

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

Application of Pacific Gas and Electric)	
Company for Expedited Approval Of The)	A.08-09-007
Amended Power Purchase Agreement For The)	(Filed September 10, 2008)
<u>Russell City Energy Company Project)</u>	

**ERRATA TO JOINT PETITION OF PACIFIC GAS AND ELECTRIC COMPANY,
RUSSELL CITY ENERGY COMPANY, LLC, DIVISION OF
RATEPAYER ADVOCATES, CALIFORNIA UNIONS FOR RELIABLE
ENERGY, AND THE UTILITY REFORM NETWORK FOR MODIFICATION OF
DECISION 09-04-010, AS MODIFIED BY DECISION 10-02-033**

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April 16, 2010

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Pacific Gas and Electric Company, Russell City Energy Company, LLC, Division of Ratepayer Advocates, California Unions for Reliable Energy, and The Utility Reform Network, (collectively, "Joint Parties") submit this Errata to correct an inadvertent error in Appendix A to the Joint Petition filed by the Joint Parties in the above-captioned docket on April 15, 2010. A corrected Appendix A is attached.

Respectfully submitted on behalf of the Joint Parties,

/s/

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Dated: April 16, 2010

Appendix A

Proposed Modifications to D.09-04-010

Findings of Fact

4. The 1st Amendment to the 2nd APPA is a revision of the 2nd APPA ~~original Power Purchase Agreement~~ executed by PG&E and RCEC that arose out of the PG&E's 2004 LTRFO process to acquire future capacity and ensure future reliability.
5. The Commission has previously determined the need for the project and ~~that the~~ 1st Amendment to the 2nd APPA will satisfy that new resource need.
6. PG&E and RCEC renegotiated the PPA because of unforeseen permit delays and unexpected cost increases which have delayed the RCEC project start and on-line dates by three ~~two~~ years.
7. An amendment to price from the original PPA and 2nd APPA is justified.
12. The 1st Amendment to the 2nd APPA provides an opportunity for PG&E's customers to receive 601 MW of power beginning in 2013.2012, and PG&E elects to not use the ~~CAM/Energy Auction~~ for this resource.

Conclusions of Law

2. The 1st Amendment to the 2nd APPA should be approved.

Ordering Paragraphs

2. PG&E is authorized to recover costs associated with the 1st Amendment to the 2nd APPA through its Energy Resource Recovery Account. The Commission has determined that the RCEC Project is needed to meet system or local area reliability needs for the benefit of all customers in PG&E's distribution service territory, and thus the net capacity costs of the RCEC PPA are allocated on a fully nonbypassable basis to all of the following: (i) bundled service customers of the electrical

corporation; (ii) customers that purchase electricity through a direct transaction with other providers; (iii) customers of community choice aggregators (collectively “Benefitting Customers”). This ordering paragraph implements Public Utilities Code section 365.1(c)(2). The net capacity costs associated with the RCEC PPA will be determined by subtracting the Project Revenues from the Project Costs, where:

“Project Costs” include the following:

- a. All actual unavoidable costs incurred by the utility for the Project (e.g., capacity payments, the cost of posting collateral, if any, and the annual non-fuel revenue requirement for a utility-owned plant).
- b. Imputed avoidable fuel costs calculated as the product of: (i) the quantity of natural gas that would be utilized by the Project, and (ii) the price of natural gas, (i) and (ii) being applicable for periods when the Project would recover its avoidable operating expenses from the day-ahead energy and/or ancillary services markets (i.e., for periods when it would have been “economic” to “run” the Project, based on day-ahead prices).
 - (1) For purposes of this calculation, the price of natural gas for each hour shall be the daily spot index price for the applicable day as reported by an established industry publication (e.g., *Gas Daily* or *NGI*) for the trading point closest to delivery point of the Project plus any applicable Project gas transportation charges and Local Distribution Company (LDC) tariff charges.
 - (2) The CAISO hourly day-ahead nodal price for the Project’s “injection point” shall be utilized for energy.
- c. Imputed avoidable non-fuel Project costs for all assumed dispatched energy from subsection (b) above. For example, if the Project requires a variable O&M charge of \$2.00/MWh for delivered energy, the imputed avoidable non-fuel Project costs for a given hour would be the amount of energy assumed to have been dispatched times the \$2.00/MWh variable O&M charge.

“Project Revenues” include the following:

- a. The imputed day-ahead energy revenues for hours in which the Project is determined to have been economic to dispatch. The imputed energy revenues shall be calculated as the product of the: (i) the calculated energy

assumed to be dispatched by the Project, and (ii) the CAISO hourly day-ahead nodal energy price for the Project's "injection point".

- b. The imputed day-ahead ancillary services revenues. For hours in which it was determined that the Project would not have been economic to be scheduled in the day ahead energy market, an assessment of whether it would have been economic to offer non-spinning reserves (assuming the Project provides such services) shall be performed using hourly CAISO day-ahead energy prices and natural gas prices described in the definition of "Project Costs" Item (b)(1) above and the CAISO published day-ahead non-spinning reserves price. The imputed day-ahead ancillary service revenue calculation shall be constrained by the amount of capacity available under the Project to be offered into non-spinning reserves market and any other relevant operating limitation (e.g., minimum load requirements or maximum operating hours). The imputed day-ahead ancillary services revenues shall be calculated net of any calculated operating costs that would have to be incurred to offer ancillary services capacity (e.g., start-up costs). The imputed day-ahead ancillary services revenues calculation will not assume real-time incremental dispatch of energy by the CAISO.

PG&E shall file an advice letter with the Commission implementing the above methodology for the RCEC Project six months prior to the proposed effective date of the Net Capacity Charge.

PG&E shall forecast the annual net capacity costs, which are defined above. This calculation shall be subject to an annual review and balancing account true-up. PG&E shall use the net cost forecast it has developed to establish an annual revenue requirement for all Benefiting Customers to recover the net capacity cost of the RCEC Project. All Benefiting Customers shall be charged monthly for their respective portion of the net capacity costs based on the established revenue requirement. System and local RA benefits associated with the RCEC Project will be allocated quarterly to load serving entities (LSEs) that serve Benefitting Customers based on each LSE's percentage of peak load. LSEs shall be notified in July of each year of the System and Local RA capacity they will be receiving for each month in the next calendar year.

CERTIFICATE OF SERVICE
BY ELECTRONIC MAIL, U.S. MAIL, OR HAND DELIVERY

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 16th day of April, 2010, I caused to be served a true copy of:

ERRATA TO JOINT PETITION OF PACIFIC GAS AND ELECTRIC COMPANY, RUSSELL CITY ENERGY COMPANY, LLC, DIVISION OF RATEPAYER ADVOCATES, CALIFORNIA UNIONS FOR RELIABLE ENERGY, AND THE UTILITY REFORM NETWORK FOR MODIFICATION OF DECISION 09-04-010, AS MODIFIED BY DECISION 10-02-033

[XX] By Electronic Mail – by electronic mail on the official service lists for A08-09-007, who have provided an e-mail address.

[XX] By U.S. Mail – by U.S. mail on the official service lists for A08-09-007, who have not provided an e-mail address.

[XX] By hand delivery to the following:

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I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on the 16th day of April, 2010.

/s/
Sharon E. Mortz

**THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
EMAIL SERVICE LIST**

Downloaded April 15, 2010; last updated: April 6, 2010

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