

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 29, 2015

Advice Letter 4543-E

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

SUBJECT: Change in Policy Regarding Use of Nearest Distribution Facility for Cost Responsibility for Transmission Line (Service) Extensions

Dear Mr. Jacobson:

Advice Letter 4543-E is withdrawn per PG&E withdrawal letter dated October 27, 2015.

Sincerely,

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

Edward 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: 415.973.6520

December 3, 2014

Advice 4543-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Change in Policy Regarding Use of Nearest Distribution Facility for Cost Responsibility for Transmission Line (Service) Extensions

Purpose

Pacific Gas and Electric Company's (PG&E) Electric Rules 15 and 16 only apply to distribution extensions for service at PG&E's standard distribution voltages (less than 50 kV), but PG&E has generally used the distribution line extension rules as a guideline for extending retail electric transmission service. PG&E proposes to modify its policy with respect to considering the nearest distribution facility in order to more equitably apportion cost responsibility for extensions of transmission facilities.

Background

PG&E does not have a tariff specific to the extension of transmission level service lines to serve new applicants. For electric transmission level requests for service, PG&E has, however, historically been guided by Electric Rules 15 and 16.

Electric Rule 15 A.2 provides, among other things, that the normal route of a distribution line extension shall be from "PG&E's nearest permanent and available distribution facility", as shown below:

NORMAL ROUTE OF LINE. The length and normal route of a Distribution Line Extension will be determined by PG&E and considered as the distance along the shortest, most practical, available, and acceptable route which is clear of obstructions from PG&E's nearest permanent and available distribution facility to the point from which the service facilities will be connected. (Rule 15. A. 2. b)

Using this tariff language as a guide, PG&E has treated the nearest distribution line as the "nearest *permanent and available distribution facility*", even when the transmission

service option has been determined to be the most economic.¹ This interpretation often results in the transmission service extension customer not paying its equitable and full share of the costs of the line extension. This outcome results from calculating costs using the distance to the nearby distribution line instead of the transmission facility actually used.

Put another way, if PG&E determines the most economic service is via transmission facilities and the nearest distribution line lacks the capacity to serve, under the current practice, the Applicant costs are still based on the distance from the nearest distribution facility. PG&E proposes to change the methodology and calculate the Applicant's cost based on the actual distance of the new line to be built, as shown in the attached Exhibit.

Although they are greatly outnumbered by requests for distribution service, requests for transmission level service have increased with the improving economy. PG&E expects this increase in applications for new transmission level service to continue with the improved economy.

To demonstrate the potential impact, PG&E reviewed 14 projects in varying stages of design, cost estimating or construction. Were the new process in place and applied to evaluation of these projects, six of the fourteen projects, or about half, would have been charged higher costs ranging from \$1 million to \$6 million; the other half would have been unaffected. The variation is largely due to the varying proximity of the projects to the actual transmission voltage source to be used to serve the customer, as well as their specific service requirements. All of the affected customers will be located nearer to distribution facilities than transmission facilities.

PG&E's Proposed Process

When PG&E determines that transmission level service is the most economical and preferred method for PG&E to serve an applicant's load, PG&E will base applicant costs for service on construction between the actual line serving the new load and location of the new load. The presence of distribution lines nearer the load – where those distribution lines do not have the physical or electromechanical ability to serve the new load – will no longer be the basis for cost calculations.

PG&E proposes to apply this new process to all completed applications for transmission-level service received after the effective date of this advice filing.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than December 23, 2014, which is 20 days after the date of this filing. Protests must be submitted to:

¹ For each service request, PG&E currently performs an economic cost analysis for the possible options physically available to serve the customer's electric load, including transmission service.

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:

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) 973-6520
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 regular notice, January 2, 2015 which is 30 calendar days after the date of filing. PG&E submits this proposed process change as a Tier 2 Advice Letter.

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 parties on the service list for R.92-03-050. 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/>.

/S/

Meredith Allen
Senior Director – Regulatory Relations

cc: Service List R.92-03-050
Silicon Valley Leadership Group
League of California Cities
California State Association of Counties
Association of California Water Agencies
California Large Energy Consumers Association
California Manufacturing and Technology Association
California League of Food Processers

Attachments

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) #: **4543-E**

Tier: **2**

Subject of AL: **Change in Policy Regarding Use of Nearest Distribution Facility for Cost Responsibility for Transmission Line (Service) Extensions**

Keywords (choose from CPUC listing): Transmission lines

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: N/A

Resolution Required? Yes No

Requested effective date: **January 2, 2015**

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

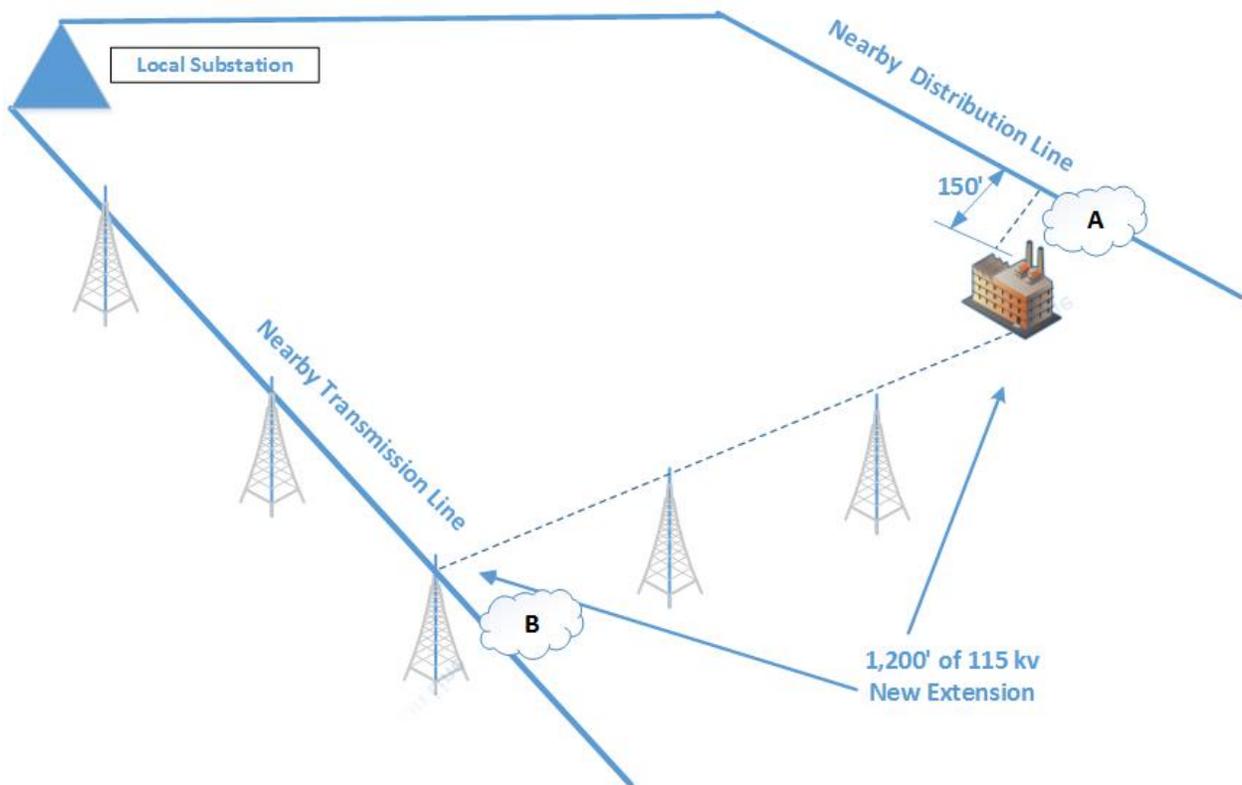
San Francisco, CA 94177

E-mail: PGETariffs@pge.com

EXHIBIT

PG&E's current practice is illustrated below as A. The cost charged to Applicants is based on the distance between the service delivery point and the nearest permanent and available distribution facility.

PG&E's proposed practice is illustrated below as B. The cost charged to Applicants would be based on the distance between the service delivery point and the nearest permanent and available transmission or distribution facility used by PG&E to serve the Applicant.



**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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