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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-2099
July 2, 1986

RESOLUTION

ORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO IMPLEMENT A SPECIAL FACILITIES INSTALLATION AGREEMENT WITH HOMESTAKE MINING COMPANY

By Advice Letter 1105-E, filed January 9, 1986, Pacific Gas and Electric Company (PG&E), requests authorization to implement a special agreement with Homestake Mining Company (HMC). The facts are as follows:

1. Pacific Gas and Electric Company (PG&E) hereby submits for filing, under the provisions of General Order No. 96-A, Section X-A, a special agreement with Homestake Mining Co. (HMC) entitled "Electric Service Agreement." This agreement, dated March 5, 1986, provides permanent service to HMC's McLaughlin Gold Project in Lake, Napa, and Yolo Counties, California, under PG&E's Schedule A-22, Time-Metered General Service.

2. This agreement is being filed because it differs from PG&E's standard electric service agreement for Schedule A-22 (Form No. 79-244, dated August 1980) on file with the CPUC. This special agreement recognizes that PG&E installed part of the 115 kV service facilities and that HMC installed a portion of the service facilities for the McLaughlin Gold Project.

3. The essential points of this agreement are as follows:

   a. At an estimated cost of $2,672,879, PG&E has in part installed, and in part purchased from HMC, certain facilities ("Facilities") to provide approximately 15,000 kW of regular electric service for HMC's estimated electric requirements for the Mine.

   b. PG&E's Rate Schedule A-22, General Service - Time Metered, is the schedule of rates and charges applicable hereunder.

   c. The base annual electric revenue to be derived by PG&E from such electric service is estimated to be $3,374,364. Such base annual revenue exceeds the total cost of the Facilities which is $2,672,879. Therefore, pursuant to Special Condition 7 of Rate Schedule A-22, no initial facility installation charge, monthly facilities charges or cost of ownership charges are payable by customer.

   d. PG&E shall review the actual base annual revenue from the Facilities at the end of each 12 regular billing periods following the month in which the agreement becomes effective and compare it to the estimated revenue set forth above. If such review shows that the most recent base annual revenue from the Facilities is less than $2,672,879, HMC may elect either to

   (1) pay to PG&E, in addition to monthly charges for electric service, a monthly facilities charge equal to 2.05 percent of the difference between $2,672,879 and such actual base annual revenue, or

(2) pay to PG&E, in addition to monthly charges for electric service, a facility installation charge equal to the difference between $2,672,879 and such actual base annual revenue, and a monthly cost of ownership charge equal to 0.6 percent of the difference between $2,672,879 and such actual base annual revenue.

Any adjustment of charges being collected at the time of review or collection of new charges, as provided under this paragraph, shall be effective on the first regular billing date subsequent to said review and shall be in effect until any additional adjustment is deemed necessary by PG&E, through subsequent review.

e. The amount of any unrefunded facility installation charge, if any, at the end of the fourth twelve-month review period, will be retained by PG&E. HMC will not be required to pay any monthly cost of ownership charges after the end of the fourth twelve-month review period.

f. Where it is necessary for PG&E to install any of its facilities on HMC's premises to serve HMC, then HMC will grant to PG&E, free of charge, the right to make such installation and rights of ingress and egress thereto.

g. All Facilities shall at all times be and remain the property of PG&E, notwithstanding that they may be affixed to premises owned or leased by or under license to customer.

h. If at any time during the term of this agreement, PG&E utilizes any portion of the Facilities installed hereunder to serve other new, permanent electric load directly, PG&E shall adjust the monthly facilities charge, the monthly cost of ownership charge, and/or the facility installation charge, if any, by crediting the excess of the base annual revenue of the new load over the cost of any facilities required to serve the new load to the difference, if any, between $2,672,879 and customer's most recent base annual revenue.

i. This agreement shall be and remain in force for an initial term of three years from the date it becomes effective, which is the date on which the Commission authorizes PG&E to provide service under its terms, and shall continue thereafter for successive terms of one year each; provided, however, that either party shall have the right to terminate this agreement at the expiration of either the initial three-year term or any subsequent one-year term by giving the other written notice of termination at least thirty days prior to such termination date.

4. A timely protest by HMC was filed on March 20, 1986.

HMC's protest concerned the effective date of the contract. PG&E requested in its advice letter that the agreement become effective on the same date that the Commission approved the advice letter. HMC wanted the effective date of the agreement backdated to the time when it first received power in November 1984. However, by letter dated June 10, 1986, HMC withdrew its protest and asked that the Commission approve Advice Letter 1105-E as filed.

5. This filing has been reviewed by the staff of the Energy Branch and the Service and Safety Branch of the Evaluation and Compliance Division.

6. Public notification of this filing has been made by mailing copies of this advice letter to other utilities who requested it.

7. We find that this filing is just and reasonable and will not increase any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

THEREFORE:

Pacific Gas and Electric Company is authorized by Sections 454 and 532 of the Public Utilities Code and under the provisions of the General Order 96-A to place the above advice letter and accompanying agreement into effect today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on July 2, 1986. The following Commissioners approved it:

Victor Weisser
Executive Director

DONALD VIAL
President
VICTOR CALVO
PRISCILLA C. GREW
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners