

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 29, 2010

Advice Letter 3169-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: 2011 General Rate Case – Application (A.) 09-12-020
Establishment of a Distribution Integrity Management
Expense Memorandum Account (DIMEMA)**

Dear Ms. Yura:

Advice Letter 3169-G is effective December 9, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division

November 19, 2010

Advice 3169-G

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: 2011 General Rate Case – Application (A.) 09-12-020
Establishment of a Distribution Integrity Management Expense
Memorandum Account (DIMEMA)**

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

Purpose

This advice filing requests approval of the California Public Utilities Commission (“CPUC” or “Commission”) to establish a Distribution Integrity Management Expense Memorandum Account (“DIMEMA”) to track the aggregate amount of integrity management expenses. Such expenses would be recorded between January 1, 2011, and the issuance of a Commission decision adopting the Settlement Agreement filed by PG&E and 16 other parties in Phase 1 of PG&E’s 2011 General Rate Case (“GRC”) Application (A.09-12-20). PG&E requests that the DIMEMA be effective as of January 1, 2011.

Background

On October 15, 2010, PG&E and 16 other parties, including the Division of Ratepayer Advocates (“DRA”), The Utility Reform Network (“TURN”) and Aglet Consumer Alliance (“Aglet”) (collectively the Settling Parties) filed with the Commission a Settlement Agreement covering nearly all issues raised in Phase 1 of the 2011 GRC. The Settlement Agreement was included as Attachment 1 to a Motion for Adoption of the Settlement Agreement filed by the Settling Parties. The Settlement Agreement remains pending before the CPUC.

Section 3.3.2 of the Settlement Agreement provides that PG&E shall create a new Major Work Category (“MWC”) for its Distribution Integrity Management Program (“DIMP”). The types of work that this MWC would cover include development and improvements in the following areas: DIMP program, preventive maintenance, leak

surveys, operator qualifications, training, and programs such as cross-bored sewer, marker ball installation, and Aldyl-A.

On November 9, 2010, the Commission issued a Proposed Decision (“PD”) granting PG&E’s request to make its 2011 test year GRC revenue requirement effective as of January 1, 2011, in the event the Commission issues a final decision after that date. The PD noted that the Commission would not be able to issue a final decision establishing PG&E’s 2011 GRC test year revenue requirement by the end of 2010.

Therefore, consistent with Section 3.3.2 of the Settlement Agreement, PG&E proposes to establish a memorandum account to track its expenses recorded to the MWC for its DIMP between January 1, 2011, and the adoption of the Settlement Agreement.

If the Settlement Agreement is approved by the Commission, PG&E will file an advice letter with the Commission to establish a new one-way balancing account with a cap of \$60 million for DIMP costs for the term of the GRC cycle (2011-2013). Upon establishment of this new one-way balancing account, PG&E will close the DIMEMA and transfer all costs recorded therein to this new one-way balancing account.

Tariff Revisions

PG&E proposes to establish Gas Preliminary Statement Part CG – *Distribution Integrity Management Expense Memorandum Account*, to track the aggregate amount of distribution integrity management expenses incurred between January 1, 2011, and the adoption of the 2011 General Rate Case Settlement Agreement, filed with the Commission on October 15. This is a tracking account only and will not have a separate rate component. The balance in this tracking account will be transferred to the DIMP one-way balancing account as proposed in the Settlement Agreement upon its authorization by the Commission.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 9, 2010**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. 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 and mas@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 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 be approved effective on **January 1, 2011**.

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 PG&E's 2011 GRC Application (A.) 09-12-020. Address changes to the General Order 96-B service list and electronic approvals 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. Advice letter filings can be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Jane Yura / lmt".

Vice President - Regulation and Rates

Attachments

cc: Service List A.09-12-020

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) #: **3169-G**

Tier: **2**

Subject of AL: Establishment of a Distribution Integrity Management Expense Memorandum Account (DIMEMA)

Keywords (choose from CPUC listing): Memorandum Account, GRC/General Rate Case

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 AL¹: _____

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, 2011**

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 Gas Preliminary Statement Part CG

Service affected and changes proposed¹: 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 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 3169-G**

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

Title of Sheet

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

28641-G GAS PRELIMINARY STATEMENT PART CG
DISTRIBUTION INTEGRITY MANAGEMENT
EXPENSE MEMORANDUM ACCOUNT
Sheet 1

28642-G GAS TABLE OF CONTENTS
Sheet 1

28606-G

28643-G GAS TABLE OF CONTENTS
Sheet 5

28425-G



GAS PRELIMINARY STATEMENT PART CG
DISTRIBUTION INTEGRITY MANAGEMENT EXPENSE MEMORANDUM
ACCOUNT

Sheet 1 (N)
 (N)

- CG. Distribution Integrity Management Expense Memorandum Account (DIMEMA) (N)
1. **PURPOSE:** The purpose of the Distribution Integrity Management Expense Memorandum Account (DIMEMA) is to track the aggregate amount of integrity management expenses incurred between January 1, 2011, and the adoption of the 2011 General Rate Case Settlement Agreement, filed with the Commission on October 15, 2010.
 2. **APPLICABILITY:** The DIMEMA shall apply to all customer classes, except for those specifically excluded by the Commission.
 3. **REVISION DATES:** Disposition of the balances in this account shall be transferred to a Distribution Integrity Management Balancing Account as determined in the 2011 General Rate Case Decision.
 4. **RATES:** The DIMEMA does not have a separate rate component.
 5. **ACCOUNTING PROCEDURE:** The following entries shall be made to the account each month or as applicable:
 - a. A debit entry equal to the integrity management expenses incurred for the current month.
 - b. An entry equal to the 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 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)



GAS TABLE OF CONTENTS

Sheet 1

TITLE OF SHEET	CAL P.U.C. SHEET NO.	
Title Page	28642-G	(T)
Rate Schedules	28607,28592-G	
Preliminary Statements.....	28593,28643-G	(T)
Rules	28564-G	
Maps, Contracts and Deviations.....	28468-G	
Sample Forms	27715,28300,27262,28314,28503-G	

(Continued)



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Sheet 5

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
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Part AC	Catastrophic Event Memorandum Account.....	14178,14179-G
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.....	27806-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
Part CD	SmartMeter Evaluation Memorandum Account - Gas (SEMA-G)	28120-G
Part CE	San Bruno Independent Review Panel Memorandum Account – Gas.....	28559-G
Part CF	Meter Reading Costs Memorandum Account.....	28599-G
Part CG	Distribution Integrity Management Expense Memorandum Account	28641-G (N)

(Continued)

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

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