

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 16, 2014

Advice Letter 4326-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: Adjustment of the Utility Generation Balancing Account
Entries to Reflect the Actual Operation and Maintenance
Expenses of PG&E's Fuel Cell Project**

Dear Mr. Cherry:

Advice Letter 4326-E is effective January 10, 2014.

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

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-7226

December 11, 2013

Advice 4326-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Adjustment of the Utility Generation Balancing Account Entries to Reflect the Actual Operation and Maintenance Expenses of Pacific Gas and Electric Company's Fuel Cell Project

Pacific Gas and Electric Company ("PG&E") hereby submits this advice letter to request approval to adjust the Utility Generation Balancing Account ("UGBA") entries for PG&E's Fuel Cell Project (the "Project"). These adjustments will reflect the Project's operations and maintenance ("O&M") expense actuals beginning on the Project's operative dates and ending exactly one year after.¹

Background

PG&E filed Application ("A.") 09-02-013 ("PG&E's Fuel Cell Application") on February 20, 2009, seeking approval of its Fuel Cell Project and authorization to recover the Project's associated revenue requirement in rates. As subsequently approved, the Project consists of the installation and operation of three fuel cells on two university campuses: one 1.4 megawatt ("MW") molten carbonate fuel cell and one 200 kilowatt solid oxide fuel cell at San Francisco State University as well as one 1.4 MW molten carbonate fuel cell at California State University East Bay, Hayward campus. PG&E currently owns, operates, and maintains the three fuel cell facilities. The fuel cell facilities provide electricity to the grid and by-products, such as waste heat and water, that can be utilized by the campuses.

PG&E's Fuel Cell Application was approved by the California Public Utilities Commission ("Commission" or "CPUC") via Decision ("D.") 10-04-028 (the "Decision") on April 8, 2010. The Decision approves the Project and orders PG&E, in Ordering Paragraph ("OP") 3.b, to file an advice letter within 90 days of the Decision's approval to

¹ PG&E's Fuel Cell Project became operative in July and August 2011. The San Francisco State University plants became operative in July 2011. The California State University, East Bay plant became operative in August 2011. Due to this the actuals reflected within this advice letter will cover the time frames of July 2012 through July 2013 for the San Francisco State University plants and August 2012 through August 2013 for the California State University, East Bay plant.

establish a Fuel Cell Project Memorandum Account (“FCPMA”) to track the difference between estimated and actual capital costs and estimated and actual O&M costs.

In compliance with OP 3.b of the Decision, PG&E filed Advice 3701-E on July 7, 2010, requesting the institution of PG&E’s FCPMA. PG&E’s Advice 3701-E was approved on August 16, 2010 by the CPUC’s Energy Division.

Purpose

This filing is being made in accordance with the Decision and OP 3.d in which the Commission requires that PG&E update its previous year’s UGBA entries to reflect the Project’s actual O&M expenses after each year of operation of the approved fuel cells. PG&E will utilize its FCPMA, approved in Advice 3701-E, to obtain the needed information to update the Project’s O&M expense entries within PG&E’s UGBA because its FCPMA is the Commission-approved mechanism for tracking the Project’s estimated and actual O&M costs.

Also per the Decision, OP 3.d, PG&E is instructed to make this update/adjustment via an advice letter so long as the Project’s O&M expenses have not exceeded the authorized \$4.71 million O&M amount for the first four years of plant operation or until superseded by rates to be established in PG&E’s next General Rate Case following commercial operation of the facilities, whichever shall come first. If the \$4.71 million O&M authorized amount is exceeded before the authorized time frame, PG&E must seek recovery of any costs within a petition to modify the Decision or file a new application in which the CPUC will determine the reasonableness of the additional costs and make a determination. This same ratemaking treatment and concept applies if the Project incurs additional capital costs.

PG&E does not anticipate exceeding the \$4.71 million O&M authorized amount per the time restrictions identified above and therefore submits this advice letter in compliance with Decision, OP 3.d.

Discussion

This advice letter reflects the adjustments made to PG&E’s UGBA to capture the Project’s actual O&M expenses for July 2012 through July 2013 for the San Francisco State University facilities and August 2012 through August 2013 for the California State University, East Bay facility. This time frame represents the second year of the Project’s operations.

Currently, PG&E has recorded \$1,340,559 in its FCPMA for the entire Project’s actual O&M expenses for the time frame referenced above. Upon Commission approval of this advice letter, PG&E will adjust its UGBA to reflect the net costs of the authorized O&M amount and the Project’s actual O&M expenses for the time frames referred to above.

Due to this, PG&E proposes an adjustment/true-up of \$203,116 to be debited to its UGBA. Of the four year \$4.71 million authorized Project O&M amount, PG&E forecasted that it would spend \$1,137,443 over the course of the second year of the Project's operations. In actuality PG&E spent \$1,340,559 during this time frame making the needed adjustment/true-up to PG&E's UGBA totaling \$203,116.

PG&E requests the Commission's approval of the above mentioned figures so that PG&E can true-up the recorded Project O&M expenses, for 2012 and the majority of 2013, within PG&E's FCPMA and have those figures reflected within PG&E's UGBA as so directed via the Decision.

Protests

Anyone wishing to protest this advice letter may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **December 31, 2013**, which is 20 days after the date of this submission. 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:

Brian K. Cherry
Vice President, 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).

Effective Date

PG&E requests that this advice filing become effective on **January 10, 2014**, which is thirty (30) days after the date of filing. PG&E submits this as a Tier 2 filing.

Notice

In accordance with G.O. 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 A.09-02-013. Address changes to the G.O. 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 approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry / slw".

Vice President - Regulatory Relations

cc: Service List A.09-02-013

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 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: **Shirley Wong**

Phone #: **(415) 972-5505**

E-mail: **PGETariffs@pge.com and 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) #: **4326-E**

Tier: **2**

Subject of AL: **Adjustment of the Utility Generation Balancing Account Entries to Reflect the Actual Operation and Maintenance Expenses of Pacific Gas and Electric Company's Fuel Cell Project**

Keywords (choose from CPUC listing): **Balancing Account, Memorandum Account, Compliance**

AL filing type: Monthly Quarterly Annual One-Time Other (See "Purpose" section of AL.)

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.10-04-028**

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 10, 2014**

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
ED Tariff Unit
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**

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	K&L Gates LLP	Southern California Edison Company
Calpine	Kelly Group	Spark Energy
Casner, Steve	Linde	Sun Light & Power
Center for Biological Diversity	Los Angeles Dept of Water & Power	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	