

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



March 5, 2004

Advice Letter 2470-E

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

Subject: Annual procurement target status report

Dear Ms Smith:

Advice Letter 2470-E is withdrawn by your letter dated March 4, 2004.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

February 2, 2004

Advice 2470-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Annual Procurement Target Status Report (February 1, 2004)
Filed in Compliance with Decision 03-06-071 (Renewable
Portfolio Standard Decision).**

Pacific Gas and Electric Company (PG&E) hereby submits its February 1, 2004 Annual Procurement Target (APT) Status Report to apprise the Commission of its compliance with the Renewable Portfolio Standard (RPS) in accordance with Decision (D.) 03-06-071¹. PG&E has entered into six contracts with renewable generators for deliveries that commenced in 2003, which will supply approximately 1100 gigawatt-hours (GWh) on an annual basis. These renewable resources provided actual deliveries of 817 GWh in 2003.

Background

The California RPS program, which is codified at section 399.11 et seq. of the Public Utilities Code, requires an electrical corporation such as PG&E to increase its procurement of energy from eligible renewable resources at the rate of 1 percent of its retail sales per year so that, no later than December 31, 2017, 20 percent of its retail sales are being procured from eligible renewable energy resources. (Section 399.15(b)(1).) However, the RPS program provides that the Commission cannot require an electrical corporation to conduct procurement to fulfill the RPS standard until it has achieved an investment grade credit rating. Alternatively, after April 1, 2004, the Commission may determine that the corporation is able to procure renewable resources on reasonable terms and that such procurement will not impair the utility's restoration of creditworthiness.

Purpose

¹ R.01-10-024, D.03-06-071, "Order Initiating Implementation of the Senate Bill 1078, Renewable Portfolio Standard Program", dated June 19, 2003.

The Commission's June RPS Decision requires each utility to report its progress toward meeting its annual procurement targets (APT) each February and July. PG&E accordingly submits its APT status report as directed on page 51 of D.03-06-071.

Annual Procurement Target Status Report (February 1, 2004)

YEAR	2003		2004	
APT	753.2 ²		708	
Change in Baseline	0		0	
Procurement Requirement	753.2		708	
Incremental Renewable Procurement	Actual Deliveries	Available Generation Output (Annualized Amount)	Actual Deliveries	Available Generation Output (Annualized Amount)
Biomass	95.9	383.7		
Geothermal	721.7	721.7		
Total	817.5³	1105.3		

This February filing is intended to help the Commission to monitor PG&E's attainment of its APT. As a threshold matter, PG&E has not been deemed to be investment-grade and has not been required to conduct procurement (Pub. Util. Code Sec. 399.14(a)(1).) Ordering paragraph (OP) 2 of D.03-06-071 states that, "Compliance with the annual procurement target is not required until a utility is creditworthy, or a creditworthiness alternative is defined in statute."

The RPS statute now authorizes the Commission to require a utility to conduct procurement to fulfill RPS obligations if the Commission has determined either that

² PG&E's APT for 2003 is 1% of its 2001 retail sales, as defined in section 399.15(b)(1), per D.02-12-062 and as reported by PG&E to the Energy Division.

³ Deliveries received during 2003 pursuant to the contracts approved by Resolutions E-3805 and E-3853 are credited toward the 2003 APT.

- (i) The electrical corporation has attained an investment grade credit rating as determined by at least two major rating agencies
- (ii) The electrical corporation is able to procure eligible renewable energy resources on reasonable terms, those resources can be financed if necessary, and the procurement will not impair the restoration of an electrical corporation's creditworthiness. This provision shall not apply before April 1, 2004, for any electrical corporation that on June 30, 2003 is in federal court under Chapter 11 of the federal bankruptcy law.⁴

Although PG&E is presently not required to undertake the procurement of renewable resources to meet its APT, PG&E submits this APT Status Report to provide a foundation for subsequent APT filings.

Request for Relief

With respect to this February 2004 APT Status Report, PG&E requests the Commission to confirm that:

1. PG&E has correctly stated its 2003 APT and 2004 APT, and
2. PG&E has met its 2003 APT through the use of the renewables resources identified above.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 22, 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

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

⁴ Senate Bill 67, (Ch. 731, Stats. 2003)

February 2, 2004

The protest should be sent via both e-mail and facsimile to PG&E 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

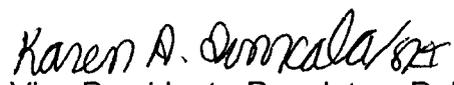
Effective Date

PG&E requests that this filing become effective on regular notice, **March 13, 2004**, which is 40 days after the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and to the service list Rulemaking (R.) 01-10-024. Address changes should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>


Vice President - Regulatory Relations

cc: Service List – R. 01-10-024

**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
Dynergy 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