ATTACHMENT A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Tesoro Refining & Marketing Company LLC for a Limited Deviation from Pacific Gas and Electric Company's Direct Access Cost Responsibility Surcharge Tariff Consistent with Decision 12-02-024.	Application 18-06-003 (Filed June 5, 2018)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") by and between Pacific Gas and Electric Company ("PG&E") and Tesoro Refining & Marketing Company LLC ("Tesoro") is executed October 23, 2018 ("Effective Date"). PG&E and Tesoro are collectively referred to herein as the "Parties."

WHEREAS, Tesoro owns and operates a petroleum refinery near Martinez, California ("Martinez Refinery");

WHEREAS, PG&E provides electric service to the Martinez Refinery;

WHEREAS, PG&E acknowledges that the Martinez Refinery's electric power supply situation is as described in the Joint Stipulation of Facts attached hereto as Appendix A and incorporated herein by this reference;

WHEREAS, Tesoro filed an application with the California Public Utilities Commission ("Commission") on June 5, 2018, Application ("A.") 18-06-003, in which Tesoro claims it is eligible for limited deviations from PG&E's Direct Access Cost Responsibility Surcharge tariff schedule ("Schedule DA-CRS") with respect to certain electrical loads at the Martinez Refinery that are on Direct Access service;

WHEREAS, PG&E disputes Tesoro's claims;

WHEREAS, the Parties have entered into this Agreement to minimize the time, expense, and uncertainty of further regulatory proceedings before the Commission related to the disputed claims in A.18-06-003;

NOW, THEREFORE, in consideration of the mutual obligations, promises, covenants, and conditions in this Agreement, the Parties agree to settle all disputed claims in A.18-06-003 on the terms and conditions set forth in this Agreement.

1. Definitions.

1.1 Capitalized terms not defined in this Agreement have the meanings defined in Appendix A.

1.2 "Alkylation Unit Load" means the combined electrical load of the equipment that makes up the Alkylation Unit, excluding the AU Motor Load.

1.3 "AU Motor Load" means the electrical load at the Alkylation Unit that is attributable to the electric-powered equipment, including an electric motor, formerly powered by gas, as described in Paragraph 12 of Appendix A.

1.4 "Cogeneration Plant" means the combined heat-and-power generation facility that is currently owned and operated by MCLP and supplies thermal energy and electric power to the Martinez Refinery under the contract described in Appendix A.

1.5 "Coker Unit Load" means the combined electrical load of the equipment that makes up the Coker Unit.

1.6 "Commission Approval" means a final, unappealable decision of the Commission approving this Agreement.

1.7 "Cost Responsibility Surcharge" means the Direct Access Cost Responsibility Surcharge and the elements thereof specified in Schedule DA-CRS.

1.8 "CRS" has the same meaning as "Cost Responsibility Surcharge."

1.9 "DA" has the same meaning as "Direct Access."

1.10 "Direct Access" has the meaning set forth in PG&E's Electric Rule 22.

1.11 "DA Load" means the combined electrical loads at the Martinez Refinery that receive DA service under the Tesoro Substation Accounts.

1.12 "Electric Service Provider" has the meaning set forth in PG&E's Electric Rule 1.

1.13 "Incremental DA Load" means DA Load of any kind, other than Transferred Self-Generation Load, that is added to the Tesoro Substation Accounts after the Effective Date.

1.14 "kWh" means kilowatt-hour.

1.15 "Meter" has the meaning set forth in PG&E's Electric Rule 1.

1.16 "PCIA" means the "Power Charge Indifference Adjustment."

1.17 "Power Charge Indifference Adjustment" refers to the CRS component of that name established pursuant to Decision ("D.") 06-07-030.

1.18 "Proxy Standby Load" means the amount of electric power, calculated using the methodology described in Section 5, that approximates the amount of electric power historically supplied by PG&E under Schedule S to serve any Transferred Self-Generation Load. With respect to the AU Motor Load and any Incremental DA Load, "Proxy Standby Load" refers to an estimated amount of electric power, calculated using the formula described in Section 6 of this Agreement, that PG&E would have supplied under Schedule S to serve the AU Motor Load or Incremental DA Load, as applicable, if such load had previously been Self-Generation Load.

1.19 "Proxy Standby Load Factor" means the ratio that results from dividing (a) the Standby Power Amount by (b) the sum of the Standby Power Amount and the Self-Generation Power Amount.

1.20 "Schedule S" means PG&E's Standby Service tariff.

1.21 "Self-Generation Load" means the combined electrical loads at the Martinez Refinery that are served by the Cogeneration Plant and receive Standby Service from PG&E under the Tidewater Substation Account. Self-Generation Load includes the Alkylation Unit Load and any electrical loads that may be added to the Tidewater Substation Account after the Effective Date and is served by the Cogeneration Plant.

1.22 "Self-Generation Power Amount" means the total amount of electric power supplied by the Cogeneration Plant and consumed by Self-Generation Load during the 36-month period starting on August 1, 2014 and ending on July 31, 2017. Tesoro shall provide data to PG&E to verify the Self-Generation Power Amount.

1.23 "Standby Power" means electric power supplied to the Martinez Refinery by PG&E under Schedule S.

1.24 "Standby Power Amount" means the total amount of Standby Power supplied by PG&E during the 36-month period starting on August 1, 2014 and ending on July 31, 2017

1.25 "Standby Service" has the meaning set forth in PG&E's Schedule S.

1.26 "Transferred Self-Generation Load" refers to Self-Generation Load that is transferred directly from Self-Generation Load to DA service after the Effective Date.

1.27 "Vintage" refers to the calendar year denomination of the PCIA charge applicable to a DA customer, as provided in D.06-07-030 and Schedule DA-CRS.

2. <u>Coker Unit Load.</u>

2.1 PG&E shall continue to impose the CRS, and Tesoro shall continue to pay the applicable CRS charges, on the Coker Unit Load or the actual metered load served under the

Tesoro Substation Accounts, whichever is less, for as long as the Coker Unit is connected to the Tesoro Substation and receives DA service.

2.2 For purposes of the CRS applicable to the Coker Unit Load, the PCIA Vintage shall be 2009.

2.3 For purposes of Section 2.1, the Coker Unit Load shall be calculated as the daily average of the total amount of electricity (kWh) supplied by an Electric Service Provider and delivered to the Martinez Refinery by PG&E, as measured by the Meters for the Tesoro Substation Accounts, during the period starting on August 1, 2010 and ending on July 1, 2017.

3. AU Motor Load.

3.1 PG&E shall stop imposing the CRS, and Tesoro shall not be required to pay CRS charges, on the AU Motor Load, except that PG&E shall impose the CRS specified in Section 3.2, and Tesoro shall pay the applicable CRS charges, on the Proxy Standby Load attributable to the AU Motor Load.

3.2 For purposes the CRS applicable to the Proxy Standby Load attributable to the AU Motor Load, the PCIA Vintage shall be pre-2009.

3.3 PG&E shall refund to Tesoro an amount equal to the actual CRS charges imposed on the AU Motor Load for the period April 23, 2018 through October 23, 2018 (the "Refund Period").

3.4 For purposes of calculating the refund provided for in Section 3.3, PG&E shall subtract from the refund amount the CRS applicable to the Proxy Standby Load attributable to the AU Motor Load, as specified in Section 3.2.

3.5 For purposes of calculating the refund provided for in Section 3.3, the AU Motor Load shall be calculated as the daily average of the total amount of electricity (kWh) supplied by

an Electric Service Provider and delivered to the Martinez Refinery by PG&E during the Refund Period, as measured by the Meters for the Tesoro Substation Accounts, minus the Coker Unit Load.

4. Transferred Self-Generation Load and Incremental DA Load.

4.1 PG&E shall not impose the CRS, and Tesoro shall not be required to pay CRS charges, on any Transferred Self-Generation Load, except that PG&E shall impose the CRS specified in Section 4.3, and Tesoro shall pay the applicable CRS charges, on the Proxy Standby Load attributable to the Transferred Self-Generation Load.

4.2 PG&E shall not impose the CRS, and Tesoro shall not be required to pay CRS charges, on any Incremental DA Load, except that PG&E shall impose the CRS specified in Section 4.3, and Tesoro shall pay the applicable CRS charges, on the Proxy Standby Load attributable to the Incremental DA Load.

4.3 For purposes of the CRS applicable to the Proxy Standby Load attributable to Transferred Self-Generation Load and Incremental DA Load, the PCIA Vintage shall be pre-2009.

5. Proxy Standby Load Calculations.

5.1 For purposes of calculating the refund provided for in Section 3.2, the Proxy Standby Load attributable to the AU Motor Load shall calculated by multiplying (a) the AU Motor Load during the Refund Period by (b) the Proxy Standby Load Factor.

5.2 For all other purposes, the Proxy Standby Load attributable to the AU Motor Load, Transferred Self-Generation Load and/or Incremental DA Load shall be calculated by multiplying (a) the total amount of electric power supplied by an Electric Service Provider and delivered to the Martinez Refinery by PG&E, as measured by the Meters for the Tesoro

Substation Accounts, minus the Coker Unit Load, by (b) the Proxy Standby Load Factor.

6. General Provisions.

6.1 The Parties shall use their best efforts to obtain Commission Approval. Following the Effective Date, the Parties shall:

(a) Jointly file motions requesting that the Commission:

(i) Approve this Agreement in its entirety without change under Rule 12 of the Commission's Rules of Practice and Procedure; and

(iii) Expedite its consideration and approval of this Agreement;

(b) Support and mutually defend this Agreement in its entirety;

(c) Avoid and abstain from making any collateral attacks on this Agreement or taking positions in other proceedings that would undermine the effect of this Agreement;

(d) Oppose any change to this Agreement proposed by any non-settling party, unless the Parties jointly agree to support such change;

(e) Cooperate reasonably on all submissions, including briefs and notices, necessary to achieve Commission Approval; and

(f) Review any Commission proposed decision regarding this Agreement to determine whether the Commission has conditioned its approval on a material change to this Agreement, the deletion of a material term of this Agreement, or the addition of a material term to this Agreement. If either Party is unwilling to accept such material change, deletion, or addition, it shall so notify the other Party within five (5) calendar days of issuance of the proposed decision, and the Parties shall discuss each change, deletion, or addition found unacceptable, negotiate in

good faith to achieve a resolution acceptable to both Parties, and request Commission approval of the resolution so achieved.

6.2 The Parties intend that this Agreement, as well as Commission Approval, shall not be a precedent in any other proceeding.

6.3 The Parties have entered into the joint stipulations of fact in support this Agreement as a compromise and on the basis that the stipulations not be construed as admissions or concessions by either Party regarding any fact or matter of law at issue in A.18-06-003 or any other proceeding.

6.4 If Commission Approval does not occur, the Parties reserve all rights to take any position whatsoever regarding any fact or matter of law at issue in A.18-06-003.

6.5 The Parties agree that no signatory to this Agreement or any employee thereof assumes any personal liability as the result of this Agreement.

6.6 If either Party fails to perform its obligations under this Agreement, the other Party may come before the Commission to pursue a remedy, including enforcement. Prior to doing so, the Parties will in good faith attempt to resolve the matter without the need for further Commission action.

6.7 Each Party acknowledges and stipulates that it has agreed to this Agreement freely, voluntarily, and without any fraud, duress, or undue influence by the other Party. Each Party states that, through its authorized representatives, it has read and fully understands its rights, privileges, and duties under this Agreement, including its right to discuss this Agreement with its legal counsel, and has exercised those rights, privileges, and duties to the extent deemed necessary.

6.8 In executing this Agreement, each Party declares and mutually agrees that its provisions are reasonable, consistent with the law, and in the public interest.

6.9 This Agreement cannot be amended or modified without the express written and signed consent of the Parties, including pursuant to the process set forth in Section 6.1(f).

6.10 No provision of this Agreement shall be considered waived by any Party unless such waiver is given in writing. The failure of a Party to insist, in any one or more instances, on strict performance of any provision of this Agreement or to take advantage of any of its rights under the Agreement shall not be considered a waiver of such provision or a relinquishment of such rights in other instances, but the same shall continue and remain effective.

6.11 Neither Party has relied, or presently relies, on any statement, promise, or representation by the other Party, whether oral or written, except as expressly set forth in this Agreement.

6.12 Each Party expressly assumes the risk of any mistake or misunderstanding of law or fact made by such Party or its authorized representative in entering into this Agreement.

6.13 This Agreement shall not be construed against any Party on the basis that such Party was a drafter of this Agreement.

6.14 This Agreement may be executed in separate counterparts by the Parties with the same effect as if both Parties had signed one and the same document. All such counterparts shall be deemed to be an original and together shall constitute one and the same Agreement.

6.15 This Agreement shall be governed by the laws of the State of California as to all matters, including but not limited to validity, construction, effect, performance, and remedies.

6.16 To the extent this Agreement requires that a Party provide notice to the other Party, such notice shall be in writing and directed to the signatories to this Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement. The undersigned represent that they are authorized to sign on behalf of the Party represented.

PACIFIC GAS AND ELECTRIC COMPANY	TESORO REFINING & MARKETING COMPANY LLC
By: [signature]	By:
Name: Fong Wan	Name:
Title: SVP, Energy Policy and Procurement	Title:
Date: Oct 23, 2018	Date:

IN WITNESS WHEREOF, the Parties have duly executed this Agreement. The undersigned represent that they are authorized to sign on behalf of the Party represented.

PACIFIC GAS AND ELECTRIC COMPANY	TESORO REFINING & MARKETING COMPANY LLC
By:_____	By: Ray Brooks
Name:_____	Name: Ray Brooks
Title:_____	Title: Executive Vice President
Date:_____	Date: 11/2/18

APPROVED AS TO FORM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Tesoro Refining & Marketing Company LLC for a Limited Deviation from Pacific Gas and Electric Company's Direct Access Cost Responsibility Surcharge Tariff Consistent with Decision 12-02-024.	Application 18-06-003

JOINT STIPULATION OF FACTS

Gregory S.G. Klatt
DOUGLASS & LIDDELL
411 E. Huntington Drive
Suite 107-356
Arcadia, CA 91006
Telephone: (626) 802-5733
E-Mail: klatt@energyattorney.com

On behalf of
TESORO REFINING & MARKETING COMPANY LLC
and **PACIFIC GAS AND ELECTRIC COMPANY**

October 18, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Tesoro Refining & Marketing Company LLC for a Limited Deviation from Pacific Gas and Electric Company's Direct Access Cost Responsibility Surcharge Tariff Consistent with Decision 12-02-024.	Application 18-06-003

JOINT STIPULATION OF FACTS

In accordance with the procedural schedule set forth in the *Assigned Commissioner's Scoping Memo and Ruling* ("Scoping Memo") dated August 28, 2018, Pacific Gas and Electric Company ("PG&E") and Tesoro Refining & Marketing Company LLC ("Tesoro") hereby submit this joint stipulation of facts in support of the proposed settlement agreement by and between PG&E and Tesoro submitted to the Commission for approval on October 18, 2018 ("Settlement Agreement"). PG&E and Tesoro jointly agree and stipulate the following facts:

1. Tesoro owns and operates a petroleum refinery near Martinez, California ("Martinez Refinery").

2. PG&E provides electric service to the Martinez Refinery. Historically, PG&E supplied all the electric power consumed at the Martinez Refinery.

3. Martinez Cogen Limited Partnership ("MCLP") owns and operates a cogeneration plant at a site adjacent to the Martinez Refinery. In 1987, the former owner of the Martinez Refinery contracted with MCLP to have the cogeneration plant supply thermal energy and electric power to the refinery. The MCLP contract was assigned to Tesoro when it purchased the Martinez Refinery. Both the cogeneration plant and the electrical load of the Martinez Refinery

that it serves are connected to PG&E's electric power transmission system through the Tidewater Substation.

4. From 1987 to 2007, MCLP's cogeneration plant supplied all the electric power consumed by the refinery's Process Load,[1] except for backup power supplied by PG&E on a standby basis under PG&E Electric Schedule S. PG&E provides standby service for the process load that is connected to the Tidewater Substation under Service Account 3376755005, which is hereinafter referred to as the Tidewater Substation Account.

5. In 2007, Tesoro completed a project to modify the Martinez Refinery's Coker Unit. The Coker Unit is an assemblage of petroleum processing equipment, and the electric power the Coker Unit consumes is part of the refinery's process load. From 1987 to 2007, MCLP's cogeneration plant supplied all the electric power consumed by the Coker Unit, except for backup power supplied by PG&E through the Tidewater Substation.

6. Coincident with the Coker Unit modification project, Tesoro had a second electric substation built to serve at the Martinez Refinery. This second substation is hereinafter referred to as the "Tesoro Substation." PG&E provides electric service to the Martinez Refinery through the Tesoro Substation under Service Account 5287756474 and Service Account 0798014208, which are hereinafter referred to as the "Tesoro Substation Accounts."

7. Upon completion of the Coker Unit modification project, the Coker Unit's electrical load was connected to the Tesoro Substation circuit.

8. From 2007 to July 2017, the Coker Unit was the only electrical load connected to the Tesoro Substation circuit.

---

[1] As used herein, "Process Load" refers to the electrical load of the refinery's petroleum processing equipment.

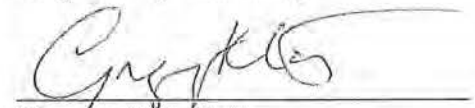
9. From 2007 to July 2010, PG&E provided bundled service to the Tesoro Substation Accounts under Schedule E-20.

10. In July 2010, the Tesoro Substation Accounts were transferred to direct access service.

11. In July 2017, Tesoro completed a project to upgrade the Martinez Refinery's Alkylation Unit. The Alkylation Unit is an assemblage of petroleum processing equipment, and the electric power the Alkylation Unit consumes is part of the refinery's process load. From 1987 to 2017, MCLP's cogeneration plant supplied all the electric power consumed by the Alkylation Unit, except for backup power supplied by PG&E through the Tidewater Substation.

12. As part of the Alkylation Unit upgrade project, Tesoro replaced the unit's gas-powered equipment with electric-powered equipment, including an electric motor. After the upgrade project was completed, Tesoro connected to Alkylation Unit's electric motor to the Tesoro Substation circuit on August 10, 2017. The remainder of the Alkylation Unit's electrical load continues to be served by MCLP's cogeneration plant.

Respectfully submitted,



Gregory S.G. Klatt
DOUGLASS & LIDDELL

On behalf of
TESORO REFINING & MARKETING COMPANY LLC
and **PACIFIC GAS AND ELECTRIC COMPANY**

October 18, 2018

(End of Attachment A)