

February 28, 2000

ADVICE 2215-G

Public Utilities Commission of the State of California

Pacific Gas & Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. The purpose of this filing is to file gas tariffs in compliance with the Operational Flow Order (OFO) Settlement Agreement approved by Commission Decision (D.) 00-02-050 dated February 17, 2000. In that decision, the Commission ordered PG&E to advice-file the draft tariffs submitted as part of the OFO Settlement Agreement. The affected tariff sheets are listed on the enclosed Attachment I.

PG&E has revised gas Schedule G-BAL—*Gas Balancing Service For Intrastate Transportation Customers*, gas Rule 14—*Capacity Allocation And Constraint of Natural Gas Service*, and Form No. 79-762--Imbalance Trading Form for Schedule G-BAL Service. The revisions described below implement changes to PG&E's current OFO rules and procedures in accordance with the OFO Settlement Agreement.

Schedule G-BAL

- The Tier I Commodity Cashout prices change from 95 percent of the indexed price for Overdelivery and 105 percent of the indexed price for Underdelivery to 75 and 125 percent, respectively. These revisions are effective beginning with April 2000 imbalances, which will be cashed out after the imbalance trading period from May 12 through 26, 2000.
- Customers subject to Schedule G-BAL may now trade Cumulative Imbalances with Operating Imbalances. This change is effective beginning with the April Cumulative Imbalance trading period from May 12 through 26, 2000, and will include February Operating Imbalances.
- If a Core Transport Agent's services are terminated after April 1, 2000, any remaining Operating Imbalance Carryover will be cashed out at the Tier I Commodity Cashout price.

Schedule G-BAL (Cont.)

- The Transition Period section of Schedule G-BAL is no longer necessary and has been deleted. This section described the transition of pre-Gas Accord Cumulative Imbalances during the first three months of the Gas Accord.

Gas Rule 14

- OFO Noncompliance Charges for a Stage 1 OFO are reduced from the current \$0.10 per therm to \$0.025 per therm. A new Stage 2 OFO is added to Rule 14, with a Noncompliance Charge of \$0.10 per therm and a tolerance range of +/- 20 percent. Current OFO Stages 2 and 3 have been re-numbered as Stages 3 and 4, respectively. These changes will be effective for OFOs called on or after April 1, 2000.
- Monthly OFO Noncompliance Charges which total \$1,000 or less will be exempted and the charge will be zero. This change will be effective for OFOs called on or after April 1, 2000.

Imbalance Trading Form 79-762

- Form 79-762 has been revised to accommodate trading between Cumulative and Operating Imbalances.

In accordance with the approved OFO Settlement Agreement D. 00-02-050, PG&E requests that this filing be approved effective **April 1, 2000**.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Anyone wishing to protest this advice letter may do so by sending a letter within twenty (20) days after the date of this filing. Protests should be mailed to:

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

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Copies should also be mailed to the attention of Director, Energy Division, and Jerry Royer, Energy Division, at the address above. A copy of the protest should be sent by U.S. mail and via facsimile to:

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

The protest shall set forth the grounds upon which it is based, and shall be submitted expeditiously. There is no restriction on who may file a protest.

In accordance with Section III, Paragraph G of General Order 96-A, PG&E is mailing copies of this advice letter to parties of record in Investigation (I.) 99-07-003 and Application (A.) 96-08-043, and the utilities and interested parties shown on the attached list. For mailing list changes, please telephone Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

Attachments

cc: Parties of Record –I. 99-07-003 (OFO Settlement)
A. 96-08-043 (Gas Accord)

ID U39G



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

APPLICABILITY: This rate schedule provides the terms and conditions pursuant to which PG&E will endeavor to balance volumes of gas it receives into its pipeline system with the volume it delivers to End-Use Customers and to Off-System Delivery Points. In addition, this schedule provides for balancing PG&E's Market Center volumes. Under this schedule, PG&E will calculate, maintain, and carry imbalances; provide incentives for Customers to avoid and minimize imbalances; facilitate elimination of imbalances; and cash out imbalances. Schedule G-BAL applies to PG&E's Core Procurement Department for transactions on behalf of PG&E's core procurement Customers, and to all Customers taking services under Schedules G-CT (or other core rate schedule(s) where procurement service is provided by a third party), to Schedules G-NT, G-EG, G-COG, G-NGV4, G-WSL, G-AFT, G-SFT, G-NFT, G-AA, G-NAA, G-AFTOFF, G-AAOFF, G-NFTOFF, G-NAAOFF, G-PARK, G-LEND, and to procurement service provided by PG&E to Customers under Schedule G-CSP.

(T)

Imbalances generally will be maintained at the delivery point.

For deliveries made to Noncore End-Use Customers, the Noncore End-Use Customer will be responsible for imbalances; however, Noncore End-Use Customers may designate a Balancing Agent to manage and assume responsibility for the Noncore End-Use Customer's obligations under this schedule.

For deliveries to a Core Transport Group, the Core Transport Agent (CTA) will be responsible for any imbalances. For deliveries to storage and to off-system points, the Customer holding the Gas Transmission Service Agreement (GTSA) (Form No. 79-866) will be responsible for imbalances.

This schedule is the default supply schedule for Noncore End-Use Customers who do not execute a Natural Gas Service Agreement (NGSA) (Form No. 79-756), pursuant to the terms of Schedules G-NT, G-COG or G-CSP.

TERRITORY: Schedule G-BAL applies everywhere PG&E provides natural gas service.

BALANCING: PG&E will provide Balancing Service to accommodate any imbalances between Customer usage and gas delivered to PG&E for the Customer. In accordance with Rule 21*, all Customers must endeavor to ensure that daily gas deliveries match daily gas usage.

BALANCING AGGREGATION: Noncore End-Use Customers may elect to aggregate Cumulative Imbalances for multiple premises, or they may assign their balancing obligations to a Balancing Agent, as described below. If the Cumulative Imbalances are aggregated or assigned to a Balancing Agent, PG&E will aggregate individual Balancing Service accounts into a single Balancing Service account, with both the usage and the deliveries aggregated. A single Tolerance Band, as defined below, shall apply to the aggregated quantities.

* The rules referred to in this schedule are part of PG&E's gas tariffs. Copies are available at local offices.

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

BALANCING AGENT:

A Noncore End-Use Customer may designate a single Balancing Agent to assume responsibility for managing and clearing imbalances for that Customer. The Balancing Agent must meet the creditworthiness requirements specified in Rule 25.
A Noncore End-Use Customer may change its Balancing Agent no more than once per month.

Designation of a Balancing Agent, changing of one Balancing Agent for another Balancing Agent, or terminating the services of a Balancing Agent, will take effect on the first day of the month following PG&E's receipt of an executed Noncore Balancing Aggregation Agreement (NBAA) (Form No. 79-869), or Exhibit A or Exhibit B of the NBAA. The request must be received by PG&E three (3) business days prior to the first day of the month the designation or change is to take effect. Requests that are not received by PG&E three (3) business days prior to the first day of the month will not take effect until the first day of the second month following such request. In no case will the new NBAA or revisions to an existing NBAA take effect until all creditworthiness requirements, per Rule 25, have been met.

Upon the Noncore End-Use Customer's designation of a Balancing Agent, such Balancing Agent shall be responsible, including financially responsible from the date the NBAA goes into effect, for all applicable balancing, capacity allocation and constraint obligations, charges, penalties and credits related to gas service.

For Customers whose imbalances were previously not handled under a NBAA, upon designating a Balancing Agent and executing a NBAA, any existing imbalances and/or adjustments to past imbalances will also become the responsibility of such Balancing Agent upon the effective date of the NBAA.

The Balancing Agent may nominate transportation deliveries to PG&E on behalf of the Customer, in accordance with the provisions of Rule 21.

DAILY USAGE MEASUREMENT:

For purposes of determining daily usage, Noncore End-Use Customers are required to have daily metering. Telemetry will be installed on Noncore End-Use Customers' meters, where PG&E determines that it is cost-effective.

TOLERANCE BAND:

The Tolerance Band is equal to plus or minus five (5) percent of the usage in the month in which the imbalance occurred. PG&E will provide Balancing Service at no additional charge if the Customer/Balancing Agent/CTA's Cumulative Imbalance is less than or equal to the Tolerance Band limit.

If at any time the aggregate imbalance of all of PG&E's On-System Customers has exceeded plus or minus three (3) percent of that month's aggregate deliveries for any two (2) months in the preceding twelve (12) month period, PG&E may decrease the limit of the Tolerance Band by one (1) percent after a minimum of thirty (30) days' notice to Customers. The Tolerance Band may not be adjusted more than once in any twelve (12) month period. The Tolerance Band may not be set below three (3) percent without prior CPUC approval.

CUMULATIVE IMBALANCE FOR NONCORE CUSTOMERS:

A Customer/Balancing Agent's Cumulative Imbalance shall be the difference, for each calendar month, between metered usage (adjusted for shrinkage) and the actual monthly gas deliveries plus any adjustments and tolerance carried forward from prior months.

A Cumulative Imbalance quantity will be stated each month on the Cumulative Imbalance Statement.

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

**CUMULATIVE
IMBALANCE FOR
CORE
PROCUREMENT
GROUPS:**

For a Core Procurement Group (which includes PG&E's Core Procurement Department and Core Transport Groups, as defined in Schedule G-CT (CP Group)), PG&E will determine the Cumulative Imbalance as follows:

PG&E will provide each CP Group with Core Load Forecasting and Determination Service, which will include 24-hour and 48-hour forecasts prior to the Gas Day. As part of this service, PG&E will also provide a Gas Day estimated usage (Determined Usage) for the CP Group. Determined Usage will be based on the historical usage of the CP Group's customer mix, adjusted for climatic and operational conditions.

For a CP Group, the Cumulative Imbalance shall be the difference, for each calendar month, between Determined Usage (adjusted for shrinkage) and the actual monthly gas deliveries plus any Operating Imbalance and tolerance carried forward from prior months. (D)

**OPERATING
IMBALANCE FOR
CORE
PROCUREMENT
GROUPS:**

For CP Groups, each Core End-Use Customer's cycle billed usage will be divided by the number of days within the billing cycle, then weighted on a daily basis to match the daily fluctuations of the CP Group's Determined Usage within the same billing cycle (Daily Weighted Usage).

The Operating Imbalance for each CP Group is the difference between the sum of each day's Determined Usage within a calendar month and the sum of each day's Daily Weighted Usage for each of the Core End-Use Customers for that calendar month. The Operating Imbalance Carryover is the accumulation of untraded monthly Operating Imbalances plus prior month accounting adjustments. (N)
(N)

Each month, PG&E will provide the CTA with an Operating Imbalance Statement. That Operating Imbalance Statement will be processed within two (2) months following the processing of the Cumulative Imbalance Statement for the same month. The processing delay ensures that most of the billing cycle usage for the calendar month has been measured and billed. If a CP Group incurs a Cumulative Imbalance cashout and the subsequent Operating Imbalance indicates that the Group's deliveries more closely matched the Group's actual gas use, then PG&E will reverse the cashout to the extent applicable. (D)

**TRADING
PERIOD:**

PG&E will issue Cumulative Imbalance statements no later than the fifteenth (15) day of the first subsequent month following the month in which the Cumulative Imbalance occurred. PG&E will issue Operating Imbalance Statements no later than the fifteenth (15) day of the second subsequent month following the month in which the Cumulative Imbalance Statement for the same period was issued. Thereafter, Customers/Balancing Agents/CP Group may trade all or a portion of their Cumulative and/or Operating Imbalance quantity by executing an imbalance trade by 5:00 p.m. Pacific Time on the closing date for New York Mercantile Exchange (NYMEX) Henry Hub Gas Futures contracts for the following month. If necessary, PG&E will extend the Cumulative and Operating Imbalance trading deadline beyond the NYMEX close date to ensure that the trading period lasts a minimum of five (5) business days.

Executing an Imbalance trade consists of both parties to the trade completing an Imbalance Trading Form for Schedule G-BAL Service (Form No. 79-762), or electronic equivalent, and submitting the form to PG&E. (T)
(T)
(D)

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

TRADING IMBALANCES: Customer/Balancing Agent/CP Group may trade its Imbalances with another Customer/Balancing Agent/CP Group that has an Imbalance from the same statement period. (T)
(T)

Each Cumulative Imbalance trade must meet at least one of the following criteria:

1. The trade moves the trading party's Cumulative Imbalance towards zero; and/or
2. The trade results in an Cumulative Imbalance that is within the range of plus or minus three (3) percent of usage past zero.

The following table sets forth the range of acceptable Cumulative Imbalance trades. Imbalances are described as a percentage of usage. Each trade will be deemed to have a Beginning Imbalance (the imbalance, positive or negative, existing immediately prior to the trade) and an Ending Imbalance (the imbalance, positive or negative, resulting from the trade). (T)

<u>If Beginning Imbalance is:</u>	<u>Ending Imbalance must be:</u>
Greater than -3% (in the negative direction)	Between the Beginning Imbalance and +3%
Equal to or between -3% and +3%	Equal to or between -3% and +3%
Greater than +3% (in the positive direction)	Between -3% and the Beginning Imbalance

Each Operating Imbalance trade must move the CP Groups' operating Imbalance Carryover toward zero. (N)
(N)

TRADING IMBALANCES USING STORAGE ACCOUNTS: During the imbalance Trading Period, Customer/Balancing Agent/CP Group may manage both Cumulative and Operating Imbalances by trading into or out of storage accounts at on-system storage facilities. The owner of the storage account is not required to purchase storage injection or storage withdrawal capacity from PG&E to effect an imbalance trade.

The owner of the storage account must have, at the time of the trade, the inventory capacity to accept a trade into storage or the gas in inventory to trade out of storage. A CTA that uses its core storage account for managing Cumulative or Operating Imbalances must adhere to the end-of-month inventory target levels, as specified in Schedule G-CT. Owners of a third-party storage account must provide documentation of their inventory capacity or gas in inventory. Subject to system load balancing and/or operational constraints, Customer/Balancing Agent/CP Group may trade as much of their Cumulative and/or Operating Imbalance quantity as their storage inventory/capacity allows.

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

TRADING
IMBALANCES
USING STORAGE
ACCOUNTS
(Cont'd.):

For the purpose of accepting trades into or out of storage, PG&E will review its pipeline operations and will establish an Imbalance Trade Operating Band (OP BAND) prior to the Imbalance Trading Period. PG&E, prior to the beginning of the Imbalance Trading Period, will post electronically the OP BAND. PG&E will accept Cumulative and/or Operating Imbalance trades, using storage accounts, on a first-come, first-serve basis, during the Imbalance Trading Period, within the OP BAND. Cumulative and/or Operating Imbalance trades not accepted because of the limit from the OP BAND will be retained and processed at a later time within the current Imbalance Trading Period, if trades from the Customers allow room in the OP BAND, unless the trade is canceled by the Customer or the Imbalance Trading Period closes.

Usage Charges specified in Schedules G-STOR, G-FS or any negotiated Usage Charges under Schedule G-NFS, will apply to trades into or out of a PG&E storage account.

REMAINING
IMBALANCES:

After the imbalance trading deadline, any remaining Cumulative Imbalance, within the Tolerance Band, and any Operating Imbalance Carryover, as specified below, will be considered the first transaction during the calendar month following the just-completed trading period. Any remaining Cumulative Imbalance in excess of the Tolerance Band will be automatically cashed out. Cashouts will include a Commodity Cashout component and a Transmission Cashout component.

After the imbalance trading deadline, any remaining Operating Imbalance will be managed as follows:

1. The Operating Imbalance remaining after trading will be added to the Operating Imbalance Carryover.
2. One twelfth (1/12) of the Operating Imbalance Carryover will be considered part of the first transaction for the CP Group during the calendar month following the just completed trading period.
3. A CP Group may also make a monthly election to clear its entire Operating Imbalance Carryover if it is less than 5,000 Dth. This will be considered the first transaction during the calendar month following PG&E's receipt of written notification, and will set the Operating Imbalance Carryover to zero.

COMMODITY
CASHOUT:

The Commodity Cashout prices for each month are established for the following four (4) imbalance categories: Over-deliveries and under-deliveries in the imbalance range of greater than five (5) percent and less than or equal to ten (10) percent of usage (Tier I Cashout), plus over-deliveries and under-deliveries in the imbalance range of greater than ten (10) percent of usage (Tier II Cashout).

Each cashout price is based on a two-step calculation: First, a cashout index is determined based on an average of the published price data from Natural Gas Intelligence (NGI) and the BTU Daily Gas Wire for the PG&E interconnect points of Malin (Northern California Border) and Topock (Southern California Border). Second, that index is adjusted to arrive at the cashout price for that imbalance category.

(T)

(N)

(N)

(L)

(L)

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

COMMODITY
CASHOUT:
(Cont'd)

Imbalances greater than five (5) percent and less than or equal to ten (10) percent of usage (Tier I Cashout):

(L)

1. Over-deliveries:

a. The Weighted Over Delivery (WOD) Index equals the lower of the Bid Week monthly index price or the average of the five (5) lowest average published daily prices, weighted by the supply mix of all gas received at Malin and Topock for on-system End-Use Customers during the month in which the imbalance occurred.

b. The cashout price equals seventy-five (75) percent of the WOD Index.

(T)

2. Under-deliveries:

a. The Weighted Under Delivery (WUD) Index equals the higher of the Bid Week monthly index price or the average of the five highest average published daily prices, weighted by the supply mix of all gas received at Malin and Topock for on-system End-Use Customers during the month in which the imbalance occurred.

b. The cashout price equals one hundred twenty-five (125) percent of the WUD Index.

(T)

(L)

Imbalances greater than ten (10) percent of usage (Tier II Cashout):

1. Over-deliveries:

a. The Over Delivery (OD) Index equals the lowest average published daily price at either Malin or Topock.

b. The cashout price equals fifty (50) percent of the OD Index.

2. Under-deliveries:

a. The Under-Delivery (UD) Index is defined as the highest average published daily price at either Malin or Topock.

b. The cashout price equals one hundred fifty (150) percent of the UD Index.

If no published daily price is reported on a given day, the prior published daily price from that index service will continue to apply for that day. If an index service is no longer available, PG&E reserves the right to choose another nationally recognized index to replace it.

TRANSMISSION
CASHOUT:

The Transmission Cashout price for under-deliveries is based on the Usage Charge as specified in Schedule G-AA. Over-deliveries will receive a transmission credit based on the Modified Fixed Variable (MFV) Usage Charge as specified in Schedule G-AFT. The Transmission Cashout price or credit is determined by weighting the path specific rates by the supply mix percentages of all gas received by PG&E, for on-system End-Use Customers, during the month.

(L)

(L)

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

MARKET CENTER IMBALANCES: A Customer may have a positive or negative balance when a Market Center account expires. This balance becomes a Market Center Imbalance after the end date specified on the Market Center Exhibit. (L)

Negative Imbalances:

For a Customer with a negative imbalance ranging from 1 Dth to 1,000 Dth, after thirty (30) calendar days from the termination of the exhibit resulting from Customer's under-delivery of gas to the Market Center, automatic cashout will occur.

For Customer with an imbalance greater than 1,000 Dth, the Customer shall have thirty (30) calendar days resulting from Customer's under-delivery of gas to the Market Center, to clear the imbalance as follows:

- a) Customer shall reach agreement with PG&E to make up such imbalance in-kind during a specified period and at a specific rate; or
- b) Customer shall reimburse PG&E at the rate of one hundred fifty (150) percent of the Under-Delivery Index, defined as the highest average published daily price at the same Market Center location specified in the Exhibit for the same time period. (L)

If the Customer fails to establish the terms of resolving the Market Center Imbalance within the thirty (30) day period:

- 1. PG&E shall charge the Customer the maximum daily rate, as specified in Schedule G-LEND, for each day of the Market Center imbalance; and
- 2. Customer shall reimburse PG&E at the rate of one hundred fifty (150) percent of the Under-Delivery Index, defined as the highest average published daily price at the same Market Center location specified in the Exhibit for the same time period.

Positive Imbalances:

If a Customer has a positive imbalance ranging from 1 Dth to 1,000 Dth, after thirty (30) calendar days from the termination of the exhibit resulting from Customer's over-delivery of gas to the Market Center, automatic cashout will occur.

If a Customer has an imbalance greater than 1,000 Dth, the Customer shall have thirty (30) calendar days after the termination of the exhibit resulting from Customer's over-delivery of gas to the Market Center, to clear the imbalance as follows:

- 1. Customer shall reach agreement with PG&E to use up such imbalance in-kind during a specified period and at a specific rate; or
- 2. Customer shall be reimbursed by PG&E at the rate of fifty (50) percent of the lowest monthly Over-Delivery Index, at the same Market Center location specified in the Exhibit for the same time period.

(Continued)



SCHEDULE G-BAL—GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS
(Continued)

MARKET CENTER
IMBALANCES
(Cont'd.):

If the Customer fails to establish the terms of resolving the Market Center Imbalance within the twenty (20) day period:

1. PG&E shall charge the Customer the maximum daily rate for each day of the Market Center imbalance specified in Schedule G-PARK; and
2. The Customer's imbalance shall be cashed out by PG&E at the rate of fifty (50) percent of the lowest monthly Over-Delivery Index at the same Market Center location specified in the Exhibit for the same time period.

TRANSMISSION
CUSTOMER
IMBALANCE:

A Transmission Customer Imbalance can occur for gas delivered to Off-System Delivery Points or On-System Storage Facilities, and is defined as the difference between the final scheduled volume on the day of flow at the PG&E system Receipt Point, and the quantity of gas which was actually delivered at the receipt point.

A Transmission Customer Imbalance may be made up in-kind at a later date as agreed upon between the Customer on whose contract the imbalance occurs and PG&E. If no agreement can be reached by the end of the month following the month in which PG&E sends notification of the imbalance to the Customer, then PG&E shall resolve the imbalance in the following manner:

1. For positive imbalances, PG&E shall cash out the entire positive imbalance quantity at the lowest daily commodity price at Malin or Topock, as published in Gas Daily, during the month in which the imbalance occurred.
2. For negative imbalances, PG&E shall account for the entire negative imbalance quantity as the first transaction during the second calendar month following the date of notification of the imbalance.

ACCOUNTING
ADJUSTMENTS:

If subsequent accounting adjustments change a previous Cumulative or Operating Imbalance, then:

1. If any portion of the adjusted quantity was previously subject to an imbalance cashout, the adjusted portion of the cashout will be reversed.
2. For noncore Cumulative Imbalances, any remaining adjustment quantity will be considered the first transaction during the calendar month following the date of notification of the adjustment, and reported on the Cumulative Imbalance Statement, unless otherwise agreed to by PG&E.
3. For Core Procurement Groups, adjustment quantities will be included in the Operating Imbalance Carryover.

(T)
(T)
(T)
(N)
(N)

CURTAILMENT
OF SERVICE:

Service under this schedule may be curtailed. Details are provided in Rule 14.

TERMINATION:

Upon termination of a Customer's GTSA, NGSA, NBAA, CTA Agreement, and/or CPBA, any remaining Cumulative Imbalance and/or Operating Imbalance Carryover must be traded, toward zero, during the first Imbalance Trading Period following notice of termination. Following the Trading Period, any remaining Cumulative Imbalance will be cashed out at the applicable Commodity and/or Transmission Cashout prices shown above, and any remaining Operating Imbalance Carryover will be cashed out at the Tier I Commodity Cashout price.

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(T)
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(T)



RULE 14—CAPACITY ALLOCATION AND CONSTRAINT OF NATURAL GAS SERVICE
(Continued)

E. OPERATIONAL FLOW ORDERS (OFO)

In order to protect the integrity of its pipeline system, PG&E will issue and implement system-wide, local, or Customer-specific Operational Flow Orders (OFO). PG&E will issue an OFO for a Gas Day if, on the day prior to this Gas Day, PG&E's forecast of pipeline inventory for the Gas Day is either below the Lower Pipeline Inventory Limit or above the Upper Pipeline Inventory Limit. At such time as PG&E issues an OFO, Customers will be required to balance supply and demand on a daily basis within a specified tolerance band or be subject to charges for noncompliance. PG&E may elect not to issue an OFO for a Gas Day if the forecast of pipeline inventory for the day following that Gas Day indicates the pipeline inventory will return to within the Pipeline Inventory Limits without the assistance of an OFO.

(T)
(N)
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(N)
(N)
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(N)

The Lower and Upper Pipeline Inventory Limits may be revised as needed by PG&E to maintain the safety and reliability of the pipeline system. These changes, along with a supporting explanation, will be posted to the Pipe Ranger website.

(N)
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(N)

The tolerance band will be a percentage of the usage, as defined below.

PG&E may implement multi-stage OFO provision charges, as follows:

	<u>Tolerance Band</u>	<u>Noncompliance Charge Per Therm</u>	
Stage 1:	up to +/-25%	\$0.025	(N)
Stage 2:	up to +/-20%	\$0.10	—
Stage 3:	up to +/-15%	\$0.50	(N)
Stage 4:	up to +/-5%	\$2.50	(T)

(N)
—
(N)
(T)

PG&E has the option, and would normally expect, to issue and implement an OFO with a one-sided tolerance band, and related non-compliance charges in one direction only (i.e., an OFO with a -25 percent tolerance band and \$0.025 per therm noncompliance charge for supply being less than usage, but no tolerance band in the positive direction—supply greater than usage). Generally an initial OFO event will start at Stage 1 with a noncompliance charge of \$0.025 per therm; however, an OFO event may begin at any stage with the corresponding noncompliance charge as deemed appropriate by PG&E.

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(L)
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(L)

(Continued)



RULE 14—CAPACITY ALLOCATION AND CONSTRAINT OF NATURAL GAS SERVICE
(Continued)

E. OPERATIONAL FLOW ORDERS (OFO) (Cont'd.)

If an End-Use Customer, Core Procurement Group or NBAA agent's OFO noncompliance charge is calculated to be less than or equal to \$1,000 for any month, the noncompliance charge will be exempted and the charge will be zero. If the noncompliance charge is greater than \$1,000, the End-Use Customer, Core Procurement Group or NBAA agent will be responsible for the full noncompliance charge, i.e., \$1,000 will not be deducted from the calculated noncompliance charge. This exemption provision only applies to OFO noncompliance charges.

(N)
|

(N)

A specific Customer may start at an elevated charge level if that Customer has a history of noncompliance with prior PG&E requests or orders for the Customer to balance supply with demands. A history of noncompliance will be defined as being at least three days in any thirty-day period that a Customer has not met with prior balancing orders. The amount of the charge will be announced when PG&E issues an OFO.

(L)
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An OFO will normally be ordered with at least twelve (12) hours notice prior to the beginning of the gas day, or as necessary as dictated by operating conditions. Charges for the first day of the OFO event will not be imposed if notice is given after 6:00 p.m. Pacific Time the day prior to the start of the OFO event.

(L)

(Continued)



RULE 14—CAPACITY ALLOCATION AND CONSTRAINT OF NATURAL GAS SERVICE
(Continued)

G. DIVERSION OF CUSTOMER-OWNED GAS (Cont'd)

2. INVOLUNTARY DIVERSION COMPLIANCE AND CHARGES (Cont'd)

- b. For a Noncore End-Use Customer without AMR capability (all or part non-AMR capability) at their premises and PG&E's Electric Generation (EG) department, compliance and the calculation after the involuntary diversion event of any noncompliance charge will be based on actual usage and the post-diverted supply.
- c. For Customers served under Schedule G-CSP, compliance with an involuntary diversion will be based on their post-diverted supply. The calculation after the involuntary diversion event of any involuntary diversion charge will be based on the combined gas consumption of all G-CSP Customers. If the total gas consumption was equal to or less than the total gas supplied by PG&E to the G-CSP Customers, an involuntary diversion charge will not be assessed. If the total gas consumption exceeds the total gas supplied by PG&E to the G-CSP Customers, Customers whose individual gas consumption exceeded their individual post-diverted supply quantity will be directly assessed their pro rata share of the diversion usage charge (\$5/Th). The EFO noncompliance charge will be charged as specified in Preliminary Statement, Part C.7.
- d. For a Core Procurement Group (CP Group), compliance and the calculation after the involuntary diversion event of any involuntary diversion charge will be based on the latest available forecast from the core load forecast model for the CP Group prior to the time the event is called, up to and including a 5:00 p.m. Pacific Time Forecast, and the CP Group's original supply before involuntary diversion.

3. COMPENSATION FOR INVOLUNTARILY DIVERTED GAS (T)

Firm transmission service Customers whose gas supply is involuntarily diverted will receive a \$5/Th diversion credit.

As-Available transmission service Customers whose gas supply is involuntarily diverted will receive a diversion credit based on the current market price of the diverted supply on the day it was diverted.

The current market price will be based on an average of the published price data from Natural Gas Intelligence (NGI) and the BTU Daily Gas Wire for the PG&E interconnect points of Malin (Line 400) and Topock (Southern California Border), weighted by the supply mix of all gas received at Malin and Topock for on-system End-Use Customers for that day.

(Continued)



Pacific Gas and Electric Company
San Francisco, California

Canceling

Revised
Revised

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

19787-G
18290-G

PACIFIC GAS AND ELECTRIC COMPANY
IMBALANCE TRADING FORM
FOR SCHEDULE G-BAL SERVICE
FORM NO. 79-762 (4/00)
(ATTACHED)

(T)

(T)

Advice Letter No. 2215-G
Decision No. 00-02-050

Issued by
DeAnn Hapner
Vice President
Regulatory Relations

Date Filed February 28, 2000
Effective April 1, 2000
Resolution No. _____



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