

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 11, 2008

Advice Letter 3269-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: Notification of Revised Utility Gas Supply Plan Reporting Requirements
for the California Department of Water Resources (CDWR) Tolling
Agreements in Compliance with D.07-12-052

Dear Mr. Cherry:

Advice Letter 3269-E is effective May 14, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

May 14, 2008

Advice 3269-E

(Pacific Gas and Electric Company ID U 39 E)
Public Utilities Commission of the State of California

Subject: Notification of Revised Utility Gas Supply Plan Reporting Requirements for the California Department of Water Resources (CDWR) Tolling Agreements in Compliance with D.07-12-052.

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) its executed agreement with the California Department of Water Resources (CDWR) regarding the approval of an annual filing of the Gas Supply Plan (GSP). In addition, PG&E provides a transition plan and other related information supporting the move to an annual filing cycle.

Background

Decision (D.) 02-12-069 and D.03-04-029 directed PG&E to consolidate fuel procurement strategies for the CDWR contracts and to submit them to CDWR and the Commission as a "Gas Supply Plan" on a semi-annual basis. More recently, in the 2006 Long-Term Procurement Plan Decision (D.07-12-052), the Commission authorized the IOUs to update their gas supply and hedging plans for their CDWR portfolios annually, instead of twice a year.¹ However, the move to a yearly filing cycle was pre-conditioned on CDWR agreeing to such a change, with the investor-owned utilities (IOUs) notifying the Commission by advice letter.

Since March of 2003, PG&E has submitted, and the Commission has adopted, eleven GSPs. GSP-11, the most recent GSP, filed February 1, 2008, covering the period April 1, 2007, through September 30, 2008, was approved on April 17, 2008. The next GSP (GSP-12) is expected to be filed on August 1, 2008.

Discussion

In D.07-12-052, the Commission agreed that submitting annual GSP updates, rather than semi-annual updates, would streamline the IOUs' administrative

¹ D.07-12-052, Finding of Fact ("FOF") 82, Conclusion of Law ("COL") 35 and Ordering Paragraph ("OP") 22.

efforts. In addition, D.07-12-052 directed GSPs to be made at the time of the Energy Resource Recovery Account (ERRA) filings. PG&E files its ERRA forecast revenue requirement application each year on June 1st.²

Consistent with D.07-12-052, on April 8, 2008, CDWR and PG&E agreed to the change in the Utility Gas Supply Plan, as defined in Exhibit B of the Operating Agreement, to reflect the change from a “semi-annual basis” to “annual basis” in filing the CDWR GSP.³ Attachment A to this advice letter is the executed letter agreement between PG&E and CDWR.

In order to transition to a yearly GSP filing cycle, PG&E proposes a transition plan under which the next GSP (GSP-12) would be filed on August 1, 2008, which would coincide with the existing semi-annual filing date. However, the term of GSP-12 would be for a one-time 13 month period (October 1, 2008 to October 31, 2009) in order to allow for a transition to the new filing cycle. Starting with GSP-13, all GSPs would be filed on June 1st and would become effective on November 1 for a regular 12 month cycle from November 1 through October 31 of the following year. In particular, PG&E proposes:

- | | |
|------------------|---|
| August 1, 2008 – | PG&E submits “GSP 12” (for the October 1, 2008 through October 31, 2009 period) |
| June 1, 2009 – | PG&E submits “GSP 13” (for the November 1, 2009 through October 31, 2010 period) concurrently with its ERRA forecast revenue requirement and associated rates application |
| June 1, 2010 – | PG&E submits “GSP 14” (for the November 1, 2010 through October 31, 2011 period) concurrently with its ERRA forecast revenue requirement and associated rates application |

PG&E informally presented this transition plan to both CDWR and Energy Division Staff. Neither expressed objections with the proposal. Consequently, PG&E requests that it be formally adopted through approval of this advice letter. This submission will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

² D.02-10-062 stipulates that PG&E must file with the Commission its ERRA forecast revenue requirement application and the ERRA compliance review application on June 1 and December 1, 2003, respectively. See D.02-10-062, FOF 23 and OP 14. In D.04-01-050, the Commission moved the filing date of PG&E’s ERRA compliance review application to February for the 12-month period of the prior year, yet instructed PG&E to continue filing its ERRA forecast revenue requirement application on June 1. See D.04-01-050, OP 5, p.200; see also p.177.

³ The executed agreement between PG&E and CDWR specifies that parties agree to amend Exhibit B at a later time when “substantive changes” will be made to the Operating Agreement.

Protests

Since the submission of this advice letter is in compliance with D.07-12-052 upon the execution of the agreement with CDWR, PG&E requests that the protest period be waived.

Effective Date

PG&E requests that this advice letter become effective on **May 14, 2008**, the date of this submission. PG&E submits this as a Tier 1 filing.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the service lists for R.04-04-003, R.06-02-013, and R.08-02-007. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. Advice letter submissions can also be accessed electronically at:

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

Handwritten signature of Brian Cherry in cursive script.

Vice President, Regulatory Relations

Attachments

cc: Service List – R.04-04-003, R.06-02-013, R.08-02-007

Attachment:

Attachment A – April 8, 2008 Letter Agreement Between Pacific Gas and Electric Company and the California Department of Water Resources

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) #: **3269-E**

Tier: 1

Subject of AL: Notification of Revised Utility Gas Supply Plan Reporting Requirements for the California Department of Water Resources (CDWR) Tolling Agreements in Compliance with D.07-12-052

Keywords (choose from CPUC listing): Procurement

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-12-052

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:

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: _____

Resolution Required? Yes No

Requested effective date: **May 14, 2008**

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

jjn@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

Attachment A

**April 8, 2008 Letter Agreement Between
Pacific Gas and Electric Company and
the California Department of Water Resources**

DEPARTMENT OF WATER RESOURCES

CALIFORNIA ENERGY RESOURCES SCHEDULING
P.O. BOX 219001
3310 EL CAMINO AVENUE, SUITE 120
SACRAMENTO, CA 95821-9001
(916) 574-1291



April 8, 2008

Mr. Roy Kuga
Vice President, Energy Supply
Pacific Gas & Electric Company
Post Office Box 770000, Mail Code N13
San Francisco, California 94177-0001

Dear Mr. Kuga:

The California Department of Water Resources ("CDWR") is transmitting this Letter Agreement consistent with the California Public Utilities Commission ("CPUC") Decision (D.) 07-12-052, "Opinion Adopting Pacific Gas and Electric Company's ("PG&E"), Southern California Edison Company's ("SCE") and San Diego Gas & Electric Company's ("SDG&E") Long-Term Procurement Plans ("LTPP")," issued under Rulemaking 06-02-013 Order Instituting Rulemaking to Integrate Procurement Policies and Consider Long-Term Procurement Plans (Filed February 16, 2006) issued on December 20, 2007. PG&E, SCE and SDG&E shall hereinafter be collectively referred to as the "IOUs."

Section 3.5.5, Fuel Supply Plans, of D.07-12-052 provides in relevant part:

We also authorize the IOUs to update their gas supply and hedge plans for their DWR portfolios (for SCE, this includes its ratable rate schedule) annually, instead of twice a year. But, because DWR has not participated in this proceeding or agreed to this change, we cannot enforce the change for the IOUs DWR portfolios at this time. If and when DWR agrees to this change, the IOUs should notify the Commission by Advice Letter.

CPUC D.03-04-029, as modified by D.04-10-035, approved the Operating Agreement between CDWR and PG&E which sets forth the relationship whereby PG&E acts as CDWR's limited agent with respect to the scheduling, dispatch, settlement and other functions for the Allocated Contracts (as defined in the Operating Agreement). Exhibit B, Fuel Management Protocols, Section IV, Fuel Procurement Strategies of the Operating Agreement, ("Exhibit B"), currently provides that CDWR will review and approve the gas supply plan submitted by PG&E to the CPUC on a semi-annual basis.

As proposed in D.07-12-052, CDWR agrees to PG&E updating the Utility Gas Supply Plan (as defined in Exhibit B) for the "DWR portfolios annually, instead of twice a year." It is understood PG&E will file an Advice Letter ("AL") with the CPUC along with a copy of the fully executed Letter Agreement requesting the CPUC's approval of the changes to PG&E's filing requirement of the Utility Gas Supply Plan, effective upon filing of the AL.

Roy Kuga
April 8, 2008
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PG&E and CDWR (collectively, the "Parties") acknowledge that Exhibit B needs to be amended to reflect the minor change from "semi-annual basis" to "annual basis." The other terms and conditions set forth in Exhibit B are otherwise unaffected. Accordingly, the Parties agree to amend Exhibit B at a later time when substantive changes will be made to the Operating Agreement.

Enclosed are two copies of the Letter Agreement, executed by CDWR. If PG&E agrees with the foregoing changes, please sign below and return an original, fully executed Letter Agreement to me.

For questions regarding this matter, please contact Stuart Chan, Fuels Manager, at (916) 574-0290.

Sincerely,

For 
Timothy J. Haines, Deputy Director
California Energy Resources Scheduling

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: 
For Timothy J. Haines, Deputy Director

Date: 4-8-08

PACIFIC GAS AND ELECTRIC COMPANY

By: 
Roy Kuga, Vice President

Date: 4/10/08

cc: Mr. Fong Wan
Mail Code N12G
Pacific Gas & Electric Company
Post Office Box 770000
San Francisco, California 94177-0001

Roy Kuga
April 8, 2008
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cc: Ms. Kelly Everidge
Mail Code N12E
Pacific Gas & Electric Company
Post Office box 770000
San Francisco, California 94177-0001

Ms. Jeannette Woo
Mail Code N12E
Pacific Gas & Electric Company
Post Office Box 770000
San Francisco, California 94177-0001

Mr. Ted Yura
Mail Code N12E
Pacific Gas & Electric Company
Post Office box 770000
San Francisco, California 94177-0001

Mr. Sebastien Csapo
Mail Code N12E
Pacific Gas & Electric Company
Post Office box 770000
San Francisco, California 94177-0001

**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	