

February 3, 2000

ADVICE 1932-E-A

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits this supplement to Advice 1932-E for termination by mutual consent of the Agreement between Genentech and PG&E for Attracting Genentech's Manufacturing and Business Load (Agreement). This filing amplifies the information given in Advice 1932-E, which was filed on November 3, 1999. This filing does not in any way modify the request in Advice 1932-E, but provides additional information for the Commission, at the request of the Energy Division.

On July 27, 1994, PG&E filed Application (A.) 94-07-035 with the Commission to request approval for the Agreement with Genentech to deliver service under negotiated terms. D. 94-09-071 approved that request, subject to modification. On September 7, 1995, PG&E submitted Advice 1534-E to request a change to the not-yet-signed Agreement. The Commission approved Advice 1534-E, and PG&E filed Advice 1610-E, dated October 2, 1996, to submit the modified, signed Agreement.

The purpose of Advice 1932-E and this supplement is to request Commission approval to terminate the Agreement so that Genentech may be able to take Direct Access Service. While a termination clause is part of the previously approved Agreement, the right to terminate rests solely with Genentech under that clause. Rather than a unilateral termination by Genentech, it prefers to terminate the agreement by mutual consent.

On September 23, 1999, Genentech sent PG&E a letter to allow mutual termination of the contract subject to the Commission's approval. Termination by mutual consent is acceptable to PG&E since Genentech has not taken any incentives or received any rate discounts under the contract. Instead, Genentech has received and continues to receive all its service from PG&E under regular tariff terms, rates, and conditions. PG&E executed the letter to allow mutual termination and submitted it with Advice 1932-E.

Since Genentech has not received any incentives or discounts under the Agreement, no payments would be due from Genentech under the existing termination clause of the Agreement. Genentech represents that it is disclaiming any right to incentives or discounts under the Agreement, as long as the Commission approves termination by mutual consent. PG&E represents that as long as the Commission approves termination by mutual consent and Genentech

disclaims any right to incentives or discounts under the Agreement, PG&E will not seek any termination penalties from Genentech under the terms of the Agreement.

The Agreement was executed in September 1996, and is 100 percent shareholder-funded. If the Commission approves termination by mutual consent as requested in Advice 1932-E and this supplement, PG&E represents that it will not seek to impose on ratepayers the costs, if any, which may arise due to termination of the Agreement.

Since the Agreement does not contain a provision for termination by mutual consent, PG&E submits this advice letter for approval of termination of the Agreement by both parties.

PG&E requests that this filing become effective on **March 14, 2000**, which is 40 days after the date of filing.

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

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing. Protests should be mailed to:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies shall also be mailed to the attention of the Director, Energy Division (address above) and Les Guliasi, Regulatory Relations Manager, 77 Beale Street, Mail Code B10B, P.O. Box 770000, San Francisco, CA 94177, facsimile: (415) 973-7451. The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on whom may file a protest.

In accordance with Section III, Paragraph G, of General Order 96-A, PG&E is mailing copies of this advice letter, Advice 1932-E, and the September 23, 1999 termination letter to the utilities and interested parties shown on the attached list. Parties with address change requests should direct them to Ms. Nelia Avendano at (415) 973-3529.

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Vice President – Regulatory Relations

cc: Genentech, Inc.
Peter Hanschen, Morrison & Foerster, LLP

Attachments