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November 14, 2007

HAND DELIVERED

Docket Office
California Public Utilities Commission
505 Van Ness Avenue, Room 2001
San Francisco, CA 94102

Re: ***Application of PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, for a Certificate of Public Convenience and Necessity Authorizing Construction of the Colusa Power Project (U 39 E)***

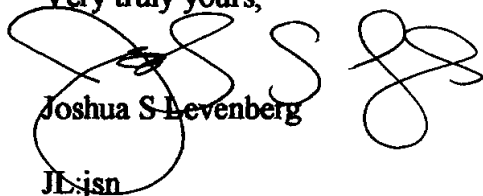
Dear Sir/Madam:

Enclosed are the following documents related to the above-referenced proceeding:

- (1) An original and (6) copies of the Application; plus one to be stamped and returned;
- (2) PG&E check number 1411451, dated November 6, 2007, in the sum of \$75.00 in payment of the CPUC's required filing fee.

Please file the original documents and return one date-stamped copy in the enclosed stamped envelope provided for that purpose.

Very truly yours,


Joshua S Levenberg
JL:jsn

DOCKET 06-AFC-9
DATE NOV 14 2007
RECD. NOV 15 2007

cc: President Michael R. Peevey (w/o Exhibits A and B)
Chief Administrative Law Judge Angela K. Minkin (w/o Exhibits A and B)
Sean Gallagher, Director, Energy Division
Commissioner Dian M. Grueneich (w/o Exhibits A and B)
Commissioner John Bohn (w/o Exhibits A and B)
Commissioner Rachelle Chong (w/o Exhibits A and B)
Commissioner Timothy Alan Simon (w/o Exhibits A and B)
Karen Miller, Public Advisor (w/o Exhibits A and B)
B.B. Blevins, Executive Director, California Energy Commission (3)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Expedited Issuance of a
Certificate of Public Convenience and
Necessity for the Colusa Power Project.

(U 39 E)

Application 07-11-____

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED ISSUANCE OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
FOR THE COLUSA POWER PROJECT**

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November 14, 2007

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APPLICATION EXHIBITS

The following Exhibits are attached to this Application:

- A. Colusa Generating Station Application for Certification, filed with the California Energy Commission on November 6, 2006, (bound separately, in five volumes), also available at: <http://cacx.org/sitingcases/colusa/documents/applicant/afc/>
- B. Colusa Generating Station, California Energy Commission Preliminary Staff Assessment, issued August 1, 2007, (bound separately), also available at <http://www.energy.ca.gov/2007publications/CEC-700-2007-003/CEC-700-2007-003-PSA.PDF>
- C. Letter dated November 13, 2007, from Gary Lambert, Jr., of E&L Westcoast Holdings, LLC, describing the circumstances leading to the transfer and sale of the Colusa Power Project to PG&E. (attached hereto)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Expedited Issuance of a
Certificate of Public Convenience and
Necessity for the Colusa Power Project.

(U 39 E)

Application 07-11-____

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED ISSUANCE OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
FOR THE COLUSA POWER PROJECT**

I. INTRODUCTION

Pursuant to Rule 3 of the California Public Utilities Commission's (the "Commission" or "CPUC") Rules of Practice and Procedure ("Rules"), General Order No. 131-D ("GO 131-D") and sections 1001-1003.5 of the Public Utilities Code, Pacific Gas and Electric Company ("PG&E") hereby submits this Application for a Certificate of Public Convenience and Necessity ("CPCN") for the Colusa Power Project (the "Project"), a new, 657 megawatt ("MW") combined cycle generating facility to be located in unincorporated Colusa County. PG&E seeks this authorization on an expedited, *ex parte* basis so that it may step in and take over the development and construction of the Project, which would otherwise be terminated by the developer. Prompt action is required to preserve the opportunity for PG&E to complete the Project without modification to the cost cap previously adopted by the Commission for the Project and with only a few months delay in the Project construction schedule.

As the Commission is well aware, the Colusa Project was one of several generation projects approved by the Commission in 2006, as part of PG&E's Long-Term Request for Offer ("RFO") proceeding, A.06-04-012. *See* D.06-11-048 (approving, *inter alia*, a purchase and sale agreement ("PSA") between PG&E and third party developers E&L Westcoast Holdings, LLC

("E&L Holdings") and E&L Westcoast, LLC ("E&L").¹ Under the terms of the PSA approved by the Commission, the Colusa Project was to be developed and constructed by E&L and, once completed and performance tested, delivered to PG&E, where it would be owned and operated as a utility asset subject to traditional cost of service ratemaking. Unfortunately, E&L has informed PG&E that it does not intend to proceed with the Project under the existing contract, and will exercise its rights under the contract to terminate. By all accounts, the permitting process for the Project has gone quite well, and the Project is expected to receive its CEC permit in the March to May 2008 timeframe.

Rather than allow the Project to fail, PG&E has executed an agreement with E&L and E&L Holdings to acquire the assets and permitting relating to the Project, with the acquisition deal expected to close in December 2007, subject to completion of due diligence ("Acquisition"). PG&E proposes to complete the Project subject to the initial capital cost price cap and operations and maintenance ratemaking adopted by the Commission in Decision 06-11-048 (collectively referred to herein as the "Cost Cap") and seeks in this application a CPCN that would allow it to proceed with construction.² Based upon current data, PG&E believes that it can develop and construct the Project within the limits of the Cost Cap.

On this basis, on behalf of its customers, PG&E stands ready to take over the permitting and construction of the Project in order to maintain the Project schedule, as this is now the only way to ensure that this needed Project will be operational in 2010. Accordingly, PG&E has filed this Application to comply with the technical requirement that new generation facilities cannot be *constructed by* investor-owned utilities without the Commission first finding that public convenience and necessity requires construction of the project. *See* Cal. Pub. Util. Code § 1001.

¹ E&L Westcoast Holdings, LLC is a limited liability company whose members are three entities with various stakes: General Electric Company (45%), Arclight Energy Partners Fund II, LP (45%) and Competitive Power Ventures (10%). E&L Westcoast, LLC is a wholly-owned subsidiary of E&L Westcoast Holdings, LLC.

² Alternatively, should the Commission decline to approve this Application, PG&E will bank the permitted Project and site for potential future development.

As part of its showing in the Long Term RFO proceeding, PG&E submitted all of the information required under Public Utilities Code section 1003.5, which governs CPCN applications for projects, such as the Colusa Project, that are subject to the siting jurisdiction of the State of California Energy Resources Conservation and Development Commission (“CEC”). However, because at that time PG&E intended to purchase the completed Project from E&L upon completion of construction, rather than construct the Project itself, a CPCN was not technically required, and the Final Decision approving the Project did not include a formal finding that “public convenience and necessity” requires construction of the Project. As part of D.06-11-048, the Commission issued a CPCN for the Humboldt Project—based on the same type of information PG&E submitted for the Colusa Project—because PG&E planned to construct the Humboldt project itself.³

While it is true that a formal CPCN is required in order for PG&E itself to construct the Project, many of the issues traditionally within the scope of CPCN proceedings have already been addressed by the Commission or are no longer relevant in this case. The Commission acknowledged the limited nature of the CPCN process applicable to “[u]tility-built resources that are selected in a solicitation” in D.04-12-048, in which the CPUC adopted PG&E’s Long-Term Plan: “[The] CPCN process incorporates need determination, cost caps, and CEQA review. Having said that, [the] bid cap would come from the RFO process, [and the] need determination would come from the approval of the Long Term Procurement Plan. The only issue left to be addressed in the CPCN is the CEQA review.” D.04-12-048 at 219 (Finding of Fact No. 90). Here, of course, cost and need were previously established, and CEQA is also not an issue.

In particular:

³ D.06-11-048, at 32; compare *Pacific Gas and Electric Company Long Term Request for Offers, Prepared Testimony*, filed in A.06-04-012 on April 11, 2006, Chapter 9H (providing cost estimates, project implementation plan, schedule, and design and construction management and cost control plan for the Humboldt project) with *id.*, Chapter 9C (providing the same information for the Colusa project); see also *infra* at section III.A.3.

- The Colusa Project itself—including its purpose and need, its cost-effectiveness, and the amount of Project costs that PG&E may recover in rates—has already been reviewed and approved by this Commission. After seven months of litigation, the Commission found in D.06-11-048 that the Project was cost-effective, necessary for continued electric reliability, and that its construction was in the best interest of ratepayers. D.06-11-048, at 6-7.
- The Commission approved an initial capital cost for the Project and set a total cap on the amount of Project costs PG&E may recover in rates. *Id.*, at 14.
- Because the Colusa Project is subject to the siting jurisdiction of the CEC, this Application does not trigger environmental review under the California Environmental Quality Act (“CEQA”), nor does it require the Commission to consider the CPCN factors listed in Public Utilities Code § 1002(a). D.06-11-048, at 32; *see also* Pub. Util. Code §§ 1002(b), 1003 and 1003.5; and General Order 131-D (“GO 131-D”), Section VII.

None of these findings is dependent on the identity of the party responsible for permitting and constructing the project—and all of them are as valid today as they were at the time of the Commission’s original decision.

Thus, all that remains for this proceeding is (1) for the Commission to issue an order authorizing *PG&E*, rather than a third-party developer under contract with PG&E, to construct a Project the Commission already authorized PG&E to own and operate in D.06-11-048, and (2) to include in the required CPCN a statement of the “maximum reasonable and prudent cost” of the facility under Public Utilities Code section 1005.5, commonly referred to as a “cost cap.” The record in A.06-04-012, together with the attached information required under GO 131-D and developed in the Project’s application for a certificate to construct (“AFC”) proceedings before the CEC, conclusively demonstrates that public convenience and necessity continues to require

the construction of the Colusa Project.⁴ As for the cost cap, PG&E respectfully requests that the Commission simply set the cap in an amount equal to the amount, and subject to the conditions, it previously authorized PG&E to recover in rates in D.06-11-048, at 14.

Given the extremely limited scope of the issues presented by this Application, and the need for completion of the Colusa Project in 2010, the Commission can and should grant this Application within approximately 90 days. The Colusa Project remains one of the only large-scale generation projects capable of being completed by 2010. By promptly approving this Application, the Commission can provide PG&E with the ability to maintain reliability in the most cost-effective manner available, while preserving for PG&E's customers the benefits of the previously agreed-upon Cost Cap, which PG&E would honor in its new role as developer.

II. BACKGROUND

A. The Need for Additional Generation Was Established in 2004.

In late 2004, the Commission's Decision 04-12-048 adopted a long-term plan for each utility that provided direction on the procurement of resources over a 10-year horizon through 2014. Taking into account the expected load growth and retirements of aging power plants through the turn of the decade, energy efficiency and demand response programs, solar and other renewable development, and combined heat and power on-site generation incentives, the long-term procurement plan adopted for PG&E established that there was a need for 2,200 MW of new generation in northern California by 2010.

Accordingly, Decision 04-12-048 directed PG&E to initiate an all-source solicitation to secure these resources. PG&E conducted its all-source solicitation, receiving over 50 bids for projects totaling in excess of 12,000 MW. Of these, PG&E selected and sought approval for five power purchase agreements ("PPAs") with terms from 10 to 20 years, a Purchase and Sale Agreement for the Colusa Power Project that was to be developed by a power plant developer

⁴ A complete copy of the Project's AFC, filed in November 2006, is attached hereto, as Exhibit A, and incorporated herein by reference. Because of its length, Exhibit A has been bound separately, in five volumes.

and purchased and operated by PG&E after the plant became operable and had passed performance tests, and an Engineering, Procurement and Construction (“EPC”) contract for new generation at PG&E’s Humboldt Power Plant which, together, would result in the construction of 2,250 MW of new generation facilities in northern California. The Colusa Power Project is the subject of this Application.

B. The Commission Approved the Colusa Power Project as Cost-Effective and Reasonable in 2006.

Next, PG&E filed an application for approval of the seven agreements on April 11, 2006, and, in response, the Commission issued Decision 06-11-048 on November 30, 2006. In its decision, the Commission approved the seven PG&E contracts on the bases that they “(1) resulted from a fair, open and competitive bidding process, (2) comport with PG&E’s procurement authority granted in the Commission’s prior decisions, and (3) are cost-effective and reasonable.” D. 06-11-048, at 6-7.

With respect to the Colusa Project, the Commission approved as reasonable and adopted the project bid price as the initial capital cost for the Colusa project, including the fixed contract price, excluding incentive payments, plus PG&E’s estimated owner’s costs, including owner’s contingency. *Id.*, at p.14. PG&E was told that it may not seek recovery of additional costs in excess of the project bid price, except that: (1) PG&E is to file an advice letter to adjust the Project’s initial capital cost to reflect actual performance incentives paid or actual performance penalties due to it; and (2) PG&E may apply for recovery of those additional capital costs that PG&E may incur as a result of operational enhancements to the project. D.06-011-048, at 17 and 24. This decision formed the basis of the relevant Cost Cap.⁵

⁵ The Commission also (1) specified that PG&E is to true-up the capital costs for the Colusa project based upon actual costs in the General Rate Case following operation, and any cost savings are to be shared 50/50 with customers, and (2) approved an initial Operation & Maintenance expense cost estimate and contingency amount for the Colusa project. D.06-11-048, at 25-26, 28-31.

C. The California Energy Commission Has Undertaken Environmental Review of the Project.

On November 6, 2006, E&L filed an Application for Certification (“AFC”) with the CEC for the Colusa Project.⁶ The Colusa Project was exempt from the Notice of Intention process because it was the subject of a competitive solicitation and, therefore, the Colusa Project proceeded directly to an AFC proceeding.

On December 13, 2006, the CEC deemed the AFC to be “data adequate” and formally initiated the AFC proceeding. On January 25, 2007, the CEC conducted a Site Visit and Informational Hearing. On February 12, 2007, E&L filed Responses to CEC Data Requests and held a Public Workshop on February 21, 2007 to discuss the responses and resolve outstanding data needs. On April 18, 2007 the Colusa County Air Pollution Control District issued its Preliminary Determination of Compliance (“PDOC”), which includes draft air quality permit conditions, and issued its Final Determination of Compliance (“FDOC”) on June 11, 2007. On June 16, 2007, E&L provided Responses to additional CEC Data Requests.

The CEC issued its Preliminary Staff Assessment on August 1, 2007, filed herewith, as Exhibit B, and incorporated herein by reference, and held a Public Workshop to solicit comments on August 22, 2007. On October 2, 2007, Colusa County approved E&L’s Request for General Plan Amendment and Zoning Change, rendering the project consistent with the Colusa County General Plan and Zoning designations. The CEC is currently preparing its Final Staff Assessment (“FSA”), which PG&E expects will be issued in November 2007.

D. E&L Notified PG&E of its Intent to Terminate the PSA.

In September 2007, E&L informed PG&E that it intended to terminate the existing PSA. In the course of subsequent discussions, E&L offered to sell and transfer the development assets associated with the proposed Project to PG&E, such that PG&E can complete pending permit and other development activities and construct the Project itself. PG&E has agreed to acquire

⁶ The AFC is part of CEC Docket No. 06-AFC-9, and is attached hereto as Exhibit A. See <http://www.energy.ca.gov/sitingcases/colusa/documents/index.html>.

these assets as part of a new PSA with E&L, which was executed on November 9, 2007. A copy of E&L's letter to PG&E explaining the circumstances is attached hereto as Exhibit C.

III. REQUESTED RELIEF

A. Public Convenience and Necessity Requires Construction of the Project, and Prompt Issuance of a CPCN is the Only Way to Ensure that Completion by 2010 is Possible.

Pursuant to Rule 3.1(e), PG&E offers the following statement of facts and reasons why public convenience and necessity requires the construction of the Colusa Power Project.⁷

1. Legal Standard

Public Utilities Code section 1001 provides that “[n]o . . . electrical corporation . . . shall begin the construction . . . of a line, plant, or system . . . without having first obtained from the commission a certificate that the present or future public convenience and necessity requires or will require such construction.” In determining whether the proposed construction is, indeed, “necessary,” the Commission has traditionally considered such factors as the adequacy of existing service, the ability of the proposed project to meet any identified need, and the impact of the proposed project on rates. *See e.g., Jamshid Anvaripour certificate*, Decision No. 90943, 1979 Cal. PUC LEXIS 1125; *see also Northern California Power Agency v. Public Utilities Comm.*, 5 Cal. 3d 370 (1971). Ultimately, the question for the Commission in any CPCN proceeding is whether the “rights and interests of the general public will be advanced” by the granting of the certificate. *Oro Electric Corp. v. R.R. Commission*, 169 Cal. 466, 475 (1915).

As demonstrated below, the Commission has already determined: (1) that there is a need for additional generation resources in PG&E's service territory; (2) that the proposed Colusa Project is a reasonable and cost-effective means of meeting that need in the project area, and (3)

⁷ This Application does not require the Commission to consider the four factors enumerated in Cal. Pub. Util. Code § 1002(a). Instead, the issues evaluated under those factors will be determined by the CEC, whose decision in the AFC proceeding “shall take the place of the requirement for consideration by the commission of the four factors” Cal. Pub. Util. Code § 1002(b).

the amount of Project costs that may reasonably be recovered in rates. Construction of the Project is therefore required by public convenience and necessity.

Yet this Project may not be completed by 2010 unless the Commission promptly authorizes PG&E to conduct the required construction activities itself. Under these circumstances, there can be no doubt that the “rights and interest of the general public will be advanced” by the simple step of issuing a certificate authorizing PG&E, rather than a developer under contract with PG&E, to construct a Project the Commission has already approved, subject to ratemaking the Commission has already approved.

2. The Commission Previously Established the Need for, and Cost-Effectiveness of, the Project.

In 2004, the Commission established resource needs of 2,200 MW of new generation, and directed PG&E to solicit competitive bids. *See* D.04-12-048, at 199, 217; D.06-11-048 at 2. In response, PG&E did solicit bids. The Company selected seven generation projects from among the bids it received and, on April 11, 2006, sought Commission approval of the resultant agreements, which were intended to result in the construction of 2,250 MW of needed incremental generation facilities in Northern California.

Later that year, the Commission approved all seven long-term PG&E generation agreements. D.06-11-048, at 2. Aside from affirming the need for all seven of the generation agreements, the Commission also determined that each was a cost-effective means of helping PG&E reliably serve its customers. *Id.*, at 10.

The Colusa Power Project, of course, was one of the Commission-approved projects. Under D.06-11-048, the Commission specifically authorized PG&E to purchase from E&L, own, and operate a 657 MW combined-cycle plant to be constructed by E&L, as further described in PG&E’s Application and LTRFO Testimony. *Id.*, at 6-7. The Commission found that the Colusa Project “resulted from a fair, open and competitive bidding process,” *id.*, at 6, that it is “cost-effective and reasonable,” *id.*, at 7, that the Project “reasonably meet[s] the resource need identified in D.04-12-048,” *id.*, at 10, 38 (Finding of Fact 6), and that transfer of ownership of

the Colusa Project to PG&E “is reasonable under Commission standards,” *id.*, at 11. These same findings establish that public convenience and necessity requires construction of the Colusa Project.

Importantly, the Colusa Project remains one of the only large-scale generation projects capable of being completed by 2010. With limited options available for meeting the State’s energy needs in 2010, the Commission should support PG&E’s efforts to preserve this particular opportunity. In all events, the lack of timely, cost-effective alternatives to the previously-approved Colusa Project further demonstrates that construction of the Project remains in the public interest.

3. The Commission’s Prior Approval of the Colusa Project Was Based in Part on the Same Detailed Evidence That PG&E Submitted in Support of its Successful CPCN Application for the Humboldt Facility, Which Further Demonstrates That the Required Showing Has Already Been Made.

In its application for approval of the seven long term generation agreements, PG&E sought issuance of a CPCN for a facility that it planned to construct itself in Humboldt, in addition to seeking approval for the Colusa PSA agreement. A.06-04-012, at 3. Despite the difference in relief sought with respect to each facility, PG&E provided the same type and level of detail in the information it proffered for both the Humboldt and Colusa Projects. Simply put, PG&E’s original Colusa application contains sufficient materials and information to allow the Commission to grant a CPCN for the Colusa Project.

For example, in support of its Humboldt CPCN application, PG&E provided testimony that contained all of the information required by section 1003.5 of the Public Utilities Code. *See* A.06-04-012, at 4 and *Pacific Gas and Electric Company Long Term Request for Offers, Prepared Testimony*, filed in A.06-04-012 on April 11, 2006 (“LTFRO Testimony”), Chapters 8H-11H. Chapter 8H provided an overview of the Humboldt project; Chapter 9H detailed, *inter alia*, cost estimates, project implementation, design and construction timetables, and a design and construction management cost control plan; Chapter 10H provided operating and design

characteristics of the facility as well as estimates of operating costs and non-fuel operation and maintenance costs; and Chapter 11H described PG&E's ratemaking proposal for recovering the costs of the Humboldt facility.

Despite the fact that, at the time, PG&E did not intend to construct the Colusa Project itself and therefore did not require a CPCN, PG&E submitted evidence and testimony for the Colusa Project that was equivalent to that it proffered in support of its Humboldt CPCN application. *See* A.06-04-012, at 9-10. For example, PG&E's LTRFO Testimony included Chapter 8C, which provided an overview of the Colusa Project; Chapter 9C, which detailed, *inter alia*, PG&E's estimates of capital costs, project implementation, design and construction timetables, and a design and construction management cost control plan; Chapter 10C, which provided operating and design characteristics of the facility as well as estimates of operating costs and non-fuel operation and maintenance costs; and Chapter 11C, which described PG&E's ratemaking proposal for recovering the costs of the Colusa Project.

Based on the facts submitted in support of the Humboldt project (which were equivalent in scope and detail to those of the Colusa Project), the Commission found that public convenience and necessity required construction of the Humboldt project, and issued a CPCN authorizing PG&E to construct that project. D.06-11-048, at 32. For similar reasons, public convenience and necessity likewise requires construction of the Colusa Project.

4. There Have Been No Changes to the Proposed Project Itself That Might Support a Reversal of the Commission's Prior Determination that the Project is Needed and Cost-Effective.

In A.06-04-012, PG&E sought approval of a PSA for the construction and eventual PG&E ownership and operation of a 657 MW combined cycle power plant located beside PG&E natural gas pipelines 400 and 401, as well as PG&E's 230 kilovolt electric transmission lines, and provided further details concerning the plant's operational characteristics. *See, e.g.*, LTRFO Testimony, at Chapter 8C-2. The Project's AFC seeks approval from the CEC for the same project. *See e.g.*, AFC, Section 1.1 (Project Overview) (seeking approval for operation of a

nominal 660 MW combined cycle power plant directly west of pipelines 400 and 401) and Section 1.10 (noting proximity of PG&E's 230 kilovolt transmission lines). Thus, PG&E is now seeking a certificate authorizing utility construction of the same Project the Commission previously found necessary, cost effective, and reasonable. D.04-12-048, at. 6-7.

5. The Proposed Cost Recovery and Ratemaking Mechanism Also Remains Unchanged.

Because PG&E is willing, pending completion of due diligence, to construct and operate the Project subject to the Commission's previously-determined Cost Cap, construction of the Project by PG&E will leave PG&E's customers in exactly the same position they would have been in had E&L completed the Project under the PSA. PG&E's current plan for the Project, as reflected in this Application, shifts the financial risk onto PG&E and its shareholders to control Project costs and to make best efforts to meet the 2010 deadline. PG&E customers bear no more financial risk under PG&E's proposal here, but will reap the rewards beginning in 2010 if the Project succeeds. Given the public need for the facility to go on line in 2010, PG&E's current proposal provides the Commission with a narrow window to serve the public by helping PG&E ensure future reliability for its customers while avoiding the need for additional rate increases that could become necessary should the Project fail to go forward as now proposed.

For these reasons too, public convenience and necessity requires construction of the Colusa Project by 2010, or as soon thereafter as possible. Now that E&L will not complete the Project under the PSA by that date, the Commission should promptly issue the requested CPCN, so that PG&E can attempt to do so itself.

B. The Commission Should Allow PG&E to Construct the Project Subject to the Cost Recovery and Ratemaking Previously Adopted in Decision 06-11-48, and Set the "Maximum Reasonable and Prudent Cost" Required Under Section 1005.5 as an Amount Equal to the Previously-Approved Project Cost.

PG&E's working plan, subject to the closing of the Acquisition deal, is to take over the Colusa Power project from E&L and to complete it under the cost recovery cap and ratemaking originally adopted for the Project by the Commission in Decision 06-11-048. The Commission

has already performed detailed, thorough review of the capital and operation and maintenance (“O&M”) costs associated with the Project. There is no need to perform a duplicative review now, since PG&E agrees to work within the confines of the Commission’s prior determination insofar as it relates to the Colusa Power Project.

Nonetheless, Public Utilities Code section 1005.5 requires that, whenever the Commission issues a CPCN for a project estimated to cost greater than \$50 million, it must specify in the certificate the “maximum cost determined to be reasonable and prudent” for that facility. The Commission has already made such a determination with respect to the Colusa Project, and articulated such maximum cost in Decision 06-11-048.⁸ Therefore, PG&E requests that the Commission simply specify in the CPCN for the Colusa Project the previously determined and approved initial capital cost as the “maximum cost determined to be reasonable and prudent” in compliance with Public Utilities Code section 1005.5. *See* D.06-11-048, at 14.

Because the Project is important to reliability, and is one of the only projects scheduled to come on line in 2010, PG&E is moving forward with the Acquisition with the expectation that, upon closing, PG&E will proceed with Project construction, bearing the risk of potential cost over-runs. If consideration of this Application is delayed beyond approximately 90 days, PG&E is concerned that it will not be able to continue to bear the ongoing costs and resultant risks associated with pursuing its goal of completing the Project by 2010.

C. The Commission Should Expedite the Approval of this Application, Since the Scope of This Proceeding is Narrow and the Prior Record Already Establishes the Application’s Merit.

PG&E requests that the Commission review and approve this Application on an expedited basis. PG&E’s proposed procedural schedule for this proceeding is set forth below. Specifically, PG&E requests that the Commission issue a CPCN within approximately 90 days so that PG&E can commence and complete the Project on schedule, and have the regulatory

⁸ The Commission approved “as reasonable and adopt[ed] the project bid price as the initial capital cost for the Colusa project, including the fixed contract price, excluding incentive payments, plus PG&E’s estimated owner’s costs, including owner’s contingency.” *See* Decision 06-11-048, at 14.

certainty it needs to proceed with significant and necessary Project investments that are required to adhere to the current construction schedule.

The expedited processing of this Application is justified. The Commission, along with the CEC and the California Independent System Operator (“CAISO”), previously recognized the need to bring reliable power supplies to the Northern California market. Approval of this Application by the Commission in approximately 90 days will provide PG&E with the opportunity to get another 657 MW of necessary generation resources on-line by 2010. As it stands, if the Commission does not issue a CPCN within approximately 90 days, PG&E is uncertain about its ability to complete the Project by 2010 and to continue bear the significant costs and risks associated with proceeding with the Project. Thus, the public interest requires expedited approval of this Application.

The underlying facts and history suggest that the Commission should not have difficulty issuing a CPCN within approximately 90 days given the extremely limited scope of the issues that remain to be decided in this case. First, the Commission has already determined that the Project is necessary, cost-effective, and reasonable. Specifically, the Commission found the project necessary in its decision approving PG&E’s Long Term RFO, Decision 06-11-048, which approved contracts for 2,250 MW of incremental generation over the following ten years.

This Project accounts for 657 MW of that incremental generation. Moreover, the cost-effectiveness of the project was challenged and proven previously, through the competitive and transparent all-source solicitation process, and through the Commission’s consideration and approval of cost recovery and ratemaking for the Project, as reflected in Decision 06-11-048. Finally, the Project and this Application are reasonable: if the Commission can act promptly, PG&E is willing to honor the total Colusa Project Cost Cap previously established by the Commission.

In addition, this Application does not trigger CEQA review, which typically accounts for the vast majority of the time needed to process CPCN applications for which the CPUC is lead agency under CEQA. In this case, by contrast, the CEC is undertaking the environmental review

of the Project in connection with its consideration of the requested AFC for the Project. The Project evaluation is in-process at the CEC and the CEC staff has already issued its preliminary report. PG&E expects a final staff report will be issued in November 2007.

Pursuant to General Order 131-D, Section VII(E), to the extent that the CEC has not issued a final decision in the application for a certificate to construct (AFC) proceeding within approximately 90 days after submission of this Application, PG&E requests that the Commission issue an interim decision on the Application, as it did when it granted PG&E's CPCN application for the Humboldt facility.

Neither does this Application require the Commission to consider the four factors enumerated in Public Utilities Code section 1002(a) as part of its review (*i.e.*, community values, recreational and park areas, historical and aesthetic values, and influence on the environment). Section 1002(b) provides that any power plant requiring a certificate pursuant to the Warren-Alquist State Energy Resources Conservation and Development Act (California Public Resources Code § 25000 et seq.), as is the case with the Colusa Power Project, is exempt from 1002(a), and instead must comport with the environmental requirements and criteria established by the CEC.

Finally, this Application either contains or references the information required by General Order No. 131-D, including Appendix B, and by Public Utilities Code section 1003.5, which streamlines the review of CPCN applications for new plants that are subject to the CEC's licensing process.

In sum, there is no reason the Commission cannot approve this Application within approximately 90 days. As in the case of PG&E's Crockett proceeding, *Re Pacific Gas and Electric Co.*, 51 CPUC2d 594, D.93-10-039 (1993), the issues here have been significantly narrowed by virtue of the CEC's environmental review of the underlying project and other factors. With such a limited role to play, the Commission approved the Crockett application in only 58 days. *See* D.93-10-039. Surely, given the importance to PG&E's customers of the

Colusa Project, the parties and the Commission can work together to secure a final decision in this case by approximately February 14, 2008.

IV. INFORMATION REQUIRED BY PUBLIC UTILITIES CODE SECTIONS 1001-1005, THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE AND GENERAL ORDER 131-D

A. Identification of Statutory Authority

Pursuant to Rule 2.1, PG&E files this Application pursuant to Rule 3.1 of the Commission's Rules of Practice and Procedure, General Order 131-D, Public Utilities Code sections 1001-1005, and prior decisions, orders, and resolutions of this Commission.

B. Scoping Memo, Categorization, Hearings, and Issues to be Considered

Pursuant to Rules 2.1(c) and 7.3, PG&E provides the following information.

1. Proposed Categorization of Proceeding

Pursuant to Rule 7.1(e)(2), PG&E proposes that this Application be categorized as a "rate setting" proceeding, since it does not clearly fit into any of the categories as defined in Rules 1.3(a), (d), and (e).

2. Need for Hearings or Briefing

There is no need for hearings or briefing on this Application since all of the relevant issues were previously subject to the Commission hearing, briefing and due process requirements, and have been previously determined in Commission decisions and orders, including but not limited to Decision 06-11-048.

3. Issues to Be Considered

PG&E proposes the following issue be considered in this proceeding:

Should the Commission grant PG&E a certificate of public convenience and necessity for construction of the Colusa Power Project on an expedited basis, within approximately 90 days of the file date of PG&E's application, in light of the previously-determined need for and cost-effectiveness of the Project?

4. Proposed Schedule

In order to meet and maintain its aggressive Project construction schedule, PG&E

requests that the Commission limit the comment period after issuing its Proposed Decision to 15 days or less, as set forth in the attached Proposed Schedule.

Date	Action Item
November 14, 2007	Application file date.
December 17, 2007	Last Day to File Protests; CPUC deems Application complete
December 19, 2007	Reply to Protests Due
December 21, 2007	ALJ/AC issues Scoping Memo identifying final schedule for Proposed Decision, Comments, and Final Decision
January 15, 2008	CPUC issues Proposed Decision
February 12, 2008	Comments Due on Proposed Decision
February 14, 2008	CPUC adopts Final Decision issuing CPCN

C. Legal Name and Principal Place of Business; Correspondence or Communication Regarding This Application

Pursuant to the obligations of Rules 2.1(a) and (b), PG&E's exact legal name is Pacific Gas and Electric Company. PG&E is, and has been since October 10, 1905, an operating public utility corporation, organized under the laws of the State of California. PG&E is engaged principally in the business of furnishing gas and electric service in California. PG&E's principal place of business is located at 77 Beale Street, San Francisco, California 94105.

Communications regarding this application should be addressed to the following:

Joshua S Levenberg
 Law Department
 Pacific Gas & Electric Company
 P.O. Box 7442 (B30A)
 San Francisco, CA 94120
 Telephone: (415) 973-5970
 Facsimile: (415) 973-5520
 E-mail: J3LS@pge.com

D. Organization and Qualification to Transact Business

Pursuant to the obligations of Rule 2.2, a copy of PG&E's Restated Articles of Incorporation, effective April 12, 2004, certified by the Secretary of State of the State of California, was most recently filed with the Commission as part of Application No. 04-05-005, on May 3, 2004, and is incorporated herein by reference.

E. Financial Statements and Data

PG&E believes that the nature and subject matter of this Application does not require attachment of a financial statement to the Application because this Application does not seek authority to implement changes that would result in increased rates. In fact, as stated *supra*, this Application is based, in relevant part, upon prior Commission determinations related to ratemaking and does not seek to modify or reopen prior Commission ratemaking decisions. Nonetheless, for the convenience of the Commission, PG&E refers the Commission to the financial statements and data recently filed with the Commission by PG&E as Exhibit F in support of Application No. A.07-11-008 on November 7, 2007, which contains PG&E's most recent relevant financial statements and data, as required by Rules 2.3 and 3.2(a)(1).

F. CEQA Compliance

In compliance with Rule 2.4, PG&E notes that pursuant to California Public Resources Code section 25519(c) and California Public Utilities Code sections 1001 and 1002(b), CEQA does not apply to this Application, and the CEC will undertake any necessary environmental review of this Project. In addition, in D. 06-11-048 the Commission found that the Colusa Power Project was exempt from CEQA review by the Commission. *Id.*, at 32.

G. Notice and Service of Application

Pursuant to GO 131-D, Section XI.A, notice of this Application shall be given within ten days of filing the Application by mail,⁹ by advertisement,¹⁰ and by posting:¹¹ (1) to certain public

⁹ Pursuant to GO 131-D (Section XI.A.1), notice of the filing of an application for a CPCN must be sent by direct mail to "(a) [t]he planning commission and the legislative body for each county or city in which the proposed facility would be located, the CEC, the State Department of Transportation and its Division

agencies and legislative bodies; (2) to owners of property located on or within 300 feet of the project area; (3) by advertisement in a newspaper or newspapers of general circulation in the Project area; and (4) by posting a notice on-site and off-site at the project location. PG&E has given, or will give, proper notice within the time limits prescribed in GO 131-D.

In addition, PG&E will provide Notice of this Application to each party identified in the service list from Rulemaking Nos. 04-04-003 (Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning) and 06-02-013 (Order Instituting Rulemaking to Integrate Procurement Policies and Consider Long-Term Procurement Plans) and Application No. 06-04-012 (Application of Pacific Gas & Electric Company for Approval of Long-Term Request for Offer Results and For Adoption of Cost Recovery and Ratemaking Mechanisms) who has provided an e-mail address, as well as to each party to the CEC process in Docket No. 06-AFC-9, as well as additional relevant governmental agencies. This Application contains a certification that a copy of the Application has been served upon or mailed to each such person named.

H. Full Description and Map of the Proposed Construction

Pursuant to Rule 3.1(a) and (c), Appendix B (Sections I and III) to GO 131-D and Public Utilities Code section 1003(b), PG&E offers the following information: A map of suitable scale showing the location of the proposed construction, and its relation to other public utilities,

of Aeronautics, the Secretary of Resources Agency, the Department of Fish and Game, the Department of Health Services, the State Water Resources Control Board, the Air Resources Board, and other interested parties having requested information. The utility shall also give notice to the following agencies and subdivisions in whose jurisdiction the proposed facility would be located: the Air Pollution Control District, the California Regional Water Quality Control Board, the State Department of Transportation's District Office, and any other State or Federal agency which would have jurisdiction over the proposed construction; and (b) [a]ll owners of land on which the proposed facility would be located and owners of the property within 300 feet of the right-of-way as determined by the most recent local assessor's parcel roll available to the utility at the time notice is sent[.]”

¹⁰ Pursuant to GO 131-D (Section XI.A.2), notice of the filing of an application for a CPCN must be “[b]y advertisement, not less than once a week, two weeks successively, in a newspaper of newspapers of general circulation in the county or counties in which the proposed facilities will be located, the first publication to be not later than ten days after filing of the application[.]”

¹¹ Pursuant to GO 131-D (Section XI.A.3), notice of the filing of an application for a CPCN must be affected “[b]y posting a notice on-site and off-site where the project would be located.”

corporations, persons, or entities with which the Project is likely to compete appears in the Project's AFC application for the Colusa Project ("AFC"), which is incorporated herein by reference and attached hereto, in its entirety, as Exhibit A.

Section 3 of the AFC, entitled Project Description, contains a detailed description of the Project, its characteristics, components, and location in addition to including relevant maps and diagrams. Regarding maps and diagrams, Figure 3.2-1 provides a general location for the Project; Figure 3.3-1 provides a site plan, including offsite linear components; Figure 3.4-1 provides a detailed plot plan identifying each major structure; and Figures 3.4-2 and 3.4-3 provide cross-sections of the proposed facilities. Figure 5.2-1 shows typical cross-sections of proposed transmission towers. A listing of all engineering and design related laws, ordinances regulations and standards ("LORS") required of the Project are included in Appendices A, B, C and D to the AFC and summarized in Table 3.10-1.

A description of the proposed construction, and the manner in which it will be constructed, appears in Sections 5-7 of the AFC. In particular, Section 5 of the AFC, Transmission Facilities, describes the design of the transmission structures and electrical components necessary to interconnect the project to the high side of the transformer. The impacts to PG&E and other transmission systems are included in the System Impact Study, attached to the AFC as Appendix F.

Section 6 of the AFC, Natural Gas Supply, identifies the pipeline specification, including typical preliminary construction drawings. Section 7 of the AFC, Water Supply, identifies the preliminary design of the water conveyance and intake structure. Sections 8.14.5 through 8.14.7 of the AFC identify the applicable LORS to which the system will be designed.

Section 1.6 of the AFC identifies a construction schedule wherein construction begins in early spring of 2008. Table 8.8-9 of the AFC provides a detailed 24-month construction schedule, showing the number of construction workers by craft that will be present on the site. The Project is expected to begin commercial operation in the spring of 2010. At this time, though, no specific construction schedule identifies which components will be constructed first.

Such a schedule will not be developed until the CEC issues its License, and PG&E submits a detailed compliance and construction milestone schedule as required by the CEC standard conditions of certification.

I. Required Health & Safety Permits

Pursuant to Rule 3.1(d) and Appendix B (Section III) to GO 131-D, the franchises and such health and safety permits that public authorities have required or may require for the proposed Project construction are identified in the following sections of the AFC:

Engineering and Facility Design – Section 3.11

Air Quality – Sections 8.1.6 and 8.1.7

Biological Resources – Sections 8.2.6 and 8.2.7

Cultural Resources- Sections 8.3.6 and 8.3.7

Land Use – Sections 8.4.6 and 8.4.7

Noise – Sections 8.5.6 and 8.5.7

Public Health – Sections 8.6.6 and 8.6.7

Worker Health and Safety – Sections 8.7.7 and 8.7.8

Socioeconomics – Sections 8.8.7 and 8.8.8

Agriculture and Soils – Sections 8.9.7 and 8.9.7

Traffic and Transportation – Sections 8.10.6 and 8.10.7

Visual Resources – Sections 8.11.6 and 8.11.7

Hazardous Materials – Sections 8.12.6 and 8.12.7

Waste Management – Sections 8.13.6 and 8.13.7

Water Resources – Sections 8.14.7 and 8.14.8

Geologic Hazards and Resources – Sections 8.15.6 and 8.15.7

Paleontological Resources – Sections 8.16.6 and 8.16.7

J. Statement of Estimated Cost of Project

Pursuant to Public Utilities Code sections 1003(c), Rule 3.1(f) and (l)(3) and Appendix B (Section VI) to GO 131-D, PG&E offers the following information. The estimated cost of the

proposed construction Project and the estimated annual costs, both fixed and operating associated therewith, were detailed in PG&E's Application for Approval of Long-Term Request for Offer Results and for Adoption of Cost Recovery and Ratemaking Mechanisms, Application 06-04-012, and its accompanying prepared testimony and workpapers, dated April 10-11, 2006 (LTRFO Application), all of which are incorporated herein by reference. Chapter 9C and, more specifically, Tables 9C-1 and 9C-2 detailed the costs. The Commission made its final determination about the reasonable Project costs in Decision 06-11-048, which, for purposes of this Application, PG&E has agreed to adopt in its new capacity as developer, as well as owner and operator of the Project.

K. Project Implementation Plan, Design and Construction Management and Cost Control Plan

PG&E offers the following information pursuant to Public Utilities Code section 1003(b) and (e). A project implementation plan was originally provided in PG&E's LTRFO Testimony at Chapter 9C. Chapter 9C includes:

- A project implementation plan that describes how the project would be contracted for and constructed;
- A timetable identifying the design, construction completion, and operation dates for each major component of the project;
- A design and construction management and cost control plan that indicates the contractual and working responsibilities and interrelationships between PG&E's management and other major parties involved in the project; and
- A preliminary estimate of the cost of decommissioning the Colusa generating facility.

A modified and updated version of Table 9C-3, which originally appeared on page 9C-13 of the LTRFO Testimony, appears below and reflects the current project implementation status:

**UPDATED TABLE 9C-3
PACIFIC GAS AND ELECTRIC COMPANY
PROJECT IMPLEMENTATION MILESTONE SCHEDULE**

Line No.	Milestone	Date
	<u>Development Phase</u>	
1	Release detailed engineering and procurement	December 2007
2	Obtain CEC License	1Q/2Q 2008
	<u>Construction Phase</u>	
3	Mobilize EPC contractor	May 2008
4	Begin major equipment erection	March 2009
5	First Combustion turbine delivery	March 2009
6	First fire combustion turbine	April 2010
7	Mechanical completion	March 2010
8	Commercial operation	August 2010

The Colusa Project will be a valuable part of PG&E's generation resources during its 30-year life. As such, PG&E has prepared specifications and general design criteria that will insure the operational flexibility, reliability, quality of construction, and overall life cycle cost expectations are achieved. To achieve these goals, PG&E will form a project execution team that will include Development Management and Construction Management. The Development Team will include a Development Project Manager, CEC Licensing Manager, CEC Application Preparation Team, Environmental Specialists, Legal Support, Power Plant Engineers, Public Relations Manager, and Regulatory Affairs.

The Development Team has taken responsibility for all permitting and other development activities, including CEC licensing, and coordinating all project activities with the local communities. The Development Team is also responsible for the execution of commercial agreements for the fuel and electrical interconnection facilities, and has already submitted an application for an authority to construct to the local air district.

The Construction Management Team will be comprised of PG&E internal staff and third party support in some areas and will include engineers, a Project Manager, a Construction

Manager, field inspection staff, and operations support. Members of the Construction Management Team will be assigned and released as needed to support the various phases of the project. The team will include several home office personnel,¹² and a full time field staff located at the site. This team will provide technical support to the Development Team, manage the Engineering, Procurement and Construction (“EPC”) contractor, and procurement of the generation equipment. They will also communicate and coordinate their activities with the operations staff during the entire project to achieve a smooth transition into the operations phase.

The field staff will be on the site from the mobilization of the EPC contractor, to Substantial Completion,¹³ when PG&E operations staff will take full care, custody and control of the facility. The duration from the mobilization of the EPC contractor to Substantial Completion is approximately 24 months.

Update Table 9C-3, *supra*, provides the major milestone dates that are estimated for the project at this time. Meeting the targets in this schedule will be coordinated by the Development Management and Construction Management Teams, and is heavily dependent on the timely Commission approval of PG&E’s CPCN Application. To ensure it maintains the project schedule, the EPC contractor is required to submit monthly detailed progress reports and progress schedules. The Construction Management Team will monitor the progress on a daily basis, and will confirm the stated progress is achieved before progress milestone payments are paid to the EPC contractor.

L. Proxy Statement

Pursuant to Rule 3.1(i), since PG&E Corporation, the parent company of PG&E, is listed on a national exchange, a copy of PG&E’s most recent proxy statement dated March 13, 2007,

¹² Home office support includes mid level management, budgeting, accounting, environmental, and other internal resources that contribute directly to the project, on a part time basis.

¹³ Substantial Completion is defined in the EPC contract as the date when Colusa has completed all performance testing (including a reliability test), met the minimum performance guarantees, and performed all of the work other than uncompleted minor items of work on the punch list. When Substantial Completion is achieved, the facility is ready to be dispatched for commercial operation by PG&E.

was filed with the Commission in connection with PG&E's Application No. A.07-04-009 on April 6, 2007, and is incorporated herein by reference.

M. Load and Resource Data and Existing Rated and Effective Operating Capacity

Pursuant to Rule 3.1(l)(1) and (2) and Appendix B (Sections IV and V) to GO 131-D, PG&E offers the following information. Load and resource data related to the Project appears in Chapter 8C (at 8C-2, 3) and in the workpapers supporting Chapters 5 and 9C (*see also* 9C-5 and 9C-6) of the Prepared Testimony in Support of PG&E's LTRFO Application, which contain load and resource data reported to the CEC, including the capacity of generating plants and planned additions for a 10 year period.

The guaranteed nominal output for the Colusa Project is 527 MW, the guaranteed peak output for Colusa is 657 MW and the guaranteed heat rate for Colusa is 6,778 British thermal units per kilowatt-hour ("Btu/kWh"). In addition, Section 3.9.3.1 of the AFC estimates that for the 30 year life of the plant, the Colusa Project has an Equivalent Availability Factor ("EAF") of 92 to 96 percent.

N. Financial Ability to Render Proposed Service and Finance Project

Pursuant to Rule 3.1(g), this section addresses the financial ability of PG&E to finance the project. PG&E will own 100% of the assets that will comprise the Project. Those assets will be added to PG&E's utility rate base. PG&E intends to finance the Project cost with the same proportions of debt and equity with which all other rate base assets are financed: 46 percent long-term debt, 2 percent preferred stock, and 52 percent common stock.

PG&E anticipates that funds to finance the Project will be primarily derived from cash generated by PG&E's operations and, to the extent necessary, from external sources of funds. External sources of funds would come from the issuance of some combination of debt and equity securities.

PG&E's ability to fund the Project is demonstrated through PG&E financial statements

contained in PG&E Corporation's Quarterly Report on Form 10-Q filed November 1, 2007, for the period ending September 30, 2007.¹⁴ As shown therein, PG&E generated approximately \$9.8 billion from operating activities for the nine months ended September 30, 2007. PG&E believes that its utility operations will continue to generate substantial cash with which to fund construction activities.

O. Request for *Ex Parte* Relief

PG&E requests that the relief requested in this Application be provided *ex parte*.

V. ELECTRONIC AVAILABILITY OF EXHIBITS A AND B

Any interested party may obtain true and correct copies of the Exhibits A and B, filed in support of this Application, by accessing the following uniform resource locators ("URLs"):

Exhibit A:

<http://cacx.org/sitingcases/colusa/documents/applicant/afc/>

Exhibit B:

<http://www.energy.ca.gov/2007publications/CEC-700-2007-003/CEC-700-2007-003-PSA.PDF>

VI. PRAYER

Wherefore, PACIFIC GAS AND ELECTRIC COMPANY respectfully requests the Commission to issue an order:

1. Granting a CPCN (or, if appropriate, granting an interim CPCN pursuant to Section VII(E) of General Order 131-D) authorizing PG&E to construct the Colusa Power Project as described in this application, subject to compliance with CEC permit conditions;
2. Stating, pursuant to Public Utilities Code section 1005.5, that the previously determined and approved initial capital cost, in Decision 06-11-048, at 14, is the "maximum cost determined to be reasonable and prudent";

¹⁴ PG&E refers the Commission to the financial statements and data recently filed with the Commission by PG&E as Exhibit F in support of Application No A.07-11-008 on November 7, 2007, which contains PG&E's most recent relevant financial statements and data.

3. Providing PG&E's requested relief on an *ex parte* basis and within the time limits prescribed by the schedule proposed by PG&E for this proceeding;
4. Stating explicitly in the Commission Calendar that any and all protests to this Application shall be filed no later than December 17, 2007 (which, in any event, will be at least 30 days after proper notice was provided pursuant to Section XI.A of GO-131 D).

Respectfully Submitted,

WILLIAM V. MANHEIM
DAVID T. KRASKA
JOSHUA S LEVENBERG
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Telephone: (415) 973-5970
Facsimile: (415) 973-5520
E-mail: J3LS@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

By: _____


Joshua S Levenberg

Dated: November 14, 2007

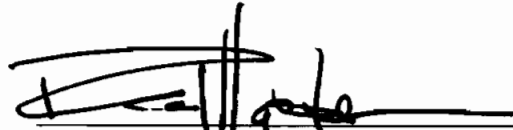
VERIFICATION

I, the undersigned, say:

I am an officer of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, and am authorized to make this verification for and on behalf of said corporation, and I make this verification for that reason; I have read the foregoing Application and am informed and believe that the matters contained therein are true and on that ground I allege that the matters stated herein are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at San Francisco, California, this 14th day of November, 2007.



RANDAL S. LIVINGSTON
Vice President, Power Generation

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Expedited Issuance of a
Certificate of Public Convenience and
Necessity for the Colusa Power Project.

(U 39 E)

Application 07-11-____

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED ISSUANCE OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
FOR THE COLUSA POWER PROJECT**

EXHIBITS

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Expedited Issuance of a
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Necessity for the Colusa Power Project.

(U 39 E)

Application 07-11-____

APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED ISSUANCE OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
FOR THE COLUSA POWER PROJECT

EXHIBIT A

(Due to its volume, this exhibit has been bound separately and enclosed herein).

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Expedited Issuance of a
Certificate of Public Convenience and
Necessity for the Colusa Power Project.

(U 39 E)

Application 07-11-____

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED ISSUANCE OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
FOR THE COLUSA POWER PROJECT**

EXHIBIT B

(Due to its volume, this exhibit has been bound separately and enclosed herein).

E&L Westcoast Holdings, LLC
8403 Colesville Road
Suite 915
Silver Spring, Maryland 20190

November 13, 2007

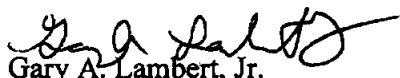
Pacific Gas and Electric Company
245 Market Street
Mail Code N13
San Francisco, California 94105

Attention: Vice President – Electric Supply

Gentlemen:

This letter confirms what we have previously told you orally, that if E&L Westcoast and PG&E had not agreed to purchase the Colusa Project by entering into the new Purchase and Sale Agreement dated as of November 9, 2007, E&L Westcoast would have terminated its existing Purchase and Sale Agreement with PG&E, dated as of March 24, 2006.

Sincerely,


Gary A. Lambert, Jr.
Managing Member

CERTIFICATE OF SERVICE BY HAND DELIVERY OR ELECTRONIC MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department, PO Box 7442, San Francisco, CA 94120.

On the 14th day of November 2007, I served a true copy of:

**APPLICATION FOR EXPEDITED ISSUANCE OF A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY FOR THE COLUSA POWER PROJECT
(without Exhibits A and B, except as otherwise noted)**

by hand delivery to the following:

Michael R. Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Angela K. Minkin, Chief
Administrative Law Judge
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

John Bohn, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Rachelle B. Chong, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Dian M. Grueneich, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Timothy A. Simon, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Sean Gallagher, Director
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California Public Utilities Commission
505 Van Ness Avenue
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(with Exhibits A and B)

Karen Miller, Public Advisor
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By UPS Overnight:

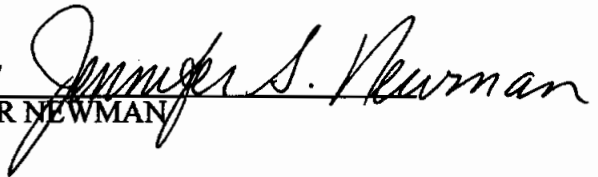
B. B. Blevins, Executive Director
California Energy Commission
1516 Ninth Street, MS-4
Sacramento, CA 95814
(with Exhibits A and B)

CERTIFICATE OF SERVICE BY HAND DELIVERY OR ELECTRONIC MAIL (Cont.)

and by electronic mail for all those on the official service lists for Rulemaking Nos. R.04-04-003 and 06-02-013 and Application No. 06-04-012 and the California Energy Commission's complete service list for Docket No. 06-AFC-9, who have provided an e-mail address. Service Lists are attached to the original of this document only.

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

Executed on the 14th day of November 2007.

ISI 
JENNIFER NEWMAN