

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



January 20, 2005

Advice Letter 2402-E

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Procurement transaction quarterly compliance filing

Dear Ms de la Torre:

Advice Letter 2402-E is effective December 16, 2004 by Resolution E-3889. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Gallagher" with a small "for" written below it.

Sean H. Gallagher, Director
Energy Division

July 15, 2003

Advice 2402-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, 2003)

Pacific Gas and Electric Company (PG&E) hereby submits its compliance filing for the second quarter of 2003, in accordance with Ordering Paragraph (O.P.) 8 of Decision (D.) 02-10-062.¹ O.P. 8 of the decision states that PG&E, as a respondent utility, shall file each quarter's procurement transactions that conform to its adopted procurement plan by Advice Letter within 15 days of the end of the quarter.

Background

Appendix B of D. 02-10-062, *Adopted Master Data Request for Monthly Advice Letters* outlines the information that is required to accompany each utility's transaction reporting advice letter. On April 7, 2003, PG&E met with the Energy Division to discuss the requirements for the Quarterly Transaction Report. The Energy Division informed PG&E that the compliance items delineated in Appendix B of D. 02-10-062 are for the Quarterly Report. The quarterly cycle for Appendix B was formalized in D. 03-06-076, *Order Modifying Decisions 02-10-062 and 02-12-074 and Denying Rehearing*, dated June 19, 2003.²

O.P. 10 of D. 02-12-074 added another requirement to the quarterly advice letter filings: that PG&E present Black Model results, for informational purposes. PG&E attended a Value-At-Risk (VaR) Workshop on April 23, 2003. Pursuant to discussions with Energy Division, because of the delay in the VaR workshop,

¹ PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

² Ordering Paragraph 8 of the Decision modified the title of Appendix B from D. 02-10-062 to read: "Adopted Master Data Request for Quarterly Advice Letters." Also, in the first sentence of Appendix B, the word "month's" was deleted and replaced with "quarter's."

Black Model results were not provided for the first quarter because no transactions with options, which would be valued using the Black Model, were entered into in that quarter. PG&E provides Black Model results for appropriate transactions executed during the second quarter 2003 on an informational basis.

Compliance Items

A confidential Attachment with related Appendices for this filing are being submitted to the Energy Division as follows:

Attachment

The confidential Attachment to this filing contains responses to the information requested in Appendix B of D. 02-10-062, as clarified by D. 03-06-076, and O.P. 10 of D. 02-12-074.

Appendices

Confidential Appendix A-1 and A-2 contain the dissaggregation of locational swaps (February 2003) and the final ISO Settlements (January – April 2003), respectively. Final figures for February and March are included as these were not available for the first quarterly compliance advice letter filed on May 1, 2003. Please note that final figures for May and June will be provided to PG&E by the ISO in July and August, respectively. Therefore, PG&E will provide these final numbers in its third quarterly compliance advice filing.

Confidential Appendices B-1 and B-2 contain the briefing packages provided to management for the Request for Offer (RFO) transactions and bilateral agreements PG&E entered.

Confidential Appendices C-1 and C-2 provide a summary of the transactions for the second quarter by quarter and by month, respectively.

Confidential Appendix D contains copies of RFO confirmations.

Confidential Appendix E contains copies of confirmations for bilateral agreements.

Confidential Appendices F-1 and F-2 contain Supply and Escrow agreements for Utility Energy Generation.

Confidential Appendix G contains details on the Black Model analysis.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **August 4, 2003**, which is 20 days from the date of this filing. The protest must state the grounds upon which it based, including such items as financial and service impact, and should be submitted expeditiously. Protest should be mailed to:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 9417
Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

Effective Date

In compliance with D. 02-10-062, the effective date of this advice letter is **July 15, 2003**.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, 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. 01-10-024. Address change requests should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

cc: Service List - R. 01-10-024

Attachment with Appendices

