April 2, 2015

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

SUBJECT: Eliminate Electric Preliminary Statement Part CL, the Distributed Energy Resources Memorandum Account

Dear Ms. Allen:

Advice Letter 4577-E is effective as of January 30, 2015.

Sincerely,

Edward Randolph
Director, Energy Division
January 30, 2015

**Advice 4577-E**  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject:** Eliminate Electric Preliminary Statement Part CL, the Distributed Energy Resources Memorandum Account

Pacific Gas and Electric Company (PG&E) hereby submits for filing to credit the balance and eliminate Electric Preliminary Statement Part CL, the Distributed Energy Resources Memorandum Account (DERMA). The affected tariff sheets are listed in the enclosed Attachment I.

**Purpose**

As discussed in Resolution E-3777, issued on August 22, 2002, the purpose of DERMA was to record, by customer class, the costs of waived standby charges and any quantifiable benefits provided by distributed energy resources, pursuant to Public Utilities Code Sections 353.1, 353.3 and 353.9. In 2001, the state legislature adopted Senate Bill (SB) X1-28, which created standby exemptions for certain generators. On May 31, 2001, an Assigned Commissioner Ruling directed the Utilities to submit pro forma tariffs to implement SB X1-28. PG&E filed AL 2124-E to comply, which included the creation of the DERMA that was approved by Resolution E-3777. As explained in that Resolution, the purpose of the DERMA was to implement the firewall provisions in SB X1-28 until such time as new standby rates were designed. An additional purpose was to track actual costs and benefits of distributed energy resources utilizing the standby rate exemption to achieve appropriate assignment of net costs. The Resolution stated that the valuation of DG benefits was an issue to be considered within Phase 1 and Phase 2 of Rulemaking (R.) 99-10-025. PG&E herein proposes to credit the balance in the account without affecting retail rates, and further to eliminate the memorandum account.

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Background

The DERMA became effective on May 22, 2001. Beginning on that date, PG&E began recording waivers of standby charges for eligible customers to the memorandum account. Because the California Public Utilities Commission (Commission or CPUC) has not approved a method to calculate the “quantifiable benefits” of these qualifying distributed energy resources, no benefits have ever been recorded to the memorandum account. By letter dated September 22, 2011, the Energy Division approved PG&E’s Advice 3833-E which eliminated the standby waiver for eligible customers effective April 20, 2011. Accordingly, standby waivers have not been recorded to the memorandum account since that date and the account has accrued only interest.

By letter dated September 16, 2014, the Energy Division approved Advice 4462-E which implemented the closure of Headroom-related accounts. As part of that Advice, the DERMA account balance through 2003 was credited in the amount of approximately $0.443 million because these amounts had already been recovered. In that advice letter, PG&E indicated it would subsequently file an advice letter to address the balance in DERMA accrued since January 1, 2004.

Tariff Revisions

PG&E proposes to credit the remaining balance in the DERMA (approximately $10.301 million) and to eliminate the memorandum account. PG&E proposes to eliminate the memorandum account without any adjustments to rates charged to customers because the costs of the waivers have already been recovered from all customers as balancing account undercollections. Further, the preliminary statement calls for these costs to be offset by “quantifiable benefits” from the customers. Since benefits were never quantified and recorded, the account never fulfilled the purpose envisioned by the Commission. As a result, the account balance, which includes only cost, and was recovered from all customers should not be reallocated among customer groups and rates should not be revised as a result of crediting this balance.

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 February 19, 2015, which is 20 days after the date of this submission. Protests must be submitted to:
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) 973-7226
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 Tier 1 advice filing become effective upon date of filing, January 30, 2015.

**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 A.04-11-007. 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 A.04-11-007

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

<table>
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<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>☑ PLC</td>
<td>E-mail: <a href="mailto:k2e0@pge.com">k2e0@pge.com</a> and <a href="mailto:PGETariffs@pge.com">PGETariffs@pge.com</a></td>
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**EXPLANATION OF UTILITY TYPE**

| ELC = Electric | GAS = Gas |
| PL = Pipeline  | HEAT = Heat |
| WATER = Water  |

**Advice Letter (AL) #:** 4577-E  **Tier: 1**

**Subject of AL:** Eliminate Electric Preliminary Statement Part CL, the Distributed Energy Resources Memorandum Account

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

**AL filing type:** ☑ One-Time  ☐ Monthly  ☐ Quarterly  ☐ Annual  ☐ 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: **January 30, 2015**  **No. of tariff sheets:** 2

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:** Closing Electric Preliminary Statement Part CL

**Service affected and changes proposed:** Closing Electric Preliminary Statement Part CL

**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**  **Pacific Gas and Electric Company**

**Energy Division**  **Attn: Meredith Allen**

**EDTariffUnit**  **Senior Director, Regulatory Relations**

505 Van Ness Ave., 4th Flr.  **77 Beale Street, Mail Code B10C**

San Francisco, CA 94102  **P.O. Box 770000**

E-mail: EDTariffUnit@cpuc.ca.gov  **San Francisco, CA 94177**

E-mail: PGETariffs@pge.com
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PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

AT&T
Albion Power Company
Alexander & Kahl LLP
Anderson & Poole
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Braun Blasing McLaughlin, P.C.
CENERGY POWER
California Cotton Ginners & Growers Association
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
Cool Earth Solar, Inc.
County of Tehama - Department of Public Works
Crossborder Energy
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Hanna & Morton
In House Energy
International Power Technology
Intestate Gas Services, Inc.
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Kelly Group
Linde
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Los Angeles Dept of Water & Power
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Marin Energy Authority
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McKenzie & Associates
Modesto Irrigation District
Morgan Stanley
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NRG Solar
Nexant, Inc.
Occidental Energy Marketing, Inc.
OnGrid Solar
Pacific Gas and Electric Company
Praxair
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
SCE
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SPURR
Seattle City Light
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SoCalGas
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Western Manufactured Housing Communities Association (WMA)
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