

From: Horner, Trina  
Sent: 6/7/2010 5:54:05 PM  
To: 'Brown, Carol A.' (carol.brown@cpuc.ca.gov)  
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Bcc:  
Subject: RE: Russell City

Carol,

PG&E actually did file an advice letter in compliance with Ordering Paragraph #3 of D.07-09-044; it was Advice Letter 3151-E filed on February 20, 2008. In that advice letter, of the projects approved from its 2004 LTRFO, PG&E submitted the EIF Fresno project (otherwise known as the Bullard project) into the energy auction. As you know, that project was terminated before it was built. No other projects were submitted into the Energy Auction at that time.

Procedurally speaking, having already filed that advice letter in February 2008, that's not a promising vehicle to use at this point to take the SB 695 cost allocation mechanism out of the RCEC filing. After some discussions with the joint parties who filed the currently pending PTM on the RCEC contract, I \*think\* we've come to an agreement that we will file a motion in that case to have the SB 695 issues be addressed in the LTPP case, and whatever policy the Commission comes to in that proceeding would be applied to RCEC. So effectively it would take it out of scope of the RCEC case, and keep it in the LTPP where the Commission has since said it will address it anyway.

Does that work for you?  
Trina

-----Original Message-----

From: Brown, Carol A. [mailto:carol.brown@cpuc.ca.gov]  
Sent: Friday, June 04, 2010 2:08 PM  
To: Cherry, Brian K  
Cc: Horner, Trina  
Subject: FW: Russell City

Would this be an easier way to do it????

-----Original Message-----

From: Darling, Melanie  
Sent: Friday, June 04, 2010 9:58 AM  
To: Brown, Carol A.  
Subject: Russell City

Carol-- As you may recall, PG&E was initially allowed (D.06-11-048) to defer its election of cost allocation for its 2004 LTRFO Power Purchase Agreements until after the Commission issued its final order on the CAM-energy auction process. In Ordering paragraph #3 of D.07-09-044 that adopted a settlement on the energy auction process, PG&E was ordered to make the election within 45 days of the date of mailing of that final decision, BY WAY OF ADVICE LETTER, as to which of the five PPA resources from its 2004 LTRFO results, as approved (in D.06-11-048), would be subject to the Cost Allocation Method developed in D.06-07-029. This squarely includes the RCEC power purchase agreement.

According to Energy Division, PG&E did not comply with this order. It seems to me that it is more appropriate for PG&E to follow the Commission's outstanding order, rather than submit the election into the pending proceeding.

Melanie