

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 9, 2009

Advice Letter 3541-E

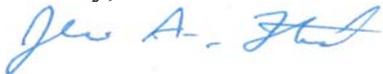
Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: Amended and Restated Power Purchase Agreement for
Procurement of Eligible Renewable Energy Resources
Between Big Valley Power, LLC and PG&E Company**

Dear Mr. Cherry:

Advice Letter 3541-E is effective October 16, 2009.

Sincerely,



Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177
Fax: 415-973-7226

October 16, 2009

Advice 3541-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Amended and Restated Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources between Big Valley Power, LLC and Pacific Gas and Electric Company

I. INTRODUCTION

A. Purpose

Pacific Gas and Electric Company (“PG&E”) seeks California Public Utilities Commission (“Commission” or “CPUC”) approval of the Amended and Restated Power Purchase Agreement (“Amended PPA”) between Big Valley, LLC (“Big Valley”) and PG&E. The Amended PPA modifies the original CPUC-approved Renewables Portfolio Standard (“RPS”) Power Purchase Agreement (“PPA”) between the two parties. The original PPA was submitted for Commission approval on July 6, 2009 in Advice Letter 3488-E. The CPUC conditionally approved it on October 15, 2009 in Resolution (“Res.”) E-4275.

The Amended PPA incorporates changes made pursuant to direction given in Res. E-4275. PG&E submits this filing as a Tier 1 filing

B. Background

The original RPS-eligible PPA between Big Valley and PG&E replaced an existing Qualifying Facilities (“QF”) contract between the two parties. Under the PPA, PG&E received both RPS-eligible energy and Green Attributes, such as renewable energy credits (RECs), from Big Valley. The PPA specified that the RECs conveyed to PG&E included those associated with RPS-eligible generation used by Big Valley to operate its biomass facility and an adjacent sawmill.

Res. E-4275 found that the conveyance to PG&E of RECs associated with generation used by Big Valley constitutes an “unbundled REC” transaction. Since PG&E is not currently authorized to use unbundled RECs for RPS compliance, the CPUC approval granted in Res. E-4275 is conditional on PG&E and Big Valley amending the PPA to prevent the PPA from conveying unbundled RECs.

C. Description of the Amended PPA

The Amended PPA revises the original PPA so that it is consistent with Commission direction in Res. E-4275 by changing terms and wording to:

- Specify that only Green Attributes associated with generation delivered to PG&E are conveyed under the Amended PPA;
- Not convey Green Attributes associated with energy used for station or sawmill purposes to PG&E; and
- Allow PG&E to monitor total RECs produced to ensure the plant meets its guarantees under the contract.

Confidential Appendices A through C provide further detail about the changes made in the Amended PPA.

II. REGULATORY PROCESS

A. Requested Effective Date

PG&E submits the Amended PPA as a Tier 1 filing, effective pending Energy Division disposition. PG&E respectfully requests that this filing become effective on **October 16, 2009**, which is the date filed, and become final and non-appealable on November 15, 2009, which is 30 days from the date of filing.

B. Request for Confidential Treatment

In support of this Advice Letter, PG&E has provided the following confidential attachments. This information is being submitted 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.

Confidential Attachments:

- Appendix A: Summary of Changes Made in the Amended and Restated Power Purchase Agreement**
- Appendix B: Comparison of Terms in the Original Power Purchase Agreement against Terms in the Amended and Restated Power Purchase Agreement**
- Appendix C: Amended and Restated Power Purchase Agreement Between PG&E and Big Valley, LLC**

Protests

PG&E requests that the Commission waive the protest period for this advice letter filing because the purpose of the Amended PPA is to comply with the Commission's directive, as stated in Res. E-4275, to modify the unbundled REC components of the PPA between PG&E and Big Valley.

Effective Date:

PG&E requests that this filing become effective on **October 16, 2009**, the date of filing. PG&E submits this filing as a Tier 1 filing.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter, excluding the confidential appendices, is being sent electronically to parties shown on the attached list and the service list for R.08-08-009. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates may also receive the Advice Letter and accompanying confidential attachments. Address changes should be directed to PGETarrifs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Brian K. Cherry (sc)

Brian K. Cherry
Vice President - Regulatory Relations

cc: Service List for R.08-08-009
Sachu Constantine, Energy Division
Paul Douglass, Energy Division
Sean Simon, Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protections of Sections 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of the contract itself, including price information, which is protected 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 Attachments:

- Appendix A: Summary of Changes Made in the Amended and Restated Power Purchase Agreement**
- Appendix B: Comparison of Terms in the Original Power Purchase Agreement Against Terms in the Amended and Restated Power Purchase Agreement**
- Appendix C: Amended and Restated Power Purchase Agreement Between PG&E and Big Valley, LLC**

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 and Sally Cuaresma

Phone #: (415) 973-1082; (415) 973-5012

E-mail: DXPU@pge.com; A2C7@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) #: **3541-E**

Tier: **[1]**

Subject of AL: **Amended and Restated Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources between Big Valley Power, LLC and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Contracts; Agreements, Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: 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: Yes. See the attached matrix that identifies all of the confidential information.

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

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Joe Lawlor, (415) 973-1569

Resolution Required? Yes No

Requested effective date: **October 16, 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:

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

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

**DECLARATION OF JOE LAWLOR
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN
ADVICE LETTER 3541-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Joe Lawlor, declare:

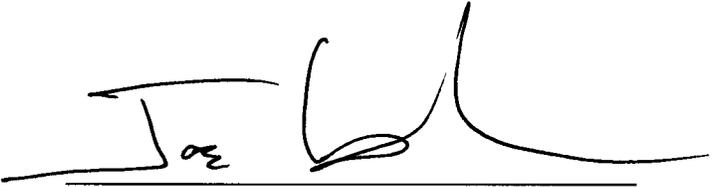
1. I am presently employed by Pacific Gas and Electric Company (“PG&E”), and have been an employee at PG&E since 1992. My current title is Principal within PG&E’s Energy Supply organization. In this position, my responsibilities include negotiating PG&E’s Renewable Portfolio Standard Program (“RPS”) and other Power Purchase Agreements. 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 electricity 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 August 22, 2006 the “Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066,” I make this declaration seeking confidential treatment of Appendices A, B, and C to Advice Letter 3541-E submitted on a October 16, 2009. By this Advice Letter, PG&E is seeking the Commission’s approval of an Amended and Restated Power Purchase Agreement that PG&E has executed with Big Valley Power, LLC.

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"), or constitutes information that should be protected under General Order 66-C. 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 October 14, 2009 at San Francisco, California.



Joe Lawlor

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3541-E October 16, 2009		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 3541-E	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains a summary of changes made in the Amended PPA. Disclosure of this summary would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amended PPA has an expectation that the terms of the Amended PPA will remain confidential pursuant to confidentiality provisions in the Amended PPA.	
2 Appendix A	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains certain terms from the Amended PPA. Disclosure of the terms of the Amended PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amended PPA has an expectation that the terms of the Amended PPA will remain confidential pursuant to confidentiality provisions in the Amended PPA.	
3 Appendix B	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains the Amended PPA. Disclosure of the Amended PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amended PPA has an expectation that the terms of the Amended PPA will remain confidential pursuant to confidentiality provisions in the Amended PPA.	
4 Appendix C	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains the Amended PPA. Disclosure of the Amended PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amended PPA has an expectation that the terms of the Amended PPA will remain confidential pursuant to confidentiality provisions in the Amended PPA.	

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

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