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May 8, 2009

ADVICE LETTER 2086-E
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: SECOND AMENDMENT TO THE EEI MASTER POWER PURCHASE AND SALE AGREEMENT FOR PROCUREMENT OF ELIGIBLE RENEWABLE ENERGY RESOURCES BETWEEN PACIFIC WIND, LLC AND SDG&E

PURPOSE

San Diego Gas and Electric Company (SDG&E) seeks California Public Utilities Commission (Commission) approval of the second amendment (Second Amendment) to a CPUC-approved Renewable Portfolio Standard (RPS) Power Purchase and Sale Agreement and related Cover Sheet and Confirmation Letter (PPA) between Pacific Wind, LLC (Pacific Wind) and SDG&E (collectively, the Parties). The PPA amendment is included herein as Appendix B.

BACKGROUND

The PPA resulted from SDG&E's 2004 RPS Solicitation. SDG&E filed the PPA for Commission approval on October 28, 2005 in Advice Letter 1734-E. The Commission approved the PPA on May 26, 2006 in Resolution E-3979.

The PPA provided that Pacific Wind must meet commercial operation no later than December 31, 2008. The commercial operation was dependent on the completion of a new transmission line to the Cottonwind substation designated as the CAISO interconnection point for the Facility. In January 2007, the CAISO Board of Governors approved the Tehachapi Renewable Transmission Project (TRTP) plan of service and directed SoCal Edison to proceed with the necessary permitting and construction. The new TRTP plan of service for the Cottonwind substation indicated an online date of August 2011. The PPA provided that Pacific Wind could terminate the PPA by a certain date if financing was not secured. Given that financing was not secured due to the delay in the new transmission line, and both SDG&E and Pacific Wind wished to avoid terminating the PPA, the parties agreed to amend the PPA on December 31, 2007. The amendment extended the date on which Pacific Wind shall have received legally binding commitments from a financial institute to fund the development, construction, and ownership of the Facility. The intent of the amendment was to avoid the termination of the PPA

and provide enough time to complete the negotiations of an amended and restated PPA. The Parties continue to negotiate an amended and restated PPA and thereafter executed the Second Amendment to the PPA extending certain project deadlines and condition precedents subject to CPUC Approval. The principal terms of the Second Amendment are described below.

Second Amendment

The delay in the completion of the new transmission line has impacted Pacific Wind's ability to achieve certain deadlines in the PPA. Therefore, the Parties have agreed in the Second Amendment to extend the deadline date on which Pacific Wind shall have received legally binding commitments from a financial institute to fund the development, construction, and ownership of the Facility. Also, the Commercial Operation Deadline with respect to the Facility has been extended to no later than December 31, 2011 and shall be extended if the new transmission line is not fully completed and operational by August 31, 2011. In addition, the Second Amendment also adds a provision in the PPA regarding liquidated damages. The effectiveness of the Amendment is conditioned on CPUC Approval, as that term is defined in the PPA Second Amendment. The intent of the Second Amendment was to avoid the termination of the PPA and provide enough time to complete the negotiations of an amended and restated PPA. Parties continue to negotiate in good faith and SDG&E plans to file an amended and restated PPA later this year.

SDG&E submits confidential information (Appendix B, Second Amendment) in the manner directed by the Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066, issued August 22, 2006 in Rulemaking 05-06-040, and ratified by D.08-04-023 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided D.06-06-066, Appendix 1 (the IOU Matrix), Section 583 of the Public Utilities Code and/or General Order 66-C. Appendix A, a separate Declaration Seeking Confidential Treatment, is contained herein.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

EFFECTIVE DATE

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 3 (effective after Commission approval) pursuant to GO 96-B. Therefore, SDG&E respectfully requests that the Commission issue a resolution approving this advice letter on or before August 1, 2009.

PROTEST

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impacts, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the CPUC. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Honesto Gatchallian (jnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: mcaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service lists R.06-02-012 and R.08-08-009, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Caulson

Phone #: (858) 654-1748

E-mail: mcaulson@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2086-E

Subject of AL: Second Amendment to the EEI Master Power Purchase and Sale Agreement for Procurement of Eligible Renewable Energy Resources Between Pacific Wind, LLC and SDG&E

Keywords (choose from CPUC listing): Power Purchase Agreement, Qualifying Facility, Procurement

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: Attachment B contains the amended PPA which is confidential per the IOU matrix attached to D.06-06-066

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 08/01/2009

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate Reduction

M. Rochman
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.06-02-012

R.08-08-009

Appendix A

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

**DECLARATION
OF PATRICK K. CHARLES**

I, Patrick Charles, do declare as follows:

1. I am an Energy Contracts Originator in the Electric and Gas Procurement Department of San Diego Gas & Electric Company (“SDG&E”). I have reviewed Confidential Appendix A (“Appendix A”) to Advice Letter 2086-E that consists of the First Amendment to the Power Purchase Agreement (“PPA”) between Pacific Wind LLC and SDG&E (“Parties”). In addition, I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or belief.

2. I hereby provide this Declaration in accordance with D.06-06-066, as modified by D.07-05-032, and D.08-04-023 to demonstrate that the confidential information (“Protected Information”) provided in Appendix A submitted concurrently herewith, falls within the scope of data protected pursuant to the IOU Matrix attached to D.06-06-066 (the “IOU Matrix”).^{1/} I address below each of the following five features of Ordering Paragraph 2 in D.06-06-066:

- That the material constitutes a particular type of data listed in the Matrix,

^{1/} The Matrix is derived from the statutory protections extended to non-public market sensitive and trade secret information. (See D.06-06-066, *mimeo*, note 1, Ordering Paragraph 1). The Commission is obligated to act in a manner consistent with applicable law. The analysis of protection afforded under the Matrix must always produce a result that is consistent with the relevant underlying statutes; if information is eligible for statutory protection, it must be protected under the Matrix. (See *Southern California Edison Co. v. Public Utilities Comm.* 2000 Cal. App. LEXIS 995, *38-39) Thus, by claiming applicability of the Matrix, SDG&E relies upon and simultaneously claims the protection of Public Utilities Code §§ 454.5(g) and 583, Govt. Code § 6254(k) and General Order 66-C.

- Which category or categories in the Matrix the data correspond to,
- That it is complying with the limitations on confidentiality specified in the Matrix for that type of data,
- That the information is not already public, and
- That the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The information contained in Appendix A is confidential pursuant to Matrix Category VII.G. because it details contractual terms between the Parties.

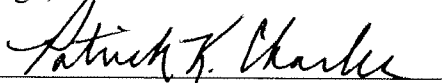
4. I am not aware of any instances where the Protected Information has been disclosed to the public.

5. SDG&E intends to comply with the limitations on confidentiality specified in the Matrix for the type of data that is provided herewith.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized and still provide the level of detail requested and expected by Energy Division.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 6th day of May, 2009, at San Diego, California.


Patrick K. Charles
Energy Contracts Originator
San Diego Gas & Electric Company

SDG&E Advice Letter 2086-E
May 8, 2009

Confidential Appendix B

Second Amendment to the EEI Master Power Purchase and Sale Agreement for Procurement of Eligible Renewable Energy Resources between Pacific Wind, LLC and SDG&E