

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 9, 2011

Advice Letter 3210-G/3850-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: Establish Gas and Electric Meter Reading Costs Balancing
Accounts, Update SmartMeter™ Project Revenue Requirements
and Revise the SmartMeter™ Balancing Accounts and Benefits
Realization Mechanism in Compliance with D.11-05-018**

Dear Mr. Cherry:

Advice Letter 3210-G/3850-E is effective May 31, 2011.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



May 31, 2011

Advice 3210-G/3850-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Establish Gas and Electric Meter Reading Costs Balancing Accounts, Update SmartMeter™ Project Revenue Requirements and Revise the SmartMeter™ Balancing Accounts and Benefits Realization Mechanism in Compliance with Decision 11-05-018

As described in the Settlement Agreement for Pacific Gas and Electric Company's (PG&E) 2011 General Rate Case (GRC) Application (A.) 09-12-020 and in the California Public Utilities Commission (CPUC or Commission) Decision (D.) 11-05-018, PG&E hereby submits a Tier 1 advice letter to establish Gas Preliminary Statement Part CR, *Gas Meter Reading Costs Balancing Account* and Electric Preliminary Statement Part FQ, *Electric Meter Reading Costs Balancing Account*, to allow PG&E to record and recover actual electric meter reading costs, including Energy Data Services (EDS) meter reading costs, and severance costs.

PG&E is also revising the SmartMeter™ Balancing Accounts (SBAs) preliminary statement and the "SmartMeter Monthly Activated Meter Benefits" calculation schedule to comply with D.11-05-018. In addition, PG&E hereby submits updated SmartMeter™ Project revenue requirements for 2011-2013.

Background

On October 15, 2010, PG&E and 16 other parties, including the Division of Ratepayer Advocates, The Utility Reform Network, and Aglet Consumer Alliance, collectively "the Settling Parties," filed with the CPUC a Settlement Agreement covering nearly all the contested issues raised in Phase 1 of the 2011 GRC. The Settlement Agreement was included as an attachment to a Motion for Adoption of the Settlement Agreement filed by the Settling Parties.

Meter Reading Balancing Account

Section 3.5.1(a) of the Settlement Agreement provided that PG&E should remove \$113 million in forecast meter reading costs from the requested GRC revenue requirement and, instead, "PG&E shall record actual meter reading costs in a new

balancing account, up to an annual cap of \$76.2 million...for recovery in annual revenue consolidation proceedings.” This section of the Settlement Agreement also provides,

“In advance of the Commission’s approval of this Agreement, the Settling Parties support the establishment of a memorandum account (through an advice letter to be filed by PG&E) that would allow PG&E to record such meter reading costs starting January 1, 2011. The purpose of this memorandum account would be to enable the recovery of these meter reading costs incurred between January 1, 2011 and the date that a new balancing account is established pursuant to the Commission’s approval of this Agreement.”

On November 12, 2010, PG&E filed Advice Letter 3758-E/3166-G to establish the Gas and Electric Meter Reading Costs Memorandum Accounts to track and record costs as expressly envisioned by this provision of the Settlement Agreement. The Energy Division approved this advice letter on December 29, 2010.

The CPUC approved the 2011 GRC Settlement Agreement in D.11-05-018 on May 5, 2011. As a result, PG&E is filing this advice letter to comply with D.11-05-018 to establish the Gas and Electric Meter Reading Costs Balancing Accounts (MRCBA-G/E) (see Attachment 1) in order to recover the balances currently in the Gas and Electric Meter Reading Costs Memorandum Accounts, as well as to record and recover ongoing meter reading costs. PG&E will close the memorandum accounts once the balances are transferred to the new balancing accounts. Costs recorded to the MRCBA-G and MRCBA-E shall be recovered through the Annual Gas True-up and Annual Electric True-up filings via the Core Fixed Cost Account and the Distribution Revenue Adjustment Mechanism, respectively, consistent with the MRCBA Preliminary Statements.

SmartMeter™ Benefits Realization Mechanism

The Settlement Agreement provides that “the per-meter amounts [of the SmartMeter™ Benefits Realization Mechanism] shall be adjusted as proposed by PG&E in Table 13-3 of Exhibit PG&E-4, except that in conjunction with the removal of forecast meter reading costs from the GRC, PG&E shall also remove the meter reading savings from the electric and gas SmartMeter™ benefit crediting mechanism, effective January 1, 2011.” (Section 3.5.2(c).) Accordingly, PG&E hereby submits the revised benefits calculation mechanism (Attachment 2) and will begin booking the revised benefits amounts to the SmartMeter™ Balancing Accounts, pursuant to Ordering Paragraph (OP) 20 of D.11-05-018. As shown in Attachment 2, the per-meter monthly amounts for activated meters have been revised to \$0.9225 for electric meters and \$0.0189 for gas meters. These revised amounts reflect the figures set forth in Table 13-3 of PG&E’s testimony, less amounts corresponding to (i) meter reading savings and associated severance

costs and (ii) a portion of the automated interval billed savings. This latter category of savings is reduced to \$0.0185 from its previously-proposed level of \$0.0587 because the category, as proposed, included meter reading savings associated with the EDS group, the costs of which have been moved to the Meter Reading Costs Balancing Account –Electric described in this advice letter.

SmartMeter™ Revenue Requirements

As a result of the modifications to the SmartMeter™ Benefits Realization Mechanism, pursuant to OP 3, PG&E submits updated SmartMeter™ Project forecast revenue requirements for 2011-2013. Additionally, the revenue requirements reflect the recovery of ongoing Operations and Maintenance costs through the GRC for the three-year GRC cycle (Attachment 3).

Annual Revenue Requirement In Millions of Dollars

	2011	2012	2013
Electric	147.7	176.8	158.8
Gas	83.5	82.5	79.2
Total	<u>231.2</u>	<u>259.3</u>	<u>238.0</u>

Consultant Costs and Audit Costs

Pursuant to OP 21, the Commission's consultant costs for the SmartMeter™ evaluation, as described in Advice Letter 3107-G/3643-E, "shall be treated as any other eligible costs in the SmartMeter balancing accounts." PG&E will transfer costs in the SmartMeter™ Evaluation Memorandum Accounts (SEMAs) for Electric and Gas to the SmartMeter™ Balancing Accounts for recovery. Further, future expenses, if any, associated with the Commission's independent consultant evaluation will be recorded into the SBAs. Therefore, PG&E will close the SEMAs once the balances are transferred to the SBAs.

In addition, pursuant to OP 19, "Commission staff shall oversee an independent audit of PG&E's SmartMeter-related costs to determine whether costs that should have been recorded in the SmartMeter balancing accounts were instead recorded in other accounts. The cost to PG&E of the audit shall not exceed \$200,000 and shall be recoverable through the SmartMeter balancing accounts."

The Preliminary Statements for the SmartMeter™ Balancing Accounts have been revised to reflect the changes above.

Proposed Preliminary Statements

PG&E complies with D.11-05-018 approving PG&E's 2011 GRC Settlement to establish the Gas Meter Reading Costs Balancing Account (MRCBA-G) and

Electric Meter Reading Costs Balancing Account (MRCBA-E) to track and record costs for actual meter reading, revise the benefits calculation mechanism, update the SmartMeter™ Project revenue requirements for 2011-2013, and revise the SmartMeter™ Balancing Accounts.

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 20, 2011**, 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: ijnj@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:

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, California 94177

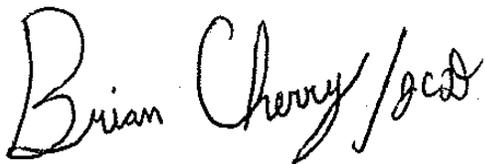
Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this advice filing become effective on **May 31, 2011**. Per Decision 11-05-018, Ordering Paragraph 3, PG&E submits this advice letter as a Tier 1 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 the 2011 GRC A.09-12-020. Address changes to the General Order 96-B service list 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Brian Cherry /gcd". The signature is written in a cursive, flowing style.

Vice President, Regulation and Rates

Attachments

cc: Service List for 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: Conor Doyle

Phone #: (415) 973-7817

E-mail: jcdt@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) #: **3210-G/3850-E**

Tier: 1

Subject of AL: **Establish Gas and Electric Meter Reading Costs Balancing Accounts, Update SmartMeter™ Project Revenue Requirements and Revise the SmartMeter™ Balancing Accounts and Benefits Realization Mechanism in Compliance with Decision 11-05-018**

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.11-05-018**

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: **May 31, 2011**

No. of tariff sheets: **11**

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 CR, Gas Preliminary Statement Part BP, New Electric Preliminary Statement Part FQ, Electric Preliminary Statements Parts EI and FN.**

Service affected and changes proposed:

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: Brian Cherry, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**ATTACHMENT 1
Advice 3210-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
29056-G*	GAS PRELIMINARY STATEMENT PART BP SMARTMETER PROJECT BALANCING ACCOUNT-GAS Sheet 1	24123-G
29057-G*	GAS PRELIMINARY STATEMENT PART BP SMARTMETER PROJECT BALANCING ACCOUNT-GAS Sheet 2	24124-G
29058-G*	GAS PRELIMINARY STATEMENT PART CR GAS METER READING COSTS BALANCING ACCOUNT Sheet 1	
29059-G*	GAS TABLE OF CONTENTS Sheet 1	29051-G
29060-G*	GAS TABLE OF CONTENTS Sheet 5	29052-G



GAS PRELIMINARY STATEMENT PART BP
SMARTMETER PROJECT BALANCING ACCOUNT-GAS

Sheet 1

BP. SmartMeter™ Project Balancing Account-Gas (SBA-G)

1. **PURPOSE:** The purpose of the SmartMeter™ Project Balancing Account-Gas (SBA-G) is to record and recover the incremental Operations and Maintenance (O&M) and Administrative and General (A&G) expenditures, capital-related costs, capital-related revenue requirements, benefits, and revenues associated with the SmartMeter™ Project as authorized by the Commission in Decision (D.)06-07-027 and D.11-05-018. Upon Commission approval, PG&E will transfer the balance from the AMIMA-G to this account (SBA-G) for rate recovery. Any under- or over-collection in this account will be incorporated into core transportation rates as part of the next Annual Gas True-up Advice Letter. (N)
2. **APPLICABILITY:** The SBA-G applies to all core gas transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. **REVISION DATE:** Disposition of the balance in this account shall be determined in the Annual Gas True-up Advice Letter, or as otherwise authorized by the Commission.
4. **RATES:** The SBA-G rate component is included in the effective rates set forth in the Gas Preliminary Statement, Part B, as applicable.
5. **ACCOUNTING PROCEDURE:** Beginning January 1, 2011, PG&E shall maintain the SBA-G by making entries to this account at the end of each month as follows: (N)
 - a. A credit entry equal to the revenues from the SmartMeter™ Project rate component, excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.
 - b. A credit entry for the calculated benefits achieved through the SmartMeter™ Project, as set forth in the SmartMeter™ Project Application (A.05-06-028) and the 2011 General Rate Case (A.09-12-020), and subsequently approved in Decision 06-07-027 and D.11-05-018. (N)
 - c. A debit entry equal to PG&E's incremental O&M and A&G expenses and capital-related costs incurred for the SmartMeter™ Project, excluding FF&U. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment. These capital-related revenue requirements and O&M and A&G costs may relate to numerous activities or organizations, including but not limited to the following areas:
 - SmartMeter™ Project management, including contract management and development, communications, budget and accounting management, human resource management, process redesign, and other related areas
 - Communication systems, including network controllers and telecommunications links
 - Customer outreach and customer care
 - Data collector hardware and software
 - Development of training materials and procedures
 - Evaluation and planning
 - Facilities
 - Gas and electric meters, transmitting modules, and related equipment
 - Logistics management tools and activities
 - Meter installation, including customer data exceptions processing
 - Network operations staff
 - Operations center hardware and systems
 - Site surveys and development
 - System design, programming, and other upgrades/enhancements for integrated systems including billing, records, customer information and other information systems using meter information

(Continued)

Advice Letter No: 3210-G
 Decision No. 11-05-018

Issued by
Brian K. Cherry
 Vice President
 Regulation and Rates

Date Filed May 31, 2011
 Effective May 31, 2011
 Resolution No. _____



GAS PRELIMINARY STATEMENT PART BP
SMARTMETER PROJECT BALANCING ACCOUNT-GAS

Sheet 2

BP. SmartMeter™ Balancing Account-Gas (SBA-G)

5. ACCOUNTING PROCEDURE: (Cont'd.)

c. (Cont'd.)

- Technical support staff and operations
- Testing of systems and processes
- Training
- Commission consultant evaluation costs (N)
- Commission independent audit costs (N)

d. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the SBS-G for recovery in rates, upon approval by the CPUC. (N)/(D)
 (N)/(D)

e. An entry 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.



GAS PRELIMINARY STATEMENT PART CR
GAS METER READING COSTS BALANCING ACCOUNT

Sheet 1 (N)
 (N)

CR. METER READING COSTS BALANCING ACCOUNT - GAS (MRCBA-G) (N)

1. **PURPOSE:** The purpose of the MRCBA-G is to record and recover gas meter reading costs, including Energy Delivery Services (EDS) meter reading costs and severance costs, pursuant to Commission Decision 11-05-018 on PG&E's 2011 General Rate Case. The combined balance of the Electric Meter Reading Costs Balancing Account and the Gas Meter Reading Costs Balancing Account has an annual cap of \$76.2 million. (N)
2. **APPLICABILITY:** The MRCBA-G shall apply to all gas customers except for those specifically excluded by the Commission.
3. **REVISION DATE** Disposition of the balance in the account shall be through the Annual Gas True-Up (AGT) advice letter process via the Core Fixed Cost Account (CFCA), or its successor, or through another proceeding as authorized by the Commission.
4. **RATES:** The MRCBA-G does not have a separate rate component.
5. **ACCOUNTING PROCEDURE:**

PG&E shall make entries at the end of each month as follows:

 - a) A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the MRCBA-G, upon approval by the CPUC.
 - b) A debit or credit entry equal to the gas portion of PG&E's fully burdened costs and expenses incurred for meter reading, including Energy Delivery Services (EDS) meter reading costs and severance costs.
 - c) A debit or credit entry equal to any other amounts authorized by the Commission to be recorded in this account.
 - d) A debit or credit entry to transfer the balance, upon approval by the CPUC, to other regulatory accounts as appropriate for rate recovery.
 - e) A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (N)



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Advice Letter No: 3210-G
 Decision No. 11-05-018

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Brian K. Cherry
 Vice President
 Regulation and Rates

Date Filed May 31, 2011
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Advice Letter No: 3210-G
 Decision No. 11-05-018

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 Regulation and Rates

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**ATTACHMENT 1
Advice 3850-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
30378-E*	ELECTRIC PRELIMINARY STATEMENT PART EI SMARTMETER PROJECT BALANCING ACCOUNT-ELECTRIC Sheet 1	28386-E
30379-E*	ELECTRIC PRELIMINARY STATEMENT PART EI SMARTMETER PROJECT BALANCING ACCOUNT-ELECTRIC Sheet 2	28387-E
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ELECTRIC PRELIMINARY STATEMENT PART EI
SMARTMETER PROJECT BALANCING ACCOUNT-ELECTRIC

Sheet 1

EI. SmartMeter™ Project Balancing Account-Electric (SBA-E)

1. **PURPOSE:** The purpose of the SmartMeter™ Project Balancing Account-Electric (SBA-E) is to record and recover the incremental Operations and Maintenance (O&M) and Administrative and General (A&G) expenditures, capital-related costs, capital-related revenue requirements, benefits, and revenues associated with the SmartMeter™ Project as authorized by the Commission in Decision (D.) 06-07-027. and modified in D.09-03-026 and D.11-05-018. (The "SmartMeter™ Project" herein refers collectively to both the original project in Application (A.)05-06-028 and the upgrade program in A.07-12-009.) Any under- or over-collection in this account will be incorporated into distribution rates as part of the next Annual Electric True-up Advice Letter. However, any Information Technology costs associated with the development and implementation of Peak Time Rebate (PTR) rates shall be limited to \$4 million in the SBA-E as authorized in D.09-03-026. Any incremental PTR Information Technology costs above \$4 million, as well as all other PTR development and implementation costs, shall be recorded in Dynamic Pricing Memorandum Account Electric Preliminary Statement Part EX section 4a. (N)
2. **APPLICABILITY:** The SBA-E applies to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account shall be determined in the Annual Electric True-up Advice Letter, or as otherwise authorized by the Commission.
4. **RATES:** The SBA-E rate component is included in the effective rates set forth in the Electric Preliminary Statement, Part I, as applicable.
5. **ACCOUNTING PROCEDURE:** Beginning January 1, 2011, PG&E shall maintain the SBA-E by making entries to this account at the end of each month as follows: (N)
 - a. A credit entry equal to the revenues from the SmartMeter™ Project rate component, excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.
 - b. A credit entry for the calculated benefits achieved through the SmartMeter™ Project, as set forth in the SmartMeter™ Project Application (A.05-06-028), the SmartMeter™ Upgrade Program Application (A.07-12-009), and the 2011 General Rate Case (A.09-12-020), and subsequently approved in D.06-07-027, D.09-03-026, and D.11-05-018.. (D)
(N)
(N)

(Continued)

Advice Letter No: 3850-E
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ELECTRIC PRELIMINARY STATEMENT PART EI
SMARTMETER PROJECT BALANCING ACCOUNT-ELECTRIC

Sheet 2

EI. SmartMeter™ Balancing Account-Electric (SBA-E)

5. ACCOUNTING PROCEDURE: (Cont'd.)

c. A debit entry equal to PG&E's incremental O&M and A&G expenses and capital-related costs incurred for the SmartMeter™ Project, excluding FF&U. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment. These capital-related revenue requirements and O&M and A&G costs may relate to numerous activities or organizations, including but not limited to the following areas:

- SmartMeter™ Project management, including contract management and development, communications, budget and accounting management, human resource management, process redesign, and other related areas
- Communication systems, including network controllers and telecommunications links
- Customer outreach and customer care
- Data collector hardware and software
- Development of training materials and procedures
- Evaluation and planning
- Facilities
- Gas and electric meters, transmitting modules, and related equipment
- Logistics management tools and activities
- Meter installation, including customer data exceptions processing
- Network operations staff
- Operations center hardware and systems
- Site surveys and development
- System design, programming, and other upgrades/enhancements for integrated systems including billing, records, customer information and other information systems using meter information
- Technical support staff and operations
- Testing of systems and processes
- Training
- Peak Time Rebate (PTR) Information Technology costs
- Commission consultant evaluation costs (N)
- Commission independent audit costs (N)

d. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the SBA-E for recovery in rates, upon approval by the CPUC.

e. An entry 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.



ELECTRIC PRELIMINARY STATEMENT PART FQ
METER READING COSTS BALANCING ACCOUNT (MRCBA-E)

Sheet 1 (N)
 (N)

FQ. METER READING COSTS BALANCING ACCOUNT – ELECTRIC (MRCBA-E) (N)

1. **PURPOSE:** The purpose of the MRCBA-E is to record and recover electric meter reading costs, including Energy Delivery Services (EDS) meter reading costs and severance costs, pursuant to Commission Decision 11-05-018 on PG&E's 2011 General Rate Case. The combined balance of the Electric Meter Reading Costs Balancing Account and the Gas Meter Reading Costs Balancing Account has an annual cap of \$76.2 million. (N)
2. **APPLICABILITY:** The MRCBA-E shall apply to all electric customers except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in the account shall be through the Annual Electric True-Up (AET) advice letter process via the Distribution Revenue Adjustment Mechanism (DRAM), or its successor, or through another proceeding as authorized by the Commission.
4. **RATES:** The MRCBA-E does not have a separate rate component.
5. **ACCOUNTING PROCEDURE:**

PG&E shall make entries at the end of each month as follows:

 - a) A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the MRCBA-E, upon approval by the CPUC.
 - b) A debit or credit entry equal to the electric portion of PG&E's fully burdened costs and expenses incurred for meter reading, including Energy Delivery Services (EDS) meter reading and severance costs.
 - c) A debit or credit entry equal to any other amounts authorized by the Commission to be recorded in this account.
 - d) A debit or credit entry to transfer the balance, upon approval by the CPUC, to other regulatory accounts as appropriate for rate recovery.
 - e) A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (N)



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Brian K. Cherry
 Vice President
 Regulation and Rates

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Attachment II
SmartMeter Monthly Activated Meter Benefits

**SmartMeter Monthly Activated Meter Benefits
Current, 2011 GRC, and 2011 GRC w/o Meter Reading Benefits**

Line	Schedule A		Schedule B		Schedule C		
	Current Monthly Activated Meter Benefit Amounts		2011 GRC Monthly Activated Meter Benefit Amounts		2011 GRC Monthly Activated Meter Benefit Amounts <i>Without Meter Reading Benefits</i>		
	Electric	Gas	Electric	Gas	Electric	Gas	
A. AMI / SmartMeter:							
1	Meter Reader	(\$0.8376)	(\$0.8364)	(\$0.9125)	(\$0.9125)	\$0.0000	\$0.0000
2	Severance (contra-benefit)	\$0.0239	\$0.0141	\$0.0292	\$0.0204	\$0.0000	\$0.0000
3	Other Employee Related Costs	(\$0.1706)	(\$0.1705)				
4	Remote Electric Shut-Off Benefits	(\$0.1527)		(\$0.1839)		(\$0.1839)	
5	Avoided TOU Meter Maintenance	(\$0.1155)		(\$0.1047)		(\$0.1047)	
6	Cash Flow on Summary Bills	(\$0.0927)	(\$0.0225)	(\$0.0781)	(\$0.0189)	(\$0.0781)	(\$0.0189)
7	Exceptions Processing	(\$0.0809)		(\$0.0783)		(\$0.0783)	
8	Avoided Dispatch Where Power is On	(\$0.0794)		(\$0.0763)		(\$0.0763)	
9	Significant Outage Restoration-Capital *	(\$0.0764)					
10	Significant Outage Restoration-Expense	(\$0.0578)		(\$0.0555)		(\$0.0555)	
11	Lower Customer Call Volumes	(\$0.0515)		(\$0.0468)		(\$0.0468)	
12	Deferred Meter Testing	(\$0.0445)		(\$0.0273)		(\$0.0273)	
13	Improved TOU Rate Changes	(\$0.0190)		(\$0.0178)		(\$0.0178)	
14	Momentary Outage Detection	(\$0.0106)		(\$0.0110)		(\$0.0110)	
15	Load Research Capital Savings *	(\$0.0069)	(\$0.0071)				
16	T&D Capital Savings (Gas) *		(\$0.0143)				
17	Load Research Expense Savings **			(\$0.0350)		(\$0.0350)	
18	Automated Interval Billed Savings **			(\$0.0587)		(\$0.0185)	
19	Total AMI / SmartMeter:	(\$1.7722)	(\$1.0367)	(\$1.6566)	(\$0.9110)	(\$0.7331)	(\$0.0189)
B. SmartMeter Upgrade:							
20	Remote Electric Shut-Off Benefits	(\$0.1341)		(\$0.1394)		(\$0.1394)	
21	Improved Cash Flow	(\$0.0140)		(\$0.0146)		(\$0.0146)	
22	Reduced Bad Debt Expense	(\$0.0340)		(\$0.0354)		(\$0.0354)	
23	Total Incremental SmartMeter Upgrade:	(\$0.1821)		(\$0.1894)		(\$0.1894)	
24	TOTAL Credits/Meter/Month:	(\$1.9543)	(\$1.0367)	(\$1.8460)	(\$0.9110)	(\$0.9225)	(\$0.0189)

* Capital benefits to be incorporated as reductions in MWC capital forecasts beginning in 2011

** New 2011 GRC activated meter benefit, and EDS AR (Meter Reading) savings = \$0.0401, DA savings = \$0.0185

Attachment III
Updated SmartMeter Revenue Requirements

AMI/SMU Cost Removal Summary

Line No.	<u>Description</u>	<u>2011</u> <u>Year 6</u>	<u>2012</u> <u>Year 7</u>	<u>2013</u> <u>Year 8</u>	<u>2014</u> <u>Year 9</u>	<u>2015</u> <u>Year 10</u>	Line No.
1	<u>AMI Electric Cost Changes</u>						1
a.	Recurring Expense	\$ 19,821	\$ 19,904	\$ 20,184	\$ 20,475	\$ 20,776	
	Recurring Capital	\$ 6,217	\$ 5,160	\$ 4,879	\$ 4,864	\$ 4,956	
b.	Meter Reading Benefits	\$ (53,096)	\$ (60,791)	\$ (62,785)	\$ (64,845)	\$ (69,268)	
c.	Indirect Employee Benefits	\$ (11,399)	\$ (12,182)	\$ (12,588)	\$ (13,005)	\$ (13,736)	
2	<u>SMU Electric RRQ</u>						2
a.	Retirement Tax Benefits	\$ (3,893)	\$ (3,997)	\$ (3,481)	\$ (2,998)	\$ (2,543)	
	<u>Electric</u>						
3	Net Expense Removal	\$ (48,566)	\$ (57,065)	\$ (58,669)	\$ (60,372)	\$ (64,771)	3
4	Net Capital Removal	\$ 6,217	\$ 5,160	\$ 4,879	\$ 4,864	\$ 4,956	4
5	<u>Net Electric Cost Removal</u>	\$ (42,349)	\$ (51,906)	\$ (53,790)	\$ (55,509)	\$ (59,815)	5
6	<u>Gas Cost Changes</u>						6
a.	Recurring Expense	\$ 13,416	\$ 13,545	\$ 13,865	\$ 14,197	\$ 14,539	
	Recurring Capital	\$ 5,572	\$ 6,496	\$ 6,433	\$ 5,819	\$ 5,499	
b.	Meter Reading Benefits	\$ (43,934)	\$ (50,301)	\$ (51,951)	\$ (53,655)	\$ (57,315)	
c.	Indirect Employee Benefits	\$ (9,432)	\$ (10,080)	\$ (10,415)	\$ (10,761)	\$ (11,366)	
	<u>Gas</u>						
7	Net Expense Removal	\$ (39,950)	\$ (46,835)	\$ (48,502)	\$ (50,219)	\$ (54,142)	7
8	Net Capital Removal	\$ 5,572	\$ 6,496	\$ 6,433	\$ 5,819	\$ 5,499	8
9	<u>Net Gas Cost Removal</u>	\$ (34,378)	\$ (40,340)	\$ (42,068)	\$ (44,400)	\$ (48,643)	9
10	<u>Total AMI/SMU Cost Removal</u>	\$ (76,727)	\$ (92,245)	\$ (95,858)	\$ (99,909)	\$ (108,458)	10

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

AT&T	Dept of General Services	North Coast SolarResources
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Dutcher, John	R. W. Beck & Associates
BART	Economic Sciences Corporation	RCS, Inc.
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	Recurrent Energy
Bartle Wells Associates	Foster Farms	SCD Energy Solutions
Bloomberg	G. A. Krause & Assoc.	SCE
Bloomberg New Energy Finance	GLJ Publications	SMUD
Boston Properties	GenOn Energy, Inc.	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	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Casner, Steve	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
Clean Energy Fuels	Merced Irrigation District	TransCanada
Coast Economic Consulting	Modesto Irrigation District	Turlock Irrigation District
Commercial Energy	Morgan Stanley	United Cogen
Consumer Federation of California	Morrison & Foerster	Utility Cost Management
Crossborder Energy	NLine Energy, Inc.	Utility Specialists
Davis Wright Tremaine LLP	NRG West	Verizon
Day Carter Murphy	Navigant Consulting	Wellhead Electric Company
Defense Energy Support Center	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Department of Water Resources	North America Power Partners	