

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 15, 2012

Advice Letter 4024-E

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

Subject: Approval of Elk Hills Power LLC's Agreement for Schedule S – Standby Service with Reservation Capacity Exceeding 100,000kW

Dear Mr. Cherry:

Advice Letter 4024-E is effective May 1, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

April 5, 2012

Advice 4024-E

(Pacific Gas and Electric Company (ID U 39 E))

Public Utilities Commission of the State of California

Subject: Approval of Elk Hills Power LLC's Agreement for Schedule S - Standby Service with Reservation Capacity Exceeding 100,000kW**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter seeking Commission approval of PG&E's agreement with Elk Hills Power LLC's (EHP) for Standby Service with an initial Reservation Capacity of 126,600 kW, which exceeds the 100,000 kW thresholds as required Special Condition 6 of PG&E Schedule S – *Standby Service*. EHP's *Special Agreement for Standby Service* (Form 79-285) is attached. As explained in more detail below, PG&E's standby tariff requires such a filing when Standby Reservation Capacity exceeds 100 MW.

Background

Occidental Petroleum Corporation (Occidental)¹ operates two existing generating facilities adjacent to their "35R Gas Processing Facilities" in the Elk Hills oil field west of Bakersfield. The first, the "35R Cogeneration Plant", is a 45-megawatt (MW)² plant consisting of two 22.5MW turbines that supply thermal requirements to its 35R Gas Processing Facilities as well as electrical power to help meet the 130 MW of load requirements at the Elk Hills oil field. PG&E currently provides standby service for this generating facility. The second generating facility, Occidental's Elk Hills Power generating facility (EHP) is a 550 MW,^{3,4} combined-cycle natural gas fired power plant that currently delivers electricity to the PG&E's Midway Substation via its own 230kV switchyard at the plant. PG&E currently provides 10 MW of standby service for this facility for the required station and start-up power for operation.

¹ Occidental Petroleum Corporation is the corporate parent of EHP

² Nominal capacity.

³ ISO Pmax 551.2

⁴ See: http://www.energy.ca.gov/sitingcases/elkhills/compliance/2011-07-11_Petition_for_Modification_cogeneration.pdf

Occidental is in the process of building a new cryogenic gas plant at its Gas Processing (CGP1) site creating new thermal demands and an approximate electrical load of 20MW. With the addition of CGP1, Occidental's steam demand will increase beyond the capability of what can be supplied by the 35R Cogeneration Plant. To accommodate this new steam load, Occidental is converting its EHP plant into a cogeneration facility that can supply thermal energy to both the existing steam system associated with the 35R Gas Processing Facilities and CGP1. Also, as part of this conversion process, Occidental constructed a new 230 kV transmission line that will interconnect its 230 kV switchyard at EHP to a new transmission substation at its processing facilities. This new transmission line will allow Occidental to "self-service" approximately 70 MW of load⁵ currently served by PG&E.

In its application for Supplemental (Back-up and Maintenance) Standby Service, Occidental seeks an initial Reservation Capacity of 126,600 kW to cover the total field load, including that load served by the both EHP and its 35R Cogeneration Plant, should either go off-line.

Occidental's Reservation Capacity request is greater than 100,000 kW. For Reservation Capacity greater than 100,000 kW, PG&E's standby tariff (Schedule S) in Special Condition 6 - *Limitation of Reservation Capacity Served* (Sheet 6) requires that (emphasis added):

LIMITATION ON RESERVATION CAPACITY SERVED: Standby service to new or increased loads is limited to PG&E's ability to serve such loads without jeopardizing service to existing customers on rate schedules for firm service, including standby service. If standby service to any load or combination of loads is refused by PG&E, PG&E shall notify the California Public Utilities Commission (Commission) in writing. Standby service will require a special contract which shall be subject to approval of the Commission in the following cases:

- a. Reservation Capacity exceeds 100,000 kW per account;
- b. The combined Reservation Capacity for two or more customers whose other power source is a single, nonutility plant, exceeds 100,000 kW; and
- c. The service is of an unusual character, as determined by PG&E.

Based on meeting the other requirements⁶ and given the size of EHP's requested Reservation Capacity, PG&E submits this Advice Letter to the Commission and seeks

⁵ Taking service from PG&E on Schedule E-37, PG&E's Medium General Demand-Metered Time-of-Use Service to Oil & Gas Extraction Customers

⁶ PG&E's planning and transmission personnel have reviewed these changes and determined that there are adequate facilities available to serve the load instantaneously and automatically in the event that the EHP's on-site generator is partially or fully out of service. For large loads with Automatic Voltage

its approval of the attached EHP agreement in Appendix 1, with an effective date of May 1, 2012, before it begins Standby Service to EHP. The QF Log number, Premises number and CDx Account number in the upper right hand corner have been redacted for customer confidentiality.

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 **April 25, 2012**, which is 20 days after the date of this filing. There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@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:

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

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this Tier 2 advice filing be approved on regular notice with an effective date of **May 1, 2012**.

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 to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian Cherry" followed by a stylized flourish.

Vice President, Regulation and Rates

Attachment

cc: Melicia Charles, Energy Division - mvc@cpuc.ca.gov
Paul Phillips, Energy Division - psp@cpcu.ca.gov
Robert Hoffman, Occidental Energy Ventures – Robert_Hoffman@oxy.com
Kenneth Goltz, Occidental Energy Ventures - Kenneth_Goltz@oxy.com
Service List GO-96B

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 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Greg Backens

Phone #: 415-973-4390

E-mail: GAB4@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) #: **4024-E**

Tier: 2

Subject of AL: **Approval of Elk Hills Power LLC's Agreement for Schedule S - Standby Service with Reservation Capacity Exceeding 100,000kW**

Keywords (choose from CPUC listing): Compliance, Standby Service

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: 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:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

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: **May 1, 2012**

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: 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

EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Distribution

- Division
- Customer (original)
- Rates and Tariffs – New Business (original)
- Electric Billing Solutions

**PACIFIC GAS AND ELECTRIC COMPANY'S
SPECIAL AGREEMENT FOR ELECTRICAL STANDBY SERVICE**

This is an agreement between Pacific Gas and Electric Company (PG&E), a California corporation, and Elk Hills Power LLC (Customer), a Delaware limited liability corporation. This agreement will be herein referred to as "Agreement".

Customer has requested PG&E to provide standby service at Customer's premises at NE Section 35R, T30 T23, Tupman, County of Kern, California (4026 Skyline Road, Tupman, CA 93276), under one of the standby options designated below:

- Option 1 – PG&E Standby Through Non-PG&E Supply Facilities** – Standby service for customers whose supply requirements would otherwise be delivered through PG&E owned facilities (including Independent System Operator controlled transmission facilities), are regularly and completely supplied through facilities not owned by PG&E.

The non-utility owned generating facilities have a total rated capacity of approximately _____ kVA.

All PG&E power deliveries will be made under Schedule S -- *Standby Service*.

- Option 2 – PG&E Standby When Service is from Another Utility** – Standby service for customers who regularly take electric service from another public utility but desire PG&E to reserve its generation, transmission or distribution capacity for their use:

Customer currently is supplied regular electric service from another utility's generation, transmission, or distribution system; Customer may be alternately served by PG&E by means of a double-throw switch. Both PG&E and the other utility have consented to this arrangement. Customer's maximum demand from electric equipment on his premises is _____ kW.

All PG&E power deliveries will be made under Schedule S.

This option is closed to all new customers after January 19, 2001.

- Option 3 – PG&E Standby for Non-Continuous/Irregular PG&E Supply** – Standby service for customers who require PG&E to reserve transmission or distribution capacity and stand ready at all times to deliver electricity on an irregular or non-continuous basis:

Customer has a) a premise which is normally, in part but not in whole, served by non-utility owned generation facilities with a total rated capacity of less than 50 percent of Customer's maximum demand for that premise, or b) a premise which qualifies for back-up service under the provisions of Special Condition 7 of Schedule S (See Option 4) but chooses not to elect Option 4 or currently lacks the necessary on-site metering to bill Option 4 properly,

or c) electrical equipment which is used on an irregular or non-continuous basis. The total rated capacity of Customer's generation facilities or irregularly utilized equipment is _____ kVA.

Customer will be billed for all PG&E power deliveries on the otherwise applicable rate schedule; however, Special Conditions 1 through 6 and 8, 9, and 10 of Schedule S will also apply to Customer's service.

- Option 4 – PG&E Supplemental (Back-up and Maintenance) Standby Service –** Standby service for customers who do not meet the criteria described in Option 1 and 2 above, but elect to receive back-up and maintenance portion of their total standby requirements under the provisions of Special Condition 7 of Schedule S:

At least 50 percent of Customer's maximum electric demand is served by a non-utility owned generator, and all necessary metering has been installed (by May 1, 1994, or the effective date of the contract) by PG&E to separately measure Customer's net on-site generation and on-site load requirements. Customer would otherwise, except for such generation, qualify for service under Schedule E-19 (mandatory), E-20 or E-37.

Customer will be billed for the back-up and maintenance portion of the premises' total service requirements under the provisions of Special Condition 7 of Schedule S, and for its ordinary supplemental power requirements (on-site load in excess of the capability of the customer's non-utility owned generation) under the provisions of the otherwise applicable rate schedule. All back-up and maintenance power deliveries by PG&E will be billed in accordance with Schedule S. The total rated capacity of Customer's generation is 718,600 kVA.

- Option 5 – PG&E Standby for Station Load Self-Supply –** Standby service for customers, whose supply requirements would otherwise be delivered through PG&E owned facilities (including Independent System Operator controlled transmission facilities), where the customers' Station Power requirements are regularly supplied through generating units in accord with the customer's CAISO-approved Station Power Portfolio (SPP), as described under the provisions of Special Condition 15 of Schedule S.

Notice of Pending Appeal: Currently an appeal of the Federal Energy Regulatory Commission's (FERC's) June 22, 2005 and related orders is pending before the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit appeal) related to Schedule S Special Condition 15 regarding Station Power. A Customer eligible for SPP and taking service under Special Condition 15, must acknowledge its obligation to and agreement to pay charges consistent with the outcomes of the Southern California Edison's D.C. Circuit appeal for any time after the later of April 1, 2006 or when the Customer received CAISO certification to operate under SPP. Appropriate payment constitutes the final amount calculated commencing from the date when the Customer received CAISO certification to operate under SPP until the effective date of CPUC jurisdictional standby tariffs that reflect the resolution of the D.C. Circuit appeal. Any payments owed PG&E resulting from the reconciliation will not include interest except as specifically ordered in the clarifying tariffs.

PU Code 353 exemption:

Standby service for customers who qualify for exemption under PU Code 353 and elect to take this exemption.

Customers does NOT qualify for PU Code 353 exemption

Customers with supplemental power requirements:

For customers with supplemental power requirements (on-site load in excess of the capability of the customer's non-utility owned generation) under the provisions of the otherwise applicable rate schedule, Special Conditions 1 through 7 of Schedule S will not apply. (Option 3)

Customers with excess generation:

For those customers who operate electric generation equipment capable of serving their entire load and elect to take this exemption, Special Condition 1 (reservation capacity) will not apply. All other applicable charges of Schedule S will apply. (Options 1, 2 and 4)

Terms and Conditions

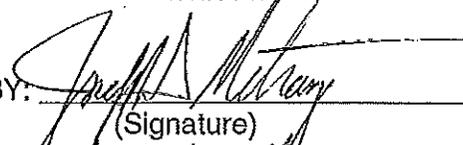
1. Customer has requested PG&E to stand ready at all times to deliver or supply and deliver electric energy to Customer's premises on an as-needed basis. Such standby service shall be provided to Customer in accordance with and subject to PG&E's applicable rates and rules as established from time to time by, and on file with, the California Public Utilities Commission (Commission).
2. PG&E shall be granted, without cost to it, all necessary rights-of-way and easements, satisfactory to PG&E, in both location and form of document, to establish such service.
3. All necessary service facilities to accommodate Customer's load shall be furnished by PG&E and Customer as specified in electric line extension and service rules or the otherwise appropriate extension agreements. Any necessary extensions and reinforcements of PG&E's distribution and transmission facilities that are furnished by PG&E at Customer's expense in accordance with either a separate line extension or special facilities agreement, in accordance with the applicable tariffs.
4. All facilities furnished by PG&E to provide electric service at all times shall be and remain the property of PG&E notwithstanding that they may be affixed to Customer's property. PG&E may remove such facilities upon termination of the Agreement.
5. During the term of this Agreement, Customer grants to PG&E the right to operate, maintain, replace, and repair PG&E's facilities on Customer's premises necessary to provide standby service hereunder and all rights necessary for access to and from such facilities at all reasonable times.
6. All standby electric service provided shall be 3 phase, 60 hertz, alternating current at an electromotive force of approximately 230,000 volts. Allowable variations in this frequency and voltage are specified in PG&E's electric Rule 2. The delivery point for PG&E's standby service shall be considered the point where conductors owned, or under license by Customer, contact PG&E's conductors, or as otherwise designated by applicable rules.
7. The initial reserved capacity for standby service shall be 126,600 kW (Reservation Capacity) and shall be billed monthly at the rate described in the "Rates" section of Schedule S. If the Customer is already receiving standby service from PG&E under a preceding contract, that contracted or reserved capacity, or the amount of capacity to which that contract has been subsequently ratcheted, shall automatically become the

Customer's Reservation Capacity, until the ratchet period ends unless the Reservation Capacity has been increased in accordance with the preceding paragraph.

8. Customer elects to receive any backup and maintenance service that is to be billed under the provisions of Schedule S under the following terms: X Firm Service Only.
9. If Customer has a generator and wishes to operate that generator in parallel with PG&E's system, Customer must also execute either a power purchase agreement, or parallel operation agreement, or applicable interconnection agreement with PG&E. Interconnection and operation of all non-utility owned generation paralleling with PG&E's system will be treated in accordance with electric Rule 21. Customers may need to meet those requirements as imposed by other governing entities having jurisdiction including the Independent System Operator and the Western Systems Coordinating Council.
10. Customer shall pay PG&E the monthly charges for the standby service provided hereunder at any established office of PG&E.
11. The initial term of this Agreement shall be for a period of one (1) year from the date the standby service under this Agreement is first made available to Customer as such date is established in PG&E's records and shall continue thereafter from year to year. Customer may terminate this Agreement at the expiration of the initial or any subsequent one-year term, or PG&E may terminate this Agreement in accordance with its tariffs, provided that written notice of such termination is given to the other party at least thirty (30) days prior to such termination date.
12. Customer may, with PG&E's written consent, assign this Agreement to a subsequent owner of the premises if the assignee will, in writing; agree to perform the obligations of the Agreement.
13. This Agreement shall, at all times, be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

Dated this 1 day of May, 2012.

ELK HILLS POWER LLC

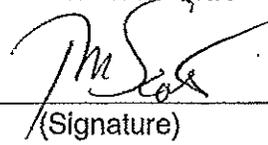
BY: 
(Signature)
JOSEPH D. MATRANGA
(Type / print name)

TITLE: VICE PRESIDENT

DATE: 2/29/2012

Mailing Address: 4020 SKYLINE RD.
TUPMAN, CA 93276

PACIFIC GAS AND ELECTRIC

BY: 
(Signature)
Terry M. Scott
(Type / print name)

TITLE: Manager

DATE: 3/5/12

Mailing Address: Pacific Gas and Electric Co
77 Beale St. B8M
San Francisco, CA 94105

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

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
BART	Economic Sciences Corporation	R. W. Beck & Associates
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	RCS, Inc.
Bartle Wells Associates	Foster Farms	Recurrent Energy
Bloomberg	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg New Energy Finance	GLJ Publications	SCE
Boston Properties	GenOn Energy, Inc.	SMUD
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Brookfield Renewable Power	Green Power Institute	San Francisco Public Utilities Commission
CA Bldg Industry Association	Hanna & Morton	Seattle City Light
CLECA Law Office	Hitachi	Sempra Utilities
CSC Energy Services	In House Energy	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	International Power Technology	Silicon Valley Power
California Energy Commission	Intestate Gas Services, Inc.	Silo Energy LLC
California League of Food Processors	Lawrence Berkeley National Lab	Southern California Edison Company
California Public Utilities Commission	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Calpine	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Cardinal Cogen	MAC Lighting Consulting	Sunrun Inc.
Casner, Steve	MBMC, Inc.	Sunshine Design
Center for Biological Diversity	MRW & Associates	Sutherland, Asbill & Brennan
Chris, King	Manatt Phelps Phillips	Tabors Caramanis & Associates
City of Palo Alto	McKenzie & Associates	Tecogen, Inc.
City of Palo Alto Utilities	Merced Irrigation District	Tiger Natural Gas, Inc.
City of San Jose	Modesto Irrigation District	TransCanada
City of Santa Rosa	Morgan Stanley	Turlock Irrigation District
Clean Energy Fuels	Morrison & Foerster	United Cogen
Coast Economic Consulting	Morrison & Foerster LLP	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	