

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3228
MAY 22, 1991

R E S O L U T I O N

RESOLUTION E-3228. PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST FOR COMMISSION APPROVAL OF A SUPPLEMENTAL
AGREEMENT FOR ELECTRIC SERVICE BETWEEN ARCO OIL AND GAS
COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY.

BY ADVICE LETTER 1343-E FILED ON FEBRUARY 25, 1991.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests approval of a supplemental agreement between PG&E and ARCO Oil and Gas Company (ARCO). This supplemental agreement amends an existing agreement between PG&E and ARCO approved by the Commission in Decision (D.) 87-09-082, dated September 23, 1987.
2. This Resolution grants the request.

BACKGROUND

1. PG&E entered into an agreement to sell electrical energy at negotiated rates to ARCO. This contract, to sell electrical energy at non-tariff rates was submitted for Commission approval by Application (A.) 87-04-003. Approval of this contract, modified to incorporate a Time-Of-Use rate structure, was granted in D.87-09-082.
2. In D.90-12-128 for A.89-04-001 The Commission in Ordering Paragraph 1 ordered that PG&E should not be allowed to recover revenue from shortfalls resulting from inadequate floor provisions in the contracts listed in Appendix A. The ARCO contracts are included in Appendix A. In Conclusion of Law 15 PG&E was directed to negotiate contract revisions to bring the contracts in line with the discussion of the order.

NOTICE

1. Public notice of this filing has been made by publication in the Commission's Calendar on February 6, 1991, and by mailing copies of the Advice Letter to other utilities and government agencies.

PROTESTS

1. No protests to this Advice Letter have been received by Commission Advisory and Compliance Division.

DISCUSSION

1. PG&E has negotiated an amendment to the ARCO contract to have a Floor clause inserted into the contract. This clause stated that total semi-annual rates cannot fall below the Floor charges. Floor charges are defined as "the sum of the marginal cost of deliveries of energy and capacity" during the calendar period in question. The "marginal cost" is to be calculated in accordance with Ordering Paragraph No. 1 of D. 88-03-008.

FINDINGS

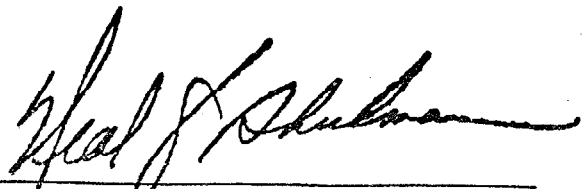
1. The revision in the contract with ARCO is in conformance with the Commission's requirements as put forth in D.90-12-128, Conclusion of Law 15, to ensure that revenues are sufficient to cover the costs of electrical energy at the point of delivery.

THEREFORE, IT IS ORDERED that:

1. This amendment to the contract between Pacific Gas and Electric Company and ARCO Oil and Gas Company is approved.
2. Pacific Gas and Electric Company shall within sixty (60) days file an updated list of Contracts and Deviations to show this approval.
3. Advice Letter 1343-E shall be marked to show that it was approved for filing by Commission Resolution E-3228.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 22, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
G. MITCHELL WILK
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners



Neal J. Shulman
Executive Director

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.