

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 9, 2004

In Reply Refer To:
Docket No. ER03-358-000

Pacific Gas and Electric Company
Attn: Frank R. Lindh, Esq.
Attorney for Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

Dear Mr. Lindh:

1. On October 24, 2003, you filed a settlement agreement in the above-referenced docket on behalf of Pacific Gas and Electric Company (PG&E); Calpine Corporation (Calpine) and affiliated entities: Gilroy Energy Center, LLC (Gilroy); Los Esteros Critical Energy Facility, LLC (Los Esteros); Gilroy Energy Center, LLC - Yuba City (Gilroy - Yuba City); Metcalf Energy Center, LLC (Metcalf); Gilroy Energy Center, LLC - Lambie (Gilroy - Lambie); Goose Haven Energy Center, LLC (Goose Haven); Creed Energy Center, LLC (Creed); Gilroy Energy Center, LLC - King City (Gilroy - King City); Gilroy Energy Center, LLC - Feather River (Gilroy - Feather River); Gilroy Energy Center, LLC - Riverview (Gilroy - Riverview); Gilroy Energy Center, LLC - Wolfskill (Gilroy - Wolfskill); and Delta Energy Center, LLC (Delta) (collectively, Calpine Parties).

2. The settlement agreement resolves all issues pending in this proceeding, which concerns PG&E's Generator Special Facilities Agreements (GSFA), Supplemental Letter Agreements, Generator Interconnection Agreements (GIA) and Amendments between PG&E and the Calpine Parties. On November 17, 2003, Commission Trial Staff submitted comments in support of the settlement. No other comments were received. On December 1, 2003, the Settlement Judge certified the Offer of Settlement to the Commission as uncontested, 105 FERC ¶ 63,032 (2003).

3. The subject settlement is in the public interest and is hereby approved. The Commission's acceptance of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms, and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. 824e (2000).

4. The rates submitted in the GSFAs, Supplemental Letter Agreements and GIAs enclosed with the Offer of Settlement are accepted for filing and are designated and made effective as of the date of this letter, as determined in the Order Accepting and Suspending Interconnection Agreements for Filing, Subject to Refund, and Establishing Hearing and Settlement Judge Procedures, issued February 27, 2003, 102 FERC ¶ 61,232 (2003).

5. This letter terminates Docket No. ER03-358-000.

By direction of the Commission.

Linda Mitry,
Acting Secretary.

cc: All Parties

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102