March 29, 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: Approval of Price Index Change for Deliveries Under Six Existing Qualifying Facilities Power Purchase Agreements

Dear Ms. Yura:

Advice Letter 3800-E is effective March 9, 2011.

Sincerely,

Julie A. Fitch, Director
Energy Division
February 1, 2011

Advice 3800-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Approval of Price Index Change for Deliveries Under Six Existing Qualifying Facilities Power Purchase Agreements

Pacific Gas and Electric Company (“PG&E”) hereby requests the California Public Utilities Commission (“CPUC” or “Commission”) review and approve a Letter Agreement which changes the price index used for payment for incremental energy purchased under six existing Qualifying Facilities (“QF”) Power Purchase Agreements (“PPAs”). The change in price index is requested because the existing index is no longer traded with sufficient liquidity to provide a regular price point.

Background and Request:

PG&E is currently a party to the following six existing PPAs:

<table>
<thead>
<tr>
<th>PG&amp;E Log No.</th>
<th>Counterparty</th>
<th>Type of PPA</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>01P049</td>
<td>GWF Power Systems</td>
<td>Qualifying Facility</td>
<td>9/30/2021</td>
</tr>
<tr>
<td>01P086</td>
<td>GWF Power Systems</td>
<td>Qualifying Facility</td>
<td>4/21/2020</td>
</tr>
<tr>
<td>01P091</td>
<td>GWF Power Systems</td>
<td>Qualifying Facility</td>
<td>11/29/2020</td>
</tr>
<tr>
<td>01P051</td>
<td>GWF Power Systems</td>
<td>Qualifying Facility</td>
<td>4/15/2020</td>
</tr>
<tr>
<td>01P087</td>
<td>GWF Power Systems</td>
<td>Qualifying Facility</td>
<td>4/17/2020</td>
</tr>
<tr>
<td>25C136</td>
<td>Hanford L.P.</td>
<td>Qualifying Facility</td>
<td>8/22/2011</td>
</tr>
</tbody>
</table>

The six QF PPAs include provisions that provide for the purchase of Incremental Energy from the QF. PG&E accepts Incremental Energy and uses an index price in payment calculations. However, the price index currently identified in the QF PPAs is no longer traded with sufficient liquidity to provide a regular price point. Thus, PG&E
and GWF Power Systems and Hanford L.P. (together, the “Counterparties”) have agreed through the Letter Agreement to amend the QF PPAs to include a different price index that is more robust and liquid. The Letter Agreement, the QF PPAs, and the price indices are discussed in further detail in Confidential Appendix A. The Letter Agreement is attached as Confidential Appendix B.

**Request for Confidential Treatment:**

In support of this advice filing, PG&E has provided the following confidential information. 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 to 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 advice filing (see Appendix 1).

**Confidential Attachments:**

Appendix A – Details of the Letter Agreement and Price Indices.

Appendix B – Executed Letter Agreement.

PG&E requests that the Commission review the Letter Agreement and approve the requested price index change, allowing PG&E to recover costs paid under the QF PPAs through its Energy Resource Recovery Account (“ERRA”).

**Protests:**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile, or electronically, any of which must be received no later than **February 22, 2011**, which is twenty-one (21) days from the date of this filing.\(^1\) Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4th Floor  
505 Van Ness Avenue  
San Francisco, CA 94102

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

\(^1\) Since the protest period ends on a holiday, PG&E is therefore moving the end of the protest period to the following business day.
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: Jane Yura  
Vice President, Regulation and Rates  
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:

PG&E requests that this advice filing become effective on March 3, 2011, which is 30 days after the date of filing. PG&E submits this as a Tier 2 filing.

Notice:

In accordance with G.O. 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.10-05-006. Address changes to the G.O. 96-B service list 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. Send all electronic approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Jane Yura  
Vice President – Regulation and Rates

Attachments:  Appendix 1: Declaration and Matrix  
Confidential Appendix A: Letter Agreement and Price Details  
Confidential Appendix B: Letter Agreement

cc: Service List R.10-05-006
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39 M)

Utility type: ☑ ELC ☑ GAS ☐ PLC ☐ HEAT ☐ WATER
Contact Person: Linda Tom-Martinez
Phone #: (415) 973-4612
E-mail: lmt1@pge.com

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

Advice Letter (AL) #: 3800-E
Tier: 2
Subject of AL: Approval of Price Index Change for Deliveries Under Six Existing Qualifying Facilities Power Purchase Agreements
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: ☐ Yes ☑ 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 Appendices A and B
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: March 3, 2011
Estimates of system annual revenue effect (%): N/A
Estimates of 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:
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
jnij@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
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 3800-E, submitted February 1st, 2011. By this Advice Letter, PG&E is seeking this Commission’s approval of amendments executed with GWF.

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 February 1st, 2011 at San Francisco, California.

/s/
Hugh Merriam
<table>
<thead>
<tr>
<th>Document: Advice Letter 3800-E</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 and Appendix C to D.08-04-023</th>
<th>PG&amp;E’s Justification for Confidential Treatment</th>
<th>Length of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Appendix A</td>
<td>Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties. General Order 66-C.</td>
<td>Y Y Y</td>
<td>For information covered under Item VII B), remain confidential for three years</td>
</tr>
<tr>
<td></td>
<td>This Appendix describes the Amendment. Disclosure of the background information and description of the Amendment would provide valuable market sensitive information to competitors. Since negotiations are in progress with other QFs, 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 &quot;Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest.&quot; (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></td>
<td></td>
</tr>
<tr>
<td>3 Appendix B</td>
<td>Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties. General Order 66-C.</td>
<td>Y Y Y</td>
<td>For information covered under Item VII B), remain confidential for three years</td>
</tr>
<tr>
<td></td>
<td>This Appendix contains terms of the Amendment. Since RPS negotiations are still in progress with other QFs and Sellers, 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 &quot;Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest.&quot; (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>
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Alcantar & Kahl LLP
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg
Bloomberg New Energy Finance
Boston Properties
Braun Blaising McLaughlin, P.C.
Brookfield Renewable Power
CA Bldg Industry Association
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Association
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cardinal Cogen
Casner, Steve
Chris, King
City of Palo Alto
City of Palo Alto Utilities
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
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MBMC, Inc.
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Manatt Phelps Phillips
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Modesto Irrigation District
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NLIne Energy, Inc.
NRG West
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Norris & Wong Associates
North America Power Partners
North Coast Solar Resources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recurrent Energy
SCD Energy Solutions
SCE
SMUD
SPURR
San Francisco Public Utilities Commission
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Spark Energy, L.P.
Sun Light & Power
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
TransCanada
Turlock Irrigation District
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
eMeter Corporation