

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 3, 2009

Advice Letter 3367-E

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

**Subject: Contract between PG&E and Hatchet Ridge Wind, LLC for
Procurement of Renewable Energy Resources Resulting from
PG&E's 2005 Renewables Portfolio Standard (RPS) Solicitation**

Dear Mr. Cherry:

Advice Letter 3367-E is effective February 20, 2009 per Resolution E-4222.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



November 21, 2008

Advice 3367-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Contract between PG&E and Hatchet Ridge Wind, LLC for Procurement of Renewable Energy Resources Resulting from PG&E's 2005 Renewables Portfolio Standard (RPS) Solicitation

I. PURPOSE AND OVERVIEW

Pacific Gas and Electric Company ("PG&E") seeks California Public Utilities Commission ("Commission" or "CPUC") approval of a power purchase agreement (PPA) that PG&E has executed with Hatchet Ridge Wind, LLC ("Hatchet Ridge"). PG&E submits the PPA for CPUC review and approval to establish PG&E's ability to recover the cost of payments made pursuant to the PPA through its Energy Resource Recovery Account ("ERRA").

The Commission's approval of the PPA will authorize PG&E to accept deliveries of RPS-eligible energy from a new 103.2 megawatt ("MW") Hatchet Ridge wind facility (the "Project"), located in Burney, California. The Project has a total installed capacity of 103.2 MW, but only 78.2 MW is initially guaranteed to PG&E. Under the PPA, Hatchet Ridge has the option to sell the additional 25 MWs to PG&E. Hatchet Ridge must exercise this option by June 30, 2009, upon which PG&E is obligated to purchase the additional 25 MWs. After this date, should Hatchet Ridge offer to sell some or all of the additional 25 MWs, PG&E has the option to purchase the additional MWs. Under both scenarios, the additional energy would be covered under the same terms and conditions as the initially guaranteed 78.2 MWs. Deliveries are anticipated to begin on December 31, 2009. These deliveries will contribute to PG&E's 20 percent portfolio goal and to PG&E's RPS goals in the years beyond 2010.

The PPA originally resulted from PG&E's 2005 RPS Solicitation. During the course of negotiations, Hatchet Ridge was acquired by Babcock and Brown from

RES America Development, effectively suspending negotiations for over a year. As a result, Hatchet Ridge additionally bid into the 2007 RPS Solicitation. PG&E opted not to shortlist the project in the 2007 RPS Solicitation in order to expedite completion of negotiations already begun as part of the 2005 RPS Solicitation. Had PG&E not elected to continue negotiations already underway, the Project would have been shortlisted in the 2007 RPS Solicitation. The Hatchet Ridge PPA is consistent with the PG&E's adopted 2005 and 2007 RPS renewable procurement plans. Consistent with the protocol used for review of RPS contracts resulting from the 2005 and the 2007 RPS Solicitations, PG&E has included Confidential Appendices A through H, which demonstrate the reasonableness of the PPA. As discussed below, PG&E requests confidential treatment of the information contained in these appendices.

PG&E requests that the Commission issue a resolution no later than February 20, 2009 approving the PPA and payments to be made by PG&E under the PPA, and containing the findings required by the definition of CPUC Approval adopted by D.07-11-025 and D.08-04-009.¹ The terms of the PPA allow either party to terminate without default in the event that the Commission has not issued a final approval of the PPA by March 31, 2009.

II. DETAILED DESCRIPTION OF THE PROJECT

The PPA originally resulted from PG&E's 2005 RPS Solicitation. PG&E previously submitted three advice letters for approval of six agreements reached as a result of its 2005 RPS Solicitation.² The Hatchet Ridge PPA constitutes the fourth tranche of PG&E's 2005 RPS contracts. Upon the approval of this PPA, PG&E will have procured or contracted for deliveries of approximately 3,468 GWh³ as a result of its 2005 RPS Solicitation.

¹ As provided by D.07-11-025 and D.08-04-009, the Commission must approve the PPA and payments to be made thereunder, and find that the procurement will count toward PG&E's RPS procurement obligations.

² PG&E submitted its agreements with Bottle Rock Power LLC, Liberty V Biofuels LLC, and HFI Bio Power Project LLC in its first tranche of 2005 RPS contracts via Advice Letter 2827-E, filed on May 15, 2006. PG&E's second tranche consisted of an agreement with Northwest Geothermal Company, LLC and an agreement with IEA Truckhaven I, LLC, filed on July 25, 2006 via Advice Letter 2863-E. PG&E's third tranche consisted of an agreement with SOLEL-MSP-1 via Advice Letter 3092-E, filed on July 25, 2007.

³ Including the option to purchase the additional 25MWs under the PPA, the amount contracted for as a result of the 2005 RPS Solicitation is approximately 3,544 GWh.

PG&E is purchasing approximately 76% of the Project's output and would purchase the additional 24% should Hatchet Ridge notify PG&E by June 30, 2009 that the MWs have not been otherwise sold or utilized. If available, Hatchet Ridge can offer to sell what remains of the additional 24% of the Project's output after June 30, 2009, and PG&E has the option to purchase this output as set forth in the PPA. The PPA has a 15-year delivery term, and the project is located in PG&E's service territory.

The following table summarizes the substantive features of the PPA:

Generating Facility	Type	Term Years	MW Capacity	Annual Deliveries	Commercial Operation Date	Project Location
Hatchet Ridge	Wind	15 years	78.2-103.2 MW	227-303 GWh	December 31, 2009	Burney, California

A copy of the PPA is provided in Confidential Appendix G and a contract analysis is provided in Confidential Appendix D.

III. PRG PARTICIPATION AND FEEDBACK

PG&E informed its Procurement Review Group ("PRG") of the transaction on March 29, 2006, May 3, 2006, June 15, 2006, July 15, 2006, August 28, 2006, September 25, 2006, March 20, 2007, May 30, 2007, August 24, 2007 and October 17, 2008. The PRG voiced no objections to the proposed PPA.

IV. THE PPA IS CONSISTENT WITH THE COMMISSION'S RPS-RELATED DECISIONS

A. Consistency with PG&E's Adopted RPS and Long-Term Procurement Plans

1. Fit with Identified Renewable Resource Needs

PG&E's 2005 renewable procurement plan ("2005 Plan") was approved in D.05-07-039 on July 21, 2005 and its 2007 renewable procurement plan ("2007 Plan") was approved in D.07-02-011 on February 15, 2007. As required by statute, both the 2005 and 2007 Plans include an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance

flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.⁴

The goal of PG&E's approved 2005 Plan was to procure approximately one to two percent of its retail sales volume, or between 700 GWh and 1,400 GWh per year, with delivery terms of 10, 15 or 20 years. The goal of PG&E's approved 2007 Plan was also to procure approximately one to two percent of its retail sales volume, or between 750 GWh and 1,500 GWh per year, with delivery terms of 10, 15 or 20 years. Projects capable of providing actual deliveries with only a short or no delay are especially valuable to PG&E.

With expected RPS-eligible energy deliveries of approximately 227 GWh to 303 GWh per year for a term of 15 years beginning in 2009, the PPA meets the criteria for renewables procurement contained in both the 2005 and 2007 Plans. The PPA will additionally contribute to PG&E's 2010 RPS target and to PG&E's RPS goals in the years beyond 2010.

2. Consistency with PG&E's Long Term Procurement Plan

PG&E's 2006 long-term procurement plan ("LTPP") stated that PG&E would aggressively pursue procurement of RPS-eligible renewable resources. In approving PG&E's 2006 LTPP, the Commission noted that development of renewable energy is "of great importance to the Governor, the State of California, and the Commission."⁵ The PPA is consistent with PG&E's 2006 LTPP and with Commission policy regarding renewable energy expressed in the decision approving PG&E's 2006 LTPP.

B. Consistency of Bid Evaluation Process with Least-Cost Best Fit Decision

The RPS statute requires PG&E to procure the "least cost, best fit" ("LCBF") eligible renewable resources.⁶ The LCBF decision directs the utilities to use certain criteria in their bid ranking.⁷ It offers guidance regarding the process by which the

⁴ Pub. Util. Code § 399.14(a)(3).

⁵ D.07-12-052 at 73.

⁶ Pub. Util. Code § 399.14(a)(2)(B).

⁷ D.04-07-029.

utility ranks bids in order to select or “shortlist” the bids with which it will commence negotiations. The renewables bid evaluation process focuses on four primary areas:

1. Determination of market value of bid,
2. Calculation of transmission adders and integration costs,
3. Evaluation of portfolio fit, and
4. Consideration of non-price factors.

The Project was originally shortlisted in PG&E’s 2005 RPS Solicitation as it satisfied the LCBF criteria for meeting PG&E’s RPS targets (based on the Project’s ranking among the bids in the 2005 RPS Solicitation). As noted above, the Project would also have been shortlisted in PG&E’s 2007 RPS Solicitation, had PG&E not determined that doing so could delay negotiations already in process. Furthermore, PG&E evaluated the reasonableness of the PPA using the same market value comparison tools used with other RPS transactions received in the 2007 and 2008 RPS Solicitations. The general finding is that this opportunity is highly competitive and represents a good LCBF renewable procurement opportunity. A more detailed discussion of PG&E’s evaluation of the PPA is provided in Confidential Appendix D.

1. **Market Valuation**

In a “mark-to-market analysis,” the present value of the bidder’s payment stream is compared with the present value of the product’s market value to determine the benefit (positive or negative) from the procurement of the resource, irrespective of PG&E’s portfolio. This analysis includes evaluation of the bid price and indirect costs, such as transmission and integration costs. PG&E’s analysis of the market value of the PPA is addressed in Confidential Appendix D.

2. **Portfolio Fit**

Portfolio fit considers how well an offer’s features match PG&E’s portfolio needs. The PPA fits PG&E’s portfolio in a satisfactory manner.

3. **Consistency with the Transmission Ranking Cost Decision**

Under the transmission ranking cost decision, the customer’s potential cost of accepting energy deliveries from a project must be considered when determining the project’s value. PG&E determined the TRCR cluster at which each shortlisted project would interconnect to the transmission grid. Consistent with Commission

decisions, PG&E assigned a transmission adder to each offer for evaluation based on the potential transmission congestion, the associated proxy transmission network upgrades and the associated capital costs that may be needed to accommodate delivery at this cluster.

4. **Consistent Application of TODs**

Time of Delivery (“TOD”) factors are addressed in Confidential Appendix D.

5. **Qualitative Factors**

PG&E considered qualitative factors as required by D.04-07-029 and D.07-02-011 when evaluating the PPA.

C. Consistency with Adopted Standard Terms and Conditions

The Commission set forth standard terms and conditions to be incorporated into contracts for the purchase of electricity from eligible renewable energy resources in D.04-06-014, D.07-02-011 as modified by D.07-05-057, and D.07-11-025. These terms and conditions were compiled and published by D.08-04-009. Additionally, the non-modifiable term related to Green Attributes was finalized in D.08-08-028. The non-modifiable terms in the PPA conform exactly to the non-modifiable terms set forth in Attachment A of D.07-11-025 and Appendix A of D.08-04-009, as modified by D.08-08-028.

Modifications have been made to terms in the PPA designated as modifiable in D.07-11-025 and D.08-04-009 based upon mutual agreement reached during negotiations. A comparison of the modifiable terms in the PPA against the modifiable terms in PG&E’s 2007 RPS As-Available PPA form in the Solicitation Protocol issued on March 12, 2007 is provided in Confidential Appendix H.⁸

Each provision in the PPA is essential to the negotiated agreement between the parties, and the Commission should therefore not modify any of the provisions. The Commission should consider the PPA as a whole, in terms of its ultimate effect on utility customers. PG&E submits that the PPA protects the interests of its

⁸ Following suspension of negotiations on the PPA and the acquisition of the Project by Babcock & Brown, the parties began negotiations again using the then-current 2007 form PPA. Accordingly, PG&E compares the resulting PPA’s modified terms and conditions against the 2007 form PPA rather than against the 2005 form PPA.

customers while achieving the Commission's goal of increasing procurement from eligible renewable resources.

D. Consistency with Minimum Quantity Decision

In D.07-05-028, the Commission determined that in order to count energy deliveries from short-term contracts with existing facilities toward RPS goals, RPS-obligated load-serving entities must contract for deliveries equal to at least 0.25 percent of their prior year's retail sales through long-term contracts or through short-term contracts with new facilities.

The PPA is a long-term contract and thus counts toward PG&E's procurement obligation for 2008 under D.07-05-028. With the exception of one contract, all of the RPS contracts that PG&E has executed in 2008 are long-term and/or with new facilities.

V. MPR

The actual price under the PPA is confidential, market sensitive information. The price under the PPA is above the applicable 2007 market price referent ("MPR"), but below the 2008 MPR proposed in Draft Resolution E-4214. Although the PPA originated from the 2005 RPS Solicitation, the 2005 MPR does not reflect current market conditions and would not be an appropriate benchmark for this PPA.⁹

VI. PROJECT VIABILITY

It is likely that the Project will be completed as required by the PPA and will be available to deliver energy by the guaranteed commercial operation date. PG&E has reviewed the credit-related information provided by Hatchet Ridge and is satisfied that it possesses the necessary credit and experience to perform as required by the PPA. Hatchet Ridge's obligation to meet milestones is supported by significant performance assurance securities.

⁹ In its "Workshop Agenda – Senate Bill (SB) 1036 Implementation," the Commission proposed that if "contract negotiations extend for a significant amount of time after a solicitation closes, then the contract may no longer reflect the market at the time of the solicitation and thus should no longer be compared to that solicitation's MPR." Workshop Agenda- Senate Bill (SB) 1036 Implementation, May 29, 2008, at page 5 (available at <http://www.cpuc.ca.gov/PUC/energy/electric/RenewableEnergy/hot/SB1036implementation.htm>).

The likelihood that the Project will generate renewable power as described in the PPA is further evaluated in Confidential Appendix E, "Project Viability."

VII. CONTINGENCIES AND PROJECT MILESTONES

The PPA identifies the construction start date and the commercial operation date as guaranteed project milestones. Other contingencies and milestones are addressed in Confidential Appendix D.

VIII. TERMS AND CONDITIONS OF DELIVERY

Before and after implementation of the CAISO's Market Redesign and Technology Upgrade ("MRTU"), the project is located in PG&E's service territory and will interconnect with the CAISO in NP-15.

IX. REGULATORY PROCESS

A. Requested Effective Date

PG&E requests that the Commission issue a resolution approving this advice filing no later than February 20, 2009.

B. Earmarking

PG&E reserves the right to earmark the PPA.

C. RPS-Eligibility Certification

The PPA includes the non-modifiable representation and warranty that during the delivery period, the Project will constitute an eligible renewable energy resource certified by the California Energy Commission ("CEC"). Hatchet Ridge is currently seeking CEC pre-certification, since it has not yet obtained all of the environmental approvals necessary for final CEC Certification.

D. Request for Confidential Treatment

In support of this Advice Letter, PG&E has provided the following confidential information, including the PPA and other information that more specifically describes the rights and obligations of the parties. This information is being submitted in the manner directed by D.08-04-023 and the August 22, 2006 Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying

with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Attachments:

Appendix A – Overview of 2004 – 2008 Solicitation Bids

Appendix B1 – 2007 Bid Evaluations

Appendix B2 – 2008 Bid Evaluations

Appendix C – Intentionally Omitted as Not Applicable¹⁰

Appendix D – Contract Terms and Conditions Explained

Appendix E – Project Viability

Appendix F – Project’s Contribution Toward RPS Goals

Appendix G – Power Purchase Agreement

Appendix H – Standard Terms and Conditions Comparison – Modifiables

E. Compliance with the Greenhouse Gas Emissions Performance Standard

In D.07-01-039, the Commission adopted an Emissions Performance Standard (“EPS”) that applies to contracts for a term of five or more years for baseload generation with an annualized plant capacity factor of at least 60 percent. As a wind generating facility, the Hatchet Ridge project is categorically exempt from the EPS.¹¹ The PPA therefore satisfies the requirement for EPS compliance.

¹⁰ Because this transaction originated in the 2005 RPS Solicitation, there is no Independent Evaluator report. Pursuant to D.05-07-039, which adopted the 2005 RPS Plan, an Independent Evaluator was needed only to review utility ownership and buy-out offers.

¹¹ D.07-01-039, Attachment 7 at 4 (providing that wind facilities are pre-approved as EPS compliant). *See also* D.07-01-039 at 118-119, COL 35.

Notification of compliance with D.07-01-039 is provided through this Advice Letter, which has been served on the service list in the RPS rulemaking, R.08-08-009.

X. REQUEST FOR COMMISSION APPROVAL

The continued effectiveness of the PPA is conditioned on the occurrence of “CPUC Approval,” as that term is defined in the PPA. Time is of the essence in the Commission’s consideration and approval of this Advice Letter. With an anticipated commercial operation date of December 31, 2009, this Project will contribute to PG&E’s 2010 RPS target.

Therefore, PG&E requests that the Commission issue a resolution no later than **February 20, 2009** that:

1. Approves the PPA in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to the Commission’s review of PG&E’s administration of the PPA.
 2. Approves PG&E's exercise, at PG&E's discretion, of its option under the PPA to purchase some or all of the additional 25 MWs after June 30, 2009 under the same price, terms, and conditions applicable to the initial purchase of 78.2 MW under this PPA. Any purchase of the additional 25 MWs pursuant to the options provided in this PPA, whether before or after June 30, 2009, is approved to the same extent as the purchase of the initial 78.2 MW under this PPA.
 3. Finds that any procurement pursuant to the PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E’s compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) (“RPS”), Decision (“D.”) 03-06-071 and D.06-10-050, or other applicable law.
 4. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(g), associated with the PPA shall be recovered in rates.
-

5. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:
 - a. The PPA is consistent with PG&E's approved 2005 and 2007 RPS procurement plans.
 - b. The terms of the PPA, including the price of delivered energy, are reasonable.
6. Adopts the following finding of fact and conclusion of law in support of cost recovery for the PPA:
 - a. The utility's costs under the PPA shall be recovered through PG&E's Energy Resource Recovery Account.
 - b. Any stranded costs that may arise from the PPA are subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is addressed in D.08-09-012.
7. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard ("EPS") adopted in R.06-04-009:
 - a. Hatchet Ridge's renewable generating facility is an intermittent renewable energy resource, for purposes of compliance with the EPS.
 - b. The generating facility employs wind technology.
 - c. The renewable resource is pre-approved as compliant with the EPS.

Protests:

Anyone wishing to protest this filing may do so by sending a letter by **December 11, 2008**, which is **20** 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:

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

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatshalian, 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 the Commission issue a resolution approving this advice filing no later than **February 20, 2009**.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for R.06-02-012, R.06-02-013 and R.08-08-009. 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.08-08-009
Service List for R.06-02-013
Service List for R.06-02-012
Paul Douglas - Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 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 contract itself, price information, and analysis of the proposed RPS contract, which are protected pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

Confidential Attachments:

Appendix A – Overview of 2004 – 2008 Solicitation Bids

Appendix B1 – 2007 Bid Evaluations

Appendix B2 – 2008 Bid Evaluations

Appendix C – Intentionally Omitted as Not Applicable

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Appendix E – Project Viability

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Appendix G – Power Purchase Agreement

Appendix H – Standard Terms and Conditions Comparison – Modifiables

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 M)**

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) #: **3367-E**

Tier: [3]

Subject of AL: Contract between PG&E and Hatchet Ridge Wind, LLC for Procurement of Renewable Energy Resources Resulting from PG&E's 2005 Renewables Portfolio Standard (RPS) Solicitation

Keywords (choose from CPUC listing): RPS

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: No

Summarize 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: 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: All members of PG&E's Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Gary Jeung, (415)-973-5481

Resolution Required? Yes No

Requested effective date: February 20, 2009

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

jn@cpuc.ca.gov and mas@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

**DECLARATION OF GARRETT P. JEUNG
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN ADVICE LETTER
3367-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Garrett P. Jeung declare:

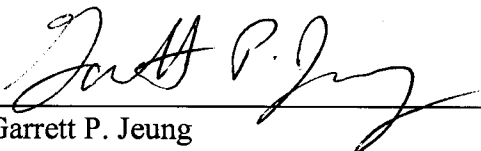
1. I am presently employed by Pacific Gas and Electric Company (“PG&E”) and have been an employee since 2003. My current title is Senior Director within PG&E’s Energy Procurement Department. In this position, my responsibilities include managing a department that negotiates power purchase agreements and manages electric portfolio risk. In carrying out these responsibilities, I have acquired knowledge of PG&E’s contracts with numerous counterparties and have also gained knowledge of the operations of such sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with Decision (“D.”) 08-04-023 and the August 22, 2006 the “Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066,” I make this declaration seeking confidential treatment of Appendices A, B1, B2, D, E, F, G, and H to Advice Letter 3367-E submitted on November 21, 2008. By this Advice Letter, PG&E is seeking this Commission’s approval of a power purchase agreement that PG&E has executed with Hatchet Ridge Wind, LLC.

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 of

D. 06-06-066 and Appendix C of D. 08-04-023 (“the IOU Matrix”), 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 (where applicable), and why confidential protection is justified. Finally, the matrix specifies that: (1) that PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information (where applicable); (2) that the information is not already public; and (3) that 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 text in the attached matrix that is pertinent to this filing.

I declare under penalty of perjury, under the laws of the State of California that, to the best of my knowledge, the foregoing is true and correct. Executed on November 21, 2008, at San Francisco, California.


Garrett P. Jeung

IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 08-04-023

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 and Appendix C to D.08-04-023 (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
1 Document: Advice Letter XXXX-E	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	Y	This Appendix contains bid information and bid evaluations from the 2004, 2005, 2006, 2007 and 2008 solicitations. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, contracts from the 2005, 2006, 2007, and 2008 solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected
2 Appendix A	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	Y	These Appendices contain bid information and bid evaluations from the 2007 and 2008 solicitation. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, contracts from the 2005, 2006, 2007, and 2008 solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected
3 Appendix B1 and B2	Y	Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs. Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. General Order 66-C.	Y	Y	Y	This Appendix contains information regarding the terms of the PPA, and analyses and evaluations of the project. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007, and 2008 solicitations, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparties to the PPA have an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA. I am informed and believe that General Order 66-C provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	For information covered under Item VII G) and Item VII (un-numbered category following VII G), remain confidential for three years For information covered by General Order 66-C, remain confidential
4 Appendix D	Y	Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs. Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. General Order 66-C.	Y	Y	Y	This Appendix contains information regarding the terms of the PPA, and analyses and evaluations of the project. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007, and 2008 solicitations, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparties to the PPA have an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA. I am informed and believe that General Order 66-C provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	For information covered under Item VII G) and Item VII (un-numbered category following VII G), remain confidential for three years For information covered by General Order 66-C, remain confidential

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 and Appendix C to D.08-04-023 (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
5 Appendix E	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.	Y	Y	Y	This Appendix contains information concerning and analyses and evaluations of project viability. If made public, this information could harm the counterparty and adversely affect project viability.	Remain confidential for three years
6 Appendix F	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. Item VI B) Utility Bundled Net Open Position for Energy (MWh).	Y	Y	Y	This Appendix contains information that, if disclosed, would provide valuable market sensitive information to competitors and allow them to see PG&E's remaining RPS net open energy position. Since negotiations are still in progress with bidders from the 2005, 2006, 2007, and 2008 solicitations, this information should remain confidential for three years.	Remain confidential for three years
7 Appendix G	Y	Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.	Y	Y	Y	This Appendix contains the PPA. Disclosure of the PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the PPA has an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	Remain confidential for three years
8 Appendix H	Y	Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.	Y	Y	Y	This Appendix contains certain terms of the PPA. Disclosure of certain terms of the PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the PPA has an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	Remain confidential for three years

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