

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 31, 2014

Advice Letter 4243-E

Brian Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

**SUBJECT: Annual Reasonableness Review of PG&E's Schedule E-31 Contracts -
Compliance AL Pursuant to Electric Schedule E-31 & D.09-06-025**

Dear Mr. Cherry:

Advice Letter 4243-E is effective as of June 12, 2014, per Resolution E-4643 approved June 12, 2014.

Sincerely,

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

Edward 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

June 27, 2013

Advice 4243-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Annual Reasonableness Review of Pacific Gas and Electric Company's Schedule E-31 Contracts – Compliance Advice Letter Pursuant to Electric Schedule E-31 and D.09-06-025

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter (AL) in accordance with Electric Schedule E-31 and Decision (D.) 09-06-025, *Decision Adopting a Settlement Resolving Modesto Irrigation District's Complaint Against Pacific Gas & Electric Company (PG&E), Regarding Tariff Schedule E-31*.

The purpose of this filing is to comply with (a) PG&E's obligations under Schedule E-31, which calls for an annual reasonableness review of PG&E's E-31 contracts, and (b) D.09-06-025, consistent with the terms of the Settlement Agreement (Agreement) that the California Public Utilities Commission (Commission or CPUC) therein approved.

In this advice letter, PG&E reports no customer information as there were no new contracts in 2012 and 2013 since PG&E filed AL 4057-E on June 7, 2012. PG&E still files this advice letter to ensure full compliance with Schedule E-31, Form No. 79-995, the Distribution Bypass Deferral Rate Memo Account (DBDRMA), and Preliminary Statement Part CK.

Annual Reasonableness Review

In D.09-06-025, the Commission adopted the Agreement between Modesto Irrigation District (MID) and PG&E resolving MID's complaint that PG&E improperly provided service to customers under Schedule E-31.

Ordering Paragraphs (OP) 2, 4, 5 and 6 of D.09-06-025 state:

2. Pacific Gas and Electric Company shall file annual advice letter reasonableness reviews, with accompanying documentation, as provided for in Article IV of the settlement agreement.¹

4. Pacific Gas and Electric Company shall submit its first reasonableness review advice letter within 90 days of the effective date of this decision.

5. The first reasonableness review shall include a rate review, but not a procedural review because all existing procedural review issues have been resolved in the settlement agreement.

6. Subsequent reasonableness reviews will include both a rate review and a procedural review of any new Schedule E-31 contracts, and only a rate review of contracts in existence after the previous review.

By this advice letter, PG&E states the following:

- PG&E's one remaining E31 contract expired March 7, 2012.
 - The 2012 annual review for the period of January 1- March 7 for that last remaining contract was included with the E31 2011 annual review AL last year, filed on June 7, 2012 (AL 4057-E). Please refer to AL 4057-E for the review of the last contract for that period.
 - It would be duplicative if PG&E were to submit an annual review for the last contract that expired March 7, 2012, because the review for the period that last contract was outstanding in 2012 was submitted with AL 4057-E last year.
- PG&E did not enter into any new contracts in 2012, or to date in 2013; therefore, at this time, no contracts are outstanding and no reasonableness reviews are required.
- Going forward, should PG&E enter into new E31 contracts, PG&E will comply with its obligations under (a) Schedule E-31, which calls for an annual reasonableness review of PG&E's E-31 contracts, and (b) D.09-06-025, consistent with the terms of the Agreement that the Commission therein approved. If there are no new E31 contracts, PG&E will not file an advice letter.

¹ The Commission should review the reasonableness of PG&E's E-31 contracts on an annual basis, and propose the Energy Division review and confirm both (a) the accuracy of PG&E's calculations and the attendant E-31 rates on which its E-31 contracts are based, including, without limitation, compliance with the marginal cost floor price as required by sections 7 and 8 of the Agreement for Customers Taking Service on Schedule E-31, Form No. 79-995 ("Rate Review"), and (b) PG&E's compliance with the procedures set forth for Customers Taking Service on Schedule E-31, Form No. 79-995 and this Agreement ("Procedural Review). Accordingly, PG&E shall submit an advice letter to the Commission each year, requesting the full Commission's approval by resolution. (Article 4.1, § 4.1, Settlement Agreement)

Distribution Bypass Deferral Rate Memorandum Account

For situations where Schedule E-31 is used to retain customers, the difference between the full tariff revenue and the revenue that PG&E receives pursuant to Schedule E-31 is recorded as a debit in DBDRMA. For situations where Schedule E-31 is used to attract customers, the amount of revenue received under Schedule E-31 minus the marginal cost of serving the attracted customers is recorded as a credit in the DBDRMA.

Subject to a determination that the contracts are reasonable, the balance in the DBDRMA is subject to disposition by the Commission, provided however, that the balance is recovered from customers with loads greater than 20 kW. Accordingly, once the contract revenue has been deemed reasonable by the Commission, PG&E will make adjustments to its revenue allocation and rate design in the first subsequent Annual Electric True-Up to ensure that only customers greater than 20 kW are responsible for these amounts.

Specifically, in order to properly allocate the balance to be recovered, PG&E will exclude the balance in the DBDRMA from the allocation of revenue, allocate the remaining revenue under the applicable requirements for revenue allocation and rate design in effect at the time, and then directly assign the balance in the DBDRMA to all customers except those customers served under residential schedules and Schedules A-1, A-6 and A-15.² The balance in the DBDRMA was \$1.8 million as of the end of 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 **July 17, 2013**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
ED 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.

² Section 454.1 states that reallocation of revenue differences resulting from discounting shall not be imposed on residential customers or on commercial customers less than 20 kW. Since eligibility for PG&E's rates is not defined at 20 kW, this set of schedules is being used to implement this provision of Section 454.1.

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

Effective Date

PG&E requests that this advice filing become effective upon approval by the Commission. This advice letter is submitted as a Tier 3 filing.

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 Service List C.07-08-027. 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>.

Brian Cherry /IG

Vice President – Regulatory Relations

cc: Service List C.07-08-027

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: Igor Grinberg

Phone #: 415-973-8580

E-mail: ixg8@pge.com and PGETariffs@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) #: **4243-E**

Tier: **3**

Subject of AL: **Annual Reasonableness Review of Pacific Gas and Electric Company's Schedule E-31 Contracts - Compliance Advice Letter Pursuant to Electric Schedule E-31 and D.09-06-025**

Keywords (choose from CPUC listing): Power Lines

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.09-06-025

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: N/A

Is AL requesting confidential treatment? 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: **Upon Approval**

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

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 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

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

1st Light Energy	Douglass & Liddell	Occidental Energy Marketing, Inc.
AT&T	Downey & Brand	OnGrid Solar
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
Anderson & Poole	G. A. Krause & Assoc.	Praxair
BART	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCD Energy Solutions
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
Bear Valley Electric Service	Green Power Institute	SDG&E and SoCalGas
Braun Blaising McLaughlin, P.C.	Hanna & Morton	SPURR
CENERGY POWER	In House Energy	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	International Power Technology	Seattle City Light
California Energy Commission	Intestate Gas Services, Inc.	Sempra Utilities
California Public Utilities Commission	Kelly Group	SoCalGas
Calpine	Linde	Southern California Edison Company
Casner, Steve	Los Angeles Dept of Water & Power	Spark Energy
Center for Biological Diversity	MAC Lighting Consulting	Sun Light & Power
City of Palo Alto	MRW & Associates	Sunshine Design
City of San Jose	Manatt Phelps Phillips	Tecogen, Inc.
Clean Power	Marin Energy Authority	Tiger Natural Gas, Inc.
Coast Economic Consulting	McKenna Long & Aldridge LLP	TransCanada
Commercial Energy	McKenzie & Associates	Utility Cost Management
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Power Solutions
Crossborder Energy	Morgan Stanley	Utility Specialists
Davis Wright Tremaine LLP	NLine Energy, Inc.	Verizon
Day Carter Murphy	NRG Solar	Water and Energy Consulting
Defense Energy Support Center	Nexant, Inc.	Wellhead Electric Company
Dept of General Services	North America Power Partners	Western Manufactured Housing Communities Association (WMA)