June 11, 2008

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: Notification of Revised Utility Gas Supply Plan Reporting Requirements for the California Department of Water Resources (CDWR) Tolling Agreements in Compliance with D.07-12-052

Dear Mr. Cherry:

Advice Letter 3269-E is effective May 14, 2008.

Sincerely,

Sean H. Gallagher, Director  
Energy Division
May 14, 2008

**Advice 3269-E**

(Pacific Gas and Electric Company ID U 39 E)
Public Utilities Commission of the State of California

**Subject:** Notification of Revised Utility Gas Supply Plan Reporting Requirements for the California Department of Water Resources (CDWR) Tolling Agreements in Compliance with D.07-12-052.

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) its executed agreement with the California Department of Water Resources (CDWR) regarding the approval of an annual filing of the Gas Supply Plan (GSP). In addition, PG&E provides a transition plan and other related information supporting the move to an annual filing cycle.

**Background**

Decision (D.) 02-12-069 and D.03-04-029 directed PG&E to consolidate fuel procurement strategies for the CDWR contracts and to submit them to CDWR and the Commission as a “Gas Supply Plan” on a semi-annual basis. More recently, in the 2006 Long-Term Procurement Plan Decision (D.07-12-052), the Commission authorized the IOUs to update their gas supply and hedging plans for their CDWR portfolios annually, instead of twice a year. However, the move to a yearly filing cycle was pre-conditioned on CDWR agreeing to such a change, with the investor-owned utilities (IOUs) notifying the Commission by advice letter.

Since March of 2003, PG&E has submitted, and the Commission has adopted, eleven GSPs. GSP-11, the most recent GSP, filed February 1, 2008, covering the period April 1, 2007, through September 30, 2008, was approved on April 17, 2008. The next GSP (GSP-12) is expected to be filed on August 1, 2008.

**Discussion**

In D.07-12-052, the Commission agreed that submitting annual GSP updates, rather than semi-annual updates, would streamline the IOUs' administrative
In addition, D.07-12-052 directed GSPs to be made at the time of the Energy Resource Recovery Account (ERRA) filings. PG&E files its ERRA forecast revenue requirement application each year on June 1st.\(^2\)

Consistent with D.07-12-052, on April 8, 2008, CDWR and PG&E agreed to the change in the Utility Gas Supply Plan, as defined in Exhibit B of the Operating Agreement, to reflect the change from a "semi-annual basis" to "annual basis" in filing the CDWR GSP.\(^3\) Attachment A to this advice letter is the executed letter agreement between PG&E and CDWR.

In order to transition to a yearly GSP filing cycle, PG&E proposes a transition plan under which the next GSP (GSP-12) would be filed on August 1, 2008, which would coincide with the existing semi-annual filing date. However, the term of GSP-12 would be for a one-time 13 month period (October 1, 2008 to October 31, 2009) in order to allow for a transition to the new filing cycle. Starting with GSP-13, all GSPs would be filed on June 1st and would become effective on November 1 for a regular 12 month cycle from November 1 through October 31 of the following year. In particular, PG&E proposes:

August 1, 2008 – PG&E submits “GSP 12” (for the October 1, 2008 through October 31, 2009 period)

June 1, 2009 – PG&E submits “GSP 13” (for the November 1, 2009 through October 31, 2010 period) concurrently with its ERRA forecast revenue requirement and associated rates application

June 1, 2010 – PG&E submits “GSP 14” (for the November 1, 2010 through October 31, 2011 period) concurrently with its ERRA forecast revenue requirement and associated rates application

PG&E informally presented this transition plan to both CDWR and Energy Division Staff. Neither expressed objections with the proposal. Consequently, PG&E requests that it be formally adopted through approval of this advice letter. This submission will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

\(^2\) D.02-10-062 stipulates that PG&E must file with the Commission its ERRA forecast revenue requirement application and the ERRA compliance review application on June 1 and December 1, 2003, respectively. See D.02-10-062, FOF 23 and OP 14. In D.04-01-050, the Commission moved the filing date of PG&E’s ERRA compliance review application to February for the 12-month period of the prior year, yet instructed PG&E to continue filing its ERRA forecast revenue requirement application on June 1. See D.04-01-050, OP 5, p.200; see also p.177.

\(^3\) The executed agreement between PG&E and CDWR specifies that parties agree to amend Exhibit B at a later time when “substantive changes” will be made to the Operating Agreement.
Protests

Since the submission of this advice letter is in compliance with D.07-12-052 upon the execution of the agreement with CDWR, PG&E requests that the protest period be waived.

Effective Date

PG&E requests that this advice letter become effective on May 14, 2008, the date of this submission. PG&E submits this as a Tier 1 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 service lists for R.04-04-003, R.06-02-013, and R.08-02-007. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. Advice letter submissions can also be accessed electronically at:

http://www.pge.com/tariffs

Vice President, Regulatory Relations

Attachments

cc: Service List – R.04-04-003, R.06-02-013, R.08-02-007

Attachment:

Attachment A – April 8, 2008 Letter Agreement Between Pacific Gas and Electric Company and the California Department of Water Resources
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Linda Tom-Martinez</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC</td>
<td>☑ GAS</td>
</tr>
<tr>
<td>☐ PLC</td>
<td>☐ HEAT</td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

| ELC = Electric | GAS = Gas |
| PLC = Pipeline | HEAT = Heat |
| WATER = Water |

Advice Letter (AL) #: **3269-E**

**Tier: 1**

Subject of AL: Notification of Revised Utility Gas Supply Plan Reporting Requirements for the California Department of Water Resources (CDWR) Tolling Agreements in Compliance with D.07-12-052

Keywords (choose from CPUC listing): Procurement

AL filing type: ☑ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other _____________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-12-052

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:

Confidential information will be made available to those who have executed a nondisclosure agreement: ☐ Yes ☐ No

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: **May 14, 2008**

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

Pending advice letters that revise the same tariff sheets: 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

**E-mail: PGETariffs@pge.com**
Attachment A

April 8, 2008 Letter Agreement Between
Pacific Gas and Electric Company and
the California Department of Water Resources
April 8, 2008

Mr. Roy Kuga  
Vice President, Energy Supply  
Pacific Gas & Electric Company  
Post Office Box 770000, Mail Code N13  
San Francisco, California 94177-0001

Dear Mr. Kuga:

The California Department of Water Resources ("CDWR") is transmitting this Letter Agreement consistent with the California Public Utilities Commission ("CPUC") Decision (D.) 07-12-052, "Opinion Adopting Pacific Gas and Electric Company's ("PG&E"), Southern California Edison Company's ("SCE") and San Diego Gas & Electric Company's ("SDG&E") Long-Term Procurement Plans ("LTPP")," issued under Rulemaking 06-02-013 Order Instituting Rulemaking to Integrate Procurement Policies and Consider Long-Term Procurement Plans (Filed February 16, 2006) issued on December 20, 2007. PG&E, SCE and SDG&E shall hereinafter be collectively referred to as the "IOUs."

Section 3.5.5, Fuel Supply Plans, of D.07-12-052 provides in relevant part:

We also authorize the IOUs to update their gas supply and hedge plans for their DWR portfolios (for SCE, this includes its ratable rate schedule) annually, instead of twice a year. But, because DWR has not participated in this proceeding or agreed to this change, we cannot enforce the change for the IOUs DWR portfolios at this time. If and when DWR agrees to this change, the IOUs should notify the Commission by Advice Letter.

CPUC D.03-04-029, as modified by D.04-10-035, approved the Operating Agreement between CDWR and PG&E which sets forth the relationship whereby PG&E acts as CDWR's limited agent with respect to the scheduling, dispatch, settlement and other functions for the Allocated Contracts (as defined in the Operating Agreement). Exhibit B, Fuel Management Protocols, Section IV, Fuel Procurement Strategies of the Operating Agreement, ("Exhibit B"), currently provides that CDWR will review and approve the gas supply plan submitted by PG&E to the CPUC on a semi-annual basis.

As proposed in D.07-12-052, CDWR agrees to PG&E updating the Utility Gas Supply Plan (as defined in Exhibit B) for the "DWR portfolios annually, instead of twice a year." It is understood PG&E will file an Advice Letter ("AL") with the CPUC along with a copy of the fully executed Letter Agreement requesting the CPUC's approval of the changes to PG&E's filing requirement of the Utility Gas Supply Plan, effective upon filing of the AL.
PG&E and CDWR (collectively, the “Parties”) acknowledge that Exhibit B needs to be amended to reflect the minor change from “semi-annual basis” to “annual basis.” The other terms and conditions set forth in Exhibit B are otherwise unaffected. Accordingly, the Parties agree to amend Exhibit B at a later time when substantive changes will be made to the Operating Agreement.

Enclosed are two copies of the Letter Agreement, executed by CDWR. If PG&E agrees with the foregoing changes, please sign below and return an original, fully executed Letter Agreement to me.

For questions regarding this matter, please contact Stuart Chan, Fuels Manager, at (916) 574-0290.

Sincerely,

[Signature]

Timothy J. Haines, Deputy Director
California Energy Resources Scheduling

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: [Signature] Date: 4/8/08

Timothy J. Haines, Deputy Director

PACIFIC GAS AND ELECTRIC COMPANY

By: [Signature] Date: 4/11/08

Roy Kuga, Vice President

cc: Mr. Fong Wan
    Mail Code N12G
    Pacific Gas & Electric Company
    Post Office Box 770000
    San Francisco, California 94177-0001
cc:  Ms. Kelly Everidge  
Mail Code N12E  
Pacific Gas & Electric Company  
Post Office box 770000  
San Francisco, California  94177-0001

Ms. Jeannette Woo  
Mail Code N12E  
Pacific Gas & Electric Company  
Post Office Box 770000  
San Francisco, California  94177-0001

Mr. Ted Yura  
Mail Code N12E  
Pacific Gas & Electric Company  
Post Office box 770000  
San Francisco, California  94177-0001

Mr. Sebastien Csapo  
Mail Code N12E  
Pacific Gas & Electric Company  
Post Office box 770000  
San Francisco, California  94177-0001
PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Kahl
Ancillary Services Coalition
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 Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services
Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlott & Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IJUG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
MBMC, Inc.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
OnGrid Solar
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
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
SESICO
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc
TFS Energy
Transcanada
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Resource Network
Wellhead Electric Company
White & Case
WMA

14-Jun-07