Date of Issuance – 2/6/12

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-4463**
February 1, 2012

REDACTED

R E S O L U T I O N

Resolution E-4463. Pacific Gas and Electric Company seeks approval of a power purchase agreement with North Sky River Energy, LLC.

PROPOSED OUTCOME: This Resolution approves cost recovery for the long-term renewable energy power purchase agreement between Pacific Gas and Electric Company and North Sky River Energy, LLC, a wholly-owned subsidiary of NextEra Energy Resources, LLC.

ESTIMATED COST: Actual costs are confidential at this time.

By Advice Letter 3885-E filed on August 5, 2011.

SUMMARY

Pacific Gas and Electric Company's renewable energy power purchase agreement with North Sky River Energy, LLC is approved without modification.

Pacific Gas and Electric Company ("PG&E") filed Advice Letter (AL) 3885-E on August 5, 2011 requesting approval of a 25-year Power Purchase Agreement ("PPA") with North Sky River Energy, LLC ("North Sky" or "Project"), a wholly-owned subsidiary of NextEra Energy Resources, LLC, which resulted from bilateral negotiations.

PG&E proposes that the 163.2 megawatt (MW) wind Project will interconnect directly into the California Independent System Operator (CAISO) balancing authority area at Southern California Edison's ("SCE") High Winds Substation. Annual deliveries, expected at 597 gigawatt-hours (GWh), will be received by

PG&E at the CAISO designated PNode with an expected commercial operation date ("COD") of December 31, 2012.

This resolution approves the PPA without modification. PG&E's execution of this PPA is consistent with PG&E's 2009 and 2011 RPS Procurement Plan, including a moderate fit with its resource need, which the Commission approved in Decisions 09-06-018 and 11-04-030. Deliveries under the PPA are fully recoverable in rates over the life of the contract, subject to Commission review of PG&E's administration of the PPA.

The following table summarizes the Project-specific features of the agreement:

Generating Facility	Type	Term Years	MW Capacity	Annual Deliveries	Operation Date	Project Location
North Sky	Wind	25	163.2	597 GWh	12/31/2012	Tehachapi, Kern Co., CA

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS Program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036 and SB 2 (1X).[1] The RPS program is codified in Public Utilities Code §§ 399.11-399.31.[2] Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to increase its total procurement of eligible renewable energy resources so that 33 percent of retail sales are served by eligible renewable energy resources no later than December 31, 2020.[3]

[1] SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

[2] All citations to sections (§) are to the Public Utilities Code of the state of California unless otherwise specified.

[3] § 399.15(b)(2)(B).

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm and http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm.

NOTICE

Notice of AL 3885-E was made by publication in the Commission's Daily Calendar. Pacific Gas and Electric Company states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

Advice Letter AL 3885-E was not protested.

DISCUSSION

Pacific Gas & Electric Company requests Commission approval of a new renewable energy contract with North Sky River Energy, LLC.

On August 5, 2011, Pacific Gas and Electric Company ("PG&E") filed Advice Letter ("AL") 3885-E. In AL 3885-E, PG&E requested Commission approval of a renewable energy contract with North Sky River Energy, LLC ("North Sky" or "Project"), a wholly-owned subsidiary of NextEra Energy Resources, LLC ("NextEra"), for generation from its proposed wind power facility in Kern County.

PG&E negotiated the Power Purchase Agreement ("PPA") on a bilateral basis because the offer was at a favorable price (below the 2009 MPR) with acceptable terms and conditions, and because of the high probability that deferring the project to the 2011 RPS Solicitation could significantly delay the project's online date. As a bilaterally negotiated contract coming online by 2013, the project can help PG&E attain its RPS targets on a risk-adjusted basis under the first compliance period of SB 2 (1X).

The Project will be located in Kern County, CA and will interconnect into the California Independent System Operator (CAISO) balancing authority area (BAA) at Southern California Edison's ("SCE") High Wind Susbstation, part of the Tehachapi Renewable Transmission Project. The North Sky project will deliver approximately 597 gigawatt-hours (GWh) per year of bundled RPS-eligible energy with a commercial operation date (COD) of December 31, 2012 for a term of 25 years. General Electric will provide the wind turbine technology for the Project.

PG&E requests that the Commission issue a resolution containing the following findings:

1. Approves the PPA in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to the Commission's review of PG&E's administration of the PPA.
2. Finds that any procurement pursuant to the PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) ("RPS") Decision ("D.") 03-06-071 and D.06-10-050, or other applicable law.
3. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(g), associated with the PPA shall be recovered in rates.
4. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:
    a. The PPA is consistent with PG&E's 2009 RPS procurement plan.
    b. The terms of the PPA, including the price of delivered energy, are reasonable.
5. Adopts the following finding of fact and conclusion of law in support of cost recovery for the PPA:
    a. The utility's costs under the PPA shall be recovered through PG&E's Energy Resource Recovery Account.
    b. Any stranded costs that may arise from the PPA are subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is addressed in D.08-09-012.

6. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard ("EPS") adopted in R.06-04-009:
    a. The PPA is not covered procurement subject to the EPS because the generating facility has a forecast capacity factor of less than 60 percent and, therefore, is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

Energy Division Evaluated the PPA on the Following Grounds:

- Consistency with Bilateral Contracting Rules
- Consistency with PG&E's 2009 and 2011 RPS Procurement Plans
- Consistency with RPS Standard Terms and Conditions (STCs)
- Consistency with PG&E's least-cost-best-fit (LCBF) requirements
- Cost Containment
- Price Reasonableness and Net Market Value
- Project Viability
- Portfolio Need
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Procurement Review Group (PRG) participation
- Independent Evaluator (IE) review
- Compliance with the Minimum Standard Conditions

Consistency with Bilateral Contracting Rules

PG&E and North Sky River Energy, LLC negotiated the North Sky PPA on a bilateral basis. PG&E entered into bilateral negotiations given the project's favorable price and terms. It also acknowledged that having North Sky bid the PPA into the 2011 RPS Solicitation could delay the COD and prevent the project from helping to close PG&E's net short during the first compliance period. Additionally, such a delay could result in the project being ineligible to receive the federal production tax credit, thus increasing the risk that the project would not get approved.

The Commission developed guidelines pursuant to which utilities may enter into bilateral RPS contracts. In D.03-06-071, the Commission authorized entry into bilateral RPS contracts provided that such contracts did not require Public Goods Charge funds and that they were "prudent." In D.06-10-019, the Commission established rules pursuant to which the IOUs could enter into bilateral RPS contracts. PG&E adhered to these bilateral contracting rules because the PPA is longer than one month in duration, the PPA was filed by advice letter, the above market costs will not be applied to PG&E's RPS cost limitation and the contracts are reasonably priced, as discussed in more detail below.

In D.09-06-050, the Commission determined that bilateral agreements should be reviewed according to the same processes and standards as projects that come through a solicitation. Accordingly, as described below, the North Sky PPA was compared to other RPS offers received in PG&E's 2011 RPS solicitation; the proposed agreement was reviewed by PG&E's Procurement Review Group; and an independent evaluator oversaw the project evaluation and PPA negotiation.

<u>The North Sky PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.</u>

Consistency with PG&E's 2009 and 2011 RPS procurement plans

California's RPS statute requires the Commission to direct each utility to prepare an annual RPS Procurement Plan (Plan) and then review and accept, modify, or reject the Plan prior to the commencement of a utility's annual RPS solicitation.[4] The Commission must then accept or reject proposed PPAs based on their consistency with the utility's approved Plan. During the time that this PPA was negotiated, PG&E was operating under its 2009 RPS Procurement Plan; this PPA conforms to that plan. Additionally, PG&E's stated preferences in its 2011 Plan include 1) projects that allow it to address both its near-term 20% mandate under the first compliance period and its longer-term 33% mandate under the third compliance period, and 2) projects with higher viability. The North Sky project can help PG&E meet its short-term compliance needs in 2011-13 and help it to attain its needs in the third compliance period beginning in 2017. Additionally,

[4] §399.14.

the North Sky project is highly viable given the extensive experience of its project developer and utilization of mature technology; secure control of the development site; on-schedule permitting approval; and, on-schedule progress on transmission upgrades.

<u>The PPA is consistent with PG&E's 2009 and 2011 RPS Procurement Plans approved by D.09-06-018 and D.11-04-030.</u>

Consistency with RPS Standard Terms and Conditions (STCs)

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently in D.10-03-021, as modified by D.11-01-025, the Commission further refined these STCs. The non-modifiable terms in the North Sky PPA conform exactly to the "non-modifiable" terms set forth in D.08-04-009, D.08-08-028, D.10-03-021, and D.11-01-025.

The terms in the North Sky PPA that correspond to the "modifiable" standard terms and conditions drafted in D.07-11-025 and D.08-04-009 have been slightly modified by the parties based upon mutual agreement reached during negotiations. For an overview of all terms of the PPA, refer to Confidential Appendix B.

<u>The PPA includes the Commission-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.</u>

Consistency with PG&E's Least-Cost Best-Fit (LCBF) Requirements

In D.04-07-029, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.[5] The decision offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the

[5] *See* §399.14(a)(2)(B)

bids with which it will commence negotiations. As described in its 2009 and 2011 RPS Procurement Plans, PG&E's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. PG&E's quantitative analysis or market valuation includes evaluation of price, time of delivery factors, transmission costs, congestion costs, and resource adequacy. PG&E's qualitative analysis focuses on comparing similar bids across numerous factors, such as location, benefits to minority and low income areas, and resource diversity.

PG&E negotiated the North Sky PPA bilaterally and therefore it did not compete directly with other RPS projects. In AL 3885-E, PG&E explains that it evaluated the bilateral agreement using the same LCBF evaluation methodology it employs for evaluating bids from solicitations. Thus, PG&E used its LCBF methodology to evaluate the North Sky PPA. See the "Cost Reasonableness" section of this Resolution for a discussion of how the Project compares to PG&E's 2011 RPS solicitation. In addition, see Confidential Appendix A for PG&E's LCBF evaluation of the project.

<u>The North Sky PPA was evaluated consistent with the LCBF methodology identified in PG&E's RPS Procurement Plan.</u>

Cost Containment

RPS cost containment is set out in section 399.15(c) (SB 107). PG&E executed the North Sky PPA, with a term of 25 years and a COD of 12/31/2012, and submitted AL 3885-E on August 5, 2011. Based on the term and the COD of the PPA, the contract price is below the relative market price referent (MPR).

Pursuant to SB 2 (1X), the Commission will be implementing a revised cost containment mechanism in R.11.05.005 that will be implemented by a Commission decision.

<u>Based on the North Sky project's commercial operation date, PG&E estimates that the price of the PPA is below the applicable 2009 Market Price Referent[6].</u>

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[6] *See* Resolution E-4298.

Price Reasonableness and Net Market Value

The North Sky project was negotiated as a bilateral contract in 2010 and executed in July 2011, concurrent to the 2011 RPS Solicitation. Therefore, the proper contracts against which the North Sky PPA should be measured are those contracts shortlisted by PG&E from its 2011 RPS Solicitation. The price and net market value of the PPA are reasonable and competitive. See Confidential Appendix A for a discussion on the price reasonableness and value of the North Sky PPA.

<u>The Commission finds that the price and net market value of the North Sky PPA are reasonable and competitive with the contracts on PG&E's 2011 RPS Shortlist.</u>

<u>Payments made by PG&E under the North Sky PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of PG&E's administration of the PPA.</u>

Project Viability

Having over twenty years of industry experience, NextEra Energy is the largest generator in North America of wind and solar power with approximately 115 facilities in operation claiming more than 18,850 MW of nameplate generating capacity. The Project will utilize 1.6 MW General Electric wind turbines that have demonstrated reliability in commercial operation worldwide.

Additionally, the developer has acquired full site control with final permitting clearance expected by February 2012. Moreover, the project will interconnect within the CAISO BAA at Southern California Edison's High Winds Substation, which is already permitted by SCE under the Tehachapi Renewable Transmission Project. As a result, no incremental network upgrades are required for the North Sky project.

<u>The North Sky project is highly viable given the developer's experience, the utilization of mature technology, and the fact that permitting and transmission are on target for the December 2012 COD.</u> See Confidential Appendix A for a discussion on the viability of the North Sky project.

Portfolio Need

As a resource with commercial deliveries beginning in 2013, this project represents a moderately good fit with PG&E's renewable procurement needs on a risk-adjusted basis under SB 2 (1X). Future RPS compliance obligations are generally defined in SB 2 (1X) as follows: PG&E must procure RPS-eligible resources equivalent to an average of 20% of retail sales for 2011-2013; 25% of retail sales by the end of 2016; and 33% of retail sales by 2020 and for each year thereafter.

When adjusting its RPS portfolio to account for a certain amount of project failure, PG&E's primary need for new renewable generation falls in the second half of this decade during the third compliance period of SB 2 (1X). Additionally, PG&E also has a marginal immediate need in the first compliance period (2011-13) that is addressed by near-term deliveries from North Sky.

Projected generation from the North Sky project meets the need requirements of PG&E's RPS portfolio. See Confidential Appendix A for a discussion on PG&E's need requirements and portfolio fit.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)

California Public Utilities Code §§ 8340-41 require the Commission to consider emissions associated with new long-term (five years or greater) power contracts procured on behalf of California ratepayers.

D.07-01-039 adopted an interim EPS that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant. The EPS applies to all energy contracts for baseload generation that are at least five years in duration.[7]

[7] "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." § 8340(a).

Generating facilities using certain renewable resources are deemed compliant with the EPS.[8]

The North Sky PPA meets the conditions for EPS compliance because it is for intermittent generation with a capacity factor less than 60 percent, whose generation will be delivered into California.[9]
The proposed PPA meets the conditions for EPS compliance established in D.07-01-039 because the facility will produce electricity at a capacity factor of less than 60 percent and is therefore not a baseload power plant as defined in Public Utilities Code §8340(a).

Procurement Review Group (PRG) Participation

The Procurement Review Group (PRG) process was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission as an interim mechanism for procurement review.

Participants in the Procurement Review Group include representatives from the CPUC's Energy and Legal Divisions, the Division of Ratepayer Advocates, The Utility Reform Network, the Natural Resources Defense Council, California Utility Employees, the Union of Concerned Scientists, and the California Department of Water Resources.

PG&E first presented the North Sky PPA to its Procurement Review Group on October 8, 2010. Further discussions then took place during the March 8, 2011 and May 7, 2011 PRG Meetings.

Pursuant to D.02-08-071, PG&E's Procurement Review Group participated in the review of the North Sky contract, and PG&E has complied with the Commission's rules for involving the PRG.

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[8] D.07-01-039, Attachment 7, p. 4.

[9] D.07-01-039, Attachment 7, p. 7.

Independent Evaluator (IE) Review

Lewis Hashimoto of Arroyo Seco Consulting ("Arroyo" or "IE") provided a Statement of Independent Evaluator for AL 3885-E. The IE conducted activities to review and assess PG&E's processes as the utility evaluated and negotiated the bilateral contract. The IE participated in the negotiation's material discussions and communications and fully evaluated the PPA. Arroyo's opinion is that negotiations were conducted fairly and resulted in a contract with reasonable terms and conditions that will provide high net valuation, a low contract price, moderate portfolio fit, and high project viability. The Independent Evaluator concluded, therefore, that the PPA merits Commission approval.

Consistent with D.06-05-039 and D.09-06-050, an Independent Evaluator oversaw PG&E's negotiations with North Sky River Energy, LLC and recommends the North Sky contract for approval by the Commission. See Confidential Appendix C for the Independent Evaluator's summary comments on AL 3885-E.

Compliance with the Minimum Standard Conditions

D.07-05-028 establishes a "minimum quantity" condition on the ability of utilities to count a contract of less than 10 years duration with an existing facility for compliance with the RPS program. In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contracts with new facilities equivalent to at least 0.25% of the utility's previous year's retail sales.

Pursuant to SB 2 (1X), the Commission will be implementing a revised minimum quantity requirement in R.11.05.005 that will be implemented by a Commission decision.

As a new facility, delivering pursuant to a contract greater than 10 years in length, the North Sky PPA will contribute to PG&E's minimum quantity requirement established in D.07-05-028.

CONFIDENTIAL INFORMATION

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

RPS ELIGIBILITY AND CPUC APPROVAL

Pursuant to Pub. Util. Code § 399.25, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.[10]

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires "CPUC Approval" of a PPA to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code* §§ *399.11 et seq.*), Decision 03-06-071, or other applicable law."[11]

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, neither can the

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[10] *See, e.g.* D. 08-04-009 at Appendix A, STC 6, Eligibility.

[11] *See, e.g.* D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

Commission determine, prior to final CEC certification of a project, that "any procurement" pursuant to a specific contract will be "procurement from an eligible renewable energy resource."

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission's authority to review the utilities' administration of contracts.

COMMENTS

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

FINDINGS AND CONCLUSIONS

1. The North Sky PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.
2. The PPA is consistent with PG&E's 2009 and 2011 RPS Procurement Plans approved by D.09-06-018 and D.11-04-030.
3. The PPA includes the Commission-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.
4. The North Sky PPA was evaluated consistent with the LCBF methodology identified in PG&E's RPS Procurement Plan.
5. Based on the North Sky project's commercial operation date, PG&E estimates that the price of the PPA is below the applicable 2009 Market Price Referent.
6. The Commission finds that the price and net market value of the North Sky PPA are reasonable and competitive with the contracts on PG&E's 2011 RPS Shortlist.

7. Payments made by PG&E under the North Sky PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of PG&E's administration of the PPA.

8. The North Sky project is highly viable given the developer's experience, the utilization of mature technology, and the fact that permitting and transmission are on target for the December 2012 COD.

9. Projected generation from the North Sky project meets the need requirements of PG&E's RPS portfolio.

10. The proposed PPA meets the conditions for EPS compliance established in D.07-01-039 because the facility will produce electricity at a capacity factor of less than 60 percent and is therefore not a baseload power plant as defined in Public Utilities Code §8340(a).

11. Pursuant to D.02-08-071, PG&E's Procurement Review Group participated in the review of the North Sky contract, and PG&E has complied with the Commission's rules for involving the PRG.

12. Consistent with D.06-05-039 and D.09-06-050, an Independent Evaluator oversaw PG&E's negotiations with North Sky River Energy, LLC and recommends the North Sky contract for approval by the Commission.

13. As a new facility, delivering pursuant to a contract greater than 10 years in length, the North Sky PPA will contribute to PG&E's minimum quantity requirement established in D.07-05-028.

14. The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

15. Procurement pursuant to the PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.03-06-071 and D.06-10-050, or other applicable law.

16. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under the PPA to count towards an RPS compliance obligation. Nor shall that finding absolve PG&E of its obligation to enforce compliance with the PPA.
17. The North Sky power purchase agreement should be approved in its entirety.
18. AL 3885-E should be approved effective today without modification.

THEREFORE IT IS ORDERED THAT:

1. The power purchase agreement between Pacific Gas and Electric Company and North Sky River Energy, LLC proposed in Advice Letter 3885-E is approved without modification.

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 February 1, 2012; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON
PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners

Commissioner Michel Peter Florio, being necessarily absent, did not participate.

Confidential Appendix A

Price Reasonableness, Value, RPS Portfolio Need and Project Viability

[REDACTED]

Confidential Appendix B

Contract Terms and Conditions

[REDACTED]

Confidential Appendix C

Independent Evaluator Report's Conclusion

[REDACTED]