

Brian K. Cherry
Vice President
Regulation and Rates

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

December 27, 2011

Advice 3978-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Revisions to the Amendment to an Existing Qualifying Facility Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources Between DG Fairhaven Power LLC and Pacific Gas and Electric Company

I. PURPOSE

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”), a letter agreement (“Letter Agreement”) that revises the amendment to the power purchase agreement between DG Fairhaven Power LLC (“DG Fairhaven”) and PG&E (“Amendment”) originally filed in Advice Letter 3843-E. The Letter Agreement is filed in compliance with Commission Resolution E-4427 (“Resolution”).

PG&E originally filed Advice Letter 3843-E on May 10, 2011 seeking the Commission’s approval of the Amendment executed with DG Fairhaven that provided a price adjustment for delivered energy in exchange for stricter performance obligations. The Resolution approved the Amendment and ordered PG&E to file a Tier 1 Advice Letter compliance filing to demonstrate that the Amendment had been modified to include all relevant non-modifiable standard terms and conditions currently required by the Commission.¹ PG&E and DG Fairhaven executed the Letter Agreement that revises the Amendment in accordance with the Resolution. The Letter Agreement is included as Appendix A to this filing.

¹ Resolution, Ordering Paragraph 2, pp. 14-15.

Protests:

Anyone wishing to protest this filing may do so by sending a letter by **January 17, 2012**, which is **21** days from the date of this filing.² The protest must state the grounds upon which it is based, including such items as financial and service impact, and it should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, and Honesto Gatchalian, Energy Division, at the address shown above.

The protest should also be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com.

Requested Effective Date:

PG&E requests that this advice filing become effective on **December 27, 2011**. PG&E submits this request as a Tier 1 advice letter.

² As the 20th day following this filing falls on a holiday, the end of the protest period is moved to the next business day.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for R.11-05-005 and R.10-05-006. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the Advice Letter and accompanying confidential attachments by overnight mail. Address changes to the GO 96-B service list and electronic approvals should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry" followed by a stylized flourish or initials.

Vice President – Regulation and Rates

cc: Service List for R.11-05-005
Service List for R.10-05-006
Andrew Schwartz – Energy Division
Cem Turhal – Energy Division

Attachments:

Appendix A – Letter Agreement Revising Amendment

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Greg Backens

Phone #: 415-973-4390

E-mail: gab4@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3978-E**

Tier: 1

Subject of AL: **Revisions to the Amendment to an Existing Qualifying Facility Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources Between DG Fairhaven Power LLC and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4427

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? No.

If so, what information is the utility seeking confidential treatment for: N/A

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: December 27, 2011

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed:

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Advice 3978-E
December 27, 2011

Appendix A

Letter Agreement Revising Amendment



**Pacific Gas and
Electric Company**

Marino Monardi
Director
Portfolio Management

77 Beale Street, Rm. 2525H
San Francisco, CA 94105

Mailing Address:
Mail Code B25H
P.O. Box 770000
San Francisco, CA 94177

415.973.8573
Fax: 415.973.9176
Email: M3MT@pge.com

John Wood
Executive Vice President
EWP Renewable Corporation
600 West Broadway, Suite 1600
San Diego, CA 92101

Re: Modification to Third Amendment executed on 2/28/2011 between Pacific Gas and Electric Company and DG Fairhaven Power LLC (PG&E Log No. 19P005)

This letter agreement shall amend the Third Amendment executed on 2/28/2011 by Terry Williams, President and CEO of DG Fairhaven Power LLC, and Roy Kuga, Vice President of Energy Supply Management at the Pacific Gas and Electric Company ("PG&E"), as amended.

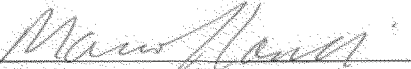
This letter agreement shall:

1. In Section 1, amend the definition of "CPUC Approval" to include at the end, after subsection (b), the following sentence: "CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable."
2. Include the following definition in Section 1: "Renewable Energy Credit" has the meaning set forth in California Public Utilities Code Section 399.12(f) and CPUC Decision 08-08-028, as may be amended from time to time or as further defined or supplemented by Law.
3. Delete Section 3.10 in its entirety and replace with the following:

"3.10 WREGIS. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract."
4. In Section 3.12 (b), replace the words "renewable energy credits" with "Renewable Energy Credits".

Best regards,

AGREED AND ACCEPTED DATE:

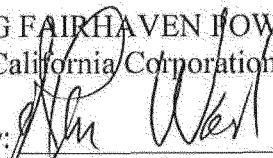

Marino Monardi
Director, Portfolio Management
Pacific Gas and Electric Company


Dec 9 2011

Concurring Statement

ACCEPTED AND AGREED:

DG FAIRHAVEN POWER LLC,
a California Corporation

By: 

John Wood

Its: Vice President

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Department of Water Resources	North Coast SolarResources
Alcantar & Kahl LLP	Dept of General Services	Northern California Power Association
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
BART	Duke Energy	Praxair
Barkovich & Yap, Inc.	Economic Sciences Corporation	R. W. Beck & Associates
Bartle Wells Associates	Ellison Schneider & Harris LLP	RCS, Inc.
Bloomberg	Foster Farms	Recurrent Energy
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy, Inc.	SMUD
Brookfield Renewable Power	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
CA Bldg Industry Association	Green Power Institute	San Francisco Public Utilities Commission
CLECA Law Office	Hanna & Morton	Seattle City Light
CSC Energy Services	Hitachi	Sempra Utilities
California Cotton Ginners & Growers Assn	In House Energy	Sierra Pacific Power Company
California Energy Commission	International Power Technology	Silicon Valley Power
California League of Food Processors	Intestate Gas Services, Inc.	Silo Energy LLC
California Public Utilities Commission	Lawrence Berkeley National Lab	Southern California Edison Company
Calpine	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Cardinal Cogen	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Casner, Steve	MAC Lighting Consulting	Sunshine Design
Center for Biological Diversity	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
City of San Jose	Merced Irrigation District	TransCanada
City of Santa Rosa	Modesto Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Morgan Stanley	United Cogen
Coast Economic Consulting	Morrison & Foerster	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	