

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

**Application of Pacific Gas and Electric
Company for Approval of Three Power
Purchase Agreement Amendments With
Existing Qualifying Facilities and
Associated Cost Recovery.**

U 39 E

Application No. 11-01-023

**AMENDMENT TO
APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR APPROVAL OF THREE POWER PURCHASE
AGREEMENT AMENDMENTS WITH EXISTING
QUALIFYING FACILITIES**

(PUBLIC VERSION)

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**Attorneys for
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Dated: March 21, 2011

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I. SUMMARY.

Pursuant to Rule 1.12 of the Commission’s Rules of Practice and Procedure, Pacific Gas and Electric Company (“PG&E”) hereby amends its Application in the above-captioned matter. The amendment consists of a restatement of the customer savings expected to result from PG&E’s proposed amendments to three power purchase agreements (“PPAs”). Customer benefit is reduced from \$26 million to \$14 million.

No other change to the Application is being made.

I. AMENDMENT TO THE APPLICATION.

A. Background.

On January 28, 2011, PG&E filed this Application for Commission approval of amendments to three existing Qualifying Facility (“QF”) contracts to allow the existing QF

facilities to convert from baseload operations to operations scheduled by the utility as needed (“Amendments”). The three QF facilities are Yuba City Cogen and Greenleaf 1, both of which are located in Yuba City, California, and KES Kingsburg, which is located in Kingsburg, California. The Amendments provide a number of significant customer benefits, including energy procurement cost benefits. The Application estimated these benefits to be approximately \$2.6 million per year, or a total of \$26 million over the ten remaining years of the contracts.

B. Restatement of Customer Benefits.

PG&E has reviewed its benefit estimate and determined that it is actually approximately \$1.4 million per year or \$14 million for the remaining term of approximately ten years. The reduction is due to differences in the assumptions used in PG&E’s cost-benefit analysis model. None of the Amendment terms are affected by the modeling assumptions. The Amendments will still enable PG&E to schedule deliveries instead of simply accepting and paying for electricity whenever it is generated by the sellers. PG&E’s customers will still experience lower procurement costs as described in the Application, however, the savings are estimated to be approximately \$1.4 million per year instead of \$2.6 million per year as originally assumed.

C. Amendment to the Application.

The following changes are hereby made to the Application:

On Page 2, Delete:

PG&E estimates that the Amendments will save customers approximately \$26 million in energy payments over a ten-year period.

Replace with:

PG&E estimates that the Amendments will save customers approximately \$14 million in energy payments over a period of ten years.

//

On Page 6, Delete:

By comparing current operations of and payments to the QFs with the expected operations of the facilities under the Amendments, PG&E determined that its customers will save approximately \$2.6 million per year in power purchase costs over the approximately ten years remaining for the QF contracts, or a total of approximately \$26 million.

Replace with:

By comparing current operations of and payments to the QFs with the expected operations of the facilities under the Amendments, PG&E determined that its customers will save approximately \$1.4 million per year in power purchase costs over the approximately ten years remaining for the QF contracts, or a total of approximately \$14 million.

II. CONFIDENTIAL INFORMATION AND SERVICE.

The Confidential Declaration of Hugh Merriam, which was filed as part of the Application, has also been updated to reflect the revision of customer benefits. Concurrent with the filing of this Amendment, PG&E is filing a motion to file under seal which details the basis for PG&E's request for confidential treatment of Mr. Merriam's declaration.

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IV. REQUESTED RELIEF.

PG&E respectfully requests that the Commission approve the Application as amended herein, and determine that all costs associated with the Amendments and the underlying PPAs can be recovered through ERRRA, subject to PG&E's reasonable administration of the PPAs and the Amendments, and that the Amendments count toward the GHG Emissions Reduction Target included in the QF/CHP Settlement.

DATED: March 21, 2011

Respectfully submitted,

PACIFIC GAS AND ELECTRIC COMPANY

BY: _____ /S/
BRIAN K. CHERRY
Vice President – Regulatory Relations

BY: _____ /S/
EVELYN C. LEE

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APPENDIX A

Amended Declaration of Hugh Merriam (Confidential)

VERIFICATION

I, the undersigned, say:

I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized pursuant to Code of Civil Procedure § 446, ¶3, to make this Verification for and on behalf of said Corporation, and I make this Verification for that reason. I have read the foregoing Amendment to the Application filed on January 31, 2011, and I am informed and believe that the matters therein concerning Pacific Gas and Electric Company are true.

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

Executed on March 21, 2011, at San Francisco, California.

/S/

BRIAN K. CHERRY
Vice President – Regulatory Relations

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 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 March 21ST, 2011, I caused to be served a true copy of:

**AMENDMENT TO
APPLICATION OF
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FOR APPROVAL OF THREE POWER PURCHASE AGREEMENT
AMENDMENTS WITH EXISTING QUALIFYING FACILITIES
(PUBLIC VERSION)**

[XX] By Electronic Mail – serving the above via e-mail transmission to each of the parties listed on the official service list for A.08-11-001, R.06-02-013, R.04-04-003, R.04-04-025, R.99-11-022 with an e-mail address.

[XX] By U.S. Mail – by placing the above 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 list for A.08-11-001, R.06-02-013, R.04-04-003, R.04-04-025, R.99-11-022 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 21ST day of March, 2011 at San Francisco, California.

/S/
ELIZABETH J. DIAMOND