

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 18, 2007

Advice Letter 3131-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Amendment to Master Power Purchase and Sale Agreement
Confirmation for a Renewable Energy Resource Resulting
from PG&E's 2005 Renewables Portfolio Standard (RPS)
Solicitation

Dear Mr. Cherry:

Advice Letter 3131-E is effective December 20, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



October 9, 2007

Advice 3131-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Amendment to Master Power Purchase and Sale Agreement Confirmation for a Renewable Energy Resource Resulting from PG&E's 2005 Renewables Portfolio Standard (RPS) Solicitation

Pacific Gas and Electric (PG&E) requests that the California Public Utilities Commission (CPUC) approve an amendment (the "Amendment") to a previously approved power purchase agreement (PPA) between Bottle Rock Power, LLC ("Bottle Rock") and PG&E. The PPA resulted from PG&E's August 4, 2005 RPS solicitation for renewable energy, which was authorized by Decision (D.) 05-07-039. PG&E filed the original PPA for Commission approval on May 15, 2006 in Advice 2827-E, and the Commission approved it on October 5, 2006 in Resolution E-4021.

I. Purpose

This Amendment would change the guaranteed project online date from July 31, 2007, to October 1, 2007, and reduce the initial minimum capacity from 14.45 MW to 10 MW. Subsequently, after the project has achieved the original minimum contract capacity, Bottle Rock will increase the capacity by 2 MW from 17 MW to 19 MW (16.15 MW minimum) for the remaining term of the contract. The Amendment would also result in a temporary price decrease and an increase in collateral requirements.

Except for the temporary price reduction until the project achieves the originally contracted for capacity, the contract price, term, and notional value will not change as a result of the online date and capacity adjustment.

In support of this request, the following confidential information is being submitted under the confidentiality protections of Section 583 of the Public Utilities Code and General Order 66-C. This information is protected from public disclosure because it consists of the contract Amendment itself (Appendix A) and a discussion of the events that lead up to the Amendment (Appendix B). A separate Declaration for Confidential Treatment regarding the confidential information is filed concurrently herewith.

Appendix A – Amendment to Power Purchase and Sale AgreementAppendix B – Amendment Analysis**II. Background**

The PPA with Bottle Rock is a 10-15 year transaction with expected annual deliveries of 120 to 385 gigawatt-hours (GWh) per year. Bottle Rock is a geothermal project located at the Geysers in Northern California. It has commenced operations and delivers power into NP-15, but the Guaranteed Commercial Operation Date of July 31, 2007 was delayed. A subsequent contract dispute regarding whether the cause of the delay was excused under the original contract was settled and resulted in the parties entering into the attached Amendment. The Amendment resolves all outstanding disputes and allows the project to move forward.

III. PRG Feedback

On Friday August 24, 2007, PG&E briefed its PRG on the background and need for amending the Bottle Rock PPA. PG&E described the reason for the delayed online date and the initially slightly reduced capacity and price. The PRG did not express any concern with PG&E entering into to the amended agreement subject of this advice letter.

IV. Request for Commission Approval

Except as expressly amended by the Amendment, the terms and conditions of the PPA previously approved by the Commission remain in full force and effect. Therefore, PG&E requests that the Commission issue a resolution no later than December 6, 2007 that finds:

1. The parties have agreed to amend the Power Purchase and Sale Agreement between Pacific Gas and Electric Company and Bottle Rock Power LLC approved by CPUC Resolution E-E4021.
2. The Amendment will have no effect upon the RPS-eligibility of the electricity to be delivered to PG&E pursuant to the Agreement.
3. The terms of the Amendment are reasonable and the Amendment should be approved.

Protests

Anyone wishing to protest this filing may do so by sending a letter by October 29, 2007, 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:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission.

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

Facsimile: (415) 973-7226
E-Mail: PGETariffs@pge.com

Effective Date:

PG&E requests that this advice filing become effective on **December 20, 2007**.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this advice letter excluding the confidential appendix is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for R.06-05-027 and 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. Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

Limited Access to Confidential Material:

The portions of this advice letter marked Confidential Protected Material are so marked 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 and consistent with the supporting declaration justifying confidential treatment for procurement-related information pursuant to D.06-06-066, 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. PG&E submits those portions of the Advice Letter that describe the events giving rise to the Amendment pursuant to the confidentiality protections of Public Utilities Code section 583.

Confidential Attachments:

Appendix A Amendment to Power Purchase and Sale Agreement
Appendix B Amendment Analysis



Vice President - Regulatory Relations

cc: R.06-05-027
R.01-10-024
Paul Douglas – Energy Division

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: DXPU@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3131-E**

Tier: **[3]**

Subject of AL: Amendment to Master Power Purchase and Sale Agreement Confirmation for a Renewable Energy Resource Resulting from PG&E's 2005 Renewables Portfolio Standard (RPS) Solicitation

Keywords (choose from CPUC listing): RPS

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes. See the attached matrix that identifies all of the confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: All members of PG&E's Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Marc J. Bombersbach, (415)-973-3007.

Resolution Required? Yes No

Requested effective date: 12/20/2007

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jn@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**DECLARATION OF MARC J. BOMMERSBACH
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3131-E
(PACIFIC GAS AND ELECTRIC COMPANY ID U 39 E)**

I, Marc J. Bommersbach, declare:

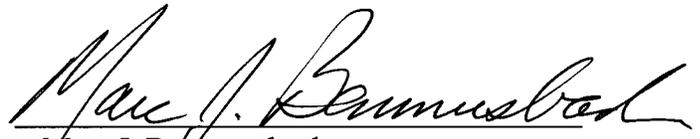
1. I am presently employed by Pacific Gas and Electric Company (“PG&E”), and have been an employee at PG&E since December 2003. My current title is Principal, Structured Transactions, in PG&E’s Energy Supply Department. In this position, my responsibilities include negotiating power purchase agreements with counterparties in the business of producing electric energy. In carrying out these responsibilities, I have acquired knowledge of PG&E’s contracts with such sellers and the negotiation of such transactions. Based on my experience in negotiating such arrangements, I am familiar with the types of data and information the parties to such agreements consider confidential and proprietary.

2. Based on my knowledge and experience, and in light of the “Administrative Law Judge’s Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066,” issued August 22, 2006, I make this declaration seeking confidential treatment of, “Appendices A and B to Advice 3131-E,” submitted on October 9, 2007. By this Advice Letter PG&E is seeking this Commission’s approval of an Amendment to the Master Power Purchase and Sale Agreement between Bottle Rock, LLC and PG&E.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 (the “IOU Matrix”) of Decision 06-06-066. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential

protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration that to the best of my knowledge, all of the explanatory text that is accurate, and pertinent to this filing in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on October 9, 2007, at San Francisco, California.



Marc J. Bommersbach

Pacific Gas and Electric Company
 Advice Letter 3131-E
 October 9, 2007

Identification of Confidential Information per Decision 06-06-066

| Redaction Reference | 1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N) | 2) Which category or categories in the Matrix the data correspond to: | 3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N) | 4) That the information is not already public (Y/N) | 5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N) | PG&E's Justification for Confidential Treatment | Length of Time |
|---|---|--|---|---|---|---|--|
| 1 Document: Advice Letter 3131-E | | | | | | | |
| 2 Appendix A - Amendment to Power Purchase and Sale Agreement | Y | Item VII (G) - Renewable Resource Contracts Under RPS Program - Contracts without SEPs | Y | Y | Y | Disclosure of PPAs would provide valuable market sensitive information to competitors. Counterpartes have an expectation that the terms of their PPAs will remain confidential under the provisions of PG&E's Commission-approved RPS Solicitation Protocol. Since negotiations are still in progress with bidders from the 2005 and 2006 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. | Remain confidential for three years after winning bidders selected |
| 3 Appendix B - Amendment Analysis | Y | Item VII (G) - Renewable Resource Contracts Under RPS Program - Contracts without SEPs | Y | Y | Y | Disclosure of the PPA would provide valuable market sensitive information to competitors. Counterpartes have an expectation that the terms of their PPAs will remain confidential under the provisions of PG&E's Commission-approved RPS Solicitation Protocol. Since negotiations are still in progress with bidders from the 2005 and 2006 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. | Remain confidential for three years after winning bidders selected |

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

| | | |
|------------------------------------|--|---------------------------------------|
| ABAG Power Pool | Douglass & Liddell | PG&E National Energy Group |
| Accent Energy | Downey, Brand, Seymour & Rohwer | Pinnacle CNG Company |
| Aglet Consumer Alliance | Duke Energy | PITCO |
| Agnews Developmental Center | Duke Energy North America | Plurimi, Inc. |
| Ahmed, Ali | Duncan, Virgil E. | PPL EnergyPlus, LLC |
| Alcantar & Kahl | Dutcher, John | Praxair, Inc. |
| Ancillary Services Coalition | Dynergy Inc. | Price, Roy |
| Anderson Donovan & Poole P.C. | Ellison Schneider | Product Development Dept |
| Applied Power Technologies | Energy Law Group LLP | R. M. Hairston & Company |
| APS Energy Services Co Inc | Energy Management Services, LLC | R. W. Beck & Associates |
| Arter & Hadden LLP | Exelon Energy Ohio, Inc | Recon Research |
| Avista Corp | Exeter Associates | Regional Cogeneration Service |
| Barkovich & Yap, Inc. | Foster Farms | RMC Lonestar |
| BART | Foster, Wheeler, Martinez | Sacramento Municipal Utility District |
| Bartle Wells Associates | Franciscan Mobilehome | SCD Energy Solutions |
| Blue Ridge Gas | Future Resources Associates, Inc | Seattle City Light |
| Bohannon Development Co | G. A. Krause & Assoc | Sempra |
| BP Energy Company | Gas Transmission Northwest Corporation | Sempra Energy |
| Braun & Associates | GLJ Energy Publications | Sequoia Union HS Dist |
| C & H Sugar Co. | Goodin, MacBride, Squeri, Schlotz & | SESCO |
| CA Bldg Industry Association | Hanna & Morton | Sierra Pacific Power Company |
| CA Cotton Ginners & Growers Assoc. | Heeg, Peggy A. | Silicon Valley Power |
| CA League of Food Processors | Hitachi Global Storage Technologies | Smurfit Stone Container Corp |
| CA Water Service Group | Hogan Manufacturing, Inc | Southern California Edison |
| California Energy Commission | House, Lon | SPURR |
| California Farm Bureau Federation | Imperial Irrigation District | St. Paul Assoc |
| California Gas Acquisition Svcs | Integrated Utility Consulting Group | Sutherland, Asbill & Brennan |
| California ISO | International Power Technology | Tabors Caramanis & Associates |
| Calpine | Interstate Gas Services, Inc. | Tecogen, Inc |
| Calpine Corp | IUCG/Sunshine Design LLC | TFS Energy |
| Calpine Gilroy Cogen | J. R. Wood, Inc | Transcanada |
| Cambridge Energy Research Assoc | JTM, Inc | Turlock Irrigation District |
| Cameron McKenna | Luce, Forward, Hamilton & Scripps | U S Borax, Inc |
| Cardinal Cogen | Manatt, Phelps & Phillips | United Cogen Inc. |
| Cellnet Data Systems | Marcus, David | URM Groups |
| Chevron Texaco | Matthew V. Brady & Associates | Utility Resource Network |
| Chevron USA Production Co. | Maynor, Donald H. | Wellhead Electric Company |
| City of Glendale | MBMC, Inc. | White & Case |
| City of Healdsburg | McKenzie & Assoc | WMA |
| City of Palo Alto | McKenzie & Associates | |
| City of Redding | Meek, Daniel W. | |
| CLECA Law Office | Mirant California, LLC | |
| Commerce Energy | Modesto Irrigation Dist | |
| Constellation New Energy | Morrison & Foerster | |
| CPUC | Morse Richard Weisenmiller & Assoc. | |
| Cross Border Inc | Navigant Consulting | |
| Crossborder Inc | New United Motor Mfg, Inc | |
| CSC Energy Services | Norris & Wong Associates | |
| Davis, Wright, Tremaine LLP | North Coast Solar Resources | |
| Defense Fuel Support Center | Northern California Power Agency | |
| Department of the Army | Office of Energy Assessments | |
| Department of Water & Power City | OnGrid Solar | |
| DGS Natural Gas Services | Palo Alto Muni Utilities | |