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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of the GWF Transaction and Associated Cost Recovery (U39E).	Application 11-07-010 (Filed July 21, 2011)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE DETERMINING THE SCOPE, SCHEDULE, AND NEED FOR HEARING IN THIS PROCEEDING

This ruling determines this proceeding's scope, schedule, and need for hearing in accordance with Rule 7.3(a) of the Commission's Rules of Practice and Procedure (Rules).[1] An evidentiary hearing is scheduled for January 4, 2012.

Background

On July 21, 2011, Pacific Gas and Electric Company (PG&E) filed its application. No comments or protests were received.

PG&E seeks approval of three contracts in connection with a transaction with GWF. The GWF Transaction involves seven power plants – the Hanford power plant located in Hanford, California; the Henrietta power plant located in Lemoore, California; and five petroleum coke power plants located in the San Francisco Bay Area Delta region in California.

[1] Rule 7.3(a) requires the assigned Commissioner to determine the scope and schedule of a proceeding.

All seven power plants are currently under contract with PG&E. The Power Purchase Agreements (PPAs) for the first two power plants, Hanford and Henrietta, are scheduled to terminate on December 31, 2012. The Qualifying Facility (QF) PPAs for the petroleum coke power plants are scheduled to terminate in 2020 and 2021. The GWF Transaction involves three separate agreements: an Omnibus Agreement which governs the shutdown of the five GWF petroleum coke power plants and the termination of their associated existing QF PPAs; and two new 10-year PPAs with the Hanford and Henrietta facilities.

On September 21, 2011, Administrative Law Judge (ALJ) Gamson sent a Ruling to PG&E seeking more detail on a number of contentions in the application. PG&E responded on September 23, 2011. On November 1, 2011, ALJ Gamson sent out a second ruling seeking further information. PG&E responded on November 10, 2011.

Scope of Proceeding

The purpose of this proceeding is to determine the reasonableness of the GWF transaction, including the three proposed contracts. Part of this review involves questions concerning the benefits to ratepayers from the transaction. In reviewing material in the record – some of which has been filed under seal and some of which is contained in a confidential version of prepared testimony – there are questions concerning whether the proposed transaction provides adequate benefits to ratepayers, either directly or in comparison to other alternatives in the market.

Other issues in the proceeding are:

- PG&E's estimates of greenhouse gas (GHG) reductions
- The value of GHG reductions
- Need for capacity in the Fresno area

Need for Evidentiary Hearings

In Resolution ALJ 176-3278 dated July 28, 2011, the Commission preliminary categorized this application as Ratesetting and preliminarily determined that hearings were necessary. This ruling confirms these determinations.

As per the schedule below, there will be an evidentiary hearing held on January 4, 2012 at 10:00 a.m. in the Commission Courtroom in San Francisco, CA. This hearing will allow the ALJ and assigned Commissioner to question PG&E regarding the ratepayer benefits of the application and potential ratepayer benefits from market alternatives to the proposed contracts.

PG&E shall make available at the hearing one or more qualified witnesses who can answers questions on this topic, including information provided in PG&E's application, prepared testimony and responses to ALJ Rulings. In addition, such witness(es) shall be prepared to discuss issues raised about record material in discussions between PG&E and the Energy Division.

Because a substantial portion of the material in the record regarding the topic of the hearing were submitted under seal or are in the confidential version testimony, portions of the hearing may be closed to the public. Further, portions of the transcript of the hearing may be sealed.

Procedural Schedule

The schedule below is adopted, subject to modification by the assigned Commissioner or ALJ.

Proceeding Schedule

July 21, 2011	Application Filed
January 4, 2012	Evidentiary Hearing
January 2012	Potential filing as determined at Evidentiary Hearing
January 2012	Proposed Decision
20 days after Proposed Decision	Comments on Proposed Decision
25 days after Proposed Decision	Reply Comments on Proposed Decision (if applicable)
30 days after Proposed Decision	Proposed Decision on Commission Agenda

It is anticipated that the proceeding will be resolved on the schedule set forth above. In any event, we anticipate the proceeding will be resolved within 18 months of the issuance of this scoping memo pursuant to Pub. Util. Code § 1701.5.

Motions for Party Status

In the November 1 Administrative Law Judge's Ruling, the Motion of Division of Ratepayer Advocates and the Motion of Robert Sarvey for Party Status were both denied without prejudice, on the basis that no further filings or activity were contemplated in the proceeding before the Proposed Decision. Now that a hearing is scheduled, it is appropriate to reconsider this Ruling. The

November 1 ALJ's Ruling regarding party status is hereby reversed, and Division of Ratepayer Advocates and Robert Sarvey are granted party status.

Presiding Officer

The assigned ALJ is David M. Gamson, who will act as the presiding officer in this proceeding.

Ex Parte Communications

In accordance with Rule 8.2, *ex parte* communications in this ratesetting proceeding are allowed subject to the reporting requirements in Rule 8.3 and the restrictions in Rule 8.2.

IT IS RULED that:

1. Evidentiary hearings are needed for this proceeding.
2. The scope of this proceeding is as stated above.
3. The schedule for this proceeding is as stated above.
4. Administrative Law Judge David M. Gamson shall be the presiding officer in this proceeding.
5. The November 1, 2011 Administrative Law Judge Ruling is hereby reversed regarding the granting of Party Status. Division of Ratepayer Advocates and Robert Sarvey are granted party status.

6. An evidentiary hearing is set for January 4, 2012 at 10:00 a.m., Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, CA 94102. Pacific Gas and Electric Company shall make available at the hearing one or more qualified witnesses who can answers questions regarding whether the proposed transaction provides adequate benefits to ratepayers, either directly or in comparison to alternatives.

Dated December 16, 2011, at San Francisco, California.

/s/ MICHEL PETER FLORIO	/S/ DAVID M. GAMSON
Michel Peter Florio	David M. Gamson
Assigned Commissioner	Administrative Law Judge