

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 24, 2003

Res. E-3845|AL 2410E|E-A

Ms Anita Smith, Rate Analyst
Pacific Gas and Electric Company
77 Beale Street, 10B Mail Code
San Francisco, CA 94177

Subject: Submission of the Second Gas Supply Plan for California Department of
Water Resources (CDWR) Tolling Agreements (October 1, 2003 Through
March 31, 2004)

Dear Ms Smith:

Advice Letter 2410E|E-A is effective November 18, 2003 by Resolution E-3845. A copy of
the advice letter and resolution are sent herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clamor".

Director
Energy Division

August 15, 2003

Advice 2410-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Submission of the Second Gas Supply Plan for the California Department of Water Resources (CDWR) Tolling Agreements (October 1, 2003 through March 31, 2004)

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) its second Gas Supply Plan (GSP-2), as required by Resolution E-3825, dated July 10, 2003.¹ The resolution ordered PG&E to file its second Gas Supply Plan (GSP-2) on August 15, 2003 for the period October 1, 2003 through March 31, 2004.

Purpose

Decision (D.) 02-12-069 and D.03-04-029 direct PG&E to consolidate fuel procurement strategies for the CDWR contracts and to submit them to CDWR and the Commission as a "Gas Supply Plan" on a semi-annual basis. PG&E submitted its first Gas Supply Plan (GSP-1) on March 25, 2003 for the period March 1, 2003 through August 31, 2003. The Commission adopted GSP-1 in Resolution E-3825, with modifications,² and ordered PG&E to submit GSP-2 on August 15, 2003 for the period October 1, 2003 through March 31, 2004.

¹ PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this filing, and nothing in this filing constitutes a waiver of such rights, including its rights to seek relief in federal court for violations of federal law or the U.S. Constitution. *See England v. Louisiana State Board of Medical Examiners*, 375 U.S. 411 (1964). In addition, PG&E reserves any additional legal rights by reason of its status as a debtor under Chapter 11 of the U.S. Bankruptcy Code, and nothing in this filing constitutes a waiver of such rights.

² One modification included a change in the term of GSP-1 from March 1 to March 25th until approval of GSP-2.

In addition to the items included in GSP-1, Ordering Paragraph (O.P.) 12 of Resolution E-3825 directs PG&E to include the following in the GSP-2 filing: (a) a proposed plan for obtaining gas storage capacity as of April 1, 2004, as well as proposed minimum targets for May 31, 2004, including estimated storage related costs; (b) a proposal showing how unused pipeline or storage capacity can be made available to the other utilities in connection with their DWR contract-related duties or how they can be brokered; (c) detailed information describing models and analytical techniques, including examples used for making decisions pursuant to the GSP as well as definitions of non-standard terms; and (d) the presumption of reasonableness standard adopted in OP 3.

PG&E provides a confidential copy of GSP-2 in Attachment A to this Advice Letter. Attachments B through E are appendices to GSP-2. Confidential Appendices A, B, and C contain the Generator Fuel Plan Pricing Mechanisms, Sample Calculations, and CDWR's proposed Fuels Protocols, respectively. Appendix D contains Pipeline and Storage Tariffs.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by **September 4, 2003**, which is 20 days from 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:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

Effective Date

PG&E requests that this advice filing become effective on **October 1, 2003**, in accordance with Resolution E-3825.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for Rulemaking (R.) 01-10-024. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the advice letter and accompanying confidential attachments by overnight mail.

The portions of this advice letter so marked Confidential Protected Material are in accordance with the May 1, 2002, Protective Order in R.01-10-024 regarding Confidentiality of Pacific Gas and Electric Company (PG&E) Power Procurement Information. As required by that Order, reviewing representatives of Market Participating Parties will not be granted access to Protected Material, but will instead be limited to reviewing redacted versions of documents that contain Protected Material.

Address change requests should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Karen A. Tomcala
Vice President - Regulatory Relations

cc: Service List - R. 01-10-024

Attachments

Confidential Attachment A – Gas Supply Plan (GSP-2) for CDWR Tolling Agreements

Confidential Attachment B – GSP-2 Confidential Appendix A - Generator Fuel Plan
Pricing Mechanisms

Confidential Attachment C – GSP-2 Confidential Appendix B - Sample Calculations

Confidential Attachment D – GSP-2 Confidential Appendix C - CDWR Fuels Protocols

Attachment E – GSP-2 Appendix D - Pipeline and Storage Tariffs