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June 11, 2013

Advice 3357-G-A  
(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Supplemental Advice Letter - Addition of Preliminary Statements for the  
Pipeline Safety Enhancement Plan (PSEP) Authorized in D. 12-12-030

Pacific Gas and Electric Company (PG&E) hereby submits for filing this supplemental advice letter to replace in its entirety Advice Letter 3357-G filed on January 18, 2013. The affected gas tariffs sheets are provided in redline and clean versions in the enclosed Attachment 1 and Attachment 2.

#### Purpose

In consultation with Energy Division, PG&E hereby submits changes to Gas Preliminary Statement CW – Gas Pipeline Expense and Capital Balancing Account (GPECBA). No changes were made to Preliminary Statement CX – Core Gas Pipeline Safety Balancing Account (CGBSBA) or Preliminary Statement CY – Noncore Gas Pipeline Safety Balancing Account (NGPSBA).

#### Background

In compliance with Decision (D.) 12-12-030, which approved a Pipeline Safety Enhancement Plan (PSEP or Implementation Plan) for PG&E, PG&E filed Tier 1 Advice Letter 3357-G on January 18, 2013. No protests were received by February 7, 2013 and on February 15, 2013, Energy Division suspended the advice letter. In the interim, PG&E and Energy Division have worked collaboratively to respond to inquiries and address Energy Division's questions.

#### Tariff Revisions

Preliminary Statement CW – Gas Pipeline Expense and Capital Balancing Account (GPECBA).

Preliminary Statement CW – Gas Pipeline Expense and Capital Balancing Account is filed in compliance with Ordering Paragraph (OP) 5 which orders the creation of a “one

way (downward) Gas Pipeline Expense and Capital Balancing Account to record the difference between forecast and recorded expenses and capital costs authorized for the Implementation Plan from the effective date of D.12-12-030, which is December 20, 2012, through December 31, 2014, for core and noncore customer classes.” The remainder of OP 5 as well as OP 6 and OP 9 are reflected in this Preliminary Statement.

As a result of discussions with Energy Division, the following changes are proposed to Preliminary Statement CW:

#### Section 1 - Purpose Section

Added language to clarify that the GPECBA is a one way balancing account and beginning December 20, 2012, the effective date of D.12-12-030, the GPECBA will record the differences between the adopted forecast revenue requirements and capital and expense revenue requirements based on actual authorized costs for the Implementation Plan through 2014.

#### Section 4 – Accounting Procedures Section

Added language to the Program Expense and Capital Subaccount to limit the amounts recorded in this subaccount as the revenue requirement related to the adopted expense and capital amounts as stated in Attachment E of D. 12-12-030 as noted in OP 5. PG&E’s accounting systems will separately track these programs expenses and capital expenditures. Amounts in excess of the annual authorized expense and capital costs of these programs, including their related revenue requirement, shall not be recorded in this preliminary statement.

This section also clarifies that no amounts were authorized for the Pipeline Records Integration Program or contingency and costs for the Pipeline Integration Program will not be recorded to this or any other balancing account or recovered from customers.

Energy Division requested that PG&E add language from OP 6 to state that 1) expense and capital amounts in excess of adopted amounts may not be recorded in this balancing account and capital cost overruns may not be recorded in regulated plant in service accounts 2) the adopted expense and capital amounts for any program shall be reduced by the cost of any Implementation Plan project not completed and not replaced with a higher priority project and 3) subject to these limits, PG&E is authorized to collect only the revenue requirements associated with actual expenses and capital costs recorded in this balancing account (4.II.b and 4.II.c).

Preliminary Statement CX- Core Gas Pipeline Safety Balancing Account (CGPSBA) and Preliminary Statement CY – Noncore Gas Pipeline Safety Balancing Account (NGPSBA).

Preliminary Statements CX – Core Gas Pipeline Safety Balancing Account and Preliminary Statement CY – Noncore Gas Pipeline Safety Balancing Account are filed in compliance with OP 7 which orders a creation of “a balancing account to record the amount of revenues collected from ratepayers though the Implementation Plan Rate as compared to the adopted revenue requirement.” Two balancing accounts are necessary, one for core customers and the other for non-core customers. The remainder of OP 7 is also reflected in these Preliminary Statements. This supplemental advice letter does not make any changes to Preliminary Statement CX or CY as originally filed on January 18, 2013.

### Protests

As instructed by Energy Division and pursuant to General Order 96-B (GO 96-B), Section 7.5.1, due to the limited nature of this supplemental advice letter the protest period will not be reopened.

### Effective Date

PG&E requests that this advice filing become effective on December 20, 2012, which is the effective date of D.12-12-030, authorizing the Tier 1 advice letters per OPs 5-7.

### 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 R. 11-02-019. 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>

*Brian Cherry /IG*

Vice President – Regulatory Relations

Attachment 1: Affected Gas Tariffs Sheets  
Attachment 2: Redline Tariff Sheet Changes to Gas Preliminary Statement CW

cc: Service List R. 11-02-019

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPU Utility: Northern Pacific Gas and Electric Company (ID: U39 G)

Utility type:

ELC  GAS

PLC  HEAT  WATER

Contact Person: Kimberly Chang

Phone#: (415) 972-5472

E-mail: kwcc@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC= Electric  
PLC= Pipeline

GAS= Gas  
HEAT= Heat

WATER= Water

Advice Letter (AL) 3857-G-A

Tier: 1

Subject of AL: Supplemental Advice Letter - Addition of Preliminary Statements for the Pipeline Enhancement Plan (PSEP) Authorized in D. 12-12-030

Keywords (choose from CPU listing): Compliance, Balancing Account

AL filing type: Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision D. 12-12-030 #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarized 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: \_\_\_\_\_

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: \_\_\_\_\_

Resolution Required? Yes  No

Requested effective date: December 20, 2012

No. of tariff sheets: 9

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, commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Gas Preliminary Statements CW, CX, and CY

Service affected and changes proposed: Establish PSEP Gas Preliminary Statements

Pending advice letters that revise the same tariff sheets: N/A

Dispositions and all other correspondence regarding this AL are due no later than 20 days after the date this filing is authorized by the Commission, and shall be sent to:

California Public Utilities Commission

Energy Division

ED Tariff Unit

505 Van Ness Ave., 4th Fl.

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Cal P.U.C.  
Sheet No.

Title of Sheet

Cancelling Cal  
P.U.C. Sheet No.

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
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30510-G	GASPRELIMINARY STATEMENT PART CW GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT Sheet 2	
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~~GAS PRELIMINARY STATEMENT PART CW~~  
~~GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT~~

Sheet 1

CW. GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT (GPECBA) (N)

1. PURPOSE: The purpose of the Gas Pipeline Expense and Capital Balancing Account (GPECBA) is to track the aggregate revenue requirements associated with the expense and capital costs of PG&E's Implementation Plan, as authorized by the Commission in Decision (D.) 12-12-030, and any other subsequent Commission decisions. The GPECBA records the differences between the adopted forecast revenue requirements and capital and expense revenue requirements based on actual authorized costs for the Plan through 2014, beginning December 20, 2012. Recovery of capital and expenses beyond 2014 shall be separately determined by the Commission in subsequent proceedings. (N)

The GPECBA is a one-way balancing account. Any unspent funds at the end of 2014 shall be returned to customers through the Core and Noncore Gas Pipeline Safety Balancing Accounts.

2. APPLICABILITY: The GPECBA shall apply to all gas customers except for those specifically excluded by the Commission.

3. RATES: The GPECBA does not have a separate rate component.

4. ACCOUNTING PROCEDURE: The GPECBA consists of the following two subaccounts:

~~CPUR~~ REIMBURSEMENT SUBACCOUNT The purpose of this subaccount is to record PG&E's reimbursements to the Commission associated with implementing and complying with D.12-12-030, up to \$15 million, which is incremental to the authorized program costs and revenue requirements in D.12-12-030. Disposition of the balance in this subaccount shall be determined in the Annual Gas True-Up (AGT), or as otherwise authorized by the Commission, through the Core Fixed Cost Account (CFCA) and Noncore Customer Class Charge Account (NCA).

~~PROGRAM~~ EXPENSE AND CAPITAL SUBACCOUNT The purpose of this subaccount is to record the revenue requirements associated with the actual expense and capital cost PG&E incurred to implement the programs authorized in D.12-12-030. The 2012-2014 adopted revenue requirement recorded in this subaccount is capped at \$299.2 million or \$295.4 million (without FF&U), or any amounts as authorized by the Commission in subsequent decisions. Pursuant to Ordering Paragraph (OP) 5 of D.12-12-030, the amounts recorded in this subaccount shall be limited to the revenue requirement related to the adopted expense and capital amounts set forth in the tables stated in Attachment E of the decision, for the following programs:

- Pipeline Modernization Program
- Valve Automation Program
- Interim Safety Enhancement Measures
- Program Management Office

(N)

(Continued)

Advice Letter No: 3357-G-A  
 Decision No. 12-12-030

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~~GAS PRELIMINARY STATEMENT PART CW~~  
~~GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT~~

Sheet 2

GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT (GPECBA) (Cont'd.) (N)

4. ACCOUNTING PROCEDURE (Cont'd.) (N)

No amounts were authorized for the Pipeline Records Integration Program or Contingency. Costs of these programs will not be recorded to this or any other balancing account or recovered from customers.

Expenses and capital expenditures will be tracked separately by program within PG&E's accounting systems. Amounts in excess of the annual authorized expense and capital costs of these programs, including their related revenue requirement shall not be recorded.

OP 6 further states that expense and capital amounts in excess of adopted amounts may not be recorded in the balancing account and capital cost overruns may not be recorded in regulated plant in service accounts. The adopted expense and capital amounts for any program shall be reduced by the cost of any Implementation Plan project not completed and not replaced with a higher priority project. Subject to these limits, PG&E is authorized to collect only the revenue requirements associated with actual expenses and capital costs recorded in this balancing account.

Disposition of the balance in this subaccount shall be determined in the AGT at the end of 2014, or as otherwise authorized by the Commission.

I. CPUC Reimbursement Subaccount

The following monthly entries shall be made to this subaccount, as applicable:

- a. A debit entry equal to the reimbursements the CPUC or others designated by the CPUC;
- b. A credit entry to transfer the annual balance to the CFCA and NCA at 59.5% and 40.5%, respectively, for recovery in rates;
- c. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, 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)

(Continued)

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~~GAS PRELIMINARY STATEMENT PART CW~~  
~~GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT~~

Sheet 3 (N)  
 (N)

GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT (GPECBA) (Cont'd.) (N)

4. ACCOUNTING PROCEDURE (Cont'd.) (N)

ii. Program Expense and Capital Subaccount

The following monthly entries shall be made to the subaccount, as applicable:

- a. A credit entry equal to one-twelfth of the annual revenue requirements, excluding the allowance for Franchise Fees and Uncollectible Accounts expense (FF&U), adopted in D.12-12-030, and any amounts subsequently authorized by the Commission;
- b. A debit entry equal to the actual expenses incurred for PG&E's Implementation Plan, including benefit burdens, subject to the limitations described above;
- c. A debit entry equal to the actual capital revenue requirements based on actual depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the in-service (after date of operation) capital costs incurred for Phase 1, and any subsequent phases of PG&E's Implementation Plan as authorized by the Commission, excluding FF&U, subject to the limitations described above;
- d. A debit entry to transfer any credit balance at December 31, 2014, to the Core Gas Pipeline Safety Balancing Account (59.5%) and Noncore Gas Pipeline Safety Balancing Account (40.5%);
- e. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, 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)

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~~GAS~~PRELIMINARY STATEMENT PART CX  
~~CORE~~GAS PIPELINE SAFETY BALANCING ACCOUNT

Sheet 1

- CX. CORE GAS PIPELINE SAFETY BALANCING ACCOUNT (CGPSBA) (N)
1. PURPOSE: The purpose of the Core Gas Pipeline Safety Balancing Account (CGPSBA) is to record and recover the core customers' portion of adopted forecast expense and, capital-related revenue requirements and revenues associated with Phase 1 and any subsequent phases of PG&E's Implementation Plan, as authorized by the Commission in Decision (D.)12-12-030 and any other subsequent Commission decisions. (N)
  2. APPLICABILITY: The CGPSBA shall apply to all core gas customers except for those specifically excluded by the Commission.
  3. REVISION DATE: Disposition of the balance in this account shall be determined in the Annual Gas True-up (AGT) Advice Letter at the end of 2014, or as otherwise authorized by the Commission.
  4. RATES: The CGPS Rate component is included in the effective rates set forth in the Gas Preliminary Statement, Part B, as applicable.
  5. ACCOUNTING PROCEDURE: The CGPSBA consists of the following three subaccounts:
    - BACKBONE SUBACCOUNT: The purpose of backbone subaccount is to record the difference between the adopted backbone revenue requirements and recorded backbone revenues related to PG&E's Implementation Plan.
    - LOCAL TRANSMISSION SUBACCOUNT: The purpose of the local transmission subaccount is to record the difference between the adopted local transmission revenue requirements and recorded local transmission revenues related to PG&E's Implementation Plan.
    - STORAGE SUBACCOUNT: The purpose of the storage subaccount is to record the difference between the adopted storage revenue requirements and recorded storage revenues related to PG&E's Implementation Plan.
- I. Backbone Subaccount
- The following monthly entries shall be made to this subaccount, as applicable:
- a) A debit entry equal to one-twelfth of the annual revenue requirements adopted in D.12-12-030, and any amounts subsequently authorized by the Commission, excluding the allowance for Franchise Fees and Uncollectible Accounts expense (FF&U);
  - b) A credit entry equal to the revenues from the CGPS Backbone Component of the Customer Class Charge, excluding FF&U;
  - c) A credit entry to record the transfer amounts from the Gas Pipeline Expense and Capital Balancing Account (GPECBA);
  - d) An entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; and
  - e) A debit or credit 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)

(Continued)

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~~GAS~~PRELIMINARY STATEMENT PART CX  
~~CG~~PIPELINE SAFETY BALANCING ACCOUNT

Sheet 2

5. STORAGE SUBACCOUNT: (Cont'd.)

(N)

II. Local Transmission Subaccount

The following monthly entries shall be made to this subaccount, as applicable:

- a) A debit entry equal to one-twelfth of the annual revenue requirements adopted in D.12-12-030, and any amounts subsequently authorized by the Commission, excluding FF&U;
- b) A credit entry equal to the revenues from the CGPS Local Transmission Component of the Customer Class Charge, excluding FF&U;
- c) A credit entry to record the transfer of amounts from the GPECBA,
- d) An entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; and
- e) A debit or credit 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.

III. Storage Subaccount

The following monthly entries shall be made to this subaccount, as applicable:

- a) A debit entry equal to one-twelfth of the annual revenue requirements adopted in D.12-12-030, and any amounts subsequently authorized by the Commission, excluding FF&U;
- b) A credit entry equal to the revenues from the CGPS Storage Component of the Customer Class Charge, excluding FF&U;
- c) A credit entry to record the transfer of amounts from the GPECBA;
- d) An entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; and
- e) A debit or credit 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)

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~~GAS PRELIMINARY STATEMENT PART C~~  
~~NONCORE GAS PIPELINE SAFETY BALANCING ACCOUNT~~

Sheet 1

- CY. NONCORE GAS PIPELINE SAFETY BALANCING ACCOUNT (NGPSBA) (N)
1. PURPOSE: The purpose of the Noncore Gas Pipeline Safety Balancing Account (NGPSBA) is to record and recover the noncore customers' portion of adopted forecast expense and, capital-related revenue requirements, and revenues associated with Phase 1 and any subsequent phases of PG&E's Implementation Plan, as authorized by the Commission in Decision (D.)12-12-030, and any other subsequent Commission decisions. (N)
  2. APPLICABILITY: The NGPSBA shall apply to all noncore gas customers except for those specifically excluded by the Commission.
  3. REVISION DATE: Disposition of the balance in this account shall be determined in the Annual Gas True-up (AGT) Advice Letter at the end of 2014, or as otherwise authorized by the Commission.
  4. RATES: The NGPS Rate component is included in the effective rates set forth in the Gas Preliminary Statement, Part B, as applicable.
  5. ACCOUNTING PROCEDURE: The NGPSBA consists of the following three subaccounts:
    - BACKBONE SUBACCOUNT: The purpose of backbone subaccount is to record the difference between the adopted backbone revenue requirements and recorded backbone revenues related to PG&E's Implementation Plan.
    - LOCAL TRANSMISSION SUBACCOUNT: The purpose of the local transmission subaccount is to record the difference between the adopted local transmission revenue requirements and recorded local transmission revenues related to PG&E's Implementation Plan.
    - STORAGE SUBACCOUNT: The purpose of the storage subaccount is to record the difference between the adopted storage revenue requirements and recorded storage revenues related to PG&E's Implementation Plan.
- I. Backbone Subaccount
- The following monthly entries shall be made to this subaccount, as applicable:
- a) A debit entry equal to one-twelfth of the annual revenue requirement adopted in D.12-12-030, and any amounts subsequently authorized by the Commission, excluding the allowance for Franchise Fees and Uncollectible Accounts expense (FF&U);
  - b) A credit entry equal to the revenues from the NGPS Backbone Component of the Customer Class Charge, excluding FF&U;
  - c) A credit entry to record the transfer of any amounts from the Gas Pipeline Expense and Capital Balancing Account (GPECBA);
  - d) An entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; and
  - e) A debit or credit 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)

(Continued)

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~~GAS PRELIMINARY STATEMENT PARTY~~  
~~NONCORPORATE GAS PIPELINE SAFETY BALANCING ACCOUNT~~

Sheet 2

5. STORAGE SUBACCOUNT: (Cont'd.)

(N)

II. Local Transmission Subaccount

The following monthly entries shall be made to this subaccount, as applicable:

- a) A debit entry equal to one-twelfth of the annual revenue requirement adopted in D.12-12-030, and any amounts subsequently authorized by the Commission, excluding FF&U;
- b) A credit entry equal to the revenues from the NGPS Local Transmission Component of the Customer Class Charge, excluding FF&U;
- c) A credit entry to record the transfer of any amounts from the GPECBA,
- d) An entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; and
- e) A debit or credit 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.

III. Storage Subaccount

The following monthly entries shall be made to this subaccount, as applicable:

- a) A debit entry equal to one-twelfth of the annual revenue requirement adopted in D.12-12-030, and any amounts subsequently authorized by the Commission, excluding FF&U;
- b) A credit entry equal to the revenues from the NGPS Storage Component of the Customer Class Charge, excluding FF&U;
- c) A credit to record the transfer of any amounts from the GPECBA;
- d) An entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; and
- e) A debit or credit 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)

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Part CX	Core Gas Pipeline Safety Balancing Account.....	30512, 30513-G	(T)
Part CY	NonCore Gas Pipeline Safety Balancing Account.....	30514, 30515-G	(T)
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	

(Continued)

Advice Letter No: 3357-G-A  
 Decision No. 12-12-030

Issued by  
 Brian K. Cherry  
 Vice President  
 Regulatory Relations

Date Filed June 11, 2013  
 Effective December 20, 2012  
 Resolution No. \_\_\_\_\_

**Attachment 2:**  
**Redline Tariff Sheet Changes to**  
**Gas Preliminary Statement CW**



**GAS PRELIMINARY STATEMENT PART CW**

Sheet 1 (N)

CW. GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT (GPECBA) (N)

1. PURPOSE: The purpose of the Gas Pipeline Expense and Capital Balancing Account (GPECBA) is to track the aggregate revenue requirements associated with the expense and capital costs of PG&E's Implementation Plan, as authorized by the Commission in Decision (D.) 12-12-030, and any other subsequent Commission decisions. The GPECBA records the differences between the adopted forecast revenue requirements and capital and expense revenue requirements based on actual authorized costs for the Plan through 2014, beginning December 20, 2012. Recovery of capital and expenses beyond 2014 shall be separately determined by the Commission in subsequent proceedings.

The GPECBA is a one-way balancing account. Any unspent funds at the end of 2014 shall be returned to customers through the Core and Noncore Gas Pipeline Safety Balancing Accounts.

2. APPLICABILITY: The GPECBA shall apply to all gas customers except for those specifically excluded by the Commission.

3. RATES: The GPECBA does not have a separate rate component.

4. ACCOUNTING PROCEDURE: The GPECBA consists of the following two subaccounts:

CPUC REIMBURSEMENT SUBACCOUNT: The purpose of this subaccount is to record PG&E's reimbursements to the Commission associated with implementing and complying with D.12-12-030, up to \$15 million, which is incremental to the authorized program costs and revenue requirements in D.12-12-030. Disposition of the balance in this subaccount shall be determined in the Annual Gas True-Up (AGT), or as otherwise authorized by the Commission, through the Core Fixed Cost Account (CFCA) and Noncore Customer Class Charge Account (NCA).

PROGRAM EXPENSE AND CAPITAL SUBACCOUNT: The purpose of this subaccount is to record the revenue requirements associated with the actual expense and capital cost PG&E incurred to implement the programs authorized in D.12-12-030. The 2012-2014 adopted revenue requirement recorded in this subaccount is capped at \$299.2 million or \$295.4 million (without FF&U), or any amounts as authorized by the Commission in subsequent decisions. Pursuant to Ordering Paragraph (OP) 5 of D.12-12-030, the amounts recorded in this subaccount shall be limited to the revenue requirement related to the adopted expense and capital amounts set forth in the tables stated in Attachment E of the decision, for the following programs:

- Pipeline Modernization Program
- Valve Automation Program
- Interim Safety Enhancement Measures
- Program Management Office

No amounts were authorized for the Pipeline Records Integration Program or Contingency. Costs of these programs will not be recorded to this or any other balancing account or recovered from customers.

Expenses and capital expenditures will be tracked separately by program within PG&E's accounting systems. Amounts in excess of the annual authorized expense and capital costs of these programs, including their related revenue requirement shall not be recorded.

(N)

(Continued)

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**Brian K. Cherry**  
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**GAS PRELIMINARY STATEMENT PART CW**  
**GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT**

Sheet 2 (N)  
 (N)

GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT (GPECBA)

(N)

4. ACCOUNTING PROCEDURE (Cont'd.)

OP 6 further states that expense and capital amounts in excess of adopted amounts may not be recorded in the balancing account and capital cost overruns may not be recorded in regulated plant in service accounts. The adopted expense and capital amounts for any program shall be reduced by the cost of any Implementation Plan project not completed and not replaced with a higher priority project. Subject to these limits, PG&E is authorized to collect only the revenue requirements associated with actual expenses and capital costs recorded in this balancing account.

Disposition of the balance in this subaccount shall be determined in the AGT at the end of 2014, or as otherwise authorized by the Commission.

I. CPUC Reimbursement Subaccount

The following monthly entries shall be made to this subaccount, as applicable:

- a. A debit entry equal to the reimbursements the CPUC or others designated by the CPUC;
- b. A credit entry to transfer the annual balance to the CFCA and NCA at 59.5% and 40.5%, respectively, for recovery in rates;
- c. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, 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.

II. Program Expense and Capital Subaccount

The following monthly entries shall be made to the subaccount, as applicable:

- a. A credit entry equal to one-twelfth of the annual revenue requirements, excluding the allowance for Franchise Fees and Uncollectible Accounts expense (FF&U), adopted in D.12-12-030, and any amounts subsequently authorized by the Commission;
- b. A debit entry equal to the actual expenses incurred for PG&E's Implementation Plan, including benefit burdens, subject to the limitations described above;
- c. A debit entry equal to the actual capital revenue requirements based on actual depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the in-service (after date of operation) capital costs incurred for Phase 1, and any subsequent phases of PG&E's Implementation Plan as authorized by the Commission, excluding FF&U, subject to the limitations described above;
- d. A debit entry to transfer any credit balance at December 31, 2014, to the Core Gas

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**GAS PRELIMINARY STATEMENT PART CW**  
**GAS PIPELINE EXPENSE AND CAPITAL BALANCING ACCOUNT**

Sheet 2 (N)  
 (N)

Pipeline Safety Balancing Account (59.5%) and Noncore Gas Pipeline Safety  
 Balancing Account (40.5%);

- e. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, 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.

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

1st Light Energy	Downey & Brand	OnGrid Solar
AT&T	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
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Bear Valley Electric Service	Hanna & Morton	SPURR
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Calpine	Linde	Southern California Edison Company
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Cenergy Power	MAC Lighting Consulting	Sun Light & Power
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City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
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Clean Power	McKenna Long & Aldridge LLP	TransCanada
Coast Economic Consulting	McKenzie & Associates	Utility Cost Management
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Crossborder Energy	Morgan Stanley	Utility Specialists
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Day Carter Murphy	NRG Solar	Water and Energy Consulting
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Dept of General Services	North America Power Partners	Western Manufactured Housing Communities Association (WMA)
Douglass & Liddell	Occidental Energy Marketing, Inc.	