April 30, 2014

Advice Letter 4374-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:  Request to Establish the Hercules Safety & Service Enhancements Memorandum Account

Dear Mr. Cherry:

Advice Letter 4374-E is effective April 6, 2014.

Sincerely,

Edward F. Randolph, Director  
Energy Division
March 7, 2014

**Advice 4374-E**
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject:** Request to Establish the Hercules Safety and Service Enhancements Memorandum Account

Pacific Gas and Electric Company (PG&E) submits for filing revisions to its electric tariffs. The affected electric tariff sheets are included in the enclosed Attachment 1.

**Purpose**

PG&E requests authority to establish the Hercules Safety and Service Enhancements Memorandum Account (HSSEMA) to record revenue requirements associated with actual safety and service enhancement capital expenditures incurred once the transaction closes pursuant to the Asset Purchase Agreement (APA), dated May 13, 2013, between PG&E and the City of Hercules until the California Public Utilities Commission (CPUC or Commission) issues a decision on Phase 2 of the Hercules proceeding (Application (A.) 13-07-001) addressing recovery of these costs. PG&E is requesting to establish the HSSEMA to avoid retroactive ratemaking. PG&E anticipates incurring safety and service enhancement costs and placing assets into service as early as April 2014, which will be prior to the Commission’s ability to issue a Phase 2 decision.

**Background**

On January 16, 2014, the Commission issued a Phase 1 Decision (D.) 14-01-009 approving the APA between PG&E and the City of Hercules (A.13-07-001). In that decision, the Commission authorized recovery of the net book value of the Hercules Municipal Utility (HMU) assets and also provided that “Phase 2 of this proceeding will address the reasonableness of PG&E’s requested capital expenditures associated with safety and service enhancements”. Specifically, Finding of Facts (FOF) 29 of D.14-01-009 states:

> “Following a Phase 1 Decision in this proceeding, a Phase 2 of this proceeding will review $3.6 million in proposed safety and service enhancements over a period of 2014–2016.”
Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than March 27, 2014, which is 20 days 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:

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 submits this advice letter as a Tier 2 filing. PG&E requests that this advice letter become effective on April 6, 2014, which is 30 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 A.13-07-001. Address changes to the General Order 96-B service list and all electronic approvals should be directed to 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/.

Brian Cherry

Vice President – Regulatory Relations

cc: Service List A.13-07-001

Attachments
## CALIFORNIA PUBLIC UTILITIES COMMISSION
### ADVICE LETTER FILING SUMMARY
#### ENERGY UTILITY

**Company name/CPUC Utility No.** Pacific Gas and Electric Company (ID U39 E)

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Kingsley Cheng</th>
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<tr>
<td>☑ ELC</td>
<td>Phone #: (415) 973-5265</td>
</tr>
<tr>
<td>☐ GAS</td>
<td>E-mail: <a href="mailto:k2c0@pge.com">k2c0@pge.com</a> and <a href="mailto:PGETariffs@pge.com">PGETariffs@pge.com</a></td>
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<td>☐ PLC</td>
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### EXPLANATION OF UTILITY TYPE

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#### Advice Letter (AL) #: **4374-E**

**Tier:** 2

**Subject of AL:** Request to Establish the Hercules Safety and Service Enhancements Memorandum Account

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

**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:** April 6, 2014

**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 GG - Hercules Safety and Service Enhancements Memorandum Account

**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:

**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: 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
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<td>ELECTRIC PRELIMINARY STATEMENT PART GG HERCULES SAFETY AND SERVICE ENHANCEMENTS MEMORANDUM ACCOUNT Sheet 1</td>
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<td>33659-E*</td>
<td>ELECTRIC TABLE OF CONTENTS Sheet 1</td>
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<td>33660-E*</td>
<td>ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 18</td>
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ELECTRIC PRELIMINARY STATEMENT PART GG

HERCULES SAFETY AND SERVICE ENHANCEMENTS MEMORANDUM ACCOUNT

1. PURPOSE: The purpose of the Hercules Safety and Service Enhancements Memorandum Account (HSSEMA) is to record incremental revenue requirements associated with safety and service enhancements capital expenditures.

2. APPLICABILITY: The HSSEMA 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 determined by the Commission in a formal proceeding.

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

5. ACCOUNTING PROCEDURE: PG&E shall maintain the HSSEMA by making entries to this account at the end of each month as follows:
   a) A debit entry equal to the revenue requirement, excluding Franchise Fees and Uncollectible Allowance Expense (FF&U), based on the capital costs incurred. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs.
   b) A debit/(credit) entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission, and
   c) 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.
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<td>Preliminary</td>
<td>Statements 33649, 32706, 30376, 32544, 32398, 30846, 32783, 33660*-E</td>
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<td>33253-E</td>
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### PRELIMINARY STATEMENT

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<td>32419, 32420-E</td>
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<td>Part GB</td>
<td>Greenhouse Gas Revenue Balancing Account</td>
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<td>California Energy Systems for the 21st Century Balancing Account</td>
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<td>Smart Grid Pilot Deployment Project Balancing Account</td>
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<td>Statewide Marketing, Education and Outreach Expenditure Balancing Account</td>
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PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

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