

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 24, 2014

Ms. Meredith Allen
Senior Director, Regulatory Relations
Pacific Gas and Electric Company
Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Sent via email: PGETariffs@pge.com

Subject: Approval of PG&E Advice Letter 3511-G *Notification of Incremental Core Storage Request for Offers (RFO)*

Dear Ms. Allen:

The Energy Division (ED) of the California Public Utilities Commission (Commission) approves Pacific Gas and Electric Company (PG&E) Advice Letter (AL) 3511-G. The protests of the Core Transport Agent Consortium (CTAC) and Shell Energy North America (US), L.P. (Shell) are rejected. PG&E Advice Letter (AL) 3511-G is effective October 24, 2014.

CTAC and Shell protested PG&E AL 3511-G because the Commission is considering proposals in PG&E's pending 2015 Gas Transmission and Storage rate case (A.13-12-012) on whether the utility should hold storage for the customers of core transport agents (CTA) and related matters. The protestants indicated that approval of these proposals could make the acquisition of incremental core storage by PG&E unnecessary. Shell also stated that PG&E's proposal in pending A.13-06-011 to reduce its interstate pipeline capacity holdings for core customers may also impact the need for incremental core storage. Given this uncertainty, Shell recommended postponing consideration of the RFO until the outstanding storage issues are decided by the Commission. Additionally, the protestants were concerned that PG&E did not demonstrate in the AL that the incremental core storage is needed for reliability and also about the recovery of the storage costs from CTAs.

In response, PG&E stated that it is currently obligated to meet the 1-day-in-10-year peak day planning standard adopted in Decision (D.) 06-07-010 and it intends to acquire reasonably priced incremental core storage to meet the standard. To substantiate the need for the storage, PG&E included an analysis and demand forecast in its reply which was also provided to the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) in securing their agreement to proceed with the RFO.¹ The suggestion to delay consideration of the RFO until the pending proceedings conclude was considered by PG&E to be unpractical as it must start assessing the availability of storage soon. PG&E also explained that it is seeking storage for only the 2015/16 winter rather than for an extended period of time to more readily accommodate any storage policy change by the Commission. Additionally, PG&E asserted that CTAs are currently not responsible for any of the costs of the storage that would be acquired through the RFO.²

¹ See also PG&E AL 3511-G, p. 1.

² PG&E noted in its protest reply that it is proposing in A.13-12-012 an assignment of incremental core storage costs to CTAs under certain conditions. (PG&E October 8, 2014 protest response, p. 2)

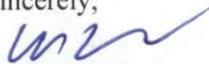
ED has reviewed the CTAC and Shell protests and finds that they do not meet the criteria in General Order (G.O.) 96-B for a valid AL protest. It is undisputed that PG&E must comply with the existing 1-day-in-10-year peak day planning standard adopted in D.06-07-010 and that the utility can meet the standard with reasonably priced incremental core storage. CTAC and Shell protested the AL because PG&E did not account for the possibility that the Commission may change the existing storage policies upon its consideration of proposals pending in A.13-12-012 and A.13-06-011. ED finds that G.O. 96-B Rule 7.4.2, which specifies the criteria for a valid protest, does not permit an AL protest based on the speculation of future Commission action or that issues related to the subject matter of an AL are pending before the Commission.³

Furthermore, ED finds that postponing the evaluation of AL 3511-G until the pending proceedings are over may jeopardize PG&E's opportunity to acquire the incremental core storage. In particular, the procedural schedule for A.13-12-012 has not been finalized and it is possible that the proceeding will not be decided in time for PG&E to conclude the process for procuring the incremental core storage.⁴ If the Commission does decide to change its storage policies, the limited duration of the storage PG&E is seeking in the RFO should allow for a policy change to be implemented without a lengthy passage of time.

ED also considered the protestant's concerns about PG&E's showing and the CTA's responsibility for the costs of the incremental core storage. Regarding PG&E's showing, the utility's analysis in its protest reply indicates that additional firm storage capacity is needed to meet a 1-day-in-10-year peak day event. Additionally, PG&E stated ORA and TURN were provided this analysis and agreed with the utility's recommendation to issue the RFO. ED finds that these factors provide sufficient justification for proceeding with the RFO. On the issue of cost recovery, ED notes that PG&E is not requesting in the AL to change its existing authorization for the recovery of the incremental core storage costs if it is acquired.

Based on the foregoing, ED hereby rejects the CTAC and Shell protests of PG&E AL 3511-G pursuant to G.O. 96-B Rule 7.6.1. PG&E AL 3511-G is approved and effective October 24, 2014.

Sincerely,



Edward Randolph
Director, Energy Division

cc: Jennifer Wirowek, PG&E j6ws@pge.com
Matthew K. Narensky, CTAC mnarensky@winston.com
John W. Leslie, Shell jleslie@mckennalong.com
Nathaniel Skinner, ORA nws@cpuc.ca.gov
Marcel Hawiger, TURN marcel@turn.org

³ As a corollary, G.O. 96-B Rule 7.4.2(4) allows an advice letter protest if the relief requested by the utility is pending before the Commission in a formal proceeding.

⁴ A.13-12-012 ruling setting a Prehearing Conference on October 20, 2014 to consider a revised procedural schedule:

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M118/K125/118125163.PDF>

September 12, 2014

Advice 3511-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Notification of Incremental Storage Request for Offers

Pacific Gas and Electric Company (PG&E) submits this advice letter to notify the California Public Utilities Commission (CPUC or Commission) of its intent to distribute an incremental storage Request for Offers (RFO) to enhance core gas portfolio reliability during peak demand events. This advice letter is submitted in compliance with the procedures set forth in Decision (D.) 06-07-010, and as modified by D.08-07-009.

Purpose

Decision 06-07-010 adopted PG&E's proposal for a 1-day-in-10-year peak-day planning standard for its core gas customers and authorized PG&E to acquire additional storage capacity for the 2007-2008 and 2008-2009 winter periods through a solicitation for offers. PG&E later replaced the initial contracts with subsequent incremental storage contracts in 2009 and 2011. The current storage contract will expire on February 28, 2015. The Decision also required PG&E to "file an advice letter in advance of the expiration of [PG&E's] initial incremental storage contract(s) describing whether core customers should continue to hold incremental storage or not and the process that PG&E will follow for soliciting new storage contracts."¹ In compliance with that Commission directive, this Advice Letter informs the Commission and market participants that PG&E recommends soliciting offers to continue holding incremental storage on behalf of its core gas customers, provided the costs are reasonable. The Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) have been consulted and concur with PG&E's recommendation. Therefore, PG&E intends to solicit the market for new storage offerings via a competitive process, described herein.

Background

PG&E successfully acquired incremental storage rights in 2009, which were fully utilized during the 2011-2014 winter seasons. The incremental storage capacity

¹ D.06-07-010, page 27.

increased core gas reliability by providing additional supply withdrawal capabilities to meet a peak demand event and by supplementing PG&E's firm pipeline capacity. For 2015-2016, PG&E will solicit 100 thousand decatherms per day (MDth/d) of withdrawal capacity and 1.0 million decatherms (MMDth) of inventory capacity to meet a peak demand event.

Description of Request for Offers Process

PG&E's Core Gas Supply Department proposes to issue an RFO in October to all providers of commercial storage products in northern California. Storage offers will be for a ten-month term beginning May 1, 2015, and evaluated for competitiveness. These results will be shared with ORA and TURN. If PG&E, ORA and TURN agree to accept any offer(s), PG&E intends to file a subsequent expedited Advice Letter seeking Commission approval of the offer(s). In the event that agreement between PG&E, ORA, and TURN is not reached, PG&E may exercise its right to, "file a regular Advice Letter requesting approval of a storage contract without the concurrence of ORA and TURN."²

As required by D.06-07-010, as part of the evaluation process, PG&E will commission an independent evaluation of the creditworthiness and insurance coverage of all potential storage providers.³ The evaluation of the creditworthiness will be conducted by RMG Financial Consulting, Inc. and the evaluation of insurance coverage will be conducted by Marsh and McClennan Companies.

Confidential Appendix A includes a draft of PG&E's RFO letter that will be issued to all providers of commercial storage products.

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 October 2, 2014, which is twenty (20) days from 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

² D.06-07-010, Ordering Paragraph 6, page 38.

³ D.06-07-010, Ordering Paragraph 3.(b) and 3.(c).

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E 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 Commission approval of this filing effective October 12, 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 lists for A.05-03-011, and A.13-06-011. Address changes to the General Order 96-B service list should be sent 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.



Meredith Allen
Senior Director, Regulatory Relations

Confidential Attachment

cc: **Confidential Version (with Appendix A)**
Richard A. Myers - Energy Division
Franz Cheng - Energy Division
Belinda Gatti - Energy Division

Eugene Cadenasso – Energy Division
Jonathon Bromson - Legal Division
R. Mark Pocta - Office of Ratepayer Advocates
Nathaniel Skinner – Office of Ratepayer Advocates
Pearlie Sabino - Office of Ratepayer Advocates
Marcel Hawiger - The Utility Reform Network

Public Version (without Appendix A)

Service list for A.05-03-001

Service list for A.13-06-011

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 G)**

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) #: **3511-G**

Tier: 2

Subject of AL: **Notification of Incremental Storage Request for Offers**

Keywords (choose from CPUC listing): Storage

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D. 06-07-010, and as modified by D.08-07-009

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: Yes.

See the attached matrix that identifies all of the confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Dennis Gee (415) 973-4337

Resolution Required? Yes No

Requested effective date: **October 12, 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 10 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 Avenue, 4th Floor
San Francisco, California 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

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF
CALIFORNIA**

**DECLARATION OF DENNIS GEE IN SUPPORT OF
THE CONFIDENTIAL TREATMENT OF
ADVICE LETTER 3511-G**

I, Dennis Gee, declare:

1. I am a Principal Regulatory Analyst in the Core Gas Supply organization at Pacific Gas and Electric Company (PG&E). I am responsible for regulatory matters and contract management pertaining to PG&E's core gas portfolio. This declaration is based on my personal knowledge of PG&E's core gas portfolio and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information concerning fuels management of an investor- owned utility.

2. Based on my knowledge and experience, I make this declaration seeking confidential treatment for certain information contained in PG&E's Advice Letter 3511-G "Notification of Incremental Storage Request for Offers."

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes information that should be protected under General Order 66-C. The matrix specifies that: (1) the information is not already public; and (2) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on September 12, 2014 at San Francisco, California.

_____/s/_____
Dennis Gee
Principal Regulatory Analyst
Core Gas Supply
Pacific Gas and Electric Company
DENNIS GEE

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)
ADVICE LETTER 3511-G
September 12, 2014**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) Constitutes data listed in Appendix 1 to D.06-06-066 (Y/N)	2) Data correspond to category in Appendix 1:	3) Complies with limitations of D.06-06-066 (Y/N)	4) Data not already public (Y/N)	5) Lead to partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Appendix A	N	CPUC General Order (G.O.) 66-C	N/A	N	Y	The information constitutes confidential business information protected under GO 66-C.	Until RFO is issued

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