

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

Application of Pacific Gas and Electric
Company for Expedited Approval Of The
Tesla Generating Station And Issuance of a
Certificate of Public Convenience and
Necessity and Request For Interim Order
Authorizing Early Project Commitment to
Stabilize Costs

(U 39 E)

Application 08-07-018

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DATE	<u>JUL 21 2008</u>
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**AMENDMENT TO APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND REQUEST FOR INTERIM ORDER AUTHORIZING EARLY PROJECT
COMMITMENT TO STABILIZE COSTS**

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July 21, 2008

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Pursuant to Commission Rule 1.12(a), Pacific Gas and Electric Company (“PG&E”) files the attached amended pages for its *Application For Expedited Approval Of The Tesla Generating Station And Issuance Of A Certificate Of Public Convenience And Necessity And Request For Interim Order Authorizing Early Project Commitments To Stabilize Costs* (“Application”) that was filed on Friday, July 18, 2008. As PG&E explained in the Application, it redacted the initial capital cost estimate of the Tesla Generating Station and the corresponding revenue requirement from its Friday filing in order to ensure that information from this filing did not result in modifications to bids submitted today in PG&E’s 2008 Long-Term Request for Offers (“LTRFO”). Bids in the 2008 LTRFO were due today at 1:00 p.m. (PPT). Since the bid deadline has now passed, PG&E is attaching to this filing the following amended pages to the Public Version of the Application, which remove the redaction for the initial capital costs and revenue requirement:

- Application Pages 5, 24, 26, 28, 29, 39, and 41

The exhibits to the Application are not being amended and thus are not attached to this filing. The Application includes additional confidential material that is not changed by this amendment. Therefore, PG&E is also submitting an amended *Motion Of Pacific Gas And Electric Company (U 39 E) For Leave To File Confidential Application Under Seal Consistent With The Confidentiality Protections Of Decision 06-06-066, Public Utilities Code Section 583, and General Order 66-C.*

Respectfully submitted,

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By: _____ /s/ Kerry C. Klein
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Dated: July 21, 2008

(3) PG&E is to pay \$ [REDACTED] to FPL within 30 days of PG&E's receipt of final Commission approval for the Second Power Train.

In addition, if the acquisition closes, PG&E is obligated to reimburse FPL for up to \$ [REDACTED] in costs that FPL may incur prior to closing with respect to the construction of a water supply line to the project. The acquisition agreement also provides for a seller repurchase option, which will be extinguished by PG&E's filing of this Application.^{4/}

PG&E proposes to apportion one-half of the first two payments (*i.e.*, \$ [REDACTED]) and the water supply line reimbursement costs to the First Power Train. This amount is included in PG&E's estimated initial capital cost of \$850 million.^{5/} PG&E proposes to classify the second half of the first two payments as attributable to the Second Power Train as plant held for future use.

2. Description Of PG&E's Proposed Tesla Generating Station

PG&E's proposed Tesla Generating Station will be a new nominal 560 MW gas-fired combined-cycle generating unit located in eastern Alameda County, about 0.5 mile north of PG&E's Tesla Substation. The project will consist of two Frame 7FA CTGs, each with its own HRSG. In this standard 2x1 configuration, each CTG will generate power and will exhaust directly into its own HRSG, where the exhaust heat will be captured and used to generate steam for use in the steam turbine. The exhaust steam leaves the turbine and is condensed for reuse in the steam cycle in the condenser. As permitted, the Tesla Generating Station is "wet cooled"

^{4/} Pursuant to the terms of PG&E's purchase agreement with FPL, if PG&E failed to file for Commission approval of at least one power train at the site by the end of 2011, then FPL would have had the option to re-purchase the Tesla site for \$ [REDACTED]. This Application extinguished the option.

^{5/} PG&E is submitting this Application in advance of bids being submitted in its 2008 LTRFO. The 2008 LTRFO bid submission date is 1:00 p.m., July 21, 2008. PG&E was concerned that potential bidders in the 2008 LTRFO may modify their bids based on the initial capital cost information for the Tesla Generating Station if that information was available before 2008 LTRFO bids are due. Thus, PG&E has redacted the initial capital cost information from the Application and supporting testimony. PG&E intends to submit a revised version of this Application and the supporting testimony on July 21 after the 2008 LTRFO bid deadline. The revised version will make public the initial capital costs of the Tesla Generating Station. This is consistent with Commission Decision 07-12-052, which allows a utility to keep commercially sensitive information confidential in an initial application filing, subject to disclosure of the information within ninety days of the filing date. *See* D.07-12-052 at 268-269. Here, PG&E only intends to keep this information confidential for a few days until 2008 LTRFO bids are received.

steam production in the multi-pressure HRSG resulting in increased condensing STG output. In addition, the project is expected to have an average heat rate of 7,000 British Thermal Units/kilowatt-hour (“Btu/kWh”) and a corresponding average carbon dioxide (“CO₂”) emission rate of 0.82 pounds/kWh, which is better than many currently operating natural-gas fueled facilities.

The CEC approved the Tesla Generating Station with conditions to mitigate environmental and community impacts such as the use of state-of-the-art control equipment to minimize air emissions. Air emissions will be controlled through the use of dry NO_x combustion coupled with selective catalytic reduction (“SCR”) systems. Each HRSG will be equipped with a SCR system to further reduce NO_x, as well as a carbon monoxide (“CO”) catalyst to control CO emissions. This ensures that the Tesla Generating Station is designed, constructed, and operated in a manner that will protect public health and safety, promote the general welfare, and preserve environmental quality.

In addition to preserving environmental quality, the Tesla Generating Station will have other additional environmental benefits. First, because the facility will operate at a low heat rate, it will use less natural gas and produce fewer greenhouse gas emissions per unit of electricity output than many currently operating natural gas fueled power facilities. Second, the Tesla Generating Station can replace older generation facilities that rely on once-through cooling technology, helping improve water quality. The operational and environmental benefits of the Tesla Generating Station are described in more detail in Chapter 2 of PG&E's testimony.

VII. PG&E'S TESLA PROJECT IS REASONABLE AND COST-EFFECTIVE FOR CUSTOMERS

A. PG&E's Capital and Operations and Maintenance Cost Estimates

PG&E has estimated that the capital cost to complete and commission the Tesla Generating Station is \$850 million. The basis for these costs is described in detail in Chapter 4 of PG&E's testimony. PG&E has also estimated its Operations and Maintenance (“O&M”) costs in Chapter 5. Pre-Commercial Operation Date (“pre-COD”) costs include commissioning labor

“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.^{29/} 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.^{30/} Approval of the Tesla Generating Station will advance the public interest.

PG&E’s Tesla Generating Station is needed to replace 913 MW of terminated or at-risk projects from PG&E’s 2004 LTRFO. The Commission has already determined a need for this generation which, as a result of contract terminations and other delays, will not be filled by 2012 unless immediate corrective action is taken. The Tesla Generating Station is one of the only large-scale generation projects capable of being completed in time to meet that need. With limited options available for meeting PG&E’s customers’ energy needs in 2012 and beyond, the Commission should support PG&E’s efforts to take advantage of this unique, cost-effective opportunity. The lack of timely, cost-effective alternatives to the Tesla Generating Station further demonstrates that construction of the project remains in the public interest.

B. PG&E’s Costs are Reasonable And Should Be Adopted Consistent With Public Utilities Code Section 1005.5(a)

As discussed above in Section VII, and in Chapters 4, 5 and 6 of PG&E’s testimony, the estimated initial capital cost of \$850 million is reasonable. Public Utilities Code section 1005.5(a) 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. Based upon the cost estimates discussed in Chapter 4, PG&E requests that the Commission approve an initial capital cost of \$850 million for the Tesla Generating Station, consistent with section 1005.5(a).

^{29/} 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).

^{30/} *Oro Electric Corp. v. R.R. Commission*, 169 Cal. 466, 475 (1915).

Completion,^{32/} when PG&E operations staff will take full care, custody and control of the facility.

Meeting the schedule milestones will be coordinated by the Development Management and Construction Management Teams, and is only achievable with a timely Commission approval of PG&E's Application. To ensure the EPC contractor maintains the project schedule, the EPC contractor will be required to submit monthly detailed progress reports and schedules. The Construction Management Team will monitor the progress on a daily basis, and will confirm work has been completed before payments are paid to the EPC contractor.

IX. THE COMMISSION SHOULD ADOPT PG&E'S PROPOSED RATEMAKING AND COST RECOVERY MECHANISMS

A. PG&E's Ratemaking Proposal for Development of the First Power Train.

Although PG&E has expended considerable effort to ensure that its estimated costs for the Tesla Generating Station are reasonable, there remains a risk that the actual costs of completing the project are greater than estimated. To address this risk, PG&E proposes the following mechanism to give PG&E a strong financial incentive to develop an accurate cost estimate and avoid cost overruns:

- PG&E requests that the Commission adopt \$850 million as a reasonable and prudent estimate of the initial capital cost for the Tesla Generating Station.
- If the actual cost of the Tesla Generating Station is \$850 million, PG&E would be entitled to include the entire cost in rate base and recover it in rates without the need for an after-the-fact reasonableness review.
- If the actual cost of the Tesla Generating Station is *less than* \$850 million, PG&E would be allowed to recover only its actual capital costs, thereby giving the benefit of the lower cost entirely to customers.

^{32/} Substantial Completion is defined as the date when the EPC contractor 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.

- If the actual capital cost of the Tesla Generating Station *exceeds* \$850 million, when the project becomes operational PG&E would be entitled to include in ratebase and recover in rates \$850 million, without an after-the-fact reasonableness review. PG&E would then have the option to file a separate application to recover any costs above \$850 million to the extent that: (1) excess costs result from operational enhancements to the project; or (2) the excess costs are the result of an action or force that was beyond PG&E's reasonable control. For example, excess costs attributable to permitting delays or changes to the project mandated by regulatory agencies would be eligible for recovery under such an application process. In the interim, while any such application is pending, the revenue requirement for any amount above \$850 million would accrue in a balancing account.
- PG&E also requests that any performance incentives or penalties associated with the EPC contract or equipment suppliers, which have been not included in the estimate of the initial capital costs, be recovered or returned through an advice filing after the amounts are known, similar to the treatment adopted for the Colusa and Humboldt facilities in D.06-11-048.

B. Initial Revenue Requirement

To allow for recovery of the non-fuel costs of owning and operating the Tesla Generating Station, PG&E requests that the Commission adopt an estimated initial annual revenue requirement of \$175.9 million in this proceeding. This amount is based on an initial capital cost of \$850 million. Chapter 7 provides additional information regarding the calculation of this initial revenue requirement.

This revenue requirement will begin to accrue in the Utility Generation Balancing Account ("UGBA") as of the date of commercial operation of the Tesla Generating Station, and will be included in rates on January 1 of the following year. This initial revenue requirement will stay in effect until superseded by the rates to be established in PG&E's next General Rate Case ("GRC") following commercial operation of Tesla. Fuel costs will be recovered through the Energy Resources Recovery Account ("ERRA") proceeding.^{33/}

^{33/} PG&E proposes to recover fuel costs through the ERRA mechanism. ERRA was established to record the authorized revenue requirement and actual power costs to determine the recovery of PG&E's procurement plan power costs, excluding costs associated with the California Department of Water Resources ("CDWR") power contracts. PG&E's power costs include, as defined in Decision 02-10-062 and modified

designed.

Q. 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 5.1

Air Quality – Section 5.2

Biological Resources – Section 5.3

Water Resources – Section 5.4

Geologic Hazards and Resources – Section 5.5

Agriculture and Soils – Section 5.6

Land Use – Section 5.7

Socioeconomics – Section 5.8

Noise – Section 5.9

Visual Resources – Section 5.10

Traffic and Transportation – Section 5.11

Hazardous Materials Handling – Section 5.12

Waste Management – Section 5.13

Worker Safety – Section 5.14

Public Health – Section 5.15

Cultural Resources- Section 5.16

Paleontological Resources – Section 5.17

R. Statement of Estimated Cost of Project

Pursuant to Public Utilities Code section 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 initial capital cost for the Tesla Generating Station is \$850 million. The estimated annual fixed and variable O&M costs, including contingency, are approximately \$ [REDACTED] in the first year.

1. Grant a CPCN authorizing PG&E to construct the Tesla Generating Station as described in this Application, subject to compliance with CEC permit conditions;
2. Determine, pursuant to Public Utilities Code section 1005.5(a), that the maximum reasonable and prudent cost for the Tesla Generating Station is \$850 million;
3. Issue an interim order no later than September 18, 2008 authorizing PG&E to enter into early equipment commitments and, in the event the Commission denies this Application, to recover fully in rates as "abandoned project" costs the actual termination costs PG&E has incurred prior to obtaining a final decision on the Application, including equipment termination fees, associated engineering, permitting and procurement-related costs, and that these costs include AFUDC. Cost recovery authorization in the interim order would be subject to a review of PG&E's reasonable management and administration of such equipment contracts and associated termination costs. If the Commission ultimately grants a CPCN for the Tesla Generating Station, the interim order would be moot;
4. Issue no later than January 2009 a final decision approving the \$850 million initial capital cost and determine that PG&E is entitled to include the entire initial capital cost in rate base and recover it in rates without the need for an after-the-fact reasonableness review.
 - a. If the actual cost of the Tesla Generating Station is *less than* \$850 million, PG&E would be allowed to recover only its actual capital costs, thereby giving the benefit of the lower cost entirely to customers;
 - b. If the actual capital cost of the Tesla Generating Station *exceeds* \$850 million, when the project becomes operational PG&E shall be entitled to include in ratebase and recover in rates \$850 million, without an after-the-fact reasonableness review. PG&E would then have the option to file a separate application to recover any costs above \$850 million to the extent that: (1) excess costs result from operational enhancements to the project; or (2) the excess costs are the result of an action or force that was beyond PG&E's reasonable control. For example, excess costs attributable to permitting delays or changes to the project mandated by regulatory agencies would be eligible for recovery under such an application process. In the interim, while any such application is pending, the revenue requirement for any amount above \$850 million would accrue in a balancing account.
5. Determine that all reasonably incurred acquisition costs associated with the Tesla site and related permitting costs be treated as PHFU if the

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. 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 B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 21st day of July 2008, I served a true copy of:

**AMENDMENT TO APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
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[XX] By Electronic Mail – by electronic mail for all those on the official service lists for Rulemaking Nos. R.04-04-003, R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 who have provided an e-mail address.

[XX] By U.S. Mail – by placing a Notice of Availability for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for Rulemaking Nos. R.04-04-003, R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 without an e-mail address.

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 this 21st day of July, 2008 at San Francisco, California.

/s/ Donna Lee

DONNA LEE

**BEFORE THE
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Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

**AMENDED MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) FOR
LEAVE TO FILE CONFIDENTIAL MATERIAL IN APPLICATION UNDER SEAL
CONSISTENT WITH THE CONFIDENTIALITY PROTECTIONS OF DECISION 06-
06-066, PUBLIC UTILITIES CODE SECTION 583, AND GENERAL ORDER 66-C**

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FOR LEAVE TO FILE CONFIDENTIAL MATERIAL IN APPLICATION UNDER
SEAL CONSISTENT WITH THE CONFIDENTIALITY PROTECTIONS OF
DECISION 06-06-066, PUBLIC UTILITIES CODE SECTION 583, AND
GENERAL ORDER 66-C**

I. SUMMARY OF RELIEF REQUESTED

Pursuant to Rule 11.4 of this Commission’s Rules of Practice and Procedure, Law and Motion Resolution ALJ-164, Decision 06-06-066, Public Utilities Code Section 583 (“Section 583”), and General Order (“GO”) 66-C, Pacific Gas and Electric Company (“PG&E”) files this amended motion for leave to file confidential information and data under seal. The material PG&E seeks to protect is included in the confidential, unredacted version of PG&E’s *Application for Expedited Approval of the Tesla Generating Station and Issuance of a Certificate of Public Convenience and Necessity and Request for Interim Order Authorizing Early Project Commitment to Stabilize Costs* (“Application”). PG&E filed the Application on Friday, July 18, 2008, and filed a motion for confidentiality at that time. As PG&E indicates in the amendment to the Application that it is filing concurrently with this amended motion, PG&E has removed the confidentiality designation for the initial capital costs and revenue requirement included in the Application. However, other portions of the Application remain confidential, necessitating this amended motion.

II. THE MATERIALS PG&E SEEKS TO FILE UNDER SEAL ARE PROTECTED UNDER CONFIDENTIALITY RULES THE COMMISSION ESTABLISHED IN DECISION 06-06-066, PUBLIC UTILITIES CODE SECTION 583, GO 66-C

In Decision 06-06-066, the Commission adopted rules and procedures governing the submission of confidential electric procurement information to the Commission. In a Matrix, attached to the Decision, the Commission established specific rules for Investor-Owned Utilities (“IOUs”) governing certain categories of data and information. Decision 08-04-023 requires that material formally filed with the Commission for which an IOU seeks confidential treatment must be accompanied by a Motion. In its Motion the IOU must establish:

- 1) that the material it is submitting constitutes a particular type of data listed in the Matrix;
- 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;
- 4) that the information is not already public; and
- 5) that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.^{1/}

In addition, Section 583 provides that, “[n]o information furnished to the commission by a public utility. . . except those matters specifically required to be open to public inspection by this part, shall be open to public inspection or made public except on order of the commission, or by the commission or commissioner in the course of a hearing or proceeding.”

Finally, Paragraph 2.8 of GO 66-C provides that public records not open to public inspection include “[i]nformation obtained in confidence from other than a business

^{1/} D.06-06-066 at 80, Ordering Paragraph No. 2.

regulated by this Commission where the disclosure would be against the public interest.”

Attached hereto and incorporated herein by reference is a table that: (1) describes the material for which PG&E seeks confidential treatment; (2) states whether PG&E seeks confidentiality protection pursuant to Decision 06-06-066, Section 583, and/or GO 66-C; and (3) where PG&E seeks protection under Decision 06-06-066, the category or categories in the Matrix to which the data correspond. In the column labeled “PG&E’s Justification for Confidential Treatment,” PG&E explains why the material should be protected. In addition, where PG&E relies upon Decision 06-06-066, the attached matrix indicates that: (1) it is complying with the limitations on confidentiality specified in the Matrix for that type of data; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

In order to be able to provide redacted information to non-market participants as soon possible after filing PG&E’s Application, PG&E also attaches to this motion (and will serve parties with) a Non-Disclosure Agreement (“NDA”). Once a non-market participant executes the attached NDA, PG&E will provide confidential material filed under seal to that non-market participant. The attached NDA is taken from the approved NDA in PG&E’s 2006 Long Term Plan Proceeding, modified for this proceeding. To the extent that a subsequent Protective Order (“PO”) and corresponding NDA is entered in this proceeding, the parties will abide by the terms of that PO and NDA. By signing the attached interim NDA, no party will waive its rights to object to PG&E’s Motion to File Confidential Testimony Under Seal, or to the form of the attached NDA.

III. CONCLUSION.

For all the reasons described above and in the attached table, PG&E requests that the Commission grant PG&E’s request to file the confidential, unredacted version of its Application under seal. As required by Rule 11.4(a), a Proposed Order granting this Motion is attached behind the table.

Respectfully submitted,

WILLIAM V. MANHEIM
CHARLES R. MIDDLEKAUFF
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JOSHUA S LEVENBERG

By: _____
/s/ Kerry C. Klein
KERRY C. KLEIN

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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: July 21, 2008

**PACIFIC GAS AND ELECTRIC COMPANY
TESLA APPLICATION FOR CPCN
July 18, 2008**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Application p. 4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the purchase price for the Tesla Generating Station, which is a component of PG&E's forecast cost for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Application p. 5	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information reveals aspects of the acquisition price for the Tesla Generating Station, which is a component of PG&E's forecast cost for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Application p. 7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C	Y	Y	Y	Redacted information shows the time of delivery of major power plant equipment, from the time of commitment. This information is commercially sensitive to PG&E because its disclosure would reveal to parties a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix. In addition, this information is considered by the equipment manufacturers to be commercially sensitive, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	
Application p. 7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C	Y	Y	Y	Redacted information shows the amount of payments made by PG&E, or forecast to be made by PG&E, to the turbine manufacturer for the Tesla Generating Station. It is a component of PG&E's forecast for the cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix. This information is also considered commercially sensitive by the turbine manufacturer, and therefore disclosure would be against the	3 years

**PACIFIC GAS AND ELECTRIC COMPANY
TESLA APPLICATION FOR CPCN
July 18, 2008**

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						public interest under GO 66-C, para. 2.8.	
Application p. 25	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast of Operations and Maintenance ("O&M") costs for the first year of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Application p. 30	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast of the annual revenue requirement for PHFU treatment for the First Power Train of the Tesla Generating Station. Disclosure of this information would reveal a component of PG&E's capital cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Application p. 31	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's acquisition costs for the Tesla Generating Station, and PHFU for the Second Power Train of the Tesla Generating Station. Disclosure of this information would reveal a component of PG&E's capital cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Application p. 39	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast of the estimated annual O&M cost of the Tesla Generating Station, for the first year of operation. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

[PROPOSED] RULING

In accordance with its Rules of Practice and Procedure, the California Public Utilities Commission (Commission) has considered the Motion of Pacific Gas and Electric Company (U 39 E), filed July 18, 2008, for Leave to File Confidential Material Under Seal, namely certain information in the confidential, unredacted version of its Application for CPCN for the Tesla Generating Station (Motion of PG&E to File Under Seal). The Commission rules as follows:

1. PG&E's Motion for Leave to File Under Seal is granted. The protected materials in the confidential, unredacted version of PG&E's Application for CPCN for the Tesla Generating Station are described in the table attached to the Motion of PG&E to File Under Seal.

2. The confidential, unredacted version of this information shall remain under seal, and shall not be made accessible or disclosed to anyone other than the Commission and its staff except on the further order or ruling of the Commission, the Assigned Commissioner, the Assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge.

Dated _____, 2008 at San Francisco, California

Administrative Law Judge

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

NONDISCLOSURE AGREEMENT

This Nondisclosure Agreement (“Agreement”) is effective this _____ day of _____, 2008, by and between Pacific Gas and Electric Company (“PG&E”) and _____ (“Receiving Party”).

RECITALS

A. Certain of the information requested to be produced or disclosed by PG&E in the above-captioned proceeding (“Proceeding”) constitutes PG&E’s trade secrets, proprietary, and/or confidential information (“Confidential Material”).

B. PG&E and the Receiving Party believe that this Agreement will facilitate processing this Proceeding and avoid unnecessary law and motion practice.

C. PG&E and the Receiving Party believe that this Agreement will protect legitimate confidentiality concerns, and preserve their rights.

AGREEMENT

In consideration of the recitals set forth above, PG&E and the Receiving Party agree that the following terms and conditions shall govern the disclosure and use of Confidential Material in the context of the Proceeding:

- 1.** For purposes of this Agreement:

a. The term “Confidential Material” includes information or documents PG&E provides in response to informal requests for information and to discovery requests and designated by PG&E as confidential, including material PG&E has designated as confidential under the provisions of Public Utilities Code section 583 or Decision 06-06-066; any copies of Confidential Material; and any notes of Confidential Material.

b. The term “notes of Confidential Material” means memoranda, handwritten notes, or any other form of information which copies or discloses all or portions of Confidential Material.

c. The term “Reviewing Representative” is a person described in paragraph 8 of this Agreement.

d. The term “Commission” means the California Public Utilities Commission.

2. This Agreement shall govern all Confidential Material and, notwithstanding any order terminating the Proceeding, shall remain in effect for a period of sixty (60) days after an order concluding or otherwise terminating the Proceeding is no longer subject to judicial review; however, the non-disclosure and confidentiality obligations of Reviewing Representatives, as specified in the Non Disclosure Certificate associated with this Agreement, shall remain in full force and effect for two (2) years after an order concluding or otherwise terminating this Proceeding is no longer subject to judicial review.

3. PG&E may designate as Confidential Material any information or documents that PG&E customarily treats as confidential or proprietary, which are not available to the public, and which, if disclosed freely, would, in PG&E’s judgment, adversely affect either its ratepayers or PG&E. Confidential Material also includes information or documents in PG&E’s possession that PG&E received from persons who consider the information or documents confidential or proprietary.

4. Confidential Material shall be made available under the terms of this Agreement only to Reviewing Representatives as provided in paragraphs 7 and 8 of this

Agreement.

5. Confidential Material shall remain available to the Receiving Party until the date that an order concluding or otherwise terminating the Proceeding is no longer subject to judicial review. Within thirty (30) days after such date, all Reviewing Representatives shall return to PG&E all Confidential Material, including all copies of Confidential Material (except notes of Confidential Material). Within the time period for return of Confidential Material, the Receiving Party shall destroy all notes of Confidential Material, and the Receiving Party shall submit to PG&E an affidavit stating that all Confidential Material, copies thereof, and notes of Confidential Material are being returned to PG&E or have been destroyed in accordance with this Paragraph.

6. The Receiving Party may make only one (1) copy of Confidential Material without the prior approval of PG&E, which approval shall not be unreasonably withheld. The Receiving Party shall maintain a log of such copies for review by PG&E. All Confidential Material shall be maintained by the Receiving Party in a secure manner. Access to Confidential Material shall be limited to those Reviewing Representatives specifically authorized pursuant to paragraph 8 of this Agreement.

7. Confidential Material shall be treated as confidential by the Receiving Party and by the Reviewing Representatives, in accordance with the Nondisclosure Certificate executed pursuant to paragraph 10 of this Agreement. Confidential Material shall not be used except as necessary for the conduct of the Proceeding and, subject to the limitations specified in paragraph 8, and Confidential Material shall not be disclosed in any manner to any person other than a Reviewing Representative who is engaged in the conduct of the Proceeding and who needs to know the information to carry out that person's responsibilities in the Proceeding. The Reviewing Representatives may make notes of Confidential Material, which notes must be maintained in a secure manner pursuant to paragraph 6 of this Agreement.

8. A Reviewing Representative may include: (a) an employee of the Receiving Party who is engaged in the conduct of the Proceeding and who needs to know the information to carry out that person's responsibilities in the Proceeding; (b) an attorney representing the Receiving Party in the Proceeding, including his or her associated attorneys, paralegals, or other employees ("Attorneys"); and (c) an expert or an employee of an expert retained by the Receiving Party for the purpose of advising, preparing for, or testifying in the Proceeding ("Experts"). In the event that the Receiving Party wishes to nominate as a Reviewing Representative a person not described in this Paragraph, the Receiving Party shall obtain the prior written agreement of PG&E.

9. A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise access Confidential Material pursuant to this Agreement unless and until each and every such Reviewing Representative has first executed and delivered to PG&E a Nondisclosure Certificate in the form attached to this Agreement ("Nondisclosure Certificate"). Attorneys qualified as Reviewing Representatives are responsible for ensuring that all persons under their employment, instruction, supervision or control who require access to Confidential Material comply with this Agreement and execute and deliver to PG&E a Nondisclosure Certificate.

10. A Reviewing Representative may disclose Confidential Material to any other Reviewing Representative, as long as both Reviewing Representatives have executed and delivered a Nondisclosure Certificate to PG&E. In the event that any Reviewing Representative to whom Confidential Material is disclosed ceases to be engaged in the Proceeding or is employed or retained for a position whereby that person is no longer qualified to be a Reviewing Representative under paragraphs 7 and 8 of this Agreement, such person shall no longer be permitted access to Confidential Material and must comply with the return and destruction requirements of paragraph 5 of this Agreement. Every person who has signed and delivered a Nondisclosure Certificate shall continue to be bound by the provisions

of this Agreement and the Nondisclosure Certificate, even if such person is no longer engaged in the Proceeding.

11. If the Receiving Party intends to submit or use in the Proceeding any Confidential Material such that the submission or use would result in a public disclosure of such Confidential Material, including, without limitation, the presentation of prepared testimony, cross-examination, briefs, comments, protests, or other presentations before the Commission, counsel for the Receiving Party shall communicate with counsel for PG&E as soon as possible and, where practicable, not later than five (5) business days prior to such use, and both counsel shall constructively explore means of identifying the Confidential Material so that the confidentiality thereof may be reasonably protected (including, but not limited to, submission of testimony and briefs under seal, and clearing the hearing room during examination, discussion, or argument concerning Confidential Material), while at the same time enabling an effective presentation. If PG&E and the Receiving Party are unable to agree upon a procedure to protect the confidentiality of the Confidential Material, the Receiving Party shall request an order from the principal hearing officer in the Proceeding, and PG&E reserves the right to oppose the Receiving Party's request. Except as expressly provided for herein, no use may be made of Confidential Material that would fail to protect its confidentiality without such an order from the principal hearing officer.

12. The principal hearing officer shall retain the discretion to review and evaluate the facts and circumstances involved in any proposed use of Confidential Material in Commission hearings, and the flexibility to respond in whatever manner is most appropriate under the circumstances, including the holding of in camera hearings.

13. Nothing in this Agreement shall be construed as precluding PG&E from objecting to the use at hearings of Confidential Material on any legal grounds, including any applicable privilege.

14. To the extent that Confidential Material is discussed, analyzed or otherwise

the subject of consideration during any conference or other session held in connection with the Proceeding, only Reviewing Representatives may be present for such sessions.

15. The Receiving Party agrees that any release, attempted release, or use of Confidential Material other than as contemplated by this Agreement may cause PG&E irreparable injury which cannot adequately be compensated through pecuniary damages. Accordingly, PG&E and the Receiving Party agree that any breach or threatened breach of this Agreement may be enjoined.

16. Failure to designate information or documents as Confidential Material prior to disclosure shall not be deemed a waiver in whole or in part of PG&E's claim of confidentiality, and PG&E shall have the right to designate or re-designate such information and documents at any time. Upon receipt of notice from PG&E of any new designation or re-designation, the Receiving Party thereafter shall treat said information or documents according to the new designation or re-designation, and/or will endeavor to return all copies of any newly designated or re-designated documents to PG&E in exchange for copies of the documents with the new designation.

17. The inadvertent disclosure of any information or documents which are subject to a claim of work product, the attorney-client privilege or other legal protection shall not waive the protection for such information or documents as long as PG&E requests their return and takes reasonable precautions to avoid such inadvertent disclosure. Upon written request, the Receiving Party shall return to PG&E any such protected information or documents inadvertently disclosed, together with all copies and any notes pertaining thereto.

18. This Agreement shall be governed and construed according to the laws of the State of California.

19. This Agreement sets forth the complete understanding of the parties hereto with respect to the subject matter hereof as of the date set forth above. This Agreement supersedes any prior understandings, discussions, or course of conduct (oral and written).

Any modification or waiver of the provisions of this Agreement must be written, must be executed by both PG&E and the Receiving Party, and shall not be implied by any usage of trade or course of conduct.

20. This Agreement may be executed in separate counterparts by PG&E and the Receiving Party, each of which shall be fully effective as to the party executing it.

21. The Parties shall request that the principal hearing officer in the Proceeding resolve any disputes arising from this Agreement. Prior to presenting any dispute arising from this Agreement to the principal hearing officer, PG&E and the Receiving Party shall use their best efforts to resolve the dispute.

22. To the extent that a Protective Order and Non-Disclosure Agreement is subsequently entered in this proceeding by an Administrative Law Judge, the Parties agree that such Protective Order and/or Non-Disclosure Agreement shall apply in this proceeding, and the Parties agree to be bound by any subsequently adopted Protective Order and/or Non-Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date entered below on behalf of PG&E and the Receiving Party.

PACIFIC GAS AND ELECTRIC COMPANY

RECEIVING PARTY

Dated: _____

Dated: _____

By: _____

Signature: _____

Name: _____

Title: _____

Company/Firm: _____

Representing (name of party): _____

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

NONDISCLOSURE CERTIFICATE

I certify my understanding that access to Confidential Material is provided to me pursuant to the terms and restrictions of the Nondisclosure Agreement (“Agreement”) for use in the above-captioned proceeding. I have been given a copy of and have read the Agreement and agree to be bound by it. I understand that the contents of Confidential Material, including any notes or memorandum or other form of information which copy or disclose such material, shall not be disclosed to anyone other than in accordance with the Agreement and shall be used only for the purpose of the above-captioned proceeding. I agree to honor the confidentiality of Confidential Material for two (2) years following the conclusion or termination of this proceeding as specified in the Agreement.

Dated: _____

Signature: _____

Name: _____

Title: _____

Company/Firm: _____

Representing (name of party): _____

Business Address: _____

Business Phone: _____

Business Fax: _____

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. 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 B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 21st day of July 2008, I served a true copy of:

**AMENDED MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR LEAVE TO FILE CONFIDENTIAL MATERIAL IN APPLICATION UNDER
SEAL CONSISTENT WITH THE CONFIDENTIALITY PROTECTIONS OF
DECISION 06-06-066, PUBLIC UTILITIES CODE SECTION 583, AND GENERAL
ORDER 66-C**

[XX] By Electronic Mail – by electronic mail for all those on the official service lists for Rulemaking Nos. R.04-04-003 R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 who have provided an e-mail address.

[XX] By U.S. Mail – by placing a Notice of Availability for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for Rulemaking Nos. R.04-04-003, R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 without an e-mail address.

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 this 21st day of July, 2008 at San Francisco, California.

/s/ Donna Lee

DONNA LEE

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

Application of Pacific Gas and Electric
Company for Expedited Approval Of The
Tesla Generating Station And Issuance of a
Certificate of Public Convenience and
Necessity and Request For Interim Order
Authorizing Early Project Commitment to
Stabilize Costs

Application 08-07-018

(U 39 E)

**AMENDMENT TO PREPARED TESTIMONY IN SUPPORT OF APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND REQUEST FOR INTERIM ORDER AUTHORIZING EARLY PROJECT
COMMITMENT TO STABILIZE COSTS**

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PACIFIC GAS AND ELECTRIC COMPANY

July 21, 2008

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

**AMENDMENT TO PREPARED TESTIMONY IN SUPPORT OF APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND REQUEST FOR INTERIM ORDER AUTHORIZING EARLY PROJECT
COMMITMENT TO STABILIZE COSTS**

Pursuant to Commission Rule 1.12(a), Pacific Gas and Electric Company (“PG&E”) files the attached amended pages for its *Prepared Testimony in Support of Application For Expedited Approval Of The Tesla Generating Station And Issuance Of A Certificate Of Public Convenience And Necessity And Request For Interim Order Authorizing Early Project Commitments To Stabilize Costs* (“Testimony”) that was filed on Friday, July 18, 2008. As PG&E explained in the Application, it redacted the initial capital cost estimate of the Tesla Generating Station and the corresponding revenue requirement from its Friday filing in order to ensure that information from this filing did not result in modifications to bids submitted today in PG&E’s 2008 Long-Term Request for Offers (“LTRFO”). Bids in the 2008 LTRFO were due today at 1:00 p.m. (“PPT”). Since the bid deadline has now passed, PG&E is attaching to this filing the following amended pages to the Public Version of the Testimony, which remove the redaction for the initial capital costs and revenue requirement:

- Page 1-5
- Page 1-6
- Page 1-9
- Page 1-10
- Page 1-11
- Page 4-10
- Page 4-16
- Page 7-1
- Page 7-2
- Page 7-6
- Page 7-7
- Page 7-12
- Page 7-14
- Page 7-15
- Page 7-16

The Testimony includes additional confidential material that is not changed by this amendment. Therefore, PG&E is also submitting an amended *Motion Of Pacific Gas And Electric Company (U 39 E) For Leave To File Confidential Testimony Under Seal Consistent With The Confidentiality Protections Of Decision 06-06-066, Public Utilities Code Section 583, and General Order 66-C.*

Attachment 1

Replacement Pages

1 Permitting delays also pose challenges for new projects. Permitting
2 uncertainties include a significant backlog at the CEC, and local opposition in the
3 form of challenges to siting and permitting. Such challenges, even if ultimately
4 unsuccessful, can significantly delay a project's on-line date. For projects in
5 northern California, the CEC permitting process has taken on average 14 to 15
6 months recently, and in some cases has stretched out as long as 20 months.
7 Delays in the CEC process, as well as those caused by challenges to permits,
8 have and will continue to result in developers suspending development efforts.
9 The Tesla Generating Station has already overcome these permitting
10 challenges, and received its CEC permit in 2004.

11 Given the market backdrop, it is critical for reliability in northern California to
12 advance a viable, cost-effective project. The fact that a developer signs a PPA
13 does not guarantee that a proposed project will be developed. A developer
14 typically is required to pay damages if it elects to terminate a contract. However,
15 liquidated damages will not ameliorate supply shortages. PG&E cannot rely on
16 contracts resulting from PG&E's 2008 LTRFO, as there is no guarantee such
17 projects will actually materialize. History has shown that projects that result from
18 LTRFO solicitations cannot offer what PG&E can achieve with respect to the
19 Tesla Generating Station—an efficient generator that can be on-line by 2012 at
20 an initial capital cost of \$850 million. Two PPAs resulting from PG&E's 2004
21 LTRFO have terminated and one is at-risk, based primarily upon permitting
22 delays and substantially rising costs. Moreover, it is highly unlikely that any
23 developer bidding into the 2008 LTRFO can finance, permit and construct a
24 combined-cycle plant by 2012. As explained below in Section G, a combined-
25 cycle facility is the preferred generation resource given PG&E's current needs.

26 A new RFO process would not provide any additional assurance that the
27 projects would ever be built. In fact, were PG&E to roll the entire 913 MW of
28 needed, unmet generation into the 2008 LTRFO process, there are no
29 guarantees that projects approved as a result will actually come on-line by 2012,
30 or that the agreed-upon price will be the ultimate price. PG&E simply cannot risk
31 accepting bids for 913 MW of needed generation that may not come on-line by
32 2012, or at the originally agreed-upon price. What the Tesla Generating Station
33 provides for California consumers is a project that will be on-line not later than
34 2012 at a more certain price.

1 E. The Tesla Generating Station Is a Cost-Effective Replacement 2 for Terminated and At-Risk Contracts

3 PG&E's initial estimate for the capital cost of the Tesla Generating Station is
4 \$850 million. This estimate was derived from PG&E's experience with the
5 Colusa Generating Station, for which PG&E stepped in for the original developer
6 and received a CPCN from the Commission on June 12, 2008. The costs for
7 Colusa Generating Station have been adjusted to reflect increases in the costs
8 of plant equipment, development and acquisition costs, and increased costs of
9 construction and materials.

10 PG&E compared the costs and benefits of the Tesla Generating Station to
11 the costs and benefits associated with an offer for a PPA applicable to the Tesla
12 Generating Station project which was submitted by FPL Energy, LLC (FPL) to
13 PG&E at its request and with the amended PPA for the RCEC Project. As
14 demonstrated in Chapter 6, the Tesla Generating Station is shown to have
15 greater market value than these two alternatives. In addition, PG&E compared
16 the Tesla Generating Station to the PPAs/PSAs approved by the Commission in
17 the 2004 LTRFO. Again, the Tesla Generating Station had a greater market
18 value than these agreements. As is discussed in more detail in Chapter 6, the
19 Tesla Generating Station is a cost-effective choice to meet the identified
20 reliability need in 2012 and beyond.

21 F. Time Is of the Essence

22 There are two critical regulatory milestones that must be met in order for
23 PG&E to proceed with this project:

- 24 1. **Interim Order:** In order to proceed with early capital commitments to
25 secure equipment, PG&E requires an interim order, by no later than
26 September 18, 2008, allowing PG&E to recover equipment-related costs and
27 associated engineering, permitting and procurement-related costs
28 (termination costs) as an abandoned project expense, and that these costs
29 include Allowance for Funds Used During Construction (AFUDC), in the
30 event the Commission ultimately does not authorize PG&E to proceed with
31 the Tesla Generating Station. In Chapter 4, PG&E has included an estimate
32 of the reasonable termination costs through May 2009.
- 33 2. **Final Decision:** PG&E seeks final Commission approval of this application
34 and issuance of a CPCN by January 29, 2009. This date is critical to ensure

1 frame. The Tesla Generating Station is designed to be operationally flexible,
2 with the capability to meet changing system conditions.

3 The Tesla Generating Station's combined-cycle design is also an efficient
4 and environmentally sound way to generate electric power using natural gas.
5 With its relatively low heat rate of 7,000 British thermal unit/kilowatt-hour
6 (Btu/kWh), it can provide the same services as operationally flexible but older,
7 inefficient and less reliable facilities, further improving the overall electric supply
8 system efficiency to customers. Its operational flexibility will help PG&E
9 integrate intermittent renewable resources, such as wind, much more efficiently
10 than many less efficient natural gas-fired facilities that currently provide these
11 services. The Tesla Generating Station can provide these integration services
12 more reliably and with lower quantity gas burns. In this way, the facility will
13 provide economic benefits while helping to promote the State's energy policies.

14 In addition, the Tesla Generating Station has other environmental benefits.
15 First, the facility will operate at a low heat rate, using less natural gas and
16 producing fewer greenhouse gas emissions per unit of electricity output, than
17 currently operating natural gas facilities. Second, the Tesla Generating Station
18 can replace older generation facilities that rely on once-through cooling
19 technology and help California comply with the Federal Clean Water Act. As
20 described in Chapter 2, the Tesla Generating Station has a lower average heat
21 rate and carbon dioxide (CO₂) emission rate than other existing natural gas-fired
22 units.

23 **H. PG&E's Ratemaking Requests Are Reasonable and Appropriate**

24 PG&E's ratemaking proposal has two key elements: (1) if a CPCN is
25 granted, PG&E proposes that the Commission adopt a reasonable and prudent
26 target of \$850 million in initial capital costs; and (2) if the CPCN request is not
27 approved, PG&E requests authority to recover its sunk termination costs as
28 abandoned project costs (as addressed in the Interim Order) and to recover its
29 site acquisition and development costs as Plant Held for Future Use (PHFU), in
30 anticipation that the valuable Tesla site will at some point in the future be used
31 for generation development. In addition, PG&E proposes that the acquisition
32 costs associated with Tesla Phase Two be classified as PHFU, as Phase Two
33 represents a valuable future option for generation.

1. Initial Capital Costs

Similar to the ratemaking adopted for the Gateway and Humboldt Generating Stations, PG&E requests that the Commission find that \$850 million is a prudent and reasonable estimate of the first unit of the Tesla Generating Station. The basis for the \$850 million estimate is described in Chapter 4 and was developed using the Colusa Generating Station estimate as a starting point, updated for current costs, and tailored to reflect the unique features of the Tesla Generating Station. As discussed above, PG&E has locked in the costs of major generation equipment through long lead time procurements.

Under PG&E's ratemaking proposal, if the actual cost for the first unit of the Tesla Generating Station is less than or equal to \$850 million, PG&E would be entitled to include its actual cost in rate base, without the need for an after-the-fact reasonableness review. If the actual costs of the facility are in excess of \$850 million, PG&E will be permitted to begin recovery of the full \$850 million once the Tesla Generating Station becomes operational and PG&E would be entitled to file an application with the Commission for recovery of amounts in excess of the \$850 million only to the extent:

(1) the excess costs result from operational enhancements to the project; or
(2) the excess costs are the result of an action or force that was beyond PG&E's reasonable control. For example, excess costs attributable to permitting delays or changes to the project mandated by regulatory agencies would be eligible for recovery under such an application process. In addition, similar to the treatment for the Colusa and Humboldt facilities in Decision 06-11-048, PG&E requests that it be able to recover its actual incentive payments to suppliers or contractors (or return any penalties) through an advice filing after the amounts are known. PG&E's ratemaking proposal is described in more detail in Chapter 7.

PG&E's ratemaking proposal is similar to the ratemaking approved by the Commission for the Gateway and Humboldt Generating Stations. In both instances, the Commission found it was reasonable to provide some opportunity for the utility to recover costs in excess of the adopted cost target under limited circumstances, such as operational enhancements or mandated changes to the project. Given (1) the reliability-driven need for

1 the project; (2) the tremendous uncertainty in the market that has led to
2 rapidly increasing costs of equipment and construction; (3) the pattern of
3 regulatory permitting denials and extended delays; and (4) the track record
4 of terminated and at-risk projects from PG&E's 2004 LTRFO, it is
5 reasonable to grant PG&E's ratemaking proposal in order to ensure that the
6 Tesla Generating Station proceeds and becomes operational no later than
7 summer 2012. PG&E's ratemaking proposal provides a powerful incentive
8 for PG&E to contain costs, and allows the Commission to scrutinize costs in
9 excess of the initial requested cost cap of \$850 million.

10 **2. Operations and Maintenance Costs**

11 PG&E requests that the Commission authorize operations and
12 maintenance (O&M) costs for the period between the Tesla Generating
13 Station's commercial operations date and PG&E's next General Rate Case.
14 These are PG&E's costs to ensure prudent, safe, reliable, efficient, and
15 cost-effective operation of the Tesla Generating Station. PG&E estimates
16 \$25.027 million in First Year O&M costs to operate the facility, and has
17 provided additional years of O&M costs in Chapter 5. PG&E requests that
18 the Commission find that these are prudent and reasonable estimate of
19 PG&E's O&M costs.

20 **3. Cost Recovery if the Project Is Not Approved**

21 If PG&E is not granted a CPCN for the Tesla Generating Station, PG&E
22 requests that it be granted abandoned cost recovery for its termination costs
23 and that it be entitled to "bank" the Tesla site as PHFU. Abandoned project
24 recovery is appropriate in this case because PG&E entered into the
25 equipment contracts and incurred associated costs during a period of great
26 resource uncertainty in order to preserve an option that it reasonably
27 determined was needed to ensure reliable service to its customers. Given
28 the uncertainty in the market, the important resource reliability need, and the
29 customer benefit associated with locking in equipment contract prices in a
30 rapidly escalating market, abandoned cost recovery is warranted and
31 reasonable. It is also appropriate to allow PG&E to treat the Tesla site as
32 PHFU in the event that the Commission does not authorize PG&E to
33 proceed with the Tesla Generating Station. Even if the Commission does

TABLE 4-2
PACIFIC GAS AND ELECTRIC COMPANY
TESLA GENERATING STATION CAPITAL COST SUMMARY
(NOMINAL THOUSAND DOLLARS)

Line No.	Description	Cost to Construct
1	Site Acquisition	
2	Advance Engineering, Procurement and Permitting	
3	PG&E Construction Management	
4	Core Power Block Engineering, Procurement, Construction	
5	Linear Facilities	
6	Commissioning	
7	Contingency	
8	A&G and AFUDC	
9	Total Tesla Generating Station Capital Expenditures	\$850,054

1. Site Acquisition and Advance Engineering Procurement and Permitting

PG&E's acquisition cost is described in Chapter 2, Section C.2. The allocation of those acquisition costs to the first and second power trains is discussed in Chapter 7, Section D.

PG&E will incur near term costs performing design, engineering, and procurement work activities to support advance equipment and material purchases in advance of a Commission final decision and in support of the project completion date. Additionally, PG&E has assumed responsibility for the final development activities of this project which include finalizing gas, water and electrical connections and transfer of the CEC license.

Advance Engineering and Procurement activities directly support advance equipment and material purchases. These activities will take place prior to establishment of a final EPC contract. This work is critical in shaping the design requirements for the EPC scope book concerning construction methods, interconnections, and land related investigative activities which also supports the final permitting efforts. The work scope will focus on development of the EPC scope book and specification of long lead time equipment and materials such as HRSGs, transformers and alloy piping. Permitting includes the costs required to finalize all project permits and associated compliance plans in order to ensure the Tesla Generating Station can begin construction in a timely fashion.

1 In the event PG&E identified and requested an operational enhancement, PG&E
2 would request an increase in the capital cost.

3 **H. Conclusion**

4 The capital cost estimate of \$850 million in Table 4-2 to construct the
5 Tesla Generating Station is reasonable and prudent, and PG&E requests that
6 the Commission authorize recovery of these costs as set forth in Chapter 7.

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 7**
3 **REVENUE REQUIREMENT AND RATEMAKING FOR PG&E’S TESLA**
4 **GENERATING STATION**

5 **A. Introduction**

6 The purpose of this chapter is to present Pacific Gas and Electric
7 Company’s (PG&E or the Company) proposal for recovering the cost of
8 developing and operating the Tesla Generating Station. Adoption of PG&E’s
9 ratemaking proposal will assure timely recovery of the reasonable cost of
10 completing, owning and operating the facility as of the date of commercial
11 operation, while providing PG&E a strong incentive to develop and build the
12 facility at or below the reasonable and prudent cost determined by the California
13 Public Utilities Commission (CPUC or Commission).

14 **B. Ratemaking Proposal for Development of the First Unit of the**
15 **Tesla Generating Station**

16 **1. Recovery of Initial Capital Costs**

17 In this application, PG&E is seeking a Certificate of Public Convenience
18 and Necessity (CPCN) to develop and construct a 560 megawatt (MW)
19 natural gas-fired combined-cycle generating facility in eastern
20 Alameda County on the Tesla site. PG&E estimates the cost to complete
21 this project to be \$850 million. PG&E requests the Commission find that the
22 \$850 million estimate is reasonable and prudent.

23 PG&E requests revenue recovery of the initial \$850 million capital cost
24 once the Tesla Generating Station becomes operational. In the event that
25 the actual capital cost of the Tesla Generating Station exceeds
26 \$850 million, PG&E would be permitted to begin recovery of the approved
27 \$850 million when the facility commences operation without an after-the-fact
28 reasonableness review. In addition, PG&E would be entitled to file an
29 application with the CPUC for recovery of amounts in excess of
30 \$850 million to the extent: (1) the excess costs result from operational
31 enhancements to the project; or (2) the excess costs are the result of an
32 action or force that was beyond PG&E’s reasonable control. For example,

1 excess costs attributable to permitting delays or changes in the Tesla
2 Generating Station mandated by regulatory agencies would be eligible for
3 recovery through such an application process. In the event that the actual
4 costs of the Tesla Generating Station are below the initial capital cost
5 estimate, PG&E requests recovery of only its actual capital costs, thereby
6 giving the benefit of the lower cost to customers.

7 The \$850 million initial capital cost estimate does not include any
8 performance incentives or penalties associated with the engineering,
9 procurement and construction (EPC) contract or equipment suppliers.
10 These incentives and penalties are described in Chapter 4. Similar to the
11 treatment adopted in Decision 06-11-048 for the Colusa and Humboldt
12 facilities, PG&E requests that it be able to recover its actual incentive
13 payments (or return any penalties) through an advice filing after the amounts
14 are known.

15 **2. Initial Revenue Requirement**

16 To allow for recovery of the non-fuel costs of owning and operating the
17 Tesla Generating Station, PG&E requests that the Commission adopt an
18 estimated initial annual revenue requirement of \$175.9 million in this
19 proceeding. This amount is based on an initial capital cost of \$850 million.
20 See Section E, below, for the development of the initial revenue
21 requirement. This revenue requirement will be recorded in the Utility
22 Generation Balancing Account (UGBA) as of the date of commercial
23 operation of the Tesla Generating Station, for recovery in rates on January 1
24 of the following year. This initial revenue requirement will remain in effect
25 until superseded by the rates that will be established in PG&E's next
26 General Rate Case (GRC), following commercial operation of the facility.

27 If the cost of the Tesla Generating Station exceeds the \$850 million,
28 PG&E will record the revenue requirement for the amount in excess of
29 \$850 million in a sub-account of the UGBA. This revenue requirement will
30 only be recovered upon a finding that the costs above \$850 million were
31 reasonably incurred.

32 Revenues for the Tesla Generating Station will be collected in
33 generation rates. New rates to recover the project costs will be designed

1 **E. Development of Initial Revenue Requirements**

2 **1. Tesla Generating Station Initial Revenue Requirement if CPCN**
3 **Granted**

4 The estimated non-fuel revenue requirement for the first year of the
5 Tesla Generating Station commercial operation is shown in Table 7-1.
6 PG&E proposes that the first year revenue requirement of \$175.9 million
7 be adopted as the initial revenue requirement in this proceeding and not be
8 adjusted, except for the advice filing discussed above, until the GRC
9 following commercial operation of the facility.

**TABLE 7-1
PACIFIC GAS AND ELECTRIC COMPANY
TESLA GENERATING STATION
COMPONENTS OF INITIAL REVENUE REQUIREMENT**

Line No.	Item	Year 1(a)	Year 2(b)	Year 3(c)	Year 4(d)
1	Operating Revenue	175,869	164,985	162,228	165,118
2	<u>Operating Expense</u>				
3	O&M				
4	Administrative and General				
5	Employee Benefits				
6	Insurance				
7	Subtotal				
8	Uncollectibles				
9	Franchise Requirements				
10	Subtotal Operating Expenses				
11	<u>Taxes</u>				
12	Property				
13	Payroll				
14	State Corporation Franchise				
15	Federal Income				
16	Subtotal Taxes				
17	Depreciation				
18	Decommissioning Accrual				
19	Total Operating Expenses				
20	Net For Return				
21	Weighted Average Rate Base				
22	<u>Rate of Return</u>				
23	On Rate Base	8.79%	8.79%	8.79%	8.79%
24	On Equity	11.35%	11.35%	11.35%	11.35%

(a) Year 1 11/1/2011 – 10/31/2012.

(b) Year 2 11/1/2012 – 10/31/2013.

(c) Year 3 11/1/2013 – 10/31/2014.

(d) Year 4 11/1/2014 – 10/31/2015.

1 Below is a description of the substantive components of the initial
2 revenue requirement shown in Table 7-1.

**TABLE 7-2
PACIFIC GAS AND ELECTRIC COMPANY
TESLA GENERATING STATION
RATE BASE
(THOUSANDS OF NOMINAL DOLLARS)**

Line No.		Year 1(a)	Year 2(b)	Year 3(c)	Year 4(d)
1	Plant	850,054	850,054	850,054	850,054
2	Inventories				
3	Working Cash				
4	Subtotal				
5	<u>Less</u>				
6	Accumulative Deferred Taxes				
7	Accumulated Decommissioning				
8	Accumulated Depreciation				
9	Weighted Average Rate Base				

(a) Year 1 11/1/2011 – 10/31/2012.

(b) Year 2 11/1/2012 – 10/31/2013.

(c) Year 3 11/1/2013 – 10/31/2014.

(d) Year 4 11/1/2014 – 10/31/2015.

1 A discussion of the substantive components of rate base shown in
2 Table 7-2 follows:

3 **a. Plant**

4 Line 1 is the estimated weighted average plant balance reflecting
5 the initial capital cost of the project presented in Chapter 4. As
6 explained in that chapter, the initial capital cost includes the cost of
7 placing the Tesla Generating Station in service, including commissioning
8 labor costs incurred prior to commercial operation.

9 **b. Working Cash Allowance**

10 The Working Cash requirement (line 3) is computed by multiplying
11 total estimated annual O&M expenses by one-eighth. The resulting
12 amount represents approximately 45 days of O&M expenses. This
13 simplified calculation method, which is accepted by the Federal Energy
14 Regulatory Commission (FERC), is used for purposes of this filing only.
15 A detailed analysis of generation working cash, including the Tesla

**TABLE 7-3
PACIFIC GAS AND ELECTRIC COMPANY
TESLA GENERATING STATION UNIT 1
PHFU REVENUE REQUIREMENT
(THOUSANDS OF NOMINAL DOLLARS)**

Line No.		Year 1
1	Operating Revenue	
2	<u>Operating Expense</u>	
3	Uncollectibles	
4	Franchise Requirements	
5	Insurance	
6	Subtotal Operating Expenses	
7	<u>Taxes</u>	
8	Property	
9	State Corporation Franchise	
10	Federal Income	
11	Subtotal Taxes	
12	Net For Return	
13	Weighted Average Rate Base	
14	<u>Rate of Return</u>	
15	On Rate Base	8.79%
16	On Equity	11.35%

1 **4. Unit 2 PHFU Revenue Requirement**

2 Table 7-4 shows the development of the estimated PHFU revenue
3 requirement for a potential second unit at the Tesla site, assuming the Unit 1
4 CPCN is approved.

**TABLE 7-4
PACIFIC GAS AND ELECTRIC COMPANY
TESLA GENERATING STATION UNIT 2
PHFU REVENUE REQUIREMENT
UNIT 1 CPCN APPROVED
(THOUSANDS OF NOMINAL DOLLARS)**

<u>Line No.</u>		Year 1
1	Operating Revenue	
2	<u>Operating Expense</u>	
3	Uncollectibles	
4	Franchise Requirements	
5	Insurance	
6	Subtotal Operating Expenses	
7	<u>Taxes</u>	
8	Property	
9	State Corporation Franchise	
10	Federal Income	
11	Subtotal Taxes	
12	Net For Return	
13	Weighted Average Rate Base	
14	<u>Rate of Return</u>	
15	On Rate Base	8.79%
16	On Equity	11.35%

1 Table 7-5 shows the development of the estimated PHFU revenue
2 requirement for a potential second unit at the Tesla site, assuming the Unit 1
3 CPCN is not approved.

**TABLE 7-5
PACIFIC GAS AND ELECTRIC COMPANY
TESLA GENERATING STATION UNIT 2
PHFU REVENUE REQUIREMENT
UNIT 1 CPCN NOT APPROVED
(THOUSANDS OF NOMINAL DOLLARS)**

Line No.		Year 1
1	Operating Revenue	
2	<u>Operating Expense</u>	
3	Uncollectibles	
4	Franchise Requirements	
5	Insurance	
6	Subtotal Operating Expenses	
7	<u>Taxes</u>	
8	Property	
9	State Corporation Franchise	
10	Federal Income	
11	Subtotal Taxes	
12	Net For Return	
13	Weighted Average Rate Base	
14	<u>Rate of Return</u>	
15	On Rate Base	8.79%
16	On Equity	11.35%

1 **F. Conclusion**

2 PG&E believes the Commission should adopt its ratemaking proposal for the
3 Tesla Generating Station as it is fair to PG&E customers and will assure PG&E
4 of timely cost recovery of the reasonable cost of completing, owning and
5 operating the project as of the date of commercial operation. It also provides
6 PG&E a strong incentive to develop and build the facility at or below the prudent
7 and reasonable cost determined by the Commission, and avoids the need for an
8 after-the-fact reasonableness review in the event of all but major cost overruns.

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. 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 B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 21st day of July 2008, I served a true copy of:

**AMENDMENT TO APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND REQUEST FOR INTERIM ORDER AUTHORIZING EARLY PROJECT
COMMITMENT TO STABILIZE COSTS**

[XX] By Electronic Mail – by electronic mail for all those on the official service lists for Rulemaking Nos. R.04-04-003, R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 who have provided an e-mail address.

[XX] By U.S. Mail – by placing a Notice of Availability for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for Rulemaking Nos. R.04-04-003, R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 without an e-mail address.

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 this 21st day of July, 2008 at San Francisco, California.

/s/ Donna Lee

DONNA LEE

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

**AMENDED MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) FOR
LEAVE TO FILE CONFIDENTIAL TESTIMONY UNDER SEAL CONSISTENT
WITH THE CONFIDENTIALITY PROTECTIONS OF DECISION 06-06-066, PUBLIC
UTILITIES CODE SECTION 583, AND GENERAL ORDER 66-C**

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July 21, 2008

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

**AMENDED MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR LEAVE TO FILE CONFIDENTIAL TESTIMONY UNDER SEAL
CONSISTENT WITH THE CONFIDENTIALITY PROTECTIONS OF DECISION
06-06-066, PUBLIC UTILITIES CODE SECTION 583, AND GENERAL ORDER 66-
C**

I. SUMMARY OF RELIEF REQUESTED.

Pursuant to Rules 10.4 and 11.4 of this Commission’s Rules of Practice and Procedure, Law and Motion Resolution ALJ-164, Decision 06-06-066, Public Utilities Code Section 583 (“Section 583”), and General Order (“GO”) 66-C, Pacific Gas and Electric Company (“PG&E”) files this amended motion for leave to file confidential information and data under seal. The material PG&E seeks to protect is included in the confidential, unredacted version of testimony in support of PG&E’s *Application for Expedited Approval of the Tesla Generating Station and Issuance of a Certificate of Public Convenience and Necessity and Request for Interim Order Authorizing Early Project Commitment to Stabilize Costs* (“Application”). PG&E filed the Application on Friday, July 18, 2008, and filed a motion for confidentiality at that time. As PG&E indicates in the amendment to the Prepared Testimony in Support of its Application that it is filing concurrently with this amended motion, PG&E has removed the confidentiality designation for the initial capital costs and revenue requirement included in the Prepared Testimony. However, other portions of the

Prepared Testimony remain confidential, necessitating this amended motion.

II. THE MATERIALS PG&E SEEKS TO FILE UNDER SEAL ARE PROTECTED UNDER CONFIDENTIALITY RULES THE COMMISSION ESTABLISHED IN DECISION 06-06-066, PUBLIC UTILITIES CODE SECTION 583, GO 66-C, OR RULE 10.4.

In Decision 06-06-066, the Commission adopted rules and procedures governing the submission of confidential electric procurement information to the Commission. In a Matrix attached to the Decision, the Commission established specific rules for Investor-Owned Utilities (“IOUs”) governing certain categories of data and information. Decision 08-04-023 requires that material formally filed with the Commission for which an IOU seeks confidential treatment must be accompanied by a Motion. In its Motion the IOU must establish:

- 1) that the material it is submitting constitutes a particular type of data listed in the Matrix;
- 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;
- 4) that the information is not already public; and
- 5) that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.^{1/}

In addition, Section 583 provides that, “[n]o information furnished to the commission by a public utility. . . except those matters specifically required to be open to public inspection by this part, shall be open to public inspection or made public except on order of the commission, or by the commission or commissioner in the course of a hearing or proceeding.”

Finally, Paragraph 2.8 of GO 66-C provides that public records not open to public

^{1/} D.06-06-066 at 80, Ordering Paragraph No. 2.

inspection include “[i]nformation obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest.”

Attached hereto and incorporated herein by reference is a table that: (1) describes the material for which PG&E seeks confidential treatment; (2) states whether PG&E seeks confidentiality protection pursuant to Decision 06-06-066, Section 583, and/or GO 66-C; and (3) where PG&E seeks protection under Decision 06-06-066, the category or categories in the Matrix to which the data correspond. In the column labeled “PG&E’s Justification for Confidential Treatment,” PG&E explains why the material should be protected. In addition, where PG&E relies upon Decision 06-06-066, the attached matrix indicates that: (1) it is complying with the limitations on confidentiality specified in the Matrix for that type of data; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

In order to be able to provide redacted information to non-market participants as soon possible after filing PG&E’s Application, PG&E also attaches to this motion (and will serve parties with) a Non-Disclosure Agreement (“NDA”). Once a non-market participant executes the attached NDA, PG&E will provide confidential material filed under seal to that non-market participant. The attached NDA is taken from the approved NDA in PG&E’s 2006 Long Term Plan Proceeding, modified for this proceeding. To the extent that a subsequent Protective Order (“PO”) and corresponding NDA is entered in this proceeding, the parties will abide by the terms of that PO and NDA. By signing the attached interim NDA, no party will waive its rights to object to PG&E’s Motion to File Confidential Testimony Under Seal, or to the form of the attached NDA.

Pursuant to Commission Rule of Practice and Procedure 10.4, PG&E requests protection of the computer model used to value the Tesla Generating Station, the offer from FPL Energy, LLC (“FPL”) for a Power Purchase Agreement (“PPA”) for the Tesla Power Plant, the agreement in principle on an amended PPA for Calpine’s Russell City Energy Center (“RCEC”) Project, and agreements resulting from PG&E’s 2004 Long-Term Request

for Offers (“LTRFO”), described in Chapter 6 of the testimony accompanying PG&E’s Application. Pursuant to Rule 10.4(d)(1), if any party requests access to PG&E’s proprietary computer valuation model, PG&E will make that party’s requested runs on its own computer. PG&E will not make the model available, as the computer model is proprietary.

III. CONCLUSION.

For all the reasons described above and in the attached table, PG&E requests that the Commission grant PG&E’s request to file the confidential, unredacted version of its testimony in support of the Application under seal. As required by Rule 11.4(a), a Proposed Order granting this Motion is attached behind the table.

Respectfully submitted,

WILLIAM V. MANHEIM
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By: /s/ Kerry C. Klein
KERRY C. KLEIN

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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: July 21, 2008

**PACIFIC GAS AND ELECTRIC COMPANY
TESLA APPLICATION FOR CPCN
July 18, 2008**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-666 (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
Chapter 1 Line 22 and 23; p. 1-7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C	Y	Y	Y	Redacted information shows the time of delivery of major power plant equipment, from the time of commitment. This information is commercially sensitive to PG&E because its disclosure would reveal to parties a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix. In addition, this information is considered by the equipment manufacturers to be commercially sensitive, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	3 years
Chapter 1 Line 32; p. 1-7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C	Y	Y	Y	Redacted information shows the amount PG&E estimates it will have to pay to equipment suppliers in September, 2008 for the Tesla Generating Station, which is a component of PG&E's forecast of costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 1 Line 16; p. 1-11	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information is PG&E's forecasts of its O&M costs for the first year of operating the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 2 Line 32 and 33; p. 2-3	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the purchase price for the Tesla Generating Station, which is a component of PG&E's forecast cost for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

**PACIFIC GAS AND ELECTRIC COMPANY
TESLA APPLICATION FOR CPCN
July 18, 2008**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-666 (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
Chapter 2 Line 5; p. 2-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the purchase price for the Tesla Generating Station, which is a component of PG&E's forecast cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 2 Line 7; p. 2-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the purchase price for the Tesla Generating Station, which is a component of PG&E's forecast cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 2 Line 10; p. 2-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the purchase price for the Tesla Generating Station, which is a component of PG&E's forecast cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 2 Line 17; p. 2-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the purchase price for the Tesla Generating Station, which is a component of PG&E's forecast cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 4 Lines 8 and 9; p. 4-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C, para. 2.8	Y	Y	Y	Redacted information is the amount of payments forecast to be made by PG&E to the turbine manufacturer for the Tesla Generating Station. It is a component of PG&E's forecast for the cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix. This information is also considered commercially sensitive by the turbine manufacturer, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	3 years

**PACIFIC GAS AND ELECTRIC COMPANY
TESLA APPLICATION FOR CPCN
July 18, 2008**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-666 (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
Chapter 4 Line 15; p. 4-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C, para. 2.8	Y	Y	Y	Redacted information is the amount of payments to be made by PG&E to the turbine manufacturer for the Tesla Generating Station. It is a component of PG&E's forecast for the cost of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix. This information is also considered commercially sensitive by the turbine manufacturer, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	3 years
Chapter 4 Table 4-2; p. 4-10	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 4-2 shows the breakdown of PG&E's total capital cost of the Tesla Generating Station. PG&E will make public the total capital cost of the Tesla Generating Station on July 21, 2008. The components that make up PG&E's capital cost estimate will remain redacted. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 4 Line 12; p. 4-15	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the A&G allocation for PG&E's Tesla Generating Station. If this data were disclosed, a party could determine PG&E's labor cost for the Tesla Generating Station, which is part of PG&E's generation cost forecasts for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 4 Line 21; p. 4-15	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information is PG&E's estimate of Allowance for Funds Used During Construction (AFUDC) for the Tesla Generating Station. AFUDC is a component of PG&E's total capital cost for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are	3 years

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						confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	
Chapter 5 Table 5-1; p. 5-2	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-1 shows PG&E commissioning costs for the Tesla Generating Station, including Commissioning Labor and Non-Labor Start-Up costs for a fall 2011 Commercial Operation Date (COD). PG&E's commissioning costs are a component of PG&E's O&M forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-2; p. 5-3	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-2 shows PG&E's forecast commissioning costs for the Tesla Generating Station, including Commissioning Labor and Non-Labor Start-Up costs for a summer 2012 COD. PG&E's commissioning costs are a component of PG&E's O&M forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-3; p. 5-3	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-3 summarizes PG&E's estimates for the fixed and variable O&M costs (including contingency) for the first 4 years of operation of the Tesla Generating Station, assuming a fall 2011 COD. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-4; p. 5-3	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-4 summarizes PG&E's estimates for the fixed and variable O&M costs (including contingency) for the first 4 years of operation of the Tesla Generating Station, assuming a summer 2012 COD. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

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Chapter 5 Table 5-5; p. 5-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-5 is the same as Table 5-1, and shows PG&E's forecast of commissioning costs for the Tesla Generating Station, including Commissioning Labor and Non-Labor Start-Up costs for a fall 2011 Commercial Operation Date (COD). PG&E's commissioning costs are a component of PG&E's O&M forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 2 and 5; P. 5-5	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information reveals when PG&E plans to hire the Power Plant Technicians, Maintenance Planner, Chemist, Power Plant Assistant and Environmental Specialists. If this information were disclosed, a party could determine the salaries for these positions by referencing publicly-available data; and determine a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-6; p. 5-5	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-6 shows a further cost breakdown of Table 5-3, which shows PG&E's estimates for the fixed and variable O&M costs (including contingency) for the first 4 years of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-7; p. 5-6	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-7 provides further detail regard fixed and variable O&M costs by displaying employee benefits and payroll taxes associated with the direct labor costs for the first 4 years of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are	3 years

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						confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	
Chapter 5 Table 5-8; p. 5-6	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-8 provides a further breakdown of PG&E's forecast of fixed O&M costs for the first 4 years of operation of the Tesla Generating Station, by showing PG&E's forecast for labor costs; condition assessment; monitoring and corrective maintenance; safety, security and compliance; Contract Services, Minor Consumables and Infrastructure; Major Maintenance; Public Benefits; and Contingency. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 3 and 6; p. 5-7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows how many employees PG&E intends to staff on the Tesla Generating Station. If this information were disclosed, a party may be able to determine a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-9; p. 5-7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-9 shows a further breakdown of PG&E's forecast for O&M labor costs for the first 4 years of operation of the Tesla Generating Station, by showing PG&E's forecast for direct cost, employee benefits and payroll taxes. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-10; p. 5-11	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation	Y	Y	Y	Table 5-10 shows a further breakdown of PG&E's forecast for O&M costs for the first 4 years of operation of the Tesla Generating Station, by showing cost forecasts for condition assessment and monitoring, and	3 years

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		(URG); Section 583				corrective maintenance. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	
Chapter 5 Line 21; p. 5-11	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast for the safety component of the O&M costs for the first year of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 4; p. 5-12	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast for the security component of the O&M costs for the first year of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-11; p. 5-14	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-11 shows PG&E's forecast for the safety, security and compliance components of the O&M costs of the Tesla Generating Station for the first 4 years of operation. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Lines 13-19; p. 5-14		Section 583; GO 66-C, para. 2.8				Redacted information discusses confidential cost information provided by the turbine manufacturer, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	
Chapter 5 Table 5-12; p. 5-15	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583; GO 66-C, para. 2.8	Y	Y	Y	Table 5-12 provides a further breakdown of PG&E's forecast of O&M costs for the first 4 years of operation of the Tesla Generating Station, by showing PG&E's cost forecast for Contract Services, Minor Consumables and Infrastructure. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

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						In addition, Table 5-12 may reveal information that is commercially sensitive to the turbine manufacturer, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	
Chapter 5 Line 18 and 19; p. 5-15	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows cost information for some components of PG&E's major maintenance costs, which are a component of PG&E's O&M forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 23; p. 5-15	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows a forecast for the "undefined major projects" component of PG&E's forecast of O&M costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-13; p. 5-16	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-13 shows a forecast for all components of the Major Maintenance component of PG&E's forecast of O&M costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-14; p. 5-16	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-14 shows the amount of Public Benefit Payments PG&E is forecast to make during the first 4 years of commercial operation of the Tesla Generating Station, which are included in PG&E's O&M forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

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Chapter 5 Table 5-15; p. 5-17	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-15 shows PG&E's forecast of variable O&M costs for the first 4 years of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 21; p. 5-20	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast for the hot gas inspection fee for the Tesla Generating Station, which is a component of PG&E's forecast O&M costs. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 32 and 33; p. 5-20	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information is the cost forecast for the aqueous ammonia needed to operate the Tesla Generating Station, which is a component of PG&E's forecast of O&M costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 1 and 3; p. 5-21	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information is the cost forecast for the aqueous ammonia needed to operate the Tesla Generating Station, which is a component of PG&E's forecast of O&M costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 9; p. 5-21	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information is the forecast water treatment cost for the first year of operation of the Tesla Generating Station, which is a component of PG&E's forecast of O&M costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

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Chapter 5 Table 5-17; p. 5-21	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-17 shows PG&E's forecast for Major Consumables for the first 4 years of operation of the Tesla Generating Station. Major Consumables are a component of PG&E's O&M forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Line 28; p. 5-22	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows the percentage of contingency relative to the total capital cost of the Tesla Generating Station. Revealing the amount of PG&E's contingency would disclose a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-18; p. 5-23	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-18 shows PG&E's commissioning cost estimate if the COD for the Tesla Generating Station is delayed until July 2012. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 5 Table 5-19; p. 5-23	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 5-19 shows PG&E's O&M cost estimate if the COD for the Tesla Generating Station is delayed until July 2012. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 6 Lines 22-33; p. 6-3	Y	Page 5, Item II.B.4 – Non-QF bilateral contracts; Page 14, Item VII.B – Contracts and power purchase agreements between utilities and non-	Y	Y	Y	Redacted information reveals terms for a Power Purchase Agreement for the Tesla Generating Station submitted to PG&E by FPL at PG&E's request prior to PG&E's decision to acquire the Tesla site. The terms of that offer for a PPA are protected from disclosure as a generation cost forecast for non-QF bilateral contracts, as a power purchase agreement	3 years

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		affiliated third parties (except RPS); Page 18, Item VIII.B – Specific quantitative analysis involved in scoring and evaluation of participating bids; Section 583; GO 66-C				between a utility and non-affiliated third party, and as a specific quantitative analysis involved in evaluating bids. In addition, this information is considered competitively sensitive by FPL, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	
Chapter 6 Line 4; p. 6-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Page 6, Item IV.A – Forecast of IOU Generation Resources; Page 18, Item VIII.B – Specific quantitative analysis involved in scoring and evaluation of participating bids; Section 583	Y	Y	Y	Redacted information shows the result of PG&E's analysis of the market value for the Tesla Generating Station. Disclosing this information would reveal PG&E's cost forecast for the Tesla Generating Station, as well as reveal the capacity rating and expected energy output of PG&E's Tesla Generating Station. This market value is also protected from disclosure as a specific quantitative analysis involved in evaluating bids.	3 years
Chapter 6 Table 6-1; p. 6-4	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Page 5, Item II.B.4 – Non-QF bilateral contracts; Page 6, Item IV.A – Forecast of IOU Generation Resources; Page 14, Item VII.B – Contracts and power purchase agreements between utilities and non-affiliated third parties	Y	Y	Y	Table 6-1 shows the results of PG&E's analysis of the market value of the Tesla Generating Station, the market value of FPL's offer for a PPA for the Tesla Generating Station, and the market value of an amended PPA for RCEC. The information regarding PG&E's Tesla Generating Station includes PG&E's cost forecast for the Tesla Generating Station, as well as the capacity rating and expected energy output of PG&E's Tesla Generating Station. The data relating to FPL and RCEC reveal cost and other market-sensitive data received from FPL and RCEC. These data are protected from disclosure as cost forecasts for utility-owned generation; as a forecast of IOU generation resources; as generation cost forecasts for non-QF bilateral contracts; as power purchase agreements between a utility	3 years

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		(except RPS); Page 18, Item VIII.B – Specific quantitative analysis involved in scoring and evaluation of participating bids; Section 583; GO 66-C				and non-affiliated third parties; and as a specific quantitative analysis involved in evaluating bids. In addition, this information is considered competitively sensitive by FPL and RCEC, and therefore disclosure would be against the public interest under GO 66-C, para. 2.8.	
Chapter 6 Table 6-2; p. 6-5	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Page 5, Item II.B.4 – Non-QF bilateral contracts; Page 6, Item IV.A – Forecast of IOU Generation Resources; Page 14, Item VII.B – Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS); Page 18, Item VIII.B – Specific quantitative analysis involved in scoring and evaluation of participating bids; Section 583	Y	Y	Y	Table 6-2 shows the results of PG&E's comparison of the market value of the Tesla Generating Station to the market values of the 6 PPAs and PSAs that PG&E executed in March/April 2006 for its long-term need under the 2004 LTRFO. These data are protected from disclosure as generation cost forecasts for non-QF bilateral contracts, as cost forecasts for utility-owned generation; as a forecast of IOU generation resources; as power purchase agreements between a utility and non-affiliated third parties; and as a specific quantitative analysis involved in evaluating bids.	3 years
Chapter 7, Line 14, p. 7-3	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows a component of PG&E's forecast of O&M costs for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years

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Chapter 7 Line 1 and 2; p. 7-5	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's forecast of PHFU for the First Power Train of the Tesla Generating Station. Disclosure of this information would reveal a component of PG&E's capital cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 7 Lines 17, 19, 22, 23, 26, 27 and 29 p. 7-5	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Redacted information shows PG&E's acquisition costs for the Tesla Generating Station, and PHFU for the Second Power Train of the Tesla Generating Station. Disclosure of this information would reveal a component of PG&E's capital cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 7 Table 7-1; p. 7-7	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 7-1 shows components of PG&E's forecasts of the initial revenue requirements for the first 4 years of operation of the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	3 years
Chapter 7 Table 7-2; p. 7-12	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 7-2 shows estimated average rate base for the Tesla Generating Station for the first 4 years of commercial operation. Table 7-2 will be disclosed when PG&E files a version of the Application on Monday, July 21 with the total capital cost estimate for the Tesla Generating Station.	3 years
Chapter 7 Table 7-3; p. 7-14	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 7-3 shows PG&E's forecast for the PHFU revenue requirement for the First Power Train of the Tesla Generating Station. Disclosure of this information would reveal the acquisition price of the Tesla Generating Station, which is a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation	3 years

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July 18, 2008**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-666 (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
						are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix.	
Chapter 7 Table 7-4; p. 7-15	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 7-4 shows PG&E's forecast for the PHFU revenue requirement for the Second Power Train of the Tesla Generating Station. Disclosure of this information would reveal the acquisition price of the Tesla Generating Station, which is a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix	3 years
Chapter 7 Table 7-5; p. 7-16	Y	Page 4, Item II.B.1 – Generation Cost Forecasts for Utility Retained Generation (URG); Section 583	Y	Y	Y	Table 7-5 shows PG&E's forecast for the PHFU revenue requirement for the First Power Train of the Tesla Generating Station, if the CPUC does not approve PG&E's Application. Disclosure of this information would reveal the acquisition price of the Tesla Generating Station, which is a component of PG&E's cost forecast for the Tesla Generating Station. Generation cost forecasts for utility-owned generation are confidential for 3 years under Section II.B.1 of the D. 06-06-66 Matrix	3 years

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

(U 39 E)

Application 08-07-____

[PROPOSED] RULING

In accordance with its Rules of Practice and Procedure, the California Public Utilities Commission (Commission) has considered the Motion of Pacific Gas and Electric Company (U 39 E), filed July 18, 2008, for Leave to File Confidential Testimony Under Seal, namely certain information in the confidential, unredacted version of its Testimony in Support of Application for CPCN for the Tesla Generating Station (Motion of PG&E to File Under Seal). The Commission rules as follows:

1. PG&E's Motion for Leave to File Under Seal is granted. The protected materials in the confidential, unredacted version of PG&E's Testimony in Support of its Application for CPCN for the Tesla Generating Station are described in the table attached to the Motion of PG&E to File Under Seal.

2. The confidential, unredacted version of this information shall remain under seal, and shall not be made accessible or disclosed to anyone other than the Commission and its staff except on the further order or ruling of the Commission, the Assigned Commissioner, the Assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge.

3. Parties shall comply with Commission Rule of Practice and Procedure 10.4

regarding the protection of proprietary computer models.

Dated _____, 2008 at San Francisco, California

Administrative Law Judge

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-____

(U 39 E)

NONDISCLOSURE AGREEMENT

This Nondisclosure Agreement (“Agreement”) is effective this _____ day of _____, 2008, by and between Pacific Gas and Electric Company (“PG&E”) and _____ (“Receiving Party”).

RECITALS

A. Certain of the information requested to be produced or disclosed by PG&E in the above-captioned proceeding (“Proceeding”) constitutes PG&E’s trade secrets, proprietary, and/or confidential information (“Confidential Material”).

B. PG&E and the Receiving Party believe that this Agreement will facilitate processing this Proceeding and avoid unnecessary law and motion practice.

C. PG&E and the Receiving Party believe that this Agreement will protect legitimate confidentiality concerns, and preserve their rights.

AGREEMENT

In consideration of the recitals set forth above, PG&E and the Receiving Party agree that the following terms and conditions shall govern the disclosure and use of Confidential Material in the context of the Proceeding:

- 1.** For purposes of this Agreement:

a. The term “Confidential Material” includes information or documents PG&E provides in response to informal requests for information and to discovery requests and designated by PG&E as confidential, including material PG&E has designated as confidential under the provisions of Public Utilities Code section 583 or Decision 06-06-066; any copies of Confidential Material; and any notes of Confidential Material.

b. The term “notes of Confidential Material” means memoranda, handwritten notes, or any other form of information which copies or discloses all or portions of Confidential Material.

c. The term “Reviewing Representative” is a person described in paragraph 8 of this Agreement.

d. The term “Commission” means the California Public Utilities Commission.

2. This Agreement shall govern all Confidential Material and, notwithstanding any order terminating the Proceeding, shall remain in effect for a period of sixty (60) days after an order concluding or otherwise terminating the Proceeding is no longer subject to judicial review; however, the non-disclosure and confidentiality obligations of Reviewing Representatives, as specified in the Non Disclosure Certificate associated with this Agreement, shall remain in full force and effect for two (2) years after an order concluding or otherwise terminating this Proceeding is no longer subject to judicial review.

3. PG&E may designate as Confidential Material any information or documents that PG&E customarily treats as confidential or proprietary, which are not available to the public, and which, if disclosed freely, would, in PG&E’s judgment, adversely affect either its ratepayers or PG&E. Confidential Material also includes information or documents in PG&E’s possession that PG&E received from persons who consider the information or documents confidential or proprietary.

4. Confidential Material shall be made available under the terms of this Agreement only to Reviewing Representatives as provided in paragraphs 7 and 8 of this

Agreement.

5. Confidential Material shall remain available to the Receiving Party until the date that an order concluding or otherwise terminating the Proceeding is no longer subject to judicial review. Within thirty (30) days after such date, all Reviewing Representatives shall return to PG&E all Confidential Material, including all copies of Confidential Material (except notes of Confidential Material). Within the time period for return of Confidential Material, the Receiving Party shall destroy all notes of Confidential Material, and the Receiving Party shall submit to PG&E an affidavit stating that all Confidential Material, copies thereof, and notes of Confidential Material are being returned to PG&E or have been destroyed in accordance with this Paragraph.

6. The Receiving Party may make only one (1) copy of Confidential Material without the prior approval of PG&E, which approval shall not be unreasonably withheld. The Receiving Party shall maintain a log of such copies for review by PG&E. All Confidential Material shall be maintained by the Receiving Party in a secure manner. Access to Confidential Material shall be limited to those Reviewing Representatives specifically authorized pursuant to paragraph 8 of this Agreement.

7. Confidential Material shall be treated as confidential by the Receiving Party and by the Reviewing Representatives, in accordance with the Nondisclosure Certificate executed pursuant to paragraph 10 of this Agreement. Confidential Material shall not be used except as necessary for the conduct of the Proceeding and, subject to the limitations specified in paragraph 8, and Confidential Material shall not be disclosed in any manner to any person other than a Reviewing Representative who is engaged in the conduct of the Proceeding and who needs to know the information to carry out that person's responsibilities in the Proceeding. The Reviewing Representatives may make notes of Confidential Material, which notes must be maintained in a secure manner pursuant to paragraph 6 of this Agreement.

8. A Reviewing Representative may include: (a) an employee of the Receiving Party who is engaged in the conduct of the Proceeding and who needs to know the information to carry out that person's responsibilities in the Proceeding; (b) an attorney representing the Receiving Party in the Proceeding, including his or her associated attorneys, paralegals, or other employees ("Attorneys"); and (c) an expert or an employee of an expert retained by the Receiving Party for the purpose of advising, preparing for, or testifying in the Proceeding ("Experts"). In the event that the Receiving Party wishes to nominate as a Reviewing Representative a person not described in this Paragraph, the Receiving Party shall obtain the prior written agreement of PG&E.

9. A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise access Confidential Material pursuant to this Agreement unless and until each and every such Reviewing Representative has first executed and delivered to PG&E a Nondisclosure Certificate in the form attached to this Agreement ("Nondisclosure Certificate"). Attorneys qualified as Reviewing Representatives are responsible for ensuring that all persons under their employment, instruction, supervision or control who require access to Confidential Material comply with this Agreement and execute and deliver to PG&E a Nondisclosure Certificate.

10. A Reviewing Representative may disclose Confidential Material to any other Reviewing Representative, as long as both Reviewing Representatives have executed and delivered a Nondisclosure Certificate to PG&E. In the event that any Reviewing Representative to whom Confidential Material is disclosed ceases to be engaged in the Proceeding or is employed or retained for a position whereby that person is no longer qualified to be a Reviewing Representative under paragraphs 7 and 8 of this Agreement, such person shall no longer be permitted access to Confidential Material and must comply with the return and destruction requirements of paragraph 5 of this Agreement. Every person who has signed and delivered a Nondisclosure Certificate shall continue to be bound by the provisions

of this Agreement and the Nondisclosure Certificate, even if such person is no longer engaged in the Proceeding.

11. If the Receiving Party intends to submit or use in the Proceeding any Confidential Material such that the submission or use would result in a public disclosure of such Confidential Material, including, without limitation, the presentation of prepared testimony, cross-examination, briefs, comments, protests, or other presentations before the Commission, counsel for the Receiving Party shall communicate with counsel for PG&E as soon as possible and, where practicable, not later than five (5) business days prior to such use, and both counsel shall constructively explore means of identifying the Confidential Material so that the confidentiality thereof may be reasonably protected (including, but not limited to, submission of testimony and briefs under seal, and clearing the hearing room during examination, discussion, or argument concerning Confidential Material), while at the same time enabling an effective presentation. If PG&E and the Receiving Party are unable to agree upon a procedure to protect the confidentiality of the Confidential Material, the Receiving Party shall request an order from the principal hearing officer in the Proceeding, and PG&E reserves the right to oppose the Receiving Party's request. Except as expressly provided for herein, no use may be made of Confidential Material that would fail to protect its confidentiality without such an order from the principal hearing officer.

12. The principal hearing officer shall retain the discretion to review and evaluate the facts and circumstances involved in any proposed use of Confidential Material in Commission hearings, and the flexibility to respond in whatever manner is most appropriate under the circumstances, including the holding of in camera hearings.

13. Nothing in this Agreement shall be construed as precluding PG&E from objecting to the use at hearings of Confidential Material on any legal grounds, including any applicable privilege.

14. To the extent that Confidential Material is discussed, analyzed or otherwise

the subject of consideration during any conference or other session held in connection with the Proceeding, only Reviewing Representatives may be present for such sessions.

15. The Receiving Party agrees that any release, attempted release, or use of Confidential Material other than as contemplated by this Agreement may cause PG&E irreparable injury which cannot adequately be compensated through pecuniary damages. Accordingly, PG&E and the Receiving Party agree that any breach or threatened breach of this Agreement may be enjoined.

16. Failure to designate information or documents as Confidential Material prior to disclosure shall not be deemed a waiver in whole or in part of PG&E's claim of confidentiality, and PG&E shall have the right to designate or re-designate such information and documents at any time. Upon receipt of notice from PG&E of any new designation or re-designation, the Receiving Party thereafter shall treat said information or documents according to the new designation or re-designation, and/or will endeavor to return all copies of any newly designated or re-designated documents to PG&E in exchange for copies of the documents with the new designation.

17. The inadvertent disclosure of any information or documents which are subject to a claim of work product, the attorney-client privilege or other legal protection shall not waive the protection for such information or documents as long as PG&E requests their return and takes reasonable precautions to avoid such inadvertent disclosure. Upon written request, the Receiving Party shall return to PG&E any such protected information or documents inadvertently disclosed, together with all copies and any notes pertaining thereto.

18. This Agreement shall be governed and construed according to the laws of the State of California.

19. This Agreement sets forth the complete understanding of the parties hereto with respect to the subject matter hereof as of the date set forth above. This Agreement supersedes any prior understandings, discussions, or course of conduct (oral and written).

Any modification or waiver of the provisions of this Agreement must be written, must be executed by both PG&E and the Receiving Party, and shall not be implied by any usage of trade or course of conduct.

20. This Agreement may be executed in separate counterparts by PG&E and the Receiving Party, each of which shall be fully effective as to the party executing it.

21. The Parties shall request that the principal hearing officer in the Proceeding resolve any disputes arising from this Agreement. Prior to presenting any dispute arising from this Agreement to the principal hearing officer, PG&E and the Receiving Party shall use their best efforts to resolve the dispute.

22. To the extent that a Protective Order and Non-Disclosure Agreement is subsequently entered in this proceeding by an Administrative Law Judge, the Parties agree that such Protective Order and/or Non-Disclosure Agreement shall apply in this proceeding, and the Parties agree to be bound by any subsequently adopted Protective Order and/or Non-Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date entered below on behalf of PG&E and the Receiving Party.

PACIFIC GAS AND ELECTRIC COMPANY

RECEIVING PARTY

Dated: _____

Dated: _____

By: _____

Signature: _____

Name: _____

Title: _____

Company/Firm: _____

Representing (name of party): _____

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-

(U 39 E)

NONDISCLOSURE CERTIFICATE

I certify my understanding that access to Confidential Material is provided to me pursuant to the terms and restrictions of the Nondisclosure Agreement (“Agreement”) for use in the above-captioned proceeding. I have been given a copy of and have read the Agreement and agree to be bound by it. I understand that the contents of Confidential Material, including any notes or memorandum or other form of information which copy or disclose such material, shall not be disclosed to anyone other than in accordance with the Agreement and shall be used only for the purpose of the above-captioned proceeding. I agree to honor the confidentiality of Confidential Material for two (2) years following the conclusion or termination of this proceeding as specified in the Agreement.

Dated: _____

Signature: _____

Name: _____

Title: _____

Company/Firm: _____

Representing (name of party): _____

Business Address: _____

Business Phone: _____

Business Fax: _____

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. 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 B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 21st day of July 2008, I served a true copy of:

**AMENDED MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR LEAVE TO FILE CONFIDENTIAL TESTIMONY UNDER SEAL
CONSISTENT WITH THE CONFIDENTIALITY PROTECTIONS OF DECISION
06-06-066, PUBLIC UTILITIES CODE SECTION 583, AND GENERAL ORDER 66-C**

[XX] By Electronic Mail – by electronic mail for all those on the official service lists for Rulemaking Nos. R.04-04-003 R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 who have provided an e-mail address.

[XX] By U.S. Mail – by placing a Notice of Availability for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for Rulemaking Nos. R.04-04-003 R.06-02-013, R.08-02-007, Application No. A.06-04-012 and CEC Docket No. 01-AFC-21 without an e-mail address.

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 this 21st day of July, 2008 at San Francisco, California.

/s/ Donna Lee

DONNA LEE

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

Application of Pacific Gas and Electric Company for Expedited Approval Of The Tesla Generating Station And Issuance of a Certificate of Public Convenience and Necessity and Request For Interim Order Authorizing Early Project Commitment to Stabilize Costs

Application 08-07-018

(U 39 E)

**NOTICE OF AVAILABILITY OF AMENDED APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND REQUEST FOR INTERIM ORDER AUTHORIZING EARLY PROJECT
COMMITMENT TO STABILIZE COSTS
(PUBLIC VERSION)**

On July 21, 2008, Pacific Gas and Electric Company (PG&E) filed an Amended Application for Expedited Approval and Issuance of a Certificate of Public Convenience and Necessity (CPCN) for PG&E's Tesla Generating Station. The filing consists of the Amended Application and amended prepared testimony, an Amended Motion For Leave To File Confidential Testimony Under Seal, and an Amended Motion For Leave To File Confidential Material in Application Under Seal.

Requests for copies of the amended application and amended prepared testimony, and Amended Motions For Leave to File Confidential Material Under Seal can be directed to:

Larry Nixon
Operations Revenue Requirements
Telephone: (415) 973-5450
Facsimile: (415): 973-6272
E-mail: LRN3@pge.com

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WILLIAM V. MANHEIM
CHARLES R. MIDDLEKAUFF
KERRY C. KLEIN
JOSHUA S LEVENBERG

By: /s/ Kerry C. Klein

KERRY C. KLEIN

Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Telephone: (415) 973-3251
Facsimile: (415) 973-5520
E-mail: kck5@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: July 21, 2008

CERTIFICATE OF SERVICE BY U.S. 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 21st day of July 2008, I served a true copy of:

**NOTICE OF AVAILABILITY OF APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY
FOR EXPEDITED APPROVAL OF THE TESLA GENERATING STATION AND
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND REQUEST FOR INTERIM ORDER AUTHORIZING EARLY PROJECT
COMMITMENT TO STABILIZE COSTS
(PUBLIC VERSION)**

By U.S. Mail – by placing the enclosed Notice of Availability for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the CPUC official service list for R.04-04-003, R.06-02-013, R.08-02-007, A.06-04-012, and CEC Docket No. 01-AFC-21 without an e-mail address.

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 21st day of July 2008.

/s/ Donna Lee

DONNA LEE