

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 19, 2010

**Advice Letter 3123-G**

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: Elimination of the Enhanced Oil Recovery Account and  
Gas Preliminary Statement K**

Dear Ms. Yura:

Advice Letter 3123-G is effective June 28, 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

May 28, 2010

**Advice 3123-G**

(Pacific Gas and Electric Company ID U 39G)

Public Utilities Commission of the State of California

**Subject: Elimination of the Enhanced Oil Recovery Account and Gas Preliminary Statement K**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs to eliminate PG&E's Enhanced Oil Recovery Account (EORA) and Gas Preliminary Statement Part K. The affected tariff sheets are included as Attachment 1 to this filing.

**Purpose**

PG&E requests that the California Public Utilities Commission (Commission) approve the elimination of the EORA and Gas Preliminary Statement K. As described in greater detail below, all EOR customers have transitioned from EOR-specific transportation rates to standard gas transportation rates, and there is no need to retain this balancing account.

**Background**

In the mid-1980s, the Commission sought to establish policies that would encourage the California gas distribution utilities to serve the nascent Enhanced Oil Recovery (EOR) market which had arisen in central California, primarily in Kern County. Central to this effort, the CPUC adopted a unique cost allocation methodology that would enable the California gas utilities to effectively serve the EOR market.

In Decision (D.) 87-05-046, the Commission established, as part of its overall EOR cost allocation policy, a special procedure to treat all EOR revenues as "strictly incremental" and "booked to a separate tracking account." (24 CPUC 2d, p. 243) In D. 87-12-039, the Commission adopted an EOR revenue requirement forecast for PG&E, as well as for Southern California Gas Company, and provided for "tracking account treatment to record any difference between forecast and actual revenues." (26 CPUC 2d, p. 258) In compliance with these decisions, PG&E implemented the EORA and Gas Preliminary Statement K in Advice 1453-G-B, effective May 1, 1988.

The purpose of the EORA balancing account has been to record actual EOR revenues for comparison with forecast EOR revenues. For the past several years, the balance in this account has been incorporated into rates in the next Annual Gas True-up (AGT) of Balancing Accounts advice letter filing.

### **Requested Tariff Revision/Elimination of Preliminary Statement**

At this time, all previous EOR-specific transportation contracts have either expired or have been terminated. All current EOR customers in PG&E's service territory are either on Gas Schedule G-EG - *Gas Transportation Service to Electric Generation* or Gas Schedule G-NT - *Gas Transportation Service to Noncore End-Use Customers* transportation rates. Therefore, no actual or forecast revenues have been nor will be booked to the EORA in the future. Consequently, this account no longer needs to be retained.

In its 2006 AGT advice filing, PG&E received Commission approval to return to customers a small over-collection in the EORA by transferring the balance to the Core Fixed Cost Account (CFCA) and Noncore Customer Class Charge Account (NCA), rather than through the EOR rate component.<sup>1</sup> As stated in this Advice filing, "Because the forecast of gas throughput used to set rates that was adopted by D. 05-06-029 [PG&E's 2005 Biennial Cost Allocation Proceeding (BCAP)] did not include any amounts for these customers, there is no forecast of EOR revenues currently included in base transportation rates."<sup>2</sup> Similarly, in its 2007 and 2008 AGTs, PG&E received Commission approval to transfer small over-collections in the EORA to the CFCA and NCA. For the past two AGT advice filings (2009 and 2010), the EORA balance has remained at less than \$3. Currently, the EORA balance is zero.

In the unlikely event that PG&E receives EOR revenues in the future after the EORA has been eliminated, PG&E proposes to book these revenues to the CFCA and NCA based on the currently effective core and noncore cost allocation factors for the distribution base revenue as stated in Preliminary Statement C – *Gas Accounting Terms & Definitions*.

### **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 **June 17, 2010**, which is 20 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@cpus.ca.gov](mailto:mas@cpus.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

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<sup>1</sup> Advice 2678-G, p. 3.

<sup>2</sup> Ibid. Similarly, PG&E did not forecast any EOR revenues in its 2009 BCAP (A. 09-05-026).

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**

PG&E requests that this advice filing become effective **June 28, 2010**, which is 31 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 parties on the service lists for A.09-05-026. Address changes to the General Order 96-B service list should be directed to email 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, with a vertical line through the middle and the word "ent" written at the bottom right.

Vice President - Regulation and Rates

cc: Service List A.09-05-026

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) #: **3123-G**

**Tier: 2**

Subject of AL: **Elimination of the Enhanced Oil Recovery Account and Gas Preliminary Statement K**

Keywords (choose from CPUC listing): Balancing 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<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: **June 28, 2010**

No. of tariff sheets: 2

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 K

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

**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 K. 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 3123-G**

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

**Title of Sheet**

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

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Sheet 1

28268-G

28273-G      GAS TABLE OF CONTENTS  
Sheet 4

28271-G



**GAS TABLE OF CONTENTS**

Sheet 1

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Part Y	Customer Energy Efficiency Adjustment.....	27059,27060,27061-G

(D)

(Continued)

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

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