

October 30, 2006

Advice 2860-E-A
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing for First Amendment to the February 23, 2006 Master Power Purchase and Sale Agreement Between Military Pass Road-Newberry Volcano LLC and Pacific Gas and Electric Company.

I. PURPOSE

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utility Commission (CPUC) a supplemental Filing for Advice 2860-E, dated July 14, 2006. The purpose of this supplement is to amend certain terms and conditions in the Power Purchase Agreement (PPA) between Military Pass Road-Newberry Volcano LLC (Vulcan) and PG&E, to conform with the "May not be Modified" Standard Contract Terms and Conditions defined in the CPUC Decision 04-06-014, Appendix A.

This amendment to the PPA between Vulcan and PG&E ensures that the PPA conforms to all non-modifiable Contract Terms and Condition as defined in the Commission Decision 04-06-014, Appendix A.

PG&E provides a copy of the first amendment to the February 23, 2006, PPA in confidential Appendix A.

Protests

Anyone wishing to protest this filing may do so by sending a letter by November 20, 2006, which is 21¹ days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

¹ The 20 day protest period concludes on a weekend. PG&E moves the protest period to the following business day.

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

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, 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.

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

Facsimile: (415) 973-7226
E-Mail: PGETariffs@pge.com

Effective Date:

PG&E requests that this advice filing become effective on **November 30, 2006**.

Notice:

In accordance with General Order 96-A, Section III, Paragraph G, 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 list for R.01-10-024 and R.06-05-027. 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 should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Brian K. Cherry
Vice President - Regulatory Relations

cc: Service List for R.06-05-027
Service List for R.01-10-024
Paul Douglass – Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this advice letter so marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 of the Public Utilities Code and General Order 66-C. Pursuant to the Administrative Law Judge's Ruling Clarifying Interim Procedures For Complying with Decision 06-06-066, issued August 22, 2006 in Rulemaking 05-06-040, a separate Declaration of Confidential Treatment regarding the confidential information is filed concurrently herewith.

Confidential Attachments:

Appendix A First Amendment to Power Purchase Agreements

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 U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@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) #: **2860-E-A**

Subject of AL: Supplemental Filing for First Amendment to the February 23, 2006 Master Power Purchase and Sale Agreement Between Military Pass Road-Newberry Volcano LLC and Pacific Gas and Electric Company.

Keywords (choose from CPUC listing): RPS Procurement

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Resolution Required? Yes No

Requested effective date: **11-30-06**

No. of tariff sheets: 0

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 proposed¹: N/A

Pending advice letters that revise the same tariff sheets:

Protests 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

Utility Info (including e-mail)

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

**DECLARATION OF CHARLES H. POST, JR.
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED
IN ADVICE LETTER 2860-E-A
(PACIFIC GAS AND ELECTRIC COMPANY ID U 39 E)**

I, Charles H. Post, Jr., declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee for more than 5 years. My current title is Senior Electric Resource Analyst within PG&E's Energy Procurement Department. In this position, my responsibilities include managing PG&E's Renewable Portfolio Standard Program (RPS). In carrying out these responsibilities, I have acquired knowledge of PG&E's contracts with numerous counterparties, I have also gained knowledge of the operations of such sellers in general and, based on my experience in dealing with facility and contract owners, I am familiar with the types of data and information about their contracts and operations that such parties would consider confidential and proprietary.

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 August 22, 2006, I make this declaration seeking confidential treatment of, "First Amendment to the February 23, 2006 Master Power Purchase And Sale Agreement Between Military Pass Road-Newberry Volcano LLC And Pacific Gas and Electric Company," Advice 2860-E-A, submitted on October 30, 2006. By this Advice Letter PG&E is seeking this Commission's approval of an amendment to the February 23, 2006 Master Purchase and Sale Agreement (PPA) between Military Pass Road-Newberry Volcano LLC and Pacific Gas and Electric Company.

3. The information for which PG&E is seeking confidential treatment fall into the following general category:

- Contracts and Power Purchase Agreements

4. The category above correspond to a category of protected, confidential information specified in Appendix 1 Item VII.F of the Commission's confidentiality decision, D.06-06-066 (Confidentiality Matrix), and is protected from public disclosure as provided by category VII.F. of the Confidentiality Matrix.

5. PG&E will comply with the limitations on confidentiality described in the Confidentiality Matrix for the type of data specified in category VII.F.

6. This information is not already public.

7. If the Commission orders disclosure of the Sellers' confidential data that is included in the Advice Letter, PG&E may be hampered in future contract negotiations. Sellers may be more reluctant to negotiate agreements directly with PG&E if they know their confidential, proprietary information must be made public as part of the Commission approval process. Such a circumstance could limit PG&E's ability to obtain customer benefits through direct negotiations with facility owners.

I declare under penalty, under the laws of the State of California, that the foregoing is true and correct. Executed on October 30, 2006, at San Francisco, California.

CHARLES H. POST, JR

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Elsesser	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	Utility Resource Network
City of Healdsburg	McKenzie & Assoc	Wellhead Electric Company
City of Palo Alto	McKenzie & Associates	Western Hub Properties, LLC
City of Redding	Meek, Daniel W.	White & Case
CLECA Law Office	Mirant California, LLC	WMA
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	