

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 30, 2014

Advice Letter 4374-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: Request to Establish the Hercules Safety & Service Enhancements
Memorandum Account**

Dear Mr. Cherry:

Advice Letter 4374-E is effective April 6, 2014.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



March 7, 2014

Advice 4374-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Request to Establish the Hercules Safety and Service Enhancements Memorandum Account

Pacific Gas and Electric Company (PG&E) submits for filing revisions to its electric tariffs. The affected electric tariff sheets are included in the enclosed Attachment 1.

Purpose

PG&E requests authority to establish the Hercules Safety and Service Enhancements Memorandum Account (HSSEMA) to record revenue requirements associated with actual safety and service enhancement capital expenditures incurred once the transaction closes pursuant to the Asset Purchase Agreement (APA), dated May 13, 2013, between PG&E and the City of Hercules until the California Public Utilities Commission (CPUC or Commission) issues a decision on Phase 2 of the Hercules proceeding (Appliciation (A.) 13-07-001) addressing recovery of these costs. PG&E is requesting to establish the HSSEMA to avoid retroactive ratemaking. PG&E anticipates incurring safety and service enhancement costs and placing assets into service as early as April 2014, which will be prior to the Commission's ability to issue a Phase 2 decision.

Background

On January 16, 2014, the Commission issued a Phase 1 Decision (D.) 14-01-009 approving the APA between PG&E and the City of Hercules (A.13-07-001). In that decision, the Commission authorized recovery of the net book value of the Hercules Municipal Utility (HMU) assets and also provided that "**Phase 2** of this proceeding will address the reasonableness of PG&E's requested capital expenditures associated with safety and service enhancements". Specifically, Finding of Facts (FOF) 29 of D.14-01-009 states:

"Following a Phase 1 Decision in this proceeding, a Phase 2 of this proceeding will review \$3.6 million in proposed safety and service enhancements over a period of 2014–2016."

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than March 27, 2014, 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, 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 submits this advice letter as a Tier 2 filing. PG&E requests that this advice letter become effective on **April 6, 2014**, which is 30 days after the date of this 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 the service list for A.13-07-001. Address changes to the General Order 96-B service list and all electronic approvals should be directed to 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. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.



Vice President – Regulatory Relations

cc: Service List A.13-07-001

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: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@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) #: **4374-E**

Tier: 2

Subject of AL: **Request to Establish the Hercules Safety and Service Enhancements Memorandum Account**

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

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: No

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: _____

Resolution Required? Yes No

Requested effective date: **April 6, 2014**

No. of tariff sheets: **3**

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: New Electric Preliminary Statement GG - Hercules Safety and Service Enhancements Memorandum Account

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 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

Cal P.U.C.
Sheet No.

Title of Sheet

Cancelling Cal
P.U.C. Sheet No.

33658-E* ELECTRIC PRELIMINARY STATEMENT PART
GG
HERCULES SAFETY AND SERVICE
ENHANCEMENTS
MEMORANDUM ACCOUNT
Sheet 1

33659-E* ELECTRIC TABLE OF CONTENTS
Sheet 1

33653-E

33660-E* ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT
Sheet 18

33138-E



ELECTRIC PRELIMINARY STATEMENT PART GG
HERCULES SAFETY AND SERVICE ENHANCEMENTS
MEMORANDUM ACCOUNT

Sheet 1 (N)
 (N)
 (N)

- GG. Hercules Safety and Service Enhancements Memorandum Account (HSSEMA) (N)
1. PURPOSE: The purpose of the Hercules Safety and Service Enhancements Memorandum Account (HSSEMA) is to record incremental revenue requirements associated with safety and service enhancements capital expenditures. (N)
 2. APPLICABILITY: The HSSEMA shall apply to all customer classes, except for those schedules or contracts specifically excluded by the Commission. |
 3. REVISION DATE: Disposition of the balances in this account shall be determined by the Commission in a formal proceeding. |
 4. RATES: The HSSEMA does not have a rate component. |
 5. ACCOUNTING PROCEDURE: PG&E shall maintain the HSSEMA by making entries to this account at the end of each month as follows: |
 - a) A debit entry equal to the revenue requirement, excluding Franchise Fees and Uncollectible Allowance Expense (FF&U), based on the capital costs incurred. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs. |
 - b) A debit/(credit) entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission, and |
 - c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest 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

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
	Title Page	33659*E	(T)
	Rate Schedules	33642,33643,33644,33645,33646,33647,32705,31541,33648-E	
	Preliminary Statements	33649,32706,30376,32544,32398,30846,32783, 33660*E	(T)
	Rules	32424, 32425, 33001-E	
	Maps, Contracts and Deviations.....	33253-E	
	Sample Forms	32777,32429,32726,32431,32504,33654,33209,32506,32648,32437,32508,32439-E	

(Continued)



ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT

Sheet 18

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Preliminary Statements (Cont'd)		
Part GA	Greenhouse Gas Expense Memorandum Account	32419,32420-E
Part GB	Greenhouse Gas Revenue Balancing Account	32421-E
Part GC	California Energy Systems for the 21 st Century Balancing Account32455-E
Part GD	Smart Grid Pilot Deployment Project Balancing Account	32540-32542-E
Part GE	Statewide Marketing, Education and Outreach Expenditure Balancing Account	32643-E
Part GF	Customer Data Access Balancing Account – Electric	33136-E
Part GG	Hercules Safety and Service Enhancements Memorandum Account (HSSEMA)	33658*-E (N)

(Continued)

**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
Braun Blaising McLaughlin, P.C.	Green Power Institute	SDG&E and SoCalGas
CENERGY POWER	Hanna & Morton	SPURR
California Cotton Ginners & Growers Assn	In House Energy	San Francisco Public Utilities Commission
California Energy Commission	International Power Technology	Seattle City Light
California Public Utilities Commission	Intestate Gas Services, Inc.	Sempra Utilities
California State Association of Counties	K&L Gates LLP	SoCalGas
Calpine	Kelly Group	Southern California Edison Company
Casner, Steve	Linde	Spark Energy
Center for Biological Diversity	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
City of Palo Alto	Los Angeles Dept of Water & Power	Sunshine Design
City of San Jose	MRW & Associates	Tecogen, Inc.
Clean Power	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Coast Economic Consulting	Marin Energy Authority	TransCanada
Commercial Energy	McKenna Long & Aldridge LLP	Utility Cost Management
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Davis Wright Tremaine LLP	Morgan Stanley	Verizon
Day Carter Murphy	NLine Energy, Inc.	Water and Energy Consulting
Defense Energy Support Center	NRG Solar	Wellhead Electric Company
Dept of General Services	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Division of Ratepayer Advocates	North America Power Partners	