November 8, 2011

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Power Purchase Agreement for Procurement of Renewable Energy Resources between North Star Solar, LLC, and PG&E Company

Dear Mr. Cherry:

Advice Letters 3759-E and 3759-E-A are effective October 20, 2011 per Resolution E-4436.

Sincerely,

Edward F. Randolph, Director
Energy Division
July 27, 2011

Advice 3759-E-A
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing to the Contract for Procurement of Renewable Energy Resources Between Pacific Gas and Electric Company and North Star Solar, LLC.

I. INTRODUCTION

A. Purpose

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) this supplemental filing to Advice Letter 3759-E (“Advice Letter”). The Advice Letter requested approval of a 20-year Renewables Portfolio Standard (“RPS”) Power Purchase Agreement (“PPA”) that PG&E has executed with North Star Solar, LLC (“North Star Solar”), for a 60-megawatt (“MW”) solar photovoltaic project to be located outside the town of Mendota, California, in Fresno County. The Advice Letter seeking approval of the PPA (“Original PPA”) was filed on November 12, 2010. Since that time, PG&E and North Star Solar have agreed to amend the PPA (“First Amendment”). This supplemental filing describes the First Amendment and requests that the Commission approve the PPA, as amended by the First Amendment, and issue a resolution no later than October 6, 2011.¹

B. Background

The Original PPA, filed on November 12, 2010, in Advice Letter 3759-E, resulted from the 2009 RPS Solicitation. On June 23, 2011, the CPUC issued Draft Resolution E-4405 rejecting, without prejudice, the Original PPA, on the grounds that the contract price was not

¹ Supplements to Advice Letters are authorized by General Order 96-B, Section 7.5.1.
cost competitive, stating “the Project is not price competitive with projects that are currently being offered to PG&E.”

Since that time, PG&E and North Star Solar have held extensive negotiations to address the Commission’s pricing concern. On July 25, 2011, the parties executed the First Amendment, which is being submitted in this advice letter. Specifically, this limited scope First Amendment includes a price decrease of over 20%; an increase in an expected average annual contract quantity of 119 gigawatt hours (“GWh”) to an expected average annual quantity of 136 GWh; an extension in the transmission delay date; an extension of the date by which Commission approval is needed; and changes to terms concerning financing termination rights and development security.

The First Amendment also contains provisions to conform the amended PPA to the “non-modifiable” terms set forth in Appendix C of D.10-03-021, as modified by D.11-01-025, which were finalized after the execution of the original PPA. These terms may be found on the following pages of the First Amendment to the PPA, which is included in Confidential Appendix B of this supplement to the Advice Letter.

<table>
<thead>
<tr>
<th>Non-Modifiable Term from First Amendment</th>
<th>First Amendment Section No.</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>STC REC-1: Transfer of Renewable Energy Credits</td>
<td>10.2(b)</td>
<td>3</td>
</tr>
<tr>
<td>STC REC-2: Tracking of RECs in WREGIS</td>
<td>3.1(k)(viii)</td>
<td>1</td>
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</table>

The First Amendment was presented to the PRG in writing on July 20, 2011. The written communication summarized the revised transaction and informed the PRG of PG&E’s intention to execute.

Confidential Appendix A to this advice letter provides updates regarding interim study reports in the transmission interconnection process that have become available since the filing of the original advice letter, as well as updating the price and market valuation analyses. Confidential Appendix C summarizes the First Amendment’s modifications to the original PPA and updates the AMF charts and analyses. The Independent Evaluator (“IE”) report for the First Amendment is contained in Confidential Appendix D.

PG&E requests that the Commission approve the PPA as amended, in light of the substantive decrease in the PPA contract price in response to the Commission’s concerns.
II. REGULATORY PROCESS

A. Requested Effective Date

PG&E requests that the Commission issue a resolution approving this advice filing no later than October 6, 2011. Justification for this date is provided in Confidential Appendix D.

B. Request for Confidential Treatment

In support of this supplemental filing, PG&E has provided confidential information listed below. This information is being submitted in the manner directed by D.08-04-023 and the August 22, 2006, Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and invoke the protection of confidential utility information provided under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this supplemental filing.

Protests

Anyone wishing to protest this filing may do so by sending a letter by August 16, 2011, 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 it 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 jnj@cpuc.ca.gov

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

PG&E requests that the Commission issue a resolution approving this advice filing no later than October 6, 2011.

Notice

In accordance with General Order 96-B, Section IV, 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 lists for R.11-05-005 and R.10-05-006. 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. Address changes to the GO 96-B service list and electronic approvals should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission’s Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Vice President – Regulation and Rates

cc: Service Lists for R.11-05-005 and R.10-05-006
Paul Douglas – Energy Division
Sean Simon – Energy Division
Joseph Abhulimen – DRA
Cynthia Walker - DRA

Attachments
Limited Access to Confidential Material

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protections of Sections 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of, among other items, the contract itself, price information, and analysis of the proposed RPS contract, which are protected pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

Confidential Attachments

Confidential Appendix A – Update of Project Information

Confidential Appendix B – First Amendment

Confidential Appendix C – Summary of First Amendment Modifications

Confidential Appendix D – Independent Evaluator Report (Confidential)
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39 M)

Utility type:   Contact Person: David Poster and Linda Tom-Martinez
☐ ELC  ☐ GAS  ☐ PHONE #: (415) 973-1082 and (415) 973-4612
☐ PLC  ☐ HEAT  ☐ WATER  E-mail: dxpu@pge.com and lmt1@pge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric  GAS = Gas
PLC = Pipeline  HEAT = Heat
WATER = Water

Advice Letter (AL) #: 3759-E-A  Tier: 3
Subject of AL: Supplemental Filing to the Contract for Procurement of Renewable Energy Resources Between Pacific Gas and Electric Company and North Star Solar, LLC

Keywords (choose from CPUC listing): Contracts, Portfolio
AL filing type: ☐ Monthly ☐ Quarterly  ☐ Annual  ☐ One-Time  ☐ Other _____________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

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: Yes. See the attached matrix that identifies all of the confidential information.
Confidential information will be made available to those who have executed a nondisclosure agreement: ☐ Yes  ☐ No All members of PG&E’s Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.
Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: David Lewis (415) 973-8788

Resolution Required? ☐ Yes  ☐ No
Requested effective date: October 6, 2011  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: Brian K. Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com
DECLARATION OF DAVID LEWIS
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN
ADVICE LETTER 3759-E-A
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)

I, David Lewis declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E") and have been an employee since 2008. I am Director of Renewable Transactions at PG&E. In this position, I am responsible for structuring, negotiating, and executing a variety of transactions which may include power purchase agreements, tax equity investments, and joint venture or partnership arrangements with counterparties in the business of producing electric energy. In carrying out these responsibilities, I have acquired knowledge of such sellers in general and, based on my experience in dealing with facility owners and operators, I am familiar with the types of data and information about their operations that such owners and operators consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with Decision ("D.") 08-04-023 and the August 22, 2006 the "Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of Appendices A, B, C, and D to Advice Letter 3759-E-A submitted on July 27, 2011. By this Advice Letter, PG&E is seeking Commission’s approval of the amended power purchase agreement (PPA) that PG&E executed with North Star Solar, LLC.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 of D. 06-06-066 and Appendix C of D. 08-04-023 ("the IOU Matrix"), or constitutes information
that should be protected under General Order 66-C. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds (where applicable), and why confidential protection is justified. Finally, the matrix specifies that: (1) that PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information (where applicable); (2) that the information is not already public; and (3) that the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the text in the attached matrix that is pertinent to this filing.

I declare under penalty of perjury, under the laws of the State of California that, to the best of my knowledge, the foregoing is true and correct. Executed on July 27, 2011, at San Francisco, California.

David Lewis
**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)**  
**Advice Letter 3759-E-A**  
**July 27, 2011**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 08-04-023**

<table>
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<th>Redaction Reference</th>
<th>1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)</th>
<th>2) Which category or categories in the Matrix the data correspond to:</th>
<th>3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)</th>
<th>4) That the information is not already public (Y/N)</th>
<th>5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)</th>
<th>PG&amp;E's Justification for Confidential Treatment</th>
<th>Length of Time</th>
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<td>Appendix A</td>
<td><strong>Y</strong></td>
<td><strong>Y</strong></td>
<td><strong>Y</strong></td>
<td><strong>Y</strong></td>
<td>This Appendix contains bid information and evaluation from the 2009 Solicitation; discusses, analyzes, and evaluates the Project and the terms of the PPA; and contains confidential information of the counterparties. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in process with bidders for the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Finally, this information has been obtained in confidence from the counterparties under an expectation of confidentiality. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparties at a business disadvantage, could create a disincentive to do</td>
<td>For information covered under Item VIII F) and item VII, remain confidential for three years. For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval. For information covered under VIII B), remain confidential for three years after winning bidders selected.</td>
<td></td>
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<td>Appendix B</td>
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<td>Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>This Appendix contains the PPA. Disclosure of the PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparties to the PPA have an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA.</td>
<td>Remain confidential for three years.</td>
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| Appendix C | Y | Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.  
Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.  
Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.  
General Order 66-C. | Y | Y | Y | This Appendix contains bid information and evaluation from the 2009 Solicitation; discusses, analyzes, and evaluates the Project and the terms of the PPA; and contains confidential information of the counterparties. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparties to the PPA have an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA.  
For information covered under Item VII F) and Item VII, remain confidential for three years.  
For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.  
For information covered under Item VIII B), remain confidential for three years after winning bidders selected.  
For information covered by General Order 66-C, remain confidential. |
|---|---|---|---|---|---|
| Appendix D | Y | Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.  
Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.  
Item VIII A) Bid information and B) | Y | Y | Y | This Appendix contains bid information and bid evaluations from the 2009 Solicitation; discusses, analyzes and evaluates the Project and the terms of the PPA; contains confidential information of the counterparties; and contains analyses and evaluations of project viability. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations.  
Finally, this information has been obtained in confidence from the counterparties under an |
<p>| Specific quantitative analysis involved in scoring and evaluation of participating bids. General Order 66-C. | expectation of confidentiality. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparties at a business disadvantage, could create a disincentive to do business with PG&amp;E and other regulated utilities, and could have a damaging effect on current and future negotiations with other counterparties. | VIII B), remain confidential for three years after winning bidders selected. For information covered by General Order 66-C, remain confidential. |</p>
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