

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 4, 2009

**Advice Letter 3336-E**

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Sale of PG&E's Kern Power Plant Property to World Oil Corp. –  
Request for Approval Under Section 851**

Dear Mr. Cherry:

Advice Letter 3336-E is effective January 29, 2009 per Resolution E-4224.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-7226

September 4, 2008

**Advice 3336-E**

(Pacific Gas and Electric Company ID U 39 E)

**Subject: Sale of PG&E's Kern Power Plant Property to World Oil Corp. –  
Request for Approval Under Section 851**

Public Utilities Commission of the State of California

**Purpose and Procedural Summary**

Pacific Gas and Electric Company ("PG&E") respectfully submits this request to the California Public Utilities Commission ("Commission" or "CPUC") for approval under Section 851 of the California Public Utilities Code, to sell its non-operating Kern Power Plant facility and associated equipment located within the City of Bakersfield, along with approximately 120 acres of the 152-acre property, to World Oil Corp. ("World"). The Agreement (as defined below) between PG&E and World requires that the CPUC approve the sale by May 3, 2009.<sup>1</sup>

Consistent with Resolution ALJ-202, and pursuant to conversations between PG&E with Energy Division staff, this transaction is being filed as an Advice Letter under the CPUC's Pilot Program. The sale price for this fee interest transfer does not exceed \$5 million and this transaction will not require environmental review by the CPUC under the California Environmental Quality Act (CEQA), as described further below. This transaction is not adverse to the public interest and will provide direct ratepayer benefits in the form of a near-term reduction to rate base of at least \$4.5 million (net gain on sale), as well as indirect ratepayer benefits in the form of potential indemnifications of various other site-related costs in the longer term.

---

<sup>1</sup> According to the terms of the Agreement, the close of escrow shall occur on the date ("Closing Date") that is the earlier of (i) the date that is 30 days after PG&E obtains Commission approval and (ii) the date that is one year after June 2, 2008, the effective date of the First Amendment to the Agreement, or June 2, 2009 (the "Outside Closing Date"). Since the Closing Date occurs 30 days after Commission approval, the Agreement actually requires Commission approval to occur at least 30 days prior to the Outside Closing Date, or not later than May 3, 2009, in order for the Closing Date to occur on or before the Outside Closing Date. The Agreement also permits PG&E to extend the Outside Closing Date for up to one year if the Commission has not approved the sale by the original Outside Closing Date.

## **Background**

PG&E's non-operating Kern Power Plant, situated at the corner of Highway 58 and Coffee Road, in Bakersfield, California, began operation in 1948, and shut down in 1985 due to the availability of less expensive sources of energy and capacity. The plant remained in cold stand-by<sup>2</sup> until 1994 when the generation production assets were retired after it was determined that the investments necessary to meet the prevailing air pollution permitting requirements were not economic and not in the interests of PG&E's ratepayers. All operational permits associated with the plant have since expired. PG&E therefore is selling the facility as a non-operating plant. A map of the approximate location of the Site (as defined below) is provided in Exhibit A of the Agreement as Attachment 1.

On May 4, 2007, PG&E and World entered into a Purchase and Sale Agreement for the sale of the assets that constitute the Kern Power Plant and approximately 120 acres of real property associated with the Kern Power Plant (collectively the "Property"). The parties subsequently entered into a First Amendment to Purchase and Sale Agreement on June 2, 2008 (collectively, with the original Purchase and Sale Agreement, the "Agreement"). The Agreement contemplates that the CPUC will approve the sale on or before May 3, 2009, as described in Footnote, Page 1.

Subject to the terms and conditions contained in the Agreement, World will pay to PG&E the purchase price of \$5,000,000 for the Property on the Closing Date, and will thereafter be responsible, and will indemnify PG&E, for certain environmental and non-environmental costs associated with the Property.

The sale of the Property is of vital interest to the community of the City of Bakersfield and Kern County. In addition, because of the City of Bakersfield's previous role in the sale process, PG&E has inquired and understands that the current sale satisfies the City of Bakersfield.

In accordance with Resolution ALJ-202, Appendix A, Section IV., PG&E provides the following information related to the proposed transaction:

---

<sup>2</sup> "Cold stand-by" is a mode of operation where a power plant is ready to deliver emergency power for a specified duration at full turbine power with sufficient notice, depending on the specifics of the turbine design.

**(1) Identity of All Parties and Addresses to the Proposed Transaction:**

Pacific Gas and Electric  
Company  
Andrew L. Niven  
Gail L. Slocum  
Law Department  
P.O. Box 7442  
San Francisco, CA 94120  
Telephone: (415) 973-6583  
Facsimile: (415) 973-0516  
Email: [glsg@pge.com](mailto:glsg@pge.com)

Mr. Robert S. Roth  
Ms. Christine Mirabel  
World Oil Corp.  
9302 South Garfield Avenue  
South Gate, CA 90280  
Telephone: (562) 928-0100  
Facsimile: (562) 928-3234

**(2) Complete Description of the Property Including Present Location, Condition and Use:**

The non-operating Kern Power Plant is geographically situated on approximately 152 acres of real property located in the County of Kern at 2401 Coffee Road, Bakersfield, California, more particularly described in Exhibit B to the Agreement (Attachment 1). The Site is bordered to the north by Rosedale Highway (Highway 58), to the east by Coffee Road, to the west by El Toro Viejo Road, and to the south by the Burlington Northern Railroad Tracks. The Site is locally zoned for general manufacturing, and land uses surrounding the Site range from commercial from the north and west, to industrial and agricultural in the east and south. Growth and development in the area in recent years has continued to come closer and closer to abutting the Property. The City wishes in the future to consider potential, more compatible uses of the Property.

The Facilities consist of a non-operating two-unit natural gas and oil burning power generation facility and associated equipment, four empty above-ground fuel oil tanks, cooling towers, switchyards, substations, support buildings, and discharge pond (the "Facility" or "Facilities").

The Facility, like PG&E's other generating facilities, was built as an integrated utility facility and the Site contains a mixture of generation, transmission and distribution assets. Of the total 152 acres of real property, PG&E will sell approximately 120 acres to World and retain approximately 32 acres (the "Retained Property") to continue to operate the existing electrical substations located on the Retained Property, which are still necessary for the provision of utility service. PG&E will also retain ownership of a 70kV bus structure, which is located on the Retained Property immediately adjacent to, abutting and currently attached to one wall of the power plant proposed to be sold. The 70kV bus structure will continue to be used by PG&E for electric transmission operations.

PG&E operated the Facility from 1948 to 1985, when the Company placed the plant in cold stand-by due to the availability of less expensive sources of energy and capacity. The plant remained in cold stand-by until 1994 when the generation production assets were retired due to PG&E's determination that the investments necessary to meet the prevailing air pollution permitting requirements were not economic, and therefore not in its ratepayers' interests. All operational permits associated with the plant have expired.

**(3) Intended Use of the Property:**

World has indicated that it wishes to purchase the Property from PG&E for possible future development of commercial uses, subject to certain limitations contained in the terms and conditions of the Agreement; however, except for the limitations set out in the Agreement, PG&E will not control how the Property will be used once it is sold. Although World has advised PG&E that it does not yet have specific plans for development of the Property, the City would need to approve any development plans for the Site, including environmental review.

Under the terms of the Agreement, World will indemnify PG&E against claims arising from hazardous substances that are on the Property as of the close of escrow, and, in certain situations, against claims arising from the presence of electromagnetic fields on or under the Property. Also, as a part of future development and subject to the terms and conditions of the Agreement, World will be responsible, and will indemnify PG&E, for the costs of demolishing certain facilities on the Property -- estimated at approximately \$14.3 million -- and the costs of remediating soil and groundwater contamination existing on the Property as of the close of escrow.

In regard to the Retained Property, PG&E will also retain certain easements on the Site that are associated with its transmission substations and 70kV bus structure, further described in Exhibit N and Schedule 1.1(c) of the Agreement (Attachment 1).

**(4) Complete Description of Financial Terms of the Proposed Transaction:**

PG&E is selling the Kern Power Plant Facility and Site to World, for the purchase price of Five Million Dollars (\$5,000,000.00).

In connection with the transactions contemplated within the Agreement, PG&E and World shall pay all transfer taxes and closing costs as described in Section 3.4 of the Agreement.

**(5) Description of How Financial Proceeds of the Transaction Will Be Distributed:**

During the deregulation of California's electric industry, the Commission authorized PG&E to amortize uneconomic generation plant costs, including land associated with the sale of PG&E's Kern Power Plant.<sup>3</sup> In 1998, PG&E amortized generation costs, including land that would otherwise have become stranded when PG&E planned to exit the electricity generating business. In the process of amortizing these stranded assets, all generation plant properties were grouped and amortized without the traditional ratemaking distinctions between land and other properties. PG&E does not normally amortize land, but did so in this case pursuant to Decision (D.) 97-11-074.

Because ratepayers bore the cost recovery burden of the accelerated amortization for the land and other properties associated with this advice letter, there is no basis for allocating any of the gain on sale to shareholders pursuant to CPUC Decisions D. 06-05-041 and D. 06-12-043.<sup>4</sup> Thus, in this case, it is appropriate to treat all of the properties—land and other facilities—as depreciable assets for purposes of gain on sale, and to allocate the gain 100% to ratepayers through a credit to accumulated depreciation.

As part of the Agreement, World will be responsible, and will indemnify PG&E, for the costs of certain demolition and of remediating soil and groundwater contamination existing on the Property as of the close of escrow. Commission Decision 02-04-016 placed PG&E's generation facilities back on conventional cost-of-service ratemaking. In its 2007 General Rate Case, PG&E is no longer accruing in rates any decommissioning costs associated with the Kern Property. Consistent with conventional cost-of-service ratemaking, any decommissioning accrual in excess of the recorded decommissioning cost for the Kern Property should remain in the accumulated provision for depreciation, which reduces rate base and decommissioning accrual in future rate cases.<sup>5</sup>

**(6) Impact of the Transaction on Ratebase and Any Effect on the Ability of the Utility to Serve Customers and the Public:**

The rate base associated with the gain on sale, allocated to ratepayers as a credit to accumulated depreciation, will decrease (reduction to rate base) by \$4,516,253 upon Commission approval and close of the sale.

---

<sup>3</sup> D.97-11-074.

<sup>4</sup> These decisions established the policy for allocation of gain on sales to ratepayers and shareholders. In these decisions, the "rule of thumb" allocation of gain on sale for depreciable assets is 100% to ratepayers, and the "rule of thumb" allocation of gain on sale for non-depreciable assets, such as land, is 33% to shareholders and 67% to ratepayers.

<sup>5</sup> The Commission adopted this ratemaking treatment for the sale of its Richmond Hot Oil Pipeline and Hercules Pump Station assets in D.05-07-016, Ordering Paragraph 10, at page 24, which states, "PG&E's proposal for decommissioning accrual in excess of the recorded decommissioning cost, is adopted."

**(7) The Original Cost, Present Book Value, and Present Fair Market Value for Sales of Real Property and Depreciable Assets, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):**

A table showing sales price, expenses, and tax effects is attached as Attachment 2. The pre-tax gain-on-sale is estimated to be \$4,472,839 and the after-tax gain-on-sale is estimated to be \$2,693,750. The original cost of the Site is \$43,799, of which PG&E apportioned \$43,414 to the Property being sold, and \$385 to the Retained Property. The former figure is what is actually going to be taken out of ratebase, and the latter figure remains in ratebase as it is still associated with the Retained Property. As explained in Section (e), the net book value of the Property is \$0.

A fair market value of \$5,000,000 was determined by applying a sales comparison approach, which was then adjusted to account for the existing condition of the Property. PG&E and World obtained three appraisals of the Property during the course of their negotiations. All three appraisals used the sales comparison approach and based their respective determinations of market value on, among other things, the assumptions that (a) the Property was free and clear of all improvements, including all facilities associated with the Kern Power Plant, and other encumbrances, including the numerous oil wells, transmission lines and other PG&E easements, and (b) that the Property was in compliance with all laws, including environmental laws, that would affect the value or marketability of the Property. Because these assumptions are not correct, the parties had to use the appraisal determinations as a starting point from which to deduct reasonable estimates of the likely costs to be assumed by World associated with some of the conditions that exist on the property, which was necessary to arrive at an "as-is" value for the negotiated sale price. A summary comparison chart over-viewing these three appraisals is attached as Attachment 3. It shows that the undiscounted appraised value of the Property adjusted to reflect "as-is" condition, averaging all three appraisals, is approximately \$4.7 million, and the discounted "as-is" average of all three appraisals is approximately \$2.4 million. Copies of the appraisal reports are also attached as Attachment 3. Using these adjusted amounts as a guide, the parties then negotiated a purchase price of \$5,000,000, along with World being responsible, and indemnifying PG&E, for certain costs, including, but not limited to, demolition and remediation of soils and groundwater contamination existing on the Property as of the close of escrow, subject to the terms and conditions of the Agreement.

In addition to its reliance on the adjusted sales comparison approach, PG&E believes that the purchase price is very favorable based on its prior attempt to sell the Property. PG&E previously put the Property out to public bid, and based on such process, PG&E was in contract between 2000 and 2004 to sell the

Property to NAPG for a total sales price of \$550,000 or approximately ten times less than the current purchase price.<sup>6</sup>

**(8) The Fair Market Rental Value for Leases of Real Property, and a Detailed Description of How the Fair Market Rental Value Was Determined:**

Not applicable.

**(9) The Fair Market Value of the Easement or Right-of-Way and a Detailed Description of How the Fair Market Rental Value Was Determined:**

Not applicable.

**(10) A Complete Description of any Recent Past (Within the Prior Two Years) or Anticipated Future Transactions that May Appear To Be Related to the Present Transaction:**

As described in the Background section in pages 1 and 2 of this advice letter, to PG&E's knowledge, there are no recent past or anticipated future transactions that may appear to be related to this sale transaction.

**(11) Sufficient Information and Documentation (Including Environmental Documentation) to Show that All Criteria Set Forth in Section II of Resolution ALJ-202 Are Satisfied:**

PG&E has provided information in this advice letter showing why this transaction meets the eligibility criteria under the advice letter pilot program. The proposed transaction will not have an adverse effect on the public interest because it will not interfere in any way with the existing operation of PG&E's substation facilities on its Retained Property, or with the provision of service to PG&E's customers. In fact, the proposed transaction will serve PG&E customer interests by eliminating significant maintenance costs. PG&E will be collecting a total amount of \$5,000,000 for the sale of the Facility, which meets the financial threshold criteria under which the pilot program applies if the value of a fee interest transfer of real property is *not in excess* of \$5 million (emphasis added).

Furthermore, CEQA review of this advice letter by the Commission is not required. Under the proposed transaction, no "project" exists for CEQA review purposes. Approvals that do not result in a direct or reasonably foreseeable indirect physical change to the environment are not "projects" under CEQA and

---

<sup>6</sup> On May 6, 2004, the Commission issued Decision 04-05-019 barring the sale of the Kern Power Plant to NAPG and prohibiting PG&E from selling, dismantling or disposing of the facility before January 2006. In December 2004, PG&E terminated the Purchase and Sale Agreement between PG&E and NAPG. A clause in the agreement allowed either party to terminate the agreement if the closing of the sale had not occurred on or before June 30, 2004.

do not trigger CEQA review. (CEQA Guidelines Section 15060, subdiv. c & c2; see *also* Public Resources Code Section 21065 and CEQA Guidelines 15378 subdiv. a.) Neither this advice letter nor the transaction for which approval is sought will directly result in any physical change in use, and World's potential future plans are too speculative and undefined to require environmental review at this time. CEQA does not require that environmental review be done until there is enough detail known about the proposed use to enable reasonable analysis and evaluation because premature attempted analysis may be meaningless and financially wasteful.

If World proceeds to propose specific development plans in the future, the approval process required by the primary land use authority – the City of Bakersfield – would include CEQA review. Should a project materialize on the Property at some future time, it would be the responsibility of World working with the City to comply with all CEQA requirements. There is no causal link between the CPUC's approval of this sale and any future physical changes that might arise following the transfer; therefore the sale transaction is not a "project."

To the extent that the Agreement contains protective provisions governing any future potential removal of the power plant so as to require minor construction by PG&E of a replacement support structure for its retained 70kV bus structure on the Retained Property, (which is currently attached to one wall of the power plant), any such future potential physical changes would be categorically exempt under Sections 15301(b) and/or (d) of the CEQA Guidelines, 14 Cal. Code Regs. § 15300, et seq. The Agreement provides for relocating the support for the bus structure, if and when the plant wall is demolished, in a way that will not adversely affect operation of PG&E's transmission facilities. (see Agreement, § 10.1.) In that event, minor construction consisting of new footings would be placed on the Retained Property to replace the support for the 70 kV bus structure that is currently provided by the adjacent power plant wall. This work would be categorically exempt from CEQA under Section 15301(b) of the CEQA Guidelines, which exempts minor alterations to existing utility facilities, and/or Section 15301(d), which exempts restoration of damaged structures or equipment to meet current safety standards.

The Commission has in the past applied the categorical exemption in Section 15301(b) to utility facility transactions consisting of "...minor alterations of existing structures facilities, mechanical equipment, or topographic features involving negligible or no expansion of use..." For example, in Resolution E-4143, the Commission found that the removal of a switching station and the rebuilding of the continuity of a transmission line as part of an electric utility facility transfer met the criteria for a §15301(b) categorical exemption as a minor alteration of existing utility structures. (*Id.*, §15301). In the present case, any necessary footing additions to provide replacement support for PG&E's retained 70kV bus structure would be minor, and the existing bus function at Kern would remain the

same, thus satisfying the "negligible or no expansion of use" condition required by Section 15301(b). Similarly, Section 15301(d) would also cover the replacement of the previous wall support with new footings that would enable continued, safe operation of the 70 kV bus structure.

Accordingly, PG&E requests that the CPUC find that this transfer is not a "project" and thus not subject to CEQA review at this time. If the CPUC believes the 70kV bus support structure to be a reasonably foreseeable indirect physical change to the environment, then the Commission could also find that such a change to the existing 70kV bus structure is a minor alteration to an existing utility structure involving negligible or no expansion of use and thus categorically exempt under Sections 15301(b) and/or (d).

Therefore, in accordance to Rule 2.4 of the Commission's Rules of Practice and Procedure, no formal CEQA review is required and no Proponent's Environmental Assessment is needed in this Advice Letter.

**(12) Additional Information to Assist in the Review of the Advice Letter:**

No additional information is readily available, other than what is already included with this filing.

**(13) Environmental Information**

Pursuant to ALJ-202, the advice letter program only applies to proposed transactions that (a) will not require environmental review by the CPUC as a lead agency or responsible agency under CEQA either because a statutory or categorical exemption applies or (b) because the transaction is not a project under CEQA.

a. Exemption

(1) Has the proposed transaction been found exempt from CEQA by a government agency?

(a) If yes, please attach notice of exemption. Please provide name of agency, date of Notice of Exemption, and State Clearinghouse number.

Not applicable.

(b) If no, does the applicant contend that the project is exempt from CEQA? If yes, please identify the specific CEQA exemption or

exemptions that apply to the transaction, citing to the applicable State CEQA Guideline(s) and/or Statute(s).

As described in Section (11), the transfer is not a “project” under CEQA since there will be no physical change as a result of the sale, and the specifics of any future development by World have not yet been determined and, in any event, would require discretionary approvals and CEQA review by the City when any such plans have been finalized. However to the extent that the CPUC believes the potential future need for a minor support for the 70kV bus structure might be a reasonably foreseeable physical change resulting from this sale, the Commission could also find this to be exempt under Section 15301(b) of the CEQA Guidelines covering “...minor alternations of existing structures facilities, mechanical equipment, or topographic features involving negligible or no expansion of use...” and/or Section 15301(d), which exempts restoration of damaged structures or equipment to meet current safety standards. See section (11) above.

b. “No Project” Under CEQA

(1) If the transaction is not a “project” under CEQA, please explain why.

The transaction is not a “project” under CEQA, as described in Sections 11 and 13 (a.1.b.) above.

**Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **September 24, 2008**. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

### **Effective Date**

Pursuant to the review process outlined in Resolution ALJ-202, PG&E requests that this advice filing become effective by Commission resolution as soon as possible. **PG&E submits this filing as a Tier 3.**

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry / mt".

Vice President, Regulatory Relations

Attachments

cc: Service List – Advice Letter 3336-E

\*\*\*\*\* SERVICE LIST Advice 3336-E \*\*\*\*\*  
APPENDIX A

\*\*\*\*\* STATE EMPLOYEES \*\*\*\*\*

Angela K. Minkin  
Administrative Law Judge Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-2008  
[ang@cpuc.ca.gov](mailto:ang@cpuc.ca.gov)

Myra J. Prestidge  
Administrative Law Judge Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-2629  
[tom@cpuc.ca.gov](mailto:tom@cpuc.ca.gov)

Jonathan Reiger  
Legal Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 355-5596  
[jzr@cpuc.ca.gov](mailto:jzr@cpuc.ca.gov)

Chloe Lukins  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703- 1637  
[clu@cpuc.ca.gov](mailto:clu@cpuc.ca.gov)

Kenneth Lewis  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-1090  
[k11@cpuc.ca.gov](mailto:k11@cpuc.ca.gov)

Brewster Fong  
Division of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703- 2187  
[bfs@cpuc.ca.gov](mailto:bfs@cpuc.ca.gov)

Monisha Gangopadhyay  
Division of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-5595  
[mgb@cpuc.ca.gov](mailto:mgb@cpuc.ca.gov)

\*\*\*\*\* AGENCIES \*\*\*\*\*

Alan Tandy, City Manager  
City of Bakersfield, City Hall  
1501 Truxtun Avenue  
Bakersfield, CA 93301  
[Atandy@bakersfieldcity.us](mailto:Atandy@bakersfieldcity.us)

Ted James, AICP, Director  
County of Kern Planning Department  
Public Services Building  
2700 "M" Street., Suite 100  
Bakersfield, CA 93301-2370  
Telephone: (661) 862-8600  
Facsimile: (661) 862-8601  
Email: [planning@co.kern.ca.us](mailto:planning@co.kern.ca.us)

Bernard C. Barmann, Sr.  
County of Kern Counsel  
1115 Truxtun Avenue, 4th Floor  
Bakersfield, California 93301  
Telephone: (661) 868-3800  
Facsimile: (661) 868-3809  
Email: [bbarmann@co.kern.ca.us](mailto:bbarmann@co.kern.ca.us)

\*\*\*\*\* 3<sup>rd</sup> Party \*\*\*\*\*

Mr. Robert S. Roth  
Ms. Christine Mirabel  
World Oil Corp.  
9302 South Garfield Avenue  
South Gate, CA 90280  
Telephone: (562)928-0100  
Facsimile: (562)928-3234

**(END OF APPENDIX A)**

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3336-E**

**Tier: 3**

Subject of AL: Sale of PG&E's Kern Power Plant Property to World Oil Corp. – Request for Approval Under Section 851

Keywords (choose from CPUC listing): Section 851

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Res. ALJ-202

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement:  Yes  No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **as soon as possible**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**

**Tariff Files, Room 4005**

**DMS Branch**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**jnj@cpuc.ca.gov and mas@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Brian K. Cherry**

**Vice President, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

# ADVICE LETTER 3336-E

(Attachments Available Upon Request)

Attachment 1: Standard Purchase and Agreement  
First Amendment to Standard Purchase and Agreement

Attachment 2: Financial Exhibits

Attachment 3: Summary and Comparison of Appraisals

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

|  |   |  |
|--|---|--|
| Aglet                                    | Department of the Army                      | Northern California Power Association                      |
| Agnews Developmental Center              | Dept of General Services                    | Occidental Energy Marketing, Inc.                          |
| Alcantar & Kahl                          | Division of Business Advisory Services      | OnGrid Solar   |
| Ancillary Services Coalition             | Douglas & Liddell                           | PITCO  |
| Anderson & Poole                         | Douglass & Liddell                          | PPL EnergyPlus, LLC  |
| Arizona Public Service Company           | Downey & Brand                              | Pinnacle CNG Company                                       |
| BART                                     | Duke Energy                                 | Praxair  |
| BP Energy Company                        | Duncan, Virgil E.                           | R. W. Beck & Associates                                    |
| Barkovich & Yap, Inc.                    | Dutcher, John                               | RCS, Inc.  |
| Bartle Wells Associates                  | Ellison Schneider & Harris LLP              | RMC Lonestar   |
| Blue Ridge Gas                           | Energy Management Services, LLC             | Recon Research   |
| Braun & Associates                       | FPL Energy Project Management, Inc.         | SCD Energy Solutions                                       |
| C & H Sugar Co.                          | Foster Farms                                | SCE  |
| CA Bldg Industry Association             | Foster, Wheeler, Martinez                   | SESCO  |
| CAISO                                    | Franciscan Mobilehome                       | SMUD   |
| CLECA Law Office                         | G. A. Krause & Assoc.                       | SPURR  |
| CSC Energy Services                      | GLJ Publications                            | Santa Fe Jets  |
| California Cotton Ginners & Growers Assn | Goodin, MacBride, Squeri, Schlotz & Ritchie | Seattle City Light   |
| California Energy Commission             | Green Power Institute                       | Sempra Utilities   |
| California League of Food Processors     | Hanna & Morton                              | Sequoia Union HS Dist                                      |
| California Public Utilities Commission   | Heeg, Peggy A.                              | Sierra Pacific Power Company                               |
| California Water Company                 | Hitachi                                     | Silicon Valley Power                                       |
| Calpine                                  | Hogan Manufacturing, Inc.                   | Smurfit Stone Container Corp                               |
| Cameron McKenna                          | Imperial Irrigation District                | Southern California Edison Company                         |
| Cardinal Cogen                           | Innercite                                   | St. Paul Assoc.  |
| Casner, Steve                            | International Power Technology              | Sunshine Design  |
| Cerox                                    | Intestate Gas Services, Inc.                | Sutherland, Asbill & Brennan                               |
| Chamberlain, Eric                        | J. R. Wood, Inc.                            | TFS Energy   |
| Chevron Company                          | JTM, Inc.                                   | Tabors Caramanis & Associates                              |
| Chris, King                              | Los Angeles Dept of Water & Power           | Tecogen, Inc.  |
| City of Glendale                         | Luce, Forward, Hamilton & Scripps LLP       | TransCanada  |
| City of Palo Alto                        | MBMC, Inc.                                  | Turlock Irrigation District                                |
| City of San Jose                         | MRW & Associates                            | U S Borax, Inc.  |
| Clean Energy Fuels                       | Manatt Phelps Phillips                      | United Cogen   |
| Coast Economic Consulting                | Matthew V. Brady & Associates               | Utility Cost Management                                    |
| Commerce Energy                          | McKenzie & Associates                       | Utility Resource Network                                   |
| Commercial Energy                        | Meek, Daniel W.                             | Utility Specialists  |
| Constellation                            | Merced Irrigation District                  | Vandenberg Air Force                                       |
| Constellation New Energy                 | Mirant                                      | Verizon  |
| Consumer Federation of California        | Modesto Irrigation District                 | Wellhead Electric Company                                  |
| Crossborder Energy                       | Morgan Stanley                              | Western Manufactured Housing Communities Association (WMA) |
| Davis Wright Tremaine LLP                | Morrison & Foerster                         | White & Case   |
| Day Carter Murphy                        | New United Motor Mfg., Inc.                 | eMeter Corporation   |
| Defense Energy Support Center            | Norris & Wong Associates                    |  |
| Department of Water Resources            | North Coast SolarResources                  |  |