September 15, 2010

Advice Letter 3711-E

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: Compliance Filing of Power Purchase Agreements

Dear Ms. Yura:

Advice Letter 3711-E is effective September 1, 2010.

Sincerely,

Julie A. Fitch, Director  
Energy Division
August 4, 2010

Advice 3711-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Compliance Filing of Power Purchase Agreements

Pacific Gas and Electric Company (PG&E) hereby submits the power purchase agreements (PPAs) that comprise the Tracy Transaction and the Los Esteros Critical Energy Facility Transaction as a Tier 1 advice filing in order to immediately proceed with these transactions in compliance with Decision (D.) 10-07-042, Ordering Paragraph (OP) 2. ¹

Background

On July 29, 2010, the Tracy Transaction, described in Application (A.) 09-10-022, and the Los Esteros Generating Facility (LECEF) Transaction, described in A.09-10-034, were conditionally approved by D.10-07-042, OP 2, which states:

2. If the Commission rejects the proposed Marsh Landing Project and/or the Oakley Project in Application (A.) 09-09-021, Pacific Gas and Electric Company shall proceed immediately with both the Tracy Transaction described in A.09-10-022 and the Los Esteros Critical Energy Facility Transaction described in A.09-10-034. Pacific Gas and Electric Company shall file a Tier 1 compliance advice letter containing executed copies of the contracts that comprise the Tracy Transaction and the Los Esteros Critical Energy Facility Transaction 30 days after the later of (i) today’s decision, or (ii) the issuance of a final Commission decision in A.09-09-021 that rejects the proposed Marsh Landing Project and/or Oakley Project.

The Oakley Project was also rejected on July 29, 2010, by D.10-07-045. Accordingly, PG&E will proceed with the Tracy and LECEF Transactions. This advice filing is being submitted within the 30-day deadline established in D.10-07-042, OP 2.

¹ To conserve resources, the confidential attachments are being submitted in electronic disk format.
Contents of this Advice Filing

PG&E submits the PPAs that comprise the Tracy and LECEF Transactions in compliance with D.10-07-042, OP 2. The submitted Tracy Transaction contracts consist of the DWR Novation Agreement, the Replacement Agreement, the Replacement MRTU Agreement, the Tracy Transition Agreement, and the PPA for deliveries from the upgraded Tracy facility. The submitted LECEF Transaction contracts consist of the DWR Novation Agreement, Replacement Agreement, and PPA for deliveries from the upgraded LECEF facility.

Attachments - Confidential

NOTICE OF LIMITED ACCESS TO CONFIDENTIAL MATERIAL

The PPAs attached to this advice letter are marked, “Confidential Protected Material”. The Tracy Transaction PPAs were appended to A.09-10-022 subject to PG&E’s motion to file the PPAs under seal. The motion was granted by the Administrative Law Judge’s Ruling of November 16, 2009. Pursuant to D.08-04-023, Appendix C - IOU Matrix, the California Public Utilities Commission’s (Commission) previous determination of protected status demonstrates that today’s submission of the Tracy Transaction PPAs should likewise be placed under seal.

The LECEF Transaction PPAs were appended to A.09-10-034 subject to PG&E’s motion to file under seal. IOU Matrix VII) B) of D.06-06-066 protects “contracts between an IOU and non-affiliated third parties” from public disclosure for three years. The March 10, 2010, March 17, 2010, and April 21, 2010 rulings of the Administrative Law Judge in A.09-10-034 placed testimony referring to the terms of the LECEF Transaction PPAs under seal. These rulings establish the Commission’s intent also to place the PPAs under seal. Pursuant to D.08-04-023, Appendix C - IOU Matrix, the Commission’s previous determination of protected status demonstrates that today’s submission of the LECEF Transaction PPAs should likewise be placed under seal.

List of Confidential Attachments:

- Tracy Novation Agreement
- Tracy Replacement Agreement
- Tracy Transition Agreement
- Tracy Upgrade Power Purchase Agreement
- Tracy Replacement MRTU Agreement
Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than August 24, 2010, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California  94102

Facsimile: (415) 703-2200
E-mail: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, 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:

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, California  94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date:

This is a Tier 1 advice filing in accordance with OP 2 of D.10-07-042 and is therefore effective upon filing, i.e., on August 4, 2010.
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 lists. Address changes to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Jane Yura 03

Vice President, Regulation and Rates

Attachments

cc: Service Lists for A.09-10-022 and A.09-10-034
CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

<table>
<thead>
<tr>
<th>Company name/CPUC Utility No.</th>
<th>Pacific Gas and Electric Company (ID U39 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility type:</td>
<td>Contact Person: Olivia Brown</td>
</tr>
<tr>
<td>ELC</td>
<td>Phone #: 415.973.9312</td>
</tr>
<tr>
<td>GAS</td>
<td>E-mail: <a href="mailto:oxb4@pge.com">oxb4@pge.com</a></td>
</tr>
<tr>
<td>PLC</td>
<td></td>
</tr>
<tr>
<td>HEAT</td>
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<tr>
<td>WATER</td>
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</tbody>
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**EXPLANATION OF UTILITY TYPE**
ELC = Electric
GAS = Gas
PLC = Pipeline
HEAT = Heat
WATER = Water

**Advice Letter (AL) #:** 3711-E
**Tier:** 1

**Subject of AL:** Compliance Filing of Power Purchase Agreements

**Keywords (choose from CPUC listing):** Compliance

**AL filing type:** ☑ One-Time

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-07-042

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: N/A

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Evelyn Lee at (415) 973-2786

**Resolution Required?** ☑ Yes  ☐ No

**Requested effective date:** August 4, 2010

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). N/A

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

Pacific Gas and Electric Company
Attn: Jane K. Yura, Vice President, Regulation and Rates
77 Beale Street, Mail Code B10B
San Francisco, CA 94177
E-mail: PGETariffs@pge.com
Alcantar & Kahl
Amesco
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg New Energy Finance
Boston Properties
Brookfield Renewable Power
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
Caser, Steve
Chris, King
City of Glendale
City of Palo Alto
Clean Energy Fuels
Coast Economic Consulting
Commerce Energy
Commercial 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
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.
Lawrence Berkeley National Lab
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 America Power Partners
North Coast SolarResources

Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recon Research
Recurrent Energy
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