August 2, 2007

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: Renewable Resource Procurement Contracts

Dear Mr. Cherry:

Advice Letter 2506-E is effective July 8, 2004.

Sincerely,

Sean H. Gallagher, Director
Energy Division
May 10, 2004

Advice 2506-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Renewable Resource Procurement Contracts

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in accordance with Ordering Paragraph 3 of Resolution E-3853, which directs PG&E to make this filing in accordance with the confidential discussion in the section entitled "Contracts selected" of the Resolution. PG&E incorporates by reference all attachments submitted with AL 2423-E, which was approved by the California Public Utilities Commission (CPUC or Commission) in Resolution E-3853.

All attachments to this advice letter comprise Confidential Protected Material, in accordance with the May 20, 2003, Modified Protective Order issued in Rulemaking (R.) 01-10-024, and pursuant to Public Utilities Code Section 583.

Purpose

In Resolution E-3853, the California Public Utilities Commission (CPUC or Commission) approved renewable energy contracts between PG&E and the following three biomass power producers:

<table>
<thead>
<tr>
<th>Biomass Power Producer</th>
<th>MW Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madera Power, LLC</td>
<td>25</td>
</tr>
<tr>
<td>Community Renewable Energy Services, Inc.</td>
<td>12</td>
</tr>
<tr>
<td>Sierra Power Corporation</td>
<td>7</td>
</tr>
</tbody>
</table>

In accordance with the confidential section of the Resolution, PG&E now provides contract information, under seal, as specified.

PG&E asks that the Commission approve this advice letter no later than July 8, 2004 by finding that the payments to be made by PG&E pursuant to the contracts
are reasonable and prudent for purposes of recovery in full in retail rates under the Public Utilities Code for the full term of the contract(s) extension without further Commission review.¹

**Background**

On August 13, 2003, the Assigned Commissioner Michael Peevey issued the Assigned Commissioner’s Ruling (ACR), which provides guidance and outlines the parameters of utility procurement of renewable resources prior to full Renewable Portfolio Standards (RPS) implementation. The ACR instructs utilities to abide by the terms of the first RPS decision (D.) 03-06-071, and also allows utilities to engage in bilateral negotiations or issue competitive solicitations. In Resolution E-3853, the Commission approved the contracts as consistent with the criteria provided in the ACR.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **May 30, 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

¹ All three renewable energy contracts are cost effective and continue to provide benefit to ratepayers based on the price benchmark approved in Resolution E-3853.
Effective Date

PG&E requests that this advice filing become effective on June 19, 2004, which is 40 days after the date of filing.

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 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, Modified 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.

Vice President – Regulatory Relations

Confidential Attachments are provided in accordance with Ordering Paragraph 3 of Resolution E-3853, which directs PG&E to make this filing in accordance with the confidential discussion in the section entitled “Contracts selected” of the Resolution.

Cc:  R01-10-024 Service List
     Pacific Gas and Electric Company’s Procurement Review Group
ABAG Power Pool
Aglot Consumer Alliance
Aguaw Developmental Center
Ahmed, Ali
Alicant & Eslesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Batte Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginner & 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
Cellnet 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, Schlottz &
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.
Mirani 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
SESAC
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
Tansev 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

03-Feb-04