operative prior to July 2011. Upon Commission approval of this advice letter, PG&E will adjust its UGBA to reflect the net costs of the authorized O&M amount

and the Project's actual O&M expenses for the time frames referred to above (July 2011 through July 2012 for the San Francisco University facilities and August of 2011 through August of 2012 for the California State University, East Bay facility). Due to this, PG&E proposes an adjustment/true-up of \$354,613 to be credited to its UGBA. Of the four year \$4.71 million authorized Project O&M amount, PG&E forecasted that it would spend \$1,137,443 over the course of the first year of the Project's operations. In actuality PG&E spent \$782,831 during this time frame making the needed adjustment/true-up to PG&E's UGBA totaling \$354,613.

PG&E requests the Commission's approval of the above mentioned figures so that PG&E can true-up the recorded Project O&M expenses, for 2011 and the majority of 2012, within PG&E's FCPMA and have those figures reflected within PG&E's UGBA as so directed via the Decision.

Protests

Anyone wishing to protest this advice letter may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **December 31, 2012**, which is 20 days after the date of this submission. Protests must be submitted to:

CPUC Energy Division
E D Tariff Unit
505 Van Ness Avenue, 4th 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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) 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. (General Order 96-B, Section 7.4.) 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 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 (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this advice filing become effective on **January 10, 2013**, which is thirty (30) days after the date of filing. PG&E submits this as a Tier 2 filing.

Notice

In accordance with G.O. 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 A.09-02-013. Address changes to the G.O. 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 approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President - Regulatory Relations

cc: Service List A.09-02-013

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) #: **4162-E**

Tier: **2**

Subject of AL: **Adjustment of the Utility Generation Balancing Account Entries to Reflect the Actual Operation and Maintenance Expenses of Pacific Gas and Electric Company's Fuel Cell Project**

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 #: N/A

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: **January 10, 2013**

No. of tariff sheets: N/A

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 proposed: 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:

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

**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.
Anderson & Poole	Downey & Brand	OnGrid Solar
BART	Duke Energy	PG&E
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SMUD
Brookfield Renewable Power	GenOn Energy, Inc.	SPURR
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
CENERGY POWER	Green Power Institute	Seattle City Light
CLECA Law Office	Hanna & Morton	Sempra Utilities
California Cotton Ginners & Growers Assn	Hitachi	Sierra Pacific Power Company
California Energy Commission	In House Energy	Silicon Valley Power
California League of Food Processors	International Power Technology	Silo Energy LLC
California Public Utilities Commission	Intestate Gas Services, Inc.	Southern California Edison Company
Calpine	Lawrence Berkeley National Lab	Spark Energy, L.P.
Cardinal Cogen	Los Angeles County Office of Education	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunrun Inc.
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	Marin Energy Authority	Tiger Natural Gas, Inc.
City of San Jose	McKenna Long & Aldridge LLP	TransCanada
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
Coast Economic Consulting	Morgan Stanley	Utility Specialists
Commercial Energy	Morrison & Foerster	Verizon
Consumer Federation of California	Morrison & Foerster LLP	Wellhead Electric Company
Crossborder Energy	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	NRG West	eMeter Corporation
Day Carter Murphy	NaturEner	
Defense Energy Support Center	Norris & Wong Associates	