

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 9, 2009

Advice Letter 3492-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: Updates to PG&E Company's Conformed 2006 Long-Term
Procurement Plan – Electricity and Gas Hedging Plan**

Dear Mr. Cherry:

Advice Letter 3492-E is effective October 29, 2009 per Resolution E-4276.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

July 10, 2009

Advice 3492-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Updates to Pacific Gas and Electric Company's Conformed 2006 Long-Term Procurement Plan – Electricity and Gas Hedging Plan**I. Purpose**

Pacific Gas and Electric Company (PG&E) hereby requests approval of its proposed updates to its Electricity and Gas Hedging Plan (Hedging Plan), Appendix B, of its Conformed 2006 Long-Term Procurement Plan (LTPP). The purpose of this update is: (1) to provide adequate flexibility under the current market conditions to maintain PG&E's ability to operate within its hedging plan, and (2) to establish a liquidity management strategy to minimize any potential impact of its electric portfolio hedging activities on PG&E's overall liquidity. PG&E submits this advice filing as a Tier 3 filing.

II. Background

In accordance with Decision (D.) 07-12-052, all updates proposed to the Conformed 2006 LTPP between the biennial procurement plan filings are made via advice letter. In addition, advice letter updates are to include redlined pages of the Conformed 2006 LTPP, as well as clean replacement pages.¹ Accordingly, Attachments A (redlined) and B (clean) reflect the relevant changes to the Hedging Plan, Appendix B, of PG&E's Conformed 2006 LTPP. In addition, Attachment C provides a summary of PG&E's proposed Hedging Plan changes.

III. Confidential Information

The Hedging Plan and summary of proposed changes are confidential in their entirety. The Hedging Plan was included in PG&E's amended 2006 LTPP filing made on March 5, 2007 which was protected under ALJ Carol Brown's May 2nd

¹ D.07-12-052 at 184-185.

order² approving PG&E's Motion to File Under Seal. As such, the Hedging Plan, including updates, remains confidential pursuant to ALJ Carol Brown's May 2nd order.

In addition, the information contained in the Hedging Plan and the summary of proposed changes also fall within the long-term fuel (gas) buying and hedging plans category from the Investor Owned Utility Matrix, Appendix 1 of D.06-06-066, which allows confidential treatment for three years (Item I.A.4). Given that the analyses, strategies, assumptions and planning in the Hedging Plan are part of a consistently-executed Hedging Plan continuum that extends over multiple years, PG&E requests that this Hedging Plan and the summary of proposed changes remain confidential for more than three years. Releasing the protected information in this Hedging Plan after three years is likely to result in releasing key information about those future years' existing hedging plans.³ Thus, PG&E requests that this Hedging Plan and the summary of proposed changes remain confidential for three years following expiration of the last trade executed under this plan. This request for an extended confidential treatment is similar to PG&E's request (and was granted by the Commission) in PG&E's gas supply plans for the California Department of Water Resources.⁴

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 **July 30, 2009**, which is 20 days after the date of this filing. 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: ijnj@cpuc.ca.gov and mas@cpuc.ca.gov

² *Administrative Law Judge's Ruling Following April 24, 2007 PHC Establishing Schedules And Topics For Workshops, Evidentiary Hearings And Briefs And Ruling On Motions For: Party Status, Filing Under Seal, And To Strike Testimony, filed May 2, 2007 in R.06-02-013.*

³ In a recent Assigned Law Judge's Ruling, it states that "the fact that the hedging plans are now over three years old does not mean that the information contained in those plans no longer is commercially sensitive." It also states that "Disclosure of the older hedging plans could provide...market participant, with a road map of how each of the utilities approaches winter hedging, including the timing and strategy for hedging within a volatile, high-priced environment, such as was experienced during 2005 and 2006". ALJ's Ruling Denying Motions to Compel Discovery dated July 8, 2009, pg 4, R.08-06-025.

⁴ PG&E's Advice 3309-E, approved by the Commission and also became effective on October 1, 2008.

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 (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

PG&E requests that a final resolution is approved on or before the September 10, 2009 California Public Utilities Commission meeting, so that PG&E may implement its revised Electricity and Gas Hedging Plan as expeditiously as possible in advance of the 2009-2010 winter season. This advice letter shall become effective on the date the final resolution is issued.

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 on the service list for PG&E's 2007-2016 Long Term Procurement Plan, R.06-02-013. Address changes to the General Order 96-B service list should be directed to San Heng at (415) 973-2640. Advice letter filings can also be accessed electronically at: **<http://www.pge.com/tariffs>**



Vice President, Regulatory Relations

Attachments:

Confidential Attachment A
Confidential Attachment B
Confidential Attachment C

cc: R.06-02-013

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: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3492-E

Tier: 3

Subject of AL: Updates to Pacific Gas and Electric Company's Conformed 2006 Long-Term Procurement Plan - Electricity and Gas 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 #: 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 AL: N/A

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes, confidential information in the Conformed 2006 LTPP (Attachment A and B) and Attachment C which is a summary of proposed changes.

Confidential information will be made available to those who have executed a nondisclosure agreement: All members of PG&E Procurement Review Group who have signed a nondisclosure agreement will receive confidential information

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Charles Middlekauff at (415) 973-6971

Resolution Required? Yes No

Requested effective date: September 10, 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). N/A

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
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

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

Aglet	Day Carter Murphy	North Coast SolarResources
Alcantar & Kahl	Defense Energy Support Center	Northern California Power Association
Ameresco	Department of Water Resources	Occidental Energy Marketing, Inc.
Anderson & Poole	Department of the Army	OnGrid Solar
Arizona Public Service Company	Dept of General Services	Praxair
BART	Division of Business Advisory Services	R. W. Beck & Associates
BP Energy Company	Douglas & Liddell	RCS, Inc.
Barkovich & Yap, Inc.	Douglass & Liddell	Recon Research
Bartle Wells Associates	Downey & Brand	SCD Energy Solutions
C & H Sugar Co.	Duke Energy	SCE
CA Bldg Industry Association	Dutcher, John	SMUD
CAISO	Ellison Schneider & Harris LLP	SPURR
CLECA Law Office	FPL Energy Project Management, Inc.	Santa Fe Jets
CSC Energy Services	Foster Farms	Seattle City Light
California Cotton Ginners & Growers Assn	G. A. Krause & Assoc.	Sempra Utilities
California Energy Commission	GLJ Publications	Sierra Pacific Power Company
California League of Food Processors	Goodin, MacBride, Squeri, Schlotz & Ritchie	Silicon Valley Power
California Public Utilities Commission	Green Power Institute	Southern California Edison Company
Calpine	Hanna & Morton	Sunshine Design
Cameron McKenna	Hitachi	Sutherland, Asbill & Brennan
Cardinal Cogen	International Power Technology	Tabors Caramanis & Associates
Casner, Steve	Intestate Gas Services, Inc.	Tecogen, Inc.
Chamberlain, Eric	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
Chevron Company	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
Chris, King	MBMC, Inc.	TransCanada
City of Glendale	MRW & Associates	Turlock Irrigation District
City of Palo Alto	Manatt Phelps Phillips	U S Borax, Inc.
City of San Jose	Matthew V. Brady & Associates	United Cogen
Clean Energy Fuels	McKenzie & Associates	Utility Cost Management
Coast Economic Consulting	Merced Irrigation District	Utility Specialists
Commerce Energy	Mirant	Verizon
Commercial Energy	Modesto Irrigation District	Wellhead Electric Company
Consumer Federation of California	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
Crossborder Energy	Morrison & Foerster	eMeter Corporation
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	
	Norris & Wong Associates	