



*Pacific Gas and
Electric Company*

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May 23, 2007

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Ronald Yasny
Compliance Manager
California Energy Commission
1516 Ninth Street M.S. 2000
Sacramento, California 95814-5512

Subject: Chevron Petition to Remove Limits on Surplus Electric Generation at the
Chevron-Richmond Cogeneration Station (86-SPPE-1C)

Gentlemen:

PG&E does not oppose the subject petition by Chevron to the extent that any California Energy Commission ("CEC") decision granting the relief requested by Chevron applies to the Richmond facility's CEC granted operating permit only. The Power Purchase Agreement (PPA) contains delivery restrictions identical to items D and E described in Chevron's petition. Any change to lift such restrictions will require agreement between Chevron and PG&E, in the form of an Amendment or new PPA, which will be subject to the approval of the California Public Utilities Commission.

Sincerely,

Gary Jeung
Director, Structured Transactions

cc: Kenneth Celli – CEC
Roger E. Johnson – CEC

Chevron concurs:

By

PAUL MILNER

Name

MANAGER - BUSINESS DEVELOPMENT

Title

May 24, 2007