

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 13, 2010

Advice Letter 3699-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: Updates to PG&E Company's Conformed 2006 Long-Term
Procurement Plan – Electricity and Gas Hedging Plan**

Dear Ms. Yura:

Advice Letter 3699-E is effective September 23, 2010 per Resolution E-4362.

Sincerely,

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

Julie A. Fitch, Director
Energy Division

July 2, 2010

Advice 3699-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 update 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 to increase the Liquidity Limit, which is a component of PG&E's Liquidity Management Strategy.

II. Background

In accordance with Decision (D.) 07-12-052, all updates proposed to PG&E's Conformed 2006 LTPP between the biennial procurement plan filings are made through the advice letter filing process. In addition, the advice letter filing includes redlined pages of PG&E's 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 Administrative Law Judge (ALJ) Carol Brown's May 2nd 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

¹ D. 07-12-052 at 184-185.

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.*

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. PG&E requested that the Hedging Plan and the summary of proposed changes remain confidential for three years following expiration of the last trade executed under this plan in Advice Letter 3942-E, and the request was approved in Resolution E-4276.⁴ This request for an extended confidential treatment is also similar to PG&E's request (that was granted by the Commission) in PG&E's gas supply plans for the California Department of Water Resources.⁵

Tier Designation

This advice letter is submitted with a Tier 3 designation.

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 22, 2010**, 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

³ In a recent Assigned Law Judge's Ruling, it states, "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, "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 filed Advice 3492-E on July 10, 2009; the filing was approved by Resolution E-4276, effective October 29, 2009.

⁵ PG&E's Advice 3309-E was approved by the Commission and became effective on October 1, 2008.

E-mail: ijnj@cpuc.ca.gov and mas@cpuc.ca.gov

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:

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, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that a final resolution is approved on or before **September 2, 2010**, so that PG&E may implement its revised Electricity and Gas Hedging Plan as expeditiously as possible. 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. Address changes to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President, Regulation and Rates

Attachments:

Confidential Attachment A: Electricity and Gas Hedging Plan Redline Version
Confidential Attachment B: Electricity and Gas Hedging Plan Clean Version
Confidential Attachment C: Summary of Electricity and Gas Hedging Plan

cc: Service List for R.10-05-006

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) #: 3699-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 2, 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). 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: Jane K. 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

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