

September 3, 2002

ADVICE 2407-G

(Pacific Gas and Electric Company ID U 39 G)

Subject: Suspension of Noncore Migration

Public Utilities Commission of the State of California

Pacific Gas & Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

The purpose of this filing is to revise PG&E's gas tariffs to temporarily suspend the ability of noncore customers from electing to switch to core service (with certain exceptions), in accordance with Commission Resolution (R.) G-3318 dated August 22, 2002.

Background

In Advice 2326-G filed on July 2, 2001 (supplemented by Advice 2326-G-A filed September 26, 2001), PG&E proposed to restrict noncore customers who use three million therms or more per year per meter from switching to core service. The purpose of Advice 2326-G/G-A was to mitigate the unfair impact on existing core customers as a result of large noncore customers switching to core service. PG&E also proposed that noncore customers using less than three million therms per year per meter could elect core service if they committed to remain on core service for a five-year period.²

¹ 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.

² Core customers include all residential customers, and small commercial customers whose usage is below 20,800 therms per month, and who buy gas from PG&E or through a gas Energy Service Provider (ESP). Customers using above 20,800 therms per month can elect either core service or noncore service. However, with the termination of core subscription service as of March 1, 2001, noncore customers do not have the option to buy gas from PG&E, unless they elect core service for a minimum of 12 months as per the provisions of Rule 12.

Temporary Suspension of Noncore Migration

Resolution G-3318, adopted August 22, 2002 and issued August 27, 2002, determined that the Commission could not authorize PG&E's request in an advice letter, and ordered PG&E to file an application addressing noncore to core migration by November 20, 2002. In the interim, the Commission ruled:

“4. PG&E is ordered to suspend voluntary transfers of noncore customers to core service except for those customers whose gas supplier is no longer offering service in California and an alternative gas supplier is unavailable to the customer.

5. PG&E shall file a new advice letter with tariff language that implements the provision of Ordering Paragraph 4 within 7 days. The effective date of the advice letter is today subject to Energy Division's review for compliance with this Resolution.”

This advice letter complies with Ordering Paragraphs 4 and 5 of R. G-3318.

Tariff Revisions

PG&E is revising gas Rule 12, Section E—Changes to Customer Classification, to limit noncore to core reclassification, and add a new section (E.1.b) to describe the restrictions on switching to core service and the circumstances under which noncore customers may switch to core service during the temporary suspension. PG&E proposes that all noncore customers who meet the conditions for switching to core service under Rule 12 be required to sign a Noncore Customer Declaration of Unavailability of Alternative Service Provider (Form 79-996). Clarifying headings have been added to certain items in Section E.

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

Effective Date

In accordance with R. G-3318, PG&E requests that this filing be approved **August 22, 2002**, subject to Commission review for compliance.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **September 23, 2002**, which is 20 days from 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 mailed to:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E 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, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

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 Rose Abao at (415) 973-2218. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President – Regulatory Relations

Attachments



RULE 12—RATES AND OPTIONAL RATES
(Continued)

E. CHANGES TO CUSTOMER CLASSIFICATION

1. Noncore to Core Reclassification (T)

a. Mandatory Noncore to Core Reclassification (T)

1) Each September PG&E will determine if noncore Customers are still eligible for noncore status by reviewing recorded usage during the prior twelve (12) months (September through August). New noncore Customers with less than twelve (12) months recorded usage will be evaluated the following September. To retain eligibility for noncore status, a noncore Customer's recorded monthly use must exceed 20,800 therms in at least one (1) month during every twelve (12) month period beginning September 1st and ending August 31st. (T)

2). Noncore customers who do not meet the requirement in E.1.a,1) above, will be reclassified to core status unless they have been granted permanent noncore status as described in their applicable rate schedule or in E.3, below. The effective date of the reclassification to core status will be on the Customer's regular meter read date in January following the annual review. At that time, the reclassified Customer will be placed on the applicable core rate schedule. Gas procurement service will be provided by PG&E unless the Customer elects to purchase gas supplies from an eligible Core Transport Agent. (T)

b. Voluntary Transfer from Noncore to Core Service (N)

In accordance with California Public Utilities Commission Resolution G-3318, dated August 22, 2002, voluntary transfers of noncore Customers to core service are suspended except for those customers who have met the initial twelve-month term of their Natural Gas Service Agreement (NGSA), and whose current gas supplier is no longer offering gas supply service in California and an alternative gas supplier is unavailable to the Customer. Noncore Customers applying for this exemption must sign the Noncore Customer Declaration of Unavailability of Alternative Service Provider (Declaration) Form 79-996. (N)

(Continued)



RULE 12—RATES AND OPTIONAL RATES
(Continued)

E. CHANGES TO CUSTOMER CLASSIFICATION (Cont'd.)

- 1. Noncore to Core Reclassification (Cont'd.) (T)
 - c. Customers reclassified to core status will be served under the applicable core rate schedule for a minimum of twelve (12) months. After the initial twelve (12) month period, core Customers may apply to be reclassified to noncore status if they meet the usage requirements specified in E.2, below. (T)(L)
 - d. Gas in PG&E storage facilities owned by a reclassified Customer, as of the effective date of reclassification, may be sold to PG&E or to another party. Gas stored on behalf of core Customers and sold to PG&E will be purchased at the weighted average cost of gas during the most recent Injection Period. The weighted average cost will be based on the volume of gas injected into storage during each month of the most recent Injection Period, multiplied by the procurement charge for each month, as shown on Schedule G-CP, averaged for the total core class. Stored gas also may be sold or transferred to another storage account holder. PG&E will transfer stored gas upon written consent of all of the affected parties. (L)(T)

2. Core to Noncore Reclassification

A nonresidential Core Customer will become eligible for reclassification to noncore status after their recorded average monthly use has exceeded 20,800 therms during a twelve (12) month period, excluding months where the usage does not exceed 200 therms. The Customer remains eligible for noncore service for 12 months thereafter (the eligibility period). The 12-month eligibility period re-starts whenever the Customer's average monthly use over a subsequent 12-month period again exceeds 20,800 therms.

Prior to reclassification, the Customer must sign a Natural Gas Service Agreement (NGSA) (Form 79-756). Core Customers may be reclassified to noncore status prior to the end of a twelve (12) month period if they are able to document to PG&E's satisfaction permanent changes in equipment or operations that will result in an average monthly use exceeding 20,800 therms over a twelve (12) month period. Reclassification under this provision will not take effect until Customer's recorded monthly use has exceeded 20,800 therms for three consecutive months.

(Continued)



RULE 12—RATES AND OPTIONAL RATES
(Continued)

E. CHANGES TO CUSTOMER CLASSIFICATION (Cont'd.)

3. Priority P-2B Noncore Status

(T)

Noncore customers who were previously reclassified from Priority P-1 to Priority P-2B under the provisions of an Agreement for Reclassification to Priority P-2B (Form No. 79-737) will retain noncore status unless they request to be reclassified to core status.

F. NOTIFYING CUSTOMERS OF NEW RATE SCHEDULES

Where PG&E establishes new rate schedules, PG&E shall take such measures as may be practical to advise affected Customers of the availability of the new rate schedules.

(Continued)



PACIFIC GAS AND ELECTRIC COMPANY

NONCORE CUSTOMER DECLARATION OF UNAVAILABILITY OF
ALTERNATIVE SERVICE PROVIDER
FORM NO. 79-996 (9/02)
(ATTACHED)

(N)
|
(N)



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79-942	8/97	Pipeline Inventory Gas Purchase and Sales Agreement.....	18300-G
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(N)
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