

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



March 3, 2004

Advice Letter 2464-E

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

Subject: Modified short term procurement plan

Dear Ms Smith:

Advice Letter 2464-E is effective January 20, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

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

Paul Clanon, Director
Energy Division



January 20, 2004

**Advice 2464-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

Subject: Modified Short-Term Procurement Plan

Pacific Gas and Electric Company (PG&E) hereby submits its modified 2004 short-term plan conforming to Decision (D.) 03-12-062, Interim Opinion (addressing 2004 procurement planning activities), issued on December 18, 2003.

Purpose

Pursuant to Ordering Paragraphs (OPs) 12 and 24 of D.03-12-062, PG&E submits, in Appendix A, updated tables to its short-term plan filed on May 15, 2003. Resubmission of the entire plan is not required. The Decision instructed PG&E to furnish updated tables to its short-term plan:

- Reflecting more recent fuel price forecasts and resulting changes to the loads/resource capacity and energy balance tables and residual net open estimates.¹
- Incorporating renewables procurement activity from 2003 and subsequent changes to the quantity of renewable energy delivered in 2004.²

Additionally, PG&E provides a list identifying the brokerages and exchanges it proposes to rely on. This list is provided in Appendix B.³

Background

On December 18, 2003, the CPUC issued D.03-12-062, determining how PG&E and California's other investor-owned utilities (IOUs) will operate in 2004 by deciding issues needing resolution prior to January 1, 2004. The decision adopted short-term operating reserve levels, provided spot market purchase guidance, and addressed risk management issues. The CPUC also authorized

¹ D.03-12-062, OP 12.

² Ibid.

³ D.03-12-062, p. 38.

contract term duration and volume limits, procurement product and transaction standards, and set the process for modification and approval of the IOUs' 2004 short-term procurement plans.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 9, 2004**, 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 **January 20, 2004**.

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 20, 2003, 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.

Naren D. Dirmcala / sds
Vice President – Regulatory Relations

cc: Service List R. 01-10-024

Attachments

Appendix A

Updated Tables to PG&E's Short-Term
Procurement Plan

Appendix B

Table of Brokers and Exchanges

**PG&E Electric Advice Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America

Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Meyer, Joseph
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
PG&E National Energy Group
Pinnacle CNG Company
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost Pritchard
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light

Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansev and Associates
Tecogen, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA

Appendix A

Updated Tables to PG&E's Short-Term Procurement Plan

**PACIFIC GAS AND ELECTRIC COMPANY
AL 2464-E
TABLE 2-1
2004 RESOURCE MIX REFERENCE CASE**

| | GWh | % of Supply |
|------------------------------------|--------|-------------|
| URG | | |
| - Hydro | 18,174 | 23.2% |
| - Nuclear | 15,964 | 20.3% |
| - Fossil | 980 | 1.2% |
| QFs | | |
| - Hydro | 699 | 0.9% |
| - Wind | 1,109 | 1.4% |
| - Fossil | 14,598 | 18.6% |
| - Other | 4,221 | 5.4% |
| Existing PG&E Contracts | -3,895 | -5.0% |
| DWR Must Take Contracts | 21,536 | 27.4% |
| Remaining PG&E Supply | 5,114 | 6.5% |
| Total Supply | 78,499 | 100.0% |
| Total Renewables | 9,708 | 12.4% |

PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2-2

PG&E 2004 ENERGY BALANCE REFERENCE CASE

| 2004 Energy Load (GWh) | Total |
|-------------------------------|----------------|
| Retail Sales | -80,238 |
| Direct Access | 8,666 |
| Losses | -6,928 |
| Total | -78,499 |

| 2004 Energy Supply (GWh) | |
|---------------------------------|---------------|
| URG | |
| - Nuclear | 15,964 |
| - Hydro | 18,174 |
| - Fossil | 980 |
| QFs | 20,627 |
| DWR must take | 21,536 |
| Remaining PG&E supply | 1,219 |
| Total | 78,499 |

PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2-3

PG&E 2004 ENERGY LOAD REFERENCE CASE

| 2004 Energy Load (GWh) | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Retail Sales | -6,226 | -5,781 | -6,232 | -6,206 | -6,753 | -6,821 | -7,617 | -7,507 | -6,872 | -6,859 | -6,612 | -6,750 | -80,238 |
| Direct Access | 720 | 663 | 724 | 694 | 720 | 721 | 775 | 779 | 750 | 746 | 695 | 681 | 8,666 |
| Losses | -532 | -494 | -530 | -512 | -583 | -603 | -694 | -685 | -602 | -573 | -543 | -578 | -6,928 |
| Total | -6,038 | -5,612 | -6,038 | -6,024 | -6,617 | -6,704 | -7,536 | -7,413 | -6,723 | -6,686 | -6,461 | -6,647 | -78,499 |

PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2A-1

PG&E 2004 CAPACITY BALANCE REFERENCE CASE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

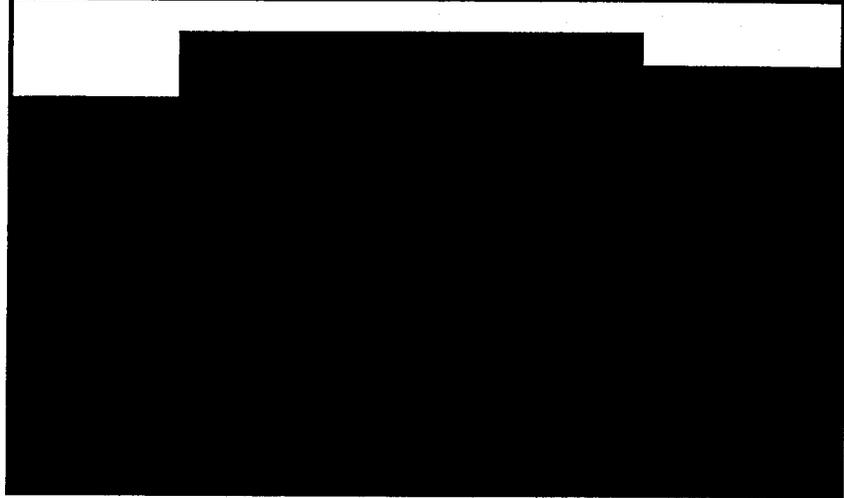
[REDACTED]

PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2A-2

2004 NP15 Electric Prices (\$/MWh)



PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2A-3

2004 Gas Prices (\$/MMBtu)

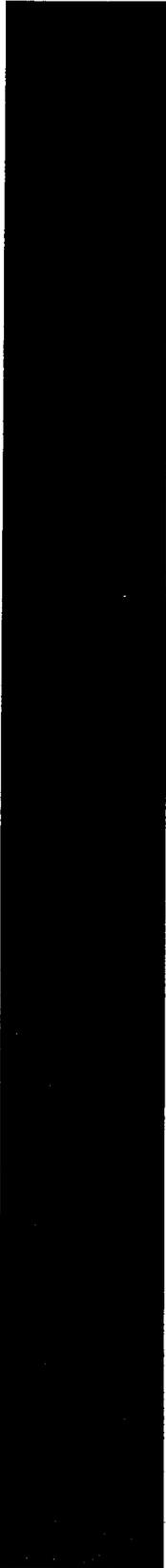
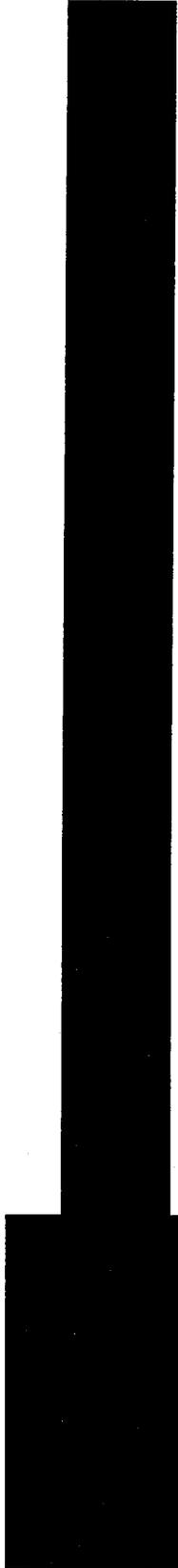
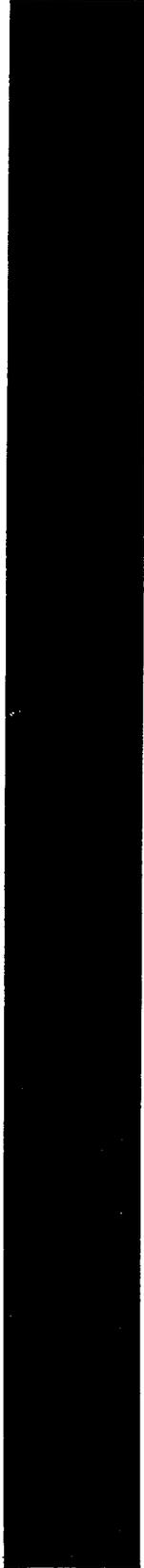


PACIFIC GAS AND ELECTRIC COMPANY

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TABLE 2A-4

PG&E 2004 Energy Balance Reference Case



PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2A-6

2004 Residual Net Open Positions (GWh)

The table content is redacted with thick black bars. The visible structure consists of approximately 10 columns and 15 rows. The first row contains the header information. The remaining rows are mostly obscured, with some white space visible in the first and second columns of several rows.

PACIFIC GAS AND ELECTRIC COMPANY

AL 2464-E

TABLE 2A-19

2004 Forecast Gas Physical Requirement (1,000 MMBtu)

| |
|--|
| |
| |

PACIFIC GAS AND ELECTRIC COMPANY

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APPENDIX 3A

Delta Equivalent Net Open Position

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2004 Total

Peak Power (MWh)
Off-Peak Power (MWh)
Gas (MMBtu)



PACIFIC GAS AND ELECTRIC COMPANY
AL 2464-E
TABLE 4-2
Range of Collateral Requirements in 2004

| | Collateral Requirements, \$ millions |
|-----------------------------|---|
| ISO Collateral | |
| Hedge Collateral/Prepayment | |
| Total Collateral/Prepayment | |

Appendix B

List of Brokers and Exchanges

**PACIFIC GAS AND ELECTRIC COMPANY
AL 2464-E
BROKERS AND EXCHANGES PG&E PROPOSES TO RELY ON IN 2004**

Brokers:

Natsource
APB
Prebon
TFS
Amerex
Landmark
Saddleback

Exchanges:

ICE
R.J. O'Brien (allows for accessibility to NYMEX and NYMEX Clearport)