

PACIFIC GAS AND ELECTRIC COMPANY

**DECLARATION OF HUGH MERRIAM IN SUPPORT OF CONFIDENTIAL
TREATMENT OF CERTAIN DATA AND INFORMATION CONTAINED IN
PG&E'S RESPONSES TO ENERGY DIVISION'S REQUEST FOR
INFORMATION DATED JULY 22, 2011 AND JULY 26, 2011**

I, Redacted, declare:

1. I am currently employed by Pacific Gas & Electric Company ("PG&E") as a Manager within PG&E's Energy Procurement organization. I have been employed by PG&E for twenty-seven years, and during that time I have acquired knowledge of PG&E's contracts with numerous counterparties and have also gained knowledge of the operations of electric sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electric sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with the *Decision Adopting Model Protective Order and Non-Disclosure Agreement, Resolving Petition For Modification and Ratifying Administrative Law Judge Ruling, D.08-04-023* (April 18, 2008), I make this declaration seeking confidential treatment for certain data and information provided to staff outside of a formal proceeding, which is contained in PG&E's responses to the Energy Division's July 22, 2011 request for information, which PG&E provided to Staff on July 22, 2011 and July 26, 2011.

3. Generation from Qualifying Facilities (QF) comprises a significant portion of PG&E's electric resource. Consistent with the applicable laws and rules governing the confidentiality of utility power procurement information, PG&E seeks to maintain the confidentiality of the electric generating capacity procurement costs of its QF portfolio. Unauthorized release of this information could result in market manipulation to the detriment of electricity customers.

4. D.06-06-066 Appendix I, Matrix of IOU confidentiality rules, Sections II A 2 (Utility electric price forecasts), II.B.3 (Electric Cost Forecast Data – Generation – QF Contracts), Item IV F (Forecast of Post-1/1/2003 (“New World”) Bilateral Contracts, and Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties, except RPS) provide that PG&E’s forecast of the cost of procuring electricity in the marketplace and pursuant to QF contracts and from non-utility affiliates is confidential from the time the contract is submitted to the CPUC for approval. The forecast remains confidential for three years beginning at the time of submission. If the contract is approved, the three year period begins anew at the time of initial delivery under the contract.

5. PG&E seeks to protect the confidentiality of certain data made known to PG&E during settlement negotiations between Sellers that are existing QFs currently supplying energy and capacity under long term contracts with PG&E, and the Independent Energy Producers Association (IEP). Section 2.8 of General Order 66-C provide that “information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest” is excluded from public inspection. This information, which has been revealed to PG&E during settlement negotiations regarding contract amendments that have yet to be executed, provided to the Commission on July 22, 2011 and July 26, 2011 is confidential because it includes the commercial strategy of certain IEP members and should therefore remain protected from public disclosure until Seller executes its amendment.

6. Attached to this declaration is a matrix that identifies the data and information contained in PG&E’s response for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in the “IOU Matrix” attached as Appendix 1 of Decision 06-06-066. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential

protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference I am incorporating into this declaration all of the explanatory text in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct, and if called to testify on these matters, could and would competently do so.

Executed on August 1, 2011 in San Francisco, California.

/s/

Redacted

ATTACHMENT A

| Redaction Reference | 1) The material submitted constitutes data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N) | 2) Which category or categories in the Matrix the data correspond to: | 3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N) | 4) That the information is not already public (Y/N) | 5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected (Y/N) | PG&E's Justification for Confidential Treatment | Length of Time |
|---|--|--|---|---|---|--|----------------|
| Excel spreadsheet (filename "20110726_PGE Biomass Update-CONF.xls") | Y | II A 2 (Utility electric price forecasts), II.B.3 (Electric Cost Forecast Data – Generation – QF Contracts), Item IV F (Forecast of Post-1/1/2003 ("New World") Bilateral Contracts, and Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties, except RPS) | Y | Y | Y | PG&E's actual payments to the sellers during 2010 provides a forecast of PG&E's potential payments to the sellers which, when compared with the savings disclosed in the application, can be used to estimate the prices in the proposed QF PPA amendments. Accordingly, this is market sensitive information. | Three years |