

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 7, 2012

**Advice Letter 4033-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: Procurement Transaction Quarterly Compliance Filing (Q1, 2012)**

Dear Mr. Cherry:

Advice Letter 4033-E is effective as of December 7, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulation and Rates

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-6520

April 30, 2012

**Advice 4033-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Procurement Transaction Quarterly Compliance Filing (Q1, 2012)**

Pacific Gas and Electric Company ("PG&E") hereby submits to the California Public Utilities Commission ("Commission" or "CPUC") its compliance filing for the first quarter of 2012 in conformance with: (1) the Commission-approved 2006 Conformed Long-Term Procurement Plan (Conformed LTPP) approved by the Commission in Resolution E-4177, as amended by subsequent advice letter filings, for the period January 1 to January 11, 2012; and (2) PG&E's Bundled Procurement Plan (BPP) approved by the Commission in Decision ("D.") 12-01-033 for the period January 12 to March 31, 2012 (collectively, the "Plan"). PG&E's submittal of this Procurement Transaction Quarterly Compliance Report ("QCR") for record period January through March 2012 (Q1-2012)<sup>1</sup> is in accordance with D.03-12-062, Ordering Paragraph 19, which requires that the Quarterly Procurement Plan Compliance Reports be submitted within 30 days of the end of the quarter.

**Background**

In D.07-12-052, the Commission directed Energy Division and the Investor-Owned Utilities ("IOUs") to continue the collaborative effort to develop a reformatted QCR. The Commission authorized Energy Division to implement a reformatted QCR and to make ministerial changes to the content and format of the report as needs arise. Energy Division and the IOUs finalized the QCR format in December 2008. This QCR is consistent with the final format authorized by Energy Division on December 15, 2008.

**Compliance Items**

Attachment 1 to this QCR includes a narrative with supporting Confidential Appendices that conforms to the reformatted QCR. The public version of Attachment 1 only

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<sup>1</sup> PG&E's 2006 Conformed Long-Term Procurement Plan, Cal. P.U.C. Sheet No. 87.

includes the Narrative, which is not confidential. The confidential version of this QCR includes the following supporting Confidential Appendices:

- Appendix A – First Quarter 2012 Transactions
- Appendix B – First Quarter 2012 Counter-Party Information
- Appendix C – First Quarter 2012 Electric Transactions Summary
- Appendix D – First Quarter 2012 Natural Gas Transactions Summary
- Appendix E – First Quarter 2012 Other Transactions
- Appendix F – First Quarter 2012 Key Briefing Packages
- Appendix G – First Quarter 2012 Independent Evaluator Reports
- Appendix H – First Quarter 2012 New Contracts Executed/Contracts Amended
- Appendix I – Summary of Retained Generation Investments Completed During First Quarter 2012
- Appendix J – System Load Requirements/Conditions
- Appendix K – Risk Management Strategy Communication and Management Disclosure
- Appendix L – Reasonable Number of Analyses Models, Description of Models, and How Models Operate
- Appendix M – Transactions Subject to Strong Showing

Attachment 2 to this QCR includes a confidentiality declaration and matrix.

### **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 **May 21, 2011**, which is 21 days after the date of this filing.<sup>2</sup> 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:

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

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@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.

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<sup>2</sup> Because the protest period ends on a weekend, 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 to (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:

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, California 94177

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

### **Effective Date**

In accordance with D.02-10-062, the requested effective date of this advice letter is **April 30, 2012.**

### **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 Rulemaking ("R.") 01-10-024 and R.04-04-003. Address changes to the General Order 96-B service list and all electronic approvals should be sent 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>.

A handwritten signature in cursive script that reads "Brian Cherry" followed by a stylized flourish.

Vice President – Regulation and Rates

cc: Service Lists R.01-10-024 and R.04-04-003  
PG&E's Procurement Review Group

Public Attachments: Attachment 1 – Narrative  
Attachment 2 – Confidentiality Declaration and Matrix

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Greg Backens

Phone #: 415-973-4390

E-mail: gab4@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **4033-E**

Tier: 2

Subject of AL: **Procurement Transaction Quarterly Compliance Filing (Q1, 2012)**

Keywords (choose from CPUC listing): Compliance, Procurement

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D. 03-12-062

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? Yes. If so, what information is the utility seeking confidential treatment for: Please see page 2 of the advice letter.

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

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Sharon Tatai (415) 973-2788

Resolution Required?  Yes  No

Requested effective date: April 30, 2012

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 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

EDTariffUnit@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

**PACIFIC GAS AND ELECTRIC COMPANY**  
**BUNDLED PROCUREMENT PLAN COMPLIANCE REPORT**  
**FOR THE FIRST QUARTER OF 2012**

**April 30, 2012**

## List of Attachments

- Confidential Attachment A: First Quarter 2012 Transactions
- Confidential Attachment B: First Quarter 2012 Counterparty Information
- Confidential Attachment C: First Quarter 2012 Electric Transactions Summary
- Confidential Attachment D: First Quarter 2012 Natural Gas Transactions Summary
- Confidential Attachment E: First Quarter 2012 Other Transactions
- Confidential Attachment F: First Quarter 2012 Key Briefing Packages
- Confidential Attachment G: First Quarter 2012 Independent Evaluator Reports
- Confidential Attachment H: First Quarter 2012 New Contracts Executed/Contracts Amended
- Confidential Attachment I: Summary of Retained Generation Investments Completed During First Quarter 2012
- Confidential Attachment J: System Load Requirements/Conditions
- Confidential Attachment K: Risk Management Strategy Communication and Management Disclosure
- Confidential Attachment L: Reasonable Number of Analyses Models, Description of Models, and How Models Operate
- Confidential Attachment M: Transactions Subject to Strong Showing

## **A. Introduction**

As required by Ordering Paragraph (OP) 8 of Decision (D.) 02-10-062, and clarified in D.03-06-076, D.03-12-062, D.04-07-028, D.04-12-048 and D.07-12-052, Pacific Gas and Electric Company (PG&E) hereby provides its report demonstrating that its procurement-related transactions during the period January 1, 2012 through March 31, 2012 (Quarter), were in compliance with: (1) the California Public Utilities Commission (CPUC or Commission)-approved 2006 Conformed Long-Term Procurement Plan (Conformed LTPP) approved by the Commission in Resolution E-4177, as amended by subsequent advice letter filings, for the period January 1 to January 11, 2012; and (2) PG&E's Bundled Procurement Plan (BPP) approved by the Commission in D.12-01-033 for the period January 12 to March 31, 2012. Collectively, the Conformed LTPP and BPP will be referred to in this filing as the "Plan."

## **B. Summary**

During the Quarter, PG&E engaged in competitively priced transactions consistent with its Plan. All transactions were conducted using processes specified in the Plan. A summary of the information included in each confidential attachment is:

- Confidential Attachment A, *Transactions*, provides a summary of all transactions executed during the Quarter, which are less than five years in length and that have not been filed through a separate advice filing or application.
- Confidential Attachment B, *Counterparty Information*, provides a summary of (1) all non-investment grade counterparties with whom PG&E transacted; and (2) the top 10 counterparties by volume during the Quarter.
- Confidential Attachment C, *Electric Transactions Summary*, provides a summary of the electric transactions executed during the Quarter.
- Confidential Attachment D, *Natural Gas Transactions Summary*, provides a summary of the gas transactions executed during the Quarter.
- Confidential Attachment E, *Other Transactions*, provides the executed transactions resulting from non-energy related products during the Quarter.

- Confidential Attachment F, *Key Briefing Packages*, provides a summary of all relevant Procurement Review Group (PRG) agendas and presentations presented.
- Confidential Attachment G, *Independent Evaluator Reports*, provides any relevant Independent Evaluator (IE) report completed in the Quarter (for First Quarter 2012, this is not applicable).
- Confidential Attachment H, *New Contracts Executed/Contracts Amended*, provides a summary of all agreements executed and/or amended in the Quarter.
- Confidential Attachment I, *Summary of Retained Generation Investments Completed*, provides a summary of any investments related to retained generation facilities and multiple contracts for the same supplier, resource or facility, consistent with the requirements of D.07-01-039.
- Confidential Attachment J, *System Load Requirements/Conditions*, provides a summary of all information related to addressing PG&E's residual net open position.
- Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, provides a summary of all procurement-related risk strategies and issues communicated to PG&E's senior management and the PRG.
- Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Work*, provides a summary of any models related to the relevant transactions identified in this filing.
- Confidential Attachment M, *Transactions Subject to a Strong Showing*, provides a summary and supporting documentation of strong showing transactions.

During the Quarter, PG&E also engaged in other procurement activities which are approved through separate regulatory processes. These activities include conducting competitive solicitations and activities related to the following: (1) PG&E's 2011 Renewable Portfolio Standard Plan; (2) the Qualifying Facility/Combined Heat and Power (QF/CHP) Settlement,

which became effective on November 23, 2011;<sup>1</sup> (3) the Renewable Auction Mechanism Program; and (4) GHG.

### **C. Master Data Request Documentation**

D.02-10-062, Appendix B, as clarified by D.03-06-076, sets forth specific elements to be addressed in this report. Each element is discussed below.

#### **1. Identification of the ultimate decision maker(s) up to the Board level, approving the transactions.**

All procurement-related activity during the Quarter was approved and executed either by, or under the direction of, Fong Wan, Senior Vice President, Energy Procurement, Roy Kuga, Vice President, Energy Supply Management, Gary Jeung, Senior Director, Renewable Energy, and/or Marino Monardi, Director, Portfolio Management, consistent with the delegation of authority effective for the period.

#### **2. The briefing package provided to the ultimate decision maker.**

The “decision-maker” for a particular contemplated transaction depends on many factors, such as term, volume, and notional value. For many of the transactions during the Quarter, the “decision-maker” was a gas or power trading employee executing transactions (*e.g.*, day-ahead or hour-ahead power purchases and sales) per an established plan or to achieve a particular objective (such as balancing the portfolio supply and demand). For such transactions, briefing packages are not prepared. Briefing packages prepared during the Quarter for transactions that required senior management approval are included in Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*. In addition, copies of presentations made by PG&E to its PRG during the Quarter are included in Confidential Attachment F, *Key Briefing Packages*.

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<sup>1</sup> The QF/CHP Settlement Agreement indicates that each Investor-Owned Utility (IOU) shall conduct three Requests for Offers (RFO) during the “Initial Program Period” (or 48 months following the Settlement Effective Date) exclusively for CHP resources as a means of achieving its megawatt (MW) and greenhouse gas (GHG) emissions reduction targets (*see* Term Sheet, Sections 4.2 and 5.1). PG&E issued its first CHP RFO on December 7, 2011. Currently, PG&E is evaluating the submitted offers and anticipates developing a shortlist in Q2 2012.

**3. Description of and justification for the procurement processes used to select the transactions.**

***a) Electric – Description of Procurement Processes***

The approved procurement processes used during the Quarter were as follows:

- California Independent System Operator (CAISO) Monthly Congestion Revenue Right (CRR) Allocation and Auction Process – In January 2012, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO monthly CRR allocation process to procure CRRs for February 2012. In February 2012, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO’s monthly CRR allocation process to procure CRRs for March 2012. In March 2012, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO’s monthly CRR allocation process to procure CRRs for April 2012. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.
- Convergence Bidding – The CAISO initiated its convergence bidding market on February 1, 2011. In D.10-12-034, as amended by D.11-06-004, the Commission authorized PG&E’s participation in convergence bidding using three specific strategies. PG&E monitored the activities in this market during the Quarter. In addition, as required in D.10-12-034, PG&E submitted its monthly convergence bidding reports on January 17, 2012 (for December 2011 activities) and February 14, 2012 (for January 2012 activities). The decision also stated that after one year from the commencement of the Convergence Bidding Market in February 2011, the convergence bidding reports shall be submitted in PG&E’s Quarterly Procurement Transaction Compliance Report. The convergence bidding report covering the activities during the Quarter is included in Confidential

Attachment E, *Other Transactions*. All other relevant information is included in Confidential Attachment F, *Key Briefing Packages*.

- Resource Adequacy (RA) Electronic Solicitation – On February 7, 2012, PG&E issued an RA Solicitation for: (1) offers for PG&E to buy (System RA – April 2012); (2) offers for PG&E to sell (Bay Area Local RA– April 2012); and (3) offers for PG&E to buy other PG&E Area Local RA (April 2012). For PG&E to sell local RA or PG&E to purchase system RA, the delivery month covers April 2012. Offers to buy local RA from PG&E were also for April 2012. Relevant information is included in Confidential Attachment E, *Other Transactions*, Confidential Attachment F, *Key Briefing Packages*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.
- RA RFO Solicitation – On February 14, 2012, PG&E issued a solicitation to purchase RA for the months of May through September 2012. PG&E requested offers to purchase system RA for May through September 2012 strip and/or individual months. In addition, PG&E indicated that it would entertain offers for PG&E to sell Bay Area local RA for May through September 2012, as a strip and/or individual months.
- Summer Import Firm Energy Solicitation – On March 7, 2012, PG&E issued an electronic solicitation to purchase firm energy at an indexed price from select delivery locations for the months of May through September 2012. The specific delivery points are Malin, Four Corners, Sylmar, and Palo Verde and the indexed price indices are COB Peak (Malin), Four Corners Peak (Four Corners), NOB, North to South, Peak (for Sylmar), and Palo Verde Peak (Palo Verde (Palo Verde Peak)).
- Electronic Exchanges – PG&E engaged in electronic broker market transactions to manage its physical net open position and to participate in economic transactions

designed to reduce ratepayers' exposure to market volatility. Activities include day-ahead transactions.

- Bilateral Via Voice Broker – During the Quarter, PG&E also executed directly with counterparties for term transactions.
- Agreements Arising from the QF/CHP Program Settlement (*For informational purposes only*) – On December 16, 2010, the Commission adopted D.10-12-035 approving the QF/CHP Program Settlement that resolved past commercial and payment disputes among the IOUs and QF counterparties and established a future program for developing new CHP resources in California. The QF/CHP Program Settlement became effective in November 2011. PG&E executed amendments or bridge agreements to existing QF Power Purchase Agreements (PPA) that are consistent with the QF/CHP Program Settlement. On December 7, 2011, PG&E issued its first CHP RFO. The deadline for submission of offers was February 27, 2012. PG&E is currently evaluating submitted offers and will determine a shortlist in Q2 2012. In addition, PG&E executed various letters of agreement extensions and other agreements covered under the CHP/QF Settlement. These agreements, which are less than five years (as stated in the CHP/QF Settlement), are included in Confidential Attachment H, *First Quarter 2012 New Contracts Executed/Contracts Amended*.

***b) Justification for Procurement Processes***

***For competitive solicitations, describe the process used to rank offers and select winning bid(s).***

- RA Electronic Solicitation (Issued on February 7, 2012) – In its solicitation issuance, PG&E stated that it would accept sell offers only if it (PG&E) had excess resources above its year-ahead local RA requirements (*i.e.*, PG&E was long in local RA). In addition, PG&E would purchase system RA for April 2012. All offers must comply with the RA requirements specified by the Commission and the CAISO. In addition, the counterparty must have executed a master agreement with

a PG&E Collateral Annex in place. Bids were ranked by price. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment E, *Other Transactions*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

- RA RFO Solicitation (Issued on February 14, 2012) – PG&E considered offers to purchase system RA and offers to PG&E to sell its Bay Area local RA, if it (PG&E) had excess resources (to sell) above its year-ahead local RA requirements. PG&E also considered the delivery months that the offers included and the price. Offers to sell were required to indicate the specific unit providing the RA product and could be for full or partial units. Multiple offers could be submitted. However, the offer needed to indicate which offers, if any, are mutually exclusive. For example, an offer may have stated that PG&E may select any combination of offers up to a specified quantity. Offers to buy were required to specify the desired quantity. Offers were ranked by price and assessed based on PG&E’s need at that delivery point. All offers had to comply with the RA requirements specified by the Commission and the CAISO. In addition, the counterparty must have executed a master agreement with a PG&E Collateral Annex in place. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment E, *Other Transactions*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.
- Summer Import Firm Energy Electronic Solicitation (Issued on March 7, 2012) – Offers will be evaluated and selected based on price and considering locational characteristics and credit availability. Due to its limited amount of RA import and Path 26 RA transfer capability, PG&E’s consideration may not include accepting all winning Offers at each location or those locations south of Path 26. If such is the case, PG&E will accept the next best priced offers at another location or locations north of Path 26, respectively. To the extent winning Offers have equal

prices, the Offers will be accepted in equal MW amounts, consistent with PG&E's desired procurement in the RFO and the offered quantity. PG&E will accept partial Offers in 25 MW increments. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment E, *Other Transactions*, and Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

For all competitive solicitations that either involve affiliate transactions or utility-owned or utility turnkey bids, and for all competitive RFOs seeking products to satisfy service area need and supply-side resources greater than two years in length (and subject to Quarterly Compliance Report (QCR) filings) regardless of the bidders, IE Reports will be included in Confidential Attachment G, *Independent Evaluator Reports*. Because there were no competitive solicitations in the Quarter that meet the above criteria, no IE reports have been included in this filing.

***For other transactional methods, provide the documentation supporting the selection of the chosen products.***

- CAISO Monthly CRR Allocation and Auction Process – PG&E determined that with the implementation of the CAISO's Market Redesign and Technology Upgrade (MRTU), PG&E would be exposed to congestion risk on the electric transmission grid as power is delivered from its generating resources and imports to serve bundled customer load. PG&E estimated that a portion of its generation, imports and load in the months of February, March and April 2012, remained exposed to congestion risk, and therefore participated in the CAISO's Monthly CRR allocation and auction process to obtain CRRs to mitigate this risk. PG&E sought CRRs to fulfill the following objectives: (1) narrow the distribution of PG&E's energy procurement costs due to electric transmission congestion as measured by the electric To-expiration-Value-at-Risk; and (2) reduce the expected congestion costs that PG&E would incur in its operations.

PG&E acquires CRRs for any path (represented by a source-sink pair) connecting existing generation sources to existing loads (retail loads, Helms pumping load and wholesale load obligations) or for any path that PG&E reasonably anticipates that it might need to flow energy in the future due to the addition of new contracts, resources or load obligations. Additionally, there may be CRRs which are positively correlated in value with CRRs for paths that have limited availability. PG&E is authorized to acquire CRRs for such positively correlated paths as well. Therefore, PG&E will obtain any CRRs that are determined to be valuable as hedges against congestion costs at the time they are offered, subject to risk assessment regarding the specific source/sink combinations as approved in its BPP.

PG&E provided information regarding its CRR strategy to the PRG. Relevant information is included in Confidential Attachment F, *Key Briefing Package*, Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.

- Convergence Bidding – PG&E continues to monitor and assess its involvement in the convergence bidding markets. PG&E has included the Convergence Bidding Report, which addresses how PG&E has participated in the market. Additional relevant information is included in Confidential Attachment E, *Other Transactions*, Confidential Attachment F, *Key Briefing Packages*, and Confidential Attachment J, *System Load Requirements/Conditions*.
- Electronic Exchanges and Bilateral – Direct With Counterparties – The dynamic environment of the short-term electric markets requires that traders have the ability to transact when market conditions are within parameters described by a particular trading strategy. Prices vary during a trading session as buyers and sellers adjust their prices in response to items such as electric system conditions, market

responses, industry news and weather forecasts. As a result, it is common to see trades executed at different prices over the course of a trading session. The key aspect is that the transaction was executed within the parameters described by the monthly trading strategy and the terms of current master agreements and approved resolutions approval PG&E's execution of specific transactions. PG&E maintains flexibility in its procurement activities by transacting in various forums, e.g., voice and on-line brokers, electronic exchanges, and directly with counterparties. Not all counterparties participate in a single forum, transacting in various forums. For the Quarter, PG&E used electronic exchanges and bilateral to execute transactions by addressing the type of transaction and the best available procurement approach.

For transactions subject to a strong showing standard, a discussion is provided and the electric transactions are disclosed separately in Confidential Attachment M, *Transactions Subject to a Strong Showing*.

Presentations of those activities presented to the PRG are in Confidential Attachment F, *Key Briefing Packages*.

Executed agreements are in Confidential Attachment H, *New Contracts Executed/Contracts Amended*. For the Quarter, there were executed agreements related to the RA Auction (issued on February 7, 2012), 2012 RA RFO (issued on February 14, 2012), and Summer Import Firm Energy Solicitation Electronic Energy (issued on March 7, 2012). The strategies resulting from these solicitations are also included.

**c) *Natural Gas -- Description of Procurement Processes***

The approved procurement processes used during the Quarter for Natural Gas transactions were as follows:

- Summer Peaking Options Solicitation – PG&E conducted a solicitation for physical call options (gas peaking products) to meet Third Quarter 2012 demand. These call options on physical gas supply give PG&E the right but not the obligation to purchase natural gas at a particular location at a published index price for a

specified number of days. This product can help PG&E avoid liquidity impacts on days of very high demand, when PG&E may otherwise face prices above the index. Relevant information is in Confidential Attachment E – *Other Transactions* and Confidential Attachment H – *New Contracts Executed/Contracts Amended*.

- Bilateral - Liquids Extraction Services – On February 3, 2012, PG&E modified its agreement with Cochrane/Empress V Partnership (Cochrane) to provide PG&E liquids extraction services in Alberta, Canada. Cochrane has the right to process PG&E’s gas stream and in exchange, Cochrane then pays PG&E for liquids extracted from its Canadian gas stream. Relevant information is in Confidential Attachment E – *Other Transactions*, Confidential Attachment F – *Key Briefings*, and Confidential Attachment H – *New Contracts Executed/Contracts Amended*.
- Electronic Exchanges - Commodity Purchases/Sales – PG&E bought and sold physical natural gas on the Inter-Continental Exchange (ICE) and the ICE Natural Gas Exchange (ICE/NGX) physical clearing service. ICE is an electronic system that matches buyers and sellers of natural gas products. Once buyer and seller are matched, ICE trades become bilateral trades. ICE/NGX trades are cleared by NGX rather than bilaterally. Transactions include forward transactions with deliveries starting within the next quarter and up to one month in duration, Balance of Month (BOM), day-ahead, and same-day.
- Electronic Exchanges - Gas Hedges – In compliance with D.12-01-033, PG&E conducted hedging activities under the approved hedging plan. PG&E executed hedges (swaps and options) directly on the ICE, and cleared through exchanges (ICE or the New York Mercantile Exchange (NYMEX)). ICE and NYMEX provide access to anonymous bids and offers establishing both a liquid and robust market for financial products, and a benchmark for bilateral products. These products include Henry Hub swaps and options, and basis swaps against the industry benchmark indices, including Canadian Gas Price Reporter (CGPR), Gas

Daily, Natural Gas Intelligence (NGI) and Inside Federal Energy Regulatory Commission (FERC) Gas Market Report.

- Bilateral - Commodity Purchases/Sales – PG&E bought and sold gas directly with counterparties in the bilateral market. Spot gas is traded at fixed prices and Gas Daily or CGPR index. Term gas (longer than one-forward-month) is purchased at fixed prices, daily index (Gas Daily or CGPR) or monthly or bid week index (CGPR, NGI, or IFERC) prices.
- Electronic Auctions - Gas Hedges – PG&E executed natural gas options using an electronic auction process and cleared those trades through the NYMEX exchange. PG&E calculates the live market value of the options using an option pricing tool offered by SuperDerivatives, Inc. ([www.superderivatives.com](http://www.superderivatives.com)). PG&E uses an electronic auction process to solicit offers directly from several counterparties using instant messaging. If the offers that PG&E receives from the counterparties are close to or below those calculated using SuperDerivatives, PG&E will accept the lowest price offer from counterparty and then PG&E and the counterparty submit the trade to NYMEX for financial clearing.
- Voice Brokers - Gas Hedges – PG&E executed hedges (swaps and options) through voice brokers that resulted in exchange-cleared trades. Brokers provide access to anonymous bids and offers from both bilateral parties and cleared counterparties. After a broker matches a buyer and a seller in a trade, the parties will determine whether the trade will be settled bilaterally or cleared through NYMEX or ICE. The broker market trades the same financial products as the bilateral market.
- Gas Parking – PG&E executed gas parking transactions in order to balance daily supply and demand.
- Gas Transportation – PG&E purchased a small volume of gas transportation capacity in order to better match gas supplies with the pipelines' updated transportation shrinkage rates.

- Gas Imbalance Charges – PG&E purchased small volumes of gas under the Southern California Gas Company (SoCalGas) G-IMB tariff, in compliance with SoCalGas winter balancing provisions. Such transactions are included in Attachment A.

**d) For Competitive Solicitations, Describe the Process Used to Rank Offers and Select Winning Bid(s)**

- Summer Peaking Options Solicitation – PG&E conducted a solicitation for physical call options (gas peaking products) to meet third quarter demand. In response to the RFO, PG&E received offers from suppliers. PG&E selected the best offers based on price and conformance to the product requested. Relevant information is included in Confidential Attachment A – *First Quarter 2012 Transactions*.

For all competitive solicitations that involve affiliate transactions or utility-owned or utility turnkey bids, IE Reports are required and will be included in Confidential Attachment G, *Independent Evaluator Reports*. Because there were no competitive solicitations in the Quarter that meet the above criteria, no IE reports have been included in the Quarterly Compliance Report.

For transactions subject to a strong showing standard, a discussion is provided and the transactions are disclosed separately in Confidential Attachment M, *Transactions Subject to a Strong Showing*.

Applicable presentations of those activities presented to the PRG are in Confidential Attachment F, *Key Briefing Packages*.

Executed agreements and strategy are in Confidential Attachment H, *New Contracts Executed/Contracts Amended* and in Confidential Attachment E, *Other Transactions*.

**e) Other Commodities**

This section is not applicable.

#### **4. Explanation/justification for the timing of the transactions.**

##### ***a) Electric Transactions***

Throughout the Quarter, PG&E entered into electric transactions needed to reduce its net open position. This objective was achieved by gradually reducing the forecast open (*i.e.*, short or long) energy positions through the use and assessment of products that include Term, such as BOM, and month-ahead transactions, employing both standard and non-standard products, bidding into the Integrated Forward Market (IFM) to meet day-ahead, and real-time short positions. When selecting electric transactions, the best-priced bids/offers were selected first (merit-order selection) among those available for the required products at the time of the transaction, subject to credit and other limitations and operational constraints. Operational constraints include the local area reliability requirements of the CAISO, as set forth in D.04-07-028.

##### ***b) Natural Gas Transactions***

For daily physical gas transactions, timing of execution is primarily driven by the requirement to match fuel usage and supply on a daily and monthly basis, and by the availability of information impacting expectations for daily dispatch of electric generating units. For transactions one month or longer, PG&E typically fills its forecast short gas positions in month-ahead, seasonal, or annual blocks, depending on the liquidity and prices available in each of these markets. Execution of the transactions is based on the Natural Gas Winter Plan, which is included in Confidential Attachment J -*System Load Requirements/Conditions*. Detailed explanation/justification for the timing of the transactions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

#### **5. Discussion of the system load requirements/conditions underlying the need for the Quarter's transactions.**

##### ***a) Near-Term Planning and Procurement***

PG&E develops a near-term analysis of its resource position (intra-month through several months forward) using an optimization model, which solves for lowest cost by

optimizing a mix of resources to meet requirements, including dispatchable California Department of Water Resources contracts, Utility-Owned Generation resources, PPAs with dispatchability, Tolling Arrangements with “Merchant Plants,” and market purchases, while accounting for all resource requirements and constraints (must-run, must-take and operating constraints).

Term and BOM purchases and sales may be transacted to close the net-open position and to reduce PG&E’s reliance on the spot market. After identifying transactions required to meet the must-run, must-take and operating constraints, PG&E considers “economic” transactions that involve decisions regarding dispatchable units and market purchases/sales. The decision to engage in “economic” transactions is more complex and depends on several quantitative and subjective factors. “Economic” transactions are conducted using information and data regarding system conditions, market prices and options available at the time of the decision. While potentially attractive “economic” transactions that reduce ratepayer volatility inherently include risks that must be considered, such as: (a) sharp swings in electric prices; (b) changes in production costs due to market dynamics; or (c) system changes, which may result in these transactions becoming more, or less, valuable, during the operating period or possible losses on hedge transactions. Additionally, changes in load or expected generation and other market and system conditions may result in having to buy (or sell) energy in the day-ahead or Real-Time Markets (RTM) at a cost greater than the revenue earned (or a price less than paid) in the forward transaction. Factors that go into the decision to engage in these transactions include (but are not limited to) the forecasted level of short/long energy during the forecasted period, sensitivity to changes in market price, reserve margins and demand volatility.

***b) PG&E Participation in the CAISO Markets***

In day-ahead planning process, PG&E strives to balance projected energy requirements with available resources and provide hour-ahead traders and real-time

operators with appropriate resources in order to respond to changes that may occur on the electrical system subsequent to day-ahead trading. On a daily basis, PG&E conducts a least-cost analysis to forecast unit dispatch and determine market transactions to meet energy and ancillary services requirements. This process integrates all regulatory, environmental, safety and legal requirements.

PG&E's day-ahead planning and procurement incorporates weather-adjusted load forecasts, resource availability, price forecasts, dispatch costs and current bilateral electric market and forecasts of the CAISO's IFM prices. The results of this analysis will determine the price PG&E is willing to pay the CAISO to have it meet PG&E's forecasted hourly load in the Day-Ahead Market and the costs of each of its dispatchable resources to use to bid these resources into the IFM and Hour-Ahead Scheduling Process/RTM. The CAISO then assures least cost dispatch by considering all resources simultaneously with all transmission constraints.

In the RTM, similar to the day-ahead market, PG&E submits resource bids and schedules into CAISO markets and those resources that clear the market will be obligated to operate in real time. Market opportunities in the RTM have been limited with the advent of MRTU and the volatility of the CAISO's real-time energy market. Though bilateral market opportunities have been reduced, PG&E monitors the CAISO's Hour-Ahead and RTMs and also submit bids and schedules resources as needed to optimize its generation and market transactions to reduce costs.

***c) PG&E-Owned Generation and Partnership Agreements Conditions During First Quarter 2012***

PG&E received 85 percent of normal rainfall during the Quarter. The Helms Pumped Storage Facility (Helms) was used throughout the Quarter as unit availability, system conditions and economics allowed. Helms 3 began a maintenance outage in Fourth Quarter 2011 and remains out-of-service pending repairs. Helms 1 was forced out in Fourth Quarter 2011 and remains out of service pending repairs.

Significant planned maintenance on conventional hydro during the quarter included work on Balch 1, 2 and 3 (33, 54 and 54 MW, respectively), Belden PH (118 MW), Butt Valley (40 MW), Caribou 4 and 5 (60 MW each), Colgate 2 (175 MW), Electra 1 (31 MW), Exchequer (89 MW), Forbestown (39 MW), Kings River (52 MW), Middle Fork 2 (68 MW), Pit 5 Units 1-4 (40 MW each), Pit 7 Units 1 and 2 (56 MW each), Poe 1 (69 MW), Rock Creek 1 and 2 (56 MW each), and Woodleaf (62 MW).

Forced outages lasting longer than 24 hours at conventional hydro facilities greater than 30 MW in capacity were incurred at only Stanislaus (91 MW) due to failure of the station service transformer.

For PG&E's owned fossil generation, maintenance took place at Colusa Generating Station. Colusa was also forced out in January due to bearing issues. At the Humboldt Generating Station, maintenance was done on several of the 10 engines (16.3 MW each). Engine 9 was forced out during the Quarter due to exhaust system issues.

No significant outages or maintenance took place at Diablo Canyon Nuclear Plant Units 1 and 2 during the Quarter.

No significant outages or maintenance took place at PG&E's Solar PV facilities during the Quarter.

Confidential discussion of the monthly system conditions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

## **6. Discussion of how the Quarter's transactions meet the goals of the risk management strategy reflected in the Plan.**

During the Quarter, PG&E executed transactions in accordance with its CPUC-approved Hedging Plan. Financial hedges were executed directly on the ICE, through a broker and cleared through an exchange (ICE or the NYMEX) or through an electronic auction and cleared through an exchange. ICE and the brokers provide access to anonymous bids and offers from both bilateral parties and cleared counterparties establishing both a liquid and robust market for financial products, and a benchmark for bilateral products. These products include Henry Hub

swaps and options, and basis swaps against the industry benchmark indices, including CGPR, Gas Daily, NGI and IFERC. A list of information regarding Consumer Risk Tolerance notifications and management disclosures is included in Confidential Attachment K, *Risk Management Strategy*.

**7. Copy of each contract.**

A list of contracts executed and/or modified by PG&E during the Quarter is included in Confidential Attachment H, *New Contracts Executed/Contracts Amended*. Copies of the contracts that were not separately filed are also included in Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

**8. The valuation results for the contract(s) (for contracts of three months or greater duration).**

PG&E provides the valuation method and results for the contracts filed via this QCR in Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

**9. An electronic copy of any data or forecasts used to analyze the transactions.**

Because transaction personnel are continuously monitoring a wide range of market information on a 24-hour-per-day, 7-day-per-week basis, it is not feasible to provide all the data and forecasts used to analyze all potential and executed transactions. However, key analysis data utilized during the Quarter is contained in Confidential Attachment J, *System Load Requirement/Conditions*.

**10. Provide a reasonable number of analyses requested by the Commission or the PRG and provide the resulting outputs.**

To the extent any analyses requested by the Commission or PRG during the Quarter were not already included as a part of PG&E's response to Items 1 through 9 above, such additional analyses would be contained in Confidential Attachment F, *Key Briefing Packages*.

**11. Any other information sought by the Commission under the Public Utilities Code.**

To the extent that the Commission has requested information for the Quarter as identified in the Master Data Request, this information is included in the Confidential Attachment workpapers. In addition, the Commission’s Energy Division has requested that PG&E provide transparent exchange traded prices. PG&E has included this information in Confidential Attachment A – *Executed Transactions* and in Confidential Attachment M, *Transactions Subject to Strong Showing*.

**D. Additional Reporting Requirement Pursuant to Decision 07-01-039**

As required by OP 12 of D.07-01-039, PG&E has included in Confidential Attachment I, *Summary of Retained Generation Investments Completed*, investments in retained generation that were completed during the Quarter, as well as any multiple contracts of less than five years with the “same supplier, resource or facility” as required in D.07-01-039 on page 154. These were no transactions or investments to report during the Quarter.

**E. Cost Allocation Mechanism (CAM)**

For the Quarter, PG&E did not transact for any CAM-elected resources.

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**DECLARATION OF SHARON K. TATAI  
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND  
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4033-E REGARDING  
CONFIDENTIAL ATTACHMENTS A, B, C, F, G, H, J, K, L, AND M**

I, Sharon K. Tatai, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1980. My current title is Manager within PG&E's Energy Procurement organization. In this position, my responsibilities include review of regulatory reports. In carrying out these responsibilities, I have acquired knowledge of PG&E's regulatory reporting and have also gained knowledge of electric energy procurement data, processes, and practices. Through this experience, I have become familiar with the type of information that would affect the regulatory filing, as well as with the type of information that would be considered 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 PG&E's April 30, 2012 PG&E'S Advice Letter 4033-E, Confidential Attachments A, B, C, E, F, G, H, J, K, L. By this Application, PG&E is seeking the Commission's approval Quarter One, 2012 Quarterly Procurement Transaction Compliance Report, submitted by PG&E.
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 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 the foregoing is true and correct.

Executed on April 30, 2012 at San Francisco, California.

\_\_\_\_\_/s/\_\_\_\_\_  
Sharon K. Tatai  
Manager  
Energy Compliance and Report  
Energy Procurement  
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
 PROPOSAL REGARDING ADVICE LETTER 4033-E  
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER ONE 2011  
 April 30, 2012**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	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)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
<b>Document: Confidential Attachment 1</b>							
Attachment A – Physical and Financial Electric Deals	Y	Item VI E) and F) Utility Planning Area Matrix Net Open (Electric); Matrix page 13	Y	N	N	Disclosure of monthly and daily data provide an understanding of PG&E's strategy for closing out its net open position.	3 Years
Attachment A – Physical and Financial Electric Deals	Y	Item XIII) Energy Division Monthly Data Request (AB 57); Matrix page 22	Y	Y	N	This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per AB 57 and is confidential for three years.	3 Years
Attachment B Counterparty information, including non-investment grade counterparties – Table - “List of Non-Investment Grade Counterparties”	Y	CPUC General Order 66-C	Y	Y	N	The credit status of counterparties constitutes confidential non-utility business information protected under GO 66-C.	No expiration because PG&E will be purchasing from non-utility businesses for the foreseeable future. There is no time limit on protection afforded

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							non-utility businesses under G.O. 66-C
Attachment B Counterparty information, including counterparty concentration – Table “List of Top Ten Counterparties” by transaction volume and dollar value	Y	CPUC General Order 66-C	N	Y	Y	Counterparty sales revenues constitute confidential non-utility business information protected under GO 66-C.	No expiration because PG&E will be purchasing from non-utility businesses for the foreseeable future. There is no time limit on protection afforded non-utility businesses under G.O. 66-C
Attachment C Electric Transactions –	Y	XI) Monthly Procurement Costs (Energy Resource	Y	Y	N	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the	3 Years

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Tables "Electric Physical", "Electric Financial", "Electric-Physical-HA Only", "List of Top Ten Counterparties" – all by transaction volume and dollar value		Recovery Account [ERRA] Filings); Matrix page 22				confidentiality of ERRA documentation.	
Attachment C Electric Transactions (see above)	Y	Item XIII) Energy Division Monthly Data Request (AB 57); Matrix page 22	Y	Y	N	This information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report.	3 Years
Attachment E Other Transactions	Y	VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties.;Matrix page 15	Y	N	N	Disclosure of information would provide counterparty name, volume, and price and would provide market sensitive information regarding bid strategy and selection.	3 Years
Attachment F PRG Material	Y	Item VII) E) New non-utility affiliated bilateral contracts – Electric; Matrix page 16, etc.	Y	Y	N	Presentations to the PRG provide confidential bilateral contract terms, including price and performance terms. Confidentiality protection depends on type of material presented, see, <i>infra</i> .	3 Years from initial delivery date

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							specified in contract or 1 Year after termination of deliveries, whichever is less
Attachment F PRG Material	Y	Item I) A) Natural Gas Information – Forecasts (gas)utility specific gas price and demand forecasts, forecasts, long-term gas buying and hedging plans, and Monthly DWR procurement; Matrix pages 1-3	Y	N	N	Gas procurement presentations to PRG recommend action based on PG&E's confidential and proprietary gas forecasts and strategies	3 Years
Attachment F PRG Material	Y	Item II) B) 2) Utility recorded gas procurement and cost information; Matrix page 3	Y	N	N	Covers actual quantity and cost of procured natural gas	One year after conclusion of deliveries
Attachment F PRG Material	Y	CPUC General Order 66-C	Y	N	N	The terms of contracts between PG&E and third parties constitute confidential non-utility business information protected under GO 66-C.	No expiration. No time limit on protection afforded

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							non-utility businesses under G.O. 66-C
Attachment G Independent Evaluator Reports	Y	VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties,;Matrix page 15	Y	N	N	Terms required to be made public have been disclosed in the public version of each IE Report and are not subject to this request. The IE reports also rely on Matrix -protected confidential PG&E price, notional value, competitive solicitation scoring and results, and demand forecasts to evaluate the reasonableness of the proposed transaction.	3 Years from date of issuance; 3 years confidentiality period recommences when facility being evaluated begins deliveries
Attachment G Independent Evaluator Reports	Y	CPUC General Order 66-C	Y	N	N	The terms of contracts between PG&E and third parties constitute confidential non-utility business information protected under GO 66-C.	No expiration. No time limit on protection afforded non-utility businesses under G.O. 66-C

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
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Attachment H Executed Contracts	Y	VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties,;Matrix page 15	Y	N	N	Disclosure of information would provide counterparty name, volume, and price and would provide market sensitive information regarding bid strategy and selection.	3 Years
Attachment J Residual Net Short/Residual Net Long	Y	Item VI) Utility Bundled Net Open Position (Electric); Matrix page 13	Y	N	N	Residual net short/long is key input to PG&E's confidential forecast of net open position	3 Years
Attachment J Residual Net Short/Residual Net Long	Y	Item VI) Utility Planning Area Net Open; Matrix page 14	Y	N	N	Monthly data confidential	3 Years
Attachment J Residual Net Short/Residual Net Long	Y	Item XIII) Energy Division Monthly Data Request (AB 57); Matrix page 22	Y	N	N	The residual net short/long is information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report.	3 Years
Attachment J Residual Net Short/Residual Net Long	Y	Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Matrix page 2	Y	N	N	This information is the basis for PG&E's purchase and hedging plans and must remain confidential to avoid disclosing PG&E's market strategy,	3 Years

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
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Attachment K Risk Management	Y	Item XII) Monthly Portfolio Risk Assessment; Matrix page 22	Y	N	N	TeVaR and supporting forecasts and analysis are confidential	3 Years
Attachment K Risk Management		Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Matrix page 2	Y	N	N	This information is the basis for PG&E's purchase and hedging plans and must remain confidential to avoid disclosing PG&E's market strategy	3 Years
Attachment L Reasonable Number of Analyses	Y	XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings); Matrix page 22	Y	N	N	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve details which would reveal PG&E in the market place.	3 Years
Attachment M Transactions subject to Strong Showing	Y	XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings); Matrix page 22	Y	N	N	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the details which would reveal PG&E in the market place.	3 Years

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**DECLARATION OF PETER E. KOSZALKA  
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND  
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4033-E REGARDING  
CONFIDENTIAL ATTACHMENTS A, B, D, J, and M**

I, Peter E. Koszalka, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee since 2003 (and was previously employed by PG&E from 1983 to 1998). My current title is Director, Electric Gas Supply. In this position, my responsibilities include physical and financial trading of gas in support of PG&E's allocated DWR contracts, PG&E's company-owned generating facilities, and PG&E's tolling agreements. In carrying out these responsibilities, I have acquired knowledge of gas supply and gas hedging for electric generation, the markets for physical and financial products for gas supply and hedging, and the various types of transactions involved.
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 PG&E's April 30, 2012 PG&E'S Advice Letter 4033-E, Confidential Attachments A, B, D, J, M. By this Application, PG&E is seeking the Commission's approval Quarter One, 2012 Quarterly Procurement Transaction Compliance Report, submitted by PG&E.
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 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 the foregoing is true and correct.

Executed on April 30, 2012 at San Francisco, California.

\_\_\_\_\_/s/  
Peter E. Koszalka  
Director, Gas Supply  
Energy Supply Management  
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
PROPOSAL REGARDING ADVICE LETTER 4033-E  
QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER ONE 2011  
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<b>Document: Confidential Attachment 2</b>							
Attachment A – Physical Natural Gas Spot Transactions	Y	Item I) B) 2) Utility recorded gas procurement and cost information; Matrix page 3	Y	N	N	Actual quantity and cost of procured gas are protected.	3 Years
Attachment A – Physical Natural Gas Term Transactions	Y	Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Matrix page 2	Y	N	N	Each transaction is a factor in PG&E's long term buying and hedging strategies. With the entire set of transactions PG&E's counterparties could reconstruct PG&E's gas buying and hedging plans.	3 Years
Attachment A – Financial Natural Gas Transactions --	Y	Item XIII) Energy Division Monthly Data Request (AB 57); Matrix page 22	Y	N	N	This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per AB 57 and is confidential for three years.	One Year
Attachment B Counterparty information, including counterparty concentration – Table “List of Top Ten Counterparties” by transaction volume and	Y	CPUC General Order 66-C	Y	N	Y	Counterparty sales revenues constitute confidential non-utility business information protected under GO 66-C.	No expiration because PG&E will be purchasing from non-utility businesses for the foreseeable

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
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April 30, 2012**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	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)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
dollar value							future. There is no time limit on protection afforded non-utility businesses under G.O. 66-C
Attachment D – Natural Gas Transactions	Y	Item I) A) 4), Long-term fuel (gas) buying and hedging plans; Matrix, page 3				PG&E's hedging strategies may be deduced through an analysis of PG&E's summarized transactions.	
Attachment J Residual Net Short/Residual Net Long - Natural Gas Documents	Y	Item XIII) Energy Division Monthly Data Request (AB 57); Matrix page 22	Y	N	N	The residual net short/long is information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report.	3 Years
Attachment J Gas Transaction - Natural gas Documents	Y	Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Matrix page 2	Y	N	N	This information includes detailed information on PG&E's implementation of its purchase and hedging plans and must remain confidential to avoid disclosing PG&E's market strategy. The plans are imbedded in these documents.	3 Years
Attachment M Transactions subject to Strong	Y	XI) Monthly Procurement Costs (Energy Resource	Y	N	N	These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the	3 Years

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
 PROPOSAL REGARDING ADVICE LETTER 4033-E  
 QUARTERLY PROCUREMENT TRANSACTION COMPLIANCE REPORT OF QUARTER ONE 2011  
 April 30, 2012**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>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)</b>	<b>2) Which category or categories in the Matrix the data correspond to:</b>	<b>3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)</b>	<b>4) That the information is not already public (Y/N)</b>	<b>5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)</b>	<b>PG&amp;E's Justification for Confidential Treatment</b>	<b>Length of Time</b>
Showing - Gas Financial Transactions		Recovery Account [ERRA] Filings); Matrix page 22				confidentiality of ERRA documentation	
Attachment M Transactions subject to Strong Showing – Gas Financial Transactions	Y	Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Matrix page 2	Y	N	N		Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution E-4276, Finding 8) This date is December 1, 2016

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
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California Energy Commission	Intestate Gas Services, Inc.	Silo Energy LLC
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California Public Utilities Commission	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Calpine	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Cardinal Cogen	MAC Lighting Consulting	Sunrun Inc.
Casner, Steve	MBMC, Inc.	Sunshine Design
Center for Biological Diversity	MRW & Associates	Sutherland, Asbill & Brennan
Chris, King	Manatt Phelps Phillips	Tabors Caramanis & Associates
City of Palo Alto	McKenzie & Associates	Tecogen, Inc.
City of Palo Alto Utilities	Merced Irrigation District	Tiger Natural Gas, Inc.
City of San Jose	Modesto Irrigation District	TransCanada
City of Santa Rosa	Morgan Stanley	Turlock Irrigation District
Clean Energy Fuels	Morrison & Foerster	United Cogen
Coast Economic Consulting	Morrison & Foerster LLP	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
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