

**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**

**(CONFIDENTIAL VERSION)**

**CHARLES R. MIDDLEKAUFF  
EVELYN C. LEE**

Pacific Gas and Electric Company  
77 Beale Street, B30A  
San Francisco, CA 94105  
Telephone: (415) 973-6971  
Facsimile: (415) 973-5520  
E-mail: CRMd@pge.com

Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

Dated: March 21, 2011

**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**

**(CONFIDENTIAL VERSION)**

**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.

//

//

//

//

//

//

//

//

//

//



# **APPENDIX A**

## **Amended Declaration of Hugh Merriam (Confidential)**

**AMENDED DECLARATION  
OF  
HUGH MERRIAM  
(Confidential)**

I, Hugh M. Merriam, declare as follows:

Redacted

Redacted



Redacted

Redacted

