

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 29, 2008

Advice Letter 3230-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: Contract for Procurement of Renewable Energy Resources
Resulting from a Power Purchase Agreement between Wadham
Energy L.P. and PG&E

Dear Mr. Cherry:

Advice Letter 3230-E is effective July 31, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Pacific Gas and Electric Company
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March 14, 2008

Advice 3230-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Contract for Procurement of Renewable Energy Resources
Resulting from a Power Purchase Agreement between Wadham
Energy L.P. and PG&E**

I. PURPOSE AND OVERVIEW

Pacific Gas and Electric Company (“PG&E”) seeks California Public Utilities Commission (“Commission” or “CPUC”) approval of a power purchase agreement (“PPA”) that PG&E has executed with Wadham Energy L.P. (“Wadham”). The PPA replaces an existing Transitional Standard Offer 1 Qualifying Facility (“QF”) contract between PG&E and Wadham, which expires December 31, 2009 (“Existing QF Contract”), with a 10 year contract for firm deliveries of renewable power.

The Commission’s approval of the PPA will authorize PG&E to accept deliveries of Renewables Portfolio Standard (“RPS”) eligible energy from Wadham’s existing biomass facility near Williams in Colusa County, California (“Project”) beginning June 1, 2008, with a firm energy schedule of 26 megawatts (“MW”) or approximately 141 gigawatt hours (“GWh”) per year, for a term of 10 years. Energy deliveries under the PPA are competitively priced below the 10-year 2007 Market Price Referent (“MPR”), and will maintain existing contributions to PG&E’s procurement of 20 percent eligible renewables required by California’s RPS statute,¹ help ensure that PG&E meets its 20 percent portfolio goal, and

¹ California Public Utilities Code section 399.11 et seq., as interpreted by Decision (“D.”) 03-07-061, the “Order Initiating Implementation of the Senate Bill 1078 Renewables Portfolio Standard Program,” and subsequent CPUC decisions in Rulemaking (“R.”) 04-04-026 and R.06-05-027.

contribute to PG&E's RPS goals in the years beyond 2010. The PPA also eliminates the risk that Wadham will terminate or fail to renew the Existing QF Contract, extends deliveries for approximately eight years beyond the Existing QF Contract delivery term, and is consistent with Commission policy regarding the investor-owned utilities' ("IOUs") retention of existing QF capacity.

The PPA resulted from bilateral negotiations. Consistent with the protocol used for review of RPS contracts resulting from the 2007 RPS Solicitation, PG&E has included Confidential Appendices A through H, which address the reasonableness of the PPA. As is discussed below under the section entitled "Request for Confidential Treatment," PG&E is seeking confidential treatment of the information contained in these appendices.

PG&E requests that the Commission issue a resolution no later than May 29, 2008, containing the findings required by the definition of CPUC Approval adopted by D.07-11-025 and incorporated in the PPA so that the PPA will remain in effect.²

II. DETAILED DESCRIPTION OF THE PROJECT

The PPA involves Wadham's existing biomass facility located near Williams in Colusa County, California, which has operated and delivered power to PG&E for the past 18 years. The Project uses rice hulls as its fuel source, which Wadham expects to be available through the term of the PPA.

The PPA resulted from bilateral negotiations between PG&E and Wadham. Wadham responded to PG&E's 2006 RPS Solicitation to sell renewable energy under a long-term power purchase agreement, but its bid was not shortlisted. Nevertheless, because of the offer's attractive pricing, the Project's reliable operating history and the threat of losing an existing renewable energy provider, PG&E negotiated the PPA with Wadham on a bilateral basis.

The PPA replaces the Existing QF Contract, which is set to expire on December 31, 2009, with a new 10-year RPS contract for firm deliveries of renewable power. By

² As provided by D.07-11-025, the Commission must approve the PPA and payments to be made thereunder, and find that the procurement will count toward PG&E's RPS procurement obligations, for the executed PPA to be binding on the parties. Furthermore, the PPA between Wadham and PG&E is subject to no-fault termination if final, non-appealable CPUC approval is not received within 180 days of the date the PPA is filed for CPUC Approval.

replacing the Existing QF Contract, PG&E eliminates the risk of Wadham terminating³ or failing to extend the Existing QF Contract and selling its RPS-eligible generation to another buyer. The levelized energy price under the PPA is below the 10-year 2007 MPR for a project with deliveries beginning in 2008, and is extremely competitive with recently executed renewable offers as well as offers under negotiation. Although the same annual quantity of energy will be delivered under the PPA as under the Existing QF Contract, the PPA extends deliveries approximately eight years beyond the delivery term of the Existing QF Contract.

The following table summarizes the substantive features of the PPA:

Generating Facility	Type	Term Years	MW Capacity	Annual Deliveries	Commercial Operating Date	Project Location
Wadham	Biomass	10 years	26 MW	141 GWh	Currently operating	Near Williams, in Colusa County, CA

A copy of the PPA is provided in Confidential Appendix G and a contract analysis is provided in Confidential Appendix D.

The Project is currently operating. The parties will continue to perform under the Existing QF Contract until CPUC Approval is obtained and PG&E receives a final and non-appealable Commission order finding that PG&E's entry into the PPA is reasonable and that payments under the PPA are recoverable in rates. The Existing QF Contract will terminate following CPUC Approval. If CPUC Approval is not obtained by June 1, 2008, but rather by some later date, the PPA's pricing provisions will be applied through a billing adjustment to all volumes delivered between June 1, 2008 and the date of CPUC Approval.

III. PRG PARTICIPATION AND FEEDBACK

PG&E informed its Procurement Review Group ("PRG") of the proposed transaction on May 30, 2007, November 30, 2007 and February 22, 2008. The PRG voiced no objections to the proposed PPA.

³ Under the Existing QF Contract, Wadham has a unilateral right to terminate the contract on 30 days notice, with no termination penalties.

IV. THE WADHAM PPA IS CONSISTENT WITH THE COMMISSION'S RPS-RELATED DECISIONS

A. Consistency with PG&E's Adopted RPS and Long-Term Procurement Plans

1. Fit with Identified Renewable Resource Needs

PG&E's 2007 renewable procurement plan ("Plan") was approved in D.07-02-011 on February 15, 2007. As required by statute, the Plan includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.⁴

The goal of PG&E's approved Plan was to procure approximately one to two percent of its retail sales volume, or between 750 GWh and 1,500 GWh per year, with delivery terms of 10, 15 or 20 years. Projects capable of providing actual deliveries with only a short or no delay are especially valuable to PG&E.

With expected RPS-eligible energy deliveries of approximately 141 GWh per year for a term of 10 years beginning in 2008, the PPA retains volumes that would have been received under the Existing QF Contract through 2009, and provides for an additional eight years of deliveries beginning in 2010. As a result, the PPA will maintain existing contributions to PG&E's 2010 RPS target and will help ensure that PG&E meets its 20 percent portfolio goal. It will also contribute to PG&E's RPS goals in the years beyond 2010.

2. Consistency with PG&E's Long Term Procurement Plan

PG&E's 2006 long-term procurement plan ("LTPP") stated that PG&E would aggressively pursue procurement of RPS-eligible renewable resources. In approving PG&E's 2006 LTPP, the Commission noted that development of renewable energy is of "great importance to the Governor, the State of California, and the Commission."⁵ The Commission also "require[d] the IOUs to at least

⁴ Pub. Util. Code § 399.14(a)(3).

⁵ D.07-12-052 at 74.

maintain their current QF capacity over the next decade,” stating that “current QF capacities . . . shall be preserved through re-contracting with existing QFs and contracting with new QFs.”⁶ The PPA is consistent with PG&E’s 2006 LTPP and with Commission policy regarding renewable energy and QF capacity expressed in the decision approving PG&E’s 2006 LTPP.

B. Consistency of Bid Evaluation Process with Least-Cost Best Fit Decision

The RPS statute requires the “least cost, best fit” (“LCBF”) eligible renewable resources to be procured.⁷ The LCBF decision directs the utilities to use certain criteria in their bid ranking.⁸ It offers guidance regarding the process by which the utility ranks bids in order to select or “shortlist” the bids with which it will commence negotiations. The renewables bid evaluation process focuses on four primary areas:

1. Determination of market value of bid,
2. Calculation of transmission adders and integration costs,
3. Evaluation of portfolio fit, and
4. Consideration of non-price factors.

Since the PPA is the result of bilateral negotiations, PG&E did not evaluate the PPA in the same manner that PG&E evaluated bids received in the 2007 RPS Solicitation. However, the reasonableness of the PPA was examined using market value comparisons with other RPS transactions received in the 2007 RPS Solicitation. The general finding is that this transaction is highly competitive with other RPS opportunities.

1. Market Valuation

In a “mark-to-market analysis,” the present value of the bidder’s payment stream is compared with the present value of the product’s market value to determine the benefit (positive or negative) from the procurement of the resource, irrespective of PG&E’s portfolio. In this analysis, PG&E includes the bid price and indirect costs,

⁶ D.07-12-052 at 85.

⁷ Pub. Util. Code § 399.14 (a)(2)(B).

⁸ D.04-07-029.

such as the costs to the utility transmission system caused by interconnection of the resource to the grid or integration of the generation into the system-wide electrical supply.

2. **Portfolio Fit**

Portfolio fit considers how well an offer's features match PG&E's portfolio needs. The PPA fits PG&E's portfolio in a satisfactory manner.

3. **Consistency with the Transmission Ranking Cost Decision**

Under the RPS program, the potential customer cost of accepting energy deliveries from a particular project must be considered when determining a project's value. Under the PPA, Wadham will deliver generation from its existing biomass facility located near Williams, in Colusa County, California. The facility is already connected to the transmission system and no transmission upgrades are necessary to receive deliveries under the PPA. Hence, no additional costs to accept deliveries were included in the evaluation of the PPA's net benefits.

4. **Consistent Application of TODs**

Time of Delivery ("TOD") factors are applied to a non-time differentiated purchase price in order to weight payments according to the value of electricity delivered during various periods. The TOD factors that were applied to the PPA were consistent with the TOD factors that were applied to bids received in the 2006 RPS Solicitation.

5. **Qualitative Factors**

PG&E considered qualitative factors as required by D.04-07-029 and D.07-02-011 when evaluating the PPA. This transaction helps satisfy regulatory requirements (local Resource Adequacy) and is consistent with the recommendations of the CPUC regarding the treatment of expiring QF contracts.

C. Consistency with Adopted Standard Terms and Conditions

The Commission set forth standard terms and conditions to be incorporated into RPS agreements in D.04-06-014, D.07-02-011 as modified by D.07-05-057, and D.07-11-025. As shown in Confidential Appendix H1 to this Advice Letter, the PPA contains the non-modifiable terms set forth in Attachment A of D.07-11-025.

Changes have been made to the terms that the Commission has designated as modifiable in D.07-11-025 based upon mutual agreement reached during negotiations. Confidential Appendix H2 compares each modifiable standard term and condition that has been changed in the PPA against its form in the 2007 Solicitation Protocol issued on March 12, 2007.

The PPA represents a meeting of the minds between Wadham and PG&E, and each term was bargained for in consideration of every other term. Each provision is essential to the negotiated agreement between the parties and the Commission should therefore not modify any of the provisions. The Commission should consider the agreement as a whole, in terms of its ultimate effect on utility customers. PG&E submits that the PPA protects the interests of its customers while achieving the Commission's goal of increasing procurement from eligible renewable resources.

D. Consistency with Minimum Quantity Decision

Under Public Utilities Code section 399.14(b), the Commission "may authorize a retail seller to enter into a contract of less than 10 years' duration with an eligible renewable energy resource," provided that it "has established, for each retail seller, minimum quantities of eligible renewable energy resources to be procured either through contracts of at least 10 years' duration or from new facilities commencing commercial operations on or after January 1, 2005." In D.07-05-028, the Commission determined that in order to count energy deliveries from short-term contracts with existing facilities toward RPS goals, RPS-obligated load-serving entities must contract for deliveries equal to at least 0.25 percent of their prior year's retail sales through long-term contracts or through short-term contracts with new facilities.

The PPA is a long-term contract with an existing facility and thus counts toward PG&E's procurement obligation for 2008 under D.07-05-028. As of the date of this filing, PG&E has executed one other RPS contract in 2008, which is a short-term contract with an existing facility.

V. MPR

The actual price of the PPA is confidential, market sensitive information.

The levelized price over the term of the PPA is below the 2007 MPR for a project with a 10-year delivery term beginning in 2008.

VI. PROJECT VIABILITY

The PPA concerns an existing, operating facility that has delivered power to PG&E over the last 18 years. There is no development prior to delivery or any associated milestones, so viability issues are minor. As noted above, Wadham expects that the Project's fuel source will be available through the PPA term.

VII. CONTINGENCIES AND PROJECT MILESTONES

Because Wadham is an existing, operating facility, there are no project milestones. The PPA is subject to no-fault termination if final CPUC Approval is not received within 180 days of the date the PPA is filed for CPUC Approval. Other contingencies are addressed in Confidential Appendix D.

VIII. TERMS AND CONDITIONS OF DELIVERY

Before and after implementation of the California Independent System Operator's ("CAISO") Market Redesign and Technology Upgrade ("MRTU"), the point of delivery will be the Project substation. PG&E will serve as the scheduling coordinator for all deliveries under the PPA.

IX. REGULATORY PROCESS

A. Requested Effective Date

PG&E requests that the Commission issue a resolution approving this advice filing no later than May 29, 2008.

B. Earmarking

PG&E is not currently proposing to earmark this contract.

C. RPS-Eligibility Certification

The PPA includes the standard representation and warranty that during the delivery period, the Project will constitute an eligible renewable energy resource certified by

the California Energy Commission (“CEC”). The Wadham biomass facility has been certified by the CEC as an eligible renewable energy resource.

D. Request for Confidential Treatment

In support of this Advice Letter, PG&E has provided the following confidential information, including the PPA and other information that more specifically describes the rights and obligations of the parties. This information is being submitted in the manner directed by the Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with D.06-06-066, issued August 22, 2006, to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided by section 583 of the Public Utilities Code under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Attachments:

Appendix A – Overview of 2004 – 2007 Solicitation Bids

Appendix B – 2007 Bid Evaluations

Appendix C – Intentionally Omitted as Not Applicable

Appendix D – Contract Terms and Conditions Explained

Appendix E – Project Viability

Appendix F – Project’s Contribution Toward RPS Goals

Appendix G – Power Purchase Agreement

Appendix H1 – Standard Terms and Conditions Comparison – Non-Modifiables

Appendix H2 – Standard Terms and Conditions Comparison – Modifiables

E. Compliance with the Greenhouse Gas Emission Performance Standard

In D.07-01-039, the Commission adopted an Emissions Performance Standard (“EPS”) that applies to contracts for a term of five or more years for baseload generation with an annualized plant capacity factor of at least 60 percent. Generating facilities using biomass that would otherwise be disposed of using open burning, forest accumulation, landfill, spreading or composting are pre-approved as compliant with the EPS. Accordingly, PG&E need not show that the net emissions rate of the Wadham facility does not exceed 1,100 lbs of CO₂ per MWh. PG&E has provided notice of the PPA’s exemption from the interim EPS requirements by serving this Advice Letter on the service list in the RPS rulemaking, R.06-05-027.

X. REQUEST FOR COMMISSION APPROVAL

The continued effectiveness of the PPA is conditioned on the occurrence of “CPUC Approval,” as that term is defined in the PPA. Time is of the essence in the Commission’s consideration and approval of this Advice Letter. As noted above, the PPA eliminates the risk that the Existing QF Contract will be terminated, thereby securing RPS-eligible deliveries that PG&E would have received under the Existing QF Contract through 2009, and also provides for additional deliveries of RPS-eligible energy for eight years beginning in 2010. Approval of the renegotiated commercial relationship will provide mutual benefit to Wadham and PG&E.

Therefore, PG&E requests that the Commission issue a resolution no later than **May 29, 2008** that:

1. Approves the PPA in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to the Commission’s review of PG&E’s administration of the PPA.
2. Finds that any procurement pursuant to the PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E’s compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) (“RPS”), Decision (“D.”) 03-06-071 and D.06-10-050, or other applicable law.
3. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(g), associated with the PPA shall be recovered in rates.

4. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:
 - a. The PPA is consistent with PG&E's approved 2007 RPS procurement plan.
 - b. The terms of the PPA, including the price of delivered energy, are reasonable.

5. Adopts the following finding of fact and conclusion of law in support of PPA cost recovery:
 - a. The utility's cost of procurement under the PPA shall be recovered through PG&E's Energy Resource Recovery Account.
 - b. Any stranded costs that may arise from the PPA are subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is being addressed in Rulemaking ("R.") 06-02-013.

6. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard ("EPS") adopted in R.06-04-009:
 - a. PG&E has requested pre-approval of RPS-eligible procurement covered by SB 1368 as required by D.07-01-039.
 - b. The generating facility employs biomass that would otherwise be disposed of utilizing open burning, forest accumulation, landfill, spreading or composting.
 - c. The renewable resource is pre-approved as compliant with the Interim EPS adopted by D.07-01-039.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 3, 2008**, 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: jjr@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 Gatshalian, 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 the Commission issue a resolution approving this advice filing no later than May 29, 2008.

Notice:

In accordance with General Order 96-B, Section IV, 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 lists for R.06-02-012, R.06-02-013 and R.06-05-027. 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>



Brian K. Cherry
Vice President - Regulatory Relations

cc: Service List for R.06-05-027
Service List for R.06-02-013
Service List for R.06-02-012
Paul Douglas - Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of, among other items, the contract itself, price information, and analysis of the proposed RPS contract, which are protected pursuant to D.06-06-066. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

Confidential Attachments:

Appendix A – Overview of 2004 – 2007 Solicitation Bids

Appendix B – 2007 Bid Evaluations

Appendix C – Intentionally Omitted as Not Applicable

Appendix D – Contract Terms and Conditions Explained

Appendix E – Project Viability

Appendix F – Project’s Contribution Toward RPS Goals

Appendix G – Power Purchase Agreement

Appendix H1 – Standard Terms and Conditions Comparison – Non-Modifiables

Appendix H2 – Standard Terms and Conditions Comparison – Modifiables

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) #: 3230-E

Tier: 3

Subject of AL: Contract for Procurement of Renewable Energy Resources Resulting from a Power Purchase Agreement between Wadham Energy L.P. and PG&E

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 AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes, see attached matrix

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: Rich Miram (415) 973-1170

Resolution Required? Yes No

Requested effective date: May 29, 2008

No. of tariff sheets: 0

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

Pending advice letters that revise the same tariff sheets:

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 RICH MIRAM
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3230-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Rich Miram, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee at PG&E since 1973. My current title is Principal within PG&E's Energy Procurement organization. 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 numerous counterparties and have also gained knowledge of the operations of electricity sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with 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, B, D, E, F, G, H1, and H2 to Advice Letter 3230-E," submitted on March 14, 2008. By this Advice Letter, PG&E is seeking this Commission's approval of a PPA that PG&E has executed with Wadham Energy L.P.

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, or constitutes information that should be protected

under Public Utilities Code § 583 and General Order 66-C. 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 all of the explanatory text in the attached matrix that is pertinent to this filing.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on March 14, 2008 at San Francisco, California.



Rich Miram

		PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3230-E March 14, 2008		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066		PG&E's Justification for Confidential Treatment		Length of Time	
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)				
1	Document: Advice Letter 3230-E								
2	Appendix A	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	Y	This Appendix contains bid information and bid evaluations from the 2004, 2005, 2006 and 2007 solicitations. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, contracts from the 2005, 2006 and 2007 solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected		
3	Appendix B	Item VII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	Y	This Appendix contains bid information and bid evaluations from the 2007 solicitation. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, contracts from the 2005, 2006, and 2007 solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected		
4	Appendix D	Item VIII B) Specific quantitative analysis involved in scoring and evaluation of participating bids. Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs. Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.	Y	Y	Y	This Appendix contains information regarding the terms of the PPA, bid evaluations from the 2007 solicitation, and analyses and evaluations of the project. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006 and 2007 solicitations, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty has an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA. I am informed and believe that General Order 66-C provides a separate and independent basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	For information covered under Item VIII B), remain confidential for three years after winning bidders selected For information covered under Item VII G) and Item VII (un-numbered category following VII G), remain confidential for three years		
5	Appendix E	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.	Y	Y	Y	This Appendix contains information concerning and analyses and evaluations of project viability. If made public, this information could harm the counterparty and adversely affect project viability.	Remain confidential for three years		

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
6 Appendix F	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. Item VI B) Utility Bundled Net Open Position for Energy (MWh).	Y	Y	Y	This Appendix contains information that, if disclosed, would provide valuable market sensitive information to competitors and allow them to see PG&E's remaining RPS net open energy position. Since negotiations are still in progress with bidders from the 2005, 2006 and 2007 solicitations, this information should remain confidential for three years.	Remain confidential for three years
7 Appendix G	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains the PPA. Disclosure of the PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006 and 2007 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty has an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA. I am informed and believe that General Order 66-C provides a separate and independent basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	Remain confidential for three years
8 Appendices H1 and H2	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	These Appendices contain certain terms of the PPA. Disclosure of certain terms of the PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006 and 2007 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty has an expectation that the terms of the PPA will remain confidential pursuant to the confidentiality provisions of the PPA. I am informed and believe that General Order 66-C provides a separate and independent basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	Remain confidential for three years

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

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