May 31, 2011

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: Sixth Amendment to the Contract for Procurement of Renewable Resources Energy Resulting from the Power Sales Agreement Between PG&E and Monterey Regional Waste Management District and Supplemental Filing

Dear Ms. Yura:

Advice Letters 3794-E and 3794-E-A are effective February 24, 2011.

Sincerely,

Julie A. Fitch, Director
Energy Division
January 25, 2011

Advice 3794-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Fifth Amendment to Power Sales Agreement Between PG&E and Monterey Regional Waste Management District

Introduction

Pacific Gas and Electric Company (“PG&E”) submits this advice letter to request that the California Public Utilities Commission (“Commission”) approve the Fifth Amendment (“Amendment”) of its existing Qualifying Facility (“QF”) Power Sales Agreement (“PSA”) with Monterey Regional Waste Management District (“MRWMD”). The Amendment will allow PG&E to purchase Renewables Portfolio Standard (“RPS”) eligible generation from MRWMD’s existing biogas facility for up to one additional year at a reduced price. This advice letter is submitted in compliance with the procedures set forth in Decision (D.) 06-12-009 allowing modifications and amendments to QF contracts for transactions of less than 5 years.¹

Background

MRWMD and PG&E are parties to an existing 2.8 megawatt (“MW”) QF PSA for a facility located at the Marina Landfill near Monterey, California. Under the existing PSA, MRWMD is committed to provide 1.15 MW of firm capacity to PG&E, which is provided from two generators with a combined nameplate capacity of 2 MW. PG&E previously received Commission approval of a fourth amendment to the PSA (“Fourth Amendment”), submitted in Advice Letter 3507-E, which allowed PG&E to purchase 3 MW of additional capacity from two additional metered generators at MRWMD’s facility, at revised pricing terms. Under the proposed Amendment, the time period for the Fourth Amendment to remain in effect will be extended by up to one year, and the

¹ See D.06-12-009 at p. 7.
price paid for the additional 3 MW of capacity will be reduced. The Amendment is intended to have a relatively short duration, but provide enough time for the parties time to develop a replacement PPA for the entire facility.

The Amendment was executed on January 4, 2011 and is effective upon Commission approval. The parties agreed to purchases beginning on December 31, 2010, at the day-ahead locational marginal price, subject to true-up for all deliveries received from December 31, 2010, forward to the contract price after Commission approval. A copy of the Amendment is included as confidential Attachment A to this advice letter and a summary of the key terms of the Amendment is included as confidential Attachment B.

**The Amendment Will Benefit PG&E Customers**

PG&E is aggressively pursuing reasonably priced and viable opportunities to provide its customers with incremental renewable power in an effort to meet the state’s current and prospective RPS goals. The Amendment has several benefits. First, MRWMD has committed deliveries of renewable generation from the facility to PG&E at a reduced price. Second, the Amendment will allow the parties time to negotiate a replacement long-term RPS-PPA for the entire output of the facility.

**Conclusion**

PG&E requests Commission approval of the Amendment, and all payments made under the Amendment, subject only to ongoing Commission review with respect to the reasonableness of PG&E’s administration of the Amendment, the existing QF PSA, and prior amendments.

**Compliance Items**

In support of this advice letter, PG&E encloses the following confidential supporting documentation:

- Attachment A  
  Fifth Amendment to the PSA
- Attachment B  
  Summary of the Key Amendment Terms

**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 **February 14, 2011**, which is twenty (20) days from the date of this filing. Protests should be mailed to:
Effective Date

PG&E requests that this advice letter be approved no later than **February 24, 2011**. PG&E submits this request as a Tier 2 advice letter.

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. 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. Address changes to the General Order 96-B service list should be directed to 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: PG&E’s Procurement Review Group
    Melissa Semcer, Energy Division, CPUC

Attachments - Confidential Attachments A and B
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type: ELC ☑ GAS ☐ PLC ☐ HEAT ☐ WATER

Contact Person: David Poster and Linda Tom-Martinez
Phone #: (415) 973-1082 and (415) 973-4612
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) #: 3794-E**

**Subject of AL:** Fifth Amendment to Power Sales Agreement Between PG&E and Monterey Regional Waste Management District

Keywords (choose from CPUC listing): Qualifying Facility, Agreements

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: Hugh Merriam (415-973-1269)

Resolution Required? ☐ Yes ☑ No

Requested effective date: **February 24, 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/L, 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

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
DECLARATION OF HUGH MERRIAM
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3794-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)

I, Hugh Merriam, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1983. My current title is Manager within PG&E’s Energy Procurement organization. In this position, my responsibilities include negotiating new and amended Power Purchase Agreements. In carrying out these responsibilities, I have acquired knowledge of PG&E’s contracts with numerous counterparties and have also gained knowledge of the operations of electricity sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers 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 “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 and B to Advice Letter 3794-E, submitted January 25, 2011. By this Advice Letter, PG&E is seeking this Commission’s approval of an amendment that PG&E has executed with MRWMD.

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”), and/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, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) 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 explanatory text in the attached matrix that is pertinent to this submittal.

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 January 21, 2011 at San Francisco, California.

Hugh Merriam
<table>
<thead>
<tr>
<th></th>
<th>Redaction Reference</th>
<th>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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<tbody>
<tr>
<td>1</td>
<td>Document: Advice Letter 3794-E</td>
<td>1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 and Appendix C to D.08-04-023</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>This Appendix contains the Amendment. Disclosure of the Amendment would provide valuable market sensitive information to competitors. Since RPS negotiations are still in progress with bidders from the 2005, 2006, 2007, 2008 and 2009 RPS solicitations, as well as negotiations with other QFs and bilateral RPS negotiations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amendment has an expectation that the terms will remain confidential. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection “Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest.” (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.</td>
<td>For information covered under Item VII B), remain confidential for three years. For information covered by General Order 66-C, remain confidential</td>
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<tr>
<td>2</td>
<td>Appendix A</td>
<td>Y Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties. General Order 66-C.</td>
<td>Y</td>
<td>Y</td>
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<td>3</td>
<td>Appendix B</td>
<td>Y Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties. General Order 66-C.</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>This Appendix contains terms of the Amendment. Since RPS negotiations are still in progress with bidders from the 2005, 2006, 2007, 2008 and 2009 RPS solicitations, as well as negotiations with other QFs and bilateral RPS negotiations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Amendment has an expectation that the terms will remain confidential. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection “Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest.” (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.</td>
<td>For information covered under Item VII B), remain confidential for three years. For information covered by General Order 66-C, remain confidential</td>
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R. W. Beck & Associates
RCS, Inc.
Recurrent Energy
SCD Energy Solutions
SCE
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SPURR
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Seattle City Light
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