

October 30, 2013

Advice 4309-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject : Procurement Transaction Quarterly Compliance Filing (Q3 2013)

Pacific Gas and Electric Company ("PG&E") hereby submits to the California Public Utilities Commission ("Commission" or "CPUC") its compliance filing for the third quarter of 2013 in conformance with PG&E's Bundled Procurement Plan ("BPP") approved by the Commission in Decision ("D.") 12-01-033. PG&E's submittal of this Procurement Transaction Quarterly Compliance Report ("QCR") for record period July 1, 2013, through September 30, 2013, (Q3 2013) is in accordance with D.03-12-062, Ordering Paragraph 19, which requires that the QCR be submitted within 30 days of the end of the quarter.

Background

In D.07-12-052, the Commission directed Energy Division and the Investor-Owned Utilities ("IOUs") to continue the collaborative effort to develop a reformatted QCR. The Commission authorized Energy Division to implement a reformatted QCR and to make ministerial changes to the content and format of the report as needs arise. Energy Division and the IOUs finalized the QCR format in December 2008. This QCR is consistent with the final format authorized by Energy Division on December 15, 2008.

Compliance Items

Attachment 1 to this QCR includes a narrative with supporting Confidential Appendices that conforms to the reformatted QCR. The public version of Attachment 1 only includes the Narrative, which is not confidential. The confidential version of this QCR includes the following supporting Confidential Appendices:

- Appendix A – Third Quarter 2013 Electric and Natural Gas Transactions
- Appendix B – Third Quarter 2013 Counter-Party Information
- Appendix C – Third Quarter 2013 Electric Transactions Summary
- Appendix D – Third Quarter 2013 Natural Gas Transactions Summary
- Appendix E – Third Quarter 2013 Other Transactions

- Appendix F – Third Quarter 2013 Key Briefing Packages
- Appendix G – Third Quarter 2013 Independent Evaluator Reports
- Appendix H – Third Quarter 2013 New Contracts Executed/Contracts Amended
- Appendix I – Summary of Retained Generation Investments Completed During Third Quarter 2013
- Appendix J – System Load Requirements/Conditions
- Appendix K – Risk Management Strategy Communication and Management Disclosure
- Appendix L – Reasonable Number of Analyses Models, Description of Models, and How Models Operate
- Appendix M – Transactions Subject to Strong Showing

Attachment 2 to this QCR includes a confidentiality declaration and matrix.

The filing would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile E-mail, no later than November 19, 2013, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) 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) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Rule 3.11).

Effective Date

The requested effective date of this Tier 2 advice letter is November 29, 2013, which is 30 days after the date of filing.

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 Rulemaking ("R.") 12-03-014, R.01-10-024, and R.11-10-023. Address changes to the General Order 96-B service list and all electronic approvals should be sent 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>.

Brian Cherry /IG

Vice President – Regulatory Relations

cc: Service List R.12-03-014, R.01-10-024, R.11-10-023
PG&E's Procurement Review Group

Public Attachments: Attachment 1 – Narrative
Attachment 2 – Confidentiality Declaration and Matrix

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPU Utility: Northern Pacific Gas and Electric Company (ID: U39E)

Utility type:

Contact Person: Igor Grinberg

ELC ffi GAS

Phone#: (415) 973-8580

ffi PLC ffi HEAT ffi WATER

E-mail: ixg8@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC= Electric

GAS= Gas

PLC= Pipeline

HEAT= Heat

WATER= Water

Advice Letter (AL) ~~4309-E~~

Tier: 2

Subject of Procurement Transaction Quarterly Compliance Filing (Q3, 2013)

Keywords (choose from CPU listing): Compliance, Procurement

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

If AL filed in compliance with a Commission order, indicate relevant Decision D.03-01-063 and D.03-12-062

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

Summarized differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: attached Declaration and Matrix

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Sharon Tatai, (415) 973-2788 / Michael Kowalewski (415) 972-5589 / Marianne Aikawa (415) 973-0375

Resolution Required? Yes No

Requested effective date: November 29, 2013 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, commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

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

California Public Utilities Commission

Pacific Gas and Electric Company

Energy Division

Attn: Brian Cherry

ED Tariff Unit

Vice President, Regulatory Relations

505 Van Ness Ave., 4th Fl.

77 Beale Street, Mail Code B10C

San Francisco, CA 94102

P.O. Box 770000

E-mail: EDTariffUnit@cpuc.ca.gov

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Attachment 1

Quarterly Compliance Report Narrative

PACIFIC GAS AND ELECTRIC COMPANY
PROCUREMENT TRANSACTION QUARTERLY COMPLIANCE REPORT
FOR THE THIRD QUARTER OF 2013

October 30, 2013

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Summary of Attachments

- Confidential Attachment A: *Transactions*, provides a summary of all transactions executed during the Quarter, which are less than five years in length and that have not been filed through a separate advice filing or application.
- Confidential Attachment B: *Counterparty Information*, provides a summary of (1) all non-investment grade counterparties with whom PG&E transacted; and (2) the top 10 counterparties by volume during the Quarter.
- Confidential Attachment C: *Electric Transactions Summary*, provides a summary of the electric transactions executed during the Quarter.
- Confidential Attachment D: *Natural Gas Transactions Summary*, provides a summary of the gas transactions executed during the Quarter.
- Confidential Attachment E: *Other Transactions*, provides the executed transactions resulting from non-energy-related products during the Quarter.
- Confidential Attachment F: *Key Briefing Packages*, provides a summary of all relevant Procurement Review Group (PRG) agendas and presentations presented.
- Confidential Attachment G: *Independent Evaluator Reports*, provides any relevant Independent Evaluator (IE) report(s) completed during the Quarter.
- Confidential Attachment H: *New Contracts Executed/Contracts Amended*, provides a summary of all agreements executed and/or amended during the Quarter.
- Confidential Attachment I: *Summary of Retained Generation Investments Completed*, provides a summary of any investments related to retained generation facilities and multiple contracts for the same supplier, resource or facility, consistent with the requirements of D.07-01-039.
- Confidential Attachment J: *System Load Requirements/Conditions*, provides a summary of all information related to addressing PG&E's residual net open position.
- Confidential Attachment K: *Risk Management Strategy Communication and Management Disclosure*, provides a summary of all procurement-related risk strategies and issues communicated to PG&E's senior management.

Summary of Attachments
(Continued)

- Confidential Attachment L: *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*, provides a summary of any models related to the relevant transactions identified in this filing.
- Confidential Attachment M: *Transactions Subject to Strong Showing*, provides a summary and supporting documentation for strong showing transactions.

A. Introduction

As required by Ordering Paragraph (OP) 8 of Decision (D.) 02-10-062, and clarified in D.03-06-076, D.03-12-062, D.04-07-028, D.04-12-048 and D.07-12-052, Pacific Gas and Electric Company (PG&E) hereby provides its report demonstrating that its procurement-related transactions during the period July 1, 2013 through September 30, 2013 (Quarter) were in compliance with PG&E's Bundled Procurement Plan (BPP or Plan) approved by the California Public Utilities Commission (CPUC or Commission) in D.12-01-033 and D.12-04-046, except as noted in Sections B.5 and C.3 below.

B. Summary

During the Quarter, PG&E engaged in the following procurement activities in accordance with its BPP:

1. **Completed Competitive Solicitations** – PG&E is seeking approval for contracts executed from two competitive solicitations, through this Procurement Transaction Quarterly Compliance Report (QCR):
 - a. Intermediate-Term Request for Offers (ITRFO) (issued March 26, 2013).
 - b. 2014 Resource Adequacy (RA) and Import Energy Request for Offers (RFO) (issued July 17, 2013).
2. **Ongoing Competitive Solicitations** – PG&E continues to evaluate offers for the following competitive solicitation which has not yet concluded:
 - a. 2013 Greenhouse Gas (GHG) Offset Credit RFO (issued March 25, 2013).
3. **Other Procurement Activities, Approval Through This QCR** – PG&E is seeking approval of select transactions executed from other procurement activities, through this QCR:
 - a. Electric Transactions:
 - i. California Independent System Operator (CAISO) Monthly Congestion Revenue Rights (CRR) Allocation and Auction Processes
 - ii. CAISO 2014 Annual CRR Allocation and Auction Process
 - iii. Convergence Bidding
 - iv. Bilateral Agreements

- b. Gas Transactions:
 - i. Electronic Exchanges
 - ii. Bilateral Transactions
 - iii. Voice Brokering

These procurement activities are described in greater detail in Section 3, below.

4. **Other Procurement Activities, Approval Through Separate Advice Filing** –

The following Quarter 3 procurement activities are approved through separate regulatory processes, and are included here for informational purposes only:

- a. 2012 Renewables Portfolio Standard (RPS) RFO (issued on December 10, 2012) – PG&E continues to evaluate RPS RFO offers related to its 2012 RPS Plan.
- b. Fourth Renewable Auction Mechanism (RAM) RFO (issued on May 28, 2013) – PG&E continues to evaluate offers related to its fourth RAM RFO.
- c. Second Combined Heat and Power (CHP) RFO (issued on February 20, 2013) – PG&E continues to evaluate offers related to this RFO, issued in accordance with the Qualifying Facility/Combined Heat and Power (QF/CHP) Settlement, which became effective on November 23, 2011.¹

During the Quarter, PG&E also engaged in the following procurement activity that was not in accordance with its BPP:

5. **Other Procurement Activities, Approval Through the Annual Energy Resource Recovery Account (ERRA) Compliance Proceeding** – During the Quarter, PG&E executed certain financial gas transactions that were not in compliance with PG&E's approved Electric Portfolio Hedging Plan (Hedging Plan). Although this advice letter discusses the non-compliant transactions and the corrective actions that PG&E has taken to ensure that this issue does not re-occur, PG&E will be requesting approval of these transactions and associated activity in its 2013 ERRA Compliance application, which will be filed with the Commission in February 2014. Specifically, in its 2013 ERRA Compliance application, PG&E will be requesting that the Commission: (1) approve the non-compliant transactions that occurred during 2013; (2) approve the transactions that were executed in September 2013 to offset the unexpired, non-compliant 2013 transactions in PG&E's portfolio; and (3) direct that the net gain from these transactions be retained in PG&E's ERRA balancing account, which would result in a net benefit for PG&E's customers. Section C.3 below, discusses the transactions and associated activity in more detail.

¹ The QF/CHP Settlement Agreement indicates that each Investor-Owned Utility (IOU) shall conduct three RFOs during the "Initial Program Period" (or 48 months following the Settlement Effective Date) exclusively for CHP resources as a means of achieving its megawatt (MW) and greenhouse gas emissions reduction targets (*see* Term Sheet, Sections 4.2 and 5.1). PG&E issued its Second CHP RFO on February 20, 2013.

C. **Master Data Request Documentation**

D.02-10-062, Appendix B, as clarified by D.03-06-076, sets forth specific elements to be addressed in this report. Each element is discussed below.

1. **Identification of the ultimate decision maker(s) up to the Board level, approving the transactions.**

All procurement-related activity during the Quarter was approved and executed either by, or under the direction of, Fong Wan, Senior Vice President, Energy Procurement; Roy Kuga, Vice President, Energy Supply Management; Gary Jeung, Senior Director, Renewable Energy; Marino Monardi, Director, Portfolio Management; and/or Pete Koszalka, Director, Electric Gas Supply, consistent with the delegation of authority effective for the period.

2. **The briefing package provided to the ultimate decision maker.**

The “decision-maker” for a particular contemplated transaction depends on many factors, such as term, volume, and notional value. For many of the transactions during the Quarter, the “decision-maker” was a gas or power trading employee executing transactions (e.g., day-ahead or hour-ahead power purchases and sales) per an established plan or to achieve a particular objective (such as balancing the portfolio supply and demand). For such transactions, briefing packages are not prepared. Briefing packages prepared during the Quarter for transactions or procurement activities that required senior management approval are included in Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*. In addition, copies of presentations made by PG&E to its PRG during the Quarter are included in Confidential Attachment F, *Key Briefing Packages*.

3. Description of and justification for the procurement processes used to select the transactions.

a) Electric Procurement – Description

BPP-approved electricity procurement processes used during the Quarter include:

- Competitive solicitations
- CAISO’s CRR allocations and auctions
- Bilateral contracts
- Convergence bidding
- QF/CHP legacy contracts

b) Electric Procurement – Justification

1) For competitive solicitations, describe the process used to rank offers and select winning bid(s).

- Intermediate-Term RFO (ITRFO) – On March 26, 2013, PG&E issued its ITRFO. The primary objective of this RFO was to procure System Resource Adequacy (RA) and Local RA for the Greater Bay Area in the 2014-2017 timeframe. PG&E executed four RA contracts in July 2013 and one RA contract in August 2013. The RFO concluded on August 2, 2013. PG&E evaluated and selected offers based on five evaluation criteria: market valuation, portfolio fit, environmental considerations, credit and conformance with PG&E’s RA Confirmation, and Supplier Diversity. The evaluation criteria applied was in accordance with the protocol for this RFO.

In addition, during Quarter 3, PG&E exercised its contractual right to extend the existing tolling agreement with NRG for its Pittsburg facility. The extension covers Units 5, 6, and 7. The capacity amount contributed to the goal of the ITRFO.

An Independent Evaluator (IE) report was prepared for the ITRFO. An IE Report is required for all competitive solicitations that either involve affiliate transactions or utility-owned or utility turnkey bids, and for all competitive RFOs seeking products to satisfy service area need and supply-side resources greater than two years in length regardless of the bidders.

Relevant information is included in Confidential Attachment E, *Other Transactions*, Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment G, *Independent Evaluator Reports*, Confidential Attachment H, *New Contracts Executed/Contracts Amended*, and

Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.

- 2014 RA and Import Energy RFO – PG&E issued the 2014 Resource Adequacy and Import Energy RFO on July 17, 2013. PG&E sought to buy System RA Capacity, Import RA Capacity, and WSPP Schedule C Firm Energy; PG&E sought to sell Bay Area Local RA, Other PG&E Areas Local RA, and RA Import Allocation; and PG&E also sought RA Exchanges. Contracts were executed in September 2013, and the RFO concluded on September 30, 2013. PG&E evaluated and selected offers based on price. To the extent winning offers had equal prices, other qualitative factors were used to evaluate offers consistent with PG&E's desired procurement in the RFO. Relevant information is included in Confidential Attachment E, Other Transactions, Confidential Attachment F, Key Briefing Packages, Confidential Attachment H, New Contracts Executed/Contracts Amended, and Confidential Attachment L, Reasonable Number of Analyses Models, Description of Models, and How Models Operate.

2) For other transactional methods, provide the documentation supporting the selection of the chosen products.

The approved procurement processes used during the Quarter and supporting documentation include the following:

- CAISO Monthly CRR Allocation and Auction Process – During the Quarter, PG&E sought CRRs to fulfill the following objectives: (1) narrow the distribution of PG&E's energy procurement costs due to electric transmission congestion as measured by the electric To-expiration-Value-at-Risk; and (2) reduce the expected congestion costs that PG&E would incur in its operations. PG&E acquires CRRs for any path (represented by a source-sink pair) connecting existing generation sources to existing loads (e.g., retail loads, Helms pumping load and wholesale load obligations) or for any path that PG&E reasonably anticipates that it might need to flow energy in the future due to the addition of new contracts, resources or load obligations. Additionally, there may be CRRs which are positively correlated in value with CRRs for paths that have limited availability. PG&E is authorized to acquire CRRs for such positively correlated paths as well. Therefore, PG&E obtains CRRs that are determined to be valuable as hedges against congestion costs at the time they are offered, subject to risk assessment regarding the specific source/sink combinations as approved in its BPP.

PG&E estimated that a portion of its generation, imports and load in the months of August, September, and October 2013, remained exposed to congestion risk, and therefore participated in the CAISO's Monthly CRR

allocation and auction process to obtain CRRs to mitigate this risk. In July 2013, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO monthly CRR process to procure CRRs for August 2013. In August 2013, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO's monthly CRR process to procure CRRs for September 2013. In September 2013, PG&E participated in Tier 1, Tier 2, and Auction of the CAISO's monthly CRR process to procure CRRs for October 2013.

PG&E provided information regarding its CRR strategy to the PRG. Relevant information is included in Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment J, *System Load Requirements/Conditions*, Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.

- CAISO 2014 Annual CRR Allocation and Auction Process – PG&E participated in Tier 1 of the CAISO's annual release process for 2014 CRRs. Relevant information is included in Confidential Attachment F, *Key Briefing Package*, Confidential Attachment J, *System Load Requirements/Conditions*, and Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.
- Bilateral Agreement – During the Quarter, PG&E worked with one counterparty directly for RA products. Relevant information is included in Confidential Attachment A, *Transactions*, Confidential Attachment B, *Counterparty Information*, Confidential Attachment C, *Electric Transactions Summary*, Confidential Attachment E, *Other Transactions*, Confidential Attachment H, *New Contracts Executed/Contracts Amended*, and Confidential Attachment M, *Transactions Subject to Strong Showing*.
- Convergence Bidding – Based on factors including anticipated loads, resource availabilities and intermittent resource generation forecasts, PG&E participates in the CAISO's convergence bidding market. Relevant information is included in Confidential Attachment E, *Other Transactions* (attachment is a quarterly report), Confidential Attachment J, *System Load Requirements/Conditions*, and in Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*.
- QF/CHP Legacy Contracts (For informational purposes only) – Under the QF/CHP Program described above, some QF generators holding a legacy contract converted to new Power Purchase Agreements (PPA) (i.e., Under 20 MW PURPA PPA, Transition PPA, and As-Available PPA) during the Quarter. However, many of the remaining legacy QF contracts are still active and may require amendments or letter agreements to help the

generator meet the requirements of the Commission's new CHP Program (e.g., GHG administration and metering issues) that were not required under the former program. Relevant information is included in Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

c) Natural Gas Procurement - Description

PG&E procured natural gas during the Quarter using various methods, including:

- Electronic Exchanges – Commodity Purchases/Sales
- Electronic Exchanges – Gas Hedges
- Bilateral – Commodity Purchases/Sales
- Bilateral – Gas Parking and Lending
- Voice Brokers – Gas Hedges
- Voice Brokers – Commodity Purchases/Sales

d) Natural Gas Procurement - Justification

- i. For competitive solicitations, describe the process used to rank offers and select winning bid(s).
 - There were no competitive solicitations for natural gas procurement during this quarter.
- ii. For other transactional methods, provide the documentation supporting the selection of the chosen products.
 - Electronic Exchanges – Commodity Purchases/Sales – PG&E bought and sold physical natural gas on the Intercontinental Exchange (ICE) and the ICE Natural Gas Exchange (ICE/NGX) physical clearing service. ICE is an electronic system that matches buyers and sellers of natural gas products. Once buyer and seller are matched, ICE trades become bilateral trades. ICE/NGX trades are cleared by NGX rather than bilaterally. Transactions include forward transactions with deliveries starting within the next quarter and up to one month in duration, and one day transactions. Relevant information is included in Confidential Attachment A, Transactions.
 - Electronic Exchanges – Gas Hedges (In Compliance with D.12-01-033) – During the Quarter PG&E conducted hedging activities that were in compliance with its approved hedging plan. PG&E executed hedges (futures and options) directly on the ICE; these hedge transactions cleared through exchanges (ICE or the New York Mercantile Exchange [NYMEX]). ICE and NYMEX provide access to anonymous bids and offers establishing both a liquid and robust market for financial products, and a benchmark for bilateral products. These products include Henry Hub futures and options, and basis

futures against the industry benchmark indices, including Canadian Gas Price Reporter (CGPR), Gas Daily, Natural Gas Intelligence (NGI) and Inside Federal Energy Regulatory Commission (FERC) Gas Market Report. Relevant information is included in Confidential Attachment A, Transactions, and Confidential Attachment J, System Load Requirements/Conditions.

- Electronic Exchanges – Gas Hedges (Not in Compliance with D.12-01-033) – During the Quarter, PG&E conducted hedging activities that were not in compliance with its Hedging Plan. During a recent internal review of 2013 hedging transactions, PG&E determined that certain transactions that occurred in 2013 were outside one of the operating targets in PG&E’s Hedging Plan. As a result of this review, PG&E discovered 15 transactions that were executed in the third quarter of 2013 that were not in compliance with PG&E’s Hedging Plan because one of the Hedging Plan’s limits had been exceeded. These 15 transactions complied with the other BPP and Hedging Plan requirements and limits, including approved products, approved transaction processes, and approved energy markets. However, these transactions did not comply with one of the Hedging Plan operating targets.

The non-compliant transactions occurred because a control for one of the operating targets in the Hedging Plan was not included in PG&E’s electronic hedging implementation model. The electronic model guides PG&E’s execution of hedges and has embedded controls for Hedging Plan limits and targets that constrain when a transaction can be executed. If the operating target limit had been included in PG&E’s electronic model, the 15 non-compliant transactions would not have been executed.

At the time PG&E discovered the non-compliant transactions, none of the 15 transactions had settled. Since these transactions remained exposed to market price risk, PG&E executed 16 offsetting transactions during the first week of September 2013 to close out the open positions for the non-compliant transactions in Q3 and previous quarters (Q1, Q2 and Q3 2012 and Q1 and Q2 2013). Therefore, all non-compliant 2013 transactions positions have been closed and a resulting net gain will be realized. In its 2013 ERRA Compliance application, PG&E will be requesting Commission approval of the non-compliant transactions that occurred during 2013 including Q3; approval of the transactions that were executed in September 2013 to offset the unexpired, non-compliant transactions from 2012 and 2013; and approval to retain the net gain from these transactions in PG&E’s ERRA balancing account.

Since discovering the non-compliant transactions, PG&E has implemented additional procedural controls that will prevent the reoccurrence of this issue and is updating its electronic model to include all provisions (constraints and limits) in the Hedging Plan. This model has already been modified to include the limit that would have prevented the execution of the non-compliant trades discussed here and was modified to correct a minor calculation error. In addition to updating the electronic model, PG&E has developed a compliance

report that will demonstrate that each of PG&E's gas financial trades complied with all provisions of its Hedging Plan. PG&E will begin providing these compliance reports with its QCR beginning Q4 2013 and will provide these reports for Q3 2013 as soon as practicable. These transactions are detailed in Confidential Attachment A, *Transactions*.

- Bilateral – Commodity Purchases/Sales – PG&E bought and sold gas directly with counterparties in the bilateral market. Spot gas (deliveries less than one month) is traded at fixed prices and Gas Daily or CGPR index. Relevant information is included in Confidential Attachment A, *Transactions*. Prompt month supply (deliveries each day of the following month) and term gas (greater than one month forward or one month in duration) is traded at fixed price, daily index (Gas Daily or CGPR) or monthly or bidweek index (CGPR, NGI, or IFERC) prices.
- Bilateral – Gas Parking and Lending – PG&E purchased gas parking and/or lending services to balance its daily supplies with demand. The term of the parking and lending transactions was through the following (prompt) month or shorter. Relevant information is included in Confidential Attachment A, *Transactions*.
- Voice Brokers – Gas Hedges – PG&E executed hedges (futures) through voice brokers that resulted in exchange-cleared trades. Brokers provide access to anonymous bids and offers from both bilateral parties and cleared counterparties. After a broker matches a buyer and a seller in a trade, the parties will determine whether the trade will be settled bilaterally or cleared through NYMEX or ICE. The broker market trades the same financial products as the bilateral market. Relevant information is included in Confidential Attachment A, *Transactions*.
- Voice Brokers – Commodity Purchases/Sales – PG&E executed physical gas supply transactions through voice brokers that resulted in bilateral transactions. Brokers provide access to anonymous bids and offers from both bilateral parties and cleared counterparties. After a broker matches a buyer and a seller in a trade, the parties will determine whether the trade will be settled bilaterally or cleared through NGX. The broker market trades the same products as the bilateral market. Relevant information is included in Confidential Attachment A, *Transactions*.

e) Other Commodities

- California Air Resources Board (CARB) Allowance Allocation and Auction Processes – PG&E received its annual allocation of allowances from CARB in September 2012 of Vintage 2013 allowances. All of these allowances in turn will be allocated into the quarterly CARB Auctions as required by the regulations. As PG&E cannot use any of its allocated allowances to satisfy its greenhouse gas (GHG) compliance obligations, allowances must separately be procured.

CARB held its fourth allowance auction on August 16, 2013 for vintage 2013 and 2016 allowances. PG&E is authorized to procure GHG products through CARB Auctions, approved exchanges, and utilizing a competitive RFO process. PG&E provided information regarding its allowance procurement strategy to the PRG. Relevant information is included in Confidential Attachment E, *Other Transactions*, Confidential Attachment F, *Key Briefing Packages*, Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*, and Confidential Attachment L, *Reasonable Number of Analyses Models, Description of Models, and How Models Operate*.

4. Explanation/justification for the timing of the transactions.

a) Electric Transactions

When selecting electric transactions, the best-priced bids/offers are selected first (merit-order selection) among those available for the required products at the time of the transaction, subject to credit and other limitations and operational constraints. Operational constraints include the local area reliability requirements of the CAISO, as set forth in D.04-07-028. Detailed explanation/justification for the timing of the transactions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

b) Natural Gas Transactions

For daily physical gas transactions, timing of execution is primarily driven by the requirement to match fuel usage and supply on a daily and monthly basis, and by the availability of information impacting expectations for daily dispatch of electric generating units. For transactions one month or longer, PG&E typically fills its forecast short gas positions in month-ahead, seasonal, or annual blocks, depending on the liquidity and prices available in each of these markets. Execution of term transactions is based on the PG&E Electric Portfolio 2013 Physical Gas Procurement Plan and documentation supporting the timing of transactions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

5. Discussion of the system load requirements/conditions underlying the need for the Quarter's transactions.

a) Near-Term Planning and Procurement

PG&E develops a near-term analysis of its resource position (intra-month through several months forward) using an optimization model, which solves for lowest cost by optimizing a mix of resources to meet requirements, including dispatchable California Department of Water Resources contracts, Utility-Owned Generation resources, PPAs with dispatchability, Tolling Arrangements with "Merchant Plants," and market purchases, while accounting for all resource requirements and constraints (must-run, must-take and operating constraints).

Term and BOM purchases and sales may be transacted to close the net open position and to reduce PG&E's reliance on the spot market. After identifying transactions required to meet the must-run, must-take and operating constraints, PG&E considers "economic" transactions that involve decisions regarding dispatchable units and market purchases/sales. The decision to engage in "economic" transactions is more complex and depends on several quantitative and subjective factors. "Economic" transactions are conducted using information and data regarding system conditions, market prices and options available at the time of the decision. While potentially attractive "economic" transactions that reduce ratepayer volatility inherently include risks that must be considered, such as: (a) sharp swings in electric prices; (b) changes in production costs due to market dynamics; or (c) system changes, which may result in these transactions becoming more, or less, valuable, during the operating period or possible losses on hedge transactions. Additionally, changes in load or expected generation and other market and system conditions may result in having to buy (or sell) energy in the day-ahead or Real-Time Markets (RTM) at a cost greater than the revenue earned (or a price less than paid) in the forward transaction. Factors that go into the decision to engage in these transactions include (but are not limited to) the

forecasted level of short/long energy during the forecasted period, sensitivity to changes in market price, reserve margins and demand volatility.

b) PG&E Participation in the CAISO Markets

PG&E participates in the CAISO Day Ahead electricity markets. PG&E's day-ahead planning and procurement incorporates weather-adjusted load forecasts, resource availability, price forecasts, dispatch costs and current bilateral electric market and forecasts of the CAISO's IFM prices. The results of this analysis will determine the price PG&E is willing to pay the CAISO to have it meet PG&E's forecasted hourly load in the Day-Ahead Market and the costs of each of its dispatchable resources to use to bid these resources into the IFM and Hour-Ahead Scheduling Process/RTM. The CAISO then assures least cost dispatch by considering all resources simultaneously with all transmission constraints.

In the RTM, similar to the day-ahead market, PG&E submits resource bids and schedules into CAISO markets and those resources that clear the market will be obligated to operate in real time.

c) PG&E-Owned Generation Conditions During Third Quarter 2013

PG&E received 149 percent of normal rainfall during the Quarter. Because normal precipitation for the Quarter is very low, this does not represent a significant amount of usable water.

Helms Pumped Storage Facility (Helms) was used throughout the quarter as unit availability, system conditions, and economics allowed. Helms 3 (404 MW) was out of service at the end of the quarter on maintenance outage returning on October 13, 2013.

Planned outages lasting longer than 72 hours on conventional hydro facilities greater than 30 MW during the Quarter included work at Drum U5 (49.5 MW), Pit 5 Unit 1 (40 MW), Salt Springs Units 1 and 2 (11 MW and 33 MW) and Stanislaus (91 MW).

Forced outages lasting longer than 24 hours at conventional hydro facilities greater than 30 MW were incurred at Kings River (52 MW), Pit 5 Units 3 and 4 (40 MW each), Rock Creek Unit 2 (56 MW) and Stanislaus (91 MW).

For fossil generation there were no planned outages at the Gateway or Colusa Generating Stations during the quarter. Humboldt Bay Generating Station (HBGS) experienced one scheduled maintenance outage on Unit 6 engine and planned switchyard work effecting Units 1, 2, 3, 9 and 10. There were two forced outages for fossil generation that occurred at HBGS on Units 7 and 10.

Diablo Canyon Nuclear Plant experienced two forced outages during the Quarter; Unit 1 (1,122 MW) due to an issue with reactor coolant piping from June 26 to July 5, and Unit 2 (1,118 MW) due to electrical flash to ground on the main bank transformer system from July 10 to July 15. There were no planned outages at Diablo Canyon during the Quarter.

A discussion of the monthly system conditions is included in Confidential Attachment J, *System Load Requirements/Conditions*.

6. Discussion of how the Quarter's transactions meet the goals of the risk management strategy reflected in the Plan.

As described in Section 3.d. above, during the Quarter, PG&E executed transactions in accordance with its Hedging Plan. A list of information regarding Consumer Risk Tolerance notifications and management disclosures is included in Confidential Attachment K, *Risk Management Strategy Communication and Management Disclosure*.

Section 3.d. above also describes financial transactions that were not in compliance with its Hedging Plan, offsetting transactions, and PG&E's proposed treatments of any gains.

7. Copy of each contract.

A list of transactional contracts executed and/or modified by PG&E during the Quarter is included in Confidential Attachment H, *New Contracts Executed/Contracts Amended*. Copies of the contracts that were not separately filed are also included in this attachment.

8. The valuation results for the contract(s) (for contracts of three months or greater duration).

PG&E provides the valuation method and results for the contracts filed via this QCR in Confidential Attachment H, *New Contracts Executed/Contracts Amended*.

9. An electronic copy of any data or forecasts used to analyze the transactions.

Because transaction personnel are continuously monitoring a wide range of market information on a 24-hour-per-day, 7-day-per-week basis, it is not feasible to provide all the data and forecasts used to analyze all potential and executed transactions. However, key analysis data utilized during the Quarter is contained in Confidential Attachment J, *System Load Requirements/Conditions*.

10. Provide a reasonable number of analyses requested by the Commission or the PRG and provide the resulting outputs.

To the extent any analyses requested by the Commission or PRG during the Quarter were not already included as a part of PG&E's response to Items 1 through 9 above, such additional analyses would be contained in Confidential Attachment F, *Key Briefing Packages*.

11. Any other information sought by the Commission under the Public Utilities Code.

To the extent that the Commission has requested information for the Quarter as identified in the Master Data Request, this information is included in the confidential attachment workpapers. In addition, the Commission's Energy Division has requested that PG&E provide transparent exchange traded prices. PG&E has included this

information in Confidential Attachment A, *Transactions* and in Confidential Attachment M, *Transactions Subject to Strong Showing*.

D. Additional Reporting Requirement Pursuant to Decision 07-01-039

As required by OP 12 of D.07-01-039, PG&E has included in Confidential Attachment I, *Summary of Retained Generation Investments Completed*, investments in retained generation that were completed during the Quarter, as well as any multiple contracts of less than five years with the “same supplier, resource or facility” as required in D.07-01-039 on page 154. These were no transactions or investments to report during the Quarter.

E. Cost Allocation Mechanism (CAM)

For the Quarter, in compliance with Resolution E-4529, PG&E executed one contract that qualifies as a CAM resource and filed it as Advice Letter 4275-E.

Attachment 2

Confidentiality Declaration and Matrix

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

**DECLARATION OF MARIANNE AIKAWA
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4309-E REGARDING
CONFIDENTIAL ATTACHMENTS A, B, C, E, H, I, J, L, AND M**

I, Marianne Aikawa, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1989. My current title is Senior Manager within PG&E's Energy Procurement organization. In this position my responsibilities include reviewing regulatory reports. In carrying out these responsibilities, I have acquired knowledge of PG&E's regulatory reporting and have also gained knowledge of electric energy procurement data, processes, and practices. Through this experience, I have become familiar with the type of information that would affect the regulatory filing, as well as with the type of information that would be considered confidential and proprietary.
2. Based on my knowledge and experience, and in accordance with Decision ("D.") 08-04-023 and the August 22, 2006 "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of PG&E's October 30, 2013 Advice Letter 4309-E, Confidential Attachments A, B, C, E, H, I, J, L, and M. By this Application, PG&E is seeking the Commission's approval of Quarter Three, 2013 Procurement Transaction Quarterly Compliance Report, submitted by PG&E.
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 I of D.06-06-

066 and Appendix D.08-04-023 (the "IOU Matrix"), and/or constitutes information that should be protected under General Order 66-C. 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 that is pertinent to this submittal.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed on October 30, 2013, at San Francisco, California.

_____/s/_____
Marianne Aikawa
Senior Manager
Energy Compliance and Report
Energy Procurement
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROPOSAL REGARDING ADVICE LETTER 4309-E
PROCUREMENT TRANSACTION QUARTERLY COMPLIANCE REPORT OF QUARTER THREE 2013
October 30, 2013**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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|--|---|--|---|---|---|--|----------------|
| Document: Confidential Attachment 3 | | | | | | | |
| Attachment A – Physical and Financial Electric Deals | Y | Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | Y | N | Y | Disclosure of monthly and daily data provides an understanding of PG&E's strategy for closing out its net open position. This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per AB 57 and is confidential for three years. | 3 Years |
| Attachment B – Counterparty Information, including non-investment grade counterparties table: "List of Non- | N | CPUC General Order 66-C | N/A | N | Y | Counterparty sales information constitutes confidential non-utility business information protected under GO 66-C. | Indefinite |

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|---|---|---|---|---|---|---|----------------|
| Investment Grade Counterparties | | | | | | | |
| Attachment C - Electric Transactions, tables by transaction, volume, and dollar value: "Electric Physical," "Electric Financial," "Electric-Physical-HA Only," "List of Top Ten Counterparties" | Y | Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | Y | N | Y | These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve the confidentiality of ERRA documentation. | 3 Years |
| Attachment C - Electric Transactions (see above) | Y | Item VI) E) and F) Utility Planning Area Matrix Net Open | Y | N | Y | This information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report. | 3 Years |

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|-----------------------------------|---|--|---|---|---|---|----------------|
| | | (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | | | | | |
| Attachment E – Other Transactions | Y | VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties, | Y | N | Y | This information includes confidential contract information for contracts between PG&E and non-affiliated third parties. | 3 Years |
| Attachment H - Executed Contracts | Y | VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non- | Y | N | Y | Disclosure of information would provide counterparty name, volume, and price and would provide market sensitive information regarding bid strategy and selection. | 3 Years |

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
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|---|---|---|---|---|---|--|----------------|
| | | affiliated third parties | | | | | |
| Attachment I – Summary of Retained Generation Investments | N | CPUC General Order 66-C | N/A | N | Y | Information on retained generation investments constitutes confidential business information protected under GO 66-C. | Indefinite |
| Attachment J – System Conditions | Y | Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item VI) Utility Bundled Net Open Position (Electric) | Y | N | Y | Residual net short/long is key input to PG&E's confidential forecast of net open position The residual net short/long is information is provided to Energy Division on a confidential basis per AB 57 and must be protected here to preserve confidentiality of the AB 57 report. | 3 Years |
| Attachment L - Reasonable Number of Analyses | Y | Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) Item XIII) Energy Division Monthly Data Request (AB 57) XI) Monthly | Y | N | Y | These analyses are the basis of the monthly variable cost of energy and utility operation, which must be protected to preserve details which would reveal PG&E's position in the market place. | 3 Years |

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
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|---|---|---|---|---|---|---|----------------|
| | | Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | | | | | |
| Attachment M – Transactions Subject to Strong Showing | Y | Item VI) E) and F) Utility Planning Area Matrix Net Open (Electric) VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties | Y | N | Y | Disclosure of information would provide counterparty name, volume, and price and would provide market sensitive information regarding bid strategy and selection. | 3 Years |

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

**DECLARATION OF SHARON K. TATAI
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4309-E REGARDING
CONFIDENTIAL ATTACHMENTS F, G, AND K**

I, Sharon K. Tatai, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1980. My current title is Manager within PG&E's Energy Procurement organization. In this position, my responsibilities include review of regulatory reports and managing PG&E's Procurement Review Group and Independent Evaluator program. In carrying out these responsibilities, I have acquired knowledge of PG&E's regulatory reporting and have also gained knowledge of electric energy procurement data, processes, and practices. Through this experience, I have become familiar with the type of information that would affect the regulatory filing, as well as with the type of information that would be considered confidential and proprietary.
2. Based on my knowledge and experience, and in accordance with Decision ("D.") 08-04-023 and the August 22, 2006 "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of PG&E's October 30, 2013 Advice Letter 4309-E, Confidential Attachments F, G, and K. By this Application, PG&E is seeking the Commission's approval of Quarter Three, 2013 Procurement Transaction Quarterly Compliance Report, submitted by PG&E.
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 I of D.06-06-066 and Appendix D.08-04-023 (the "IOU Matrix"), and/or constitutes information that should be protected under General Order 66-C. 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 that is pertinent to this submittal.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed on October 30, 2013, at San Francisco, California.

_____/s/_____
Sharon K. Tatai
Manager
Energy Compliance and Report
Energy Procurement
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
 PROPOSAL REGARDING ADVICE LETTER 4309-E
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|--|---|--|---|---|---|--|---|
| Document: Confidential Attachment 1 | | | | | | | |
| Attachment F – PRG Material | Y | Item VII) E) New non-utility affiliated bilateral contracts – Electric CPUC General Order (G.O.) 66-C | Y | Y | Y | Presentations to the PRG provide confidential bilateral contract terms, including price and performance terms. Confidentiality protection depends on type of material presented, see, <i>infra</i> . The information constitutes confidential business information protected under GO 66-C. | 3 Years from initial delivery date specified in contract or 1 Year after termination of deliveries, whichever is less |
| Attachment G – Independent Evaluator Reports | N | CPUC General Order 66-C | N/A | Y | Y | Disclosure of information would provide counterparty name, volume, and price and would provide market sensitive information regarding bid strategy and selection. The information constitutes confidential business information protected under GO 66-C. | Indefinite |

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
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|-----------------------------------|--|--|--|--|--|--|-----------------------|
| Attachment K – Risk Management | N | CPUC General Order 66-C | Y | Y | Y | TeVaR and supporting forecasts and analysis are confidential. In addition, the Risk Management Committee attachments address PG&E's energy procurement strategy, price, volumes, and counterparties. The information constitutes confidential business information protected under GO 66-C. | Indefinite |

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

**DECLARATION OF MICHAEL KOWALEWSKI
SEEKING CONFIDENTIAL TREATMENT OF FOR CERTAIN DATA AND
INFORMATION CONTAINED IN PG&E'S ADVICE LETTER 4309-E REGARDING
CONFIDENTIAL ATTACHMENTS A, B, D, J, and M**

I, Michael Kowalewski, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee since 1992. My current title is Manager, Electric Gas Supply in the Energy Supply Management Department, which is part of the Energy Procurement Department. In this position, my responsibilities include physical and financial gas supply management and trading in support of PG&E's allocated DWR contracts, PG&E's company-owned generating facilities, and PG&E's tolling agreements. In carrying out these responsibilities, I have acquired knowledge of gas supply and gas hedging for electric generation, the markets for physical and financial products for gas supply and hedging, and the various types of transactions involved.
2. Based on my knowledge and experience, and in accordance with Decision ("D.") 08-04-023 and the August 22, 2006 "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of PG&E's October 30, 2013 Advice Letter 4309-E, Confidential Attachments A, B, D, J, and M. By this Application, PG&E is seeking the Commission's approval of Quarter Three, 2013 Procurement Transaction Quarterly Compliance Report, submitted by PG&E.
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 I of D.06-06-

066 and Appendix D.08-04-023 (the "IOU Matrix"), and/or constitutes information that should be protected under General Order 66-C. 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 that is pertinent to this submittal.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed on October 30, 2013, at San Francisco, California.

/s/
Michael Kowalewski
Manager, Electric Gas Supply
Energy Supply Management
PACIFIC GAS AND ELECTRIC COMPANY

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROPOSAL REGARDING ADVICE LETTER 4309-E
PROCUREMENT TRANSACTION QUARTERLY COMPLIANCE REPORT OF QUARTER THREE 2013
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|---|---|--|---|---|---|--|---|
| Document: Confidential Attachment 2 | | | | | | | |
| Attachment A – Physical Natural Gas Spot Transactions | Y | Item I) B) 2) Utility recorded gas procurement and cost information XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | Y | N | Y | Actual quantity and cost of procured gas are protected. | 1 and 3 Years |
| Attachment A – Physical Natural Gas Term Transactions and/or Financial Natural Gas Transactions | Y | Item I) B) 2) Utility recorded gas procurement and cost information Item I) A) 4) Long-term fuel (gas) buying and hedging plans | Y | N | Y | Actual quantity and cost of procured gas are protected. Each transaction is a factor in PG&E's long term buying and hedging strategies. With the entire set of transactions PG&E's counterparties could reconstruct PG&E's gas buying and hedging | 1 and 3 Years; Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution E- |

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
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|---|---|---|---|---|---|--|---|
| | | XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | | | | plans. This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per Assembly Bill 57 | 4276, Finding 8) This date is January 1, 2019. |
| Attachment B – Counterparty Information, including counterparty concentration – Table “List of Top Ten Counterparties” by transaction, volume, and dollar value | N | CPUC General Order 66-C | N/A | N | Y | Counterparty sales information constitutes confidential non-utility business information protected under GO 66-C. | Indefinite |
| Attachment D – Natural Gas Transactions | | Item I) B) 2) Utility recorded gas procurement and cost | | | | PG&E's hedging strategies may be deduced through an analysis of PG&E's summarized transactions. | 1 and 3 Years; |

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROPOSAL REGARDING ADVICE LETTER 4309-E
PROCUREMENT TRANSACTION QUARTERLY COMPLIANCE REPORT OF QUARTER THREE 2013
October 30, 2013**

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 corresponds 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 |
|---|---|--|---|---|---|---|--|
| | Y | information Item I) A) 4) Long-term fuel (gas) buying and hedging plans; XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | Y | N | Y | | Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution E-4276, Finding 8) This date is January 1, 2019. |
| | | | | | | | |
| | | | | | | | |
| Attachment J - Gas Transaction, Natural Gas Documents | Y | Item I) A) 4) Long-term fuel (gas) buying and hedging plans | Y | N | Y | This information includes detailed information on PG&E's implementation of its fuel buying and hedging plans and must remain confidential to avoid disclosing PG&E's market strategy. | 3 Years and Confidential for three years past expiration of the |

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|--|---|---|---|---|---|---|--|
| | | | | | | | last trade executed under the hedging plan. (Resolution E-4276, Finding 8) This date is January 1, 2019. |
| Attachment M – Transactions Subject to Strong Showing - Physical Natural Gas, Term Transactions, and/or Financial Natural Gas Transactions | Y | Item I) A) 4) Long-term fuel (gas) buying and hedging plans; Item I) B) 2) Utility recorded gas procurement and cost information; XI) Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings) | Y | N | Y | Actual quantity and cost of procured gas are protected. Each transaction is a factor in PG&E's long term buying and hedging strategies. With the entire set of transactions PG&E's counterparties could reconstruct PG&E's gas buying and hedging plans. This information reveals procurement cost categorized by transaction type, which is provided to Energy Division per Assembly | 3 Years and Confidential for three years past expiration of the last trade executed under the hedging plan. (Resolution E-4276, Finding 8) This date is January 1, 2019. |

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|---------------------|---|--|---|---|---|---|----------------|
| | | | | | | Bill 57 | |

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

| | | |
|---|---|--|
| 1st Light Energy | Douglass & Liddell | Occidental Energy Marketing, Inc. |
| AT&T | Downey & Brand | OnGrid Solar |
| Alcantar & Kahl LLP | Ellison Schneider & Harris LLP | Pacific Gas and Electric Company |
| Anderson & Poole | G. A. Krause & Assoc. | Praxair |
| BART | GenOn Energy Inc. | Regulatory & Cogeneration Service, Inc. |
| Barkovich & Yap, Inc. | GenOn Energy, Inc. | SCD Energy Solutions |
| Bartle Wells Associates | Goodin, MacBride, Squeri, Schlotz & Ritchie | SCE |
| Braun Blasing McLaughlin, P.C. | Green Power Institute | SDG&E and SoCalGas |
| CENERGY POWER | Hanna & Morton | SPURR |
| California Cotton Ginners & Growers Assn | In House Energy | San Francisco Public Utilities Commission |
| California Energy Commission | International Power Technology | Seattle City Light |
| California Public Utilities Commission | Intestate Gas Services, Inc. | Sempra Utilities |
| California State Association of Counties | K&L Gates LLP | SoCalGas |
| Calpine | Kelly Group | Southern California Edison Company |
| Casner, Steve | Linde | Spark Energy |
| Center for Biological Diversity | Los Angeles Dept of Water & Power | Sun Light & Power |
| City of Palo Alto | MAC Lighting Consulting | Sunshine Design |
| City of San Jose | MRW & Associates | Tecogen, Inc. |
| Clean Power | Manatt Phelps Phillips | Tiger Natural Gas, Inc. |
| Coast Economic Consulting | Marin Energy Authority | TransCanada |
| Commercial Energy | McKenna Long & Aldridge LLP | Utility Cost Management |
| County of Tehama - Department of Public Works | McKenzie & Associates | Utility Power Solutions |
| Crossborder Energy | Modesto Irrigation District | Utility Specialists |
| Davis Wright Tremaine LLP | Morgan Stanley | Verizon |
| Day Carter Murphy | NLine Energy, Inc. | Water and Energy Consulting |
| Defense Energy Support Center | NRG Solar | Wellhead Electric Company |
| Dept of General Services | Nexant, Inc. | Western Manufactured Housing Communities Association (WMA) |
| Division of Ratepayer Advocates | North America Power Partners | |