



October 14, 2013

Advice 4303-E  
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Transfer Gateway Settlement Balancing Account to Utility  
Generation Balancing Account, Close Gateway Settlement  
Balancing Account, and Prospective Adjustment of Utility  
Generation Balancing Account

In compliance with Ordering Paragraph ("OP") 12 of California Public Utilities Commission ("Commission" or "CPUC") Decision ("D.") 11-05-018 approving PG&E's 2011 General Rate Case ("GRC") Application ("A") 09-12-020, Pacific Gas and Electric Company ("PG&E") hereby submits its true-up of the Gateway Generating Station's ("GGS" or "Gateway") initial capital cost, subject to the requirements of D.06-06-035 and Resolution ("Res.") E-4054, now that the final project costs are known. PG&E requests Commission authority to transfer the balance in the Gateway Settlement Balancing Account ("GSBA") to the Utility Generation Balancing Account ("UGBA"), close the GSBA, and retire the associated Electric Preliminary Statement FA. As a net effect, PG&E requests Commission authority to adjust the balance in the UGBA by \$3 million (plus interest) effective upon approval of this advice letter to reflect the undercollection of revenues for GGS as of December 31, 2013.

Background

On June 15, 2006, D.06-06-035 approved the Joint Settlement Agreement concerning Gateway, which was previously called Contra Costa Unit 8. D.06-06-035 adopted an initial capital cost target for the GGS of \$295 million and created the GSBA to track the difference between the initial capital cost target and actual costs. On November 8, 2006, PG&E filed Advice 2928-E, which requested an increase of \$75.5 million in the capital costs for Gateway which was conditioned upon PG&E obtaining a final California Energy Commission ("CEC") license to construct and operate the GGS facility. On February 15, 2007, Res. E-4054 approved Advice 2928-E. On August 13, 2007, PG&E filed Advice 3104-E to indicate that the CEC adopted its staff's recommendations to allow the project to be dry cooled and thus

PG&E requested final approval of the \$75.5 million capital cost increase. On October 15, 2007, Advice 3104-E was approved, effective September 13, 2007. On November 14, 2008, PG&E filed Advice 3362-E to update the revenue requirement made effective by the Commission on September 13, 2007, to reflect the current cost of capital and other items as ordered by Section 7 of the Joint Settlement Agreement. Advice 3362-E was approved, effective December 15, 2008. In PG&E's 2011 GRCA.09-12-020, PG&E requested that the cost of GGS be included in the generation revenue requirement to be established in the 2011 GRC. The initial capital cost of GGS set forth in the GRC application was based on the \$295 million adopted in D.06-06-035 plus the \$75.5 million adopted in Res. E-4054.

The 2011 GRC decision (D.11-05-018) ordered as follows:

- 1 Pacific Gas and Electric Company shall transfer the balance in the Gateway Settlement Balancing Account to the Utility Generation Balancing Account when the total costs of the project are known, and Pacific Gas and Electric Company shall close out the Gateway balancing account at that time. (Ordering Paragraph 12)

In December 2013, PG&E will close out the initial capital cost of GGS. The actual initial capital cost of GGS is \$392.9 million, of which \$380.5 million falls within threshold 1 of the Joint Settlement Agreement that is 100% recoverable without an after-the fact reasonableness review and \$12.4 million falls within threshold 2 which is 90% recoverable without an after-the fact reasonableness review.

### Purpose

Following approval of this advice letter, pursuant to D.06-06-035 and Res. E-4054, PG&E is requesting to transfer the balance in the GSBA to the UGBA, close the GSBA, and retire the associated Electric Preliminary Statement FA. As a net effect, PG&E requests Commission authority to adjust the balance in the UGBA by \$3 million (plus interest) effective upon approval of this advice letter to reflect undercollection of revenues for GGS as of December 31, 2013. Attachment 1 shows the actual GGS revenue requirement for the January 2009 through December 2013 period compared against the adopted GGS revenue requirement.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than November 4, 2013, which is 21 days after the date of this filing.<sup>1</sup> Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> 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:

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) 973-7226  
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).

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<sup>1</sup> The 20-day protest period concludes on a weekend. PG&Es hereby moving this date to the following business day.

Effective Date

PG&E requests that this Tier 2 advice filing become effective on regular notice, November 13, 2013, which is 30 days from 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 service lists for A.09-12-020 and A.05-06-029. Address changes to the General Order 96-B service list should be directed to [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). Send all electronic approvals to [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

Handwritten signature of Brian Cherry in cursive script.

Vice President, Regulatory Relations

## Attachments:

Attachment 1, Gateway Generating Station Allowed vs. Actual Revenue Requirement from January 2009 to December 2013

Attachment 2, Tariffs

cc: Service Lists A.09-12-020 and A.05-06-029

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPU Utility No. Pacific Gas and Electric Company (ID U39 E)

Utility type:

ELC      ffi GAS

PLC      HEAT      WATER

Contact Person: Shirley Wong

Phone#: (415) 972-5505

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

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC= Electric

GAS= Gas

PLC= Pipeline

HEAT= Heat

WATER= Water

Advice Letter (AL) #4303-E

Tier: 2

Subject of AL: Transfer Gateway Settlement Balancing Account to Utility Generation Balancing Account, Close Gateway Settlement Balancing Account, and Prospective Adjustment of Utility Generation Balancing Account

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution # Decision 11-05-018

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:

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: 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 November 13, 2013      No. of tariff sheets: \_\_\_\_\_

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 Preliminary Statement Part FA - Gateway Settlement Balancing Account (GSBA)

Service affected and changes proposed transfer the balance in the GSBA to the UGBA, close the GSBA, and retire the associated Electric Preliminary Statement FA.

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

ED Tariff Unit

505 Van Ness Ave., 4<sup>th</sup> Floor

San Francisco, CA 94102

E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**Attachment 1**  
**Pacific Gas And Electric Company**  
**Gateway Generating Station**  
**Allowed vs. Actual Revenue Requirement**  
**1/4/2009 to 12/31/2013**  
**Advice 4303-E**  
**(Thousands of Nominal Dollars)**

<u>Line No.</u>		<u>Allowed</u>	<u>Actual</u>	<u>Allowed Exceeds Actual</u>
1	<b>Operating Revenue</b>	390,392	393,476	(3,083)
	<b>Operating Expenses</b>			
2	Operations and Maintenance	67,556	67,556	-
	Administrative and General			
3	Employee Benefits	3,889	3,890	(1)
4	Insurance	1,190	1,231	(41)
	Subtotal	<u>5,080</u>	<u>5,121</u>	<u>(42)</u>
5	Uncollectibles	1,128	1,017	111
6	Franchise Requirements	2,951	2,976	(24)
7	Subtotal Operating expenses	<u>76,716</u>	<u>76,670</u>	<u>45</u>
	<b>Taxes</b>			
8	Property	12,838	15,002	(2,163)
9	Payroll	1,385	1,385	0
10	State Corporation Franchise	13,166	12,212	954
11	Federal Income	59,688	58,121	1,567
12	Subtotal Taxes	<u>87,078</u>	<u>86,720</u>	<u>358</u>
13	<b>Depreciation</b>	63,303	64,743	(1,440)
14	<b>Decommissioning Accrual</b>	3,330	3,330	0
15	<b>Total Operating Expenses</b>	230,427	231,463	(1,036)
16	<b>Net for Return</b>	160,617	162,638	(2,020)
17	<b>Weighted Average Rate Base</b>	1,854,537	1,878,006	(23,469)
	<b>Commercial Operative Date</b>	Jan-09	Jan-09	

Cal P.U.C.  
Sheet No. Title of Sheet

Cancelling Cal  
P.U.C. Sheet No.

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33171-E ELECTRIC TABLE OF CONTENTS  
PRELIMINARY STATEMENT  
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ELECTRIC TABLE OF CONTENTS

Sheet 1

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	Rules .....	32424, 32425, 33001-E	
	Maps, Contracts and Deviations .....	32780-E	
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Advice Letter No: 4303-E  
 Decision No. 11-05-018

Issued by  
 Brian K. Cherry  
 Vice President  
 Regulatory Relations

Date Filed October 14, 2013  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_





ELECTRIC TABLE OF CONTENTS  
 PRELIMINARY STATEMENT

Sheet 17

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Part FF	Electric Disconnection Memorandum Account	28933-E
Part FG	CARE/TANF Balancing Account	28950-E
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Part FK	Fuel Cell Project Memorandum Account (FCPMA)	29551, 29552-E
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(D)

(Continued)

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 Vice President  
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 Resolution No. \_\_\_\_\_

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

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Linde	Spark Energy
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	