

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 24, 2008

Advice Letter 2960-G

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

**Subject: Expedited Pre-Approval of Interstate and Canadian
Pipeline Contracts**

Dear Mr. Cherry:

Advice Letter 2960-G is effective October 22, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Pacific Gas and Electric Company
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October 1, 2008

Advice 2960-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Expedited Pre-Approval of Interstate and Canadian Pipeline Contracts

Pacific Gas and Electric Company (PG&E) respectfully requests the California Public Utilities Commission (Commission) to pre-approve the continuation of two existing natural gas pipeline contracts which are used to transport natural gas supplies from Canada on behalf of PG&E's core gas customers. Continuation of these contracts will ensure uninterrupted access by PG&E's Core Gas Supply Department to Canadian natural gas supplies.

Purpose

The purpose of this expedited advice letter is to request approval to renew the existing capacity arrangements described below¹. In Decision (D.) 04-09-022, the Commission established procedures for expedited regulatory approval and processing of utility commitments to pipeline capacity. These procedures require consultation between the utility, the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN). PG&E has consulted with DRA and TURN and both have confirmed their support for PG&E's renewal of the subject pipeline contracts.

Under D.04-09-022, contracts for pipeline capacity may be submitted by expedited advice letter, seeking Commission approval within 21 days of the advice letter filing date. PG&E requests that the Commission approve this filing by **October 21, 2008**.

Description of Contracts

PG&E purchases significant quantities of natural gas from Canada's Western Sedimentary Basin. PG&E holds Canadian and U.S. interstate pipeline capacity to transport those gas supplies to PG&E's interconnection at the California-Oregon

¹ Other applicable terms and conditions are contained within pipeline tariffs and are available directly from the pipelines.

border. PG&E has purchased and transported Canadian gas supplies to California since 1961. The northern pipeline capacity path includes transmission capacity on TransCanada's Gas Transmission Northwest (GTN)², through Oregon, Washington and Idaho, TransCanada's Foothills Pipe Lines Ltd. (Foothills), through the province of British Columbia, and TransCanada's NOVA Gas Transmission Ltd. (NOVA), within the province of Alberta. This northern capacity path provides access to the large and liquid Alberta natural gas market known as AECO/NIT³.

The table below describes the specific contracts that PG&E seeks Commission approval to continue.

Table I Proposed Pipeline Contract Information

Pipeline	Contract Quantity Dth/d	Estimated Res. Rate \$/Dth/d¹	Canadian Res. Rate \$/GJ/mo.	Estimated Annual Cost²	Contract Term
NOVA Gas Transmission Ltd. (NOVA)	619,368	0.1505	4.45	\$34,909,091	January 1, 2010 - October 31, 2011
Foothills Pipe Lines Ltd. (Foothills)	611,053	0.0586	2.80	\$22,000,000	November 1, 2009 - October 31, 2011

(1) Rates based on current or filed reservation rates, excluding variable and fuel charges.

(2) Estimated annual costs in US dollars. Rates and costs expressed in US dollars for NOVA and Foothills may vary depending on future currency exchange rates.

Renewal Recommendation

PG&E has consulted with DRA and TURN and both support PG&E's natural gas pipeline contract renewals with Nova Gas Transmission Ltd. (NOVA) and Foothills Pipe Lines Ltd. (Foothills) through October 31, 2011. PG&E's existing pipeline contracts with NOVA and Foothills expire in 2009, however PG&E is required to provide notice of its renewal intentions to Foothills by October 31, 2008, and to NOVA by December 31, 2008. Upon approval of this filing, PG&E will extend its existing NOVA contract for a period of 22 months and its existing Foothills contract for a period of 24 months, extending both contract terms through October 31, 2011.

PG&E strongly urges the Commission to allow the contracts to continue for the recommended terms. In the short-term, Canada is expected to continue to provide competitively-priced supplies, and by necessity, will remain a predominant supply source for PG&E's core customers. Under today's circumstances, the core's full allocation of Baja capacity on the California Gas Transmission (CGT) system is needed to meet core demand, particularly during the winter heating season. Any

² GTN contracts are not up for renewal.

³ "AECO" refers to the Alberta Energy Company storage facility, which initially provided hub services in southeast Alberta. AECO has become a reference to Alberta natural gas prices. The NOVA Inventory Transfer ("NIT"), a notional point on NOVA, is the actual point at which Alberta gas pricing is determined.

significant shift in the core's supply mix away from Canada would require additional interstate capacity to the Southwest or Rocky Mountain Supply basins

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and may require additional access to Baja capacity currently held and used by other shippers on CGT.

Without approval to renew the existing NOVA and Foothills contracts, PG&E's northern capacity pipeline path would terminate at Kingsgate (at the U.S.-Canada border), stopping short of the Alberta AECO/NIT market.

All costs associated with the contracts will continue to be recovered from PG&E's core gas customers through the Core Pipeline Demand Charge Account, in accordance with D.04-09-022 and PG&E's gas tariffs.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests – Thirteen Day Expedited Period

Anyone wishing to protest this filing may do so by sending a letter to the address below by **October 14, 2008**, which is thirteen (**13**) days from the date of this filing, in accordance with the expedited protest period authorized in D.04-09-022. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@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 Cherry
Vice President, Regulatory Relations
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 the comment and evaluation period provided in D.04-09-022, and assuming no protests are received to this filing, PG&E requests Commission pre-approval of this filing effective **October 21, 2008**, which is 21 days after the date of this filing.

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, and the parties on the service list for R. 04-01-025. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

A handwritten signature in black ink that reads "Brian K. Cheryl". The signature is written in a cursive style and is positioned above the typed name.

Vice President, Regulatory Relations

cc: Richard A. Myers - Energy Division
Wendy Al-Mukdad - Energy Division
Jonathon Bromson - Legal Division
Belinda Gatti - Energy Division
Mark Pocta - Division of Ratepayer Advocates
Jacqueline Grieg - Division of Ratepayer Advocates
Pearlie Sabino - Division of Ratepayer Advocates
Marcel Hawiger - The Utility Reform Network
Service list – R. 04-01-025

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: Megan Hughes

Phone #: 415-973-1877

E-mail: mehr@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) #: 2960-G

Tier: [2]

Subject of AL: Expedited Pre-Approval of Interstate and Canadian Pipeline Contracts

Keywords: contracts

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

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: October 21 2008

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:

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

jn@cpuc.ca.gov and mas@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

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
Cameron McKenna	Imperial Irrigation District	St. Paul Assoc.
Cardinal Cogen	Innercite	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Cerox	Intestate Gas Services, Inc.	TFS Energy
Chamberlain, Eric	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chevron Company	JTM, Inc.	Tecogen, Inc.
Chris, King	Los Angeles Dept of Water & Power	Tioga Energy
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of Palo Alto	MBMC, Inc.	Turlock Irrigation District
City of San Jose	MRW & Associates	U S Borax, Inc.
Clean Energy Fuels	Manatt Phelps Phillips	United Cogen
Coast Economic Consulting	Matthew V. Brady & Associates	Utility Cost Management
Commerce Energy	McKenzie & Associates	Utility Resource Network
Commercial Energy	Meek, Daniel W.	Utility Specialists
Constellation	Merced Irrigation District	Vandenberg Air Force
Constellation New Energy	Mirant	Verizon
Consumer Federation of California	Modesto Irrigation District	Wellhead Electric Company
Crossborder Energy	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
		White & Case
Davis Wright Tremaine LLP	Morrison & Foerster	eMeter Corporation
Day Carter Murphy	New United Motor Mfg., Inc.	
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	