

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 13, 2014

Advice Letter: 3518-G

Meredith Allen
Senior Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

**SUBJECT: ESTABLISH PRELIMINARY STATEMENT PART DE - GAS LEAK SURVEY AND
REPAIR BALANCING ACCOUNT (GLSRBA), IN COMPLIANCE WITH THE 2014
GRC D.14-08-032**

Dear Ms. Allen:

Advice Letter 3518-G is effective as of January 1, 2014.

Sincerely,

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

Edward Randolph
Director, Energy Division

September 29, 2014

Advice 3518-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Establish Preliminary Statement Part DE - Gas Leak Survey and Repair Balancing Account (GLSRBA), in Compliance with the 2014 General Rate Case Decision 14-08-032

Purpose

In accordance with Ordering Paragraph (OP) 6 of Decision (D). 14-08-032, Pacific Gas and Electric Company (PG&E) submits this Tier 1 advice letter to establish gas Preliminary Statement Part DE – *Gas Leak Survey and Repair Balancing Account (GLSRBA)*, to track and adjust for the difference between allowed and adopted expenses incurred relating to the specified Major Work Categories (MWC) or Maintenance Activity Type (MAT). The specified cost categories include 1) MWC DE, Natural Gas Distribution Leak Survey, 2) MWC FI, Leak Repair, 3) MAT HY7, Meter Set Leak Repair, 4) MAT FHK, Atmospheric Corrosion Inspection, and 5) Tee Cap Repair.¹ This new balancing account is effective on January 1, 2014. The affected tariff sheets are listed on the enclosed Attachment 1.

Background

On November 15, 2012, PG&E filed its 2014 General Rate Case (GRC) Application (A.) 12-11-009. In this application, PG&E proposed generation and distribution base revenue requirements for test year 2014 and attrition years 2015 and 2016. On April 18, 2013, the California Public Utilities Commission (Commission or CPUC) issued D.13-04-023 granting PG&E's request to make its 2014 GRC revenue requirements effective January 1, 2014, including interest covering the period subsequent to January 1, 2014.² On August 14, 2014, the CPUC issued D.14-08-032 in PG&E's 2014 GRC adopting base revenue requirements for the 2014-2016 GRC period.

¹ Tee Cap Repair is embedded within MWC JS.

² D.13-04-023, OPs 2 and 3.

OP 6 of D.14-08-032 requires PG&E to file a Tier 1 advice letter within 45 days of the effective date of that decision to establish this balancing account. The advice letter will be effective January 1, 2014, subject to Energy Division determining that it is in compliance with this decision.

Gas Leak Survey and Repair Expenses

In D.14-08-032, the Commission adopted the following provisions regarding costs to be recorded to the balancing account:

Work Types With Adopted Average Unit Costs:

Finding of Fact (FOF) 50 adopted average unit cost forecasts applicable to some work types as follows:

Work Type	Description	Adopted Unit Cost³
MAT DEA	Compliance Leak Survey	\$15
MAT DED	Leak Rechecks	\$230
MAT FIB	Corrective Maintenance – Gas Regulation Stations	\$2,492
MAT FIF	Corrective Maintenance – Gas Main Valves	\$2,994
MAT FIG	Corrective Maintenance – Gas Main Leaks	\$6,453
MAT FIH	Corrective Maintenance – Gas Service Leak Above Ground	\$620
MAT FII	Corrective Maintenance – Gas Cathodic Protection	\$1,895
MAT FIJ	Corrective Maintenance – Gas Main Dig-ins	\$1,248
MAT FIK	Corrective Maintenance – Gas Services Dig-ins	\$386
MAT FIP	Corrective Maintenance – Gas Service Leak Below Ground	\$3,184
MAT HY7	Leak Repair at Meter – Non-hazardous	\$131
MWC JS	Tee Cap Repairs embedded in MWC JS	\$7,300

OP 8 requires that for work types with adopted average unit costs, the allowed costs recorded to the account will be based on actual units of work, but limited on an overall basis to adopted average unit costs. Therefore, for each cost category including work

³ Adopted unit costs will be escalated consistent with escalation applied to expenses for 2015-2016 in accordance with OP 3 and Conclusions of Law 25 of D. 14-08-032. In the preliminary statement for the GLSRBA, PG&E uses the work type descriptions and not the codes for MATs and MWCs in the event that the cost codes change. If cost codes do change, PG&E will continue to separately track these costs against the adopted unit cost and overall cost caps established by D.14-08-032.

types with adopted average unit cost, the allowed actual expenses for each work type is determined on a year-to-date (YTD) basis by multiplying the adopted average unit cost by the YTD actual number of units. The YTD *Total Allowed Actual Expenses* for each cost category is determined by summing the YTD actual allowed expenses for each work type within the cost category. The YTD *Total Allowed Actual Expenses* is used in determining recorded expenses.

For work that was not forecast based on unit costs, recorded costs will be based on actual incurred costs.

Adopted Annual Cost Caps for Cost Categories:

OP 7 adopted annual cost cap amounts shown below for each cost category with no additional allowance for cost escalation, as follows (dollars in millions):

MWC DE Natural Gas Leak Survey	\$33.840
MWC FI Leak Repair	102.141
MAT Meter Set Leak Repair	7.756
<u>MAT Atmospheric Corrosion Inspection</u>	<u>4.737</u>
OP 7 Total	\$148.474

Further, although the Commission did not adopt an annualized cost cap for Tee Cap Repairs in OP 7, PG&E assumes the 2014 annual forecasted amount of \$7.3 million applies as the adopted annualized cap. This results in the total annual cost cap for all cost categories to total \$155.774 million, as shown below:

OP 7 Total	\$148.474
<u>Tee Cap Repairs</u>	<u>7.300</u>
Grand Total	\$155.774

Tariff Revisions

Establish Electric Preliminary Statement Part DE - Gas Leak Survey and Repair Balancing Account.

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

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than October 20, 2014, which is 21 days⁴ after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Meredith Allen
Senior Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

⁴ The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

Effective Date

PG&E requests that this advice filing become effective on January 1, 2014, pursuant to OP 6 of D. 14-08-032.

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.12-11-009. Address changes to the General Order 96-B service list should be directed to PG&E at email address 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/>.

Meredith Allen /KHC

Senior Director, Regulatory Relations

Attachments

cc: Service List A.12-11-009

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: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@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) #: **3518-G**

Tier: **1**

Subject of AL: **Establish Preliminary Statement Part DE - Gas Leak Survey and Repair Balancing Account (GLSRBA), in Compliance with the 2014 General Rate Case Decision 14-08-032**

Keywords (choose from CPUC listing): Compliance, Balancing 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 #: D.14-08-032

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: **January 1, 2014**

No. of tariff sheets: **4**

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 DE - Gas Leak Survey and Repair Balancing Account (GLSRBA)

Service affected and changes proposed: 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 21 days¹ after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Meredith Allen
Senior Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

¹ The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

**ATTACHMENT 1
Advice 3518-G**

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

Title of Sheet

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

31533-G GAS PRELIMINARY STATEMENT PART DE
GAS LEAK SURVEY AND REPAIR BALANCING
ACCOUNT (GLSRBA)
Sheet 1

31534-G GAS PRELIMINARY STATEMENT PART DE
GAS LEAK SURVEY AND REPAIR BALANCING
ACCOUNT (GLSRBA)
Sheet 2

31535-G GAS TABLE OF CONTENTS
Sheet 1

31472-G

31536-G GAS TABLE OF CONTENTS
Sheet 5

31346-G



GAS PRELIMINARY STATEMENT PART DE
GAS LEAK SURVEY AND REPAIR BALANCING ACCOUNT (GLSRBA)

Sheet 1 (N)
 (N)

DE. Gas Leak Survey and Repair Balancing Account (GLSRBA) (N)

1. PURPOSE: This account tracks and adjusts for the difference between authorized and recorded expenses for the following cost categories: 1) Natural Gas Distribution Leak Survey, 2) Leak Repair, 3) Meter Set Leak Repair, 4) Atmospheric Corrosion Inspection and 5) Tee Cap Repair. The GLSRBA excludes costs recovered through the Catastrophic Event Memorandum Account (CEMA).

a) The CPUC adopted Annual Cost Caps for 2014 through 2016 for each of the cost categories as follows:

- Natural Gas Distribution Leak Survey, \$33.840 million;
- Leak Repair, \$102.141 million;
- Meter Set Leak Repair, \$7.756 million;
- Atmospheric Corrosion, \$4.737 million; and,
- Tee Cap Repair, \$7.300 million.

b) Some work types associated with the cost categories in Section 1a above are limited to an adopted average unit cost cap. Specifically, average unit costs were adopted for the following work types:

- Compliance Leak Survey, \$15;
- Leak Rechecks, \$230;
- Corrective Maintenance – Gas Regulation Stations, \$2,492;
- Corrective Maintenance – Gas Main Valves, \$2,994;
- Corrective Maintenance – Gas Main Leaks, \$6,453;
- Corrective Maintenance – Gas Service Leak Above Ground, \$620;
- Corrective Maintenance – Gas Cathodic Protection, \$1,895;
- Corrective maintenance – Gas Main Dig-ins, \$1,248;
- Corrective Maintenance – Gas Services Dig-Ins, \$386;
- Corrective Maintenance – Gas Service Leak Below Ground, \$3,184;
- Leak Repair at Meter – Non-Hazardous, \$131; and,
- Tee Cap Repairs, \$7,300.

The above unit costs apply to 2014. Unit costs for 2015 and 2016 will be escalated consistent with escalation applied to expenses in accordance with Ordering Paragraph 3 and Conclusion of Law 25 of D. 14-08-032.

For each cost category including work types with adopted average unit cost, the allowed actual expenses for each work type is determined on a year-to-date (YTD) basis by multiplying the adopted average unit cost by the YTD actual number of units. The YTD Total Allowed Expenses for each cost category is determined by summing the YTD actual allowed expenses for each work type within the cost category. The YTD Total Allowed Expenses is used in determining the recorded expenses in Section 5.

2. APPLICABILITY: The GLSRBA shall apply to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of the balances in this account shall be through the Annual Gas True-up advice filing through the Core Fixed Cost Account and Noncore Customer Class Charge Account, or as otherwise authorized by the Commission.

4. RATES: The GLSRBA does not have a rate component.

(N)

(Continued)



GAS PRELIMINARY STATEMENT PART DE
GAS LEAK SURVEY AND REPAIR BALANCING ACCOUNT (GLSRBA)

Sheet 2

5. ACCOUNTING PROCEDURE: For each cost category with work types having adopted average unit cost caps, the YTD Total Allowed Expenses will be determined as described in section 1b. All other work types, those with no adopted average unit costs, will reflect actual incurred expenses. Additionally, the YTD recorded expenses for each cost category are limited to the Annual Cost Caps stated in section 1a. (N)
- PG&E will maintain the GLSRBA by recording the following entries each month:
- a) A credit entry equal to one-twelfth of the adopted annual expenses, excluding an allowance for Franchise Fees and Uncollectible Accounts expense (FF&U);
 - b) Natural Gas Distribution Leak Survey- A debit entry to adjust the prior month's YTD recorded expenses for work types with adopted average unit cost caps to equal the lower of the (i) current month's YTD actual expenses incurred or (ii) YTD Total Allowed Expenses; plus a debit entry to adjust the prior month's YTD recorded expenses for work types with no unit cost caps to equal the current month's YTD actual incurred expenses. This entry may not exceed the Annual Cost Cap for this cost category;
 - c) Leak Repair- A debit entry to adjust the prior month's YTD recorded expenses for work types with adopted average unit cost caps to equal the lower of the (i) current month's YTD actual expenses incurred or (ii) YTD Total Allowed Expenses; plus a debit entry to adjust the prior month's YTD recorded expenses for work types with no unit cost caps to equal the current month's YTD actual incurred expenses. This entry may not exceed the Annual Cost Cap for this cost category;
 - d) Meter Set Leak Repair- A debit entry to adjust the prior month's YTD recorded expenses for work types with adopted average unit cost caps to equal the lower of the (i) current month's YTD actual expenses incurred or (ii) YTD Total Allowed Expenses; plus a debit entry to adjust the prior month's YTD recorded expenses for work types with no unit cost caps to equal the current month's YTD actual incurred expenses. This entry may not exceed the Annual Cost Cap for this cost category;
 - e) Atmospheric Corrosion- A debit entry equal to the actual incurred expenses, not to exceed the Annual Cost Cap;
 - f) Tee Cap Repair- A debit entry to adjust the prior month's YTD recorded expenses for work types with adopted average unit cost caps to equal the lower of the (i) current month's YTD actual expenses incurred or (ii) YTD Total Allowed Expenses; plus a debit entry to adjust the prior month's YTD recorded expenses for work types with no unit cost caps to equal the current month's YTD actual incurred expenses. This entry may not exceed the Annual Cost Cap for this cost category;
 - g) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and
 - h) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this 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. (N)

(Continued)

Advice Letter No: 3518-G
 Decision No. 14-08-032

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

Date Filed September 29, 2014
 Effective January 1, 2014
 Resolution No. _____



GAS TABLE OF CONTENTS

Sheet 1

TITLE OF SHEET	CAL P.U.C. SHEET NO.
Title Page	31535-G
Rate Schedules	31473,31466-G
Preliminary Statements.....	31467,31536-G
Rules	31336-G
Maps, Contracts and Deviations.....	29288-G
Sample Forms	30592,30323-30326,30439,30327-G

(Continued)

Advice Letter No: 3518-G
 Decision No. 14-08-032

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

Date Filed September 29, 2014
 Effective January 1, 2014
 Resolution No. _____



GAS TABLE OF CONTENTS

Sheet 5

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Preliminary Statements		
Part AC	Catastrophic Event Memorandum Account.....	14178,14179-G
Part AE	Core Pipeline Demand Charge Account.....	29525,30644-G
Part AG	Core Firm Storage Account.....	2888-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	29772-G
Part BT	Non-Tariffed Products and Services Balancing Account.....	26710-G
Part BW	Energy Efficiency 2009 – 2011 Memorandum Account.....	28304,27419-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.....	28670,28060-G
Part CB	CARE/TANF Balancing Account.....	28103-G
Part CE	San Bruno Independent Review Panel Memorandum Account (SBIRPMA)	28559-G
Part CE	San Bruno Independent Review Panel Memorandum Account (SBIRPMA)	28559-G
Part CF	Meter Reading Costs Memorandum Account.....	28599-G
Part CG	Distribution Integrity Management Expense Memorandum Account.....	28641-G
Part CI	AB32 Cost of Implementation Fee Memorandum Account – Gas	28673-G
Part CK	TID Almond Power Plant Balancing Account	28889-G
Part CL	Integrity Management Expense Balancing Account	28891-G
Part CM	Gas Operational Cost Balancing Account	30645-30646-G
Part CN	Topock Adder Projects Balancing Account	28893-G
Part CO	Adjustment Mechanism For Costs Determined In Other Proceedings	28894-28897-G
Part CP	Gas Transmission & Storage Revenue Sharing Mechanism.....	28898,30647-30649-G
Part CQ	Gas Distribution Integrity Management Expense Balancing Account.....	29050-G
Part CR	Gas Meter Reading Costs Balancing Account	29058-G*
Part CS	Tax Act Memorandum Account – Gas	30271,30272-G
Part CT	Low Income 2012 Memorandum Account (LIMA)	29350, 29351-G
Part CU	SmartMeter™ Opt-Out Memorandum Account – Gas (SOMA-G)	29518, 29519-G
Part CV	Revised Customer Energy Statement Balancing Account - Gas (RCESBA-G)	29617-G
Part CW	Gas Pipeline Expense and Capital Balancing Account	30509-30511-G
Part CX	Core Gas Pipeline Safety Balancing Account	30512, 30513-G
Part CY	NonCore Gas Pipeline Safety Balancing Account.....	30514, 30515-G
Part CZ	California Energy Systems for the 21st Century Balancing Account	30264*-G
Part DA	Statewide Marketing, Education and Outreach Expenditure Balancing Account.....	30434-G
Part DC	Energy Data Center Memorandum Account – Gas	31288-G
Part DD	Gas Transmission & Storage Memorandum Account (GTSMA)	31340-31344-G
Part DE	Gas Leak Survey and Repair Balancing Account (GLSRBA).....	31533,31534-G (N)

(Continued)

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

AT&T	Douglass & Liddell	Occidental Energy Marketing, Inc.
Alcantar & Kahl LLP	Downey & Brand	OnGrid Solar
Anderson & Poole	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
BART	G. A. Krause & Assoc.	Praxair
Barkovich & Yap, Inc.	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Bartle Wells Associates	GenOn Energy, Inc.	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
California Cotton Ginners & Growers Assn	Green Power Institute	SDG&E and SoCalGas
California Energy Commission	Hanna & Morton	SPURR
California Public Utilities Commission	In House Energy	San Francisco Public Utilities Commission
California State Association of Counties	International Power Technology	Seattle City Light
Calpine	Intestate Gas Services, Inc.	Sempra Utilities
Casner, Steve	K&L Gates LLP	SoCalGas
Cenergy Power	Kelly Group	Southern California Edison Company
Center for Biological Diversity	Linde	Spark Energy
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
City of San Jose	Los Angeles Dept of Water & Power	Sunshine Design
Clean Power	MRW & Associates	Tecogen, Inc.
Coast Economic Consulting	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Commercial Energy	Marin Energy Authority	TransCanada
Cool Earth Solar, Inc.	McKenna Long & Aldridge LLP	Utility Cost Management
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Davis Wright Tremaine LLP	Morgan Stanley	Verizon
Day Carter Murphy	NLine Energy, Inc.	Water and Energy Consulting
Defense Energy Support Center	NRG Solar	Wellhead Electric Company
Dept of General Services	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Division of Ratepayer Advocates	North America Power Partners	