August 9, 2010

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: Request for Approval of PG&E’s Photovoltaic Program
Memorandum Account to Track the Capital Costs of
PG&E’s PV Program

Dear Ms. Yura:

Advice Letter 3692-E is effective July 30, 2010.

Sincerely,

Julie A. Fitch, Director
Energy Division
June 21, 2010

Advice 3692-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Request for Approval of PG&E’s Photovoltaic Program Memorandum Account to Track the Capital Costs of PG&E’s PV Program

Purpose


PG&E requests that the Commission approve the creation of the PVPMA and the associated tariff modifications outlined in Attachment 1.

Background

On February 2, 2009, PG&E filed Application (“A.”) 09-02-019, seeking approval of the PV Program and authorization to recover the associated revenue requirement for the PV Program in rates. As subsequently approved, the PV Program consists of the installation and operation of up to 500 megawatts (“MW”) of primarily 1 to 20 MW solar photovoltaic generation facilities in PG&E’s service territory over five program years. PG&E will procure up to 250 MW through power purchase agreements with independent power providers. An additional maximum of 250 MW will come from utility-owned generation that PG&E will own, install, operate, and maintain.
Proposed Preliminary Statement

OP 4.b of D.10-04-052 requires that PG&E “file an advice letter within 60 days of this decision to establish Photovoltaic Program Memorandum Account to track the difference between the estimated and actual capital costs of this program.” PG&E hereby requests approval to include the PVPMA as Part FJ of its Electric Preliminary Statement. The PVPMA will track and accrue the incremental revenue requirement associated with the actual capital costs of PG&E’s utility-owned solar PV facilities.

The proposed tariff allows for the transfer of the balance in the PVPMA to the Utility Generation Balancing Account ("UGBA"). Transfers are allowed up to the total revenue requirement established by D.10-04-052. If capital costs for PG&E’s utility-owned solar PV facilities are greater than those adopted in D.10-04-052, the revenue requirement associated with expenditures over the authorization will continue to accrue in the memorandum account until the Commission authorizes recovery.

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 July 12, 2010, which is twenty-one (21) days from the date of this filing.\(^1\) Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, CA, 94102

Facsimile: (415) 703-2200  
E-mail: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

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

The protest should also be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown on the following page on the same date it is mailed or delivered to the Commission:

\(^1\) The end of the 20-day protest period falls on a Sunday. PG&E therefore moves the protest due date to the following business day.
Pacific Gas and Electric Company
Attention: Jane Yura
Vice President, Regulation and Rates
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 submits this advice letter as a Tier 2 filing, to become effective after Energy Division approval. PG&E requests approval by **July 21, 2010**, which is thirty (30) days after the date of 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 lists for R.08-08-009, R.06-02-012, and A.09-02-019. Address changes to the General Order 96-B service list 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

![Signature](signature.png)

Vice President – Regulation and Rates

cc: Service List for R.08-08-009
    Service List for R.06-02-012
    Service List for A.09-02-019
    Paul Douglas - Energy Division
    Sean Simon – Energy Division

Attachments
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

Advice Letter (AL) #: **3692-E**  
Tier: **2**

Subject of AL: **Request for Approval of PG&E’s Photovoltaic Program Memorandum Account to Track the Capital Costs of PG&E’s PV Program**

Keywords (choose from CPUC listing): Compliance

AL filing type: ☑ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.10-04-052**

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:

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: **July 21, 2010**  
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 Electric Preliminary Statement FJ**

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 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
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ELECTRIC PRELIMINARY STATEMENT PART FJ
PHOTOVOLTAIC PROGRAM MEMORANDUM ACCOUNT (PVPMA)

FJ. Photovoltaic Program Memorandum Account (PVPMA)

1. PURPOSE: The purpose of the Photovoltaic (PV) Program Memorandum Account (PVPMA) is to track the difference between the revenue requirement associated with the capital costs incurred as a result of PG&E's PV Program and the authorized revenue requirement set forth for this Program in Decision (D.) 10-04-052.

2. APPLICABILITY: The PVPMA shall apply to all customers under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of the balance in this account shall be through the Annual Electric True-Up advice letter process, or as otherwise authorized by the Commission.

4. RATES: The PVPMA does not have a separate rate element.

5. ACCOUNTING PROCEDURES: The following entries shall be made to this account at the end of each month or as applicable:

   a. A credit entry each month equal to the monthly portion of the $1.454 billion 5-year revenue requirement based on the adopted capital cost of the PV Program as approved by the Commission in Decision 10-04-052.

   b. A debit entry each month equal to the revenue requirement based on the recorded capital costs of the PV Program. Should the actual revenue requirement exceed the authorized revenue requirement at the end of the 5-year program, these costs will be subject to a reasonableness review per Decision 10-04-052. Should the authorized revenue requirement exceed the actual revenue requirement at the end of the 5-year program, the difference between the authorized revenue requirement and the actual costs will be refunded back to the ratepayers via a debit entry to the PVPMA and a credit entry to the UGBA.

   c. The authorized revenue requirement is based on a 250 megawatt (MW) program and a specific capacity price target as approved in Decision 10-04-052. Should PG&E develop fewer than 250 MW over the 5-year life of the program, the authorized revenue requirement shall be pro-rata adjusted to reflect the reduced amount of deployed capacity. In the case that the revenue requirement needs to be reduced, a debit entry to the PVPMA and a credit entry to UGBA will be made to reduce the authorized revenue requirement.

   d. An entry each month equal to 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.

6. SHAREHOLDER INCENTIVES: At the end of the 5-year PV Program, should actual average capital costs per kW installed fall below $3,920 per kW (Direct Current), PG&E shareholders are eligible to retain 10% of the difference between the actual average capital cost and $3,920 for every kW installed under the Utility-owned generation portion of the PV Program. Upon Commission approval of PG&E's demonstration of eligibility for this incentive, a debit entry will be made to UGBA to reflect the amount of the shareholder incentive.
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**Advice Letter No:** 3692-E  
**Decision No.:** 10-04-052  
**Issued by:** Jane K. Yura  
**Date Filed:** June 21, 2010  
**Effective:** July 30, 2010  
**Resolution No.:** 9H13
Alcantar & Kahl  Defense Energy Support Center  Northern California Power Association
Ameresco  Department of Water Resources  Occidental Energy Marketing, Inc.
Anderson & Poole  Department of the Army  OnGrid Solar
Arizona Public Service Company  Dept of General Services  Praxair
Defense Energy Support Center  Division of Business Advisory Services  R. W. Beck & Associates
BP Energy Company  Douglass & Liddell  RCS, Inc.
Barkovich & Yap, Inc.  Downey & Brand  Recon Research
Bartle Wells Associates  Duke Energy  Recurrent Energy
Bloomberg New Energy Finance  Dutcher, John  SCD Energy Solutions
Boston Properties  Economic Sciences Corporation  SCE
Brookfield Renewable Power  Foster Farms  SMUD
C & H Sugar Co.  G. A. Krause & Assoc.  SPURR
CA Bldg Industry Association  GLJ Publications  Santa Fe Jets
CAISO  Goodin, MacBride, Squeri, Schlotz & Ritchie  Seattle City Light
CLECA Law Office  Green Power Institute  Sempra Utilities
CSC Energy Services  Hanna & Morton  Sierra Pacific Power Company
California Cotton Ginners & Growers Assn  Hitachi  Silicon Valley Power
California Energy Commission  International Power Technology  Silo Energy LLC
California League of Food Processors  Intestate Gas Services, Inc.  Southern California Edison Company
California Public Utilities Commission  Los Angeles Dept of Water & Power  Sunshine Design
Calpine  Luce, Forward, Hamilton & Scripps LLP  Sutterland, Asbill & Brennan
Cameron McKenna  MAC Lighting Consulting  Tabors Caramanis & Associates
Cardinal Cogen  MBMC, Inc.  Tecogen, Inc.
Casner, Steve  MRW & Associates  Tiger Natural Gas, Inc.
Chris, King  Manatt Phelps Phillips  Tioga Energy
City of Glendale  McKenzie & Associates  TransCanada
City of Palo Alto  McKenzie & Associates  Turlock Irrigation District
Clean Energy Fuels  Merced Irrigation District  U S Borax, Inc.
Coast Economic Consulting  Mirant  United Cogen
Commerce Energy  Modesto Irrigation District  Utility Cost Management
Commercial Energy  Morgan Stanley  Utility Specialists
Consumer Federation of California  Morrison & Foerster  Verizon
Crossborder Energy  NRG West  Wellhead Electric Company
Davis Wright Tremaine LLP  New United Motor Mfg., Inc.  Western Manufactured Housing
Day Carter Murphy  Norris & Wong Associates  Communities Association (WMA)
North Coast SolarResources  eMeter Corporation