

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 12, 2009

Advice 2995-G/3411-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 the Creation of a New Affiliate, Midway Power, LLC

Dear Mr. Cherry:

Advice 2995-G/3411-E noticed the acquisition of Midway Power, LLC (Midway) on January 29, 2009, as a new PG&E affiliate. This advice letter was protested on February 18, 2009, by the Independent Energy Producers Association (IEP). PG&E responded to this protest on February 25, 2009.

IEP points out, among other things, that Midway appears to have been formed to control the Tesla Generating Station (Tesla), a suspended project subject of D.08-11-004. IEP is concerned that, if Tesla is developed in accordance with its Certification from the California Energy Commission, it would be a violation of CPUC Affiliate Transaction Rules (ATR) to allow it to share officers with PG&E, as it currently stands. This would further violate CPUC policies regarding anticompetitive practices.

The response by PG&E states that Midway (and Tesla) will not sell power to the utility while it is an affiliate. The immediate intention of the utility is to preserve the assets of Midway and Tesla; the long term intention is to either sell the project to a third party or develop it as a utility project if it receives approval from the CPUC. If PG&E decides to resume development of Tesla, the utility will acquire Midway through a merger.

PG&E is correct that, as long as Tesla is incomplete and is incapable of providing products or services using or relating to the use of gas or electricity, the Midway affiliate is not covered by the ATR. Of course, if circumstances change and the Tesla project is furthered in any significant way that would enable it to begin to provide such products or services, the utility must file an amendment to this advice letter to notify the Commission and parties within 30 days of this change. At that point the Midway affiliate will fall under the purview of the ATR, and the utility will no longer be able to share officers with the affiliate. The amended advice letter will describe progress on the Tesla project and will disclose whatever updated plans PG&E has for these assets.

Accordingly, and with the above conditions imposed, Advice 2995-G/3411-E is effective today.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch". The signature is written in a cursive style with a large initial "J".

Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Fax: 415.973.7226

January 29, 2009

Advice 2995-G/3411-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Notification of the Creation of a New Affiliate

Purpose

In accordance with Decision 06-12-029, Appendix A, Rule VI. B--New Affiliate Compliance Plans, Pacific Gas and Electric Company (PG&E) hereby notifies the Commission of the formation of a new affiliate, as defined by the Affiliate Transaction Rules.

Rule VI. B. specifically requires that:

Upon creation of a new affiliate, which is addressed by these Rules, the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission, served on parties to this proceeding (Rulemaking 05-10-030). The advice letter shall demonstrate how the utility will implement these Rules with respect to the new affiliate.

MIDWAY POWER, LLC

Midway Power, LLC was acquired on December 2, 2008 and is a direct subsidiary of Pacific Gas and Electric Company. Midway Power, LLC was formed to be the ownership entity for real estate and licenses for a suspended development project, pursuant to a purchase and sale agreement dated July 17, 2008.

The following lists the Board of Control and Officers:

Board of Control:

Christopher P. Johns
Fong Wan

Officers:

Christopher P. Johns, President and Treasurer
Fong Wan, Vice President
Stephen J. Cairns, Controller
Linda Y.H. Cheng, Secretary
Nicholas M. Bijur, Assistant Treasurer
Eileen O. Chan, Assistant Secretary
Wondy S. Lee, Assistant Secretary
Eric Montizambert, Assistant Secretary

Additional Information

Midway Power, LLC is not a Rule II.B affiliate.

No unusual or unique circumstances exist that would require special affiliate transactions rule implementation measures for the affiliate listed above.

Questions regarding this affiliate should be addressed to Dinyar Mistry, Vice President, Internal Audit/Compliance & Ethics, PG&E Corporation at (415) 973-1156 or Michael Chinen, Manager, Compliance and Ethics at (415) 973-5844.

Pacific Gas and Electric Company has previously notified Commission staff and posted notice of the formation of these affiliates on its affiliate transaction World Wide Web site at:

<http://www.pge.com/about/rates/affiliate/>

This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by February 18, 2009, which is **20** days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

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

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

Pacific Gas and Electric Company
Attention: Brian Cherry
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-Mail: PGETariffs@pge.com

Effective Date:

PG&E requests that this advice filing become effective on **January 29, 2009**, the date of this filing. 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 attached list and the service list for R.05-10-030. Address changes to the General Order 96-B service list should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

A handwritten signature in black ink, appearing to read "Brian K. Cherry". The signature is written in a cursive style with a large, sweeping initial "B".

Brian K. Cherry
Vice President - Regulatory Relations

CC: R.05-10-030
Peter Arth

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) #: **2995-G/3411-E**

Tier: [1]

Subject of AL: Notification of the Creation of a New Affiliate

Keywords (choose from CPUC listing): Affiliate Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.06-12-029

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:

Resolution Required? Yes No

Requested effective date: 1/29/2009

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 proposed: 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

jinj@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

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