

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 23, 2013

**Advice Letter 4168-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: Energy Resource Recovery Account -- New Greenhouse Gas Cost Sub-Account**

Dear Mr. Cherry:

Advice Letter 4168-E is effective as of January 1, 2013.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division

December 21, 2012

**Advice 4168-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Energy Resource Recovery Account – New Greenhouse Gas Cost Sub-Account**

**Purpose**

Pursuant to Ordering Paragraphs (OP) 1 to 5 in Decision (“D.”) 12-12-008, issued in Pacific Gas and Electric Company’s (PG&E) 2013 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast Proceeding, Application (A.) 12-06-002, and OP 20 and 22 in 12-12-033, issued in Rulemaking (R.) 11-03-012, the Greenhouse Gas Order Instituting Rulemaking (GHG OIR), PG&E respectfully submits this Tier 1 Advice Letter to the California Public Utilities Commission’s (“CPUC” or “Commission”).

This advice letter proposes to conform the ERRA<sup>1</sup> with the aforementioned Decisions by establishing a sub-account to track authorized forecasted direct and indirect greenhouse gas (“GHG”) costs that PG&E is authorized to defer for future recovery, until the Commission determines that all necessary implementation details for including GHG costs and revenues in rates are finalized.

**Background**

Decision 12-12-008, OP 1 authorizes PG&E to recover a 2013 procurement revenue requirement of \$4.537 billion. Concurrently, in D. 12-12-033, OP 20, the Commission directs investor-owned utilities to defer including in rates GHG costs and revenue, including accrued interest, until all necessary implementation details are finalized. Per OP 22, each investor-owned utility must file a Tier 1 advice letter to establish sub-balancing accounts to track GHG costs.<sup>2</sup> The following 2013 ERRA Forecast Decision directives are intended to align with the GHG OIR Decision directives.

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<sup>1</sup> Electric Preliminary Statement Part CP

<sup>2</sup> Each IOU must also establish a Revenue Balancing Account to track GHG revenues, a directive with which PG&E will comply in a separate advice letter.

D.12-12-008, OP 2 authorizes PG&E to defer \$180 million in authorized forecasted direct and indirect GHG costs from the total authorized revenue requirement, for future recovery in rates. OP 3 orders PG&E to track the \$180 million in GHG costs, along with associated franchise fees and uncollectibles, in a sub-account in the ERRA. PG&E will record the GHG costs in the new sub-account, and while held there, the costs will not be recovered from customers in the generation rate, nor, pursuant to OP 5, will they factor into the calculation of the ERRA "trigger." At the time that the Commission declares that the necessary GHG revenue return implementation details are final, PG&E will file a Tier 1 Advice Letter, per OP 4, to inform the Commission of the intent to begin collecting these previously deferred GHG costs in rates.

### **Tariff Revisions**

PG&E proposes to make changes to its ERRA Preliminary Statement CP, included herein as Attachment 1, to create a Greenhouse Gas (GHG) Cost sub-account to track the authorized forecasted GHG costs, while those costs are deferred from rates. Attachment 1 contains revisions to the ERRA preliminary statement.

In summary, the tariff changes include a debit of the authorized forecasted GHG costs to the newly created GHG Subaccount, and a corresponding credit to the main ERRA. It also includes a debit entry equal to GHG subaccount amounts included in rates, once the Commission authorizes PG&E to begin recovery of the deferred GHG costs, and a corresponding debit entry to the main ERRA.

The numbering sequence in the Accounting Procedures section is updated accordingly.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **January 10, 2013**, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> 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 Tier 1 advice letter become effective **January 1, 2013**.

### **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.12-06-002. 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

cc: Service List A.12-06-002

# 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) #: **4168-E**

Tier: **1**

Subject of AL: **Energy Resource Recovery Account – New Greenhouse Gas Cost Sub-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. 12-12-008

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 1, 2013**

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 CP

Service affected and changes proposed: Establish a sub-account to track authorized forecasted direct and indirect greenhouse gas (“GHG”) costs

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., 4<sup>th</sup> 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 4168-E**

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

**Title of Sheet**

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

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32231-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 8	32210-E
32232-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 9	
32233-E	ELECTRIC TABLE OF CONTENTS Sheet 1	32222-E
32234-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 14	32214-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).
- 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 credit entry equal to one-twelfth of the authorized forecasted direct and indirect GHG costs, deferred for future recovery in rates. (N)
- aj) A debit entry equal to the balance in the GHG subaccount included for recovery in rates. (N)
- ak) 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 (T)
- al) A debit entry equal to the year-end balance transferred from the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA). (T)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART CP**  
**ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 9

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

6. GREENHOUSE GAS (GHG) COST SUB-ACCOUNT (N)

The following sub-account entries record the authorized forecasted direct and indirect procurement-related GHG costs, during the time that recovery of the costs are temporarily deferred. Once recovery in rates begins, the entries track the transfer of costs from the sub-account to the main ERRA in Section 5, above.

- a) A debit entry equal to one-twelfth of the authorized forecasted direct and indirect GHG costs, deferred for future recovery in rates.
- b) A credit entry equal to the balance in the sub-account included for recovery in rates.
- c) A monthly entry equal to interest on the average balance in the subaccount at the beginning of the month and the balance after the above entry, 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

(N)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

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	Rules .....	30402, 32079, 32054-E	
	Maps, Contracts and Deviations.....	29909-E	
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(Continued)

Advice Letter No: 4168-E  
 Decision No. 12-12-008

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulatory Relations

Date Filed December 21, 2012  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_



**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 14

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Part CG	Utility Generation Balancing Account.....	31694, 31695-E
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Part CI	Wholesale DWR/ISO Cost Memorandum Account .....	20503-E
Part CJ	Negative Ongoing Transition Charge Memorandum Account .....	25999-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account .....	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CP	Energy Resource Recovery Account .....	30645, 30255, 30256, 31326, 30258, 30259, 30646, <b>32231, 32232-E</b>
		(T)
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Part CR	Common Area Balancing Account .....	19768, 19769-E
Part CS	Advanced Metering and Demand Response Account.....	26376-26378-E
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(Continued)

**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	