

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 20, 2012

File No.: R.10-05-006

VIA EMAIL MEAE@pge.com

Meredith Allen
Senior Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale St.
P.O. Box 770000
San Francisco, CA 94177

RE: PG&E request for extension of 60-day time period pursuant to Decision (D).12-04-046

Dear Ms. Allen:

On June 15, on behalf of Pacific Gas and Electric Company, you requested a 60-day extension to the time period granted in D.12-04-046 for renegotiating and submitting contracts signed prior to the passage of AB 32 to address the treatment of greenhouse gas (GHG) costs and cost pass-through.

D.12-04-046 directed the utilities to work with counterparties to renegotiate contracts executed prior to the passage of AB 32 that contain no mechanism to pass forward GHG compliance costs and lack explicit terms or conditions specifying how responsibility for such costs will be divided between the counterparty and the utility. After 60 days from its effective date, D.12-04-046 indicated that this issue would be considered in Rulemaking (R.)11-03-012, the GHG Order Instituting Rulemaking, to the degree parties are unable to reach a resolution.

Your letter suggests this language establishes a deadline after which the utilities and counterparties are no longer allowed to engage in continued bilateral contract negotiations. This is not the intent of the language in D.12-04-046. The decision only establishes the first day the Commission could consider this issue in R.11-03-012. The Commission has a strong preference that contract disputes be addressed by the signatories to the contract given that such parties have the most in-depth knowledge of the contract itself and their own operations. However, the Commission recognizes that this is an important issue that must be addressed and does not intend to let the issue languish indefinitely. Parties may and should continue to negotiate bilaterally, and the Commission will simultaneously provide direction to bring the issue into the scope of R.11-03-012 absent a timely resolution.

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Given this, there is no need to extend the deadline as requested as PG&E and the other IOUs are still free, and in fact are encouraged, to continue negotiating with counterparties.

For all of the foregoing reasons, I deny PG&E's request.

Sincerely,

A handwritten signature in black ink that reads "Paul Clanon". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Paul Clanon
Executive Director

cc: Service List for R.10-05-006
Service List for R.11-03-012
PG&E, Kevin Hietbrink & Email List
President Peevey's Office
Karen Clopton, Chief Administrative Law Judge
ALJ, Peter Allen
ALJ, Jessica Hecht
ALJ, Melissa Semcer