

July 21, 2016

Advice 3739-G/ 4879-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject Establish Z-Factor Memorandum Accounts

Pacific Gas and Electric Company (PG&E) submits for filing revisions to its gas and electric tariffs. The affected preliminary statements are listed in the enclosed Attachment 1.

Purpose

Pursuant to the Commission's decisions in PG&E's 2014 General Rate Case (GRC) and 2015 Gas Transmission and Storage (GT&S) proceedings, PG&E requests the Commission's authority to establish the gas¹ and electric² Z-Factor Memorandum Accounts (ZFMA).

The memorandum accounts record and track costs associated with events that are potential "Z-Factors" and that represent exogenous and unforeseen events largely beyond PG&E's control that have a material impact on PG&E's costs.

Background

Decision (D.) 14-08-032, OP 41, in PG&E's last GRC and D.16-06-056, OP 56, approving joint stipulation³ in PG&E's most recent GT&S rate case authorized PG&E to use a Z-factor process for recovering certain exogenous costs during the GRC and GT&S post test year periods. Z-Factors are unforeseen events largely beyond PG&E's control that have a material impact on PG&E's costs. Each Z-Factor event is subject to a \$10 million deductible.

Tariffs Revisions

1. Establish Gas Preliminary Statement Part DU – Z-Factor Memorandum Account (ZFMA-G); and

¹ Ordering Paragraph (OP) 56, Decision (D.) 16-06-056

² OP 41, D.14-08-032

³ Joint Stipulation Comparison Exhibit Chapter 18 – Post Test Year Mechanism between PG&E and Office of Ratepayer Advocates

2. Establish Electric Preliminary Statement Part GU – Z-Factor Memorandum Account (ZFMA-E).

This filing will not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by letter by August 10, 2016, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. 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 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:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
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 advice filing become effective on August 20, 2016, which is 30 calendar days after the date of 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 parties on the service list for A.13-12-012 and I.14-06-016. 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/

Erik Jacobson
Director, Regulatory Relations

cc: Service List A.13-12-012
Service List I.14-06-016
Service List A.12-11-009
Service List I.13-03-007

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 M)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Yvonne Yang

Phone #: (415) 973-2094

E-mail: Qxy1@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) #: **3739-G /4879-E**

Tier: 2

Subject of AL: **Establish Z-Factor Memorandum Accounts**

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 #: _____

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: **August 20, 2016**

No. of tariff sheets: 6

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 Gas Preliminary Statement Part DU and New Electric Preliminary Statement Part GU, Z-Factor Memorandum Account**

Service affected and changes proposed: See Attachment 1

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: Erik Jacobson

Director, Regulatory Relations

c/o Megan Lawson

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**ATTACHMENT 1
Advice 3739-G**

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

32831-G GAS PRELIMINARY STATEMENT PART DU
Z-FACTOR MEMORANDUM ACCOUNT
Sheet 1

32832-G GAS TABLE OF CONTENTS
Sheet 1

32795-G

32833-G GAS TABLE OF CONTENTS
Sheet 5

32609-G



GAS PRELIMINARY STATEMENT PART DU
Z-FACTOR MEMORANDUM ACCOUNT

Sheet 1 (N)
 (N)

DU. Z-Factor Memorandum Account (ZFMA-G) (N)

1. PURPOSE: The purpose of the Z-Factor Memorandum Account (ZFMA-G) is to track costs associated with events that are potential "Z-Factors." Z-Factors are exogenous and unforeseen events largely beyond PG&E's control that have a material impact on PG&E's costs (See D. 14-08-032, OP 41 and D. 16-06-056, OP 56.) Each Z-Factor event is subject to a \$10 million deductible. (N)
2. APPLICABILITY: The ZFMA will apply to all customer classes, except for those specifically excluded by the Commission. The Z-Factor only applies to the post-test-year period.
3. REVISION DATES: Disposition of the balance in this account will be determined in an application or as otherwise determined by the CPUC.
4. RATES: The ZFMA does not have a separate rate component.
- 5.. ACCOUNTING PROCEDURE: The following entries, net of an allowance for Franchise Fees and Uncollectible Accounts Expense (F&U), will be made each month, as applicable:
 - a. A debit entry equal to the actual Z-Factor costs related to the corresponding event incurred for the current month.
 - b. An entry to transfer amounts to or from other accounts as authorized by the Commission.
 - c. An entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of 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. (N)



GAS TABLE OF CONTENTS

Sheet 1

TITLE OF SHEET	CAL P.U.C. SHEET NO.	
Title Page	32832-G	(T)
Rate Schedules	32796,32736-G	
Preliminary Statements.....	32600,32833-G	(T)
Rules	32310-G	
Maps, Contracts and Deviations.....	31544-G	
Sample Forms	30592,30323,30324,32737,32138,30439-G	

(Continued)

Advice Letter No: 3739-G
 Decision No. 16-06-056

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

Date Filed July 21, 2016
 Effective _____
 Resolution No. _____



GAS TABLE OF CONTENTS

Sheet 5

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Preliminary Statements		
Part AC	Catastrophic Event Memorandum Account	14178,14179-G
Part AE	Core Pipeline Demand Charge Account.....	29525,30644-G
Part AG	Core Firm Storage Account.....	2888-G
Part AN	Hazardous Substance Mechanism.....	23281-23283,16693-16694-G
Part AW	Self-Generation Program Memorandum Account	24767-G
Part BA	Public Purpose Program-Energy Efficiency.....	23360-23361-G
Part BB	Public Purpose Program Memorandum Account	23362-23363-G
Part BH	Public Purpose Program Surcharge-Low Income Energy Efficiency Balancing Account.....	23364-G
Part BI	Public Purpose Program Surcharge-Research, Development and Demonstration Balancing Account.....	23365,23366-G
Part BL	Noncore Distribution Fixed Cost Account.....	28415-G
Part BQ	Pension Contribution Balancing Account	24853,24224-G
Part BS	Climate Balancing Account	29772-G
Part BT	Non-Tariffed Products and Services Balancing Account.....	26710-G
Part BW	Energy Efficiency 2009 – 2011 Memorandum Account.....	28304,27419-G
Part CA	California Solar Initiative Thermal Program Memorandum Account.....	28670,28060-G
Part CB	CARE/TANF Balancing Account	28103-G
Part CE	San Bruno Independent Review Panel Memorandum Account (SBIRPMA)	28559-G
Part CE	San Bruno Independent Review Panel Memorandum Account (SBIRPMA)	28559-G
Part CF	Meter Reading Costs Memorandum Account.....	28599-G
Part CG	Distribution Integrity Management Expense Memorandum Account	28641-G
Part CI	AB32 Cost of Implementation Fee Memorandum Account – Gas	28673-G
Part CK	TID Almond Power Plant Balancing Account	28889-G
Part CL	Integrity Management Expense Balancing Account	28891-G
Part CM	Gas Operational Cost Balancing Account	30645-30646-G
Part CN	Topock Adder Projects Balancing Account	28893-G
Part CO	Adjustment Mechanism For Costs Determined In Other Proceedings	28894-28897-G
Part CP	Gas Transmission & Storage Revenue Sharing Mechanism.....	28898,30647-30649-G
Part CS	Tax Act Memorandum Account – Gas	32311,30272-G
Part CT	Low Income 2012 Memorandum Account (LIMA)	29350, 29351-G
Part CV	Revised Customer Energy Statement Balancing Account - Gas (RCESBA-G)	29617-G
Part CW	Gas Pipeline Expense and Capital Balancing Account	31679,30510,31680-G
Part CX	Core Gas Pipeline Safety Balancing Account	31681,31682-G
Part CY	NonCore Gas Pipeline Safety Balancing Account.....	31683,31684-G
Part CZ	California Energy Systems for the 21st Century Balancing Account	30264*-G
Part DA	Statewide Marketing, Education and Outreach Expenditure Balancing Account.....	30434-G
Part DC	Energy Data Center Memorandum Account – Gas	31288-G
Part DD	Gas Transmission & Storage Memorandum Account (GTSMA)	31340-31344-G
Part DE	Gas Leak Survey and Repair Balancing Account (GLSRBA).....	32210,32211,31826-G
Part DF	SmartMeter™ Opt-Out Program Balancing Account – Gas (SOPBA-G).....	32304,32305,32306-G
Part DG	Disconnection Memorandum Account - Gas (DMA-G).....	31695-G
Part DH	Gas Programs Balancing Account (GPBA)	31829,31830-G
Part DI	Greenhouse Gas Expense Memorandum Account - Gas (GHGEMA-G)	31831-G
Part DJ	Energy Efficiency Financing Balancing Account - Gas (EEFBA-G).....	32040*,32041*,32042*-G
Part DK	Shareholder-Funded Gas Transmission Safety Account.....	32474,32475,32476-G
Part DM	Assembly Bill 802 Memorandum Account - Gas.....	32607-G
Part DU	Z-Factor Memorandum Account (ZFMA-G)	32831-G (N)

(Continued)

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

37023-E* ELECTRIC PRELIMINARY STATEMENT PART
GU
Z-FACTOR MEMORANDUM ACCOUNT
Sheet 1

37024-E* ELECTRIC TABLE OF CONTENTS
Sheet 1

37021-E

37025-E* ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT
Sheet 18

36607-E



ELECTRIC PRELIMINARY STATEMENT PART GU
Z-FACTOR MEMORANDUM ACCOUNT

Sheet 1 (N)
 (N)

GU. Z-Factor Memorandum Account (ZFMA-E) (N)

1. **PURPOSE:** The purpose of the Z-Factor Memorandum Account (ZFMA-E) is to track costs associated with events that are potential "Z-Factors." Z-Factors are exogenous and unforeseen events largely beyond PG&E's control that have a material impact on PG&E's costs (See D. 14-08-032, OP 41.) Each Z-Factor event is subject to a \$10 million deductible. (N)
2. **APPLICABILITY:** The ZFMA shall apply to all customer classes, except for those specifically excluded by the Commission. The Z-Factor only applies to the post-test-year period.
3. **REVISION DATES:** Disposition of the balance in this account will be determined in an application or any other proceeding as authorized by the CPUC.
4. **RATES:** The ZFMA does not have a separate rate component.
5. **ACCOUNTING PROCEDURE:** The following entries, net of an allowance for Franchise Fees and Uncollectible Accounts Expense (F&U), will be made each month, as applicable:
 - a. A debit entry equal to the actual Z-Factor costs related to the corresponding event incurred for the current month.
 - b. An entry to transfer amounts to or from other accounts as authorized by the Commission.
 - c. An entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of 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. (N)



ELECTRIC TABLE OF CONTENTS

Sheet 1

TABLE OF CONTENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
	Title Page	37024*-E	(T)
	Rate Schedules	36749,36750,36773,37019,36601,36583,35088,31541,36584-E	
	Preliminary Statements	36585,32706,35423,35049,34357,34358,35454,37025*-E	(T)
	Rules	36586,35401,37012-E	
	Maps, Contracts and Deviations.....	35044-E	
	Sample Forms	32777,32429,37022,35301,32504,35767,35796,36052,36053,32437,32508,32439-E	

(Continued)

Advice Letter No: 4879-E
 Decision No. 14-08-032

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

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 Effective _____
 Resolution No. _____



ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT

Sheet 18

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Preliminary Statements (Cont'd)		
Part GA	Greenhouse Gas Expense Memorandum Account.....	32419,32420-E
Part GB	Greenhouse Gas Revenue Balancing Account.....	32421-E
Part GC	California Energy Systems for the 21 st Century Balancing Account.....	33937-E
Part GD	Smart Grid Pilot Deployment Project Balancing Account.....	32540-32542-E
Part GE	Statewide Marketing, Education and Outreach Expenditure Balancing Account.....	32643-E
Part GF	Customer Data Access Balancing Account – Electric.....	33136-E
Part GH	Mobile Home Park Balancing Account - Electric.....	33894-E
Part GI	Energy Data Center Memorandum Account – Electric.....	33940-E
Part GJ	Major Emergency Balancing Account (MEBA).....	34390-E
Part GK	SmartMeter™ Opt-Out Program Balancing Account - Electric (SOPBA-E).....	35625,35626,35627-E
Part GL	Hydro Licensing Balancing Account (HLBA).....	34393-E
Part GM	Nuclear Regulatory Commission Rulemaking Balancing Account (NRCRBA).....	34396-E
Part GN	San Francisco Incandescent Streetlight Replacement Account.....	34364-E
Part GO	Disconnection Memorandum Account - Electric (DMA-E).....	34604-E
Part GP	Green Tariff Shared Renewables Memorandum Account (GTSRMA).....	35356-35358-E
Part GQ	Energy Efficiency Financing Balancing Account – Electric (EEFMA-E).....	35292,35293,35294-E
Part GR	Green Tariff Shared Renewables Balancing Account (GTSRBA).....	35375,35376,35377-E
Part GS	Residential Rate Reform Memorandum Account (RRRMA).....	35455,36418-E
Part GT	Assembly Bill 802 Memorandum Account - Electric.....	36605-E
Part GU	Z-Factor Memorandum Account (ZFMA-E).....	37023*-E

(N)

(Continued)

Advice Letter No: 4879-E
 Decision No. 14-08-032

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Steven Malnigt
 Senior Vice President
 Regulatory Affairs

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 Resolution No. _____

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

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