

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 27, 2013

Advice Letter 4091-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: 2012 Second Quarter Procurement Transaction Compliance Filing

Dear Mr. Cherry:

Advice Letter 4091-E is effective March 26, 2013.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

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

Fax: 415-973-7226

July 30, 2012

Advice 4091-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Procurement Transaction Quarterly Compliance Filing (Q2, 2012)

Pacific Gas and Electric Company ("PG&E") hereby submits to the California Public Utilities Commission ("Commission" or "CPUC") its compliance filing for the second quarter of 2012 in conformance with PG&E's Bundled Procurement Plan ("BPP") approved by the Commission in Decision ("D.") 12-01-033 for the period of April 1, 2012 to June 30, 2012 ("Plan"). PG&E's submittal of this Procurement Transaction Quarterly Compliance Report ("QCR") for record period April through June 2012 (Q2-2012) is in accordance with D.03-12-062, Ordering Paragraph 19, which requires that the Quarterly Procurement Plan Compliance Reports be submitted within 30 days of the end of the quarter.

Background

In D.07-12-052, the Commission directed Energy Division and the Investor-Owned Utilities ("IOUs") to continue the collaborative effort to develop a reformatted QCR. The Commission authorized Energy Division to implement a reformatted QCR and to make ministerial changes to the content and format of the report as needs arise. Energy Division and the IOUs finalized the QCR format in December 2008. This QCR is consistent with the final format authorized by Energy Division on December 15, 2008.

Compliance Items

Attachment 1 to this QCR includes a narrative with supporting Confidential Appendices that conforms to the reformatted QCR. The public version of Attachment 1 only includes the Narrative, which is not confidential. The confidential version of this QCR includes the following supporting Confidential Appendices:

- Appendix A – Second Quarter 2012 Transactions
- Appendix B – Second Quarter 2012 Counter-Party Information

Appendix C –	Second Quarter 2012 Electric Transactions Summary
Appendix D –	Second Quarter 2012 Natural Gas Transactions Summary
Appendix E –	Second Quarter 2012 Other Transactions
Appendix F –	Second Quarter 2012 Key Briefing Packages
Appendix G –	Second Quarter 2012 Independent Evaluator Reports
Appendix H –	Second Quarter 2012 New Contracts Executed/Contracts Amended
Appendix I –	Summary of Retained Generation Investments Completed During Second Quarter 2012
Appendix J –	System Load Requirements/Conditions
Appendix K –	Risk Management Strategy Communication and Management Disclosure
Appendix L –	Reasonable Number of Analyses Models, Description of Models, and How Models Operate
Appendix M –	Transactions Subject to Strong Showing

Attachment 2 to this QCR includes a confidentiality declaration and matrix.

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 20, 2012**, which is 21 days after the date of this filing.¹ 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: EDTariffUnit@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.

¹ Because the protest period ends on a weekend, 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 to (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 K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

In accordance with D.03-12-062, the requested effective date of this Tier 2 advice letter is **August 20, 2012**.

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 and the service lists for Rulemaking ("R.") R.12-03-014. Address changes to the General Order 96-B service list and all electronic approvals should be sent 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. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President – Regulatory Relations

cc: Service List R.12-03-014
PG&E's Procurement Review Group

Public Attachments: Attachment 1 – Narrative
Attachment 2 – Confidentiality Declaration and Matrix

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 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shirley Wong

Phone #: (415) 972-5505

E-mail: slwb@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) #: **4091-E**

Tier: **2**

Subject of AL: **Procurement Transaction Quarterly Compliance Filing (Q2, 2012)**

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

AL filing type: Monthly Quarterly Annual One-Time Other **D.03-12-062**

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: N/A

Is AL requesting confidential treatment? **Yes** If so, what information is the utility seeking confidential treatment for: **Please see page 2 of the advice letter.**

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: **Sharon Tatai (415) 973-2788**

Resolution Required? Yes No

Requested effective date: **August 20, 2012**

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:

Service affected and changes proposed:

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

EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

PACIFIC GAS AND ELECTRIC COMPANY
BUNDLED PROCUREMENT PLAN COMPLIANCE REPORT
FOR THE SECOND QUARTER OF 2012

July 30, 2012

List of Attachments

- Confidential Attachment A: Second Quarter 2012 Transactions
- Confidential Attachment B: Second Quarter 2012 Counterparty Information
- Confidential Attachment C: Second Quarter 2012 Electric Transactions Summary
- Confidential Attachment D: Second Quarter 2012 Natural Gas Transactions Summary
- Confidential Attachment E: Second Quarter 2012 Other Transactions
- Confidential Attachment F: Second Quarter 2012 Key Briefing Packages
- Confidential Attachment G: Second Quarter 2012 Independent Evaluator Reports
- Confidential Attachment H: Second Quarter 2012 New Contracts Executed/Contracts Amended
- Confidential Attachment I: Summary of Retained Generation Investments Completed During Second Quarter 2012
- Confidential Attachment J: System Load Requirements/Conditions
- Confidential Attachment K: Risk Management Strategy Communication and Management Disclosure
- Confidential Attachment L: Reasonable Number of Analyses Models, Description of Models, and How Models Operate
- Confidential Attachment M: Transactions Subject to Strong Showing

A. Introduction

As required by Ordering Paragraph (OP) 8 of Decision (D.) 02-10-062, and clarified in D.03-06-076, D.03-12-062, D.04-07-028, D.04-12-048 and D.07-12-052, Pacific Gas and Electric Company (PG&E) hereby provides its report demonstrating that its procurement-related transactions during the period April 1, 2012 through June 30, 2012 (Quarter), were in compliance with PG&E's Bundled Procurement Plan (BPP or Plan) approved by the California Public Utilities Commission (CPUC or Commission) in D.12-01-033.

B. Summary

During the Quarter, PG&E engaged in competitively priced transactions consistent with its Plan. All transactions were conducted using processes specified in the Plan. A summary of the information included in each confidential attachment is:

- Confidential Attachment A, *Transactions*, provides a summary of all transactions executed during the Quarter, which are less than five years in length and that have not been filed through a separate advice filing or application.
- Confidential Attachment B, *Counterparty Information*, provides a summary of (1) all non-investment grade counterparties with whom PG&E transacted; and (2) the top 10 counterparties by volume during the Quarter.
- Confidential Attachment C, *Electric Transactions Summary*, provides a summary of the electric transactions executed during the Quarter.
- Confidential Attachment D, *Natural Gas Transactions Summary*, provides a summary of the gas transactions executed during the Quarter.
- Confidential Attachment E, *Other Transactions*, provides the executed transactions resulting from non-energy related products during the Quarter.
- Confidential Attachment F, *Key Briefing Packages*, provides a summary of all relevant Procurement Review Group (PRG) agendas and presentations presented.
- Confidential Attachment G, *Independent Evaluator Reports*, provides any relevant Independent Evaluator (IE) report, for transactions or solicitations identified for review in

the Quarter (for Second Quarter 2012). There are not any IE reports, which meet this criteria and thus, this is not applicable. However, though not included in Second Quarter 2012 Quarterly Compliance Report (QCR), IE prepared IE reports for Calpine Sutter (in compliance with Resolution E-4471) and for the Los Medanos agreement (which was filed in Advice Letter 4074-E) and resulted from the Combined Power and Heat (CHP) Request for Offer (RFO).

- Confidential Attachment H, *New Contracts Executed/Contracts Amended*, provides a summary of all agreements executed and/or amended in the Quarter.
- Confidential Attachment I, *Summary of Retained Generation Investments Completed*, provides a summary of any investments related to retained generation facilities and multiple contracts for the same supplier, resource or facility, consistent with the requirements of D.07-01-039.
- Confidential Attachment J, *System Load Requirements/Conditions*, provides a summary of all information related to addressing PG&E's residual net open position.
- Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, provides a summary of all procurement-related risk strategies and issues communicated to PG&E's senior management and the PRG.
- Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Work*, provides a summary of any models related to the relevant transactions identified in this filing.
- Confidential Attachment M, *Transactions Subject to a Strong Showing*, provides a summary and supporting documentation of strong showing transactions.

During the Quarter, PG&E also engaged in other procurement activities which are approved through separate regulatory processes. These activities include conducting competitive solicitations and activities related to the following: (1) PG&E's 2011 Renewable Portfolio Standard Plan; (2) the Qualifying Facility (QF)/CHP Settlement, which became effective on

November 23, 2011;¹ (3) the Renewable Auction Mechanism Program; (4) the Greenhouse Gas (GHG) RFO; and (5) the Aggregated Managed Portfolio RFO. In addition, as a result of Resolution E-4471, PG&E executed an agreement for resource adequacy with Calpine for its Sutter facility.

C. Master Data Request Documentation

D.02-10-062, Appendix B, as clarified by D.03-06-076, sets forth specific elements to be addressed in this report. Each element is discussed below.

1. Identification of the ultimate decision maker(s) up to the Board level, approving the transactions.

All procurement-related activity during the Quarter was approved and executed either by, or under the direction of, Fong Wan, Senior Vice President, Energy Procurement, Roy Kuga, Vice President, Energy Supply Management, Gary Jeung, Senior Director, Renewable Energy, and/or Marino Monardi, Director, Portfolio Management, consistent with the delegation of authority effective for the period.

2. The briefing package provided to the ultimate decision maker.

The “decision-maker” for a particular contemplated transaction depends on many factors, such as term, volume, and notional value. For many of the transactions during the Quarter, the “decision-maker” was a gas or power trading employee executing transactions (*e.g.*, day-ahead or hour-ahead power purchases and sales) per an established plan or to achieve a particular objective (such as balancing the portfolio supply and demand). For such transactions, briefing packages are not prepared. Briefing packages prepared during the Quarter for transactions that required senior management approval are included in Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*. In addition, copies of

¹ The QF/CHP Settlement Agreement indicates that each Investor-Owned Utility (IOU) shall conduct three RFOs during the “Initial Program Period” (or 48 months following the Settlement Effective Date) exclusively for CHP resources as a means of achieving its megawatt (MW) and GHG emissions reduction targets (*see* Term Sheet, Sections 4.2 and 5.1). PG&E issued its First CHP RFO on December 7, 2011.

presentations made by PG&E to its PRG during the Quarter are included in Confidential Attachment F, *Key Briefing Packages*.

3. Description of and justification for the procurement processes used to select the transactions.

a) Electric – Description of Procurement Processes

The approved procurement processes used during the Quarter were as follows:

- California Independent System Operator (CAISO) Monthly Congestion Revenue Right (CRR) Allocation and Auction Process – In April 2012, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO monthly CRR allocation process to procure CRRs for May 2012. In May 2012, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO’s monthly CRR allocation process to procure CRRs for June 2012. In June 2012, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO’s monthly CRR allocation process to procure CRRs for July 2012.

Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.

- Continuation of Resource Adequacy (RA) RFO – As stated in PG&E’s Q1 2012 Quarterly Procurement Transaction Compliance Report, Public Narrative, on February 14, 2012, PG&E issued a solicitation to purchase RA for the months of May through September 2012. PG&E requested offers to purchase system RA for May through September 2012 strip and/or individual months. In addition, PG&E indicated that it would entertain offers for PG&E to sell Bay Area local RA for May through September 2012, as a strip and/or individual months. This RFO continued to execute transactions. To facilitate the timing of RA requirements, PG&E executed in two groups—one group covering May 2012 and another group covering for June through September 2012. Relevant information is included in

Confidential Attachment E, *Other Transactions*, Confidential Attachment F, *Key Briefing Packages*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

- Continuation of the Summer Import Firm Energy RFO – As stated in PG&E’s Q1 2012 Quarterly Procurement Transaction Compliance Report, Public Narrative, on March 7, 2012, PG&E issued an RFO to purchase firm energy at an indexed price from select delivery locations for the months of May through September 2012. The specific delivery points are Malin, Four Corners, Sylmar, and Palo Verde and the indexed price indices are COB Peak (Malin), Four Corners Peak (Four Corners), NOB, North to South, Peak (for Sylmar), and Palo Verde Peak (Palo Verde Peak). PG&E continued to execute as a result of this RFO. To facilitate the timing of RA requirements, PG&E executed in two groups—one group covering May 2012 and another group covering July and August 2012. Relevant information is included in Confidential Attachment E, *Other Transactions*, Confidential Attachment F, *Key Briefing Packages*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.
- Electronic Exchanges – PG&E engaged in electronic broker market transactions to manage its physical net open position and to participate in economic transactions designed to reduce customers’ exposure to market volatility. Activities include day-ahead transactions.
- Bilateral Agreements – During the Quarter, PG&E executed directly with counterparties for term transactions.
- Bilateral Via Voice Broker – During the Quarter, PG&E executed directly with counterparties for term transactions.
- Agreements Arising from the QF/CHP Program Settlement (*For informational purposes only*) – On December 16, 2010, the Commission adopted D.10-12-035 approving the QF/CHP Program Settlement that resolved past commercial and

payment disputes among the IOUs and QF counterparties and established a future program for developing new CHP resources in California. The QF/CHP Program Settlement became effective in November 2011. PG&E executed amendments or bridge agreements to existing QF Power Purchase Agreements (PPA) that are consistent with the QF/CHP Program Settlement. On December 7, 2011, PG&E issued its First CHP RFO. PG&E shortlisted offers, resulting from this RFO. PG&E has executed an agreement with Calpine Energy Services L.P. for RA capacity from its Los Medanos Energy Center facility that was submitted to the Commission for approval on July 2, 2012 (Advice Letter 4074-E). PG&E continues to negotiate with the other counterparties which have shortlisted offers. In addition, PG&E executed various extensions and other agreements covered under the CHP/QF Settlement. These agreements, which are less than five years (as stated in the CHP/QF Settlement), are included in Confidential Attachment H, *Second Quarter 2012 New Contracts Executed/Contracts Amended*.

b) Justification for Procurement Processes

For competitive solicitations, describe the process used to rank offers and select winning bid(s).

- Continuation of the RA RFO (Issued on February 14, 2012) – PG&E considered offers to purchase system RA and offers to PG&E to sell its Bay Area local RA, if it (PG&E) had excess resources (to sell) above its year-ahead local RA requirements. PG&E also considered the delivery months that the offers included and the price. Offers to sell were required to indicate the specific unit providing the RA product and could be for full or partial units. Multiple offers could be submitted. However, the offer needed to indicate which offers, if any, are mutually exclusive. For example, an offer may have stated that PG&E may select any combination of offers up to a specified quantity. Offers to buy were required to specify the desired quantity. Offers were ranked by price and assessed based on PG&E's need at that delivery point. All offers had to comply with the RA

requirements specified by the Commission and the CAISO. In addition, the counterparty must have executed a master agreement with a PG&E Collateral Annex in place. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment E, *Other Transactions*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

- Continuation of the Summer Import Firm Energy Electronic Solicitation (Issued on March 7, 2012) – Offers were evaluated and selected based on price and considering locational characteristics and credit availability. Due to its limited amount of RA import and Path 26 RA transfer capability, PG&E’s consideration did not include accepting all winning Offers at each location or those locations south of Path 26. In such cases, PG&E accepted the next best priced offers at another location or locations north of Path 26, respectively. To the extent winning Offers have equal prices, the Offers were accepted in equal MW amounts, consistent with PG&E’s desired procurement in the RFO and the offered quantity. PG&E accepted partial Offers in 25 MW increments. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment E, *Other Transactions*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.
- Independent Evaluator Reports – Independent Evaluator Reports relevant to the transactions submitted in this Quarterly Procurement Transaction Compliance Report, Q2 2012, will be included in Confidential Attachment G, *Independent Evaluator Report*. An IE Report is required for all competitive solicitations that either involve affiliate transactions or utility-owned or utility turnkey bids, and for all competitive RFOs seeking products to satisfy service area need and supply-side resources greater than two years in length (and subject to QCR filings) regardless of the bidders. However, PG&E did not execute any competitive solicitation in the Quarter that meet the above criteria.

For other transactional methods, provide the documentation supporting the selection of the chosen products.

- CAISO Monthly CRR Allocation and Auction Process – PG&E estimated that a portion of its generation, imports and load in the months of February, March and April 2012, remained exposed to congestion risk, and therefore participated in the CAISO’s Monthly CRR allocation and auction process to obtain CRRs to mitigate this risk. PG&E sought CRRs to fulfill the following objectives: (1) narrow the distribution of PG&E’s energy procurement costs due to electric transmission congestion as measured by the electric To-expiration-Value-at-Risk; and (2) reduce the expected congestion costs that PG&E would incur in its operations.

PG&E acquires CRRs for any path (represented by a source-sink pair) connecting existing generation sources to existing loads (retail loads, Helms pumping load and wholesale load obligations) or for any path that PG&E reasonably anticipates that it might need to flow energy in the future due to the addition of new contracts, resources or load obligations. Additionally, there may be CRRs which are positively correlated in value with CRRs for paths that have limited availability. PG&E is authorized to acquire CRRs for such positively correlated paths as well. Therefore, PG&E will obtain any CRRs that are determined to be valuable as hedges against congestion costs at the time they are offered, subject to risk assessment regarding the specific source/sink combinations as approved in its BPP.

PG&E provided information regarding its CRR strategy to the PRG. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.

- Electronic Exchanges and Bilateral – Direct With Counterparties – The dynamic environment of the short-term electric markets requires that traders have the ability

to transact when market conditions are within parameters described by a particular trading strategy. Prices vary during a trading session as buyers and sellers adjust their prices in response to items such as electric system conditions, market responses, industry news and weather forecasts. As a result, it is common to see trades executed at different prices over the course of a trading session. The key aspect is that the transaction was executed within the parameters described by the monthly trading strategy and the terms of current master agreements and approved resolutions approval PG&E's execution of specific transactions. PG&E maintains flexibility in its procurement activities by transacting in various forums, e.g., voice and on-line brokers, electronic exchanges, and directly with counterparties. Not all counterparties participate in a single forum, transacting in various forums. For the Quarter, PG&E used electronic exchanges and bilateral to execute transactions by addressing the type of transaction and the best available procurement approach.

The transactions and supporting documentation subject to a strong showing standard are provided separately in Confidential Attachment M, *Transactions Subject to a Strong Showing*.

Presentations of those activities presented to the PRG are in Confidential Attachment F, *Key Briefing Packages*.

Executed agreements are in Confidential Attachment H, *New Contracts Executed/Contracts Amended*. For the Quarter, there were executed agreements related to the 2012 RA RFO (issued on February 14, 2012), RA RFO (issued on March 7, 2012), and other bilateral agreements related to resource adequacy. The strategies resulting from these solicitations are also included.

c) *Natural Gas -- Description of Procurement Processes*

The approved procurement processes used during the Quarter for Natural Gas transactions were as follows:

- Bilateral Gas Transportation Contracts – PG&E purchased small volumes of gas transportation capacity in order to better match gas supplies with the pipelines’ updated transportation shrinkage rates. PG&E also purchased transportation on a spot basis to fill an open position economically. Gas Transmission Northwest Transportation Capacity – PG&E purchased discounted transportation for the purposes of fuel calculation. Relevant information is in Confidential Attachment H – New Contracts Executed/Contracts Amended.
- Electronic Exchanges - Commodity Purchases/Sales – PG&E bought and sold physical natural gas on the Inter-Continental Exchange (ICE) and the ICE Natural Gas Exchange (ICE/NGX) physical clearing service. ICE is an electronic system that matches buyers and sellers of natural gas products. Once buyer and seller are matched, ICE trades become bilateral trades. ICE/NGX trades are cleared by NGX rather than bilaterally. Transactions include forward transactions with deliveries up to one month in duration, Balance of Month (BOM), day-ahead, and same-day.
- Electronic Exchanges - Gas Hedges – In compliance with D.12-01-033, PG&E conducted hedging activities under the approved hedging plan. PG&E executed hedges (swaps and options) directly on ICE, and cleared through exchanges (ICE or the New York Mercantile Exchange (NYMEX)). ICE and NYMEX provide access to anonymous bids and offers establishing both a liquid and robust market for financial products, and a benchmark for bilateral products. These products include Henry Hub swaps and options, and basis swaps against the industry benchmark indices, including Canadian Gas Price Reporter (CGPR), Gas Daily, Natural Gas Intelligence (NGI) and Inside Federal Energy Regulatory Commission (IFERC) Gas Market Report.
- Bilateral - Commodity Purchases/Sales – PG&E bought and sold gas directly with counterparties in the bilateral market. Spot gas is traded at fixed prices and Gas Daily or CGPR index. Term gas (in Confidential Attachment D – *Quarter 2012*

Natural Gas Transactions Summary), term gas is defined as longer than delivery for one- full forward-month or longer) is purchased at fixed prices, daily index (Gas Daily or CGPR) or monthly or bid week index (CGPR, NGI, or IFERC) prices.

- Electronic Auctions - Gas Hedges – PG&E executed natural gas options using an electronic auction process and cleared those trades through the NYMEX exchange. PG&E calculates the live market value of the options using an option pricing tool offered by SuperDerivatives, Inc. (www.superderivatives.com). PG&E uses an electronic auction process to solicit offers directly from several counterparties using instant messaging. If the offers that PG&E receives from the counterparties are close to or below those calculated using SuperDerivatives, PG&E will accept the lowest price offer from counterparty and then PG&E and the counterparty submit the trade to NYMEX for financial clearing.
- Voice Brokers - Gas Hedges – PG&E executed hedges (swaps and options) through voice brokers that resulted in exchange-cleared trades. Brokers provide access to anonymous bids and offers from both bilateral parties and cleared counterparties. After a broker matches a buyer and a seller in a trade, the parties will determine whether the trade will be settled bilaterally or cleared through NYMEX or ICE. The broker market trades the same financial products as the bilateral market.

d) For Competitive Solicitations, Describe the Process Used to Rank Offers and Select Winning Bid(s)

Independent Evaluator Reports relevant to the transactions submitted in this Quarterly Procurement Transaction Compliance Report, Q2 2012, will be included in Confidential Attachment G, Independent Evaluator Report. An IE Report is required for all competitive solicitations that either involve affiliate transactions or utility owned or utility turnkey bids, and for all competitive RFOs seeking products to satisfy service area need and supply-side resources greater than two years in length (and subject to

QCR filings) regardless of the bidders. However, PG&E did not execute any competitive solicitation in the Quarter that met the above criteria.

For transactions subject to a strong showing standard, a discussion is provided and the transactions are disclosed separately in Confidential Attachment M, *Transactions Subject to a Strong Showing*.

Applicable presentations of those activities presented to the PRG are in Confidential Attachment F, *Key Briefing Packages*.

Executed agreements and strategy are in Confidential Attachment H, *New Contracts Executed/Contracts Amended* and in Confidential Attachment E, *Other Transactions*.

e) *Other Commodities*

This section is not applicable.

4. Explanation/justification for the timing of the transactions.

a) *Electric Transactions*

Throughout the Quarter, PG&E entered into electric transactions needed to reduce its net open position. This objective was achieved by gradually reducing the forecast open (*i.e.*, short or long) energy positions through the use and assessment of products that include Term, such as BOM, and month-ahead transactions, employing both standard and non-standard products, bidding into the Integrated Forward Market (IFM) to meet day-ahead, and real-time short positions. When selecting electric transactions, the best-priced bids/offers were selected first (merit-order selection) among those available for the required products at the time of the transaction, subject to credit and other limitations and operational constraints. Operational constraints include the local area reliability requirements of the CAISO, as set forth in D.04-07-028.

b) *Natural Gas Transactions*

For daily physical gas transactions, timing of execution is primarily driven by the requirement to match fuel usage and supply on a daily and monthly basis, and by the

availability of information impacting expectations for daily dispatch of electric generating units. For transactions one month or longer, PG&E typically fills its forecast short gas positions in month-ahead, seasonal, or annual blocks, depending on the liquidity and prices available in each of these markets. Execution of the transactions is based on the Natural Gas Summer 2012 Plan, which is included in Confidential Attachment J -*System Load Requirements/Conditions*. Detailed explanation/justification for the timing of the transactions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

5. Discussion of the system load requirements/conditions underlying the need for the Quarter's transactions.

c) Near-Term Planning and Procurement

PG&E develops a near-term analysis of its resource position (intra-month through several months forward) using an optimization model, which solves for lowest cost by optimizing a mix of resources to meet requirements, including dispatchable California Department of Water Resources contracts, Utility-Owned Generation resources, PPAs with dispatchability, Tolling Arrangements with “Merchant Plants,” and market purchases, while accounting for all resource requirements and constraints (must-run, must-take and operating constraints).

Term and BOM purchases and sales may be transacted to close the net-open position and to reduce PG&E's reliance on the spot market. After identifying transactions required to meet the must-run, must-take and operating constraints, PG&E considers “economic” transactions that involve decisions regarding dispatchable units and market purchases/sales. The decision to engage in “economic” transactions is more complex and depends on several quantitative and subjective factors. “Economic” transactions are conducted using information and data regarding system conditions, market prices and options available at the time of the decision. While potentially attractive “economic” transactions that reduce ratepayer volatility inherently include

risks that must be considered, such as: (a) sharp swings in electric prices; (b) changes in production costs due to market dynamics; or (c) system changes, which may result in these transactions becoming more, or less, valuable, during the operating period or possible losses on hedge transactions. Additionally, changes in load or expected generation and other market and system conditions may result in having to buy (or sell) energy in the day-ahead or Real-Time Markets (RTM) at a cost greater than the revenue earned (or a price less than paid) in the forward transaction. Factors that go into the decision to engage in these transactions include (but are not limited to) the forecasted level of short/long energy during the forecasted period, sensitivity to changes in market price, reserve margins and demand volatility.

d) PG&E Participation in the CAISO Markets

In day-ahead planning process, PG&E strives to balance projected energy requirements with available resources and provide hour-ahead traders and real-time operators with appropriate resources in order to respond to changes that may occur on the electrical system subsequent to day-ahead trading. On a daily basis, PG&E conducts a least-cost analysis to forecast unit dispatch and determine market transactions to meet energy and ancillary services requirements. This process integrates all regulatory, environmental, safety and legal requirements.

PG&E's day-ahead planning and procurement incorporates weather-adjusted load forecasts, resource availability, price forecasts, dispatch costs and current bilateral electric market and forecasts of the CAISO's IFM prices. The results of this analysis will determine the price PG&E is willing to pay the CAISO to have it meet PG&E's forecasted hourly load in the Day-Ahead Market and the costs of each of its dispatchable resources to use to bid these resources into the IFM and Hour-Ahead Scheduling Process/RTM. The CAISO then assures least cost dispatch by considering all resources simultaneously with all transmission constraints.

In the RTM, similar to the day-ahead market, PG&E submits resource bids and schedules into CAISO markets and those resources that clear the market will be obligated to operate in real time. Market opportunities in the RTM have been limited with the advent of MRTU and the volatility of the CAISO's real-time energy market. Though bilateral market opportunities have been reduced, PG&E monitors the CAISO's Hour-Ahead and RTMs and also submit bids and schedules resources as needed to optimize its generation and market transactions to reduce costs.

e) PG&E-Owned Generation and Partnership Agreements Conditions During Second Quarter 2012

PG&E received 93 percent of normal rainfall during the Quarter. The Helms Pumped Storage Facility (Helms) was used throughout the Quarter as unit availability, system conditions and economics allowed. Helms 3 began a maintenance outage in Q4 2011 and returned to service in Q2 2012. Helms 1 was forced out in Q4 2011 and remains out of service pending repairs.

Significant planned maintenance on conventional hydro during the quarter included work on Balch 3 (54 MW), Belden PH (118 MW), Bucks Creek 1 (33 MW), Colgate 1 (175 MW), Pit 1 Unit 2 (31.5 MW), Pit 4 Units 1 and 2 (47.5 MW each), Pit 5 Units 3 and 4 (40 MW each), Pit 6 Units 1 and 2 (40 MW each), Poe 1 (69 MW), Rock Creek 1 (56 MW), and Tiger Creek Units 1 and 2 (30 MW each).

Forced outages lasting longer than 24 hours at conventional hydro facilities greater than 30 MW in capacity were incurred at Caribou 2 (60 MW) due to unit tripped by governor, sump low oil level and Poe 2 due to exciter problems.

For PG&E's owned fossil generation, maintenance took place at Gateway Generating Station. At the Humboldt Generating Station, maintenance was done on several of the 10 engines (16.7 MW each).

Diablo Canyon Nuclear Plant Unit 1 (1,122 MW) had significant planned maintenance and Unit 2 (1,118 MW) had a forced outage due to Salp attack.

No significant outages or maintenance took place at PG&E's Solar Photovoltaic facilities (five totaling 94 MW) during the Quarter.

Confidential discussion of the monthly system conditions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

6. Discussion of how the Quarter's transactions meet the goals of the risk management strategy reflected in the Plan.

During the Quarter, PG&E executed transactions in accordance with its CPUC-approved Hedging Plan. Financial hedges were executed directly on the ICE, through a broker and cleared through an exchange (ICE or the NYMEX) or through an electronic auction and cleared through an exchange. ICE and the brokers provide access to anonymous bids and offers from both bilateral parties and cleared counterparties establishing both a liquid and robust market for financial products, and a benchmark for bilateral products. These products include Henry Hub swaps and options, and basis swaps against the industry benchmark indices, including CGPR, Gas Daily, NGI and IFERC. A list of information regarding Consumer Risk Tolerance notifications and management disclosures is included in Confidential Attachment K, *Risk Management Strategy*.

7. Copy of each contract.

A list of contracts executed and/or modified by PG&E during the Quarter is included in Confidential Attachment H, *New Contracts Executed/Contracts Amended*. Copies of the contracts that were not separately filed are also included in Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

8. The valuation results for the contract(s) (for contracts of three months or greater duration).

PG&E provides the valuation method and results for the contracts filed via this QCR in Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

9. An electronic copy of any data or forecasts used to analyze the transactions.

Because transaction personnel are continuously monitoring a wide range of market information on a 24-hour-per-day, 7-day-per-week basis, it is not feasible to provide all the data and forecasts used to analyze all potential and executed transactions. However, key analysis data utilized during the Quarter is contained in Confidential Attachment J, *System Load Requirement/Conditions*.

10. Provide a reasonable number of analyses requested by the Commission or the PRG and provide the resulting outputs.

To the extent any analyses requested by the Commission or PRG during the Quarter were not already included as a part of PG&E's response to Items 1 through 9 above, such additional analyses would be contained in Confidential Attachment F, *Key Briefing Packages*.

11. Any other information sought by the Commission under the Public Utilities Code.

To the extent that the Commission has requested information for the Quarter as identified in the Master Data Request, this information is included in the Confidential Attachment workpapers. In addition, the Commission's Energy Division has requested that PG&E provide transparent exchange traded prices. PG&E has included this information in Confidential Attachment A, *Executed Transactions* and in Confidential Attachment M, *Transactions Subject to Strong Showing*.

D. Additional Reporting Requirement Pursuant to Decision 07-01-039

As required by OP 12 of D.07-01-039, PG&E has included in Confidential Attachment I, *Summary of Retained Generation Investments Completed*, investments in retained generation that were completed during the Quarter, as well as any multiple contracts of less than five years with the "same supplier, resource or facility" as required in D.07-01-039 on page 154. These were no transactions or investments to report during the Quarter.

E. Cost Allocation Mechanism (CAM)

For the Quarter, PG&E contracted for CAM resources. The CAM-related transaction, resulting from PG&E's CHP RFO, is Calpine's Los Medanos facility, executed on May 25, 2012, and filed under Advice Letter 4074-E, on July 2, 2012.

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

**DECLARATION OF SHARON K. TATAI
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4091-E REGARDING
CONFIDENTIAL ATTACHMENTS A, B, C, E, F, H, J, K, L, AND M**

I, Sharon K. Tatai, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1980. My current title is Manager within PG&E's Energy Procurement organization. In this position, my responsibilities include review of regulatory reports. In carrying out these responsibilities, I have acquired knowledge of PG&E's regulatory reporting and have also gained knowledge of electric energy procurement data, processes, and practices. Through this experience, I have become familiar with the type of information that would affect the regulatory filing, as well as with the type of information that would be considered 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 PG&E's July 30, 2012 Advice Letter 4091-E, Confidential Attachments A, B, C, E, F, H, J, K, L, and M. By this Application, PG&E is seeking the Commission's approval of Quarter Two, 2012 Quarterly Procurement Transaction Compliance Report, submitted by PG&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 I of D.06-06-

066 and Appendix 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 the foregoing is true and correct.

Executed on July 30, 2012 at San Francisco, California.

_____/s/_____
Sharon K. Tatai
Manager
Energy Compliance and Report
Energy Procurement
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
Document: Confidential Attachment 1							
Attachment A – Physical and Financial Electric Deals	Y	Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	Y	N	Y	Disclosure of monthly and daily data provide an understanding of PG&E's strategy for closing out its net open position. This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per AB 57 and is confidential for three years.	3 Years
Attachment B Counterparty information, including non-investment grade counterparties – Table - “List of Non-	Y	CPUC General Order 66-C	Y	N	Y	Counterparty information constitutes confidential non-utility business information protected under GO 66-C.	Indefinite

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
Investment Grade Counterparties ”							
Attachment C Electric Transactions – Tables “Electric Physical”, “Electric Financial”, “Electric-Physical-HA Only”, “List of Top Ten Counterparties ” – all by transaction volume and dollar value	Y	Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	Y	N	Y	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the confidentiality of ERRA documentation.	3 Years
Attachment C Electric Transactions (see above)	Y	Item VI) E) and F) Utility Planning Area Matrix Net Open	Y	N	Y	This information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report.	3 Years

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
		(Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)					
Attachment E Other Transactions	Y	VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties,	Y	N	Y	This information includes confidential contract information for contracts between PG&E and non-affiliated third parties.	3 Years
Attachment F PRG Material	Y	Item VII) E) New non-utility affiliated bilateral contracts – Electric	Y	Y	Y	Presentations to the PRG provide confidential bilateral contract terms, including price and performance terms. Confidentiality protection depends on type of material presented, see, <i>infra</i> .	3 Years from initial delivery date specified in contract or

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROPOSAL REGARDING ADVICE LETTER 4091-E
QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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 Year after termination of deliveries, whichever is less
Attachment H Executed Contracts	Y	VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties,	Y	N	Y	Disclosure of information would provide counterparty name, volume, and price and would provide market sensitive information regarding bid strategy and selection.	3 Years
Attachment J System Conditions	Y	Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item VI) Utility Bundled Net Open Position (Electric)	Y	N	Y	Residual net short/long is key input to PG&E's confidential forecast of net open position The residual net short/long is information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report.	3 Years
Attachment K Risk Management		CPUC General Order 66-C	Y	N	Y	TeVaR and supporting forecasts and analysis are confidential.	3 Years

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
						The internal governance information constitutes confidential non-utility business information protected under GO 66-C.	
Attachment L Reasonable Number of Analyses	Y	Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	Y	N	Y	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve details which would reveal PG&E's position in the market place.	3 Years
Attachment M Transactions subject to Strong Showing	Y	Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric)	Y	N	Y	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the details which would reveal PG&E's position in the market place.	3 Years

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
		Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)					

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

**DECLARATION OF MICHAEL KOWALEWSKI
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4091-E REGARDING
CONFIDENTIAL ATTACHMENTS A, B, D, J, and M**

I, Michael Kowalewski, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee since 1992. My current title is Manager, Electric Gas Supply. In this position, my responsibilities include planning and procuring gas supply in support of PG&E's electric generation needs. In carrying out these responsibilities, I have acquired knowledge of gas supplies and markets of the transactions included in this advice filing.

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 PG&E's July 30, 2012 Advice Letter 4091-E, Confidential Attachments A, B, D, J, and M. By this Application, PG&E is seeking the Commission's approval of Quarter Two, 2012 Quarterly Procurement Transaction Compliance Report, submitted by PG&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 I of D.06-06-066 and Appendix 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 the foregoing is true and correct.

Executed on July 30, 2012 at San Francisco, California.

_____/s/_____
Michael Kowalewski
Manager, Gas Supply
Energy Supply Management
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
Document: Confidential Attachment 2							
Attachment A – Physical Natural Gas Spot Transactions	Y	Item I) B) 2) Utility recorded gas procurement and cost information XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	Y	N	Y	Actual quantity and cost of procured gas are protected.	1 and 3 Years
Attachment A – Physical Natural Gas Term Transactions and Financial Natural Gas Transactions	Y	Item I) B) 2) Utility recorded gas procurement and cost information Item I) A) 4) Long-term fuel (gas) buying and hedging plans XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	Y	N	Y	Actual quantity and cost of procured gas are protected. Each transaction is a factor in PG&E's long term buying and hedging strategies. With the entire set of transactions PG&E's counterparties could reconstruct PG&E's gas buying and hedging plans. This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per Assembly Bill 57	1 and 3 Years; Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution E-4276, Finding 8) This date is

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4091-E
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
 July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
							December 1, 2016
Attachment B Counterparty information, including counterparty concentration – Table “List of Top Ten Counterparties” by transaction volume and dollar value	Y	CPUC General Order 66-C	Y	N	Y	Counterparty sales information constitutes confidential non-utility business information protected under GO 66-C.	Indefinite
Attachment D – Natural Gas Transactions	Y	Item I) B) 2) Utility recorded gas procurement and cost information Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Item I) A) 4), Long-term fuel (gas) buying and hedging plans	Y	N	Y	PG&E's hedging strategies may be deduced through an analysis of PG&E's summarized transactions.	1 and 3 Years; Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROPOSAL REGARDING ADVICE LETTER 4091-E
QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER TWO 2012
July 30, 2012**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
		XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)					E-4276, Finding 8) This date is December 1, 2016
Attachment J Gas Transaction - Natural gas Documents	Y	Item I) A) 4) Long-term fuel (gas) buying and hedging plans	Y	N	Y	This information includes detailed information on PG&E's implementation of its fuel buying and hedging plans and must remain confidential to avoid disclosing PG&E's market strategy.	3 Years
Attachment M Transactions subject to Strong Showing - Gas Financial Transactions	Y	Item I) A) 4) Long-term fuel (gas) buying and hedging plans; XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	Y	N	Y	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the confidentiality of ERRA documentation	3 Years and Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution E-4276, Finding 8) This date is December 1, 2016

**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.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SMUD
Brookfield Renewable Power	GenOn Energy, Inc.	SPURR
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
CENERGY POWER	Green Power Institute	Seattle City Light
CLECA Law Office	Hanna & Morton	Sempra Utilities
California Cotton Ginners & Growers Assn	Hitachi	Sierra Pacific Power Company
California Energy Commission	In House Energy	Silicon Valley Power
California League of Food Processors	International Power Technology	Silo Energy LLC
California Public Utilities Commission	Intestate Gas Services, Inc.	Southern California Edison Company
Calpine	Lawrence Berkeley National Lab	Spark Energy, L.P.
Cardinal Cogen	Los Angeles Dept of Water & Power	Sun Light & Power
Casner, Steve	Luce, Forward, Hamilton & Scripps LLP	Sunrun Inc.
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
Chris, King	MBMC, Inc.	Sutherland, Asbill & Brennan
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of Palo Alto Utilities	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
City of San Jose	Marin Energy Authority	TransCanada
City of Santa Rosa	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	United Cogen
Clean Power	Modesto Irrigation District	Utility Cost Management
Coast Economic Consulting	Morgan Stanley	Utility Specialists
Commercial Energy	Morrison & Foerster	Verizon
Consumer Federation of California	Morrison & Foerster LLP	Wellhead Electric Company
Crossborder Energy	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	NRG West	eMeter Corporation
Day Carter Murphy	NaturEner	
Defense Energy Support Center	Norris & Wong Associates	