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Confidentiality Protected Under Decision 06-06-066 App.1, Item VII "Renewable Resource Contracts Under RPS Program"

May 24, 2010

Mr. Honesto Gatchalian Ms. Maria Salinas Energy Division California Public Utilities Commission 505 Van Ness Avenue San Francisco, CA 94102

Dear Mr. Gatchalian and Ms. Salinas:

Re: PG&E's Reply Comments on Draft Resolution E-4336

Pacific Gas and Electric Company ("PG&E") fully supports Draft Resolution E-4336 ("Draft Resolution") which approves the renewable energy power purchase agreement ("PPA") between PG&E and DTE Stockton, LLC ("DTE") for a biomass facility located in Stockton, California. However, one aspect of the Draft Resolution requires modification. Specifically, the Draft Resolution requires PG&E to seek Commission approval for any amendment to the PPA resulting from Section 10.1 of the agreement. This Draft Resolution requirement should be revised to state that PG&E is only required to obtain Commission approval for any capital-related costs that it would incur related to Section 10.1. For non-capital costs, no further Commission approval would be required and these costs should be recovered through PG&E's Energy Resource Recovery Account ("ERRA").

Under Section 10.1 of the PPA, Redacted

Redacted

¹ Page 24 of Resolution E-4336

Redacted

With regard to capital costs,	Redacted	
Redacted		Thus, this aspect

of the Draft Resolution does not need to be changed.

PG&E proposed the following changes to the Draft Resolution:

• The first full paragraph on page 8 should be revised to state:²

The total all-in costs of the PPA are reasonable based on their relation to bids received in response to PG&E's 2008 solicitation. We do not anticipate material changes in the PPA costs as a result of Section 10.1. However, to the extent the PPA costs increase pursuant to PPA Section 10.1 to address capital costs, PG&E shall seek Commission approval through the applicable advice letter process of any PPA amendment implementing such changes. <u>PG&E is not required to seek Commission approval for other PPA amendments arising from Section 10.1 that address non-capital costs</u>.

• Finding and Conclusion 7 should be revised to state:

To the extent the PPA costs increase pursuant to PPA Section 10.1 to address capital costs, PG&E should be required to seek Commission approval through the applicable advice letter process of any PPA

² Underlining indicates additions and strike-through indicates deletions.

amendment implementing such changes. <u>PG&E is not required to seek</u> <u>Commission approval for other PPA amendments arising from Section</u> <u>10.1 that address non-capital costs</u>.

• Ordering Paragraph 2 should be revised to state:

To the extent costs under the power purchase agreement approved in this resolution increase pursuant to Section 10.1 of the power purchase agreement to address capital costs, Pacific Gas and Electric Company shall seek Commission approval through the applicable advice letter process of any amendment implementing such changes. <u>PG&E is not required to seek Commission approval for other PPA amendments arising from Section 10.1 that address non-capital costs</u>.

Request for Confidential Treatment

In support of PG&E's comments on the draft resolution, PG&E is submitting confidential information in the manner directed by Decision ("D.") 08-04-023 and the August 22, 2006, Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix D of D.08-04-023, or General Order 66-C. A separate "Declaration Seeking Confidential Treatment" regarding the confidential information is being filed concurrently with PG&E's comments.

With these modifications, PG&E fully supports the Draft Resolution.

Sincerely,

Jane Yura / ent

Vice President – Regulation and Rates

cc: Commission President Michael Peevey Commissioner John Bohn Commissioner Dian Grueneich Commissioner Nancy Ryan Commissioner Timothy Simon Julie Fitch – Director, Energy Division Karen Clopton – Chief Administrative Law Judge Frank Lindh – General Counsel Susannah Churchill – Energy Division Service Lists for R.08-08-009, R.08-02-007, R.06-02-012

Attachments

CERTIFICATE OF SERVICE

I certify that I have by mail, e-mail, or hand delivery this day served a true copy of Pacific Gas and Electric Company's comments on Draft Resolution E-4336, regarding PG&E's Advice Letter 3577-E and 3577-E-A, on:

Commission President Michael Peevey Commissioner John Bohn Commissioner Dian Grueneich Commissioner Nancy Ryan Commissioner Timothy Simon Julie Fitch – Director, Energy Division Karen Clopton – Chief Administrative Law Judge Frank Lindh – General Counsel Susannah Churchill – Energy Division Service Lists for R.08-08-009, R.08-02-007, R.06-02-012

/S/ LINDA TOM-MARTINEZ LINDA TOM-MARTINEZ PACIFIC GAS AND ELECTRIC COMPANY

DATE: May 24, 2010

DECLARATION OF GARRETT P. JEUNG SEEKING CONFIDENTIAL TREATMENT FOR CERTAIN DATA AND INFORMATION CONTAINED IN COMMENTS TO DRAFT RESOLUTION E-4336 (PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)

I, Garrett P. Jeung, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 2003. My current title is Senior Director within PG&E's Energy Procurement organization. In this position, my responsibilities include managing a department that negotiates power purchase agreements and manages electric portfolio risk. In carrying out these responsibilities, I have acquired knowledge of PG&E's contracts with numerous counterparties and have also gained knowledge of the operations of electricity sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

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 redacted comments to Draft Resolution E-4336, submitted on May 24,
2010.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023 (the "IOU Matrix"), or constitutes information that should be protected under General Order 66-C. 'The matrix also specifies the category or

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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 filing.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge the foregoing is true and correct. Executed on May 24, 2010 at San Francisco, California.

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counterparty to the PPA has an expectation that the terms of the PPA will r	in confidential pursuant to
confidentiality provisions in the PPA.	
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IOU Matrix