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June 22, 2012

Advice 4069-E
(Pacific Gas and Electric Company U 39 E)

Public Utilities Commission of the State of California

Subject: Pacific Gas and Electric Company's Proposed Extension of Power Purchase Agreement with Bailey Creek

Introduction

Pacific Gas and Electric Company ("PG&E") requests the California Public Utilities Commission's ("Commission" or "CPUC") approval of an amendment to the power purchase agreement ("PPA") between PG&E and Bailey Creek Hydroelectric Inc. ("Bailey Creek" or "Seller"). This amendment will extend the existing PPA until Bailey Creek obtains a California Independent System Operator ("CAISO") Resource ID, but no later than December 31, 2012.

Background

In Decision ("D.") 10-12-035, the Commission approved the Qualifying Facility and Combined Heat and Power Settlement ("QF/CHP Settlement" or "Settlement") and adopted new pro-forma PPAs for QFs and CHP generators and a pro-forma pricing amendment for legacy QFs. The Settlement became effective on November 23, 2011 ("Settlement Effective Date"), at which time the approved agreements became available for execution.

Bailey Creek Ranch is a 630 kilowatt ("kW") run-of-the-river hydroelectric QF located in Shasta County which has sold power to PG&E under a legacy contract. PG&E has aggregated the Seller's deliveries under an aggregate CAISO Resource ID¹ for the purpose of scheduling its deliveries to the CAISO market. In order to use a different scheduling coordinator under a successor contract, Bailey Creek must have its own individual CAISO Resource ID. The CAISO requires the generator's attributes to be modeled in its Full Network Model ("FNM") before the generator can be scheduled; only then will a Resource ID be issued.

¹ "Resource ID" is defined in the CAISO tariff as "Identification characters assigned by the CAISO to Generating Units, Loads, Participating Loads, System Units, System Resources, and Physical Scheduling Plants."

Need for PPA Extension

Legacy QFs expiring during the Settlement's Initial Program Period have several commercial options available to them.² The QF/CHP Settlement PPAs specify that sellers must comply with the CAISO Tariff, specifically by executing a Participating Generator Agreement, obtaining a CAISO meter, and executing the appropriate transmission interconnection agreement. In the case of Bailey Creek, which has been aggregated with other small generators, it must also obtain its own individual CAISO Resource ID in order to have the option of using a scheduling coordinator other than PG&E under a successor contract. Seller's legacy PPA expired before it could obtain a CAISO Resource ID. This is partly due to the fact that new generating units are added to the CAISO FNM only on a quarterly basis. Seller wishes to continue generating under its existing PPA until its generation is incorporated into the CAISO FNM and its own Resource ID is issued. Based upon the CAISO's FNM update schedule, this should occur no later than December 31, 2012.³ A copy of the CAISO's 2012 FNM Database Release Schedule is provided as Appendix 1.

It is Reasonable to Extend the PPA Until Seller Obtains its Own Resource ID

Section 11.2 of the QF/CHP Settlement Term Sheet provides guidance for Legacy PPAs expiring within 120 days of the Settlement Effective Date.⁴ Section 11.2 of the Settlement Term Sheet, states:

“...The Parties shall use all reasonable efforts to meet conditions that would permit transition from the extensions to an approved and effective Subsequent PPA within one hundred and twenty (120) days after the Settlement Effective Date. Absent good cause shown, the extension of the Legacy CHP PPA shall terminate and the term of the Subsequent PPA commence no later than one hundred and twenty (120) days after the Settlement Effective Date. Good cause shall include pending regulatory approvals from the CPUC, CAISO or other Governmental Authority that prevents the delivery of power under a Subsequent PPA. ...”

The foregoing section of the Settlement Term Sheet authorizes the parties to an extended legacy QF PPA to further extend the contract if there is “good cause” for the extension. Although the Bailey Creek PPA expires after the 120 day timeline referenced in Section 11.2 of the Settlement Term Sheet and is therefore not a Legacy QF “on extension” under D.07-09-040, the direction to accommodate the regulatory delay that Legacy QFs may encounter when transitioning to the CAISO environment should apply in this case.

Bailey Creek was not aware of the requirement of an individual CAISO Resource ID for scheduling by a third-party SC because as a small generator, its deliveries have been aggregated.

² QF/CHP Settlement Term Sheet, Section 11

³ The CAISO must include the Bailey Creek project into the next Full Network Model, which is run every 3-4 months. This project is in line for “DB61” consideration according to the CAISO's database release schedule.

⁴ *Id*

Like the other examples of good cause in the Term Sheet, the delay in Bailey Creek being assigned a CAISO Resource ID number justifies the extension of its existing PPA. Accordingly, PG&E seeks Commission approval of an extension of the Bailey Creek contract until Bailey Creek receives its own Resource ID, but no later than December 31, 2012.

Benefits to PG&E's Customers

Bailey Creek Hydro is a run-of-river small hydroelectric facility which is also an eligible renewable energy resource, and Bailey Creek's power production is limited to a few months each year, beginning in late spring. Bailey Creek's PPA expired soon after the expiration of the 120-day period allowed by QF/CHP Settlement Term Sheet Section 11.2. PG&E has reached out to Bailey Creek on several occasions this year to remind the Seller of its option to continue deliveries under a new QF/CHP Settlement contract once its PPA has expired. However, shortly before its expiration date, Bailey Creek informed PG&E of its decision to obtain an individual Resource ID from the CAISO so that its generation can be scheduled by a third party. Without the extension of its existing PPA, Bailey Creek's deliveries to PG&E would cease.

Confidential Supporting Documents

In support of this advice letter, PG&E encloses the following confidential documentation:

- Confidential Attachment A: Bailey Creek Letter Extension Agreement (Log No. 13H119)

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **July 12, 2012**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

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

The protest also should 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:

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

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

Effective Date

PG&E requests that this Tier 2 advice letter be approved no later than July 22, 2012, with an effective date of **June 1, 2012**.

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 R.10-05-006 official service list. Address changes to the General Order 96-B service list should be directed to 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>.



Vice President – Regulatory Relations

Attachments: Appendix 1: CAISO's 2012 Fu II Network Model Database Release Schedule
Appendix 2: Declaration of Lynn Cerini and IOU Matrix
Confidential Attachment A: Bailey Creek Letter Extension Agreement (Log No. 13H119)

cc: Service List for R.10-05-006
Andrew Schwartz, Energy Division, CPUC
Cem Turhal, Energy Division, CPUC
Noel Crisostomo, Energy Division, CPUC
Brian Cragg, Counsel for Bailey Creek

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of,

among other items, the contracts themselves, price information, and analysis of the proposed energy procurement contracts, which are protected pursuant to D.06-06-066 and D.08-04-023. A declaration seeking confidential treatment of the following attachments is being submitted with this advice letter in accordance with D.08-04-023:

- Confidential Attachment A: Bailey Creek Letter Extension Agreement (Log No. 13H119)

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: Igor Grinberg

Phone #: 415-973-8580

E-mail: ixg8@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) #: **4069-E**

Tier: 2

Subject of AL: **Pacific Gas and Electric Company's Proposed Extension of Power Purchase Agreement with Bailey Creek**

Keywords (choose from CPUC listing): Compliance, Qualifying Facility, Contracts

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

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? If so, what information is the utility seeking confidential treatment for: Yes. See the attached matrix that identifies all of the confidential information

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: Lynn Cereni (415) 223-6737

Resolution Required? Yes No

Requested effective date: **June 1, 2012**

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: N/A

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

EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Appendix 1:
CAISO's 2012 Full Network Model Database
Release Schedule

2012 Full Network Model Database Release Schedule

The California ISO's Full Network Model (FNM) implementation process has specific critical dates to meet in order to include corresponding changes to the Full Network Model. The 2012 DB60, DB61 and DB62 FNM database schedules including all critical dates are listed in Table 1. The requirements and descriptions about these dates are explained in Table 2.

Table 1 FNM Database Critical Dates

Item	Generation Scope Cutoff	PTO Data Request Due	Metering and Telemetry Package Deadline 1	Metering and Telemetry Package Deadline 2	Final RIG DB	External RIG Cutoff	Production Effective Trade Date	RIMS Project Inclusion Date
DB60	April 25 th , 2012	May 14 th , 2012	May 16 th , 2012	May 31 th , 2012	June 6 th , 2012	June 7 th , 2012	August 16 th , 2012	November 1 st , 2012
DB61	June 27 th , 2012	July 17 th , 2012	July 19 th , 2012	August 2 nd , 2012	August 8 th , 2012	August 9 th , 2012	October 11 th , 2012	January 1 st , 2013
DB62	August 22 nd , 2012	September 17 th , 2012	September 13 th , 2012	September 27 th , 2012	October 3 th , 2012	October 4 th , 2012	December 19 th , 2012	March 15 th , 2013

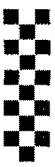
Table 2 Definitions of Critical Dates in the FNM schedule

Item	Requirements and Descriptions
<p>Generation Scope Cutoff</p>	<p>Date before or on which Generator Owners must provide the following information for projects to be included in this FNM scope:</p> <ul style="list-style-type: none"> • Initial Contact Information Request Template • Project Details for CAISO Template • Issued For Construction (IFC) Drawings conformed to Section 18 of Telemetry BPM for CAISO Review (One and three line diagrams) <p><i>Please refer to the following process matrix for links to the various templates and requirements: http://www.caiso.com/Documents/FullNetworkModelDocumentation_ProcessReferenceMatrix.xls If any above information is missed by Close of Business (COB) on this date, the project will be pushed out to the next FNM Database release.</i></p>
<p>PTO Data Request Due</p>	<p>Date before or on which PTOs must submit detailed project data to the CAISO for projects to be included in the model build. The date is one to two week(s) (depending on the size of the scope) after the initial scope is complete and delivered to respective PTOs.</p> <p><i>If any necessary information is missed by COB on this date, the project will be pushed out to the next FNM Database release.</i></p>
<p>Metering and Telemetry Package Deadline 1 (-15B* from External RIG Cutoff)</p>	<p>Date before or on which Generator Owners must provide the following information for projects in this model:</p> <ul style="list-style-type: none"> • Initial Meter Package: <ul style="list-style-type: none"> ○ Metering Scheme Overview ○ CAISO Approved Version of IFC Drawing conformed to Section 18 of Telemetry BPM (One and Three Line Diagrams) ○ Site Location ○ Metering Calculation Worksheet ○ Compensation Calculation to Point of Receipt (POR) ○ ISO Metering Certification Forms • MET Station Location (Solar and Wind Resources only) • Site Footprint Template (Solar and Wind Resources only) <p><i>If any of the required items is missing or action is incomplete by COB on this date, the project will be pushed out to the next FNM Database release. If the information is submitted on this date, CAISO needs three business days to review and provide the final feedback whether the project is included or not.</i></p>
<p>Metering and Telemetry</p>	<p>Date before or on which Generator Owners must provide the following information for projects in this model:</p>

<p>Package Deadline 2 (-5B* from External RIG Cutoff)</p>	<ul style="list-style-type: none"> • Communication Block Diagram (For both telemetry and metering) • ECN IP Address <p><i>If any of the required items is missing or action is incomplete by COB on this date, the project will be pushed out to the next FNM Database release. If the information is submitted on this date, CAISO needs three business days to review and provide the final feedback whether the project is included or not.</i></p>
<p>Final RIG DB (-1B* from External RIG Cutoff)</p>	<p>Date before or on which Generator Owners must provide the following information for projects to be included in the model:</p> <ul style="list-style-type: none"> • Owner Approved RIG Database Spreadsheet (The CAISO will provide the first draft of this spreadsheet)
<p>External RIG Cutoff</p>	<p>Date on which Generation Owners must meet all requirements (referring to Section 10 of Telemetry BPM for related requirements) for RIG and DPG projects to be included in the model.</p>
<p>Production Effective Trade Date</p>	<p>The effective trade date the model build or update will be promoted to Production. The date is normally the second or third Thursday of the even month.</p>
<p>RIMS Project Inclusion Date</p>	<p>Projects with an early operational date before or on this date as listed in the Resource Interconnection Management System (RIMS) database will be included in the listed model build. The date is the first of the month that is at least 60 days beyond the scheduled production date of the next model build.</p>

* Note: - XB: minus the total Business Days (X) from the external cutoff date.

Appendix 2:
Declaration of Lynn Cerini and IOU Matrix



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

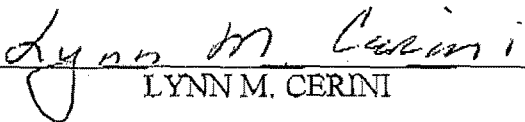
**DECLARATION OF LYNN CERINI IN SUPPORT OF
THE CONFIDENTIAL TREATMENT OF PG&E'S ADVICE LETTER FOR
APPROVAL OF AN EXTENSION TO THE BAILEY CREEK POWER PURCHASE
AGREEMENT**

I, Lynn Cerini declare:

1. I am a supervisor in the Energy Contract Management and Settlements Department at Pacific Gas and Electric Company (PG&E). I am responsible for managing qualifying facility power purchase agreements. This declaration is based on my personal knowledge of PG&E's electric portfolio and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information..
2. Based on my knowledge and experience, and in accordance with the "Administrative Law Judge's Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066," issued in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment for certain information contained in PG&E's attachment to its advice letter seeking approval of an extension of the Bailey Creek Power Purchase Agreement.
3. Attached to this declaration is a matrix identifying the data and information 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 Appendix 1 (the "IOU Matrix") 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 that is pertinent to my testimony 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. Executed on June 22, 2012 at San Francisco, California.


LYNN M. CERINI

PACIFIC GAS AND ELECTRIC COMPANY (S 39 E)
 ADVICE LETTER APPROVAL OF THE BAILEY CREEK POWER PURCHASE AGREEMENT EXTENSION
 JUNE 22, 2012

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of 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 in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Extension Agreement	Y	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties.	Y	Y	Y	This attachment contains confidential contract terms other than the contract summary terms, which are terms other than counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date, which are confidential for three years from the date the contract states deliveries are to begin.	For information covered under Item VII B), remain confidential for three years

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

AT&T	Defense Energy Support Center	North America Power Partners
Alcantar & Kahl LLP	Department of Water Resources	North Coast SolarResources
Ameresco	Dept of General Services	Northern California Power Association
Anderson & Poole	Douglass & Liddell	Occidental Energy Marketing, Inc.
BART	Downey & Brand	OnGrid Solar
Barkovich & Yap, Inc.	Duke Energy	Praxair
Bartle Wells Associates	Economic Sciences Corporation	R. W. Beck & Associates
Bloomberg	Ellison Schneider & Harris LLP	RCS, Inc.
Bloomberg New Energy Finance	Foster Farms	Recurrent Energy
Boston Properties	G. A. Krause & Assoc.	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	GLJ Publications	SCE
Brookfield Renewable Power	GenOn Energy, Inc.	SMUD
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
CENERGY POWER	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	Sunrun Inc.
Center for Biological Diversity	MBMC, Inc.	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	Marin Energy Authority	Tiger Natural Gas, Inc.
City of San Jose	McKenzie & Associates	TransCanada
City of Santa Rosa	Merced Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Modesto Irrigation District	United Cogen
Clean Power	Morgan Stanley	Utility Cost Management
Coast Economic Consulting	Morrison & Foerster	Utility Specialists
Commercial Energy	Morrison & Foerster LLP	Verizon
Consumer Federation of California	NLine Energy, Inc.	Wellhead Electric Company
Crossborder Energy	NRG West	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	NaturEner	eMeter Corporation
Day Carter Murphy	Norris & Wong Associates	