

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 20, 2012

Advice Letter 3997-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: Update to PG&E Company's 2010 Bundled Procurement
Plan – Electric Portfolio Hedging Plan**

Dear Mr. Cherry:

Advice Letter 3997-E is effective September 13, 2012 per Resolution E-4498.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

January 30, 2012

Advice 3997-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Update to Pacific Gas and Electric Company's 2010 Bundled Procurement Plan – Electric Portfolio Hedging Plan

I. Purpose

Pacific Gas and Electric Company (PG&E) hereby requests approval of a proposed update to its Electric Portfolio Hedging Plan (Hedging Plan), Appendix B, Sections D.1 and D.2 of PG&E's approved 2010 Bundled Procurement Plan (BPP). The purpose of this update is to increase the Liquidity Limit, which is a component of the Liquidity Management Strategy included in the Hedging Plan.

II. Summary of Update Filing

In accordance with Decision (D.) 07-12-052 and D.12-01-033, approving PG&E's 2010 BPP, all updates proposed to PG&E's approved 2010 BPP between the biennial procurement plan filings are made through the advice letter filing process. An advice letter filing should include redlined pages of PG&E's approved 2010 BPP, as well as clean replacement pages.¹ Accordingly, Attachments A (redlined) and B (clean) reflect the relevant changes to the Hedging Plan, Appendix B, Sections D.1 and D.2 of PG&E's approved 2010 BPP incorporating the proposed Liquidity Limit increase. In addition, Attachment C provides a summary of PG&E's proposed Liquidity Limit increase and explains the reason and need for this update to the Hedging Plan.

III. Confidential Information

The revised Hedging Plan pages that include the Liquidity Limit update (Attachments A and B) and summary of proposed changes (Attachment C) are confidential in their entirety. The information included in these attachments falls 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). Moreover, given that the analyses, strategies, assumptions and planning are part of a consistently-executed

¹ D.07-12-052 at pp. 184-185.

Hedging Plan that extends over multiple years, PG&E requests that Attachments A-C remain confidential for more than three years. Releasing confidential information related to the Hedging Plan after three years is likely to result in releasing key information about future years' implementation of the Hedging Plan.² Thus, PG&E requests that Attachments A-C remain confidential for three years following expiration of the last trade executed under the Hedging Plan. This request for an extended confidential treatment is 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.³

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 **February 20th, 2012**, which is 21 days after the date of this filing.⁴ 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: 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.

² "[T]he 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...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, p. 4, in R.08-06-025.

³ PG&E's Advice Letter 3853-E was approved by the Commission and became effective on November 1, 2011.

⁴ The protest period concludes on a weekend. PG&E is hereby moving this date 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:

Brian Cherry
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 **June 1, 2012**, so that PG&E can implement its updated Liquidity Limit 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>**.

A handwritten signature in blue ink that reads "Brian Cherry" followed by a circular stamp containing the initials "BSC".

Vice President, Regulation and Rates

Attachments:

Confidential Attachment A: Relevant Pages of Electric Portfolio Hedging Plan Redline Version

Confidential Attachment B: Relevant Pages of Electric Portfolio Hedging Plan Clean Version

Confidential Attachment C: Summary of PG&E's Proposed Electric Portfolio Hedging Plan Update

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: Britta Brown

Phone #: (415) 973-8584

E-mail: B2Bn@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) #: **3997-E**

Tier: 3

Subject of AL: **Update to Pacific Gas and Electric Company's 2010 Bundled Procurement Plan - Electric Portfolio Hedging Plan**

Keywords (choose from CPUC listing): **Procurement**

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Decision (D.) 07-12-052 and D.12-01-033**

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, Relevant pages of Electric Portfolio Hedging Plan (red-lined and clean), Summary of Electric Portfolio Hedging Plan**

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

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: **June 1, 2012**

No. of tariff sheets: **0**

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: 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 K. 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

ADVICE 3997-E

**Attachment A:
Relevant Pages of Electric Portfolio Hedging Plan
Redline Version
(Redacted in Its Entirety)**

ADVICE 3997-E

**Attachment B:
Relevant Pages of Electric Portfolio Hedging Plan
Clean Version
(Redacted in Its Entirety)**

ADVICE 3997-E

**Attachment C:
Summary of Electric Portfolio Hedging Plan Update
(Redacted in Its Entirety)**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**DECLARATION OF HAROLD PESTANA IN SUPPORT OF
THE CONFIDENTIAL TREATMENT OF PG&E'S ADVICE LETTER FILING 3997-E**

I, Harold Pestana, declare:

1. I am a Senior Manager in the Energy Supply Management organization at Pacific Gas and Electric Company (PG&E). I am responsible for management of PG&E's short-, medium- and long-term' electric portfolio. This declaration is based on my personal knowledge of PG&E's electric portfolio and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information concerning fuels management of an investor-owned utility.

2. Based on my knowledge and experience, and in accordance with the "Administrative Law Judge's Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066," issued in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment for certain information contained in PG&E's Advice Letter 3997-E.

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 (the "IOU Matrix") of Decision 06-06-066 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 that is pertinent to my testimony in the attached matrix.

■ declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on January 26, 2012 at San Francisco, California.

A handwritten signature in black ink, appearing to read "Harold Pestana", written in a cursive style. The signature is positioned above a horizontal line.

HAROLD PESTANA

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PG&E'S ADVICE LETTER 3997-E
January 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) Constitutes data listed in Appendix 1 to D.06-06-066 (Y/N)	2) Data correspond to category in Appendix 1:	3) Complies with limitations of D.06-06-066 (Y/N)	4) Data not already public (Y/N)	5) Lead to partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Document: Liquidity Limit Attachments A, B, C							
Redacted portions of Attachment A	N/A	I.A.4 – Long-term fuel (gas) buying and hedging plans General Order 66-C	Y	Y	Y	Attachment A describes a portion of PG&E's electric hedging strategy, which should be confidential by analogy to the protections for gas hedging plans in Item I.A.4 of the D.06-06-066 Matrix. Disclosure of this information would reveal to market participants PG&E's strategy to manage its electricity position, which could harm ratepayers because suppliers could adjust either the availability or pricing of supply available to PG&E. This material is also protected as confidential material under General Order 66-C.	3 years following expiration of the last trade executed under the Hedging Plan
Redacted portions of Attachment B	N/A	I.A.4 – Long-term fuel (gas) buying and hedging plans General Order 66-C	Y	Y	Y	Attachment B describes a portion of PG&E's electric hedging strategy, which should be confidential by analogy to the protections for gas hedging plans in Item I.A.4 of the D.06-06-066 Matrix. Disclosure of this information would reveal to market participants PG&E's strategy to manage its electricity position, which could harm ratepayers because suppliers could adjust either the availability or pricing of supply available to PG&E. This material is also protected as confidential material under General Order 66-C.	3 years following expiration of the last trade executed under the Hedging Plan
Attachment C	N/A	I.A.4 – Long-term fuel (gas) buying and hedging plans General Order 66-C	Y	Y	Y	Attachment C describes the basis for updating PG&E's hedging plan, which should be confidential by analogy to the protections for gas hedging plans in Item I.A.4 of the D.06-06-066 Matrix. Disclosure of this information would reveal to market participants PG&E's strategy to manage its electricity position, which could harm ratepayers because suppliers could adjust either the availability or pricing of supply available to PG&E. This material is also protected as confidential material under General Order 66-C.	3 years following expiration of the last trade executed under the Hedging Plan

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

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