

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 7, 2010

Advice Letters 3577-E and 3577-E-A

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177

**Subject: Contract for Procurement of Renewable Energy Resulting from
PG&E's Power Purchase Agreement with DTE Energy Services,
Inc., and Supplemental Filing**

Dear Ms. Yura:

Advice Letters 3577-E and 3577-E-A are effective June 3, 2010 per Resolution E-4336.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

April 30, 2010

Advice 3577-E-A
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing for the Contract for Procurement of Renewable Energy Resulting From PG&E's Power Purchase Agreement with DTE Energy Services, Inc.

Pacific Gas and Electric Company ("PG&E") hereby submits to the California Public Utilities Commission ("Commission" or "CPUC") a supplemental filing for Advice 3577-E ("Advice Letter"), dated December 16, 2009.¹ The Advice Letter submitted a Power Purchase Agreement ("PPA") between PG&E and DTE Stockton, LLC ("DTE")² for CPUC review and approval. The PPA provides for PG&E's purchase of generation from a 45 megawatt ("MW") biomass power plant ("the Project") located in Port of Stockton, California, for a term of 25 years. The Project is expected to deliver on average 315 gigawatt hours ("GWh") per year over the term of the PPA. The Advice Letter is currently pending approval by the Commission.

Purpose

The purpose of this supplement is to obtain CPUC approval of an Amendment which reflects the Commission's new standard terms and conditions, as set forth in Decision ("D.") 10-03-021.

On March 16, 2010, the Commission issued D.10-03-021, which authorized the use of Renewable Energy Credits ("RECs") to comply with California's Renewables Portfolio Standard ("RPS") policies. D.10-03-021 also set forth new standard terms and conditions to be incorporated into agreements that involve the purchase of RPS-eligible energy.

¹ Supplements to Advice Letters are authorized by General Order 96-B, Section 7.5.1. Due to the limited scope of PG&E's supplemental information, this filing should not delay the effective date of the advice letter.

² DTE Stockton LLC is a subsidiary of DTE Energy Services, Inc.

The Amended PPA conforms exactly to the “non-modifiable” terms set forth in D.10-03-021 and in previous decisions, including D.07-11-025, D.08-04-009, and D.08-08-028. These terms may be found on the following pages of the PPA and Amendment.

| Non-Modifiable Term | PPA Section No. | PPA Page No. |
|--|---------------------|---------------------|
| <i>From PPA</i> | | |
| STC 1: CPUC Approval | 1.38 | 4 |
| STC 2: RECs and Green Attributes | | |
| • Definition of Green Attributes | 1.88 | 9 |
| • Conveyance of Green Attributes | 3.2 | 24 |
| STC 6: Eligibility | 10.2(a.ii) | 46 |
| STC 17: Governing Law | 10.12 | 52 |
| <i>From Amendment</i> | | |
| STC REC-1 Transfer of renewable energy credits | Amendment Item A | Amendment Page 1 |
| STC REC-2 Tracking of RECs in WREGIS | Amendment Item B | Amendment Page 1 |

The Project will interconnect directly with the California Independent System Operator (“CAISO”). Therefore, the Agreement does not include the non-modifiable terms intended for REC-only contracts.

Effective Date

PG&E requests that this supplemental filing become effective concurrent with Advice Letter 3577-E.

Attachments:

Appendix A - Amendment of Power Purchase Agreement

Request for Commission Approval

PG&E requests that any resolution that approves AL 3577-E also approve the Amendment.

Protests

PG&E asks that the protest and comment period for the DTE PPA not be reopened since this supplement simply updates the PPA’s terms and conditions to comply with the recent Commission decision. As provided by G.O. 96-B, Section 7.5.1, “The filing of a

supplement, or of additional information at the request of the reviewing Industry Division, does not automatically continue or reopen the protest period or delay the effective date of the advice letter.”

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 lists for R.08-08-009, R.06-02-012, and R.08-02-007. Address changes should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President – Regulation and Rates

cc: Service List for R.08-08-009
Service List for R.06-02-012
Service List for R.08-02-007
Paul Douglas - Energy Division
Sean Simon – Energy Division

Attachment: Appendix A - Amendment of Power Purchase Agreement

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 Linda Tom-Martinez

Phone #: (415) 973-1082 and (415) 973-4612

E-mail: dxpu@pge.com and 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) #: **3577-E-A**

Tier: **3**

Subject of AL: **Supplemental Filing for the Contract for Procurement of Renewable Energy Resulting From PG&E's Power Purchase Agreement with DTE Energy Services, Inc.**

Keywords (choose from CPUC listing): Contracts, Portfolios

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-03-021

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:

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 20, 2010 (concurrent with Commission approval of Advice 3577-E)**

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

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Jane Yura

Vice President, Regulation and Rates

77 Beale Street, Mail Code B10B

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Advice 3577-E-A

Attachment A

Amendment of the Power Purchase
Agreement With DTE Stockton, LLC

AMENDMENT OF THE POWER PURCHASE AGREEMENT

This AMENDMENT OF THE POWER PURCHASE AGREEMENT (this "Amendment") is made as of the Amendment Execution Date (defined below), by and between Pacific Gas and Electric Company ("Buyer") and DTE Stockton, LLC ("Seller" and collectively with Buyer, the "Parties"). Buyer and Seller are Parties to that certain Power Purchase Agreement between the Parties dated December 8, 2009 (the "Agreement").

RECITALS

WHEREAS, the Parties have heretofore entered into the Agreement; and

WHEREAS, the Parties wish to amend the Agreement as set forth below; and

WHEREAS, capitalized terms defined in the Agreement are used in this Amendment as defined in the Agreement,

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

The Agreement is hereby amended, and shall be effective on as of the last dated signature on the signature page hereto ("Amendment Execution Date") as follows:

A. Amendment to Section 3.1(k):

The following sentence shall be inserted as Section 3.1(k)(viii):

Seller warrants that all necessary steps to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

B. Amendment to Section 10.2(b): The following shall be inserted as the second paragraph in Section 10.2(b) of the Agreement as follows:

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and

warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

C. Miscellaneous.

1. Effect of Amendment. The Agreement, as modified by this Amendment, remains in effect in accordance with its terms. If there is any conflict between the Agreement and this Amendment, this Amendment shall control.

2. Entire Agreement. This Amendment along with the Agreement constitutes the entire agreement between the Parties relating to the subject matter thereof and shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter thereof.

3. Governing Law. This Amendment shall be governed by Section 10.12 of the Agreement. The Parties agree to comply with Article Twelve of the Agreement with respect to any dispute relating to this Amendment.

4. Captions; Construction. The headings used for the sections and articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement. Any term and provision of this Amendment shall be construed simply according to its fair meaning and not strictly for or against any Party. The Parties collectively have prepared this Amendment, and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Amendment or any part hereof.

5. Counterparts. This Amendment may be executed in counterparts, each of which is an original and all of which constitute one and the same instrument. A signature provided via facsimile or in a .pdf document sent via e-mail shall have the same effect as an original.

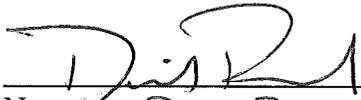
6. Any Amendments or Modifications. This Amendment may only be amended or modified in writing signed by each of the Parties.

EXECUTION VERSION

IN WITNESS WHEREOF, the Parties have caused this Amendment to the Agreement to be duly executed by its authorized representatives, as of the day and year written below. This Amendment shall not become effective as to either Party unless and until executed by both Parties.

DTE STOCKTON, LLC, a Delaware limited liability company

PACIFIC GAS AND ELECTRIC COMPANY
a California corporation


Name: DAVID RIVO
Title: PRESIDENT
Date: 4/15/10


Name: Marino Monardi
Title: Director, Procurement Program Implementation
Date: 22 April 2010



REVIEWED
BY: COO
ACCOUNTING

REVIEWED
[Signature]
[Date]

**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 | Douglass & Liddell | R. W. Beck & Associates |
| Barkovich & Yap, Inc. | Downey & Brand | RCS, Inc. |
| Bartle Wells Associates | Duke Energy | Recon Research |
| Bloomberg New Energy Finance | Dutcher, John | SCD Energy Solutions |
| Boston Properties | Economic Sciences Corporation | SCE |
| C & H Sugar Co. | Ellison Schneider & Harris LLP | SMUD |
| CA Bldg Industry Association | Foster Farms | SPURR |
| CAISO | G. A. Krause & Assoc. | Santa Fe Jets |
| CLECA Law Office | GLJ Publications | Seattle City Light |
| | Goodin, MacBride, Squeri, Schlotz & Ritchie | Sempra Utilities |
| CSC Energy Services | Green Power Institute | Sierra Pacific Power Company |
| California Cotton Ginners & Growers Assn | Hanna & Morton | Silicon Valley Power |
| California Energy Commission | Hitachi | Silo Energy LLC |
| California League of Food Processors | International Power Technology | Southern California Edison Company |
| California Public Utilities Commission | Intestate Gas Services, Inc. | Sunshine Design |
| Calpine | Los Angeles Dept of Water & Power | Sutherland, Asbill & Brennan |
| Cameron McKenna | Luce, Forward, Hamilton & Scripps LLP | Tabors Caramanis & Associates |
| Cardinal Cogen | MAC Lighting Consulting | Tecogen, Inc. |
| Casner, Steve | MBMC, Inc. | Tiger Natural Gas, Inc. |
| Chris, King | MRW & Associates | Tioga Energy |
| City of Glendale | Manatt Phelps Phillips | TransCanada |
| City of Palo Alto | McKenzie & Associates | Turlock Irrigation District |
| Clean Energy Fuels | Merced Irrigation District | U S Borax, Inc. |
| Coast Economic Consulting | Mirant | United Cogen |
| Commerce Energy | Modesto Irrigation District | Utility Cost Management |
| Commercial Energy | Morgan Stanley | Utility Specialists |
| Consumer Federation of California | Morrison & Foerster | Verizon |
| Crossborder Energy | NRG West | Wellhead Electric Company |
| Davis Wright Tremaine LLP | New United Motor Mfg., Inc. | Western Manufactured Housing Communities Association (WMA) |
| | | eMeter Corporation |
| Day Carter Murphy | Norris & Wong Associates | |