

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 15, 2004

Advice Letter 2536-E

Ms Rose de la Torre
Pacific Gas and Electric Company
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Fourth Gas Supply Plan for the State of California Department of Water Resources
Tolling Agreements

Dear Ms de la Torre:

Advice Letter 2536-E is effective December 14, 2004. A copy of the advice letter is included herewith for your records.

The fifth Gas Supply Plan should be submitted February 1, 2005 for the April 2005 through September 2005 period.

A draft of the fifth Gas Supply Plan should be provided to the Procurement Review Group and the California Department of Water Resources at least two weeks prior to February 1, 2005.

Sincerely,

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

Director
Energy Division

Cc: Mr. Peter S. Garris, Deputy Director
California Energy Resources Scheduling
California Department of Water Resources
3310 El Camino Avenue, Suite 120
Sacramento, CA 95821



**Pacific Gas and
Electric Company**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
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August 2, 2004

**Advice 2536-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

Subject: Submission of the Fourth Gas Supply Plan for the California Department of Water Resources (CDWR) Tolling Agreements (October 1, 2004 through March 31, 2005)

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) its fourth Gas Supply Plan (GSP-4), as required by the Commission letter dated May 24, 2004. The letter approved PG&E's Advice Filing 2471-E, PG&E's third Gas Supply Plan (GSP-3). The letter instructed PG&E to file its fourth Gas Supply Plan (GSP-4) on August 2, 2004 (for the period October 2004 through March 2005).

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. PG&E submitted its second Gas Supply Plan (GSP-2) on August 15, 2003 for the period October 1, 2003 through March 31, 2004. The Commission adopted GSP-2 in Resolution E-3845, with modifications and ordered PG&E to submit GSP-3 no later than February 1, 2004 for the period April 1, 2004 through September 30, 2004. The Commission adopted GSP-3 on May 24, 2004, and ordered the submission of GSP-4 on August 2.

Pursuant to Ordering Paragraph (O.P.) 5 of Resolution E-3845, PG&E continues to provide detailed information concerning its analyses used in its decision making process and provides a thorough discussion concerning the analytical

tools and resources used to assess future gas market price volatility in connection with its risk management strategies.

PG&E provides a confidential copy of GSP-4 in Attachment A to this Advice Letter. Attachments B through E are appendices to GSP-4. Confidential Appendices A, B and E contain the Sample Calculations, CDWR's proposed Fuels Protocols and Discussion of Swaps vs. Options for Hedging, respectively. Appendix D contains Pipeline and Storage Tariffs.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by **August 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

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 **August 2, 2004**.

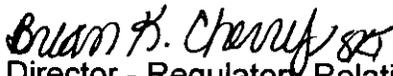
Notice

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, Modified 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 Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

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


Director - Regulatory Relations

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

Attachments

Confidential Attachment A: Gas Supply Plan (GSP-4) for CDWR Tolling Agreements

Confidential Attachment B: GSP-4 Confidential Appendix A

Confidential Attachment C: GSP-4 Confidential Appendix B

Confidential Attachment D: GSP-4 Confidential Appendix C

Confidential Attachment E: GSP-4 Confidential Appendix D

**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.
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