

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



September 10, 2010

**Advice Letter 3046-G-A/3530-E-A**

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Supplemental Filing – Approval of Wildfire Expense  
Memorandum Account**

Dear Ms. Yura:

Advice Letter 3046-G-A/3530-E-A is effective July 29, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Jane K. Yura**  
Vice President  
Regulation and Rates

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10B  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-6520

August 9, 2010

**Advice 3046-G-A/3530-E-A**  
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Supplemental Filing - Approval of Wildfire Expense Memorandum Account**

Pacific Gas and Electric Company ("PG&E") hereby submits revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment 1.

**Purpose**

This supplemental filing complies with Ordering Paragraph ("OP") 2 of Resolution E-4311 ("the Resolution") which orders PG&E to replace in its entirety Advice 3046-E/3530-G filed on September 22, 2009, and establish a Wildfire Expense Memorandum Account (WEMA) with the modifications as described in Resolution E-4311 and specified in the Appendix thereto.

**Background**

On August 31, 2009, PG&E along with Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company ("Utilities") filed Joint Application (A.) 09-08-020, requesting approval to establish a Wildfire Expense Balancing Account ("WEBA") to enable the Utilities to recover primarily the cost of uninsured wildfire claims to the extent that such claims would have been covered by insurance policies the Utilities historically have been able to purchase. PG&E seeks to establish the WEMA to record these same-type costs prior to a final decision in A.09-08-020 and the establishment of the WEBA, should any costs be incurred.

In Resolution E-4311, issued on July 29, 2010, the Commission approved, with certain modifications, the Utilities' proposals to establish WEMAs. The Commission noted that the recovery of costs recorded in the WEMAs is dependent on a Commission decision in A.09-08-020.<sup>1</sup> The Commission also required that: (1) the electric Utilities' WEMA

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<sup>1</sup> Resolution E-4311, page 6.

tariffs include a credit entry for any wildfire cost recovered through revenues authorized by the Federal Energy Regulatory Commission, and (2) interest on WEMA balances shall accrue at the three-month commercial paper rate and shall not include incremental debt/equity costs.<sup>2</sup>

Consistent with the Utilities' request in A.09-08-020 and the modifications adopted in Resolution E-4311, PG&E proposes revised WEMA tariffs (one electric and one natural gas) to record for future recovery wildfire-related costs including: (1) payments to satisfy wildfire claims,<sup>3</sup> including any co-insurance and deductible expense paid by the Utilities, but excluding costs already authorized for recovery in rates; (2) outside legal expenses incurred in the defense of wildfire claims; and (3) increases or decreases in wildfire insurance premiums from amounts authorized in the General Rate Case ("GRC") or other applicable proceeding. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA as they are received. In accordance with Resolution E-4311, these WEMA tariffs include a special disposition section that links the recovery of any costs recorded in the WEMA to the Commission's decision in A.09-08-020.

### **Tariff Revisions**

PG&E proposes two new memorandum accounts: the *Wildfire Expense Memorandum Account – Gas* ("WEMA-G") and the *Wildfire Expense Memorandum Account – Electric* ("WEMA-E").

### **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 **August 30, 2010**,<sup>4</sup> which is 21 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

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<sup>2</sup> Resolution E-4311, page 7.

<sup>3</sup> Wildfire claims means amounts paid by PG&E to a third party in respect of a claim by such third party for damage or loss resulting from a wildfire, including claims by a governmental entity for the reimbursement of fire suppression costs, damages to environmental resources and other governmental claims against PG&E arising from a wildfire.

<sup>4</sup> The end of the protest period falls on a weekend; therefore, PG&E is moving the end of the protest period to the following business day.

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:

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-6520  
E-mail: PGETariffs@pge.com

### **Effective Date**

Ordering Paragraph 2 of Resolution E-4311 also orders PG&E to designate this as Tier 1 to be made effective on **July 29, 2010**, the date of the Resolution, subject to Energy Division's review for compliance with the Resolution.

### **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.09-08-020, A.05-12-002, and R.08-11-005. 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>.

Handwritten signature of Jane Yura in cursive script, followed by a forward slash and the letters 'lmt'.

Vice President - Regulation and Rates

cc: Service Lists – A.09-08-020, A.05-12-002, R.08-11-005

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 M)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3046-G-A/3530-E-A**

**Tier: 1**

Subject of AL: Supplemental Filing - Approval of Wildfire Expense Memorandum Account

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

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4311

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<sup>1</sup>: \_\_\_\_\_

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: **July 29, 2010**

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: Gas Preliminary Statement BX, Electric Preliminary Statement FC

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: 3046-G/3530-E

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:

**CPUC, Energy Division**  
**Tariff Files, Room 4005**  
**DMS Branch**  
**505 Van Ness Ave.,**  
**San Francisco, CA 94102**  
**jnj@cpuc.ca.gov and mas@cpuc.ca.gov**

**Pacific Gas and Electric Company**  
**Attn: Jane Yura**  
**Vice President, Regulation and Rates**  
**77 Beale Street, Mail Code B10B**  
**P.O. Box 770000**  
**San Francisco, CA 94177**  
**E-mail: PGETariffs@pge.com**

**ATTACHMENT 1  
Advice 3046-G-A**

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

**Title of Sheet**

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

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28463-G	GAS PRELIMINARY STATEMENT PART BX WILDFIRE EXPENSE MEMORANDUM ACCOUNT Sheet 1	27806-G
28464-G	GAS TABLE OF CONTENTS Sheet 1	28456-G
28465-G	GAS TABLE OF CONTENTS Sheet 5	28425-G



**GAS PRELIMINARY STATEMENT PART BX**  
**WILDFIRE EXPENSE MEMORANDUM ACCOUNT**

Sheet 1 (N)  
 (N)

1. **PURPOSE:** The purpose of the Wildfire Expense Memorandum Account (WEMA-G) is to record for later recovery, subject to a decision in A.09-08-020, the costs of third-party claims resulting from wildfires prior to the approval of PG&E's Wildfire Insurance Application (A.09-08-020) that would have been covered by insurance, as well as costs that would not have been incurred if insurance were available, including: (1) payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by PG&E, but excluding costs that have already been authorized in the PG&E's General Rate Case (GRC); (2) outside legal costs incurred in the defense of wildfire claims; (3) premium costs not in rates; and (4) the cost of financing these amounts. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA-G as they are received. (N)
2. **APPLICABILITY:** The WEMA-G applies to all customer classes, except for those specifically excluded by the Commission. |
3. **REVISION DATE:** See Disposition section. |
4. **RATES:** The WEMA-G does not have a rate component. |
5. **ACCOUNTING PROCEDURE:** PG&E shall maintain the WEMA-G by making entries to this account at the end of each month as follows: |
  - a. A debit entry each month equal to the gas portion of PG&E's payments incurred prior to the approval of A.09-08-020 to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by PG&E, premium costs not included in PG&E's general rate case, and outside legal costs incurred in the defense of wildfire claims, but excluding costs that have already been authorized in PG&E's GRCs. |
  - b. A credit entry each month equal to the gas portion of reimbursement by insurance companies or other third parties. |
  - c. An entry each month equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the 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. |
6. **DISPOSITION:** The disposition of any amounts recorded in the WEMA shall be established by a Commission decision in A.09-08-020. (N)



**GAS TABLE OF CONTENTS**

Sheet 1

<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
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Preliminary Statements.....	28459,28465-G	(T)
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Maps, Contracts and Deviations.....	23208-G	
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Sheet 5

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Part AE	Core Pipeline Demand Charge Account.....	23301-G
Part AG	Core Firm Storage Account.....	23280-G
Part AN	Hazardous Substance Mechanism.....	23281-23283,16693-16694-G
Part AW	Self-Generation Program Memorandum Account .....	24767-G
Part BA	Public Purpose Program-Energy Efficiency.....	23360-23361-G
Part BB	Public Purpose Program Memorandum Account .....	23362-23363-G
Part BH	Public Purpose Program Surcharge-Low Income Energy Efficiency Balancing Account.....	23364-G
Part BI	Public Purpose Program Surcharge-Research, Development and Demonstration Balancing Account.....	23365,23366-G
Part BL	Noncore Distribution Fixed Cost Account.....	28415-G
Part BP	SmartMeter Project Balancing Account-Gas.....	24123-24124-G
Part BQ	Pension Contribution Balancing Account .....	24853,24224-G
Part BS	Climate Balancing Account .....	24741-G
Part BT	Non-Tariffed Products and Services Balancing Account.....	26710-G
Part BW	Energy Efficiency 2009 – 2011 Memorandum Account.....	28304,27419-G
Part BX	Wildfire Expense Memorandum Account.....	28463-G
Part BY	On-Bill Financing Balancing Account (OBFBA).....	28305-G
Part BZ	Gas Disconnection Memorandum Account.....	28046-G
Part CA	California Solar Initiative Thermal Program Memorandum Account.....	28059,28060
Part CB	CARE/TANF Balancing Account.....	28103-G
Part CC	Sempra and Price Indexing Cases Gas Settlement Refund Memorandum Account (SPGSRMA).....	28111-G

(N)

(Continued)

**ATTACHMENT 1  
Advice 3530-E-A**

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

**Title of Sheet**

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

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29570-E	ELECTRIC PRELIMINARY STATEMENT PART FC WILDIRE EXPENSE MEMORANDUM ACCOUNT Sheet 1	28425-E
29571-E	ELECTRIC TABLE OF CONTENTS Sheet 1	29479-E
29572-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	29498-E



**ELECTRIC PRELIMINARY STATEMENT PART FC**  
**WILDIRE EXPENSE MEMORANDUM ACCOUNT**

Sheet 1 (N)  
 (N)

1. **PURPOSE:** The purpose of the Wildfire Expense Memorandum Account (WEMA-E) is to record for later recovery, subject to a decision in A.09-08-020, the costs of third-party claims resulting from wildfires prior to the approval of PG&E's Wildfire Insurance Application (A.09-08-020) that would have been covered by insurance, as well as costs that would not have been incurred if insurance were available, including: (1) payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by PG&E, but excluding costs that have already been authorized in the PG&E's General Rate Case (GRC); (2) outside legal costs incurred in the defense of wildfire claims; (3) premium costs not in rates; and (4) the cost of financing these amounts. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA-E as they are received. (N)
2. **APPLICABILITY:** The WEMA-E applies to all customer classes, except for those specifically excluded by the Commission. |
3. **REVISION DATE:** See Disposition section. |
4. **RATES:** The WEMA-E does not have a rate component. |
5. **ACCOUNTING PROCEDURE:** PG&E shall maintain the WEMA-E by making entries to this account at the end of each month as follows: |
  - a. A debit entry each month equal to the electric portion of PG&E's payments incurred prior to the approval of A.09-08-020 to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by PG&E, premium costs not included in PG&E's general rate case, and outside legal costs incurred in the defense of wildfire claims, but excluding costs that have already been authorized in PG&E's GRCs. |
  - b. A credit entry each month equal to the electric portion of reimbursement by insurance companies or other third parties. |
  - c. A credit entry each month equal to amounts received through FERC authorized transmission rates for the recovery of costs related to wildfire claims. |
  - d. An entry each month equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the 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. |
6. **DISPOSITION:** The disposition of any amounts recorded in the WEMA shall be established by a Commission decision in A.09-08-020. (N)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
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	Preliminary Statements .....	29463,28907,28585,29498-E	(T)
	Rules .....	29477-E	
	Sample Forms .....	28385,28922,29324,29325,28261,27639,29532,29550,28366-E	

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

Sheet 9

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
<b>Preliminary Statements</b>		
Part EA	Internal Combustion Conversion Incentives Balancing Account.....	23642-E
Part EC	Demand Response Expenditures Balancing Account (DREBA).....	28614-28616-E
Part ED	Demand Response Revenue Balancing Account (DRRBA).....	27869-E
Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM) .....	25392-E
Part EH	Negative Indifference Amount Memorandum Account (NIAMA).....	25088-E
Part EI	SmartMeter Project Balancing Account - Electric .....	28231,28232-E
Part EJ	Pension Contribution Balancing Account.....	26297,25228-E
Part EK	Land Conservation Plan Implementation Account (LCPIA) .....	26324-E
Part EL	Renewables Portfolio Standard Cost Memorandum Account.....	27643-E
Part EM	ClimateSmart Balancing Account .....	26098-E
Part EN	British Columbia Renewable Study Balancing Account.....	28041-E
Part EO	California Solar Initiative Balancing Account .....	26211-26213-E
Part EP	Market Redesign and Technology Upgrade Memorandum Account .....	27623, 27624-E
Part EQ	Humboldt Bay Power Plant Memorandum Account.....	26307,26308-E
Part ER	Air Conditioning Tracking Memorandum Account .....	26721 -E
Part ET	Non-Tariffed Products and Services Balancing Account.....	26730-E
Part EV	Air Conditioning Expenditures Balancing Account.....	27297-E
Part EW	Long-Term Procurement Plan Technical Assistance Memorandum Account.....	27311-E
Part EX	Dynamic Pricing Memorandum Account.....	27667-27669-E
Part EY	Energy Efficiency 2009-2011 Memorandum Account.....	29488,28203-E
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Part FA	Gateway Settlement Balancing Account.....	28019-E
Part FB	Fire Hazard Prevention Memorandum Account.....	28410-E
Part FC	Wildfire Expense Memorandum Account.....	29570-E
Part FD	Smart Grid Project Memorandum Account.....	28563-E
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Part FF	Electric Disconnection Memorandum Account.....	28933-E
Part FG	CARE/TANF Balancing Account.....	28950-E
Part FH	SmartMeter Evaluation Memorandum Account.....	28933-E
Part FI	Operations and Maintenance Contingency Balancing Account.....	29478-E

(N)

(Continued)

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

Aglet	Defense Energy Support Center	North Coast SolarResources
Alcantar & Kahl	Department of Water Resources	Occidental Energy Marketing, Inc.
Ameresco	Department of the Army	OnGrid Solar
Anderson & Poole	Dept of General Services	Praxair
Arizona Public Service Company	Division of Business Advisory Services	R. W. Beck & Associates
BART	Douglass & Liddell	RCS, Inc.
BP Energy Company	Downey & Brand	Recon Research
Barkovich & Yap, Inc.	Duke Energy	Recurrent Energy
Bartle Wells Associates	Dutcher, John	SCD Energy Solutions
Bloomberg New Energy Finance	Economic Sciences Corporation	SCE
Boston Properties	Ellison Schneider & Harris LLP	SMUD
Brookfield Renewable Power	Foster Farms	SPURR
C & H Sugar Co.	G. A. Krause & Assoc.	Santa Fe Jets
CA Bldg Industry Association	GLJ Publications	Seattle City Light
CAISO	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
CLECA Law Office	Green Power Institute	Sierra Pacific Power Company
CSC Energy Services	Hanna & Morton	Silicon Valley Power
California Cotton Ginners & Growers Assn	International Power Technology	Silo Energy LLC
California Energy Commission	Intestate Gas Services, Inc.	Southern California Edison Company
California League of Food Processors	Lawrence Berkeley National Lab	Sunshine Design
California Public Utilities Commission	Los Angeles Dept of Water & Power	Sutherland, Asbill & Brennan
Calpine	Luce, Forward, Hamilton & Scripps LLP	Tabors Caramanis & Associates
Cameron McKenna	MAC Lighting Consulting	Tecogen, Inc.
Casner, Steve	MBMC, Inc.	Tiger Natural Gas, Inc.
Chris, King	MRW & Associates	Tioga Energy
City of Glendale	Manatt Phelps Phillips	TransCanada
City of Palo Alto	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	U S Borax, Inc.
Coast Economic Consulting	Mirant	United Cogen
Commerce Energy	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	NRG West	Wellhead Electric Company
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
	North America Power Partners	