

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



June 22, 2010

**Advice Letter 3617-E**

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: Summary of Hedge Transactions in Compliance with  
Resolution E-4291 Approving Contract for Procurement  
of Renewable Energy Resources Between Shell Energy  
North America (US), LP and PG&E**

Dear Ms. Yura:

Advice Letter 3617-E is effective February 11, 2010.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



February 11, 2010

**Advice 3617-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-4291 Approving Contract for Procurement of Renewable Energy Resources Between Shell Energy North America (US), LP and PG&E**

**Purpose:**

In compliance with Resolution E-4291, Pacific Gas and Electric Company ("PG&E") submits this Advice Letter to document the fixed price obtained as a result of the hedging strategy associated with its approved Renewables Portfolio Standard ("RPS") power purchase agreement ("PPA") with Shell Energy North America (US), LP ("Shell")

**Background:**

On December 3, 2009 in Resolution E-4291, the Commission approved the PPA and an associated hedging strategy filed in PG&E's Advice Letter 3477-E on June 17, 2009. In Resolution E-4291, Ordering Paragraph 2, the Commission requested that PG&E submit a compliance filing by Tier 1 advice letter within 30 days of execution of its hedging strategy that documents the fixed price obtained as a result of that strategy. To implement its hedging strategy, PG&E conducted a request for offers for 75 megawatts (MW) of on-peak physical power for the period of July through August 2010 at the California Oregon Border ("COB") delivery point for the Big Horn facility, and a purchase of 50 MW of on-peak physical power for the period of July through August 2010 and 2011 at COB for the White Creek facility. PG&E completed the hedging transaction on January 12, 2010, within 60 days of final and non-appealable CPUC approval of Advice Letter 3477-E. Accordingly, in compliance with Resolution E-4291, PG&E provides a summary of the Shell hedge

transactions and documents the final fixed price obtained as a result of the hedging strategy in the attached 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 Fixed Price Under Hedging Strategy**

**Protests:**

Anyone wishing to protest this filing may do so by sending a letter by **March 3, 2010, 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 February 11, 2010.  
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 on the service lists for R.06-02-012, R.08-02-007 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 PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry / mt".

Brian K. Cherry  
Vice President - Regulatory Relations

cc: Service List for R.08-08-009  
Service List for R.08-02-007  
Service List for R.06-02-012  
Paul Douglas – Energy Division  
Sean Simon – 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 Fixed Price Under Hedging  
Strategy**

# 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; (415) 973-4612

E-mail: DXPUP@pge.com; 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) #: **3617-E**

**Tier: [1]**

Subject of AL: **Summary of Hedge Transactions in Compliance with Resolution E-4291 Approving Contract for Procurement of Renewable Energy Resources Between Shell Energy North American (US), LP and PG&E**

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 #: E-4291

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: Charles Post, (415) 973-9286

Resolution Required? ☐ Yes ☒ No

Requested effective date: **February 11, 2010**

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 CHARLIE H. POST  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION  
CONTAINED IN ADVICE LETTER 3617-E  
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Charles H. Post, declare:

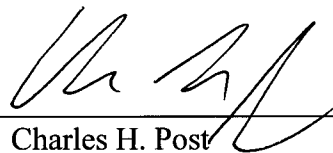
1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee for more than 8 years. My current title is Principal within PG&E's Energy Procurement Department. In this position, my responsibilities include negotiating PG&E's Renewables Portfolio Standard Program ("RPS") Power Purchase Agreements. In carrying out these responsibilities, I have acquired knowledge of PG&E's contracts with numerous counterparties. I have also gained knowledge of the operations of such sellers in general and, based on my experience in dealing with facility and contract owners, I am familiar with the types of data and information about their contracts and operations that such owners would 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 "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of Appendix A to Advice Letter 3617-E, submitted on February 11, 2010. By this Advice Letter, PG&E is summarizing the hedge transaction associated with the Power Purchase Agreement (PPA) with Shell Energy North America (US), LP and PG&E and documenting the final levelized all-in price of the PPA in compliance with Resolution E-4291.

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 February 11, 2010 at San Francisco, California.

A handwritten signature in black ink, appearing to read "CH Post", is written over a horizontal line.

Charles H. Post



PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3617-E February 11, 2010									
IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-08-066 AND DECISION 08-04-023									
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			Length of Time
1 Document: Advice Letter 3617-E	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	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 or interaction.			Remain confidential for three years
2 Appendix A									

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

Alcantar & Kahl	Day Carter Murphy	North Coast SolarResources
Ameresco	Defense Energy Support Center	Northern California Power Association
Anderson & Poole	Department of Water Resources	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Department of the Army	OnGrid Solar
BART	Dept of General Services	Praxair
BP Energy Company	Division of Business Advisory Services	R. W. Beck & Associates
Barkovich & Yap, Inc.	Douglass & Liddell	RCS, Inc.
Bartle Wells Associates	Downey & Brand	Recon Research
Boston Properties	Duke Energy	SCD Energy Solutions
C & H Sugar Co.	Dutcher, John	SCE
CA Bldg Industry Association	Economic Sciences Corporation	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
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Silicon Valley Power
California League of Food Processors	Green Power Institute	
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	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	New United Motor Mfg., Inc.	Wellhead Electric Company
		Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	Norris & Wong Associates	eMeter Corporation