October 7, 2010

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA  94177

Subject: Contract for Procurement of Renewable Energy Resulting from PG&E's Power Purchase Agreement with DTE Energy Services, Inc., and Supplemental Filing

Dear Ms. Yura:

Advice Letters 3577-E and 3577-E-A are effective June 3, 2010 per Resolution E-4336.

Sincerely,

Julie A. Fitch, Director  
Energy Division
April 30, 2010

Advice 3577-E-A
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing for the Contract for Procurement of Renewable Energy Resulting From PG&E’s Power Purchase Agreement with DTE Energy Services, Inc.

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) a supplemental filing for Advice 3577-E (“Advice Letter”), dated December 16, 2009.\(^1\) The Advice Letter submitted a Power Purchase Agreement (“PPA”) between PG&E and DTE Stockton, LLC (“DTE”)\(^2\) for CPUC review and approval. The PPA provides for PG&E’s purchase of generation from a 45 megawatt (“MW”) biomass power plant (“the Project”) located in Port of Stockton, California, for a term of 25 years. The Project is expected to deliver on average 315 gigawatt hours (“GWh”) per year over the term of the PPA. The Advice Letter is currently pending approval by the Commission.

Purpose

The purpose of this supplement is to obtain CPUC approval of an Amendment which reflects the Commission’s new standard terms and conditions, as set forth in Decision (“D.”) 10-03-021.

On March 16, 2010, the Commission issued D.10-03-021, which authorized the use of Renewable Energy Credits (“RECs”) to comply with California’s Renewables Portfolio Standard (“RPS”) policies. D.10-03-021 also set forth new standard terms and conditions to be incorporated into agreements that involve the purchase of RPS-eligible energy.

\(^{1}\) Supplements to Advice Letters are authorized by General Order 96-B, Section 7.5.1. Due to the limited scope of PG&E’s supplemental information, this filing should not delay the effective date of the advice letter.

\(^{2}\) DTE Stockton LLC is a subsidiary of DTE Energy Services, Inc.
The Amended PPA conforms exactly to the “non-modifiable” terms set forth in D.10-03-021 and in previous decisions, including D.07-11-025, D.08-04-009, and D.08-08-028. These terms may be found on the following pages of the PPA and Amendment.

<table>
<thead>
<tr>
<th>Non-Modifiable Term</th>
<th>PPA Section No.</th>
<th>PPA Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>From PPA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STC 1: CPUC Approval</td>
<td>1.38</td>
<td>4</td>
</tr>
<tr>
<td>STC 2: RECs and Green Attributes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Definition of Green Attributes</td>
<td>1.88</td>
<td>9</td>
</tr>
<tr>
<td>• Conveyance of Green Attributes</td>
<td>3.2</td>
<td>24</td>
</tr>
<tr>
<td>STC 6: Eligibility</td>
<td>10.2(a.ii)</td>
<td>46</td>
</tr>
<tr>
<td>STC 17: Governing Law</td>
<td>10.12</td>
<td>52</td>
</tr>
<tr>
<td><strong>From Amendment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STC REC-1 Transfer of renewable energy credits</td>
<td>Amendment Item A</td>
<td>Amendment Page 1</td>
</tr>
<tr>
<td>STC REC-2 Tracking of RECs in WREGIS</td>
<td>Amendment Item B</td>
<td>Amendment Page 1</td>
</tr>
</tbody>
</table>

The Project will interconnect directly with the California Independent System Operator (“CAISO”). Therefore, the Agreement does not include the non-modifiable terms intended for REC-only contracts.

**Effective Date**

PG&E requests that this supplemental filing become effective concurrent with Advice Letter 3577-E.

**Attachments:**

**Appendix A - Amendment of Power Purchase Agreement**

**Request for Commission Approval**

PG&E requests that any resolution that approves AL 3577-E also approve the Amendment.

**Protests**

PG&E asks that the protest and comment period for the DTE PPA not be reopened since this supplement simply updates the PPA’s terms and conditions to comply with the recent Commission decision. As provided by G.O. 96-B, Section 7.5.1, “The filing of a
supplement, or of additional information at the request of the reviewing Industry Division, does not automatically continue or reopen the protest period or delay the effective date of the advice letter.”

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 lists for R.08-08-009, R.06-02-012, and R.08-02-007. Address changes should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Vice President – Regulation and Rates

cc: Service List for R.08-08-009  
    Service List for R.06-02-012  
    Service List for R.08-02-007  
    Paul Douglas - Energy Division  
    Sean Simon – Energy Division

Attachment: Appendix A - Amendment of Power Purchase Agreement
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 and Linda Tom-Martinez</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC</td>
<td>Phone #: (415) 973-1082 and (415) 973-4612</td>
</tr>
<tr>
<td>☑ GAS</td>
<td>E-mail: <a href="mailto:dxpu@pge.com">dxpu@pge.com</a> and <a href="mailto:lmt1@pge.com">lmt1@pge.com</a></td>
</tr>
<tr>
<td>☐ PLC</td>
<td></td>
</tr>
<tr>
<td>☐ HEAT</td>
<td></td>
</tr>
<tr>
<td>☐ WATER</td>
<td></td>
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</tbody>
</table>

EXPLANATION OF UTILITY TYPE

<table>
<thead>
<tr>
<th>ELC = Electric</th>
<th>GAS = Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLC = Pipeline</td>
<td>HEAT = Heat</td>
</tr>
<tr>
<td>WATER = Water</td>
<td></td>
</tr>
</tbody>
</table>

Advice Letter (AL) #: **3577-E-A**

Tier: 3

Subject of AL: **Supplemental Filing for the Contract for Procurement of Renewable Energy Resulting From PG&E’s Power Purchase Agreement with DTE Energy Services, Inc.**

Keywords (choose from CPUC listing): Contracts, Portfolios

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-03-021

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 20, 2010 (concurrent with Commission approval of Advice 3577-E)**

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 proposed1: 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
jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Jane Yura
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com
Advice 3577-E-A

Attachment A

Amendment of the Power Purchase Agreement With DTE Stockton, LLC
AMENDMENT OF THE POWER PURCHASE AGREEMENT

This AMENDMENT OF THE POWER PURCHASE AGREEMENT (this “Amendment”) is made as of the Amendment Execution Date (defined below), by and between Pacific Gas and Electric Company (“Buyer”) and DTE Stockton, LLC (“Seller” and collectively with Buyer, the “Parties”). Buyer and Seller are Parties to that certain Power Purchase Agreement between the Parties dated December 8, 2009 (the “Agreement”).

RECITALS

WHEREAS, the Parties have heretofore entered into the Agreement; and

WHEREAS, the Parties wish to amend the Agreement as set forth below; and

WHEREAS, capitalized terms defined in the Agreement are used in this Amendment as defined in the Agreement,

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

The Agreement is hereby amended, and shall be effective on as of the last dated signature on the signature page hereto (“Amendment Execution Date”) as follows:

A. Amendment to Section 3.1Ck):

The following sentence shall be inserted as Section 3.1(k)(viii):

Seller warrants that all necessary steps to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

B. Amendment to Section 10.2(b): The following shall be inserted as the second paragraph in Section 10.2(b) of the Agreement as follows:

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and
warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

C. Miscellaneous.

1. Effect of Amendment. The Agreement, as modified by this Amendment, remains in effect in accordance with its terms. If there is any conflict between the Agreement and this Amendment, this Amendment shall control.

2. Entire Agreement. This Amendment along with the Agreement constitutes the entire agreement between the Parties relating to the subject matter thereof and shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter thereof.

3. Governing Law. This Amendment shall be governed by Section 10.12 of the Agreement. The Parties agree to comply with Article Twelve of the Agreement with respect to any dispute relating to this Amendment.

4. Captions; Construction. The headings used for the sections and articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement. Any term and provision of this Amendment shall be construed simply according to its fair meaning and not strictly for or against any Party. The Parties collectively have prepared this Amendment, and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Amendment or any part hereof.

5. Counterparts. This Amendment may be executed in counterparts, each of which is an original and all of which constitute one and the same instrument. A signature provided via facsimile or in a .pdf document sent via e-mail shall have the same effect as an original.

6. Any Amendments or Modifications. This Amendment may only be amended or modified in writing signed by each of the Parties.
IN WITNESS WHEREOF, the Parties have caused this Amendment to the Agreement to be duly executed by its authorized representatives, as of the day and year written below. This Amendment shall not become effective as to either Party unless and until executed by both Parties.

DTE STOCKTON, LLC, a Delaware limited liability company

Name: David Rado
Title: President
Date: 4/5/10

PACIFIC GAS AND ELECTRIC COMPANY
a California corporation

Name: Marino Monardi
Title: Director, Procurement Program Implementation
Date: 2/7 April 2011
PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

Defense Energy Support Center
Department of Water Resources
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
International Power Technology
Intestate Gas Services, Inc.
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MAC Lighting Consulting
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NRG West
New United Motor Mfg., Inc.
Norris & Wong Associates
North Coast SolarResources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recon Research
SCD Energy Solutions
SCE
SMUD
SPURR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
Tioga Energy
TransCanada
Turlock Irrigation District
U S Borax, Inc.
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
eMeter Corporation