

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 12, 2008

Advice Letter 3262-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: Procurement Transaction Quarterly Compliance Filing (Q1, 2008)

Dear Mr. Cherry:

Advice Letter 3262-E is effective October 25, 2008.

Sincerely,

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

Kenneth Lewis, Acting Director
Energy Division



April 30, 2008

**Advice 3262-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

Subject: Procurement Transaction Quarterly Compliance Filing (Q1, 2008)

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) its compliance filing for the first quarter of 2008, Pursuant to Pacific Gas and Electric Company's (PG&E) Conformed 2006 Long-Term Procurement Plan (LTPP), submitted in Advice 3233-E, PG&E hereby submits its Procurement Transaction Quarterly Compliance Report for record period January through March 2008 (Q1-2008).¹ and in accordance with Decision (D.) 03-12-062, O.P. 19, which requires that the Quarterly Procurement Plan Compliance Reports be submitted within 30 days of the end of the quarter.

Background

In D. 02-10-062, appendix B, *Adopted Master Data Request for Monthly Advice Letters*, outlines the required information for each utility's transaction reporting advice letter. The Energy Division clarified that the compliance items delineated in Appendix B of D.02-10-062 are for the Quarterly Report. The quarterly cycle for Appendix B was formalized in D.03-06-076, Order Modifying Decisions 02-10-062 and 02-12-074 and Denying Rehearing.² Subsequently, D. 03-12-062, O.P. 19, granted PG&E and SCE's joint petition to extend the due date of the quarterly filing from within 15 days to within 30 days of the end of the quarter.

In addition, a histogram (graph) of energy purchases and sales during the first quarter of 2008 is also provided in Confidential Appendix G.

¹ PG&E's 2006 Conformed Long-Term Procurement Plan, Cal. P.U.C. Sheet No. 87.

² Ordering Paragraph 8 of the Decision modified the title of Appendix B from D.02-10-062 to read: "Adopted Master Data Request for Quarterly Advice Letters." Also, in the first sentence of Appendix B, the word "month's" was deleted and replaced with "quarter's."

Compliance Items

A Confidential Attachment (the narrative) with supporting Appendices is being submitted to the Energy Division as follows:

Confidential Attachment and Related Appendices

The Confidential Attachment to this filing contains responses to the information requested in Appendix B of D.02-10-062, as clarified by D.03-06-076 and of D.02-12-074, O.P. 10.

The supporting Confidential Appendices are:

Appendix A -	Briefing Package to Decision Makers
Appendix B -	Procurement Review Group - Meeting Minutes, Presentations
Appendix C -	RFO for Pipeline Capacity
Appendix D -	Gas Peaking Products
Appendix E -	GTN Pipeline Capacity Confirmations
Appendix F -	Gas Storage
Appendix G -	PG&E's Quarterly Transactions by Type and Quantity
Appendix H -	PG&E's Monthly Transactions by Type and Quantity
Appendix I -	PG&E's Monthly ISO Purchase and Sales Transactions for November and December 2007 and January 2008
Appendix J -	Monthly Reports of Projected Need
Appendix K -	Histogram

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **May 20, 2008**, which is 20 days after 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
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail to (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:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
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

In compliance with D.02-10-062, the effective date of this advice letter is **April 30, 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 Rulemaking (R.)01-10-024 and R.04-04-003. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. Send all electronic approvals to PGETariffs@pge.com. 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, R.04-04-003
PG&E's Procurement Review Group

Attachments

Confidential Attachment and Related Confidential Appendices A through K

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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3262-E**

Tier: 2

Subject of AL: Procurement Transaction Quarterly Compliance Filing (Q1, 2008)

Keywords (choose from CPUC listing): Procurement Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.02-10-062, D.03-06-076, D.03-12-062

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 page 2 of advice letter for the complete list of confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes
 No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Sharon Tatai (415) 973-2788

Resolution Required? Yes No

Requested effective date: **4/30/08**

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

Pending advice letters that revise the same tariff sheets: 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

**ADVICE LETTER FILING OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

**DECLARATION OF SHARON K. TATAI IN SUPPORT OF ADVICE LETTER FILING
3262-E, THE FIRST QUARTER QUARTERLY PROCUREMENT TRANSACTION
COMPLIANCE REPORT**

I, Sharon K. Tatai, declare:

1. I am a Senior Energy Compliance and Reporting Analyst of the Electric Contracts Management and Settlements Department within the Energy Procurement Department at Pacific Gas and Electric Company (PG&E). I am responsible for the coordination of the quarterly procurement transaction compliance report and related data. In carrying out these responsibilities, I have acquired knowledge of the transactions identified, in PG&E's electric portfolio, which are the subject of this advice letter. I have reviewed PG&E's advice filing and was responsible for supervision of the preparation of narrative and related attachments. I am familiar with the information included in this response, and would testify to the facts and representations in this declaration under oath based on personal knowledge, experience, information, and belief.

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 in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment for certain information in a specific attachment in Advice Letter 3262-E, submitted on April 30, 2008.

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 all of the explanatory text that is pertinent to my testimony 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 April 30, 2008, at San Francisco, California.

/s/

SHARON K. TATAI

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
7								
8	1	Y	Under Public Utilities Code Section 583 and General Order 66-C	Y	N	N	The only information PG&E is redacting is volume that PG&E purchased, which is protected for three years.	3 years
9	2	Y	Under Public Utilities Code Section 583 and General Order 66-C	Y	N	N	The only information PG&E is redacting is volume that PG&E purchased, which is protected for three years.	3 years
10	3	Y	Under Public Utilities Code Section 583 and General Order 66-C	Y	N	N	The only information PG&E is redacting is volume that PG&E purchased, which is protected for three years.	3 years
11	4	Y	Under Public Utilities Code Section 583 and General Order 66-C	Y	N	N	The only information PG&E is redacting is volume that PG&E purchased, which is protected for three years.	3 years
12	5	Y	Under Public Utilities Code Section 583 and General Order 66-C	Y	N	N	The only information PG&E is redacting is volume that PG&E purchased, which is protected for three years.	3 years
13	6	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
14	7	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
15	8	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
16	9	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
17	10	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
18	11	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
19	12	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
20	13	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
21	14	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
22	15	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
23	16	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
24	17	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
25	18	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
26	18	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
27	19	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
28	20	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
29	21	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
30	22	Y	Page 22, Item XIII, Energy Division Monthly Data Request	Y	N	N	Identification of amounts that contribute to the Monthly Energy Division Report	3 years
31	23	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
32	24	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
33	25	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
34	26	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
35	27	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
36	28	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
37	29	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
38	30	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
39	31	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
40	32	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
41	33	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
42	34	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
43	35	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
44	36	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
45	37	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
46	38	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
47	39	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
48	40	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
49	41	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
50	42	Y	Page 2, Item I.A.4 - Long-term fuel (gas) buying and hedging plans; Page 3, Item II.B.2 Utility recorded gas procurement and cost information	Y	N	N	Identification of hedging strategies.	3 yrs
51	43	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
52	44	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
53	45	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
54	46	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
55	47	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
56	48	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
57	49	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
58	50	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
59	51	Y	Page 13, Item VI, Open Net Position; Electric; Page 2, Item IA.4 - Long-term fuel (gas) buying and hedging plans	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
60	52	Y	Page 13, Item VI, Open Net Position; Electric; Page 2, Item IA.4 - Long-term fuel (gas) buying and hedging plans	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
61	53	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
62	54	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
63	55	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
64	56	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
65	57	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
66	58	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
67	59	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
68	60	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
69	61	Y	Page 13, Item VI, Open Net Position; Electric; Page 2, Item IA.4 - Long-term fuel (gas) buying and hedging plans	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
70	62	Y	Page 13, Item VI, Open Net Position; Electric; Page 2, Item IA.4 - Long-term fuel (gas) buying and hedging plans	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
71	63	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
72	64	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
73	65	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
74	66	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
75	67	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
76	68	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
77	69	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
78	70	Y	Page 22, Item XIII, Energy Division Monthly Data Request, Page 13, Item VI, Open Net Position; Electric	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
79	71	Y	Page 13, Item VI, Open Net Position; Electric; Page 2, Item IA.4 - Long-term fuel (gas) buying and hedging plans	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs
80	72	Y	Page 13, Item VI, Open Net Position; Electric; Page 2, Item IA.4 - Long-term fuel (gas) buying and hedging plans	Y	N	N	Reveals PG&E's position in the energy procurement market. Identification of strategies-leading to transactions that close our net open position.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
81	Confidential Attachment A	Y	Page 15, Section VII - Bilateral Contract Terms and Conditions - Electric, Section B - Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Public Utilities Code 583 and General Order 66-C	Y	N	N	Presentations specifically relate to bilateral agreement of settlement reached between PG&E and counterparty	3 yrs
82	Confidential Attachment B	Y	Page 15, Section VII - Bilateral Contract Terms and Conditions - Electric, Section B - Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Public Utilities Code 583 and General Order 66-C	Y	N	N	Presentations specifically relate to bilateral agreement of settlement reached between PG&E and counterparty	3 yrs
83	Confidential Attachment C	Y	Page 15, Section VII - Bilateral Contract Terms and Conditions - Electric, Section B - Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Public Utilities Code 583 and General Order 66-C	Y	N	N	Specific agreements related to price, counterparty, and volumes	3 yrs
84	Confidential Attachment D	Y	Page 15, Section VII - Bilateral Contract Terms and Conditions - Electric, Section B - Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Public Utilities Code 583 and General Order 66-C	Y	N	N	Specific agreements related to price, counterparty, and volumes	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
85	Confidential Attachment E	Y	Page 15, Section VII - Bilateral Contract Terms and Conditions - Electric, Section B - Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Public Utilities Code 583 and General Order 66-C	Y	N	N	Specific agreements related to price, counterparty, and volumes	3 yrs
86	Confidential Attachment F	Y	Page 15, Section VII - Bilateral Contract Terms and Conditions - Electric, Section B - Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Public Utilities Code 583 and General Order 66-C	Y	N	N	Specific agreements related to price, counterparty, and volumes	3 yrs
87	Confidential Attachment G	Y	Page 13, Item VI.A - Utility Bundled Net Open for Energy (MWh); Page 22, Item XIII - Energy Division Monthly Data Request (AB 57)	Y	N	N	A derivative of the Energy Division Monthly Data Request. The data provided identifies purchases and sales, and thus reveals PG&E's position in the market.	3 yrs
88	Confidential Attachment H	Y	Page 13, Item VI.A - Utility Bundled Net Open for Energy (MWh); Page 22, Item XIII - Energy Division Monthly Data Request (AB 57)	Y	N	N	Identification of purchases and sales, by market with corresponding dollars and thus reveals PG&E's position in the market.	3 yrs
89	Confidential Attachment I	Y	Page 22, Item XI - Monthly Procurement Costs (Energy Resource Recovery Account (ERRA) filings)	Y	N	N	Identification of purchases and sales, by market with corresponding dollars and thus reveals PG&E's position in the market.	3 yrs

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
90	Confidential Attachment J	Y	Page 13, Item VI.A - Utility Bundled Net Open for Energy (MWh)	Y	N	N	Provides information on calculated net open amounts by month and identifies PG&E strategic direction. Revelation could increase costs for purchases; decrease revenue for sales, and thus detrimental to the ratepayers.	3 yrs
91	Confidential Attachment K	Y	Page 13, Item VI.A - Utility Bundled Net Open for Energy (MWh); Page 22, Item XIII - Energy Division Monthly Data Request (AB 57)	Y	N	N	A derivative of the Energy Division Monthly Data Request. The data provided identifies purchases and sales, and thus reveals PG&E's position in the market.	3 yrs
92								
93								
94								
95								
96								
97								
98								
99								
100								
101								
102								
103								
104								
105								
106								
107								
108								
109								
110								
111								
112								
113								
114								
115								
116								
117								

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Advice 3262-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: April 30, 2008							
5								
6	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
118								
119								
120								
121								
122								
123								
124								
125								
126								
127								
128								
129								
130								
131								
132								
133								
134								
135								
136								
137								
138								
139								
140								
141								
142								
143								
144								
145								
146								
147								
148								
149								
150								
151								
152								

PACIFIC GAS AND ELECTRIC COMPANY
Procurement Transaction Quarterly Compliance Report
1st Quarter—2008
January 30, 2008

Introduction

Pursuant to Pacific Gas and Electric Company's (PG&E) Conformed 2006 Long-Term Procurement Plan (LTPP), submitted in Advice 3233-E, PG&E hereby submits its Procurement Transaction Quarterly Compliance Report for record period January through March 2008 (Q1-2008).¹

During Q1-2008, PG&E engaged in competitive solicitations, bilateral contracting and market transactions conducted through brokers, electronic platforms and directly with counterparties to manage its net open (long or short) positions during the quarter and for portions of its future energy and capacity requirements. This report includes energy delivery and price data for transactions executed within Q1-2008.

PG&E's energy transactions in the California Independent System Operator (CAISO) markets are not finalized until after the CAISO settlement period, which occurs approximately 75 days after the close of an operating month. This report includes final quantities of energy in megawatt-hours (MWh) that PG&E procured in the CAISO markets for the months of November and December 2007, and January 2008, which are included in Confidential Appendix I. The quarterly report for the Q2-2008 will include final CAISO procurement for the months of February, March and April 2008.

Data Request Items

Decision 02-10-062, Appendix B, as clarified by Decision 03-06-076, sets forth specific elements to be addressed in this quarterly report. Each element is identified below, along with PG&E's response.

¹ PG&E's 2006 Conformed Long-Term Procurement Plan, Cal. P.U.C. Sheet No. 87.

1. Identification of the ultimate decision maker(s) up to the Board level, approving transactions.

Electric and gas procurement activities conducted during Q1-2008 included the execution of renewable agreements, Request for Offer (RFO) for Gas Transportation, fuel supply for utility-retained generation (URG) and contracted resources; gas hedging for both utility-owned facilities and other contracted facilities; and forward, spot-market, and CAISO real-time transactions. PG&E also participated in CAISO's Firm Transmission Rights (FTR) auction. Each of these activities is described in Section 3b. All procurement activity was approved and executed either by or under the direction of Fong Wan (Vice President, Energy Procurement) or Roy Kuga (Vice President, Energy Supply).

2. The briefing package provided to the ultimate decision maker.

For Q1-2008, the specific transactions requiring presentation to and approval from PG&E's Utility Risk Management Committee (URMC) and Risk Policy Committee (RPC) are included in Confidential Appendix A.

3. Description of and justification for the procurement processes used to select the transactions (e.g., Request for Offers, electronic trading exchanges, CAISO spot markets).

To meet electric energy resource requirements during Q1-2008, PG&E engaged in a variety of procurement activities consistent with PG&E's Conformed 2006 LTPP² allowed under Decisions 03-12-062, 04-01-050 and 04-12-048.

PG&E implemented a RFO for Pipeline Capacity (Gas), acquired gas storage service, and participated in the CAISO's FTR, voice and electronic exchange transactions. PG&E also procured in CAISO markets, as discussed in Section 3b.

PG&E procured fuel for its remaining URG fossil fuel electric generation facility at Humboldt Bay. PG&E also supplied fuel for its contracted resources through the Mirant Second Wraparound Agreement and the Duke Morro Bay Energy Tolling Agreement. Financial hedging

² PG&E's 2006 Conformed Long-Term Procurement Plan, Cal. P.U.C. Sheet Nos. 10-14.

transactions were completed to reduce risk associated with the open gas position. Transaction information is discussed further in Section 4.

The pertinent presentations made by PG&E to its Procurement Review Group (PRG) and meeting notes of PRG meetings conducted in Q1-2008 that specifically relate to transactions executed in the quarter are in Confidential Appendix B.

3a. For competitive solicitations, describe the process used to rank offers and select winning bids.

Electric Procurement

PG&E executed agreements under RFO for pipeline capacity and participated in the CAISO's FTR Auction.

Firm Transmission Rights (FTR) Auction Participation

During Q1, 2008, PG&E participation in CAISO's FTR Auction covered the period April 1, 2008 through March 31, 2009. In the day-to-day management of its portfolio position, PG&E faces congestion risk on various transmission paths, mainly the Pacific A/C Intertie (PACI), Path 15 and Path 26. PG&E can procure FTRs on transmission paths in the CAISO auction to hedge these congestion risks. Additionally, FTRs would lead to a reduction in TeVar. A FTR is a right, in a single direction only, to a 1 megawatt (MW) portion of a transmission path from an originating zone to a contiguous receiving zone. FTRs are settled financially during hours of congestion with FTR holders receiving day ahead and hour ahead market usage charges proportional to their share of the FTR rights. These revenues offset congestion charges that may arise from scheduling power on the path, making the FTR an effective hedge against congestion charges in the day-ahead and hour-ahead markets.

In contrast to previous years, the CAISO offered FTRs for usage periods less than 12 months. PG&E's analysis of these congestion risks indicated that it should participate in the CAISO FTR auction for the following quantities and usage periods:

TABLE 1
PACIFIC GAS AND ELECTRIC COMPANY
PG&E'S ANALYSIS OF CONGESTION RISK (MW)

2008/2009 FTR (MW)	PACI	Path 15	Path 26
Apr-08	300	1,550	250
May-08	300	2,000	100
Jun-Sep-08	600	2,075	150
Oct-08	300	2,300	250
Nov-08	300	2,200	350
Dec-08	300	2,125	275
Jan-Mar-09	300	2,000	225

If Market Redesign and Technology Upgrade (MRTU) is successfully deployed prior to March 2009, all revenues collected for unused periods is to be returned to the winning bidders.

Southbound FTRs on PACI allow PG&E to manage the congestion risk associated with moving energy from its generation contracts in the Pacific Northwest. Path 15 (i.e., northbound from ZP-26 to NP-15) and Path 26 (i.e., southbound from ZP-26 to SP-15) FTRs allow PG&E to move energy from its generation sources located in the ZP-26 pocket to either its load at NP-15 (utilizing Path 15), or to SP-15 (utilizing Path 26) where it can be exchanged for NP-15 energy.

PG&E acquired the following amounts in the auction identified in Tables 2A and 2B.

TABLE 2A
PACIFIC GAS AND ELECTRIC COMPANY
PG&E'S ACQUISITION IN THE CAISO
AUCTION FOR FIRM TRANSMISSION RIGHTS (MW)

2008/2009 FTR (MW)	PACI	Path 15	Path 26
Apr-08	300	1,481	250
May-08	300	1,974	100
Jun-Sep-08	578	1,932	150
Oct-08	294	2,295	248
Nov-08	293	2,200	347
Dec-08	286	2,125	274
Jan-Mar-09	93	2,000	225

**TABLE 2B
PACIFIC GAS AND ELECTRIC COMPANY
PG&E'S ACQUISITION IN THE CAISO
AUCTION FOR FIRM TRANSMISSION RIGHTS (MW)**

FTR Clearing Price (\$/MW)	PACI	Path 15	Path 26
Apr-08	\$1,862.85	\$8.33	\$62.91
May-08	\$3,057.30	\$9.16	\$66.25
Jun-Sep-08	\$16,305.46	\$35.00	\$288.35
Oct-08	\$241.09	\$24.57	\$15.40
Nov-08	\$109.58	\$110.02	\$9.16
Dec-08	\$109.58	\$110.02	\$8.33
Jan-Mar-09	\$493.11	\$56.25	\$32.50

The briefing package provided to the Utility Risk Management Committee (URMC) is included in Confidential Appendix A. This transaction strategy was presented to the PRG on February 22, 2008. This presentation is included in Confidential Appendix B.

Natural Gas Pipeline Capacity

On February 11, 2008, PG&E issued an RFO for Q3 (July 1 through September 30) pipeline capacity. Though not required, PG&E issued the RFO as a method for informing the marketplace of the desire for capacity. This RFO sought 50,000 MMBtu/d of firm capacity on any of the five interstate pipeline systems delivering gas to PG&E. PG&E also solicited accompanying intrastate capacity rights. PG&E issued the RFO to 40 counterparties and firm capacity holders. On February 26, 2008, PG&E received offers from six counterparties. Using current forward prices, the capacity offered by Sempra Energy Trading (SET), Powerex, and Total represented the lowest delivered cost of gas at the PG&E Citygate. As a result of the RFO, these parties released the capacity to PG&E through pre-arranged deals on the pipelines' public capacity release systems. This capacity is listed in Table 3. A copy of the confirmation is included in Confidential Appendix B. PG&E also acquired matching firm in-state capacity on PG&E's California Gas Transmission (CGT) system. The El Paso volumes were matched with seasonal firm (G-SFT) Baja capacity at the tariff straight fixed variable (SFV) rate. PG&E acquired matching Redwood capacity at a discounted rate by participating in [REDACTED]

1

2

. Since this capacity's

3-4

CGT's full tariff rate. A copy of

5

the confirmation is in Confidential Appendix C.

**TABLE 3
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF Q1-2008 INTERSTATE PIPELINE CAPACITY PURCHASES**

Pipeline	Term	Receipt Point	Delivery Point	Volume (MMBtu/day)	Reservation Rate (\$/MMBtu)
TransCanada (NOVA)	July 1, 2008 to Sep 30, 2008	AECO NIT*	A/BC**	5,168	US \$0.08
TransCanada (NOVA)	July 1, 2008 to Sep 30, 2008	AECO NIT	A/BC	15,506	US \$0.052
TransCanada (Foothills)	July 1, 2008 to Sep 30, 2008	A/BC	Kingsgate, BC	5,116	US \$0.08
TransCanada (Foothills)	July 1, 2008 to Sep 30, 2008	A/BC	Kingsgate, BC	15,348	Full Tariff (US \$0.096)
Gas Transmission Northwest	July 1, 2008 to Sep 30, 2008	Kingsgate, BC	Malin, OR	5,000	\$0.08
Gas Transmission Northwest	July 1, 2008 to Sep 30, 2008	Kingsgate, BC	Malin, OR	15,000	\$0.20
El Paso	July 1, 2008 to Sep 30, 2008	San Juan Basin	Topock, AZ	30,000	\$0.21

Note: * AECO NOVA Inventory Transfer – trading point for Alberta gas.

** Alberta/British Columbia Border.

Other Request for Offer Information – For Informational Purposes

On March 7, 2008, PG&E issued its 2008 RPS RFO Solicitation. The Bidder's Conference was held on March 17, 2008, and bids are due on Monday, May 12, 2008. PG&E is looking for proposals for renewable energy projects for power purchase agreements from generation sources owned and operated by others, new generation facilities constructed for utility ownership, or sites suitable for development of renewable energy projects.

On April 1, 2008, PG&E issued its Long Term RFO. Through this RFO, PG&E seeks to acquire between 800 and 1,200 MWs of dispatchable and operationally flexible resources by 2015. The all-source RFO is open to offers from repowering and new conventional generation, renewable resources, distributed generation and qualifying facilities, through power purchase

agreements from generation sources owned and operated by developers and new generation facilities constructed for utility ownership.

3b. For other transactional methods, provide documentation supporting the selection of the chosen products.

Electric Procurement

Other Bilateral Agreements Filed – For Informational Purposes

PG&E pursued and executed agreements and amendments in the renewables, amended a power purchase Qualifying Facilities (QF) Standard Offer (SO) 1 agreement, and California Department of Water Resources (CDWR) demand response agreements.

The RPS-related agreements were submitted to the Energy Division under a separate advice letter and are identified in Table 4.

All amended QF agreements are identified in Table 5 (submitted under a separate advice letter, Advice 3193-E and Advice 3230-E) are identified in Table 5.

Demand Response agreements were submitted under a separate advice letter, Advice 3205-E and are identified in Table 6. These agreements are in compliance with Resolution E-4062, Ordering Paragraph 4, which approves PG&E increase of demand response capacity for 2008 and 2009.

**TABLE 4
PACIFIC GAS AND ELECTRIC COMPANY
RENEWABLES**

Advice Letter/Filing Date	Facility/Site	MW
Advice, 3150-E-A (February 5, 2008) (Amendment with Ausra CA II dba Carrizo Energy, LLC)	San Luis Obispo County	177 MW
Advice 3211-E, 3211-E-A (February 15, 2008, March 21, 2008 respectively) (Signed Agreement and Amendment with Geysers Power Company, LLC)	Geysers' system busbar (in NP-15)	175 MW

**TABLE 5
PACIFIC GAS AND ELECTRIC COMPANY
AMENDMENTS TO EXISTING PPAS WITH QUALIFYING FACILITIES**

(FILED UNDER SEPARATE ADVICE FILING)

Agreement	Log Number	MW
Wadham Energy, L.O (Advice 3230-E, filed on March 14, 2008)		26
PALCO (Pacific Lumber Company)-Letter of Agreement and Amendment to Agreement (Advice 3193-E, filed on January 11, 2008)	19C010	28.8

**TABLE 6
PACIFIC GAS AND ELECTRIC COMPANY
DEMAND RESPONSE AGREEMENT IN ADVICE 3205-E
(FILED ON FEBRUARY 1, 2008)**

Advice Letter/Filing Date	Length
Alternative Energy	5 years
Ancillary Services Coalition	5 years
Energy Connect	5 years
Energy Curtailment Specialists	5 years
EnerNOC	5 years

**TABLE 7
PACIFIC GAS AND ELECTRIC COMPANY
AMENDMENT TO CDWR DEMAND RESPONSE AGREEMENT
(TO BE FILED UNDER SEPARATE ADVICE LETTER)**

Title	Length	MW
2008-2009 Demand Response with CDWR (in compliance with Resolution E-4062). (Original advice filing Advice 3168-E, filed on December 3, 2008)	5 years	Up to 200 MW

**TABLE 8
PACIFIC GAS AND ELECTRIC COMPANY
AMENDMENT WITH YUBA COUNTY WATER AGENCY (YCWA)
(TO BE FILED UNDER SEPARATE ADVICE FILING)**

Title	Execution Date
Amendment with YCWA	January 30, 2008

**TABLE 9
PACIFIC GAS AND ELECTRIC COMPANY
OTHER CONTRACT AMENDMENTS FILED THROUGH A SEPARATE ADVICE FILING**

Title	Advice Letter #	Date Submitted
Various Contracts to Comply with Market Redesign Technical Update (MRTU)	Advice 3192-E	January 7, 2008

Broker, Voice and Electronic Exchange Transactions

For electric energy, in addition to competitive procurement and bilateral contracting during the Q1-2008, PG&E engaged in competitive voice and electronic broker market transactions in order to manage its net open position, and traded directly with counterparties via telephone (in accordance with terms of Master Agreements). These transactions were conducted to manage PG&E's net physical open position and to participate in economic transactions designed to reduce ratepayers' exposure to market volatility. Pursuant to Decision 04-12-048, transactions include forward transactions with delivery starting within the next quarter and up to one quarter in duration, monthly, balance of month (BOM), day-ahead and hour-ahead transactions. These transactions are included in Tables 10A and 10B.

In Q1-2008, PG&E continued the use of voice and broker market for non-standard products, such as trading in day-ahead markets for individual hours, blocks or strips of hours, on specific days of the week. Where possible, PG&E continues to expand its trading in these markets to promote competitive markets for products that better fit its load-serving obligations and, to the extent practicable, procure only the energy required rather than standard products.

As part of its effort to reduce the forward net open position in order to limit spot market energy transactions, PG&E entered into a series of term and BOM energy purchases and sales during Q1-2008. Tables 10A and 10B below show a summary of the strategies that PG&E completed in each month. The aggregate energy volumes are included in Tables 10A and 10B.

**TABLE 10A
PACIFIC GAS AND ELECTRIC COMPANY
Q1-2008 TERM AND BALANCE OF MONTH AND ENERGY PURCHASES AND (SALES)**

Transaction Month	Delivery Month			
	January	February	March	
January	■ MW [REDACTED]	■ MW [REDACTED]	■ MW [REDACTED]	6-8
	■ MW [REDACTED]	■ MW [REDACTED]	■ MW [REDACTED]	
	■ MW [REDACTED]	■ MW [REDACTED]	■ [REDACTED]	
	■ MW [REDACTED]	■ MW [REDACTED]		
February		■ MW [REDACTED]	■ MW [REDACTED]	9-10
		■ MW [REDACTED]	■ MW [REDACTED]	
			■ MW [REDACTED]	
			■ MW [REDACTED]	
March			■ MW [REDACTED]	11
			■ MW [REDACTED]	

**TABLE 10B
PACIFIC GAS AND ELECTRIC COMPANY
Q1-2008 TERM AND BALANCE OF MONTH AND ENERGY PURCHASES AND (SALES)**

Transaction Month	Delivery Month		
	Q2 2008	April 2008	
January	■ MW [REDACTED]		12
	■ MW [REDACTED]		
February	■ MW [REDACTED]	■ MW [REDACTED]	13-14
	■ MW [REDACTED]	■ MW [REDACTED]	
March	■ MW [REDACTED]	■ MW [REDACTED]	15-16
		■ MW [REDACTED]	
		■ MW [REDACTED]	

Electric Procurement Planning

Near-Term Planning and Procurement

As prescribed by Decision 03-12-062, PG&E’s near-term planning process is designed to reduce the net open position prior to the operating month to within 5 percent of expected requirements. PG&E develops a near-term analysis of its resource position (intra-month through

several months forward) using an optimization model, which solves for lowest cost by optimizing a mix of resources to meet requirements, including dispatchable CDWR contracts, URG resources (for simplicity, Power Purchase Agreements with dispatchability are included in this category (e.g., Crockett)), Tolling Arrangements with “Merchant Plants” (e.g., Dynegy and Mirant), and market purchases, while accounting for all resource requirements and constraints (must-run, must-take and operating constraints).

Term and BOM purchases and sales are transacted to close the net open position and to reduce PG&E’s reliance on the spot market. PG&E also conducts locational basis spread transactions to manage its position in different zones. After identifying transactions required to meet the must-run, must-take and operating constraints, PG&E considers “economic” transactions that involve decisions regarding dispatchable units and market purchases/sales. The decision to engage in “economic” transactions is more complex and depends on several quantitative and subjective factors. “Economic” transactions are conducted using information and data regarding system conditions, market prices and options available at the time of the decision. While potentially, attractive, “economic” transactions that reduce ratepayer volatility inherently include risks that must be considered, such as: (a) sharp swings in electric prices; (b) changes in production costs due to market dynamics; or (c) system changes, which may result in these transactions becoming more, or less, valuable, during the operating period or possible losses on hedge transactions. Additionally, changes in load or expected generation may result in having to buy (or sell) energy in the day-ahead or real-time markets at a cost greater than the revenue earned (or a price less than paid) in the forward transaction. Factors that go into the decision to engage in these transactions include (but are not limited to) the forecasted level of short/long energy during the forecasted period, sensitivity to changes in market price, reserve margins and demand volatility.

Day-Ahead Planning and Procurement

In day-ahead planning, PG&E strives to balance projected energy requirements with available resources and provide hour-ahead traders and real-time operators with appropriate

resources in order to respond to changes that may occur in system requirements subsequent to day-ahead trading. On a daily basis, PG&E conducts a least-cost analysis to determine unit dispatch and market transactions to meet energy and ancillary services requirements. This process integrates all regulatory, environmental, safety and legal requirements.

During Q4-2005, a new requirement was included in PG&E's least cost dispatch process. The CAISO gained Federal Energy Regulatory Commission (FERC) approval on September 2005, to amend its operating tariffs (i.e., "Amendment No. 72"). This Amendment requires scheduling coordinators to schedule at least 95 percent of its load in the day-ahead time frame. On February 23, 2007, CAISO filed a further amendment to Amendment No. 72 to relax the existing minimum load-scheduling requirement during off-peak hours from 95 to 75 percent of each Scheduling Coordinator's demand forecast and to establish specific exemptions to account for small or infrequent scheduling deviations. FERC accepted CAISO's filing, effective April 26, 2007.

PG&E's day-ahead planning and procurement incorporates weather-adjusted load forecasts, resource availability, dispatch costs and current electric market prices. The results of this analysis will determine the supply mix of CDWR contracts allocated to PG&E, PG&E-owned or controlled thermal and hydro generation, QFs and existing bilateral contracts, and market purchases. In determining its trading strategy, PG&E will dispatch resources whose variable costs are below market price, purchase the remainder of energy at market price or, alternatively, sell excess energy in the market.

While PG&E strives to go into the hour-ahead trading market and real-time operations with schedules as close to balanced as practicable, PG&E must also anticipate and plan for potential schedule changes. Between the day-ahead and hour-ahead market timeframes, changes in system conditions such as weather, transmission and resource availability are inevitable. Further, resources are "lumpy" when compared to load; hence, it is not always possible to perfectly balance schedules in every hour, which often results in excess energy during some hours while leaving PG&E short during other hours. To address these concerns, PG&E has

contracted for resources that provide intra-day flexibility that will help to match changes in electric demand—such as sudden weather variations and other occurrences—that cause loads and resources to vary from day-ahead forecasts. These contracts contribute to system reliability as well as reduce incremental, decremental and other costs associated with the changes between day-ahead and hour-ahead forecasted conditions, and thereby reduces costs overall to consumers. The specific agreements have been addressed in PG&E’s Q2-2005 Quarterly Procurement Compliance advice letter (Advice 2693-E).

In addition, PG&E’s daily procurement process incorporates opportunities available in the day-ahead market as well as its must-run and must-take resource requirements by purchasing or selling energy for individual hours or small blocks of hours.

PG&E actively participates in the daily energy market using a combination of brokered transactions, exchange-based transactions and direct transactions with counterparties. Day-ahead trading generally occurs between 6 a.m. and 7 a.m. on the day prior to the operating day. The day-ahead market continues to evolve in terms of participants, products and characteristics. In addition to “standard” on-peak and off-peak “packages” of multiples of 25-MW blocks of energy with specified delivery points, the day-ahead market has become more liquid in the trading of non-standard products, with individual-hourly transactions as well as custom packages of hours.

Hour-Ahead Planning and Procurement

“Hour-ahead” planning and procurement is somewhat of a misnomer since it effectively begins at the conclusion of day-ahead trading. As day-ahead analysis and trading occurs early in the morning prior to the operating day, there can be substantial changes to operating day requirements. Additionally, PG&E prepares weather-adjusted load forecasts throughout the day in order to determine if changes in generation or system operation are required. Further, unit outages and transmission outages and constraints may also affect resource requirements prior to real-time. In order to balance its portfolio during this time frame, PG&E’s hour-ahead staff has several resources at its disposal. Generation, including hydro, the Helms units, certain QF generators, and certain CDWR contracts, may be adjusted at unique dispatch prices. Hour-ahead

personnel will then optimize the portfolio, and based on operating requirements and market opportunity costs will decide if available generating resources should be adjusted to minimize system costs, and whether market transactions are required or beneficial.

The hourly market, while active, is far less transparent and dynamic than that of the day-ahead market. As there are few brokers operating in this market and limited electronic exchange opportunities, the bulk of transactions are bilateral in nature. PG&E constantly participates in the hour-ahead market to optimize its generation and market transactions to reduce costs.

CAISO Real-Time Markets

There is limited opportunity for planning and analysis in anticipation for real-time operation. PG&E strives to match requirements and resources in its CAISO hour-ahead schedules, and submits supplemental energy bids, as well as ancillary service schedules and bids. Once hour-ahead schedules, supplemental bids and resource adjustment bids are provided to the CAISO, the CAISO integrates the PG&E portfolio with the remainder of the CAISO grid.

In the real-time market, unlike the bilateral and exchange markets, market participants have limited discretion to transact. Further, a market participant's energy purchases and sales in the real-time market may not represent imbalances in a utility's submitted portfolio. While PG&E and other market participants submit real-time supplemental energy bids to the CAISO, the CAISO optimizes resources to meet system requirements, which may or may not be a result of any individual participant's activities. For instance, the CAISO may determine certain unscheduled reliability must-run units are required to ensure system reliability and dispatch these units accordingly. To accommodate the over-generation resulting from the dispatch of these units, CAISO will send decremental energy instructions in rank-bid order to certain generating resources to reduce output.

Locational Spreads

During Q1-2008, PG&E engaged in day-ahead locational spread transactions, authorized by the California Public Utilities Commission (CPUC or Commission) in Decision 04-12-048

and included in PG&E’s 2005 procurement plan, in order to manage its position, reduce risk of congestion pricing, and maximize the value of its purchased firm transmission rights assets. Energy volumes and average prices associated with these spread transactions are listed on quarterly and monthly transaction summaries, respectively, included as Confidential Appendices G and H.

4. Explanation/justification for the timing of the transactions (i.e., product term and rate of procurement).

Electric Transactions

Table 11 represents PG&E’s executed forward and spot transactions, along with energy volumes, by tenor. Transaction information for energy that was delivered and received within each month, regardless of transaction execution date, has previously been provided to the Energy Division in PG&E’s monthly data request submittals.

**TABLE 11
PACIFIC GAS AND ELECTRIC COMPANY
Q1-2008 FORWARD ELECTRIC TRANSACTIONS
(VOLUME IN GIGAWATT HOURS (GWh))**

	<u>Term</u>	<u>BOM</u>	<u>Day-Ahead</u>	<u>Hour-Ahead</u>	<u>Day-Ahead Options</u>	<u>Other (Non-Standard)</u>	<u>Total</u>	
<u>Purchases and Sales</u>								
Transactions Volumes	■	■	■	■	■	■	■	17 18
<u>Total Purchases</u>								
Transactions Volumes	■	■	■	■	■	■	■	19 20
<u>Total Sales</u>								
Transactions Volumes	■	■	■	■	■	■	■	21 22

In addition to forward market participation, PG&E was a participant in the CAISO real-time “imbalance” and “supplemental” energy markets, purchasing and selling energy. As discussed above, transactions in the real-time market may be unrelated to PG&E’s position, as

the CAISO purchases and sells energy in order to balance the control area grid without distinguishing an individual participant's portfolio position.

Confidential Appendices G and H detail PG&E's quarterly and related monthly energy transactions delivered and received during the quarter (by type, cost and quantity).³ Confidential Appendix I details PG&E's monthly CAISO purchase and sales transactions for November and December 2007, and January 2008.⁴

Electric Fuels Section – Gas Transactions for Utility-Owned and Contracted Generation

Natural Gas Supply

During Q1-2008, PG&E continued to supply gas for its utility-owned generation plant and for several tolling agreements. PG&E-owned generation includes just Humboldt Bay Power Plant. PG&E tolling arrangements include an agreement with Dynegy (formerly LS Power) for Moss Landing Power Plant and an agreement with Mirant for Contra Costa and Pittsburg Power Plants. PG&E's tolling agreement with Dynegy for Morro Bay Power Plant expired at the end of 2007.

On October 23, 2007, PG&E presented its winter gas purchasing plan to the PRG. Since the portfolio had nearly



23

24

On February 11, 2008, PG&E sent its summer 2008 gas purchasing plan to the PRG. This plan, which was sent via email because it was similar to the summer 2007 plan, outlined PG&E's strategy to purchase a variety of gas supply, peaking, storage and transportation

³ The attached transaction reports reflect delivered energy from transactions during the period, including transactions executed in prior periods with deliveries in the current period. Energy quantities will differ between executed transaction energy and delivered energy for any given period.

⁴ Effective October 1, 2004, the CAISO implemented its Phase 1B market changes. The impact on this appendix is the inclusion of an additional charge type that provides for real time purchases and sales related to Generation Meter Multipliers.

products to meet its expected gas demand during the summer months. The plan included execution of a number of transactions in the first quarter of 2008. Those transactions are described below.

Table 13 summarizes the daily and term gas purchases PG&E transacted during the Q1-2008 for the portfolio. Table 14 summarizes gas deliveries during the quarter allocated between PG&E-owned generation, tolling arrangements and gas storage based on the volumes delivered to each facility. Local transportation costs are based on actual deliveries in the calendar month gas was delivered. Table 13 includes all gas purchased in Q1-2008 regardless of term, whereas Table 14 includes gas delivered in the first quarter regardless of when it was purchased.

As discussed above, PG&E also purchased a gas peaking product for delivery in the third quarter. A peaking product is a call option on physical gas supply. A call peaking option gives PG&E the right but not the obligation to purchase a fixed volume of natural gas at a particular location at a published index for a specified number of days.⁵ Such an option allows PG&E to modify its day-ahead gas transactions to meet unexpected changes in gas demand (normally caused by sudden changes in the electricity market) without impacting gas market prices. PG&E solicited offers from a number of gas suppliers and received offers from

[REDACTED]

25

26

Table 12 provides the details of these products. The executed agreements are in Confidential Appendix D.

Table 14 details the disposition of the gas from the supply portfolio to PG&E's generating facility, tolling agreements and gas storage. The totals in this table do not match

⁵ A put peaking option gives PG&E the right to return or sell a specified volume of gas to a counterparty at a published index.

those in Table 13 because Table 14 includes gas purchases whereas Table 13 includes gas deliveries.

**TABLE 12
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF Q1-2008 PORTFOLIO GAS SUPPLY PEAKING PRODUCT PURCHASES**

Product	Term	Delivery Location	Volume (MMBtu/day)	Total Cost (\$)	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	27
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	28
			[REDACTED]	[REDACTED]	29

**TABLE 13
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF Q1-2008 PORTFOLIO GAS SUPPLY PURCHASES**

Term	Purchase Location	Volume (Million MMBtu)	Total Cost (Million \$)	Unit Cost (\$/MMBtu)	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	30
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]		[REDACTED]			

Note: Spot gas listed is net of sales.

[REDACTED]

TABLE 14
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF Q1-2008 GAS DELIVERIES BY FACILITY OR TOLLING AGREEMENT

PG&E Facility or Tolling Agreement	Volume (MMBtu)	Commodity Cost (\$/millions)	Transportation Cost (\$/millions)	Total Unit Cost (\$/MMBtu)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

31

Note: * Storage values not included in totals.

Gas Storage

PG&E also acquired short-term gas storage service from PG&E's Gas Transmission and Distribution (Gas T&D) department to help balance its portfolio for operational purposes. This is a low-cost, counter-cyclical service that provides a small amount of inventory with a large amount of withdrawal capacity to help cover summer spikes in gas demand.

32

[REDACTED]

33

Table 15 summarizes this product. The executed agreements are in Confidential Appendix E.

**TABLE 15
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF Q1-2008 GAS STORAGE**

Service Provider	Transaction Type	Capacity (MMBtu)	Unit Cost (\$/MMBtu)	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	34
	[REDACTED]	[REDACTED]	[REDACTED]	35
				36

Pipeline Capacity

In addition, PG&E signed 59-month contracts with Gas Transmission Northwest (GTN), TransCanada (Foothills Pipeline) and TransCanada (NOVA Pipeline) for 50,000 MMBtu/day⁶ of firm pipeline capacity. This capacity enables transportation of gas from the Alberta production area to PG&E’s gas system at Malin, Oregon. These commitments resulted from the settlement of GTN’s rate case at the FERC which was filed on October 31, 2007 and approved on January 7, 2008. The CPUC was a party to this settlement and endorsed PG&E’s capacity commitments “as being reasonable and in the public interest.”⁷ PG&E’s specific capacity commitments are listed in Table 16. The executed agreement, which applies to these transactions are in Confidential Appendix F.

⁶ This volume represents delivery capacity at Malin, Oregon.

⁷ “Initial Comments of the Public Utilities Commission of the State of California in Support of Gas Transmission Northwest Corporation’s Offer of Settlement, November 19, 2007, p. 3 (FERC Docket RP06-407-000).

TABLE 16
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF Q1-2008 PIPELINE CAPACITY COMMITMENTS

Pipeline	Term	Receipt Point	Delivery Point	Volume (MMBtu/day)	Reservation Rate (\$/MMBtu)
TransCanada (NOVA)	July 1, 2009 to May 31, 2014	AECO NIT*	A/BC**	51,429	Full Tariff (US \$0.152)
TransCanada (Foothills)	July 1, 2009 to May 31, 2014	A/BC	Kingsgate, BC	50,917	Full Tariff (US \$0.096)
Gas Transmission Northwest	July 1, 2009 to May 31, 2014	Kingsgate, BC	Malin, OR	50,000	\$0.33***

Note: * AECO NOVA Inventory Transfer – trading point for Alberta gas.
 ** Alberta/British Columbia Border.
 *** Rate is fixed for the term of the agreement per the GTN settlement.

Financial Gas Hedging

On January 31, 2006, PG&E filed an updated Electric Portfolio Gas Hedging Plan (GHP) Update 2006-1 with the Commission. The plan provided minor modifications to the framework that PG&E uses to manage the price risk associated with the gas open position in its electric portfolio. The updated plan augments and is consistent with PG&E's then current Commission-approved electric procurement plans and Gas Supply Plans for CDWR Tolling Agreements. GHP Update 2006-1 was approved by the CPUC's Energy Division on April 4, 2006, with an effective date of March 17, 2006. In December 2007, PG&E reviewed the gas hedging strategy in GHP Update 2006-1 and determined that it was still an appropriate gas hedging strategy to implement in 2008. In addition, the CPUC decision approving PG&E's 2006 LTPP (D.07-12-052) did not approve PG&E's hedging plan proposal and instructed PG&E to continue hedging under existing authority.⁸ Thus, on January 9, 2008, PG&E presented to its PRG this strategy to "roll" the gas hedging strategy in GHP Update 2006-1 into 2008 for implementation beginning January (GHP 2008-1). This strategy included revised hedging targets to comply with the Commission's TeVaR 95th percentile directive.

⁸ This decision also revised PG&E's To-expiration-Value-at-Risk metric from measurement at the 99th percentile to the 95th percentile.

PG&E began implementation of GHP Update 2008-1 in January and continued implementation through the first quarter. Pursuant to the plan, PG&E is on track to complete the implementation of GHP 2008-1 in [REDACTED].

37

The hedge transactions that PG&E executed in the first quarter of 2007 under GHP 2008-1 are summarized in Table 17.

**TABLE 17
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF PG&E ELECTRIC PORTFOLIO GAS HEDGES FOR PLAN 2008-1**

Product	Location	Product Term (Month/Year)	Option Premium (\$/MMBtu)	Price or Strike Price (\$/MMBtu)	Notional Volume (million MMBtu)	Notional Value (\$/millions)	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	38
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	39
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	40
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	41
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	42

5. Discussion of the system load requirements/conditions underlying the need for the month's transactions.

Dry conditions continued in Q1 with only 46 percent of normal precipitation. PG&E's conventional hydroelectric resources were used to meet daily loads and to provide ancillary service reserves using natural runoff but very little withdrawal from storage.

Helms Pumped Storage Project was used to meet peak daily loads and provide ancillary service reserves. Helms pumped throughout the quarter as system conditions and economics allowed. Pumping was limited by transmission work and unit maintenance. All three units were out in Q1 for normal maintenance. Helms did not experience any significant forced outages.

Significant planned maintenance on conventional hydro in the quarter included work on Balch 1 (33 MW), Balch 2 (53 MW), Balch 3 (53 MW), Belden (115 MW), Buck Creek Units 1 and 2 (22 MW and 25 MW), Butt Valley (40 MW), Caribou PH 1 Units 1, 2, and 3 (24 MW ea.), Caribou PH 2 Units 4 and 5 (60 MW ea.), Drum PH 1 Units 1, 2, and 3 (13 MW ea.), Drum

PH 2 Unit 5 (49.5 MW), Black Unit 2 (86 MW), Kings River (52 MW), Pit 1 Unit 1 (31.5 MW), Pit 6 Units 1 and 2 (40 MW ea.), Pit 7 Unit 1 (56 MW), Ralston (88 MW).

Significant forced outages on conventional hydro during the quarter included: Bucks Unit 2 (25 MW) due to trip on field ground, Caribou 2 Unit 4 outage extended due to trouble on full load rejection test, Pit 5 Unit 2 forced due to trouble with guide bearing, Salt Springs Unit 2 forced due to debris in water conveyance.

For PG&E's retained fossil generation, Humboldt Unit 1 (conventional steam, 52 MW) began its annual maintenance on March 21 with completion scheduled for April 21.

Diablo Canyon Unit 2 was out of service for two months to replace a steam generator and for normal refueling.

During January 2008, PG&E was a [REDACTED] in the off-peak hours in the day-ahead market, a [REDACTED] in the on-peak hours in the day-ahead market, a [REDACTED] in the on-peak hours in the hour-ahead market, and a [REDACTED] in the off-peak hours in the hour-ahead market. Market prices for day-ahead on-peak North of Path 15 (NP-15) delivery ranged from approximately \$ [REDACTED]/MWh to \$ [REDACTED]/MWh. Day-ahead off-peak electric prices in NP-15 ranged from approximately \$ [REDACTED]/MWh to \$ [REDACTED]/MWh. Daily gas prices during the month at PG&E Citygate traded in a range between \$ [REDACTED]/MMBtu and \$ [REDACTED]/MMBtu.

43

44-45

46

47-48

49-50

51-52

During February 2008, PG&E was a [REDACTED] in the on-peak hours in the day-ahead market, a [REDACTED] in the off-peak hours in the day-ahead market, a [REDACTED] in the on-peak hours in the hour-ahead market, and a [REDACTED] in the off-peak hours in hour-ahead market. Market prices for day-ahead on-peak NP-15 delivery ranged from approximately \$ [REDACTED]/MWh to \$ [REDACTED]/MWh. Day-ahead off-peak electric prices in NP-15 ranged from approximately \$ [REDACTED]/MWh to \$ [REDACTED]/MWh. Daily gas prices during the month at PG&E Citygate traded in the range between \$ [REDACTED]/MMBtu and \$ [REDACTED]/MMBtu.

53

54-55

56

57

58

59-60

61-62

During March 2008, PG&E was a [REDACTED] in the on peak hours in the day-ahead market, a [REDACTED] in the off peak hours in the day-ahead market, a [REDACTED] in the on peak hours in the hour ahead market; and a [REDACTED] in the off peak hours in the hour-ahead market.

63

64-65

66

Market prices for day-ahead on-peak NP-15 delivery ranged from approximately \$ [REDACTED]/MWh to \$ [REDACTED]/MWh. Day-ahead off-peak electric prices in NP-15 ranged from approximately \$ [REDACTED]/MWh to \$ [REDACTED]/MWh. Daily gas prices during the month at PG&E Citygate traded in a range between \$ [REDACTED]/MMBtu and \$ [REDACTED]/MMBtu.

67

68

69-70

71-72

6. Discussion of how the quarter’s transactions meet the goals of the risk management strategy reflected in the Commission-approved procurement plan.

Decision 03-12-062 maintained the interim consumer risk tolerance (CRT) level of one-cent per kilowatt-hour (kWh) adopted by the Commission in Decision 02-12-074 for the “net open position” on a rolling 12 months basis. The decision specified the methodology for reporting the CRT should be based on To Expiration Value at Risk (TeVAr) at the 99 percent confidence level. Finally, the decision requires PG&E to notify the PRG when the portfolio reaches 125 percent of the one-cent per kWh level to determine if remedial action or revised plans should be filed in order to manage this risk.

During Q1-2008, PG&E’s position did not exceed the CRT level of one-cent per kWh nor the 125 percent of the one-cent per kWh notification level. However, PG&E filed a comprehensive gas hedging plan update on January 31, 2006 (Advice 2775-E) to address anticipated increases in TeVaR for 2006 and 2007. On March 17, 2006, the Director of the Energy Division approved this update. PG&E began implementing that plan update throughout the remainder of 2006. On December 14, 2006, PG&E presented to its PRG a recommendation to continue this strategy in 2007 (extending the hedging delivery period to the end of 2011). PG&E received no objections and began implementation of this strategy in January 2007. PG&E continued implementing this strategy in Q1-2008.

In addition, further actions were taken to reduce TeVaR. PG&E made recommendations to CDWR per Gas Supply Plan 7 (Advice 2978-E, approved by the Director of the Energy Division on April 1, 2007) regarding forward gas hedging for certain contracts allocated to PG&E. The results will be further discussed in PG&E’s 2007 Energy Resource Recovery Account compliance review application to be filed February 2008.

7. Copy of each contract.

As discussed in Section 3b, during Q1-2008, PG&E executed contractual documents for this Procurement Transaction Quarterly Compliance advice filing. Confidential Appendices C, D, E, and F include these agreements.

8. The break-even spot price equivalent to the contract(s).

There is no applicable analysis required for this quarter's executed agreements.

9. Electronic copy of any data or forecasts used to analyze the transactions.

Confidential Appendix J: This information is also provided to the Commission as part of PG&E's monthly report of Residual Net Open.

10. Utilities should provide a reasonable number of analyses requested by the Commission or the PRG and provide the resulting outputs. Utilities should also provide documentation on the model and how it operates.

PG&E performed the appropriate number of analyses within the needs assessment process associated with its procurement activities during the quarter. However, these procurement activities were filed under separate advice filings and thus included in them.

11. Histogram of energy purchases and sales ("buy and sells").

Confidential Appendix K is a histogram (graph) of energy purchases and sales by price and volume (GWh) for Q1-2008, as requested by the CPUC Energy Division. These purchases and sales represent energy purchased and sold through competitive exchange markets during the quarter and bilateral contracts executed since January 1, 2003.

12. Compliance with Decision 07-01-039, Greenhouse Gas and related agreements executed in Q1-2008.

PG&E does not have any agreements to disclose for Q1-2008 applicable to this decision.

**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	