Date of Issuance – 9/3/10

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

**ENERGY DIVISION** **RESOLUTION E-4353**
**September 2, 2010**

**REDACTED**

# R E S O L U T I O N

Resolution E-4353. Pacific Gas and Electric Company requests approval of the amended FPL Energy Montezuma Wind, LLC renewable power purchase agreement.

PROPOSED OUTCOME: This Resolution approves an amendment to a long-term renewable energy power purchase agreement between Pacific Gas and Electric Company and FPL Energy Montezuma Wind, LLC. The amended power purchase agreement is approved without modification.

ESTIMATED COST: Costs of the amended power purchase agreement are confidential at this time.

By Advice Letter 3681-E filed on June 4, 2010.

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## SUMMARY


**Pacific Gas and Electric Company's amended renewable energy power purchase agreement with FPL Energy Montezuma Wind, LLC complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved without modification**

Pacific Gas and Electric Company (PG&E) filed Advice Letter (AL) 3681-E on June 4, 2010, requesting Commission review and approval of amendments to an existing power purchase agreement (PPA) between PG&E and FPL Energy Montezuma Wind, LLC (Montezuma Wind). The PPA was originally approved by the Commission on July 21, 2005, by Resolution E-3946. Notable changes under the amended PPA include an increase in the contract price, an extension of the contract length, an increase in project capacity from 32.4 megawatts (MW) to 36.8 MW and an increase in expected generation from 102 gigawatt-hours (GWh) per year to 129 GWh per year.

This resolution approves the amended Montezuma Wind PPA because it is consistent with the Commission's RPS procurement guidelines and PG&E's RPS resource need identified in PG&E's 2009 RPS Procurement Plan, which the Commission conditionally approved in Decision 09-06-018. The costs of the PPA are reasonable compared to bids received in response to PG&E's 2009 solicitation for renewable resources. Deliveries under the amended Montezuma Wind PPA are reasonably priced and 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 provides a summary and comparison of the original and amended Montezuma Wind PPA:

| Generating Facility | Technology Type | Term (Years) | Capacity (MW) | Energy (GWh/yr) | Contract Delivery Start Date | Location |
|---|---|---|---|---|---|---|
| Montezuma Wind (original) | Wind | 20 | 32.4 MW | 102 GWh | 4/1/2008 | Birds Landing, CA |
| Montezuma Wind (amended) | Wind | 25 | 36.8 MW | 129 GWh | 1/30/2011 | Birds Landing, 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 and SB 1036.[1] The RPS program is codified in Public Utilities Code Sections 399.11-399.20.[2] The RPS program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least one percent of

[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)

[2] All further references to sections refer to Public Utilities (Pub. Util.) Code unless otherwise specified.

retail sales per year so that 20 percent of the utility's retail sales are procured from eligible renewable energy resources no later than December 31, 2010.[3]

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 Advice Letter 3681-E was made by publication in the Commission's Daily Calendar. PG&E states that copies of the Advice Letter were mailed and distributed in accordance with Section IV of General Order 96-B.

## PROTESTS

Advice Letter 3681-E was not protested.

## DISCUSSION

**Pacific Gas and Electric Company requests approval of an amendment to its existing renewable contract with FPL Energy Montezuma Wind, LLC**

The original power purchase agreement (PPA) between Pacific Gas and Electric Company (PG&E) and FPL Energy Montezuma Wind, LLC (Montezuma Wind) was approved by Resolution E-3946 on July 21, 2005.[4] On February 23, 2007, PG&E filed Advice Letter (AL) 2992-E to amend its PPA with Montezuma Wind. During Commission review of AL 2992-E, the Montezuma Wind project encountered permitting delays in Solano County.[5] On August 20, 2007, PG&E

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[3] *See*, § 399.15(b)(1).

[4] When the Original PPA was executed in 2005, Montezuma Wind was wholly owned by FPL Energy, a subsidiary of FPL Group, Inc. In 2009, FPL Energy changed its name to NextEra Energy Resources, LLC (NextEra) and continued as a subsidiary of FPL Group, Inc. Montezuma Wind is a wholly-owned subsidiary of NextEra.

[5] In October, 2007, Solano County postponed consideration of Montezuma Wind's conditional use permit in response to concerns raised by Travis Air Force Base (Travis AFB) regarding the potential impact on Travis AFB's radar system. On January 28,

*Footnote continued on next page*

requested that the Commission defer its review of AL 2992-E and in December, 2008 PG&E withdrew its advice letter from Commission review. After Montezuma Wind obtained its conditional use permit from the Solano County Planning Commission on January 28, 2010, PG&E and Montezuma Wind renegotiated the original PPA to reflect a later commercial online date and the other amendments considered herein. PG&E filed AL 3681-E on June 4, 2010, seeking approval of the amended PPA with Montezuma Wind.

The amended PPA increases the contract price. In AL 3681-E, PG&E explains that the project's cost increase is reasonable in light of increases in construction and equipment costs that resulted from the delay in the project start date. The amended PPA also changes the length of the Montezuma Wind PPA from 20 to 25 years. Other changes in the amended PPA include: an increase in project capacity from 32.4 megawatts (MW) to 36.8 MW; an increase in the project's expected generation from 102 gigawatt-hours per year (GWh/yr) to 129 GWh/yr; a change in the scheduling terms that designate PG&E as responsible for certain scheduling costs and imbalances assessed by the California Independent System Operator (CAISO); and a change in contract terms concerning conditions that would result in payments to PG&E for Montezuma Wind's failure to perform its contractual obligations.

The Commission's approval of the amended Montezuma Wind PPA will contribute significantly towards PG&E's renewable procurement goals. Generation from the 36.8 MW wind farm will contribute an average of approximately 129 GWh annually towards PG&E's RPS annual procurement target beginning in January, 2011.[6]

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2010, the Solano County Planning Commission approved Montezuma Wind's conditional use permit after Travis AFB rescinded its concerns. *See,* "Minutes of the Solano County Planning Commission", October 4, 2007 and January 28, 2010. Available at:
http://www.solanocounty.com/depts/rm/boardscommissions/solano_county_planning_commission/minutes.asp

[6] The California Energy Commission is responsible for determining the RPS-eligibility of a renewable generator. *See,* Pub. Util. Code § 399.12 and CPUC Decision (D.) 04-06-014.

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

1. Approval of 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. A finding 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. A finding 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. An adoption of 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. An adoption of 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; and
6. An adoption of 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 amended Montezuma Wind PPA for the following criteria:**

- Consistency with PG&E's resource need, identified in PG&E's 2009 RPS Procurement Plan
- Cost reasonableness
- Cost containment
- Project viability assessment and development status
- Consistency with RPS standard terms and conditions
- Compliance with the Interim Emissions Performance Standard
- Procurement Review Group participation
- Independent Evaluator oversight of PG&E's negotiations with Montezuma Wind regarding amended Montezuma Wind PPA

**Consistency with PG&E's resource need, identified in PG&E's 2009 RPS Procurement Plan**

In D.09-06-018, the Commission conditionally approved PG&E's Procurement Plan (Plan) and bid solicitation materials for PG&E's 2009 RPS solicitation. Pursuant to statute, PG&E's Plan included an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.[7] Specifically, PG&E's Plan identified a renewable resource need of 800 to 1,600 GWh per year, which reflects approximately one to two percent of PG&E's annual retail sales volume, with a preference for projects that can deliver in the near term.

PG&E asserts that the Montezuma Wind PPA conforms to PG&E's approved 2009 Plan. The PPA fits with identified renewable resource needs by meeting the criteria for the procurement of renewables contained in the 2009 Plan. The PPA is expected to deliver approximately 129 GWh of RPS-eligible energy deliveries starting in January 2011.

7 Pub. Util. Code § 399.14(a)(3).

The amended Montezuma Wind PPA is consistent with the renewable resource need identified in PG&E's 2009 RPS Procurement Plan, approved by D.09-06-018.

**Cost Reasonableness**

The Commission's reasonableness review for RPS PPA prices includes a comparison of the proposed PPA to other projects from recent RPS solicitations and recent Commission approved projects.

The amended Montezuma Wind PPA is substantially different from the original PPA approved in 2005 by Resolution E-3946. PG&E evaluated the cost of the amended Montezuma Wind PPA and concluded that it compared very favorably with other offers in the 2009 RPS solicitation. While the price of energy procured by PG&E increased in the amended PPA, the project capacity also increased as did the length of time for the Montezuma Wind project to deliver energy to PG&E. The changes stated above provide additional value to PG&E ratepayers.

Based on this analysis, the Commission determines that the amended Montezuma Wind PPA price is reasonable. Confidential Appendix A to this resolution includes details about the contractual pricing terms.

The total expected cost of the amended Montezuma Wind PPA is reasonable based on its relation to bids received in response to PG&E's 2009 solicitation and when compared to other RPS PPAs recently approved by the Commission.

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

**Cost Containment**

The market price referent (MPR) is used by the Commission to assess the above-market costs of RPS contracts. There is a statutory limit on above-MPR costs which serves as a cost containment mechanism for the RPS program.[8] The amended Montezuma Wind PPA is below the 2009 MPR for a project with a 25

[8] *See,* Pub. Util. Code §399.15

year delivery term and a 2011 commercial start date.[9] While the amended PPA does meet the eligibility criteria for above-MPR Funds (AMFs) established in Pub. Util. Code §399.15(d)(2), the amended PPA is not eligible for AMFs as the contract price is below the 2009 MPR.[10] As a result, PG&E is not required to conduct cash flow models as the amended Montezuma Wind PPA is not subject to the requirements established in Resolution E-4199.[11]

**Project Viability Assessment and Development Status**

PG&E believes the Montezuma Wind project is viable and will be developed according to the terms and conditions in the PPA. PG&E evaluated the viability of the Montezuma Wind project using the Commission approved project viability calculator which uses standardized criteria to quantify a project's strengths and weaknesses in key areas of renewable project development. Based on PG&E's analysis, the amended Montezuma Wind PPA is above the mean and median project viability scores relative to other projects from PG&E's RPS solicitation and shortlist. The viability of the amended Montezuma Wind PPA is reasonable compared to other projects offered to PG&E.

[9] *See,* Resolution E-4298.

[10] The following are factors that must all be fulfilled for an RPS contract to meet eligibility requirements for AMFs: (1) the contract is selected through a competitive solicitation; (2) the contract covers a duration of no less than 10 years; (3) the contracted project is a new facility that will commence commercial operations on or after January 1, 2005; (4) the contract is not for renewable energy credits; and (5) the above-market costs of the contract do not include any indirect expenses including imbalance energy charges, sale of excess energy, decreased generation from existing resources, or transmission upgrades. *See,* Pub. Util. Code §399.15(d)(2).

[11] Pursuant to Resolution E-4199, any amendment to a Commission approved PPA where the price exceeds the MPR, the utility's justification for price reasonableness must include: 1) cash flow models for the project's original price and proposed new price, and 2) the information needed to determine whether the utility's proposed price increase reflects net changes in costs.

PG&E provided the following information about the Project's developer and development status:

Developer experience and creditworthiness

NextEra, Montezuma Wind's parent company, has a substantial record of successfully developing and bringing large wind generation facilities into operation. NextEra is the largest generator of wind and solar power in North America with more than 100 facilities in the United States and Canada and more than 18,000 MW of generating capacity in operation.[12] NextEra also has a track record of successfully financing its wind facilities, most recently with a 99 MW Elk City facility in Oklahoma and a 174 MW facility in Northern Colorado.

Technology and Resource quality

The project site in the Montezuma Hills area of Solano County has a number of existing wind generation facilities that have successfully been in operation for many years and have shown the viability of producing energy from the local wind resource. For example, NextEra's High Winds Energy Facility, the Shiloh I project owned by Iberdrola Renewables, Inc., and the Solano Wind project owned by Sacramento Municipal Utility District, are all located close to the proposed Montezuma Wind project site. Furthermore, the Montezuma Wind project utilizes wind turbines from one of the leading turbine manufacturers in the world.

Site control and permitting status

The Solano County Planning Commission approved Montezuma Wind's application for a conditional use permit on January 28, 2010.[13]

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[12] Additional information about NextEra Energy Resources, LLC is available at: http://nexteraenergyresources.com/

[13] *See*, "Minutes of the Solano County Planning Commission", January 28, 2010. Available at: http://www.solanocounty.com/depts/rm/boardscommissions/solano_county_planning_commission/minutes.asp

Interconnection and transmission

Pursuant to the PPA, the Montezuma Wind project will interconnect at the planned Birds Landing substation in Solano County, California. Montezuma Wind has an executed interconnection agreement with the CAISO to connect the Montezuma Wind project to PG&E's system.

**Consistency with RPS Standard Terms and Conditions**

The Montezuma Wind PPA is based on PG&E's 2009 RPS pro forma contract and complies with D.08-04-009, as modified by D.08-08-028. As a result, the PPA contains the required RPS non-modifiable Standard Terms and Conditions.

The PPA includes the Commission adopted RPS "non-modifiable" Standard Terms and Conditions.

**Compliance with the Interim Greenhouse Gas Emissions Performance Standard**

California Pub. Util. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) power contracts procured on behalf of California ratepayers. D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate quota for obligated facilities to 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.

The EPS applies to all energy contracts for baseload generation that are at least five years in duration. In most cases, generating facilities using renewable resources are deemed compliant with the EPS.

The PPA complies with the EPS established in D.07-01-039 because wind energy is one of the pre-approved renewable energy technologies listed in D.07-01-039.

**Procurement Review Group Participation**

The Procurement Review Group (PRG) 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.[14] PG&E asserts that the amended Montezuma Wind PPA was discussed at PRG meetings on March 23, 2009, August 14, 2009, December 15, 2009, and April 10, 2010 prior to filing AL 3681-E.

Pursuant to D.02-08-071, PG&E's Procurement Review Group participated in the review of the PPA.

**Independent Evaluator oversight of PG&E's negotiations with Montezuma Wind regarding the amended Montezuma Wind PPA**

PG&E retained Independent Evaluator (IE) Lewis Hashimoto of Arroyo Seco Consulting to oversee PG&E's negotiations of the amended Montezuma Wind PPA.[15] The IE participated in the negotiation's material discussions and communications concerning the amended PPA, evaluated the amended PPA, and concluded that the amended PPA merits Commission approval.

The IE concluded that the negotiations between PG&E and NextEra for the Montezuma PPA were conducted fairly. Overall, the IE found the amended Montezuma Wind PPA had a high value in comparison to alternative and competing sources of renewable energy. In coming to his conclusion, the IE assessed the Montezuma Wind facility's project viability, advancement of PG&E's RPS goals, and portfolio fit.

The IE assessed the project viability of the Montezuma Wind facility as high value due to: the approval for a local conditional use permit from the Solano County Planning Commission; completion of necessary transmission network

[14] The PRG for PG&E includes representatives of the California Department of Water Resources, the Commission's Energy Division and Division of Ratepayer Advocates, Union of Concerned Scientists, The Utility Reform Network, the California Utility Employees, and Jan Reid, as a PG&E ratepayer.

[15] AL 3681-E included an IE report concerning the renegotiation of the Montezuma Wind PPA and the value of the contract based on a price comparison with alternative sources of energy, portfolio fit, project viability, and compliance with PG&E's RPS goals.

upgrades; and the developer's substantial experience with large wind generating facilities. Also, the IE concluded that the Montezuma Wind project would help PG&E achieve its short-term RPS goals for renewable energy delivery.

Finally, the IE assessed the Montezuma Wind facility as having a low portfolio fit when compared to PG&E's supply portfolio. Although the generation profile correlated well with the utility's needs on a seasonal basis, the generation profile correlated poorly with PG&E's portfolio needs on a time-of-day basis. Furthermore, the facility fared relatively poorly on day-ahead predictability of output and the amended PPA did not provide PG&E with dispatch control. However, the IE did not regard a low portfolio fit as a fatal flaw in the overall attractiveness of the amended Montezuma Wind PPA due to the contract's small size compared to PG&E's total supply portfolio. Therefore, the IE concurred with PG&E's decision to execute the agreement and concluded the proposed amended Montezuma Wind PPA merits Commission approval.

<u>Consistent with D.06-05-039, an IE oversaw the negotiation of the amended Montezuma Wind PPA.</u>

**RPS Eligibility and CPUC Approval**

Pursuant to Pub. Util. Code § 399.13, 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.[16]

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

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

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.*), Decision 03-06-071, or other applicable law."[17]

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, nor can the 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.

**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.

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

## COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on July 30, 2010.

No comments were submitted.

## FINDINGS AND CONCLUSIONS

1. The original power purchase agreement between Pacific Gas and Electric Company and FPL Energy Montezuma Wind, LLC resulted from Pacific Gas and Electric Company's 2004 RPS solicitation and was approved by the Commission on July 21, 2005 in Resolution E-3946.
2. The amended FPL Energy Montezuma Wind, LLC power purchase agreement is consistent with Pacific Gas and Electric Company's renewable resource need identified in its 2009 Renewables Portfolio Standard Procurement Plan, approved by Decision 09-06-018.
3. The total all-in costs of the amended FPL Energy Montezuma Wind, LLC power purchase agreement are reasonable based on their relation to bids received in response to Pacific Gas and Electric Company's 2009 solicitation for renewable resources.
4. The amended FPL Energy Montezuma Wind, LLC power purchase agreement is below the applicable 2009 market price referent for a project coming online in 2011.
5. The viability of the FPL Energy Montezuma Wind, LLC project is above average compared to other projects offered to Pacific Gas and Electric Company.
6. The amended FPL Energy Montezuma Wind, LLC power purchase agreement complies with the Emissions Performance Standard because it meets the conditions established in Decision 07-01-039.

7. Pursuant to Decision 02-08-071, Pacific Gas and Electric Company's Procurement Review Group participated in the review of the amended FPL Energy Montezuma Wind, LLC power purchase agreement.
8. Consistent with Decision 06-05-039, an independent evaluator oversaw Pacific Gas and Electric Company's negotiations with FPL Energy Montezuma Wind, LLC and concurs with Pacific Gas and Electric Company's decision to execute the agreement and that the proposed amended FPL Energy Montezuma Wind, LLC power purchase agreement merits Commission approval.
9. Procurement pursuant to the amended FPL Energy Montezuma Wind, LLC power purchase agreement is procurement from eligible renewable energy resources for purposes of determining Pacific Gas and Electric Company'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.), Decision 03-06-071 and Decision 06-10-050, or other applicable law.
10. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under the amended FPL Energy Montezuma Wind, LLC power purchase agreement to count towards an RPS compliance obligation. Nor shall that finding absolve Pacific Gas and Electric Company of its obligation to enforce compliance with this agreement.
11. Payments made by Pacific Gas and Electric Company under the approved amended FPL Energy Montezuma Wind, LLC power purchase agreement are fully recoverable in rates over the life of the agreement, subject to Commission review of Pacific Gas and Electric Company's administration of the agreement.
12. 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.
13. Advice Letter 3681-E should be approved effective today without modifications.

**THEREFORE IT IS ORDERED THAT:**

1. The amended FPL Energy Montezuma Wind, LLC power purchase agreement proposed in Pacific Gas and Electric's Advice Letter 3681-E is approved without modification.
2. 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 September 2, 2010; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON
PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners

# Confidential Appendix A

## Summary of PPA Terms and Conditions

[REDACTED]