

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 17, 2008

**Advice Letter 3334-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: Summary of Hedge Transactions in Compliance with  
Resolution E-4164 Approving Contract for Procurement  
of Renewable Energy Resources Between Geysers Power  
Company, LLC and PG&E and an Associated Hedging Plan**

Dear Mr. Cherry:

Advice Letter 3334-E is effective October 6, 2008.

Sincerely,

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

Kenneth Lewis, Acting Director  
Energy Division



September 4, 2008

**Advice 3334-E**

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Summary of Hedge Transactions in Compliance with Resolution E-4164 Approving Contract for Procurement of Renewable Energy Resources Between Geysers Power Company, LLC and PG&E and an Associated Hedging Plan**

**Purpose:**

In compliance with Resolution E-4164, Pacific Gas and Electric Company (“PG&E”) submits this Advice Letter to summarize the hedge transactions associated with its approved Renewables Portfolio Standard (“RPS”) power purchase agreement (“PPA”) with Geysers Power Company, LLC (“Geysers”) and to document the final levelized all-in price of the PPA.

**Background:**

On April 24, 2008 in Resolution E-4164, the Commission approved the PPA and an associated hedging plan filed in PG&E’s Advice Letter 3211-E on February 15, 2008 and Advice Letter 3211-E-A on March 21, 2008. In Confidential Appendix B to Resolution E-4164, the Commission requested that PG&E submit a Compliance Filing upon completion of the transactions under the hedging plan in order to document the final levelized all-in price of the PPA. Accordingly, in compliance with Resolution E-4164, PG&E provides a summary of the Geysers hedge transactions below and the final levelized all-in PPA price in the attached Confidential Appendix A.

Between July 9 and 11, 2008, PG&E entered into fixed for floating swaps to hedge the exposure to the NP-15 electricity prices associated with the PPA for the period of July 2008 (balance of month) through December 2014. The July 2008 (balance of month) through September 2008 exposure was hedged with brokers directly over

the PG&E trading desk. The October 2008 through December 2014 exposure was hedged via a solicitation issued on June 3, 2008 and conducted on July 9, 2008. Winning offers under the solicitation were selected based on price, with ten (10) parties participating in the solicitation. The final levelized all-in PPA price with the hedges in place is provided in Confidential Appendix A.

**Confidential Attachment:**

In support of this Advice Letter, PG&E submits the following confidential information in the manner directed by D.08-04-023 and the August 22, 2006 Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Appendix A: Documentation of Final Levelized All-In PPA Price

**Protests:**

PG&E requests that the Commission waive the protest period for this advice filing as it is unnecessary. The sole purpose of this advice filing is to comply with the Commission's directive in Resolution E-4164 that PG&E submit a Compliance Filing upon completion of the Geysers hedge transactions in order to document the final levelized all-in price of the PPA.

**Effective Date:**

PG&E requests that this advice filing become effective on **September 4, 2008**. PG&E submits this as a Tier 1 advice filing effective pending disposition.

**Notice:**

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendix is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for R.06-02-012, R.06-02-013 and R.08-08-009. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the Advice Letter and accompanying confidential attachment by overnight mail. Address changes should be directed to Rose De La

Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

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



Brian K. Cherry  
Vice President - Regulatory Relations

cc: Service List for R.08-08-009  
Service List for R.06-02-013  
Service List for R.06-02-012  
Paul Douglas - Energy Division

Attachment

**Limited Access to Confidential Material:**

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

**Confidential Attachment:**

Appendix A: Documentation of Final Levelized All-In PPA Price

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

- ELC       GAS  
 PLC       HEAT       WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3334-E

**Tier:** [1]

Subject of AL: Summary of Hedge Transactions in Compliance with Resolution E-4164 Approving Contract for Procurement of Renewable Energy Resources Between Geysers Power Company, LLC and PG&E and an Associated Hedging Plan

Keywords (choose from CPUC listing): compliance, procurement

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4164

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

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

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

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Gary Jeung – 415-973-5481

Resolution Required?  Yes  No

Requested effective date: September 4, 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:

Service affected and changes proposed:

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**  
**[jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)**

**DECLARATION OF GARRETT P. JEUNG  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION CONTAINED  
IN ADVICE LETTER 3334-E  
(PACIFIC GAS AND ELECTRIC COMPANY ID U 39 E)**

I, Garrett P. Jeung declare:

1. I am presently employed by Pacific Gas and Electric Company (“PG&E”) and have been an employee since 2003. My current title is Senior Director within PG&E’s Energy Procurement Department. In this position, my responsibilities include managing a department that negotiates power purchase agreements and manages electric portfolio risk. In carrying out these responsibilities, I have acquired knowledge of PG&E’s contracts with numerous counterparties and have also gained knowledge of the operations of such sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with Decision (“D.”) 08-04-023 and the “Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066,” issued August 22, 2006, I make this declaration seeking confidential treatment of Appendix A to Advice Letter 3334-E, submitted on September 4, 2008. By this Advice Letter PG&E is summarizing the hedge transactions associated with the Power Purchase Agreement (“PPA”) between Geysers Power Company, LLC and PG&E and documenting the final levelized all-in price of the PPA in compliance with Resolution E-4164.

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 of D.06-06-066 and Appendix C of D.08-04-023 (the "IOU Matrix"). The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text in the attached matrix that is pertinent to this filing.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge, the foregoing is true and correct. Executed on September 4, 2008, at San Francisco, California.

  
GARRETT P. LEUNG

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3334-E September 4, 2008		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 08-04-023					Length of Time
Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 and Appendix C to D.08-04-023 (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	
1 Document: Advice Letter 3334-E	Y	Item VII (G) Renewable Resource Contracts under RPS program - Contracts without SEPs	Y	Y	Y		
2 Appendix A						This Appendix A contains contract price information. Disclosure of this information would provide valuable market sensitive information to competitors, and could hamper PG&E in future contract negotiations. Sellers may also be more reluctant to negotiate agreements with PG&E if confidential, proprietary information is made public. Such a circumstance could limit PG&E's ability to obtain customer benefits through direct negotiations with facility owners.	
						Remain confidential for three years.	

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PITCO
Anderson & Poole	Douglass & Liddell	PPL EnergyPlus, LLC
Arizona Public Service Company	Downey & Brand	Pinnacle CNG Company
BART	Duke Energy	Praxair
BP Energy Company	Duncan, Virgil E.	R. W. Beck & Associates
Barkovich & Yap, Inc.	Dutcher, John	RCS, Inc.
Bartle Wells Associates	Ellison Schneider & Harris LLP	RMC Lonestar
Blue Ridge Gas	Energy Management Services, LLC	Recon Research
Braun & Associates	FPL Energy Project Management, Inc.	SCD Energy Solutions
C & H Sugar Co.	Foster Farms	SCE
CA Bldg Industry Association	Foster, Wheeler, Martinez	SESCO
CAISO	Franciscan Mobilehome	SMUD
CLECA Law Office	G. A. Krause & Assoc.	SPURR
CSC Energy Services	GLJ Publications	Santa Fe Jets
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
California Energy Commission	Green Power Institute	Sempra Utilities
California League of Food Processors	Hanna & Morton	Sequoia Union HS Dist
California Public Utilities Commission	Heeg, Peggy A.	Sierra Pacific Power Company
California Water Company	Hitachi	Silicon Valley Power
Calpine	Hogan Manufacturing, Inc.	Smurfit Stone Container Corp
Cameron McKenna	Imperial Irrigation District	Southern California Edison Company
Cardinal Cogen	Innercite	St. Paul Assoc.
Casner, Steve	International Power Technology	Sunshine Design
Cerox	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	J. R. Wood, Inc.	TFS Energy
Chevron Company	JTM, Inc.	Tabors Caramanis & Associates
Chris, King	Los Angeles Dept of Water & Power	Tecogen, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of Palo Alto	MBMC, Inc.	Turlock Irrigation District
City of San Jose	MRW & Associates	U S Borax, Inc.
Clean Energy Fuels	Manatt Phelps Phillips	United Cogen
Coast Economic Consulting	Matthew V. Brady & Associates	Utility Cost Management
Commerce Energy	McKenzie & Associates	Utility Resource Network
Commercial Energy	Meek, Daniel W.	Utility Specialists
Constellation	Merced Irrigation District	Vandenberg Air Force
Constellation New Energy	Mirant	Verizon
Consumer Federation of California	Modesto Irrigation District	Wellhead Electric Company
Crossborder Energy	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	Morrison & Foerster	White & Case
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	