May 12, 2009

Advice 2995-G/3411-E

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 the Creation of a New Affiliate, Midway Power, LLC

Dear Mr. Cherry:

Advice 2995-G/3411-E noticed the acquisition of Midway Power, LLC (Midway) on January 29, 2009, as a new PG&E affiliate. This advice letter was protested on February 18, 2009, by the Independent Energy Producers Association (IEP). PG&E responded to this protest on February 25, 2009.

IEP points out, among other things, that Midway appears to have been formed to control the Tesla Generating Station (Tesla), a suspended project subject of D.08-11-004. IEP is concerned that, if Tesla is developed in accordance with its Certification from the California Energy Commission, it would be a violation of CPUC Affiliate Transaction Rules (ATR) to allow it to share officers with PG&E, as it currently stands. This would further violate CPUC policies regarding anticompetitive practices.

The response by PG&E states that Midway (and Tesla) will not sell power to the utility while it is an affiliate. The immediate intention of the utility is to preserve the assets of Midway and Tesla; the long term intention is to either sell the project to a third party or develop it as a utility project if it receives approval from the CPUC. If PG&E decides to resume development of Tesla, the utility will acquire Midway through a merger.

PG&E is correct that, as long as Tesla is incomplete and is incapable of providing products or services using or relating to the use of gas or electricity, the Midway affiliate is not covered by the ATR. Of course, if circumstances change and the Tesla project is furthered in any significant way that would enable it to begin to provide such products or services, the utility must file an amendment to this advice letter to notify the Commission and parties within 30 days of this change. At that point the Midway affiliate will fall under the purview of the ATR, and the utility will no longer be able to share officers with the affiliate. The amended advice letter will describe progress on the Tesla project and will disclose whatever updated plans PG&E has for these assets.
Accordingly, and with the above conditions imposed, Advice 2995-G/3411-E is effective today.

Sincerely,

Julie A. Fitch, Director
Energy Division
January 29, 2009

Advice 2995-G/3411-E  
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Notification of the Creation of a New Affiliate

Purpose

In accordance with Decision 06-12-029, Appendix A, Rule VI. B--New Affiliate Compliance Plans, Pacific Gas and Electric Company (PG&E) hereby notifies the Commission of the formation of a new affiliate, as defined by the Affiliate Transaction Rules.

Rule VI. B. specifically requires that:

Upon creation of a new affiliate, which is addressed by these Rules, the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission, served on parties to this proceeding (Rulemaking 05-10-030). The advice letter shall demonstrate how the utility will implement these Rules with respect to the new affiliate.

MIDWAY POWER, LLC

Midway Power, LLC was acquired on December 2, 2008 and is a direct subsidiary of Pacific Gas and Electric Company. Midway Power, LLC was formed to be the ownership entity for real estate and licenses for a suspended development project, pursuant to a purchase and sale agreement dated July 17, 2008.
The following lists the Board of Control and Officers:

**Board of Control:**
Christopher P. Johns  
Fong Wan

**Officers:**
Christopher P. Johns, President and Treasurer  
Fong Wan, Vice President  
Stephen J. Cairns, Controller  
Linda Y.H. Cheng, Secretary  
Nicholas M. Bijur, Assistant Treasurer  
Eileen O. Chan, Assistant Secretary  
Wondy S. Lee, Assistant Secretary  
Eric Montizambert, Assistant Secretary

**Additional Information**

Midway Power, LLC is not a Rule II.B affiliate.

No unusual or unique circumstances exist that would require special affiliate transactions rule implementation measures for the affiliate listed above.

Questions regarding this affiliate should be addressed to Dinyar Mistry, Vice President, Internal Audit/Compliance & Ethics, PG&E Corporation at (415) 973-1156 or Michael Chinen, Manager, Compliance and Ethics at (415) 973-5844.

Pacific Gas and Electric Company has previously notified Commission staff and posted notice of the formation of these affiliates on its affiliate transaction World Wide Web site at:

[http://www.pge.com/about/rates/affiliate/](http://www.pge.com/about/rates/affiliate/)

This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.
Protests

Anyone wishing to protest this filing may do so by sending a letter by February 18, 2009, 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:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and inj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, 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 Cherry
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-Mail: PGETariffs@pge.com

Effective Date:

PG&E requests that this advice filing become effective on January 29, 2009, the date of this filing. 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 attached list and the service list for R.05-10-030. Address changes to the General Order 96-B service list should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

http://www.pge.com/tariffs
Brian K. Cherry  
Vice President - Regulatory Relations  

CC: R.05-10-030  
Peter Arth
**Company name/CPUC Utility No.** Pacific Gas and Electric Company (ID U39 M)

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: David Poster</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC ✔ GAS ☐ PLC ☐ HEAT ☐ WATER</td>
<td>Phone #: (415) 973-1082</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:Dxpu@pge.com">Dxpu@pge.com</a></td>
<td></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

Advice Letter (AL) #: **2995-G/3411-E**

Subject of AL: Notification of the Creation of a New Affiliate
Keywords (choose from CPUC listing): Affiliate Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.06-12-029

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:

Resolution Required? ☐ Yes ☑ No
Requested effective date: **1/29/2009**

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
jn@cpuc.ca.gov and mas@cpuc.ca.gov

**Pacific Gas and Electric Company**
Attn: Brian K. Cherry, Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com
Aglet
Agnews Developmental Center
Alcantar & Kahl
Ancillary Services Coalition
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Blue Ridge Gas
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CAISO
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cameron McKenna
Cardinal Cogen
Casner, Steve
Cerox
Chamberlain, Eric
Chevron Company
Chris, King
City of Glendale
City of Palo Alto
City of San Jose
Clean Energy Fuels
Coast Economic Consulting
Commerce Energy
Commercial Energy
Constellation
Constellation New Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglas & Liddell
Douglas & Liddell
Downey & Brand
Duke Energy
Duncan, Virgil E.
Dutcher, John
Ellison Schneider & Harris LLP
Energy Management Services, LLC
FPL Energy Project Management, Inc.
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Heeg, Peggy A.
Hitachi
Hogan Manufacturing, Inc.
Imperial Irrigation District
Innercite
International Power Technology
Intestate Gas Services, Inc.
J. R. Wood, Inc.
JTM, Inc.
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
Matthew V. Brady & Associates
McKenzie & Associates
Meek, Daniel W.
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
New United Motor Mfg., Inc.
Norris & Wong Associates
North Coast SolarResources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
PPL EnergyPlus, LLC
Pinnacle CNG Company
Praxair
R. W. Beck & Associates
RCS, Inc.
RMC Lonestar
Recon Research
SCD Energy Solutions
SCE
SESCO
SMUD
SPURR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sequoia Union HS Dist
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison Company
St. Paul Assoc.
Sunshine Design
Sutherland, Asbill & Brennan
TFS Energy
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
Tigoe Energy
TransCanada
Turlock Irrigation District
U S Borax, Inc.
United Cogen
Utility Cost Management
Utility Resource Network
Utility Specialists
Vandenberg Air Force
Verizon
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
White & Case
eMeter Corporation