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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**I.D. # 12245
RESOLUTION E-4585
August 15, 2013**

R E S O L U T I O N

Resolution E-4585, Pacific Gas and Electric (PG&E)

PROPOSED OUTCOME: The Commission approves Advice Letters 4155-E and 4204-E which make minor amendments to PG&E's adopted procurement plan. PG&E hereby adds three brokerages and one exchange to their list of approved counterparties, as well as redefine one of their approved products pursuant to implementation of Dodd-Frank legislation.

SAFETY CONSIDERATIONS: Based on the information before us, these changes do not appear to result in any adverse safety impacts on the facilities or operations of PG&E. This resolution does not approve any changes to operations of facilities, and only changes certain financial activities.

ESTIMATED COST: There are no estimated costs to these Advice Letters or approval of them. PG&E is now allowed to conduct business via new brokerages and an exchange, and redefines some of their existing swap agreements as energy futures.

By Advice Letter 4155-E Filed on December 5, 2012, and Advice Letter 4204-E filed March 19, 2013.

SUMMARY

This Resolution approves Advice Letter (AL) 4155-E, which seeks to rename and redefine approved products in PG&E's procurement plan. It also approves AL 4204-E which adds three brokerages and one exchange to the list of approved counterparties in PG&E's procurement plan. The CPUC received no protests to either AL.

BACKGROUND

AL 4155-E was filed by PG&E in response to actions taken by companies that operate exchanges, who changed the names and definitions of some products in response to Dodd-Frank legislation of 2010. Dodd-Frank became effective in late 2010 and sought to reduce risk in financial markets partially by increasing transparency in financial products and market transactions. In order to mitigate risk of new Dodd-Frank oversight, the three major exchanges (ICE, NYMEX, CME, and NGX in Canada) changed all their energy swap products formally into futures contracts, which placed the regulation of these products with the Commodities Futures Trading Commission (CFTC) which is more understood and established. PG&E had previously conducted significant energy swap contracts with these counterparties, but pursuant to the redefinitions made by these companies after Dodd-Frank, PG&E filed AL 4155-E to conform the bundled procurement plan and continue to do business as before.

D.07-12-052 required the utilities to file ALs for all updates to procurement plans. PG&E filed AL 4202-E in order to modify the bundled procurement plan by adding three new brokerages and one new exchange to their list of approved counterparties.

NOTICE

Notice of ALs 4155-E and 4204-E were made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letters were mailed and distributed in accordance with Section III-G of General Order 96-B.

PROTESTS

Neither AL 4155-E nor AL 4204-E was protested.

DISCUSSION

Energy Division has reviewed the AL, and the proposed changes to PG&E's defined list of procurement products and counterparties, and found them to be in compliance with the Commission's orders. The proposed changes do not make material changes to PG&E's procurement authorization or procurement activity.

Both ALs are hereby approved.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. D.07-12-052 required PG&E to file an AL every time it became necessary to amend the bundled procurement plan.

THEREFORE IT IS ORDERED THAT:

1. The request of the PG&E to modify the swaps product naming conventions as requested in AL 4155-E is approved. PG&E's hedging plan shall reflect the new defined term for Swap which means either financial swap or financial future contracts. PG&E is authorized to amend the definitions for the several products to also include futures as requested.
2. PG&E is now authorized to trade with Choice Energy, L.P., Clear Energy Brokerage and Consulting, LLC, Sterling Planet, INC. and Macquarie Futures USA, LLC.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 15, 2013; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director