



**Brian K. Cherry**  
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Regulation and Rates

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February 3, 2012

**Advice 3983-E-A**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplemental Filing: Revisions to Electric Rule 22 – Direct Access and the Submittal of Electric Service Provider Financial Security Requirements in Compliance With Decision 11-12-018**

Pacific Gas and Electric Company (“PG&E”) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment 1.

This supplemental advice letter supersedes Advice Letter 3983-E in part.

**Purpose and Background**

In compliance with Ordering Paragraphs (OP) 14, 15, 16 and 32 of California Public Utilities Commission’s (Commission) Decision (D.) 11-12-018, PG&E submitted Advice 3983-E on December 29, 2011 to make revisions to its electric Rule 22, *Direct Access*, to incorporate the Electric Service Provider (ESP) financial security provisions and re-entry fee provisions applicable to the involuntary return of direct access (DA) customers, and its calculation of the financial security requirements for the ESPs serving customers within its service territory.

On January 18, 2012, the Alliance for Retail Energy Markets, the Direct Access Customer Coalition, the Retail Energy Supply Association, the Energy Users Forum and the School Project for Utility Rate Reduction (“Joint Protestors”) filed a limited protest to PG&E’s Advice 3983-E. While the Joint Protestors agreed that, “In general, the tariff revisions proposed by PG&E are appropriate,” they suggested that the proposed tariff revisions did not adequately address that the financial security requirement approved for ESPs do not apply to a small commercial load that is affiliated with the load of a large commercial or industrial customer and recommended that the following modification be made to PG&E’s proposed language in Section Q of Rule 22:

### Q. ESP FINANCIAL SECURITY REQUIREMENTS

*As a described in Section D.3, all new and existing ESPs are required to post a bond or demonstrate insurance sufficient to cover the re-entry fees associated with the involuntary return of its DA customers to PG&E's bundled service. The calculated bond amount will include the administrative costs related to switching a customer back to bundled service, and, subject to CPUC approval of a calculation methodology in a subsequent proceeding, the incremental procurement costs for involuntarily returned residential and small commercial ~~customers~~ accounts that are not affiliated with a large DA customer for a safe harbor period and then for an additional six-month period for those customers remaining on bundled service.*

On January 25, 2012, PG&E submitted its protest reply concurring with the Joint Protestors' recommendation and agreed to file a Supplemental Advice Letter adopting the modified language proposed by the Joint Protestors.

### **Tariff Revisions**

PG&E proposes the following tariff revision to Electric Rule 22, Section Q, *ESP Financial Security Requirements*, to adopt the modification suggested by the Joint Protestors to the first paragraph of Section Q. PG&E has made one minor revision and changed the reference to "accounts" to "service accounts" for consistency with its use throughout the rule, but has otherwise adopted the language recommended by the Joint Protestors. The revised language reads (emphasis added):

*As a described in Section D.3, all new and existing ESPs are required to post a bond or demonstrate insurance sufficient to cover the re-entry fees associated with the involuntary return of its DA customers to PG&E's bundled service. The calculated bond amount will include the administrative costs related to switching a customer back to bundled service, and, subject to CPUC approval of a calculation methodology in a subsequent proceeding, the incremental procurement costs for involuntarily returned residential and small commercial service accounts that are not affiliated with a large DA customer for a safe harbor period and then for an additional six-month period for those customers remaining on bundled service.*

**Protests**

Protests of original Advice Letter 3983-E were filed by January 18, 2012, 20 days after the filing for Advice Letter 3983-E. Per General Order 96-B, Section 7.5.1, PG&E believes that in light of the limited nature of the additional modification made by this supplemental advice letter, the protest period should not be reopened.

**Effective Date**

PG&E requests that this advice filing, upon Energy Division approval, become effective January 28, 2012, which is the requested effective date of PG&E's Advice Letter 3983-E. PG&E also respectfully requests that this advice filing be approved simultaneously with PG&E's Advice Letter 3983-E. Ordering paragraph 32 of D.11-12-018 requires that this Advice Letter be classified as Tier 2 pursuant to GO 96-B.

**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 list for Rulemaking ("R.") 07-05-025. Address changes to the General Order 96-B service list and all electronic approvals should be directed 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. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

Handwritten signature of Brian Cherry in cursive script.

Vice President – Regulation and Rates

cc: Service List R. 07-05-025

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: Greg Backens

Phone #: 415-973-4390

E-mail: gab4@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) #: **3983-E-A**

**Tier: 2**

Subject of AL: **Supplemental Filing: Revisions to Electric Rule 22 – Direct Access and the Submittal of Electric Service Provider Financial Security Requirements in Compliance With Decision 11-12-018**

Keywords (choose from CPUC listing): Compliance, Rules, Text Changes

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.11-12-018

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: N/A

Is AL requesting confidential treatment? No. If so, what information is the utility seeking confidential treatment for: N/A

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 28, 2012

No. of tariff sheets: 3

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: Electric Rule 22 – Direct Access

Service affected and changes proposed: Tariff revisions in compliance with D.11-12-018

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:

**CPUC, Energy Division**

**Tariff Files, Room 4005**

**DMS Branch**

**505 Van Ness Ave., San Francisco, CA 94102**

**jnj@cpuc.ca.gov and mas@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Brian K. Cherry, Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

**ATTACHMENT 1  
Advice 3983-E-A**

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

**Title of Sheet**

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

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30927\*-E    ELECTRIC RULE NO. 22  
                  DIRECT ACCESS  
                  Sheet 65

31317-E    ELECTRIC TABLE OF CONTENTS  
                  Sheet 1

30763-E

31318-E    ELECTRIC TABLE OF CONTENTS  
                  RULES  
                  Sheet 20

31153-E



**ELECTRIC RULE NO. 22**  
**DIRECT ACCESS**

Sheet 65

**Q. ESP FINANCIAL SECURITY REQUIREMENTS**

As a described in Section D.3, all new and existing ESPs are required to post a bond or demonstrate insurance sufficient to cover the re-entry fees associated with the involuntary return of its DA customers to PG&E's bundled service. The calculated bond amount will include the administrative costs related to switching a customer back to bundled service, and, subject to CPUC approval of a calculation methodology in a subsequent proceeding, the incremental procurement costs for involuntarily returned residential and small commercial service accounts that are not affiliated with a large DA customer for a safe harbor period and then for an additional six-month period for those customers remaining on bundled service.

1. The initial bond for existing and new ESPs will be established as follows:
  - a. For existing ESPs, pursuant to D.11-12-018, PG&E will perform the initial bond calculation based upon the administrative costs of switching a customer back to bundled service and submit the proposed bond amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. Any confidential data relating to an ESP utilized in the calculation shall be redacted. An unredacted version of each advice letter will be filed under confidential seal to the Energy Division. Concurrent with submitting the advice letter to the Energy Division, PG&E will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's bond amount provided confidentially only to that specific ESP in complete and unredacted form. Bonds must be posted by June 30, 2012, subject to approval by the Energy Division.

(N)  
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 (N)  
 (N,T)  
 (N,T)  
 (N)  
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 (N)

(Continued)

Advice Letter No: 3983-E-A  
 Decision No. 11-12-018

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulation and Rates

Date Filed February 3, 2012  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

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	Preliminary Statements.....	31138,29900,30376,30844,31139,30846,30870-E	
	Rules.....	...30402, 30473, <b>31318-E</b>	(T)
	Maps, Contracts and Deviations.....	29909-E	
	Sample Forms.....	30680*,30353,30372,31154,30354,30740,30513,30682,30833,30683,29920,29921-E	

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**ELECTRIC TABLE OF CONTENTS  
 RULES**

Sheet 20

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Rule 21	Generating Facility Interconnections.....	30177-30251-E
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**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Department of Water Resources	North America Power Partners
Alcantar & Kahl LLP	Dept of General Services	North Coast SolarResources
Ameresco	Douglass & Liddell	Northern California Power Association
Anderson & Poole	Downey & Brand	Occidental Energy Marketing, Inc.
BART	Duke Energy	OnGrid Solar
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	Recurrent Energy
Boston Properties	GLJ Publications	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	GenOn Energy, Inc.	SCE
Brookfield Renewable Power	Goodin, MacBride, Squeri, Schlotz & Ritchie	SMUD
CA Bldg Industry Association	Green Power Institute	SPURR
CLECA Law Office	Hanna & Morton	San Francisco Public Utilities Commission
CSC Energy Services	Hitachi	Seattle City Light
California Cotton Ginners & Growers Assn	In House Energy	Sempra Utilities
California Energy Commission	International Power Technology	Sierra Pacific Power Company
California League of Food Processors	Intestate Gas Services, Inc.	Silicon Valley Power
California Public Utilities Commission	Lawrence Berkeley National Lab	Silo Energy LLC
Calpine	Los Angeles Dept of Water & Power	Southern California Edison Company
Cardinal Cogen	Luce, Forward, Hamilton & Scripps LLP	Spark Energy, L.P.
Casner, Steve	MAC Lighting Consulting	Sun Light & Power
Center for Biological Diversity	MBMC, Inc.	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tabors Caramanis & Associates
City of Palo Alto Utilities	McKenzie & Associates	Tecogen, Inc.
City of San Jose	Merced Irrigation District	Tiger Natural Gas, Inc.
City of Santa Rosa	Modesto Irrigation District	TransCanada
Clean Energy Fuels	Morgan Stanley	Turlock Irrigation District
Coast Economic Consulting	Morrison & Foerster	United Cogen
Commercial Energy	Morrison & Foerster LLP	Utility Cost Management
Consumer Federation of California	NLine Energy, Inc.	Utility Specialists
Crossborder Energy	NRG West	Verizon
Davis Wright Tremaine LLP	NaturEner	Wellhead Electric Company
Day Carter Murphy	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation