December 17, 2004

Advice Letter 2477-E

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

Subject: Updated forecast of 2005 net open position

Dear Ms de la Torre:

Advice Letter 2477-E is effective February 23, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

Paul Clanon, Director
Energy Division
February 23, 2004

Advice 2477-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Updated Forecast of 2005 Net Open Position


Purpose

Pursuant to Ordering Paragraph (OP) 9 of D.04-01-050, PG&E submits, in Confidential Appendix A, an updated forecast of its 2005 open position. Table 1 of Confidential Appendix A presents an updated energy net open position for 2005. Table 2 of Confidential Appendix A shows the updated capacity balance with the energy and natural gas prices¹ shown on Tables 3 and 4.

PG&E’s capacity requirements include a planning reserve margin for 2005 consistent with the phase-in to 15% - 17% by no later than January 1, 2008. For 2005, this phase-in results in a planning reserve margin of 11.25 percent. This percentage is calculated by interpolating from the derived planning reserve margin in 2004, based on the 2004 operating margin, to the 15 percent planning reserve margin in 2008. The operating reserve margin in 2004 is approximately 7.4 percent in the peak month of August. The following equation calculates the Operating Reserve Margin (ORM):

\[
(((\text{Dependable Capacity (including maintenance)} - \text{Reasonably Expected Resource Outages})/\text{Peak Load}) - 1) \times 100\%.
\]

The following equation calculates the corresponding planning reserve margin in the peak load month of August:

\[
(((\text{Dependable Capacity (including maintenance)}/\text{Peak Load}) - 1) \times 100\%.
\]

¹ Natural gas and power prices are based on January 5, 2004 price quotes.
PG&E's 7.4 percent operating reserve margin corresponds to a 10.1 percent planning reserve margin in 2004. The following interim planning reserve benchmarks are derived from interpolating between 10.1 percent (or 10% rounded) planning reserve margin in 2004 to 15 percent in 2008.

<table>
<thead>
<tr>
<th>ORM</th>
<th>Planning Reserve Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2005</td>
</tr>
<tr>
<td>7.00%</td>
<td>11.25%</td>
</tr>
</tbody>
</table>

**Background**

On January 22, 2004, the CPUC issued D. 04-01-050, adopting the long-term regulatory framework under which PG&E and California's other investor-owned utilities (IOUs) will plan for and procure the energy resources and demand-side investments necessary to ensure their customers will receive reliable service at low and stable prices.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **March 14, 2004**, which is 20 days from the date of this filing. 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:

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 Cherry  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-mail: RxDd@pge.com
Effective Date

PG&E requests that this advice filing become effective on February 23, 2004.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, 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 list for Rulemaking (R.) 01-10-024. Non-market participants who are members of PG&E’s Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the advice letter and accompanying confidential attachments by overnight mail.

The portions of this advice letter so marked Confidential Protected Material are in accordance with the May 20, 2003, Protective Order in R. 01-10-024 Regarding Confidentiality of Pacific Gas and Electric Company (PG&E) Power Procurement Information. As required by that Order, reviewing representatives of Market Participating Parties will not be granted access to Protected Material, but will instead be limited to reviewing redacted versions of documents that contain Protected Material.

Karen D. Demcak
Vice President – Regulatory Relations

cc: Service List R. 01-10-024

Attachments

Confidential Appendix A: Table 1 – PG&E 2005 Energy Balance Reference Case
Table 2 – PG&E 2005 Capacity Balance Reference Case
Table 3 – 2005 NP15 Electric Prices ($/MWh)
Table 4 – 2005 Gas Prices ($/MMBtu)
Attachment I
Tables 1, 2, 3, 4
(Redacted)
## PG&E 2005 Energy Balance Reference Case

<table>
<thead>
<tr>
<th>2005 Energy Load (GWh)</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales</td>
<td>-6,341</td>
<td>-5,887</td>
<td>-6,339</td>
<td>-6,317</td>
<td>-6,874</td>
<td>-6,945</td>
<td>-7,727</td>
<td>-7,618</td>
<td>-6,977</td>
<td>-6,960</td>
<td>-6,718</td>
<td>-6,861</td>
<td>-81,562</td>
</tr>
<tr>
<td>Direct Access</td>
<td>720</td>
<td>663</td>
<td>724</td>
<td>694</td>
<td>720</td>
<td>721</td>
<td>775</td>
<td>779</td>
<td>750</td>
<td>746</td>
<td>695</td>
<td>681</td>
<td>8,666</td>
</tr>
<tr>
<td>Losses</td>
<td>-530</td>
<td>-495</td>
<td>-538</td>
<td>-538</td>
<td>-593</td>
<td>-611</td>
<td>-686</td>
<td>-683</td>
<td>-604</td>
<td>-572</td>
<td>-560</td>
<td>-580</td>
<td>-6,988</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-6,151</td>
<td>-5,718</td>
<td>-6,162</td>
<td>-6,161</td>
<td>-6,747</td>
<td>-6,834</td>
<td>-7,548</td>
<td>-7,522</td>
<td>-6,831</td>
<td>-6,786</td>
<td>-6,683</td>
<td>-6,760</td>
<td>-79,893</td>
</tr>
</tbody>
</table>

### 2005 Energy Supply (GWh)

<table>
<thead>
<tr>
<th>URG</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Nuclear</td>
<td>17,000</td>
</tr>
<tr>
<td>- Hydro</td>
<td>15,074</td>
</tr>
<tr>
<td>- Fossil</td>
<td>746</td>
</tr>
<tr>
<td>QFs</td>
<td>20,594</td>
</tr>
<tr>
<td>DWR Contracts</td>
<td></td>
</tr>
<tr>
<td>- Must-Take</td>
<td>21,935</td>
</tr>
<tr>
<td>Other</td>
<td>4,545</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>79,893</td>
</tr>
</tbody>
</table>
## PG&E 2005 Capacity Balance Reference Case

<table>
<thead>
<tr>
<th>2005 Peak Load (MW)</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Access</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DSM - Reliability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Requirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Total Capacity Requirement

<table>
<thead>
<tr>
<th>2005 Supply Capacity (MW)</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>URG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Nuclear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Hydro</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fossil</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QFs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bilaterals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DWR Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Must-Take</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dispatchable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outages2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DSM - Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Purchases to Meet Reserve

1 Reserve requirement is 11.25% Total peak load
2 Outages reflect Planned Maintenance outages only
<table>
<thead>
<tr>
<th></th>
<th>Super Peak</th>
<th>Shoulder Peak</th>
<th>Off Peak</th>
<th>7x24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jul-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aug-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Super Peak: HE12-19 M-F
Shoulder Peak: HE 7-11 and HE 20-22 M-F, HE 7-22 Sat
Off Peak: HE 1-6 and HE 23-24 M-Sat, HE 1-24 Su

NOTE:
<table>
<thead>
<tr>
<th></th>
<th>NYMEX</th>
<th>AECO</th>
<th>Malin</th>
<th>Citygate</th>
<th>So Cal</th>
<th>SRAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jul-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aug-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:**
PG&E Electric Advice Filing List
General Order 96-A, Section III(G)

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Ater & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Celinet Data Systems
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
GLJ Energy Publications
Goodin, MacBride, Squier, Schlotz &
Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
PG&E National Energy Group
Pinnacle CNG Company
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost Pritchard
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansey and Associates
Tecogen, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
United Cogen Inc
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA