

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 29, 2014

Advice Letter 4479-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 Federal Energy Regulatory Commission Filing of
Uncontested Settlement (TO15) and Approval of Interim Rates**

Dear Mr. Cherry:

Advice Letter 4479-E is effective September 21, 2014.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Meredith Allen
Senior Director
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

August 22, 2014

Advice 4479-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Federal Energy Regulatory Commission Filing of Uncontested Settlement (TO15) and Approval of Interim Rates

Purpose

Pacific Gas and Electric Company (PG&E) submits this advice letter to provide the California Public Utilities Commission (Commission or CPUC) with notice of PG&E's July 15, 2014 filings with the Federal Energy Regulatory Commission (FERC) of an uncontested Offer of Settlement and Stipulation (Settlement) in PG&E's TO15 transmission rate case and a Motion for Interim Rates (Motion) requesting permission to implement rates, on an interim basis, pending FERC's approval of the Settlement. PG&E is also providing notice of FERC's July 23, 2014 order granting PG&E's Motion.

Pursuant to the Settlement and Motion, PG&E will implement the settled TO Tariff retail rates with the next CPUC-jurisdictional retail rate change, which is expected to occur on October 1, 2014.

PG&E will provide refunds for the difference between amounts collected using the as-filed rates and the Settlement rates for the period between October 1, 2013 and the date on which PG&E implements the interim rates (i.e., through September 30, 2014 or later).

Background

FERC has jurisdiction over unbundled retail electric transmission rates in California, including transmission services provided under the FERC-approved California Independent System Operator Corporation (ISO) Tariff. As the United States Supreme Court has said, "when a bundled retail sale is unbundled and becomes separate transmission and power sales transactions, the resulting transmission transaction falls within the Federal Sphere of regulation," (See *New York v. FERC*, 535 US 1, at 12 (2002), citing FERC Order No. 888 approvingly, citations omitted). When FERC issues

decisions addressing ISO or other transmission service, they are deemed reasonable for purposes of inclusion in retail electric rates. Id.

Commission Resolution E-3930, approved on May 26, 2005, acknowledged this jurisdictional division and established a process for CPUC notification and review of transmission-related changes approved by FERC. That process is contained in new Process Element 1, which states, "The Commission recognizes that under the filed rate doctrine, the Commission should allow a pass through of these transmission rates that are filed with and become effective at the FERC."

On August 20, 2013, PG&E filed Advice Letter Advice 4271-E to notify the Commission of PG&E's TO15 transmission rate case filing. On September 24, 2013, FERC accepted PG&E's TO15 filing, suspended the rate change for a nominal period to become effective on October 1, 2013, subject to refund, and established hearing and settlement judge procedures.

On July 15, 2014, PG&E filed the uncontested Settlement concerning changes to PG&E's wholesale and retail electric transmission rates. In addition, PG&E submitted its Motion requesting authorization to implement, on an interim basis, the wholesale and retail rates included in the Settlement. Although the Settlement is still pending FERC approval, on July 23, 2014, FERC issued its order granting PG&E's Motion to implement interim rates as early as October 1, 2014.

The TO15 Settlement included an agreed-upon retail revenue requirement of \$1,039.6 million. This amount represents a decrease of \$32.4 million from PG&E's as-filed TO15 rates, which were based on a retail revenue requirement of \$1,072 million. The difference in the amounts actually collected using the as-filed rates and the amounts that would have been collected using the Settlement rates for the period between October 1, 2013 and September 30, 2014 will be refunded through PG&E's established End-Use Customer Refund Balancing Account Adjustment mechanism.

Compliance with Resolution E-3930

PG&E is submitting this advice letter pursuant to Process Element 3 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the FERC filing and Settlement, by service to the Commission's Legal Division.

Pursuant to Process Elements 3 through 5 of Resolution E-3930, PG&E provides, as Attachment A, a copy of the Settlement versions of Appendix I through Appendix III of PG&E's TO Tariff. In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs on the date of PG&E's next CPUC- jurisdictional retail rate change (anticipated to be as early as October 1, 2014).

As anticipated under Process Element 4 of Resolution E-3930, PG&E will provide complete updated tariff sheets including this change to TO Tariff rates as part of the Advice Letter PG&E will file for PG&E's next rate change, including final adjustments to residential Conservation Incentive Adjustment (CIA) rates and total rates based on the specific method for setting residential rates as described in CPUC Decision 14-06-029, Decision on Phase 2 Rate Change Proposal Settlement Agreements of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company for Summer 2014 Rate Reform. All non-residential tariffs will also be modified with the appropriate energy charge per kWh, and/or demand charge per kW, changes to transmission rates and commensurate changes to total rates applicable on each non-residential tariff.

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 September 11, 2014, which is 20 days after the date of this filing. Protests should be mailed 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 should also 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

Effective Date

PG&E requests that this advice filing become effective as soon as practicable given that FERC has authorized these changes to become effective with the next planned rate change, which is anticipated to occur as early as October 1, 2014.

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 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/>.



Senior Director - Regulatory Relations

Attachment A: Settlement versions of Appendix I, II and III of the TO Tariff, FERC
Docket No. ER13-2022-000

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: Jennifer Wirowek

Phone #: (415) 973-1419

E-mail: J6WS@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) #: **4479-E**

Tier: **2**

Subject of AL: **Notice of Federal Energy Regulatory Commission Filing of Uncontested Settlement (TO15) and Approval of Interim Rates**

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 #: 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: _____

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: **September 21, 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: N/A

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: 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

APPENDIX I: TRANSMISSION AND RELIABILITY SERVICES REVENUE REQUIREMENTS

Total revenue requirement associated with transmission facilities and entitlements turned over to the operational control of the ISO by the Participating TO, which reflects a reduction or increase for Transmission Revenue Credits.

1. The Transmission Revenue Requirement for purposes of calculating End-User transmission rates shall be \$930,523,344, which is composed of the Base Transmission Revenue Requirement of \$1,039,600,000, and the TRBAA of (\$109,076,656).
2. For purposes of the ISO's calculation of Access Charges under Section 26.1 of the ISO Tariff:
 - a. The High Voltage Transmission Revenue Requirement shall be \$381,835,522, which is composed of a High Voltage Base Transmission Revenue Requirement of \$469,741,982, Standby Transmission Demand Revenue credit of (\$2,065,154), and a High Voltage TRBAA of (\$85,841,306).
 - b. The Low Voltage Transmission Revenue Requirement shall be \$526,919,067, which is composed of a Low Voltage Base Transmission Revenue Requirement of \$558,158,018, Standby Transmission Demand Revenue credit of (\$2,330,334), and a Low Voltage TRBAA of (\$28,908,617).
 - c. The forecast of Gross Load at the High Voltage/Low Voltage interface is 91,866,316 megawatt-hours.
3. The Reliability Services Balancing Account shall be equal to \$24,520,529, which includes the forecast of Reliability Services payments PG&E will make to the ISO during 2014 of \$10,267,855, plus an adjustment of \$14,252,675. This amount shall be effective until amended by PG&E in accordance with Appendix V to this Tariff.

The Reliability Service Balancing Account shall be allocated to End-Use Customers as follows:

	<u>Retail Total</u>
2014 RMR Costs	\$10,267,855
Adjustment	\$14,252,675
2013 Revenue Requirement	\$24,520,529

The End-Use Customer Refund Balancing Account Adjustment shall be allocated to End-Use Customers and include a Revenue Requirement of \$47,637,598.

APPENDIX II: ACCESS CHARGES FOR WHOLESALE TRANSMISSION

	<u>Per kWh</u>
High Voltage Access Charge	See ISO Tariff
Low Voltage Access Charge	\$0.005736
High Voltage Utility-Specific Access Charge	\$0.004156
 <u>High Voltage Wheeling Access Charge</u>	
High Voltage Wheeling Access Charge	See ISO Tariff
 <u>Low Voltage Wheeling Access Charge</u>	
High Voltage Wheeling Access Charge	See ISO Tariff
Low Voltage Wheeling Access Charge	\$0.005736

APPENDIX III: ACCESS CHARGES FOR END-USE SERVICE

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RESIDENTIAL SCHEDULES

COMMERCIAL AND INDUSTRIAL SCHEDULES

SCHEDULE A-1

SCHEDULE A-6

SCHEDULE A-15

SCHEDULE TC-1

SCHEDULE A-10

SCHEDULE E-19

SCHEDULE E-20

SCHEDULE E-37

SCHEDULE S

AGRICULTURAL SCHEDULES

STREETLIGHTING SCHEDULES

These charges represent the rates for recovery of the Base Transmission Revenue Requirement.

A TRBAA Rate of (\$0.00125) per kWh and a TACBAA Rate of \$0.00554 per kWh shall also apply to all of the rate schedules described in this Appendix.

The applicability of these rates is described in the California Public Utilities Commission jurisdictional retail tariffs.

RESIDENTIAL SCHEDULES

- SCHEDULE E-1 AND EL-1 (CARE)**
- SCHEDULES E-6 AND EL-6 (CARE)**
- SCHEDULES E-7 AND EL-7 (CARE)**
- SCHEDULE E-8 AND EL-8 (CARE)**
- SCHEDULE E-9**
- SCHEDULE EM AND EML (CARE)**
- SCHEDULE EM TOU AND EML TOU (CARE)**
- SCHEDULE ES AND ESL (CARE)**
- SCHEDULE ESR AND ESRL (CARE)**
- SCHEDULE ET AND ETL (CARE)**

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.01424	(\$0.00000)

COMMERCIAL & INDUSTRIAL SCHEDULES

- SCHEDULE A-1**
- SCHEDULE A-6**
- SCHEDULE A-15**
- SCHEDULE TC-1**

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.01235	(\$0.00000)

SCHEDULE A-10

BASIS FOR DEMAND CHARGE: The customer will be billed for demand according to the customer's "maximum demand" each month. The number of kW used will be recorded over

15-minute intervals; the highest 15-minute average in the month will be the customer's maximum demand. SPECIAL CASES: (1) If the customer's use of energy is intermittent or subject to severe fluctuations, a 5-minute interval may be used, and (2) If the customer uses welders, the demand charge will be subject to the minimum demand charges for those welders' ratings, as explained in Section J of PG&E's CPUC Rule 2.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Maximum Demand Charge (\$/kW/mo)	\$4.34	
Energy Charge (\$/kWh)		(\$0.00000)

SCHEDULE E-19

BASIS FOR DEMAND CHARGE: Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Maximum Demand Charge (\$/kW/mo)	\$4.34	
Energy Charge (\$/kWh)		(\$0.00000)

SCHEDULE E-20

BASIS FOR DEMAND CHARGE: Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be

considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Maximum Demand Charge (\$/kW/mo)	\$4.39	
Energy Charge (\$/kWh)		(\$0.00000)

SCHEDULE E-37

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.00982	(\$0.00000)

SCHEDULE S

RESERVATION CAPACITY: The Reservation Capacity to be used for billing under the above rates shall be as set forth in the customer's contract for service. For new or revised contracts, the Reservation Capacity shall be determined by the customer. However, if the customer's standby demand exceeds this new contracted capacity in any billing month, that standby demand shall become the new Reservation or Contract Capacity for 12 months, beginning with that month. See Special Condition 7 for the definition of Reservation Capacity for Supplemental Standby Service customers.

The **Reservation Charge**, in dollars per kilowatt (kW), applies to 85 percent of the customer's Reservation Capacity, as defined in Special Condition 1 of the tariffs.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Reservation Charge (\$/kW/mo)	\$0.52	
Energy Charge (\$/kWh)	\$0.00902	(\$0.00000)

AGRICULTURAL SCHEDULES

The CPUC-jurisdictional retail tariffs should be referred to for detailed descriptions of how agricultural demand charges are assessed.

SCHEDULE AG-1

SCHEDULE AG-R

SCHEDULE AG-V

SCHEDULE AG-4

SCHEDULE AG-5

SCHEDULE AG-ICE

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.00982	(\$0.00000)

STREETLIGHTING SCHEDULES

SCHEDULE LS-1

SCHEDULE LS-2

SCHEDULE LS-3

SCHEDULE OL-1

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.00811	(\$0.00000)

**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
CENERGY POWER	Green Power Institute	SDG&E and SoCalGas
California Cotton Ginners & Growers Assn	Hanna & Morton	SPURR
California Energy Commission	In House Energy	San Francisco Public Utilities Commission
California Public Utilities Commission	International Power Technology	Seattle City Light
California State Association of Counties	Intestate Gas Services, Inc.	Sempra Utilities
Calpine	K&L Gates LLP	SoCalGas
Casner, Steve	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	