

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 21, 2010

Ms. Mary Gandesbery  
Law Department  
Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120

Ms. Georgetta Baker  
San Diego Gas & Electric Company  
101 Ash Street, HQ 13  
San Diego, CA 92101

RE: R.04-04-003/R.04-04-025 Request for Additional Extension of Time  
to Comply with Decision 09-04-032.

Dear Ms. Gandesbery and Ms. Baker:

This is in response to your letter dated December 3, 2010. In that letter, you requested, on behalf of Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E), an additional extension of time to comply with Ordering Paragraph No. 4 of Decision (D.) 09-04-032. Your request was made pursuant to Rule 16.6 of the Commission's Rules of Practice and Procedure.

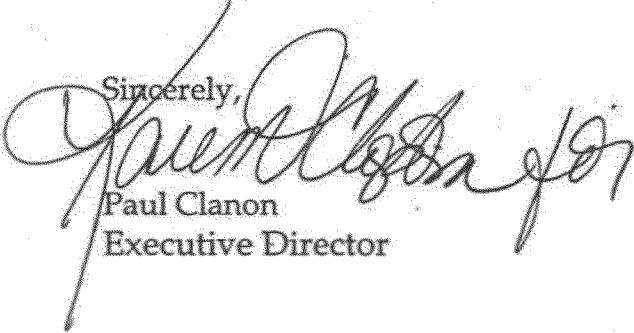
In D.09-04-032, PG&E, SDG&E and Southern California Edison Company (SCE) were provided an opportunity to file an application to apply the Market Index Formula (MIF) from September 20, 2007 to the date the MIF is implemented. This application is to be filed "within 45 days after the date the decision resolving the implementation date of the MIF is issued." (D.09-04-032, Ordering Paragraph No. 4.) On April 17, 2009, the Commission issued D.09-04-034, which determined that the implementation date of the MIF would be the first day of the month following issuance of a resolution approving the Investor Owned Utilities' [IOU] Tier 3 MIF Implementation Advice Letters. Pursuant to D.09-04-032, the IOU's application for prior application of the MIF would be due on June 1, 2009. PG&E and SDG&E had previously requested and been granted extensions of the time to file the applications. The most recent extension, granted on September 16, 2010, extended the period to January 1, 2011.

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Your letter states that on October 8, 2010, the IOUs, along with the California Cogeneration Council, Independent Energy Producers Association, Cogeneration Association of California, Energy Users and Producers Coalition, The Utility Reform Network and the Division of Ratepayer Advocates filed a motion seeking approval of a proposed settlement agreement which, if approved, would resolve issues regarding payments to qualifying facilities. The letter further notes that a proposed decision approving the settlement agreement was on the Commission's December 16, 2010 agenda. If the Commission adopted this proposed decision, the settlement agreement would not become effective until after the Federal Energy Regulatory Commission (FERC) approves an application by the IOUs to terminate their obligation to purchase from qualifying facilities greater than 20 MW as permitted by Section 210(m) of the Public Utility Regulatory Policies Act. To allow time for the FERC to issue a decision on this application, PG&E and SDG&E request that the time to comply with Ordering Paragraph No. 4 of D.09-04-032 be extended to June 1, 2010.

On December 16, 2010, the Commission adopted Decision 10-12-035, which approved the settlement agreement. In order to allow the IOUs to file their applications with the FERC, and to permit the FERC time to act on these applications, I am granting your request for an extension pursuant to my authority under Rule 16.6. The date to file an application seeking prior application of the MIF, as ordered in Ordering Paragraph No. 4 of D.09-04-032, is extended to June 1, 2011. PG&E and SDG&E shall promptly inform all parties in Rulemaking (R.) 04-04-003 and R.04-04-025 of this extension.

Sincerely,

  
Paul Clanon  
Executive Director