September 9, 2011

Advice Letter 3887-E

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:  Revisions to the Amendment of the Power Purchase Agreement
Between Pacific Oroville Power and PG&E Company

Dear Mr. Cherry:

Advice Letter 3887-E is effective August 12, 2011.

Sincerely,

Julie A. Fitch, Director
Energy Division
August 12, 2011

Advice 3887-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revisions to the Amendment of the Power Purchase Agreement Between Pacific Oroville Power and Pacific Gas and Electric Company

Introduction

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”), revisions to the Amendment to the power purchase agreement (“PPA”) between Pacific Oroville Power Inc. (“POPI”) Power Purchase Agreement and PG&E in compliance with CPUC Resolution E-4412. PG&E and POPI (the “Parties”) have executed a Letter Agreement that revises the Amendment (“Letter Agreement”) to delete the extension of the PPA term and (2) include all relevant non-modifiable standard terms and conditions currently required by the Commission in contracts for the procurement of electricity subject to the California Renewables Portfolio Standard (“RPS”).

Background

On December 3, 2010, PG&E filed Advice Letter 3770-E to obtain approval of a proposed amendment to the existing qualifying facility (“QF”) PPA with POPI (“Proposed Amendment”). The Parties had negotiated modifications to the existing QF PPA terms and agreed to extend the original PPA term so that deliveries could occur for an additional period under the terms of the Proposed Amendment. On July 14, 2011, the Commission issued Resolution E-4412 whereby it approved the Proposed Amendment subject to modifications. The modifications consist of reversion to the original QF PPA term¹ and the inclusion of all relevant non-modifiable RPS standard terms and conditions (“STCs”) that conform exactly to the “non-modifiable” terms set forth in D.10-03-021 as modified by Decision (“D.”)11-01-025 and in previous decisions, including D.07-11-025,

¹ Resolution E-4412, OP2 at 16.
PG&E and POPI have executed a Letter Agreement which revises the Proposed Amendment to conform it to the terms of Resolution E-4412. The Letter Agreement is being filed as Confidential Appendix A to this Advice Letter. The Proposed Amendment, as revised by the Letter Agreement, constitutes the “Revised Amendment” of the QF PPA.

The following table indicates where each required term may be found in the Revised Amendment:

- The term extending the duration of the QF PPA has been deleted.
- Most of the RPS STCs were already included in the Proposed Amendment. The locations of those terms are indicated under the heading, “Amendment.”
- Other STCs that must be added to the terms of the PPA between the parties because they were required by Resolution E-4412, or terms that were in the Proposed Amendment but must be conformed to the CPUC’s adopted format are listed under the heading, “Letter Agreement.” The location of each term within either the Proposed Amendment or the Letter Agreement is indicated in the table.

<table>
<thead>
<tr>
<th>Revised Amendment to the QF PPA</th>
<th>Amendment</th>
<th>Letter Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revision to Existing QF PPA Term</strong></td>
<td>Article Two, Term, Section 2.3 “Extension of Current PPA Term”</td>
<td>Item 1, delete the term</td>
</tr>
<tr>
<td><strong>Non-Modifiable RPS Terms</strong></td>
<td>Article One, Definitions, Section 1.6 “CPUC Approval”</td>
<td>Article One, Definitions, Section 1.10 (Section renumbered)</td>
</tr>
</tbody>
</table>

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2 Id. OP3.
### Confidentiality:

In support of this Advice Letter, PG&E submits Confidential Appendix A 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 General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

### Confidential Appendix:

**Appendix A – Letter Agreement Revising Amendment to the PPA**

### Protests:

Anyone wishing to protest this filing may do so by sending a letter by September 1, 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 should be submitted expeditiously. Protests should be mailed to:

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<table>
<thead>
<tr>
<th>STC 2: RECs and Green Attributes</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition of Green Attributes</td>
<td>Article One, Definitions, Section 1.9 “Green Attributes”</td>
<td>Article One, Definitions, Section 1.15 (Section renumbered)</td>
</tr>
<tr>
<td>Conveyance of Green Attributes</td>
<td>Article Three, Obligations and Deliveries, Section 3.3, “Inclusion of Green Attributes”</td>
<td>Item 2, remove the phrase, “during the Amendment term”</td>
</tr>
<tr>
<td>STC 6: Eligibility</td>
<td>Article Three, Obligations and Deliveries, Section 3.1 “Eligible Renewable Energy Resource”</td>
<td>Item 3, replace “Amendment Term” with the phrase, “Delivery Term of this Agreement”</td>
</tr>
<tr>
<td>STC 17: Applicable Law</td>
<td>Article Five, General Terms and Conditions, Section 5.3</td>
<td>Item 4, replace “Governing Law” with complete version of “Governing Law”</td>
</tr>
<tr>
<td>STC REC-1 Transfer of Renewable Energy Credits</td>
<td></td>
<td>Item 5, insert new Section 3.7, “Transfer of Renewable energy Credits”</td>
</tr>
<tr>
<td>STC REC-2 Tracking of RECs in WREGIS</td>
<td></td>
<td>Item 6, insert new Section 3.8, “Tracking of RECs in WREGIS.”</td>
</tr>
</tbody>
</table>
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:

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
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 **August 12, 2011**. PG&E submits this as a Tier 1 advice filing effective pending disposition.

**Notice:**

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendix is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for R.11-05-005. 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 appendices. Address changes to the General Order 96-B service list and electronic approvals 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

Vice President – Regulation and Rates

cc: PG&E’s Procurement Review Group
    Jennifer Kalafut, Energy Division, CPUC
    Joseph Abhulimen, DRA, CPUC
    Cynthia Walker, DRA, CPUC
    Service List R.11-05-005

Attachments

**Limited Access to Confidential Material:**

Appendix A to this Advice Letter is submitted under the confidentiality protection of
Section 583 of the Public Utilities Code and General Order 66-C. This material is
protected from public disclosure pursuant to General Order 66-C. A separate Declaration
Seeking Confidential Treatment regarding the confidential information is filed
concurrently herewith.
**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></td>
</tr>
<tr>
<td>☑ ELC ☑ GAS ☐ PLC ☐ HEAT ☐ WATER</td>
<td>Contact Person: David Poster and Linda Tom-Martinez</td>
</tr>
<tr>
<td></td>
<td>Phone #: (415) 973-1082 and (415) 973-4612</td>
</tr>
<tr>
<td></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>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

**Advice Letter (AL) #: 3887-E**

**Tier: 1**

**Subject of AL:** Revisions to the Amendment of the Power Purchase Agreement Between Pacific Oroville Power and Pacific Gas and Electric Company

**Keywords (choose from CPUC listing):** Contracts, Portfolio, Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4412

**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:** August 12, 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 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 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 HUGH MERRIAM
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN
ADVICE LETTER 3887-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)

1. 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.


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 I 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

- 1 -
categories in the IOU Matrix to which the data and information corresponds, if applicable, 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, if applicable; (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.

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 August 12, 2011, at San Francisco, California.

[Signature]

HUGH MERRIAM
<table>
<thead>
<tr>
<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.06-06-006 and Appendix C to D.08-04-023 (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>
</tr>
</thead>
<tbody>
<tr>
<td>1 Document: Advice Letter 3887-E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Appendix A</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>This Appendix contains the Amendment. Disclosure of certain terms of the Amendment would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2006 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 Amendment has an expectation that the terms of the Amendment will remain confidential.</td>
<td>For information covered under Item VII (B), remain confidential for three years after the commercial operation date, or one year after expiration (whichever is sooner).</td>
<td></td>
</tr>
</tbody>
</table>
AT&T
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
City of San Jose
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Dept of General Services
Douglass & Liddell
Downey & Brand
Duke Energy
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
In House Energy
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
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NLine Energy, Inc.
NRG West
Navigant Consulting
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
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