

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

Application of Pacific Gas and Electric
Company for Approval of Renewable Energy
Credit Purchase Agreements with SPI
Corporation and TransAlta Corporation and for
Authority to Recover Costs of the
Agreements in Rates

Application 09-10-035
(Filed October 29, 2009)

STATUS REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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I. INTRODUCTION

In accordance with the January 20, 2011, Administrative Law Judge’s Ruling Lifting Stay and Requiring Status Reports (“ALJ Ruling”) in the above-captioned proceeding, which set a deadline of February 4, 2011, Pacific Gas and Electric Company (“PG&E”) respectfully submits its status report in this proceeding. Administrative Law Judge (“ALJ”) Simon directed PG&E to file and serve a status report on the two contracts originally filed for approval in this docket through the *Application of Pacific Gas and Electric Company (U 39 E) for Approval of Renewable Energy Credit Purchase Agreements and for Authority to Recover Costs in Rates* (“Application”).

II. BACKGROUND

PG&E’s Application, filed with the Commission on October 29, 2009, requested approval of two five-year Renewable Energy Credit (“REC”) Purchase and Sale Agreements (“PSA”), entered into with Sierra Pacific Industries (“SPI”) and TransAlta Corporation (“TransAlta”), respectively. These two transactions would benefit PG&E and its customers,^{1/}

^{1/} See *Application* at 12-14.

with, among other things, attractive prices with deliveries in 2010 from currently operating facilities.^{2/} At the time PG&E filed the Application, the Commission had not yet approved REC-only transactions for Renewable Portfolio Standard (“RPS”) compliance purposes. Nonetheless, in light of the Legislature’s and Commission’s repeatedly expressed interest in the use of REC transactions for RPS compliance purposes, PG&E executed the PSAs and submitted them for Commission approval in order to maintain these two beneficial transactions for PG&E’s customers.

In March 2010, the Commission issued Decision (“D.”)10-03-021, which authorizes the use of RECs and sets forth specific procedural steps to obtain approval of REC-only transactions, including use of the RPS Advice Letter process. As a result, on April 22, 2010, ALJ Simon indicated that once PG&E sought approval of the two PSAs through the Tier 3 Advice Letter process, this docket would be terminated. Before PG&E resubmitted either PSA for approval, however, the Commission issued D.10-05-018 on May 6, 2010, which stayed D.10-03-021 and imposed a moratorium on Commission approval of REC-only RPS contracts.

III. STATUS REPORT

As a result of the stay of D.10-03-021, PG&E has not resubmitted either PSA for approval through the advice letter process. Now that the stay of D.10-03-021 has been lifted, PG&E is working with the counterparties to amend the PSAs to the extent necessary to adjust for the intervening time and requirements set forth in D.10-03-021, as modified by D.11-01-025. Once completed, PG&E will prepare advice letter filings to seek approval of the amended PSAs.

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^{2/} The SPI facilities were operational at the time the Application was filed, and the TransAlta facilities have come on line in the interim.

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

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 that my business address is Pacific Gas and Electric Company, Law Department, 77 Beale Street - B30A, 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 4th day of February, 2011, I served a true copy of:

STATUS REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service lists for CPUC Docket Nos. A.09-10-035, R.08-08-009, R.06-02-012, and R.08-02-007, with an e-mail address.

[XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for CPUC Docket Nos. A.09-10-035, R.08-08-009, R.06-02-012, and R.08-02-007, without an e-mail address.

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 this 4th day of February, 2011 at San Francisco, California.

/s/ Donna Lee

Donna Lee