

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 31, 2011

Advice Letters 3794-E and 3794-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: Sixth Amendment to the Contract for Procurement of Renewable Resources Energy Resulting from the Power Sales Agreement Between PG&E and Monterey Regional Waste Management District and Supplemental Filing

Dear Ms. Yura:

Advice Letters 3794-E and 3794-E-A are effective February 24, 2011.

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

Mailing Address
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Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

January 25, 2011

Advice 3794-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Fifth Amendment to Power Sales Agreement Between PG&E and
Monterey Regional Waste Management District**

Introduction

Pacific Gas and Electric Company (“PG&E”) submits this advice letter to request that the California Public Utilities Commission (“Commission”) approve the Fifth Amendment (“Amendment”) of its existing Qualifying Facility (“QF”) Power Sales Agreement (“PSA”) with Monterey Regional Waste Management District (“MRWMD”). The Amendment will allow PG&E to purchase Renewables Portfolio Standard (“RPS”) eligible generation from MRWMD’s existing biogas facility for up to one additional year at a reduced price. This advice letter is submitted in compliance with the procedures set forth in Decision (D.) 06-12-009 allowing modifications and amendments to QF contracts for transactions of less than 5 years.¹

Background

MRWMD and PG&E are parties to an existing 2.8 megawatt (“MW”) QF PSA for a facility located at the Marina Landfill near Monterey, California. Under the existing PSA, MRWMD is committed to provide 1.15 MW of firm capacity to PG&E, which is provided from two generators with a combined nameplate capacity of 2 MW. PG&E previously received Commission approval of a fourth amendment to the PSA (“Fourth Amendment”), submitted in Advice Letter 3507-E, which allowed PG&E to purchase 3 MW of additional capacity from two additional metered generators at MRWMD’s facility, at revised pricing terms. Under the proposed Amendment, the time period for the Fourth Amendment to remain in effect will be extended by up to one year, and the

¹ See D.06-12-009 at p. 7.

price paid for the additional 3 MW of capacity will be reduced. The Amendment is intended to have a relatively short duration, but provide enough time for the parties time to develop a replacement PPA for the entire facility.

The Amendment was executed on January 4, 2011 and is effective upon Commission approval. The parties agreed to purchases beginning on December 31, 2010, at the day-ahead locational marginal price, subject to true-up for all deliveries received from December 31, 2010, forward to the contract price after Commission approval. A copy of the Amendment is included as confidential Attachment A to this advice letter and a summary of the key terms of the Amendment is included as confidential Attachment B.

The Amendment Will Benefit PG&E Customers

PG&E is aggressively pursuing reasonably priced and viable opportunities to provide its customers with incremental renewable power in an effort to meet the state's current and prospective RPS goals. The Amendment has several benefits. First, MRWMD has committed deliveries of renewable generation from the facility to PG&E at a reduced price. Second, the Amendment will allow the parties time to negotiate a replacement long-term RPS-PPA for the entire output of the facility.

Conclusion

PG&E requests Commission approval of the Amendment, and all payments made under the Amendment, subject only to ongoing Commission review with respect to the reasonableness of PG&E's administration of the Amendment, the existing QF PSA, and prior amendments.

Compliance Items

In support of this advice letter, PG&E encloses the following confidential supporting documentation:

- Attachment A Fifth Amendment to the PSA
- Attachment B Summary of the Key Amendment Terms

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 **February 14, 2011**, which is twenty (20) days from 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:

Pacific Gas and Electric Company
Attention: Jane K. Yura
Vice President, Regulation and Rates
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 this advice letter be approved no later than **February 24, 2011**. PG&E submits this request as a Tier 2 advice letter.

Notice

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list. 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 attachments. Address changes to the General Order 96-B service list should be directed to PGETariffs@pge.com. For changes to any other service list, please contact the

Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov.
Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

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

Vice President – Regulation and Rates

cc: PG&E's Procurement Review Group
Melissa Semcer, Energy Division, CPUC

Attachments - Confidential Attachments A and B

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) #: **3794-E**

Tier: **2**

Subject of AL: **Fifth Amendment to Power Sales Agreement Between PG&E and Monterey Regional Waste Management District**

Keywords (choose from CPUC listing): Qualifying Facility, Agreements

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: Yes No All members of PG&E's Procurement Review Group who have signed nondisclosure agreements 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: Hugh Merriam (415-973-1269)

Resolution Required? Yes No

Requested effective date: **February 24, 2011**

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

**DECLARATION OF HUGH MERRIAM
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3794-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Hugh Merriam, declare:

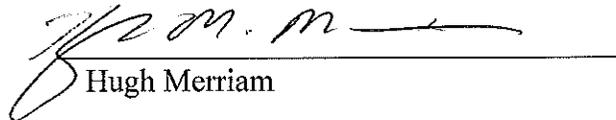
1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1983. My current title is Manager within PG&E's Energy Procurement organization. In this position, my responsibilities include negotiating new and amended Power Purchase Agreements. In carrying 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 "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 and B to Advice Letter 3794-E, submitted January 25, 2011. By this Advice Letter, PG&E is seeking this Commission's approval of an amendment that PG&E has executed with MRWMD.

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"), and/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 submittal.

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 January 21, 2011 at San Francisco, California.


Hugh Merriam

		PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3794-E January 25, 2011		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 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 3794-E						
2	Appendix A	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties. General Order 66-C.	Y	Y	Y	This Appendix contains the Amendment. Disclosure of the Amendment would provide valuable market sensitive information to competitors. Since RPS negotiations are still in progress with bidders from the 2005, 2006, 2007, 2008 and 2009 RPS solicitations, as well as negotiations with other QFs and bilateral RPS negotiations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amendment has an expectation that the terms will remain confidential. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	For information covered under Item VII B), remain confidential for three years For information covered by General Order 66-C, remain confidential
3	Appendix B	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties. General Order 66-C.	Y	Y	Y	This Appendix contains terms of the Amendment. Since RPS negotiations are still in progress with bidders from the 2005, 2006, 2007, 2008 and 2009 RPS solicitations, as well as negotiations with other QFs and bilateral RPS negotiations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amendment has an expectation that the terms will remain confidential. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	For information covered under Item VII B), remain confidential for three years For information covered by General Order 66-C, remain confidential

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

Alcantar & Kahl LLP	Division of Business Advisory Services	Occidental Energy Marketing, Inc.
Ameresco	Douglass & Liddell	OnGrid Solar
Anderson & Poole	Downey & Brand	Praxair
Arizona Public Service Company	Duke Energy	R. W. Beck & Associates
BART	Dutcher, John	RCS, Inc.
Barkovich & Yap, Inc.	Economic Sciences Corporation	Recurrent Energy
Bartle Wells Associates	Ellison Schneider & Harris LLP	SCD Energy Solutions
Bloomberg	Foster Farms	SCE
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SMUD
Boston Properties	GLJ Publications	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
Braun Blasing McLaughlin, P.C.	Green Power Institute	Santa Fe Jets
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
CA Bldg Industry Association	Hitachi	Sempra Utilities
CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
Clean Energy Fuels	Modesto Irrigation District	Turlock Irrigation District
Coast Economic Consulting	Morgan Stanley	United Cogen
Commercial Energy	Morrison & Foerster	Utility Cost Management
Consumer Federation of California	NLine Energy, Inc.	Utility Specialists
Crossborder Energy	NRG West	Verizon
Davis Wright Tremaine LLP	Navigant Consulting	Wellhead Electric Company
Day Carter Murphy	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	
Dept of General Services	Northern California Power Association	