

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 10, 2012

Advice Letter 3326-G

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: Expedited Pre-Approval of Canadian Pipeline Contracts

Dear Mr. Cherry:

Advice Letter 3326-G is effective October 5, 2012.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.7226

September 14, 2012

Advice 3326-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Expedited Pre-Approval of Canadian Pipeline Contracts

Pacific Gas and Electric Company (PG&E) respectfully requests that the California Public Utilities Commission (Commission) pre-approve the continuation of two existing natural gas pipeline contracts on the Foothills Pipe Lines to transport natural gas supplies from Canada for PG&E's core gas customers. Continuation of these contracts will ensure uninterrupted access by PG&E's Core Gas Supply Department to Canadian natural gas supplies.

Purpose

The purpose of this expedited advice letter is to request approval to renew the existing transportation arrangements described below. In Decision (D.) 04-09-022¹, the Commission established procedures for expedited regulatory approval and processing of utility commitments to pipeline capacity. These procedures require consultation between PG&E, the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN). PG&E has consulted with DRA and TURN, and both have confirmed their support for PG&E's proposed renewal of the subject pipeline contracts.

Under D.04-09-022, contracts for pipeline capacity may be submitted by expedited advice letter, seeking Commission approval within 21 days of the advice letter filing date. PG&E requests that the Commission approve this filing by **October 5, 2012**.

Description of Contracts

PG&E holds Canadian and U.S. interstate pipeline capacity to transport Canada-sourced gas supplies to PG&E's interconnection at the California-Oregon border. This request seeks authorization to continue each of PG&E's two Foothills contracts for the minimum one-year term through October 31, 2014. Without

¹ Order Instituting Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California (Gas Capacity OIR), R.04-01-025.

approval to renew the existing Foothills contracts, PG&E's firm northern pipeline path would contain a gap between the upstream Nova Gas Transmission Ltd. (NGTL) system, and downstream Gas Transmission Northwest (GTN) Pipeline, interrupting PG&E's firm gas transportation flows from Canada. This would adversely impact reliability of gas supplies for PG&E's core customers, as well as potentially increase costs.

PG&E's proposed renewals on Foothills are summarized in Table 1.

Table 1 – Summary of Proposed Pipeline Contract Extensions

Pipeline	Volume (Gigajoules per day) ²	Monthly Tariff Rate (Cdn \$/GJ) ³	Daily Rate (US \$/Dth) ³	Contract Extension Term	Annual Cost (US \$ Million)
Foothills Pipe Lines	300,490	\$2.861	\$0.1021	Nov.1, 2013 to Oct. 31, 2014	\$10.609
	85,865	\$2.861	\$0.1021	Nov.1, 2013 to Oct. 31, 2014	\$3.031
Total					\$13.640

All costs associated with the contracts will continue to be recovered from PG&E's core gas customers, in accordance with the interstate pipeline capacity contract procedures established in D.04-09-022, through PG&E's Core Pipeline Demand Charge Account, and PG&E's gas tariffs.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests – Ten Day Expedited Period

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 **September 24, 2012**, which is ten **(10) days** from the date of this filing, in accordance with the expedited protest period authorized in D.04-09-022.

Protests should be mailed to:

CPUC Energy Division
EDTariffUnit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

² One gigajoule (GJ) = 0.9478 decatherms (Dth)

³ Tariff rates are published in Canadian dollars and have been converted to US dollars based on the exchange rate from Bank of Canada Noon Rate of 1.0284 for September 11, 2012.

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 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, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

In accordance with the comment and evaluation period provided in D.04-09-022, and assuming no protests are received to this filing, PG&E submits this advice letter as a Tier 2, and requests Commission approval of this filing effective **October 5, 2012**, which is 21 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 R.04-01-025. 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>.



Vice President, Regulatory Relations

cc: Richard A. Myers - Energy Division
Franz Cheng - Energy Division
Belinda Gatti - Energy Division
Jonathon Bromson - Legal Division
R. Mark Pocta - Division of Ratepayer Advocates
David Peck – Division of Ratepayer Advocates
Pearlie Sabino - Division of Ratepayer Advocates
Marcel Hawiger - The Utility Reform Network
Service list for R.04-01-025

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 G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shirley Wong

Phone #: (415) 972-5505

E-mail: slwb@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) #: **3326-G**

Tier: **2**

Subject of AL: **Expedited Pre-Approval of Canadian Pipeline Contracts**

Keywords (choose from CPUC listing): **Contacts, Capacity**

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: **October 5, 2012**

No. of tariff sheets: N/A

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:

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
EDTariffUnit
505 Van Ness Ave., 4th Floor
San Francisco, CA 94102
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

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

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