

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 22, 2004

In Reply Refer To:
Pacific Gas and Electric Company
Docket No. ER03-1091-005

Pacific Gas and Electric Company
Post Office Box 7442
San Francisco, CA 94120

Attention: Frank R. Lindh
Attorney

Reference: Compliance Filing

Dear Mr. Lindh:

1. On August 13, 2004, Pacific Gas and Electric Company (PG&E) filed a revised Generator Special Facilities Agreement (GSFA)¹ with Duke Morro Bay LLC to comply with the Commission order issued June 1, 2004 (June 1 Order).² The revised GSFA generally complies with the requirements of the June 1 Order and is accepted effective September 20, 2003, subject to PG&E filing within 15 days to make the change described below. This order benefits the public because it ensures that the terms and conditions of the revised GSFA are just and reasonable.

2. The June 1 Order accepted a proposed modification of the GSFA and resolved a dispute about Duke Morro Bay's position in the interconnection queue and whether it had missed milestones in the original GSFA. The Commission also ordered PG&E to revise the GSFA to eliminate a superseded Appendix A to the GSFA and accepted for filing an unexecuted Generator Interconnection Agreement (GIA).

¹ First Revised Service Agreement No. 42, Sixth Revised Volume No. 5.

² Pacific Gas and Electric Co., 107 FERC ¶ 61,224 (2004).

3. The compliance filing includes the revised GSFA and the unexecuted GIA. PG&E removed the superseded Appendix A. Additionally, PG&E states in its transmittal letter that it clarified provisions of the GSFA relating to the Cost-of-Ownership charge and tax issues in accordance with the “settlement” and Order No. 2003-A.³
4. Notice of this compliance filing was issued on August 19, 2004, with comments, protests, or motions to intervene due on or before September 3, 2004. No protests or comments were filed.
5. Contrary to what PG&E implies in its transmittal letter, the June 1 Order did not require any GSFA revisions related to the income tax treatment of interconnection payments. Therefore, PG&E’s inclusion of language on this subject goes beyond the scope of this compliance filing. Compliance filings must be limited to the specific directives in the Commission's order; their only purpose is to make the directed revisions, and the sole issue in reviewing them is whether they comply with these directives.⁴
6. Therefore, PG&E is directed to file a revised GSFA within 15 days of the date of this order, removing the added provisions relating to the income tax treatment of interconnection payments.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.

³ Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, 68 Fed. Reg. 49,845 (August 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (2004), FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004).

⁴ *ISO New England, Inc.*, 91 FERC ¶ 61,016 at 61,060 (2000); *Sierra Pacific Power Company*, 80 FERC ¶ 61,376 at 62,271 (1997); *Delmarva Power & Light Company*, 63 FERC ¶ 61,321 at 63,160 (1993).