

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 15, 2010

Advice Letter 3711-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: Compliance Filing of Power Purchase Agreements

Dear Ms. Yura:

Advice Letter 3711-E is effective September 1, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Jane K. Yura
Vice President
Regulation and Rates

Pacific Gas and Electric Company
77 Beale St., Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

August 4, 2010

Advice 3711-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Compliance Filing of Power Purchase Agreements

Pacific Gas and Electric Company (PG&E) hereby submits the power purchase agreements (PPAs) that comprise the Tracy Transaction and the Los Esteros Critical Energy Facility Transaction as a Tier 1 advice filing in order to immediately proceed with these transactions in compliance with Decision (D.) 10-07-042, Ordering Paragraph (OP) 2.¹

Background

On July 29, 2010, the Tracy Transaction, described in Application (A.) 09-10-022, and the Los Esteros Generating Facility (LECEF) Transaction, described in A.09-10-034, were conditionally approved by D.10-07-042, OP 2, which states:

2. If the Commission rejects the proposed Marsh Landing Project and/or the Oakley Project in Application (A.) 09-09-021, Pacific Gas and Electric Company shall proceed immediately with both the Tracy Transaction described in A.09-10-022 and the Los Esteros Critical Energy Facility Transaction described in A.09-10-034. Pacific Gas and Electric Company shall file a Tier 1 compliance advice letter containing executed copies of the contracts that comprise the Tracy Transaction and the Los Esteros Critical Energy Facility Transaction 30 days after the later of (i) today's decision, or (ii) the issuance of a final Commission decision in A.09-09-021 that rejects the proposed Marsh Landing Project and/or Oakley Project.

The Oakley Project was also rejected on July 29, 2010, by D.10-07-045. Accordingly, PG&E will proceed with the Tracy and LECEF Transactions. This advice filing is being submitted within the 30-day deadline established in D.10-07-042, OP 2.

¹ To conserve resources, the confidential attachments are being submitted in electronic disk format.

Contents of this Advice Filing

PG&E submits the PPAs that comprise the Tracy and LECEF Transactions in compliance with D.10-07-042, OP 2. The submitted Tracy Transaction contracts consist of the DWR Novation Agreement, the Replacement Agreement, the Replacement MRTU Agreement, the Tracy Transition Agreement, and the PPA for deliveries from the upgraded Tracy facility. The submitted LECEF Transaction contracts consist of the DWR Novation Agreement, Replacement Agreement, and PPA for deliveries from the upgraded LECEF facility.

Attachments - Confidential**NOTICE OF LIMITED ACCESS TO CONFIDENTIAL MATERIAL**

The PPAs attached to this advice letter are marked, "Confidential Protected Material". The Tracy Transaction PPAs were appended to A.09-10-022 subject to PG&E's motion to file the PPAs under seal. The motion was granted by the Administrative Law Judge's Ruling of November 16, 2009. Pursuant to D.08-04-023, Appendix C - IOU Matrix, the California Public Utilities Commission's (Commission) previous determination of protected status demonstrates that today's submission of the Tracy Transaction PPAs should likewise be placed under seal.

The LECEF Transaction PPAs were appended to A.09-10-034 subject to PG&E's motion to file under seal. IOU Matrix VII) B) of D.06-06-066 protects "contracts between an IOU and non-affiliated third parties" from public disclosure for three years. The March 10, 2010, March 17, 2010, and April 21, 2010 rulings of the Administrative Law Judge in A.09-10-034 placed testimony referring to the terms of the LECEF Transaction PPAs under seal. These rulings establish the Commission's intent also to place the PPAs under seal. Pursuant to D.08-04-023, Appendix C - IOU Matrix, the Commission's previous determination of protected status demonstrates that today's submission of the LECEF Transaction PPAs should likewise be placed under seal.

List of Confidential Attachments:

- Tracy Novation Agreement
- Tracy Replacement Agreement
- Tracy Transition Agreement
- Tracy Upgrade Power Purchase Agreement
- Tracy Replacement MRTU Agreement

- LECEF Novation Agreement
- LECEF Replacement Agreement
- LECEF Upgrade Power Purchase Agreement

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 **August 24, 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
E-mail: jjn@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:

This is a Tier 1 advice filing in accordance with OP 2 of D.10-07-042 and is therefore effective upon filing, i.e., on **August 4, 2010**.

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 lists. 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>.

A handwritten signature in black ink that reads "Jane Yura-OB". The signature is written in a cursive style.

Vice President, Regulation and Rates

Attachments

cc: Service Lists for A.09-10-022 and A.09-10-034

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) #: 3711-E

Tier: 1

Subject of AL: Compliance Filing of Power Purchase Agreements

Keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-07-042

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: No

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Evelyn Lee at (415) 973-2786

Resolution Required? Yes No

Requested effective date: August 4, 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

jnj@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	Department of Water Resources	Northern California Power Association
Ameresco	Department of the Army	Occidental Energy Marketing, Inc.
Anderson & Poole	Dept of General Services	OnGrid Solar
Arizona Public Service Company	Division of Business Advisory Services	Praxair
BART	Douglass & Liddell	R. W. Beck & Associates
BP Energy Company	Downey & Brand	RCS, Inc.
Barkovich & Yap, Inc.	Duke Energy	Recon Research
Bartle Wells Associates	Dutcher, John	Recurrent Energy
Bloomberg New Energy Finance	Economic Sciences Corporation	SCD Energy Solutions
Boston Properties	Ellison Schneider & Harris LLP	SCE
Brookfield Renewable Power	Foster Farms	SMUD
C & H Sugar Co.	G. A. Krause & Assoc.	SPURR
CA Bldg Industry Association	GLJ Publications	Santa Fe Jets
CAISO	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
CLECA Law Office	Green Power Institute	Sempra Utilities
CSC Energy Services	Hanna & Morton	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	Hitachi	Silicon Valley Power
California Energy Commission	International Power Technology	Silo Energy LLC
California League of Food Processors	Intestate Gas Services, Inc.	Southern California Edison Company
California Public Utilities Commission	Lawrence Berkeley National Lab	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)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
	North Coast SolarResources	