July 25, 2011

Advice Letter 3812-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: Notice of Intent to Change the Method of Calculating System Reliability Indices from that Specified in CPUC D.96-09-045, Dated September 4, 1996

Dear Mr. Cherry:

Advice Letter 3812-E is effective July 25, 2011.

Sincerely,

Julie A. Fitch, Director
Energy Division
March 7, 2011

Advice 3812-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Intent to Change the Method of Calculating System Reliability Indices From That Specified in CPUC Decision 96-09-045, Dated September 4, 1996

Purpose

In response to Mr. Paul Clanon's letter to Mr. John Hughes dated August 27, 2010, Pacific Gas and Electric Company (PG&E or Company), supports the proposed use of the Institute of Electrical and Electronic Engineers (IEEE) Standard 1366-2003 to categorize major event days and hereby requests approval for making this change in PG&E's reporting requirements covered under Decision (D.) 96-09-045.

Background

In a letter to PG&E dated August 27, 2010, Mr. Clanon noted that Southern California Edison has recommended the adoption of the IEEE standard for the definition of major event days which would: 1) provide consistency in comparing reliability data from different utilities across the country; and 2) provide more objectivity in the determination of what major events are excludable for the purpose of calculating the reliability indices. Mr. Clanon further states that if PG&E agrees with this proposal, the Company should submit an advice letter requesting this change.

As industry definitions for measuring electric reliability have evolved, the Company has continued to evaluate its system reliability indices using various methods. The
Company concluded that the application of IEEE 1366-2003 correlated with extreme outlier days better than the excludable major event criteria as defined in D. 96-09-045. Indeed, in 2005, the Company proposed the use of IEEE 1366-2003 as part of its 2007 GRC filing addressing performance incentive mechanisms.¹

In 2007, the Company participated in workshops attended by investor-owned electric utility representatives and Energy Division staff to consider migrating to the recently adopted industry standard, IEEE 1366-2003. Further interchanges of data, data requests and responses demonstrated that assumptions used in IEEE 1366-2003 were appropriate for data sets PG&E uses to evaluate reliability. Since 2008, the Company has been using the IEEE Standard 1366-2003 for internal evaluation, and has been reporting results under both D.96-09-045 and IEEE 1366-2003 in its annual March 1 reliability report filed with the CPUC.

**Proposed Changes**

The Company agrees to utilize IEEE-1366-2003 to categorize major event days in its annual March 1 reliability report and now seeks approval to implement this change and supports reporting results from both methods for a period of an additional three years, after which time the Company will only report the IEEE 1366-2003 calculation. This proposed change also impacts PG&E’s May 1 report per D.04-10-034 after the three year transition period.

The Company recognizes that further changes to the reporting requirements contained in D.96-09-045 may be recommended and supports evaluating the benefits of future additional proposals.

**Implementation Date**

This change in the method of calculating system reliability indices from that specified in CPUC Decision 96-09-45 will be effective on March 1, 2012.

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¹ Exhibit (PG&E-11), Chapter 3. In the 2007 GRC, the Settling Parties agreed that PG&E would withdraw its performance incentive mechanism. There was no opposition to the Settlement outcome for this matter and the CPUC concurred with this outcome (Decision 07-03-044, p. 257).
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 March 28, 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: 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 Tier 2 advice filing become effective on regular notice, April 6, 2011, which is 30 calendar days after the date of filing.

2 The 20 day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.
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. Address changes to the General Order 96-B service list and all 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 also be accessed electronically at http://www.pge.com/tariffs/.

Vice President – Regulation and Rates

Attachments

cc: GO 96-B Service List
<table>
<thead>
<tr>
<th><strong>Company name/CPUC Utility No.</strong></th>
<th>Pacific Gas and Electric Company (ID U39 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utility type:</strong></td>
<td>Contact Person: Greg Backens</td>
</tr>
<tr>
<td>☑ ELC</td>
<td>Phone #: (415) 973-4390</td>
</tr>
<tr>
<td>☑ GAS</td>
<td>E-mail: <a href="mailto:GAB4@pge.com">GAB4@pge.com</a></td>
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<td>☐ PLC</td>
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**EXPLANATION OF UTILITY TYPE**

ELC = Electric  GAS = Gas  PLC = Pipeline  HEAT = Heat  WATER = Water

**Advice Letter (AL) #:** 3812-E  **Tier:** 2

**Subject of AL:** Notice of Intent to Change the Method of Calculating System Reliability Indices from that Specified in CPUC Decision 96-09-045, dated September 4, 1996

**Keywords (choose from CPUC listing):** Reliability

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

**If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:** N/A

**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:** N/A

**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:** N/A

**Resolution Required?** ☑ Yes ☐ No

**Requested effective date:** April 6, 2011

**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:** N/A

**Service affected and changes proposed:** 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  Pacific Gas and Electric Company
Tariff Files, Room 4005  Attn: Jane Yura, Vice President, Regulation and Rates
DMS Branch  77 Beale Street, Mail Code B10B
505 Van Ness Ave., San Francisco, CA 94102  P.O. Box 770000
jnj@cpuc.ca.gov and mas@cpuc.ca.gov  San Francisco, CA 94177
E-mail: PGETariffs@pge.com
Alcantar & Kahl LLP
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg
Bloomberg New Energy Finance
Boston Properties
Braun Blaising McLaughlin, P.C.
Brookfield Renewable Power
CA Bldg Industry Association
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cardinal Cogen
Casner, Steve
City of Palo Alto
City of Palo Alto Utilities
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Dept of General Services
Division of Business Advisory Services
Douglass & Lidell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
In House Energy
International Power Technology
Intestate Gas Services, Inc.
Lawrence Berkeley National Lab
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MAC Lighting Consulting
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NLine Energy, Inc.
NRG West
Navigant Consulting
Norris & Wong Associates
North America Power Partners
North Coast Solar Resources
Northern California Power Association
Occidental Energy Marketing, Inc.
On Grid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recurrent Energy
SCD Energy Solutions
SCE
SMUD
SPURR
San Francisco Public Utilities Commission
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Spark Energy, L.P.
Sun Light & Power
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
TransCanada
Turlock Irrigation District
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing
Communities Association (WMA)
eMeter Corporation