

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 23, 2014

Ms. Meredith Allen
Senior Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
San Francisco, CA 94177

Subject: Expedited Advice Letter 3509-G Pre-Approval to Enter Into Transwestern Pipeline Contract

Dear Ms. Allen:

Pacific Gas and Electric (PG&E) Advice Letter (AL) 3509-G is effective September 23, 2014.

On September 2, 2014, via AL 3509-G, PG&E sought CPUC approval for revision and extension of a capacity contract with Transwestern Pipeline Company (Transwestern). Under the expedited advice letter process established in Decision (D.) 04-09-022 for review of interstate pipeline capacity contracts, protests are due within ten days following the filing of the expedited advice letter.

Shell Energy North America, L.P. (Shell) filed a timely "response" to AL 3509-G on September 12, 2014. Shell's response alleges that a) PG&E failed to address whether revision and extension of the Transwestern contract conforms to CPUC Decision D.12-12-006 in which the CPUC established a new interim core interstate capacity range for PG&E; and that b) PG&E disregards an ongoing proceeding, Application (A.)13-06-011 which may revise the amount of firm interstate capacity PG&E must hold for its customers.

Shell requested relief in the form of deferring consideration of AL 3509-G until after the CPUC addresses core capacity issues in A.13-06-011. In the alternative, Shell requested relief in the form of limiting the term of the Transwestern contract in AL 3509-G to one year, and that the CPUC direct PG&E to limit the term of any new or renewed firm upstream pipeline capacity contract to one year until the CPUC resolves the issues in A.13-06-011.

Shell's rationale for its response is that a) PG&E's AL fails to address whether PG&E needs the proposed quantity of firm Transwestern capacity to meet the legitimate supply reliability needs of its core customers; b) the AL also fails to address whether core transport agents (CTAs) and their customers want or need this capacity; c) CTAs and their customers will bear stranded costs associated with PG&E's unsubscribed upstream pipeline capacity; and d) approval of the AL would amount to taxation of core aggregation customers without representation. Finally, Shell argues that PG&E did not address why it is extending the Transwestern pipeline in advance of its expiration on March 31, 2015.

On September 19, 2014, PG&E replied to Shell's response. PG&E argues that the CPUC guidance under D.04-09-022 and D.12-12-006 controls until a final decision is issued in A.13-06-011. Under D.04-09-022, the CPUC found that the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) are knowledgeable about core interests related to utility contracts for interstate pipeline capacity, can provide reasonable assurance that utility proposals are reasonable, and provide strong advocacy viewpoints. PG&E further noted that ORA and TURN represent the interests of all core customers, including core transport agent customers. ORA and TURN approved the proposal made in AL 3509-G.

Meredith Allen
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PG&E also stated that it offers to share commercially sensitive information with CTAs under non-disclosure agreements, and that it is not the fault of PG&E if Shell does not participate to learn the specifics of upcoming pipeline capacity contracts.

PG&E also responded that PG&E proposed an interstate pipeline capacity planning range in A.13-06-011 that is lower than the current CPUC-authorized interim range, but that the AL 3509-G contract would be consistent with both the interim range as well as PG&E's proposed range.

Lastly, PG&E responded that it must secure Transwestern capacity ahead of expiration for reasons it is unable to state publicly.

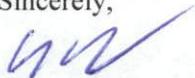
The Energy Division participated in discussions with ORA, TURN and PG&E leading up to the proposal made in AL 3509-G. The Energy Division also reviewed the details related to the contract set forth in confidential Appendix A to AL 3509-G.

The Energy Division rejects Shell's response to AL 3509-G for the following reasons:

1. A.13-06-011 is an ongoing CPUC proceeding with no firm time for when a final decision will be issued.
2. In the absence of a final decision in A.13-06-011, D.04-09-022 and D.12-12-006 govern approvals of such contracts.
3. Pursuant to D.04-09-022 and D.12-12-006, ORA and TURN provide knowledgeable, strong advocacy viewpoints for core customers.
4. The details of PG&E's proposed revision and extension of the Transwestern contract is in the confidential appendix to AL 3509-G, which was approved by ORA and TURN.
5. The proposal made in AL 3509-G is in compliance with D.04-09-022 and D.12-12-006.

The Energy Division hereby approves PG&E AL 3509-G.

Sincerely,



Edward Randolph
Director, Energy Division

cc: Richard Myers, Energy Division
Franz Cheng, Energy Division
Jonathan Bromson, Legal Division
Mark Pocta, ORA
Pearlie Sabino, ORA
Marcel Hawiger, TURN
Jennifer Wirowek, PG&E
John Leslie, Shell



Meredith Allen
Senior Director
Regulatory Relations

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

Fax: 415.973.7226

September 2, 2014

Advice 3509-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Expedited Advice Letter Pre-Approval to Enter into Transwestern Pipeline Contract

Pacific Gas and Electric Company (PG&E) respectfully requests California Public Utilities Commission (Commission or CPUC) pre-approval to revise and extend an expiring Transwestern Pipeline Company, LLC (Transwestern) firm transportation service agreement (FTSA), which is used to transport natural gas supplies from the San Juan Basin to California on behalf of core gas customers.

Purpose

The purpose of this expedited advice letter is to request approval to renew the existing transportation arrangement with Transwestern, which expires on March 31, 2015. Under the interstate capacity acquisition procedure approved in Decision (D.) 04-09-022,¹ contracts for interstate capacity supported by the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) may be submitted for approval to the Commission by an Expedited Advice Letter. PG&E has consulted with ORA and TURN, and both have confirmed their support for the proposed pipeline contract.

Under D.04-09-022, contracts for pipeline capacity may be submitted by expedited advice letter, seeking Commission approval within 21 days of the advice letter filing date. PG&E requests that the Commission approve this filing by September 23, 2014.

Description of Contract

The terms of the proposed contract are confidential and are described in Appendix A. Confidential Appendix A is submitted to the Energy Division under the confidentiality provisions of General Order 66-C and Section 583 of the Public Utilities Code and provided to TURN under a separate non-disclosure agreement.

¹ Order Instituting Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California (Gas Capacity OIR), R.04-01-025.

All costs associated with the contracts will continue to be recovered from PG&E's core gas customers, in accordance with the interstate pipeline capacity contract procedures established in D.04-09-022, through PG&E's Core Pipeline Demand Charge Account, and PG&E's gas tariffs.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests – Ten Day Expedited Period

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 September 12, 2014, which is ten (10) days from the date of this filing, in accordance with the expedited protest period authorized in D.04-09-022.

Protests should be mailed to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th floor
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. 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:

Meredith Allen
Senior Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

In accordance with the comment and evaluation period provided in D.04-09-022, and assuming no protests are received to this filing, PG&E submits this advice letter as a

Tier 2, and requests Commission approval of this filing effective September 23, 2014, which is 21 days after the date of this filing.

Notice

In accordance with General Order 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 lists for R.04-01-025 and A.13-06-011. Address changes to the General Order 96-B service list should be directed to email 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 approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.



Meredith Allen
Senior Director, Regulatory Relations

cc: **Confidential Version (with Appendix A)**

Richard A. Myers - Energy Division
Franz Cheng - Energy Division
Belinda Gatti - Energy Division
Jonathon Bromson - Legal Division
R. Mark Pocta - Office of Ratepayer Advocates
Nathaniel Skinner – Office of Ratepayer Advocates
Pearlie Sabino - Office of Ratepayer Advocates
Marcel Hawiger - The Utility Reform Network

Public Version (without Appendix A)

Service list for R.04-01-025
Service list for A.13-06-011

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 G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Jennifer Wirowek

Phone #: (415) 973-1419

E-mail: j6ws@pge.com and PGETariffs@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) #: **3509-G**

Tier: 2

Subject of AL: **Expedited Advice Letter Pre-Approval to Enter into Transwestern Pipeline Contract**

Keywords (choose from CPUC listing): Agreement, Capacity, Contract

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes.

See the attached matrix that identifies all of the confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: The terms of the proposed contract are confidential and are described in Appendix A. Confidential Appendix A is submitted to the Energy Division under the confidentiality provisions of General Order 66-C and Section 583 of the Public Utilities Code and provided to TURN under a separate non-disclosure agreement.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: John Armato, (415) 973-7022

Resolution Required? Yes No

Requested effective date: **September 23, 2014**

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

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 10 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Meredith Allen
Senior Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

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

**DECLARATION OF JOHN ARMATO IN SUPPORT OF
THE CONFIDENTIAL TREATMENT OF
ADVICE LETTER 3509-G**

I, John Armato, declare:

1. I am a Manager in the Core Gas Supply organization at Pacific Gas and Electric Company (PG&E). I am responsible for regulatory matters and contract management pertaining to PG&E's core gas portfolio. This declaration is based on my personal knowledge of PG&E's core gas portfolio and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information concerning fuels management of an investor- owned utility.

2. Based on my knowledge and experience, I make this declaration seeking confidential treatment for certain information contained in PG&E's Advice Letter 3509-G "Expedited Advice Letter Pre-Approval to Enter into Transwestern Pipeline Contract."

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 information that should be protected under General Order 66-C. The matrix specifies that: (1) the information is not already public; and (2) 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 that is pertinent in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on September 2, 2014 at San Francisco, California.

_____/s/_____
John Armato
Manager
Core Gas Supply
Pacific Gas and Electric Company
JOHN ARMATO

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)
ADVICE LETTER 3509-G
September 2, 2014**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) Constitutes data listed in Appendix 1 to D.06-06-066 (Y/N)	2) Data correspond to category in Appendix 1:	3) Complies with limitations of D.06-06-066 (Y/N)	4) Data not already public (Y/N)	5) Lead to partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Appendix A	N	CPUC General Order (G.O.) 66-C	N/A	N	Y	Counterparty purchase information constitutes confidential non-utility business information protected under G.O. 66-C.	Indefinite

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

AT&T	Douglass & Liddell	Occidental Energy Marketing, Inc.
Alcantar & Kahl LLP	Downey & Brand	OnGrid Solar
Anderson & Poole	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
BART	G. A. Krause & Assoc.	Praxair
Barkovich & Yap, Inc.	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Bartle Wells Associates	GenOn Energy, Inc.	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
California Cotton Ginners & Growers Assn	Green Power Institute	SDG&E and SoCalGas
California Energy Commission	Hanna & Morton	SPURR
California Public Utilities Commission	In House Energy	San Francisco Public Utilities Commission
California State Association of Counties	International Power Technology	Seattle City Light
Calpine	Intestate Gas Services, Inc.	Sempra Utilities
Casner, Steve	K&L Gates LLP	SoCalGas
Cenergy Power	Kelly Group	Southern California Edison Company
Center for Biological Diversity	Linde	Spark Energy
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
City of San Jose	Los Angeles Dept of Water & Power	Sunshine Design
Clean Power	MRW & Associates	Tecogen, Inc.
Coast Economic Consulting	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Commercial Energy	Marin Energy Authority	TransCanada
Cool Earth Solar, Inc.	McKenna Long & Aldridge LLP	Utility Cost Management
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Davis Wright Tremaine LLP	Morgan Stanley	Verizon
Day Carter Murphy	NLine Energy, Inc.	Water and Energy Consulting
Defense Energy Support Center	NRG Solar	Wellhead Electric Company
Dept of General Services	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Division of Ratepayer Advocates	North America Power Partners	