

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 11, 2012

Advice Letter 3291-G

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: Expedited Pre-Approval of El Paso Natural Gas Company and
Kern River Gas Transmission Company Contracts**

Dear Mr. Cherry:

Advice Letter 3291-G is effective May 9, 2012.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulation and Rates

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

Fax: 415.973.6520

April 18, 2012

Advice 3291-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Expedited Pre-Approval of El Paso Natural Gas Company and Kern River Gas Transmission Company Contracts

Pacific Gas and Electric Company (PG&E) seeks California Public Utilities Commission (Commission) approval to replace an expiring contract with El Paso Natural Gas Company (El Paso) with a combination of one contract with El Paso and one contract with Kern River Gas Transmission Company (Kern River). Approval of these contracts will provide beneficial savings to PG&E's core gas customers.

Purpose

The purpose of this expedited advice letter is to request approval to replace an existing transportation arrangement with El Paso which expires on June 30, 2012. In Decision (D.) 04-09-022,¹ the Commission established procedures for expedited regulatory approval and processing of utility commitments to pipeline capacity. These procedures require consultation between PG&E, 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 proposed replacement of the subject pipeline contract with one El Paso contract and one Kern River contract.

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 **May 9, 2012**.

Description of Contracts

The terms of the contracts, and the necessary adjustments to the Core Procurement Incentive Mechanism (CPIM), as it pertains to the integration of Kern River capacity into PG&E's capacity holdings, are confidential and are described in Appendix A and Appendix B, respectively, submitted under the

¹ Order Instituting Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California (Gas Capacity OIR), R-04-01-025.

confidentiality provisions of General Order 66-C and Section 583 of the Public Utilities Code and provided only to the Energy and Legal Divisions, DRA and TURN. In addition, the confidential contract terms will be provided to PG&E's Core Transport Agents who agree to the terms of a non-disclosure agreement.

All costs associated with the contracts are to be recovered from PG&E's core gas customers, in accordance with the interstate pipeline capacity contract procedures established in D.04-09-022, through PG&E's Core Pipeline Demand Charge Account, 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 – Ten Day Expedited Period

Anyone wishing to protest this filing may do so by sending a letter to the address below by **April 30, 2012**, which is twelve **(12) days** from the date of this filing, in accordance with the expedited protest period authorized in D.04-09-022.²

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. The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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

² Because the ten day expedited protest period falls on a weekend, the expedited protest period ends on the next business day, which is 12 days from the date of this filing.

Facsimile: (415) 973-6520
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 submits this advice letter as a tier 2 advice letter, and requests Commission pre-approval of this filing effective **May 9, 2012**, 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 service list for R.04-01-025. Address changes to the General Order 96-B service list should be directed to email PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

Handwritten signature of Brian Cherry in cursive script.

Vice President, Regulation and Rates

cc: Richard A. Myers - Energy Division
Franz Cheng - Energy Division
Belinda Gatti - Energy Division
Jonathon Bromson - Legal Division
R. Mark Pocta - Division of Ratepayer Advocates
David Peck – Division of Ratepayer Advocates
Pearlie Sabino - Division of Ratepayer Advocates
Marcel Hawiger - The Utility Reform Network
Service list for R.04-01-025 (public version only)

Attachments: Declaration of John P. Armato (Public)
Matrix Identifying Confidential Material (Public)
Confidential Appendix A
Confidential Appendix B

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 G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Greg Backens

Phone #: 415-973-4390

E-mail: gab4@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) #: **3291-G**

Tier: 2

Subject of AL: **Expedited Pre-Approval of El Paso Natural Gas Company and Kern River Gas Transmission Company Contracts**

Keywords (choose from CPUC listing): Contracts, Core

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.04-09-022

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

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: The terms of the contracts, and the necessary adjustments to the Core Procurement Incentive Mechanism (CPIM)

Confidential information will be made available to those who have executed a nondisclosure agreement: PG&E's Core Transport Agents who agree to the terms of a non-disclosure agreement.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: John P. Armato, 415-973-7022

Resolution Required? Yes No

Requested effective date: **May 9, 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: 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

EDTariffUnit@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

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

**DECLARATION OF JOHN ARMATO IN SUPPORT OF
THE CONFIDENTIAL TREATMENT OF PG&E'S ADVICE LETTER FILING 3291-G**

I, John P. Armato, declare:

1. I am a Manager in the Core Gas Supply organization at Pacific Gas and Electric Company (PG&E). I am responsible for regulatory matters and contract management pertaining to PG&E's core gas portfolio. This declaration is based on my personal knowledge of PG&E's core gas 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 3291-G.

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 in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on April 18, 2012 at San Francisco, California.



JOHN P. ARMATO

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)
PG&E'S ADVISE LETTER 3291-G
April 18, 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: Appendices A-B							
Appendices A-B	Y	I.A.4 – Long-term fuel (gas) buying and hedging plans General Order 66-C	Y	Y	Y	Appendices A and B include information about PG&E's gas contracts, which should be confidential by analogy to the protections for gas buying plans in Item I.A.4 of the D.06-06-066 Matrix. Disclosure of this information would compromise PG&E's negotiating leverage. This material is also protected as confidential material under General Order 66-C.	3 years

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

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