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RESOLUTION NO. E-1905 U-12 ***

UTILITIES DIVISION
BRANCH/SECTION: Electric
DATE: October 22, 1980

RESOLUTION

Director
Numerical File
Alphabetical File
Accounting Officer

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SUBJECT: Order Authorizing PG&E to Reflect a Minimum Monthly Payment
Obligation to CP&L in Its ECAC Balancing Account

PACIFIC GAS AND ELECTRIC COMPANY, (PG&E) has, by letter of August 4, 1980, submitted a request on behalf of itself and California Power and Light Company (CP&L) a cogenerator, requesting approval of a Minimum Monthly Payment Obligation (MMPO) as part of a 25 year contract for PG&E to purchase 50 MW of energy and capacity from CP&L's Woodex-fueled power plant beginning in 1982.

The Commission recognizes this project as important to the State of California, being the first new large biomass-fueled power plant to be scheduled for construction within the state.

The MMPO will require monthly payments by PG&E at a minimum level of \$500,000 - the amount estimated to be required to service CP&L's debt obligation - even in months where energy deliveries are not sufficient to cover the minimum payment level.

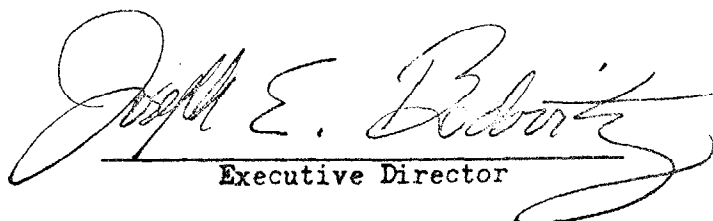
The Commission has not before considered the appropriateness of inclusion in the ECAC balancing account of an obligation such as MMPO.

This Resolution is issued in light of the new principles presented which have not been addressed in Decision No. 91109 and the desire of the parties to consummate the contract prior to the issuance of a decision in OIR 2. This Resolution is not, however, intended to resolve the issue of nor establish a precedent for Commission review or approval of cogeneration and small power production contracts prior to a decision in OIR-2. ***

IT IS ORDERED that PG&E may reflect the costs which result from the Minimum Monthly Payment Obligation in its ECAC balancing account. These costs will be subject to normal Commission review of purchased power expenses in ECAC cases. The effective date of this Resolution is the date hereof. ***

I certify that this Resolution was introduced, approved and adopted at a regular conference of the Public Utilities Commission of the State of California on October 22, 1980. The following Commissioners voted favorably:

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
CLAIRE T. DEDRICK
LEONARD M. GRIMES, JR.
Commissioners


Executive Director