

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 29, 2011

Advice Letter 3800-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: Approval of Price Index Change for Deliveries Under Six
Existing Qualifying Facilities Power Purchase Agreements**

Dear Ms. Yura:

Advice Letter 3800-E is effective March 9, 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

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

Fax: 415-973-6520

February 1, 2011

Advice 3800-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Approval of Price Index Change for Deliveries Under Six Existing Qualifying Facilities Power Purchase Agreements

Pacific Gas and Electric Company ("PG&E") hereby requests the California Public Utilities Commission ("CPUC" or "Commission") review and approve a Letter Agreement which changes the price index used for payment for incremental energy purchased under six existing Qualifying Facilities ("QF") Power Purchase Agreements ("PPAs"). The change in price index is requested because the existing index is no longer traded with sufficient liquidity to provide a regular price point.

Background and Request:

PG&E is currently a party to the following six existing PPAs:

PG&E Log No.	Counterparty	Type of PPA	Expiration Date
01P049	GWF Power Systems	Qualifying Facility	9/30/2021
01P086	GWF Power Systems	Qualifying Facility	4/21/2020
01P091	GWF Power Systems	Qualifying Facility	11/29/2020
01P051	GWF Power Systems	Qualifying Facility	4/15/2020
01P087	GWF Power Systems	Qualifying Facility	4/17/2020
25C136	Hanford L.P.	Qualifying Facility	8/22/2011

The six QF PPAs include provisions that provide for the purchase of Incremental Energy from the QF. PG&E accepts Incremental Energy and uses an index price in payment calculations. However, the price index currently identified in the QF PPAs is no longer traded with sufficient liquidity to provide a regular price point. Thus, PG&E

and GWF Power Systems and Hanford L.P. (together, the “Counterparties”) have agreed through the Letter Agreement to amend the QF PPAs to include a different price index that is more robust and liquid. The Letter Agreement, the QF PPAs, and the price indices are discussed in further detail in Confidential Appendix A. The Letter Agreement is attached as Confidential Appendix B.

Request for Confidential Treatment:

In support of this advice filing, PG&E has provided the following confidential information. This information is being submitted 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 filing (see Appendix 1).

Confidential Attachments:

Appendix A – Details of the Letter Agreement and Price Indices.

Appendix B – Executed Letter Agreement.

PG&E requests that the Commission review the Letter Agreement and approve the requested price index change, allowing PG&E to recover costs paid under the QF PPAs through its Energy Resource Recovery Account (“ERRA”).

Protests:

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile, or electronically, any of which must be received no later than **February 22, 2011**, which is twenty-one (21) days from the date of this filing.¹ Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102

Facsimile: (415) 703-2200
E-mail: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

¹ Since the protest period ends on a holiday, PG&E is therefore moving the end of the protest period to the following business day.

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 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 filing become effective on **March 3, 2011**, which is 30 days after the date of filing. PG&E submits this as a Tier 2 filing.

Notice:

In accordance with G.O. 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 list for R.10-05-006. Address changes to the G.O. 96-B service list should be directed to e-mail 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. Send all electronic approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Handwritten signature of Jane Yura in cursive script.

Vice President – Regulation and Rates

Attachments: Appendix 1: Declaration and Matrix
Confidential Appendix A: Letter Agreement and Price Details
Confidential Appendix B: Letter Agreement

cc: Service List 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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: 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) #: **3800-E**

Tier: **2**

Subject of AL: **Approval of Price Index Change for Deliveries Under Six Existing Qualifying Facilities Power Purchase Agreements**

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 AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Confidential Appendices A and B

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: **March 3, 2011**

No. of tariff sheets:

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 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 3800-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 3800-E, submitted February 1st, 2011. By this Advice Letter, PG&E is seeking this Commission’s approval of amendments executed with GWF.

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

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3800-E February 1, 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 3800-E							
2	Appendix A	Y	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties . General Order 66-C.	Y	Y	Y	This Appendix describes the Amendment. Disclosure of the background information and description of the Amendment would provide valuable market sensitive information to competitors. Since negotiations are in progress with other QFs, 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	Y	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 other QFs and Sellers, 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**

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Ameresco	Douglass & Liddell	OnGrid Solar
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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
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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	