April 9, 2001

**ADVICE 2099-E**
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Electric Interruptible Load Programs**

Pacific Gas and Electric Company (the Company) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

## Purpose

In accordance with D. 01-04-006 issued April 3, 2001, (mailed April 4, 2001), and the Assigned Commissioner's Ruling (ACR) on Filing and Service of draft Advice Letters and Tariffs in Rulemaking (R.) 00-01-002--Operation of Interruptible Load Programs (Programs), attached are final tariffs for the new interruptible programs under proposed Schedules E-BIP, E-VDRP, and OBMC.

## Background

The ACR directed the utilities to submit the draft filing and tariffs within five days after filing and service of the Draft Decision that was subsequently issued on March 16, 2001. The programs, including installation of meters and other associated equipment, are expected to be implemented by Summer 2001. PG&E submitted its draft advice filing and tariffs on March 21, 2001, in accordance with the instructions issued in the ACR. The revised final tariffs submitted herein reflect comments that PG&E received from the Commission Energy Division on its draft tariffs, together with relevant changes reflecting the final provisions of D. 01-04-006.

## Tariff Changes

### Preliminary Statement Part BZ—Interruptible Load Programs Memorandum Account (ILPMA)

The purpose of the Interruptible Load Programs Memorandum Account (ILPMA) is to record costs incurred by PG&E to implement and administer new load management and rotating outage programs during calendar years 2001 and 2002, where these costs are in excess of the costs authorized in current rates but represent new expenditures or activities that PG&E has been ordered to undertake pursuant to D. 01-04-006. Certain related new revenues related to these programs and activities will also be recorded to the ILPMA.

### Schedule E-BIP - Base Interruptible Program

The Base Interruptible Program under Schedule E-BIP applies as follows:

- Curtailments are limited to one 4-hour event per day, 10 events per month, and 120 hours per year.
- Incentive payments will be paid based on the difference between the customer's average peak period demand and its designated firm service level. This difference will be multiplied by the price of $7.00 per kW-month to determine the incentive payment.
- $6 per kWh penalty level for energy consumption in excess of the customer firm service level.
- Customer must have a minimum of average load of 100 kW and be able to curtail 15% of load with a minimum load drop of 100 kW per event.
- PG&E will provide and install an interval meter for customers to participate in the program if the customer stays on program for 1 year.

### Schedule VDRP - Voluntary Demand Response Program

The Voluntary Demand Response Program under Schedule VDRP applies as follows:

- Incentive payment is $0.35 per kWh.
- Customer must commit to curtail at least 15% of baseline load with a minimum load drop of 100 kW.

- Baseline is the average of the immediate past 10 similar days.
- Request can be made the day before or for the same day. Customers will be given at least 2-hour notice.
- PG&E will provide and install an interval meter for customers to participate in the program if the customer stays on program for 1 year and complies with at least 10 events in a 12-month period.

**E-BIP/E-VDRP Service Agreement (Form 79-976)**

Customers eligible for E-BIP or E-VDRP must complete and submit an Interruptible Program Agreement (Form No. 79-976), and a Customer Enrollment Questionnaire in order to establish service under either Program. Customers also must have the required metering and notification equipment in place as described in the tariff prior to participation in their Program of choice.

Attachments to Form No. 79-976 include:

- Firm Service Level—Must be supplied by Schedule E-BIP customers.
- Declaration of No Insurance--Applicant must confirm they do not currently have, nor will obtain, any insurance for the purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments under any of the Programs.
- Essential Customer Declaration —Written acknowledgement stating that customer is an essential customer under Commission rules and exempt from rotating outages but is voluntarily participating in PG&E's interruptible program for no more than 50% of the their average peak load.

**Schedule E-OBMC—Optional Binding Mandatory Curtailment Plan**

An Optional Binding Mandatory Curtailment Plan under Schedule E-OBMC provides for customers to reduce demand on their entire circuit by a prescribed amount of electric load in lieu of being included in a utility's rotating outage block progression. Eligible customers must submit an OBMC Plan to the utility for review and acceptance. Schedule E-OBMC establishes the eligibility requirements for an OBMC Plan, including measuring equipment necessary to verify compliance with an OBMC Plan, penalties associated with failure to comply with an OBMC Plan, and the termination of an OBMC Plan. Schedule OBMC was originally filed in Advice 2019-E dated July 20, 2000. The Commission issued Draft Resolution E-3701 pertaining to Advice 2019-E on September 7, 2000, but the resolution has not yet been issued in final form by the Commission. In this filing, PG&E supersedes Schedule OBMC and

Form 79-966 as filed in Advice 2019-E. PG&E intends to withdraw Advice 2019-E by separate letter.

Schedule OBMC is revised from the version filed in Advice 2019-E to reflect the directions in D. 01-04-006.

Changes to draft Schedule E-OBMC as filed in Advice 2019-E include:

- Provision for 'major facility changes' to be considered in evaluating whether an OBMC plan can achieve the required 15% circuit load reduction. A registered professional engineer must attest to the facility changes.

- Penalty for non-compliance is $6.00 per KWH of excess usage.

- Customer’s OBMC Plan will be terminated for a second non-compliance during a 12-month period and prohibit the customer from participating in another OBMC plan for five years.

- Baseline for measurement of load drop calculated based on immediate past 10 similar days, business or weekend days, and holidays, excluding days when the customer was paid to reduce load and OBMC operation days.

**OBMC Service Agreement**

Service under Schedule OBMC also requires customers to complete the Agreement for Schedule OBMC (Form No. 79-966).

**Schedules E-19 and E-20**

Revisions have also been made to Schedules E-19 and E-20 to provide for new Interruptible Load Programs in accordance with D. 01-04-006 and R. 00-01-002.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be sent by U.S. mail and via facsimile to:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mailcode B10C
P.O. Box 770000
San Francisco, CA 94177
Facsimile: (415) 973-7226

## Effective Date

In accordance with D. 01-04-006, PG&E requests that this advice filing become effective on **April 9, 2001**.

## Notice

In accordance with Section III, Paragraph G, of General Order 96-A, 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 Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:
http://www.pge.com/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Service List – Rulemaking 01-10-002

PRELIMINARY STATEMENT
(Continued)

BX. INTERRUPTIBLE LOAD PROGRAMS MEMORANDUM ACCOUNT (ILPMA)

1. PURPOSE: The purpose of the Interruptible Load Programs Memorandum Account (ILPMA) is to record costs incurred by PG&E to implement and administer new load management and rotating outage programs during calendar years 2001 and 2002, where these costs are in excess of the costs authorized in current rates but represent new expenditures or activities that PG&E has been ordered to undertake pursuant to CPUC Decision (D.) 01-04-006. Certain related new revenues related to these programs and activities will also be recorded to the ILPMA. The costs to be recorded to this memorandum account will include, but will not necessarily be limited to: start-up, administrative, and customer participation incentive costs for the new Base Interruptible Program (Schedule E-BIP), the new Voluntary Demand Reduction program (Schedule E-VDRP), the new Optional Binding Mandatory Curtailment Program (Schedule OBMC), any new residential or small commercial air conditioner cycling programs, and the costs of all related new Commission-required studies, reports, and rotating outage program enhancements or system configuration modifications conducted pursuant to D.01-04-006. The revenues to be recorded to this memorandum account will include any equipment costs or enrollment fees to be paid by customers participating in these new programs, together with any related non-compliance or contractual non-performance penalties. Pursuant to D.01-04-006, costs recorded to the ILPMA will be subject to reasonableness review and approved for recovery absent any showing of "incompetence, malfeasance, or other unreasonableness." Separate subaccounts will be maintained to track costs and revenues for each new rate program, study, or system modification conducted pursuant to D.01-04-006. (N)

2. APPLICABILITY: The ILPMA shall apply to all customer classes, unless any classes are specifically excluded by the Commission.

3. REVISION DATE: Disposition of amounts in this account shall be detrmined in the Revenue Adjustment Proceeding (RAP), or any other proceeding as authorized by the Commission.

4. ILPMA RATE: The ILPMA does not currently have a rate component.

5. ACCOUNTING PROCEDURE: Separate subaccounts will be set up for each new rate program, study, or system modification conducted. The following entries shall be made for each subaccount at the end of each month:

   a. A debit entry equal to the start-up and administrative expenses recorded in PG&E's Operations and Maintenance, and Administrative and General Expense Accounts that are incurred as a result of each new rate program, study, or system modification conducted pursuant to D.01-04-006.

   b. A debit entry equal to the amount of customer participation incentives credited against customer bills for each new rate program conducted pursuant to D.01-04-006. (N)

(Continued)

PRELIMINARY STATEMENT
(Continued)

BX. INTERRUPTIBLE LOAD PROGRAMS MEMORANDUM ACCOUNT (ILPMA) (Cont'd.)

5. ACCOUNTING PROCEDURE: (Cont'd.) (N)

c. A debit entry for capital-related start-up and administrative costs for each new rate program, study, or system modification conducted pursuant to D.01-04-006, equal to:

1) Depreciation expense on the average of the beginning and the end-of-month balance of plant installed for each new rate program, study, or system modification conducted pursuant to D.01-04-006, at one-twelfth of the annual depreciation rates approved by the CPUC for these plant accounts; plus

2) The return on investment on the average of the beginning and the end-of-month balance of plant installed for each new rate program, study, or system modification conducted pursuant to D.01-04-006, at one-twelfth of the annual rate of return on distribution investment last adopted for PG&E's Electric Department by the CPUC; less

3) The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net of deferred taxes on income resulting from the normalization of federal tax depreciation, at one-twelfth the annual rate of return on distribution investment last adopted for PG&E Electric Department by the CPUC.

d. A debit entry equal to federal and state taxes based on income associated with item 5.c. above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments.

For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to PG&E.

e. A debit entry equal to the monthly property taxes on the plant installed

f. A credit entry equal to all enrollment fees, equipment fees, non-compliance or contractual non-performance penalties collected from customers participating in each new rate program conducted pursuant to D.01-04-006.

g. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 5.a. through 5.f. above at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13 or its successor.

PG&E shall request the recovery of the balance in the ILPMA through the Revenue Adjustment Proceeding (RAP), or any other proceeding as authorized by the Commission. Pursuant to D.01-04-006, costs recorded to the ILPMA will be subject to reasonableness review and approved for recovery absent any showing of "incompetence, malfeasance, or other unreasonableness." (N)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-19—MEDIUM GENERAL DEMAND-METERED TIME-OF-USE SERVICE
(Continued)

8. STANDARD SERVICE FACILITIES: If PG&E must install any new or additional facilities to provide the customer with service under this schedule the customer may have to pay some of the cost. Any advance necessary and any monthly charge for the facilities will be specified in a line extension agreement. See Rules 2, 15, and 16 for details. This section does not apply to customers voluntarily taking service under Schedule E-19.

Facilities installed to serve the customer may be removed when service is discontinued. The customer will then have to repay PG&E for all or some of its investment in the facilities. Terms and conditions for repayment will be set forth in the line extension agreement.

9. SPECIAL FACILITIES: PG&E will normally install only those standard facilities it deems necessary to provide service under this schedule. If the customer requests any additional facilities, those facilities will be treated as "special facilities" in accordance with Section I of Rule 2.

10. ARRANGEMENTS FOR VISUAL-DISPLAY METERING: If the customer wishes to have visual-display metering equipment in addition to the regular metering equipment, and the customer would like PG&E to install that equipment, the customer must submit a written request to PG&E. PG&E will provide and install the equipment within 180 days of receiving the request. The visual-display metering equipment will be installed near the present metering equipment. The customer will be responsible for providing the required space and associated wiring.

PG&E will continue to use the regular metering equipment for billing purposes.

11. NON-FIRM SERVICE PROGRAM: As noted, the rates in the chart in Section 3 of this rate schedule apply to firm service only. ("Firm" means service where PG&E provides a "continuous and sufficient supply of electricity," as described in Rule 14.) A customer may also elect to receive non-firm service under Schedule E-19. Non-firm service is not available to customers taking service under Schedule E-19 on a voluntary basis. Customers participating in the Nonfirm bidding Pilot should refer to Section 19. Customers participating in the Local Nonfirm Bidding Pilot should refer to Section 20.

The Non-firm Service Program is closed to existing customers. The customer's total load must meet the eligibility criteria in 11.a in order to participate in the Non-firm Service Program. Customers being served, as of December 31, 1992, under the Non-firm Service Program may continue to participate in the Non-firm Service Program. (D)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-19—MEDIUM GENERAL DEMAND-METERED TIME-OF-USE SERVICE
(Continued)

11. NON-FIRM SERVICE PROGRAM: (Cont'd.)

Pursuant to the terms and conditions of the non-firm contract, PG&E hereby gives notice that on December 31, 2002, the current non-firm pricing incentive discount is terminated. The current level of non-firm pricing incentives is frozen through December 31, 2002, pursuant to Public Utilities Code Section 743.1. The California Public Utilities Commission has determined in PG&E's 1997 Electric Design Window proceeding (D.97-06-024) that PG&E's non-firm customers should be made aware that at the conclusion of the statutory period the current non-firm pricing incentive will be terminated. (T) (T)

After December 31, 2002, non-firm pricing incentives are likely to be based primarily on market conditions and can be expected to change significantly. This notice is not intended to give non-firm customers the impression that non-firm service will be of no value after December 31, 2002. Instead, this notice is intended to make clear that after December 31, 2002, the value of non-firm service will likely be evaluated based on market principles, and will most likely differ from non-firm incentives in effect at present. (T) (T) (T)

A customer who elects to receive non-firm service under Schedule E-19 must participate in PG&E's Emergency Curtailment Program. A non-firm service customer may also elect to participate in PG&E's Underfrequency Relay (UFR) program.

EMERGENCY CURTAILMENT PROGRAM: Under the Emergency Curtailment Program, a non-firm service customer may be requested to reduce demand to a designated number of kilowatts, referred to as the customer's contractual "firm service level." PG&E will make requests for such curtailments from its non-firm service customers upon notification from the California Independent System Operator (ISO) that a system-wide or local operating condition exists which will impair the ability of the ISO to meet the demands of PG&E's other customers. The ISO is expected to issue load curtailment directives to PG&E in those instances where load reductions are necessary in order to maintain system-wide operating reserves above the 5 percent level throughout the next operating hour, or if such load reductions are the sole remaining measure available in order to mitigate transmission overloads in the PG&E area.

(Continued)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-19—MEDIUM GENERAL DEMAND-METERED TIME-OF-USE SERVICE
(Continued)

11. NON-FIRM SERVICE PROGRAM: (Cont'd.)

UNDERFREQUENCY RELAY PROGRAM: Under this program, the customer agrees to be subject at all times to automatic interruptions of service caused by an underfrequency relay device that may be installed by PG&E.

See Section 13 of this rate schedule for a discussion of contractual length-of-service requirements that may be applied to customers enrolling in the Non-firm Service Program. Please note that PG&E may require up to three years' written notice for a change from non-firm to firm service, or for termination of participation in the Underfrequency Relay Program.

a. ELIGIBILITY CRITERIA FOR NON-FIRM SERVICE: To qualify for non-firm service, the customer must have had an average peak-period demand of at least 500 kilowatts during each of the last six summer billing months prior to the customer's application for non-firm service. (Average peak-period demand is the total number of kWh used during the peak-period hours of a billing month divided by the total number of peak-period hours in the month.) Customers who have not yet had six months of summer service must demonstrate to PG&E's satisfaction that they will maintain an average monthly-peak-period demand of 500 kW or more to qualify for non-firm service.

   Customers on non-firm service may not have, or obtain, any insurance for the sole purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments. Customers with such policy will be terminated from the Program, and will be required to pay back any incentives that the customer received for the period covered by the insurance. If the period cannot be determined, the recovery shall be for the entire period the customer was on the program. (N)

b. DESIGNATION OF FIRM SERVICE LEVEL: If a customer takes non-firm service, the designated number of kilowatts to which the customer must reduce demand during emergency curtailments is the customer's contractual "firm service level." This designated firm service level must be at least 500 kilowatts less than the smallest of the customer's average peak-period demands during the last six summer billing months prior to the designation.

c. PRE-EMERGENCY CURTAILMENT REQUIREMENTS: A customer may be requested to curtail, on a pre-emergency basis, up to five times per year. Each pre-emergency curtailment will last no more than five hours. Customers will be given at least 30 minutes notice before each curtailment. PG&E will request at least six pre-emergency curtailments during any rolling three-year period. The pre-emergency curtailments will be requested subject to the criteria listed in Section 11.d below, and PG&E's discretion.

   Annual UFR operations shall not be included in the annual pre-emergency or emergency curtailment limit.

(Continued)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-19—MEDIUM GENERAL DEMAND-METERED TIME-OF-USE SERVICE
(Continued)

11. NON-FIRM SERVICE PROGRAM: (Cont'd.)

d. PRE-EMERGENCY CURTAILMENT PROCEDURE: PG&E will notify the customer by telephone, electronic mail, or other reliable means of communication. This notification will designate the time by which the customer's kW demand is requested to reduce to the customer's contractual firm service level. The notification will also designate the time when the customer may resume use of full power.

PG&E may call a pre-emergency curtailment if one of the following criteria are met:

1) The 9:00 a.m. forecast of temperatures in the Central Valley (the average of the forecasted temperature in Fresno and Sacramento) exceeds 100 degrees Fahrenheit; and PG&E has been informed by the ISO that an adjusted 10:00 a.m. forecast of two-hour reserves for that afternoon's peak is 12 percent or less; or

2) The 9:00 a.m. forecast of temperatures in the Central Valley exceeds 105 degrees F.

e. EMERGENCY CURTAILMENT PROCEDURE: When it becomes necessary for PG&E to request a curtailment, PG&E will notify the customer by telephone, electronic mail, or other reliable means of communication. This notification will designate the time by which the customer's kW demand is requested to be reduced to the customer's contractual firm service level.

The customer is requested to not resume the use of curtailed power until notified by PG&E that it may do so or until the customer has curtailed its service for six hours.

f. LIMIT ON EMERGENCY CURTAILMENTS: A customer will be requested
to curtail demand, under the emergency curtailment program, no more (N)
than one time per day, four times per week, 40 hours per month, and (N)
30 times per year. The customer will be given at least 30 minutes notice before each curtailment. Curtailments will not exceed six hours for any individual interruption or 100 hours for the entire year.

g. EMERGENCY-NOTICE PROVISION: If there is an emergency on the PG&E system, PG&E may ask the customer to curtail the use of electricity on less than the 30 minutes notice allowed for the Non-firm Service Option. The customer will be asked to make its best effort to comply. The customer will not be assessed the noncompliance penalty for failing to comply within the shorter notice period.

The customer will be assessed a noncompliance penalty if the regular notice period for the operation passes and the customer still has not curtailed use. (N)

For the period October 1, 2000, to January 25, 2001, a noncompliance penalty will be calculated and tracked in the Interruptible Load Curtailment Penalty Memorandum Account (ILCPMA) in accordance with CPUC Decision 01-01-056 if the regular notice period for the operation passes and the customer has not curtailed. (N)

(Continued)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-19—MEDIUM GENERAL DEMAND-METERED TIME-OF-USE SERVICE (Continued)

18. OPTIONAL OPTIMAL BILLING PERIOD SERVICE: (Cont'd.)

c. Customer Charge

Upon enrollment, a special customer charge will be assessed in all six (6) months in the optimal billing period to cover the incremental costs of the required solid state recorder, special program billing, recruitment, and administrative costs. The customer charge shall be $130 per meter per optimal billing period month for primary and secondary voltage customers. The customer is obligated to pay this monthly customer charge only while enrolled in this option but any customer that drops out may not enroll in this option again for a period of twelve (12) months. Customers who have signed contracts and are awaiting solid state recorders so that they can participate in the program will not be assessed the special customer charge until a solid state recorder has been installed.

For billing purposes, the special customer charge for the optimal billing period service shall be assigned to Distribution.

d. Proration of Charges

All applicable customer charges, demand charges or other applicable fixed charges, shall be prorated as specified in Rule 9. As specified in Rule 9, Sections A and B, the regular billing period will be once each month, and prorations for monthly bills of less than 27 or more than 33 days shall be calculated on the basis of the number of days in the period in question to the total number of days in an average month, as specified in Rule 9.

e. Functional Assignment of Credit

For billing purposes, the Optimal Billing Credit will be assigned to Generation.

19. ELECTRIC EMERGENCY PLAN ROTATING BLOCK OUTAGES

As set forth in CPUC Decision 01-04-006 and Ruling (R.) 00-01-002, all transmission customers, except those who are considered essential or a net supplier to the electrical grid, are to be included in rotating block outages in the event of an emergency. A transmission level customer who refuses or fails to drop load shall be added to the next rotating outage block so that customer does not escape curtailment. If the transmission level customer fails to cooperate and drop load at PG&E's request, automatic equipment controlled by PG&E will be installed at the customer's expense per Electric Rule 2. (N)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-20—SERVICE TO CUSTOMERS WITH MAXIMUM DEMANDS OF 1,000 KILOWATTS OR MORE
(Continued)

11. NON-FIRM SERVICE PROGRAM: As noted, the rates in the chart in Section 3 of this rate schedule apply to firm service only. ("Firm" means service where PG&E provides a "continuous and sufficient supply of electricity," as described in Rule 14.) A customer may also elect to receive non-firm service under Schedule E-20. Customers participating in the Nonfirm Pilot Bidding Program should refer to Section 17. Customers participating in the Local Nonfirm Pilot Bidding Program should refer to Section 18.

The Non-firm Service Program is closed to existing customers The customer's total load must meet the eligibility criteria in 11.a in order to participate in the Non-firm Service Program. Customers being served, as of December 31, 1992, under the Non-firm Service Program may continue to participate in the Non-firm Service Program. (D)

Pursuant to the terms and conditions of the non-firm contract, PG&E hereby gives notice that on December 31, 2002, the current non-firm pricing incentive discount is (T) terminated. The current level of non-firm pricing incentives is frozen through December 31, 2002, pursuant to Public Utilities Code Section 743.1. The California (T) Public Utilities Commission has determined in PG&E's Electric Rate Design Window proceeding (D.97-06-024) that PG&E's non-firm customers should be made aware that at the conclusion of the statutory period the current non-firm pricing incentive will be terminated.

After December 31, 2002, non-firm pricing incentives are likely to be based primarily (T) on market conditions and can be expected to changed significantly. This notice is not intended to give non-firm customers the impression that non-firm service will be of no value after December 31, 2002. Instead, this notice is intended to make clear that (T) after December 31, 2002, the value of non-firm service will likely be evaluated based (T) on market principles, and will most likely differ from non-firm incentives in effect at present.

A customer who elects to receive non-firm service under Schedule E-20 must participate in PG&E's Emergency Curtailment Program. A non-firm service customer may also elect to participate in PG&E's Underfrequency Relay (UFR) Program.

EMERGENCY CURTAILMENT PROGRAM: Under the Emergency Curtailment Program, a non-firm service customer may be requested to reduce demand to a designated number of kilowatts (kW), referred to as the customer's contractual "firm service level." PG&E will make requests for such curtailments from its non-firm service customers upon notification from the California Independent System Operator (ISO) that a system-wide or local operating condition exists which will impair the ability of the ISO to meet the demands of PG&E's other customers. The ISO is expected to issue load curtailment directives to PG&E in those instances where load reductions are necessary in order to maintain system-wide operating reserves above the 5 percent level throughout the next operating hour, or if such load reductions are the sole remaining measure available in order to mitigate transmission overloads in the PG&E area.

(Continued)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-20—SERVICE TO CUSTOMERS WITH MAXIMUM DEMANDS OF 1,000 KILOWATTS OR MORE
(Continued)

11. NON-FIRM SERVICE PROGRAM: (Cont'd.)

UNDERFREQUENCY RELAY PROGRAM: Under this program, the customer agrees to be subject at all times to automatic interruptions of service caused by an underfrequency relay device that may be installed by PG&E. (L)

See Section 13 of this rate schedule below of this rate schedule for a discussion of contractual length-of-service requirements that may be applied to customers enrolling in the Non-firm Service Program. Please note that PG&E may require up to three years' written notice for a change from non-firm to firm service, or for termination of participation in the Underfrequency Relay Program. (L)

a. ELIGIBILITY CRITERIA FOR NON-FIRM SERVICE: To qualify for non-firm service, the customer must have had an average peak-period demand of at least 500 kW during each of the last six summer billing months prior to the customer's application for non-firm service. (Average peak-period demand is the total number of kWh used during the peak-period hours of a billing month divided by the total number of peak-period hours in the month.) Customers who have not yet had six months of summer service must demonstrate to PG&E's satisfaction that they will maintain an average monthly-peak-period demand of 500 kW or more to qualify for non-firm service.

(N) Customers on non-firm service may not have, or obtain, any insurance for the sole purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments. Customers with such policy will be terminated from the Program, and will be required to pay back any incentives that the customer received for the period covered by the insurance. If the period cannot be determined, the recovery shall be for the entire period the customer was on the program. (N)

b. DESIGNATION OF FIRM SERVICE LEVEL: If a customer takes non-firm service, the designated number of kW to which the customer must reduce demand during emergency curtailments is the customer's contractual "firm service level." This designated firm service level must be at least 500 kW less than the smallest of the customer's average peak-period demands during the last six summer billing months prior to the designation.

c. PRE-EMERGENCY CURTAILMENT REQUIREMENTS: A customer may be requested to curtail, on a pre-emergency basis, up to a maximum of two times per year (except that any emergency curtailments will count towards the maximum). Each pre-emergency curtailment will last no more than five hours. Customers will be given at least 30 minutes notice before each curtailment. The pre-emergency curtailments will be requested subject to the criteria listed in Section 11.d below, and PG&E's discretion.

Automatic UFR operations shall not be included in the annual pre-emergency or emergency curtailment limit.

d. PRE-EMERGENCY CURTAILMENT PROCEDURE: PG&E will notify the customer by telephone, electronic mail, or other reliable means of communication. This notification will designate the time by which the customer's kW demand is requested to reduce to the customer's contractual firm service level. The notification will also designate the time when the customer may resume use of full power. (L)

(Continued)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-20—SERVICE TO CUSTOMERS WITH MAXIMUM DEMANDS OF 1,000 KILOWATTS OR MORE
(Continued)

11. NON-FIRM SERVICE PROGRAMS: (Cont'd.)

d. PRE-EMERGENCY CURTAILMENT PROCEDURE: (Cont'd.)

PG&E may call a pre-emergency curtailment if one of the following criteria are met: (L)

1) The 9:00 a.m. forecast of temperatures in the Central Valley (the average of the forecasted temperature in Fresno and Sacramento) exceeds 100 degrees Fahrenheit; and PG&E has been informed by the ISO that an adjusted 10:00 a.m. forecast of two-hour reserves for that afternoon's peak is 12 percent or less; or (L)

2) The 9:00 a.m. forecast of temperatures in the Central Valley exceeds 105 degrees F.

e. EMERGENCY CURTAILMENT PROCEDURE: When it becomes necessary for PG&E to request a curtailment, PG&E will notify the customer by telephone, electronic mail, or other reliable means of communication. This notification will designate a time by which the customer's kW demand is requested to be reduced to the customer's contractual firm service level.

The customer is requested not to resume the use of curtailed power until notified by PG&E that it may do so or until the customer has curtailed its service for six hours.

f. LIMIT ON EMERGENCY CURTAILMENTS: A customer will be requested to curtail demand, under the emergency curtailment program, no more than one time per day, 40 hours per month, four times per week, and 30 times (N) per year. The customer will be given at least 30 minutes notice before (N) each curtailment. Curtailments will not exceed six hours for any individual interruption or 100 hours for the entire year.

g. EMERGENCY-NOTICE PROVISION: If there is an emergency on the PG&E system, PG&E may ask the customer to curtail the use of electricity on less than the 30 minute notice allowed for the Non-Firm Service Option. The customer will be asked to make its best effort to comply. The customer will not be assessed the noncompliance penalty for failing to comply within the shorter notice period.

The customer will be assessed a noncompliance penalty if the regular notice period for the operation passes and the customer still has not curtailed use.

For the period October 1, 2000, to January 25, 2001, a noncompliance penalty will be calculated and tracked in the Interruptible Load Curtailment Penalty Memorandum Account (ILCPMA) in accordance with CPUC Decision 01-01-056 if the regular notice period for the operation passes and the customer has not curtailed.

(Continued)

COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE E-20—SERVICE TO CUSTOMERS WITH MAXIMUM DEMANDS OF 1,000 KILOWATTS OR MORE
(Continued)

16. OPTIONAL OPTIMAL BILLING PERIOD SERVICE: (Cont'd.)

d. Proration of Charges

All applicable customer charges, demand charges or other applicable fixed charges, shall be prorated as specified in Rule 9. As specified in Rule 9, Sections A and B, the regular billing period will be once each month, and prorations for monthly bills of less than 27 or more than 33 days shall be calculated on the basis of the number of days in the period in question to the total number of days in an average month, as specified in Rule 9.

e. Functional Assignment of Credit

For billing purposes, the optional billing credit will be assigned to Generation.

17. ELECTRIC EMERGENCY PLAN ROTATING BLOCK OUTAGES:

As set forth in CPUC Decision 01-04-006 and Ruling (R.) 00-01-002, all transmission customers, except those who are considered essential or a net supplier to the electrical grid, are to be included in rotating block outages in the event of an emergency. A transmission level customer who refuses or fails to drop load shall be added to the next rotating outage block so that customer does not escape curtailment. If the transmission level customer fails to cooperate and drop load at PG&E's request, automatic equipment controlled by PG&E will be installed at the customer's expense per Electric Rule 2. (N)

(Continued)

SCHEDULE E-BIP – BASE INTERRUPTIBLE PROGRAM

APPLICABILITY: This schedule is available between April 13, 2001 and December 31, 2002. The E-BIP Program (Program) is intended to provide load reductions on PG&E's system on a day-of basis when the California Independent System Operator (CAISO) issues a curtailment notice. Customers enrolled in the Program will be required to reduce their load down to their firm service level within thirty (30) minutes of their notice from PG&E. This program may be closed by PG&E without notice when the interruptible program limits set forth in CPUC Decision 01-04-006 and Rulemaking 00-10-002 have been fully subscribed. (N)

TERRITORY: This schedule applies everywhere PG&E provides service.

ELIGIBILITY: This schedule is available to PG&E's bundled-service customers. Each customer must take service under the provisions of rate Schedules A-10, E-19 (including voluntary), or E-20, or their successors, to participate in the Program and have at least an average monthly demand of 100 kW.

Bundled service customers whose commodity portion of their bill is otherwise calculated as the sum of the products of the customer-specific hourly load and the hourly commodity price are not eligible to take service under this schedule.

Customers must submit an Interruptible Program Agreement (Form 79-976), an Inter-Act Agreement, and complete a Customer Enrollment Questionnaire in order to establish service. In addition, customers must have the required metering and notification equipment in place prior to participation in the Program.

A customer must designate the number of kW ("firm service level") to which it will reduce its load down to or below during a Program operation in Form 79-976. The designated firm service level must be no more than eighty-five percent (85%) of the customer's highest monthly maximum demand over the past 12 months with a minimum load reduction of 100 kW. If load information is unavailable, customers must demonstrate to PG&E's satisfaction that they can meet these minimum requirements.

Customers on this program may not have, or obtain, any insurance for the purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments. Customers with such policy will be terminated from the Program, and will be required to pay back any incentives that the customer received for the period covered by the insurance. If the period cannot be determined, the recovery shall be for the entire period the customer was on the program.

Customers who are deemed essential under the Electric Emergency Plan as adopted in Decision 01-04-006 and Rulemaking 00-10-002, must submit to PG&E a written declaration that states that the customer is, to the best of that customer's understanding, an essential customer under Commission rules and exempt from rotating outages. It must also state that the customer voluntarily elects to participate in an interruptible program for part or all of its load based on adequate backup generation or other means to interrupt load upon request by the respondent utility, while continuing to meet its essential needs. (N)

(Continued)

SCHEDULE E-BIP – BASE INTERRUPTIBLE PROGRAM
Continued

METERING EQUIPMENT: Each account must have a telephone-accessible interval meter installed that can be read remotely by PG&E. Metering and telephone equipment must be in operation for at least 10 days prior to participating in the program. If required, PG&E will provide and install the metering equipment at no cost to the customer. The customer is responsible for the installation and monthly fees associated with telephone equipment and a dedicated line required for the remote reading or monitoring of the interval meter. (N)

Customers receiving an interval meter from PG&E through this Program will be able to continue to use it at no additional cost even after the Program is terminated, provided that the customer remained in the Program continuously for a minimum period of one year. A customer who receives an interval meter through this Program but later elects to leave the Program prior to the one-year anniversary date, or is terminated for cause, will reimburse PG&E for all expenses associated with the installation and maintenance of the meter. Such charges will be collected as a one-time payment pursuant to Electric Rule 2, Section I.

NOTIFICATION EQUIPMENT: Customers, at their expense, must have access to the Internet and an e-mail address to receive notification via the Internet. In addition, all customers must have, at their expense, an alphanumeric pager that is capable of receiving a text message sent via the Internet. A customer cannot participate in the Program until all of these requirements have been satisfied.

In the event of a Program curtailment operation, customers will be notified using one or more of the abovementioned systems. Receipt of such notice is the responsibility of the participating customer. Once notified, the customer must log into the Program's Internet web site and acknowledge participation in the curtailment. Failure to acknowledge a curtailment notice does not release the customer from its obligation to participate. PG&E does not guarantee the reliability of the pager system, e-mail system or Internet site by which the customer receives notification.

PROGRAM DETAILS: The CAISO, based on its forecasted system conditions and operating procedures, may request PG&E to operate all or part of the Program.

1. Customers will be given at least thirty (30) minutes notice before each curtailment.
2. A Program curtailment operation will be limited to a maximum of one (1) event per day and four (4) hours per event.
3. The Program will not exceed ten (10) events during a calendar month, or one hundred twenty (120) hours per calendar year.
4. Customers may re-designate their firm service level or discontinue participation in the Program only once each year during the month of November. Customer shall provide written notification of such changes to PG&E. Changes will become effective January 1 of the following year.
5. The Program will be operated throughout the year.
6. In the event of a curtailment event, customers on the Program will be notified as described in the Notification Equipment Section of this tariff.
7. PG&E reserves the right to terminate the Program with thirty (30) days' written notice to customers. (N)

(Continued)

SCHEDULE E-BIP – BASE INTERRUPTIBLE PROGRAM
(Continued)

| | | |
|---|---|---|
| INCENTIVE PAYMENTS: | PG&E will evaluate and credit customers and/or apply non-compliance penalties for the customer load reductions realized under Schedule E-BIP within a period no longer than ninety (90) days after each curtailment event, depending on where the curtailment event falls within the customer's actual billing cycle. The incentive payments will be reflected in the customer's regular monthly bill as an adjustment. | (N) |
| | During the Summer Season (May 1 through October 31) payments will be paid based on the difference of the customer's average monthly on-peak period demand and its designated firm service level. During the Winter Season (November 1 through April 30) payments will be paid based on the difference of the customer's average monthly partial-peak period demand and its designated firm service level. This difference will be multiplied by the price of $7.00 per kW-month to determine the incentive payment. | |
| FAILURE TO REDUCE LOAD | Customers will be penalized $6.00 per kWh for energy usage over its firm service level during a curtailment. PG&E, at its sole discretion may elect to evaluate and assess the non-compliance penalties associated with several curtailment events as a single adjustment. | |
| | At PG&E's, it may terminate a customer's Interruptible Program Agreement if they fail to pay a non-compliance penalty within thirty (30) days of presentation. A customer who is removed from the E-BIP Program as a result of non-compliance or non-payment of penalties will not be eligible to participate in any other PG&E sponsored interruptible program for a period of one (1) year after the customer's initial removal from the Program. | |
| INTERACTION WITH CUSTOMER'S OTHER APPLICABLE CHARGES: | Participating customers' regular electric service bills will continue to be calculated each month based on their actual recorded monthly demands and energy usage. | |
| | Customers who participate in a CAISO or a third party sponsored interruptible load program must immediately notify PG&E of such activity. | |
| | Load can only be committed to one program, and customers will be paid for performance under only one program for a given load reduction. Customers currently enrolled in a PG&E interruptible program, or the CAISO's Demand Response Program (DRP), must complete all annual obligations to that program before being eligible for E-BIP. In addition, E-BIP customers shall not participate in the CAISO's Ancillary Services Load Program. | (N) |

SCHEDULE E-VDRP – VOLUNTARY DEMAND RESPONSE PROGRAM

APPLICABILITY: This schedule is available between April 13, 2001, and December 31, 2002. The VDRP Program (Program) is intended to give customers the ability to voluntarily provide load reduction on PG&E's system when the California Independent System Operator (CAISO) issues a curtailment notice. This program may be closed by PG&E without notice when the interruptible program limits set forth in CPUC Decision 01-04-006 and Rulemaking 00-10-002 have been fully subscribed. (N)

TERRITORY: This schedule applies everywhere PG&E provides service.

ELIGIBILITY: This schedule is available to PG&E's bundled-service customers. Each customer must take service under the provisions of rate Schedules A-10, E-19 (including voluntary), or E-20, or their successors, to participate in the Program and have at least an average monthly demand of 100 kW. Customers participating in the Program must commit to reduce load by at least fifteen percent (15%) of the customer baseline usage, with a minimum load reduction of 100 kilowatts (kW), as described in Program Operations Section of this schedule.

Bundled service customers whose commodity portion of their bill is otherwise calculated as the sum of the products of the customer-specific hourly load and the hourly commodity price are not eligible to take service under this schedule.

Customers must submit a signed Interruptible Program Agreement (Form 79-976), an Inter-Act Agreement, and complete a Customer Enrollment Questionnaire in order to establish service. In addition, customers must have the required metering and notification equipment in place prior to participation in this Program.

Customers on this program may not have, or obtain, any insurance for the purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments. Customers with such policy will be terminated from the Program, and will be required to pay back any incentives that the customer received for the period covered by the insurance. If the period cannot be determined, the recovery shall be for the entire period the customer was on the program.

Customers who are deemed essential under the Electric Emergency Plan as adopted in Decision 01-04-006 and Rulemaking 00-10-002, must submit to PG&E a written declaration that states that the customer is, to the best of that customer's understanding, an essential customer under Commission rules and exempt from rotating outages. It must also state that the customer voluntarily elects to participate in an interruptible program for part or all of its load based on adequate backup generation or other means to interrupt load upon request by the respondent utility, while continuing to meet its essential needs. (N)

(Continued)

SCHEDULE E-VDRP – VOLUNTARY DEMAND RESPONSE PROGRAM
(Continued)

METERING EQUIPMENT: Each account must have a telephone-accessible interval meter installed that can be read remotely by PG&E. Metering and telephone equipment must be in operation for at least 10 days prior to participating in the program to establish baseline. If required, PG&E will provide and install the metering equipment at no cost to the customer. The customer is responsible for the installation and monthly fees associated with telephone equipment and a dedicated line required for the remote reading or monitoring of the interval meter. (N)

Customers receiving an interval meter from PG&E through this Program will be able to continue to use it at no additional cost even after the Program is terminated, provided that the customer remained in the Program continuously for a minimum period of one year. A customer who receives an interval meter through this Program but: 1) later elect to leave the Program prior to the one-year anniversary date, or is terminated for cause; or 2) fail to comply in at least 10 events in a 12-month period, will reimburse PG&E for all expenses associated with the installation and maintenance of the meter. Such charges will be collected as a one-time payment pursuant to Electric Rule 2, Section I.

NOTIFICATION EQUIPMENT: Customers, at their expense, must have access to the Internet and an e-mail address to receive notification via the Internet. In addition, all customers must have, at their expense, an alphanumeric pager that is capable of receiving a text message sent via the Internet. A customer cannot participate in the Program until all of these requirements have been satisfied.

In the event of a Program curtailment operation, customers will be notified using one or more of the above-mentioned systems. Receipt of such notice is the responsibility of the participating customer. Once notified, the customer must log on to the Program's Internet web site and confirm or decline participation in the curtailment. Failure to accept a curtailment notice by the respond-by time given on the Program's Internet web site will result in the customer's exclusion from the event. No evaluation will be performed, nor payment made, for load reductions undertaken without such advance confirming notification. PG&E does not guarantee the reliability of the pager system, e-mail system or Internet site by which the customer received notification. (N)

(Continued)

SCHEDULE E-VDRP – VOLUNTARY DEMAND RESPONSE PROGRAM
(Continued)

(N)

PROGRAM OPERATIONS: On the day immediately preceding a curtailment event, or any time thereafter including the day-of, the CAISO may request PG&E to operate all or part of the Program if the CAISO's forecasted system conditions and operating procedures warrant. Notification will be sent to participating customers at least two (2) hours prior to the start time of the curtailment event.

PG&E will communicate the following information on the Program's Internet web site:

1. The operating hours for which load reductions are requested.

2. The customer's specific baseline, based on the average of the immediate past 10 similar days. Similar days are either business days or weekend days and holidays. The baseline will be calculated on an hourly basis using the average of the same hour for the 10 days. The 10 similar days will exclude days when the customer was paid to reduce load or was subject to a rotating outage.

3. The pricing incentive that PG&E intends to offer for any load reductions realized will be calculated relative to the customer's baseline usage.

4. The date and time in which the curtailment event notice will be closed (upon which no customers will be permitted thereafter to participate in the curtailment event and receive an incentive.)

PG&E may request curtailment events multiple times for the same hours as the CAISO system conditions change. Bids will be accepted on a first-come first-serve basis, but PG&E retains the rights to reject a bid for various reasons including past non-compliance, limited duration of a bid compared to the total hours of an event, and customer's baseline not being reflective of its current operations.

INCENTIVE PAYMENTS: PG&E will evaluate and pay for the customer load reductions realized under the Program within a period no longer than sixty (60) days after each curtailment event, depending on where the curtailment event falls within the participant's actual billing cycle. The incentive payments will be reflected in the customer's regular monthly bill as an adjustment.

Energy reduction will be determined as the difference between a customer's specific baseline for the actual curtailment hours and the customer's actual energy usage during those same hours. Note, if this difference does not meet the minimum load reduction stated in the Eligibility section of this schedule, no incentive payment will be made. Payments will be calculated by multiplying the incentive price of $0.35 per kilowatt-hour (kWh) by the amount of reduced energy during the curtailment event. If an actual curtailment event is less than two (2) hours in duration, customer's actual energy reduction will be prorated as if a two hours event was issued, except in the case where another interruptible program supersedes the E-VDRP curtailment event. PG&E will not pay for any load reductions in amounts less than those stated under the Eligibility section of this schedule.

PG&E at its sole discretion may elect to evaluate and pay out the incentives associated with several curtailment operations together in a single payment.

FAILURE TO REDUCE LOAD: Participating customers who confirm participation in a curtailment but does not reduce load by the minimum load reduction required will not receive an incentive payment for any load reduction that they may have achieved.

(N)

(Continued)

SCHEDULE E-VDRP – VOLUNTARY DEMAND RESPONSE PROGRAM
(Continued)

| | | |
|---|---|---|
| PROGRAM TERMS: | This schedule is available during the period between April 13, 2001 and December 31, 2002. Customers on this program will remain on the program until the program is terminated unless the participant cancels their Agreement during a November Review Period (November 1 – November 30). Customer shall provide written notification of such changes to PG&E. Cancellation of agreements will take effect January 1 of the following year. | (N) |
| INTERACTION WITH CUSTOMER'S OTHER APPLICABLE PROGRAMS AND CHARGES: | Participating customers' regular electric service bills will continue to be calculated each month based on their actual recorded monthly demands and energy usage.<br><br>Customers who participate in a CAISO or a third party sponsored interruptible load program must immediately notify PG&E of such activity.<br><br>Load can only be committed to one program for any given hour of a curtailment, and customers will be paid for performance under only one program for a given load reduction. E-VDRP customers shall not participate in the CAISO's Ancillary Services Load Program or pay for performance program. | (N) |

## SCHEDULE E-OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN (N)

APPLICABILITY: An Optional Binding Mandatory Curtailment (OBMC) Plan may be an alternative to a rotating outage (RO) for certain customers. Under an OBMC Plan, PG&E may authorize a customer to reduce their demand to an agreed upon level in lieu of being included in PG&E's rotating outage (RO) block progression. An eligible customer should submit its OBMC Plan to PG&E for review and acceptance. If the plan is approved by PG&E, PG&E will send such approval to the customer in writing. The written approval letter will specify the effective start date of the plan.

PG&E shall require a customer to operate its OBMC Plan upon each and every notice from the California Independent System Operator (CAISO) that a firm load curtailment is required within the PG&E service territory. Additionally, PG&E reserves the right to require a customer to operate its OBMC Plan when PG&E or the ISO has initiated or is planning to initiate firm load curtailments in a local geographic area within the PG&E service territory.

Upon notice from PG&E, OBMC customers are required to reduce their load such that the load on their circuit or dedicated substation is at or below the Maximum Load Level (MLL) corresponding to the percent load reduction communicated in the notice. The MLLs correspond to a reduction in a circuit's loading of between five (5) and fifteen (15) percent in five (5) percent increments. The CAISO may call for load reductions on a required MW level, but PG&E will require the OBMC customers to reduce their load to the next highest five (5) percent increment. For each operation, PG&E will notify the customer of the required percent reduction, along with the start and end times for the OBMC operation. PG&E may extend the end time or increase the percentage reduction of any ongoing OBMC operation as necessary to correspond with CAISO directives.

Required load reductions must be achieved as quickly as possible but no later than 15 minutes after the primary customer receives notification from PG&E. OBMC customers who fail to curtail to or below the required MLL of their circuit within the specific amount of time or who fail to maintain the MLL for the entire duration of the OBMC operation shall be subject to the non-compliance penalties specified below.

An OBMC Plan is not a guarantee against a customer being subject to a RO, because daily and emergency circuit switching may cause the circuit to become subject to ROs. The customer may not receive advance notice from PG&E of such a RO. Additionally, an OBMC Plan is applicable to only electrical emergencies requiring a rotating outage, and it does not prevent a customer from being subject to outages caused by other load shedding schemes.

If a customer is able to meet all of the eligibility criteria itself except for the minimum fifteen (15) percent circuit load reduction requirement, then the customer may elect to solicit load reductions from other customers who are served from the same PG&E circuit. These other customers are not required to be served on Schedule E-19 or Schedule E-20. All customers involved in a particular OBMC Plan must be served from the same circuit unless expressly agreed to by PG&E.

A single OBMC Plan shall be required for a group of customers on a particular circuit that are undertaking the load reductions. For a group of customers, one of the customers shall be the lead customer for the OBMC. This lead customer shall be the signing party of the OBMC Agreement and shall guarantee the load reductions and pay for all non-compliance penalties. This lead customer is responsible to work and coordinate with the other non-lead customers on its circuit. For a group of customers, the lead customer is representing the non-lead customers. (N)

(Continued)

SCHEDULE E-OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN (N)
(Continued)

APPLICABILITY: (Cont'd) Availability is on a first-come, first-served basis and an available position can only be filled when an OBMC Plan has been approved by PG&E.

Customers are required to update their OBMC Plans by March 15 of each year, and confirm with PG&E any changes to the previous year's version. An OBMC Plan may become invalid over time because of circuit rearrangements or load additions, which make the MLL unachievable. Customers, therefore, are not guaranteed of being able to participate in this option from year to year.

ELIGIBILITY REQUIREMENTS: Bundled service and direct access service customers are eligible to file an OBMC Plan provided the customer can demonstrate to PG&E's satisfaction the following items:

1. The customer must be able to reduce its electric load such that the entire load on the PG&E circuit or dedicated substation that provides service to the customer is reduced to or below MLLs for the entire duration of each and every RO operation. The MLLs are defined below.

2. For the purpose of evaluating the ability of an OBMC plan to achieve a reduction in circuit load of fifteen (15) percent, the prior year average monthly peak circuit or dedicated substation demand, adjusted for major changes in facilities that resulted in permanent circuit load changes, will be used. Customers desiring adjustment to the prior year demands must submit an declaration signed and stamped by a California registered professional engineer attesting to the facility changes, providing detail of the source of kilowatt load changes, and the total permanent change in maximum demand. PG&E will, at the customer's expense, have the facility changes verified by an independent California registered professional engineer, unless otherwise waived by PG&E. Customers submitting an affidavit under this section for a reduction from the prior year average monthly peak circuit demands must be able to achieve a minimum of a 10% circuit load reduction from the established baseline upon notice to curtail.

3. Customers participating in an OBMC plan shall not participate in a PG&E or CAISO capacity interruptible program. Customers participating in a PG&E demand relief program shall not be paid for load reduction during OBMC operations.

4. The customer must sign the Agreement For Optional Binding Mandatory Curtailment Plan (Form No. 79-966) whereby the customer agrees to all terms and conditions set forth in this tariff and in said Agreement.

5. Prior to acceptance by PG&E, the lead customer must establish credit worthiness with PG&E representing the estimated maximum non-compliance penalty for two events. This amount shall equal the established baseline (in kW) times fifteen (15%) percent times 1.73 (for 3 phase circuits) times 10 hours times $6.00/kWh. (N)

SCHEDULE E-OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN (N)
(Continued)

PLAN COMPONENTS: Every OBMC Plan shall have the following components:

1. Name of lead customer including PG&E account number, electric rate schedule, service address, mailing address, and contact information including alphanumeric pager and facsimile numbers and e-mail address.

2. List of all non-lead customers including PG&E account number, service address, mailing address, and contact information.

3. The lead customer shall be the primary contact for the OBMC Plan. The customer shall furnish and maintain internet access, an e-mail address, alpha-numeric pager and facsimile machine as required for customer notification. The primary contact shall be responsible for contacting all non-lead customers.

4. As an attachment the OBMC Plan shall include any and all agreements that are made between the lead customer and the non-lead customers.

5. A financial plan that clearly demonstrates that any and all non-compliance penalties associated with the OBMC plan will be secured by the lead customer and/or the non-lead customers.

6. A baseline must be established for the circuit or dedicated substation that provides service to the customer(s). The baseline is equal to the average recorded hourly usage amount (if available) for the same hours as the OBMC operation hours on the immediate past 10 similar days, business or weekend days and holidays, excluding days when the customer was paid to reduce load and days when the OBMC program operated. The baseline shall be adjusted to account for any load on the circuit that is participating in a PG&E or a CAISO load reduction program. The load measurements for the circuit shall be taken at PG&E's distribution substation.

7. Maximum Load Levels (MLLs) shall be established by PG&E for the circuit or dedicated substation, which correspond to each of the 5, 10, and 15 percent load reduction levels. The MLL for the 5 percent load reduction is equal to the product of the baseline times 0.95. The MLL for the 10 percent load reduction is equal to the product of the baseline times 0.90. The MLL for the 15 percent load reduction is equal to the product of the baseline times 0.85.

8. The load reduction plan shall indicate the specific quantifiable measures to be utilized by the customer(s) to reduce load to or below each MLL. The customer is responsible for preparing and maintaining the load reduction plan.

9. Measuring equipment and means to verify that during the entire duration of the OBMC operation that the load on the circuit or dedicated substation has been reduced to or below the applicable MLL that corresponds the required percent load reduction. This measuring equipment is further specified below. (N)

(Continued)

SCHEDULE E-OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN (N)
(Continued)

MEASURING EQUIPMENT: Where the OBMC customer is on a dedicated circuit or dedicated substation, compliance shall be determined from a telephone accessible electric revenue interval meter. Direct Access customers are required to allow PG&E telephone access to its electric revenue meter for the purposes of determining OBMC operation compliance. Where the existing meter is non-interval or is not compatible with PG&E's current telephone based meter reading systems, the customer is required to pay for the installation of an interval meter or other required equipment. For bundled service customers, or direct access customers who elect to have PG&E install the equipment, Electric Rule 2 shall apply. Where a meter is not currently being read via telephone, the customer shall coordinate and pay for the installation, and pay all ongoing costs of such necessary telephone equipment and service. The OBMC Plan shall not be approved by PG&E until such metering has been installed and the data is able to be collected via telephone or until PG&E is able to access the customer-owned meter.

Where the OBMC customer is not on a dedicated circuit or if the OBMC Plan includes a group of customers, compliance for the circuit shall be determined from electronic recording equipment located in the PG&E substation. Where the circuit does not have electronic recording equipment to monitor its loads, the customer shall pay for the installation of the equipment as Special Facilities pursuant to Electric Rule 2. The OBMC Plan shall not be approved by PG&E until such electronic recording equipment has been installed and is operational.

PENALTIES: Failure to meet the load relief criteria established by an OBMC Plan shall result in a non-compliance penalty for the OBMC customers. The non-compliance penalty shall be equal to $6.00 per KWH times the average total load on the applicable circuit less the required MLL , as measured during each hour of the RO. Failure to pay these penalties may result in termination of electric service pursuant to Electric Rule 11.

PG&E will, without liability, terminate any OBMC Plan immediately for failure to reduce circuit load levels to within five (5) percent of the MLL for the entire duration of the RO for a second time during a twelve (12) month period. Such termination shall occur if the customer(s) bound by an OBMC Plan have not met or are unable to meet the load relief criteria specified therein. Customers terminated for non-compliance shall not be permitted to participate in an OBMC plan for a period of five (5) years from the date of termination.

Failure to maintain creditworthiness during the duration of the OBMC plan may result in immediate termination of the OBMC Plan.

TERM: An OBMC Agreement has an initial term of one (1) year but may be extended from year to year, after operational review, with the written approval of PG&E. The annual term shall commence upon the date effective start date specified in the PG&E approval letter.

Except as specified above, the customer or PG&E may terminate the OBMC Plan upon thirty (30) days written notice prior to the end of an annual term. If a customer terminates the OBMC Plan, the customer shall not be party to a subsequent OBMC Plan for a period of at least twelve (12) months.

Upon termination, regardless of the cause, the circuit will be assigned a Rotating Outage Block (ROB) and that the ROB may or may not be the same as when the OBMC Plan was initiated. (N)

PACIFIC GAS AND ELECTRIC COMPANY (N)

AGREEMENT FOR SCHEDULE E-OBMC
FORM NO. 79-966 (4/01)
(ATTACHED)

(N)

PACIFIC GAS AND ELECTRIC COMPANY (N)

INTERRUPTIBLE PROGRAM AGREEMENT
FORM NO. 79-976 (4/01)
(ATTACHED)

(N)

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