

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



September 9, 2011

**Advice Letter 3887-E**

Brian K. Cherry  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Revisions to the Amendment of the Power Purchase Agreement  
Between Pacific Oroville Power and PG&E Company**

Dear Mr. Cherry:

Advice Letter 3887-E is effective August 12, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulation and Rates

*Mailing Address*  
77 Beale St., Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.6520

August 12, 2011

**Advice 3887-E**  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revisions to the Amendment of the Power Purchase Agreement Between Pacific Oroville Power and Pacific Gas and Electric Company**

### **Introduction**

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”), revisions to the Amendment to the power purchase agreement (“PPA”) between Pacific Oroville Power Inc. (“POPI”) Power Purchase Agreement and PG&E in compliance with CPUC Resolution E-4412. PG&E and POPI (the “Parties”) have executed a Letter Agreement that revises the Amendment (“Letter Agreement”) to delete the extension of the PPA term and (2) include all relevant non-modifiable standard terms and conditions currently required by the Commission in contracts for the procurement of electricity subject to the California Renewables Portfolio Standard (“RPS”).

### **Background**

On December 3, 2010, PG&E filed Advice Letter 3770-E to obtain approval of a proposed amendment to the existing qualifying facility (“QF”) PPA with POPI (“Proposed Amendment”). The Parties had negotiated modifications to the existing QF PPA terms and agreed to extend the original PPA term so that deliveries could occur for an additional period under the terms of the Proposed Amendment. On July 14, 2011, the Commission issued Resolution E-4412 whereby it approved the Proposed Amendment subject to modifications. The modifications consist of reversion to the original QF PPA term<sup>1</sup> and the inclusion of all relevant non-modifiable RPS standard terms and conditions (“STCs”) that conform exactly to the “non-modifiable” terms set forth in D.10-03-021 as modified by Decision (“D.”)11-01-025 and in previous decisions, including D.07-11-025,

---

<sup>1</sup> Resolution E-4412, OP2 at 16.

D.08-04-009, and D.08-08-028.<sup>2</sup>

PG&E and POPI have executed a Letter Agreement which revises the Proposed Amendment to conform it to the terms of Resolution E-4412. The Letter Agreement is being filed as Confidential Appendix A to this Advice Letter. The Proposed Amendment, as revised by the Letter Agreement, constitutes the “Revised Amendment” of the QF PPA.

The following table indicates where each required term may be found in the Revised Amendment:

- The term extending the duration of the QF PPA has been deleted.
- Most of the RPS STCs were already included in the Proposed Amendment. The locations of those terms are indicated under the heading, “Amendment.”
- Other STCs that must be added to the terms of the PPA between the parties because they were required by Resolution E-4412, or terms that were in the Proposed Amendment but must be conformed to the CPUC’s adopted format are listed under the heading, “Letter Agreement.” The location of each term within either the Proposed Amendment or the Letter Agreement is indicated in the table.

	<b>Revised Amendment to the QF PPA</b>	
	<b>Amendment</b>	<b>Letter Agreement</b>
<b>Revision to Existing QF PPA Term</b>	Article Two, Term, Section 2.3 “Extension of Current PPA Term”	Item 1, delete the term
<b>Non-Modifiable RPS Terms</b>		
STC 1: CPUC Approval	Article One, Definitions, Section 1.6 “CPUC Approval”	Article One, Definitions, Section 1.10 (Section renumbered)

---

<sup>2</sup> Id. OP3.

STC 2: RECs and Green Attributes		
Definition of Green Attributes	Article One, Definitions, Section 1.9 “Green Attributes”	Article One, Definitions, Section 1.15 (Section renumbered)
Conveyance of Green Attributes	Article Three, Obligations and Deliveries, Section 3.3, “Inclusion of Green Attributes”	Item 2, remove the phrase, “during the Amendment term”
STC 6: Eligibility	Article Three, Obligations and Deliveries, Section 3.1 “Eligible Renewable Energy Resource”	Item 3, replace “Amendment Term” with the phrase, “Delivery Term of this Agreement”
STC 17: Applicable Law	Article Five, General Terms and Conditions, Section 5.3	Item 4, replace “Governing Law” with complete version of “Governing Law”
STC REC-1 Transfer of Renewable Energy Credits		Item 5, insert new Section 3.7, “Transfer of Renewable energy Credits”
STC REC-2 Tracking of RECs in WREGIS		Item 6, insert new Section 3.8, “Tracking of RECs in WREGIS.”

### **Confidentiality:**

In support of this Advice Letter, PG&E submits Confidential Appendix A 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 General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

### **Confidential Appendix:**

#### **Appendix A – Letter Agreement Revising Amendment to the PPA**

### **Protests:**

Anyone wishing to protest this filing may do so by sending a letter by **September 1, 2011**, 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  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjn@cpuc.ca.gov](mailto:jjn@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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: Brian K. Cherry  
Vice President, Regulation and Rates  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-6520  
E-Mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**Effective Date:**

PG&E requests that this advice filing become effective on **August 12, 2011**. 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 the service list for R.11-05-005. 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 appendices. Address changes to the General Order 96-B service list and electronic approvals should be directed to [PGETariffs@pge.com](mailto: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](mailto:Process_Office@cpuc.ca.gov). Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

Handwritten signature of Brian Cherry in cursive.

Vice President – Regulation and Rates

cc: PG&E's Procurement Review Group  
Jennifer Kalafut, Energy Division, CPUC  
Joseph Abhulimen, DRA, CPUC  
Cynthia Walker, DRA, CPUC  
Service List R.11-05-005

Attachments

**Limited Access to Confidential Material:**

Appendix A to this Advice Letter is 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 General Order 66-C. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

# 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) #: **3887-E**

Tier: **1**

Subject of AL: **Revisions to the Amendment of the Power Purchase Agreement Between Pacific Oroville Power and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Contracts, Portfolio, Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4412

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: **August 12, 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 proposed<sup>1</sup>: 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: Brian Cherry**

**Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10C**

**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 3887-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 Appendix A to PG&E's Advice Letter 3887-E, submitted on August 12, 2011.

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 I 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, if applicable, 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, if applicable; (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.

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 August 12, 2011, at San Francisco, California.

  
HUGH MERRIAM

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3887-E August 12, 2011		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 08-04-023			Length of Time	
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
1	Document: Advice Letter 3887-E	Item VII B ) Contracts and power purchase agreements between utilities and non-affiliated third parties	Y	Y	Y	This Appendix contains the Amendment. Disclosure of certain terms of the Amendment would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amendment has an expectation that the terms of the Amendment will remain confidential.
2	Appendix A					For information covered under Item VII B), remain confidential for three years after the commercial operation date, or one year after expiration (whichever is sooner).

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

AT&T	Department of Water Resources	North Coast SolarResources
Alcantar & Kahl LLP	Dept of General Services	Northern California Power Association
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
Arizona Public Service Company	Duke Energy	Praxair
BART	Economic Sciences Corporation	R. W. Beck & Associates
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	RCS, Inc.
Bartle Wells Associates	Foster Farms	Recurrent Energy
Bloomberg	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg New Energy Finance	GLJ Publications	SCE
Boston Properties	GenOn Energy, Inc.	SMUD
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Brookfield Renewable Power	Green Power Institute	San Francisco Public Utilities Commission
CA Bldg Industry Association	Hanna & Morton	Seattle City Light
CLECA Law Office	Hitachi	Sempra Utilities
CSC Energy Services	In House Energy	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	International Power Technology	Silicon Valley Power
California Energy Commission	Intestate Gas Services, Inc.	Silo Energy LLC
California League of Food Processors	Lawrence Berkeley National Lab	Southern California Edison Company
California Public Utilities Commission	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Calpine	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Cardinal Cogen	MAC Lighting Consulting	Sunshine Design
Casner, Steve	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
City of San Jose	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)
Defense Energy Support Center	North America Power Partners	eMeter Corporation