



March 1, 2012

**Advice 3282-G/4008-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Revision to Gas Rule 15 Residential Allowances**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. PG&E is not seeking changes to its electric line extension tariffs at this time for reasons detailed below. The updated allowances are shown below and supporting workpapers are available upon request. The affected tariff sheets are listed on the enclosed Attachment 1.

**Purpose**

In compliance with provisions of Gas Rule 15.H.2<sup>1</sup>, PG&E submits this Advice Letter to revise its residential gas line and service extension allowance calculations. This is consistent with PG&E's testimony in Application (A.) 05-10-016, Chapter 3, Pages 3-6C, wherein PG&E proposed to update its allowance calculation, if needed, every three years prior to the filing of its General Rate Case (GRC) Phase 1 application in such time that the Commission could provide a decision on the allowance update allowing PG&E to incorporate any revenue requirements changes that would result from the updated allowance into its GRC filing.

**Background**

In Decision (D.) 99-06-079 and Advice Letter (AL) 1963-E-B, the Commission approved the provisions in Gas and Electric Rules 15 noted above which require PG&E to review factors it uses to determine residential allowances. In D.07-07-

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<sup>1</sup> Gas Rule 15.H.2 PERIODIC REVIEW: PG&E will periodically review the factors it uses to determine its residential allowances, nonrefundable discount option percentage rate, and cost of service factor stated in this rule. If such review results in a change of more than five percent (5%), PG&E will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision. Additionally, PG&E shall submit by advice letter proposed tariff revisions, which result from other relevant Commission decisions, to the allowance formula for calculating line and service extension allowances.

019, the Commission approved various changes to the method by which electric and gas service and line extension allowances are calculated. The Decision also approved refinements to the calculation of the Cost of Ownership (COO) applicable to refundable balances in excess of the line extension allowances. The changes were initially implemented in AL 2885-G-A/3153-E-A which detailed changes in the calculation of average usage factors.

### **Revised Allowances**

In accordance with PG&E's proposal as set forth in A.05-10-016, PG&E's upcoming 2014 GRC Phase I proceeding prompted a review of the residential allowances. The results are shown in the table below.

<b>Gas Residential Allowance</b>	<b>Current</b>	<b>Updated</b>	<b>Percent Change</b>
Water Heater	\$439	\$529	20.5%
Space Heating	\$586	\$647	10.4%
Oven/Range	\$27	\$57	112.9%
Dryer/Stub	\$34	\$22	(35.9%)
<b>Gas Total</b>	<b>\$1,086</b>	<b>\$1,255</b>	<b>15.6%</b>
<b>Electric Residential Allowance</b>	<b>Current</b>	<b>Updated</b>	<b>Percent Change</b>
	\$1,918	\$1,984	3.4%

#### *Gas and Electric Cost of Ownership:*

Gas Rule 2.C.3.e and Electric Rule 2.I.3.e. provide that monthly cost of ownership charges are to be reviewed and re-filed when changes occur in PG&E's cost of providing such service. A recent review of the gas allowance calculation showed no change in the Gas Rule 2.C.3.b utility-financed cost of ownership percentage when compared to the currently effective level (e.g., 1.39%).

PG&E's review of the electric allowance calculation revealed a minor change in the COO percentage from the currently effective level of 1.40% to 1.38%. Due to this de minimus change in the newly calculated electric COO percentage, PG&E is not seeking a change in the Electric Rule 2.I.3.b utility-financed cost of ownership percentage (1.40%) at this time.

#### *Gas Allowance:*

In reviewing PG&E's gas residential allowance calculations (including the calculations for the utility-financed cost-of-ownership percentages which are used to determine the Cost of Service Factor, the gas allowance represents a total increase of 15.6%, based on residential gas appliance consumption data provided

in the 2009 California Residential Appliance Saturation Study (RASS)<sup>2</sup> issued by the California Energy Commission (CEC) in October 2010, PG&E's residential distribution rate, effective January 1, 2011, and a monthly COO percentage of 1.39%. Accordingly, PG&E is requesting a change in all of the gas residential allowance components, replacing the current gas residential allowances with the amounts shown above in the "Updated" column.

#### Electric Allowance:

In reviewing PG&E's electric residential allowance calculation, the electric allowance per residential unit represents an increase of 3.4%, based on PG&E's average electric revenue per residential customer, revenue cycle service credits adopted in Phase II of PG&E's 2011 GRC and a monthly COO percentage of 1.38%. As Electric Rule 15.I.2<sup>3</sup> is essentially identical to Gas Rule 15.H.2, and only requires revising the allowances if they change by more than 5 percent, PG&E is not seeking to revise its electric allowance at this time.

#### **Treatment of Applications for Service Received and Contracts Issued or Executed Prior to the Effective Date of Implementation**

PG&E also seeks approval for the following treatment of allowances when an *Application for Service* has been received by PG&E or a contract issued or executed prior to the effective date of implementation of the new gas residential allowances. PG&E proposes the following:

- New allowances will apply to contracts issued (prepared and mailed by PG&E but not yet executed by the customer) within ninety (90) days prior to the effective date of the new allowances. PG&E will re-issue these contracts after the effective date of the new allowances.
- New allowances will not apply to contracts executed prior to the effective date of the new allowances. If PG&E has not yet begun its construction work, PG&E will allow applicants to terminate existing contracts, reapply for new allowances

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<sup>2</sup> Table ES-3: Natural Gas UEC and Appliance Saturation Summaries by Utility" (see PG&E results)

<sup>3</sup> Electric Rule 15.I.2 PERIODIC REVIEW: PG&E will periodically review the factors it uses to determine its residential allowances, nonrefundable discount option percentage rate, and cost of service factor stated in this rule. If such review results in a change of more than five percent (5%), PG&E will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision. Additionally, PG&E shall submit by advice letter proposed tariff revisions, which result from other relevant Commission decisions, to the allowance formula for calculating line and service extension allowances.

but, if the customer so elects, PG&E will require new, updated costs be applied to the residential line extension.

This is the same “grandfathering” approach provided in PG&E’s Advice 2885-G-A/3153-E-A, which was approved by the Commission on March 14, 2008.

### **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 **March 21, 2012** which is 20 days after 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  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@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 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:

Brian K. Cherry  
Vice President, 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](mailto:PGETariffs@pge.com)

### **Effective Date**

PG&E submits this as a Tier 2 advice filing. PG&E requests that this advice filing become effective on regular notice, **March 31, 2012**, which is 30 calendar days

after the date of filing and that the new allowance not become effective until thirty (30) days after approval of this advice filing to allow time for implementation of the allowance changes.

**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 Service List for A.09-12-020. Address changes to the General Order 96-B service list and electronic approvals should be directed to e-mail [PGETariffs@pge.com](mailto: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](mailto:Process_Office@cpuc.ca.gov). Advice letter filings can be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in black ink, appearing to read "Brian Chew". The signature is written in a cursive style and is positioned above the typed name and title.

Vice President, Regulation and Rates

Attachments

cc: Service List for A.09-12-020

# 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: Kimberly Chang

Phone #: (415) 973-5472

E-mail: kwcc@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) #: **3282-G/4008-E**

**Tier: 2**

Subject of AL: **Revision to Gas Rule 15 Residential Allowances**

Keywords (choose from CPUC listing): Compliance, Agreements, Line Extensions

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-07-019

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<sup>1</sup>: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement:  Yes  No

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: **March 31, 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: Gas Rule 15

Service affected and changes proposed<sup>1</sup>: 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:

**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 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 3282-G**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
29570-G	GAS RULE NO. 15 GAS MAIN EXTENSIONS Sheet 4	27503-G
29571-G	GAS TABLE OF CONTENTS Sheet 1	29563-G
29572-G	GAS TABLE OF CONTENTS Sheet 6	29287-G



**GAS RULE NO. 15**  
**GAS MAIN EXTENSIONS**

Sheet 4

C. EXTENSION ALLOWANCES (Cont'd.)

2. BASIS OF ALLOWANCES. Allowances shall be granted to an Applicant for Permanent Service; or to an Applicant for a subdivision or development under the following conditions:
- a. PG&E is provided evidence that construction will proceed promptly and financing is adequate; and
  - b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s); or
  - c. Where there is equivalent evidence of occupancy or gas usage satisfactory to PG&E.

The allowances in Section C.3 and C.4 are based on a revenue-supported methodology using the following formula:

$$\text{Allowance} = \frac{\text{Net Revenue}}{\text{Cost-of-Service Factor}}$$

where the Cost of Service Factor is the annualized utility-financed Cost of Ownership as stated in Gas Rule 2.

3. RESIDENTIAL ALLOWANCES. The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Residential Service per meter or residential dwelling unit, on a per-unit basis, is as follows:

Water Heating.....	\$529 (I)
Space Heating.....	\$649 (I)
Oven/Range.....	\$ 57 (I)
Dryer Stub.....	\$ 22 (R)

(Continued)

Advice Letter No: 3282-G  
 Decision No.

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

Date Filed March 1, 2012  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_





**GAS TABLE OF CONTENTS**

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(Continued)

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

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