

January 27, 2003

**Advice 2440-G**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Establishes Gas Preliminary Statements Part BA - *Public Purpose Program Surcharge -- Energy Efficiency, Low Income Energy Efficiency, and Research, Development and Demonstration Balancing Account*, and Part BB - *Public Purpose Program Surcharge Memorandum Account***

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

**Purpose**

This filing proposes refinements to the tracking of and accounting for gas public purpose program (PPP) surcharge costs and revenues consistent with Public Utilities (PU) Code Section 890, which implemented the gas PPP surcharge effective January 1, 2001. This filing revises PG&E's gas preliminary statement to separately identify the PPP revenue requirement from other base revenues and establishes a new gas balancing account to record energy efficiency program-related PPP base revenue separate from other base revenue, and a new gas memorandum account to track PPP revenues collected and remitted to the California State Board of Equalization (BOE), as authorized in Resolution (R.) G-3303 dated December 21, 2000.

**Background**

Assembly Bill (AB) 1002 was signed by Governor Davis on September 29, 2000. AB 1002 added Article 10 (Sections 890-900) in Chapter 4 of Division 1, Part 1 of the Public Utilities Code, which required that upon the Commission's establishment of a surcharge to fund gas public purpose programs, funding for these programs would be removed from gas utilities' rates. The Commission

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<sup>1</sup> 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.

established the 2001 surcharge rates for PG&E and other utilities in R. G-3303. Utilities were allowed to establish memorandum accounts to track payments made to the BOE by the utilities and track the funding obtained by the utilities from the Gas Consumption Surcharge Fund. Pursuant to R. G-3303 (at p. 7), the disposition of the balance in this account will be determined in a future Rulemaking.

In response to R. G-3303, PG&E filed Advice 2317-G, dated May 17, 2001, and supplemental Advice 2317-G-A, dated June 7, 2001, to separately identify the energy efficiency (EE) and low-income energy efficiency (LIEE) programs, and PPP research, development and demonstration (RD&D) portion of the gas PPP surcharge revenue from other base revenue.<sup>2</sup> The core portion of the PPP revenue requirement and actual EE/LIEE/RDD revenue (also referred to as Demand Side Management (DSM) revenue), currently is recorded in the Core Fixed Cost Account (CFCA). The noncore portion of the PPP revenue requirement and actual EE/LIEE/RDD revenue is recorded in the Industrial Distribution and Industrial Transmission subaccounts of the Noncore Customer Class Charge Account (NCA). PPP surcharge transactions between the BOE, CPUC and PG&E, including interest, have been tracked by PG&E.

### **Accounting Mechanisms**

Implementation of PU Code Section 890 currently is the subject of Commission Rulemaking (OIR) 02-10-001. On November 12, 2002, PG&E filed its comments to the OIR. While preparing its comments, PG&E proposed several accounting changes to more clearly separate gas PPP surcharge from transportation rates.<sup>3</sup> The tariff changes proposed herein are consistent with the treatment of the PPP portions of the CFCA and NCA balances in the Annual True-up of Balancing Accounts filed in Advice 2421-G/G-A for rates effective January 1, 2003.<sup>4</sup> Continued use of memorandum accounts to track PPP charges and costs was reiterated in Ordering Paragraph 6 of R. G-3342 dated November 25, 2002.

PG&E proposes to establish a new memorandum account to track all payments of the gas PPP surcharge to the BOE and all funding obtained from the Gas Consumption Surcharge Fund, including interest and carrying costs. Upon Commission approval, such payments, and related interest and costs, currently being tracked by PG&E, will be transferred to the new memorandum account.

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<sup>2</sup> In Advice 2317-G/G-A PG&E refers to the EE/LIEE program portion of the gas PPP surcharge revenue as demand-side management (DSM) revenue and includes PPP Research, Development and Demonstration. The CARE portion of the gas PPP surcharge is separately accounted for in Preliminary Statement Part V – *California Alternate Rates from Energy Account*.

<sup>3</sup> In footnotes 9 and 10 of PG&E's Opening Comments on Rulemaking 02-10-001, dated November 12, 2002, PG&E stated its intention to file an Advice letter to revise its gas Preliminary Statements to record the core portion of the public purpose program revenue requirement and PPP DSM revenue in separate accounts.

<sup>4</sup> In Advice 2421-G-A, PG&E filed revisions to the Base Revenue Amount Table in Section C.2 of gas Preliminary Statement Part C – *Gas Accounting Terms and Definitions*. The revised Base Revenue Amount Table separately identifies the GRC/BCAP Base Revenue from PPP Base Revenue, and presents a clear breakdown of the costs that make up the GRC/BCAP, PPP and Gas Accord Base Revenues. This filing proposes changes to the gas Preliminary Statement to be consistent with this new presentation.

### Tariff Revisions

PG&E proposes new gas Preliminary Statement Part BA – *Public Purpose Program Surcharge--Energy Efficiency, Low Income Energy Efficiency, and Research, Development and Demonstration Balancing Account (PPP-EE/LIEE/RDD)*, to track authorized gas PPP base revenues and the actual PPP surcharge revenue that recovers these amounts. Preliminary Statement Part F-- *Core Fixed Cost Account (CFCA)*, and Preliminary Statement Part J -- *Noncore Customer Class Charge Account (NCA)*, are revised to be consistent with the terms and conditions of Preliminary Statement Part BA.

PG&E also proposes new gas Preliminary Statement Part BB -- *Gas Public Purpose Program Surcharge Memorandum Account (PPP-MA)*, to track the payments of the gas PPP surcharge collected by PG&E and remitted to the BOE, and the funding obtained from the Gas Consumption Surcharge Fund. Preliminary Statement Part V — *California Alternate Rates for Energy Account (CAREA)*, has been revised to clarify that CARE revenue is collected as part of the gas PPP surcharge.

Preliminary Statement Part C -- *Gas Accounting Terms and Definitions*, has been revised to define base revenues consistent with revisions to the Base Revenue Table C.2 and consistent with changes in PPP accounting proposed in this advice filing. Preliminary Statement Part B -- *Default Tariff Rate Components*, to clearly identify the PPP rate components. The item changes to the core portion of Preliminary Statement Part B will be incorporated into the next monthly gas procurement price advice filing following Commission approval of this filing. No rates are changed in this filing.

### Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 18, 2003**, which is 22 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](mailto: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

### **Effective Date**

PG&E requests that the tariff revisions submitted in this advice letter be approved upon regular notice, **March 8, 2003**, which is 40 days after the date of this filing.

### **Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, and the parties on the service list for R. 02-10-001. Address changes should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments

cc: Service List – R. 02-10-001



**PRELIMINARY STATEMENT**  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 1

THERMS:	G-NT TRANSMISSION	G-NT—DISTRIBUTION (1)*				
		SUMMER				
		0- 249,999	250,000- 599,999	600,000- 1,999,999	Over 2,000,000	
NCA	0.00147	0.00159	0.00159	0.00158	0.00159	
PPP--EE/LIEE/RDD	0.00219	0.00340	0.00340	0.00340	0.00340	(T)
GRC 2000 INTERIM ACCT	0.00000	(0.00026)	(0.00026)	(0.00026)	(0.00026)	
PPP-CARE	0.01477	0.01477	0.01477	0.01477	0.01477	(T)
CPUC FEE**	0.00202	0.00202	0.00202	0.00202	0.00202	
EOR	0.00000	0.00002	0.00002	0.00002	0.00002	
CEE INCENTIVE	0.00000	0.00002	0.00002	0.00002	0.00002	(T)
EL PASO CAPACITY CHARGE	0.00616	0.00616	0.00616	0.00616	0.00616	
LOCAL TRANSMISSION (AT RISK)	0.01486	0.01486	0.01486	0.01486	0.01486	
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	0.08428	0.06021	0.05600	0.04754	
<b>TOTAL RATE</b>	<b>0.04147</b>	<b>0.12686</b>	<b>0.10279</b>	<b>0.09857</b>	<b>0.09012</b>	

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U).

(Continued)



**PRELIMINARY STATEMENT**  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 2

THERMS:	G-NT—DISTRIBUTION (1)*				
	WINTER				
	0- 249,999	250,000- 599,999	600,000- 1,999,999	Over 2,000,000	
NCA	0.00167	0.00168	0.00168	0.00167	
PPP--EE/LIEE/RDD	0.00340	0.00340	0.00340	0.00340	(T)
GRC 2000 INTERIM ACCT	(0.00035)	(0.00035)	(0.00035)	(0.00035)	
PPP-CARE	0.01477	0.01477	0.01477	0.01477	(T)
CPUC FEE**	0.00202	0.00202	0.00202	0.00202	
EOR	0.00002	0.00002	0.00002	0.00002	
CEE INCENTIVE	0.00002	0.00002	0.00002	0.00002	(T)
EL PASO CAPACITY CHARGE	0.00616	0.00616	0.00616	0.00616	
LOCAL TRANSMISSION (AT RISK)	0.01486	0.01486	0.01486	0.01486	
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.11380	0.08130	0.07561	0.06420	
<b>TOTAL RATE</b>	<b>0.15637</b>	<b>0.12388</b>	<b>0.11819</b>	<b>0.10677</b>	

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U).

(Continued)



PRELIMINARY STATEMENT  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 3

	<u>G-COG (3)*</u>	<u>G-EG (4)*</u>	
NCA	0.00018	0.00013	
PPP--EE/LIEE/RDD	0.00000	0.00000	(T)
GRC 2000 INTERIM ACCT	0.00000	0.00000	
PPP-CARE	0.00000	0.00000	(T)
CPUC FEE **	0.00202	0.00202	
EOR	0.00000	0.00000	
CEE INCENTIVE	0.00000	0.00000	(T)
COGEN DISTRIBUTION SHORTFALL	0.00065 (I)	0.00065	
EL PASO CAPACITY CHARGE	0.00000	0.00616	
LOCAL TRANSMISSION (AT RISK)	0.01486	0.01486	
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	0.00000	
CUSTOMER ACCESS CHARGE (AT RISK)	0.00080	0.00080	
<b>TOTAL RATE</b>	<b><u>0.01851</u></b>	<b><u>0.02462</u></b>	

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U).

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PRELIMINARY STATEMENT  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 4

	<u>G-WSL</u>				
	<u>Palo Alto</u>	<u>Coalinga</u>	<u>Island Energy</u>	<u>Alpine</u>	
NCA	0.00114	0.00114	0.00114	0.00114	
PPP--EE/LIEE/RDD	0.00000	0.00000	0.00000	0.00000	(T)
GRC 2000 INTERIM ACCT	0.00000	0.00000	0.00000	0.00000	
PPP-CARE	0.00000	0.00000	0.00000	0.00000	(T)
CPUC Fee **	0.00000	0.00000	0.00000	0.00000	
EOR	0.00001	0.00001	0.00001	0.00001	
CEE INCENTIVE	0.00000	0.00000	0.00000	0.00000	(T)
EL PASO CAPACITY CHARGE	0.00614	0.00614	0.00614	0.00614	
LOCAL TRANSMISSION (AT RISK)	0.01486	0.01486	0.01486	0.01486	
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	0.00000	0.00000	0.00000	
<b>TOTAL RATE</b>	<b><u>0.02215</u></b>	<b><u>0.02215</u></b>	<b><u>0.02215</u></b>	<b><u>0.02215</u></b>	

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U). It does not apply to customers on Schedule G-WSL.

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PRELIMINARY STATEMENT  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 5

	G-WSL		
	West Coast Mather	West Coast Castle	
NCA	0.00114	0.00114	
PPP--EE/LIEE/RDD	0.00000	0.00000	(T)
GRC 2000 INTERIM ACCT	0.00000	0.00000	
PPP-CARE	0.00000	0.00000	(T)
CPUC FEE **	0.00000	0.00000	
EOR	0.00001	0.00001	
CEE INCENTIVE	0.00000	0.00000	(T)
EL PASO CAPACITY CHARGE	0.00614	0.00614	
LOCAL TRANSMISSION (AT RISK)	0.01486	0.01486	
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	0.00000	
<b>TOTAL RATE</b>	<b>0.02215</b>	<b>0.02215</b>	

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U). It does not apply to customers on Schedule G-WSL.

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**PRELIMINARY STATEMENT**  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 6

THERMS:	G-NGV4	G-NGV4—DISTRIBUTION (1)*			
	TRANSMISSION	SUMMER			
		0- 249,999	250,000- 599,999	600,000- 1,999,999	Over 2,000,000
NCA	0.00000	0.00000	0.00000	0.00000	0.00000
PPP--EE/LIEE/RDD	0.00000	0.00000	0.00000	0.00000	0.00000 (T)
GRC 2000 INTERIM ACCT	0.00000	0.00000	0.00000	0.00000	0.00000
PPP-CARE	0.00000	0.00000	0.00000	0.00000	0.00000 (T)
CPUC FEE **	0.00202	0.00202	0.00202	0.00202	0.00202
EOR	0.00000	0.00000	0.00000	0.00000	0.00000
CEE INCENTIVE	0.00000	0.00000	0.00000	0.00000	0.00000 (T)
NGV BALANCING ACCOUNT	0.03945	0.12484	0.10077	0.09655	0.08810
EL PASO CAPACITY CHARGE	0.00000	0.00000	0.00000	0.00000	0.00000
LOCAL TRANSMISSION (AT RISK)	0.00000	0.00000	0.00000	0.00000	0.00000
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	0.00000	0.00000	0.00000	0.00000
<b>TOTAL RATE</b>	<b>0.04147</b>	<b>0.12686</b>	<b>0.10279</b>	<b>0.09857</b>	<b>0.09012</b>

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U).

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PRELIMINARY STATEMENT  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 7

THERMS:	G—NGV4-DISTRIBUTION (1)*			
	WINTER			
	0- 249,999	250,000- 599,999	600,000- 1,999,999	Over 2,000,000
NCA	0.00000	0.00000	0.00000	0.00000
PPP--EE/LIEE/RDD	0.00000	0.00000	0.00000	0.00000 (T)
GRC 2000 INTERIM ACCT	0.00000	0.00000	0.00000	0.00000
PPP-CARE	0.00000	0.00000	0.00000	0.00000 (T)
CPUC FEE**	0.00202	0.00202	0.00202	0.00202
EOR	0.00000	0.00000	0.00000	0.00000
CEE INCENTIVE	0.00000	0.00000	0.00000	0.00000 (T)
NGV BALANCING ACCOUNT	0.15435	0.12186	0.11617	0.10475
EL PASO CAPACITY CHARGE	0.00000	0.00000	0.00000	0.00000
LOCAL TRANSMISSION (AT RISK)	0.00000	0.00000	0.00000	0.00000
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	0.00000	0.00000	0.00000
<b>TOTAL RATE</b>	<b>0.15637</b>	<b>0.12388</b>	<b>0.11819</b>	<b>0.10677</b>

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U).

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PRELIMINARY STATEMENT  
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

NONCORE p. 8

	<u>G-LNG (1)*</u>	
NCA	0.00000	
PPP--EE/LIEE/RDD	0.00000	(T)
GRC 2000 INTERIM ACCT	0.00000	
PPP-CARE	0.00000	(T)
CPUC Fee **	0.00202	
EOR	0.00000	
CEE INCENTIVE	0.00000	(T)
NGV BALANCING ACCOUNT	0.18172	
EL PASO CAPACITY CHARGE	0.00000	
LOCAL TRANSMISSION (AT RISK)	0.00000	
DISTRIBUTION & BASE REVENUE CREDITS (AT RISK)	0.00000	
 <b>TOTAL RATE</b>	 <u><b>0.18374</b></u>	

\* Refer to footnotes at end of Noncore Default Tariff Rate Components.

\*\* The CPUC Fee includes \$.001988 per therm as approved by the CPUC, plus an allowance for Franchise Fees and Uncollectible Expense (F&U).

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PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS

These accounting terms and definitions are used in the gas revenue requirement and accounting procedure descriptions that follow in this Preliminary Statement. They are consistent with and apply to PG&E's Gas Rate Schedules and Rules. Additional definitions can be found in Rule 1.

- 1. BALANCING ACCOUNT: In the context of this tariff, a balancing account is an account in which:
  - a. expenses are compared with revenues from rates designed to recover those expenses, or
  - b. forecast expenses are compared with recorded expenses, or
  - c. forecast revenues are compared with recorded revenues.

The resulting under- or overcollection, plus interest, is recorded on PG&E's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts, plus interest, are to be amortized in rates.

- 2. BASE REVENUE AMOUNT: The Base Revenue Amount is comprised of GRC/BCAP Base Revenues, Public Purpose Program (PPP) Base Revenues and Gas Accord Base Revenues. The Base Revenue Amount shall be increased or decreased to incorporate changes in the level of authorized operating revenue specified in CPUC decisions. The currently effective Base Revenue Amount is shown in Table C.2. (N)

The GRC/BCAP Base Revenue Amount is the annual operating revenue, less other operating revenue adopted in the General Rate Case (GRC), and the Biennial Cost Allocation Proceeding (BCAP), or other proceedings. (N)

Credits to GRC/BCAP Base Revenues were approved in various CPUC decisions. In Decision 98-06-073, the CPUC adopted specific levels of Enhanced Oil Recovery (EOR) revenue. In Decision 97-08-055, the CPUC adopted specific levels of brokerage fee revenue and rate escalation adjustments. In Decision 98-06-073, the CPUC also authorized allocation adjustments for G-10 employee discounts. (T)

The PPP Base Revenues are the authorized amounts for Energy Efficiency (EE) and Low Income Energy Efficiency (LIEE) Programs, PPP Research, Development and Demonstration (RD&D), and California Alternate Rates for Energy (CARE) Administrative and General Expenses. The subsidy for CARE customers is not included in the PPP Base Revenues. PPP Base Revenues and CARE costs are recovered through the gas PPP surcharge, as authorized by Public Utilities Code Section 890 and Resolution G-3303. (N)

The Gas Accord Base Revenues are comprised of Local Transmission, Backbone Transmission, Storage and transmission-level customer access unbundled in Gas Accord Decision 97-08-055. (N)  
(D)

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PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

2. BASE REVENUE AMOUNT: (Cont'd.)

Description	Amount (\$000)			Total
	Core	Noncore	Unbundled	
<b>GRC/BCAP BASE REVENUES (1):</b>				
Authorized GRC Distribution Base Revenue	856,376	39,945		896,321
Less: Other Operating Revenue	(5,654)	(204)		(5,858)
Settlement of Industrial Transmission Cost (2)		(2,467)		(2,467)
Unescalated Customer Access Charge-Transmission (3)		(5,657)		(5,657)
Unescalated Customer Access Charge-UEG Gas Meters (3)		(868)		(868)
<b>AUTHORIZED GRC DISTRIBUTION REVENUES IN RATES</b>	<b>850,722</b>	<b>30,749</b>		<b>881,471</b>
<b>BCAP ALLOCATION ADJUSTMENTS AND CREDITS TO BASE:</b>				
G-10 Allocated Employee Discount	521	806		1,327
EOR Revenue	(147)	(5)		(152)
Core Brokerage Fee	(6,869)	(13)		(6,882)
<b>GRC/BCAP REVENUE REQUIREMENT</b>	<b>844,227</b>	<b>31,537</b>	<b>0</b>	<b>875,764</b>

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(L)

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PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

2. BASE REVENUE AMOUNT: (Cont'd.)

Description	Amount (\$000)				(L)
	Core	Noncore	Unbundled	Total	
<b>PUBLIC PURPOSE PROGRAM</b>					
<b>BASE REVENUES</b>					
(excludes CARE Subsidy) (4):					
Energy Efficiency Program	13,345	1,485		14,830	(T)
Low Income Energy Efficiency Program	28,542	3,177		31,719	
Research Development and Demonstration	1,692	188		1,880	(T)
CARE Administrative & General Expenses	972	665		637	
<b>PUBLIC PURPOSE PROGRAM REVENUE REQUIREMENT</b>					
	44,551	5,515	0	50,066	
<b>GAS ACCORD BASE REVENUE:</b>					
Local Transmission	86,641	67,249		153,890	
Customer Access Charge – Transmission		6,401		6,401	
Customer Access Charge UEG Gas Meters		934		934	
Storage (5)	38,911		11,216	50,127	
Backbone Transmission (5) L401 (PEP)	33,588		77,016	110,604	
			101,967	101,967	
<b>GAS ACCORD REVENUE REQUIREMENT</b>					
	159,140	74,584	190,199	423,923	
<b>GRC/BCAP REVENUE REQUIREMENT</b> (from previous page)					
	844,227	31,537	0	875,764	
<b>TOTAL BASE REVENUE REQUIREMENT</b>					
	1,047,917	111,636	190,199	1,349,752	

- (1) The GRC/BCAP Base Revenue includes Distribution, Base Revenues for core and noncore Customers.
- (2) Amount represents a joint compromise adopted in D.98-06-073 of 50% of the distribution marginal cost revenues allocable to large distribution customers taking transmission level service, to be absorbed by shareholders.
- (3) Service line, regulator and meter costs for transmission-level customers were deducted from the 1996 authorized GRC base revenues and set in Gas Accord D.97-08-055 through December 31, 2003.
- (4) The PPP base revenue requirement was set in PG&E's 1999 GRC D.00-02-046; D.02-12-019 revised PY2003 LIEE Program funding effective 01/01/03; D.02-09-021 revised PY2002 CARE admin. budget allocated to PG&E's gas department effective 01/01/03.
- (5) Storage and backbone revenues are unbundled under the Gas Accord. Storage and intrastate backbone reservation charges allocated to core customers are included in the procurement revenue requirement.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

3. COST ALLOCATION FACTORS:

a. General: These factors are derived from the core and noncore costs adopted in the last Cost Allocation Proceeding and are used to allocate recorded costs to customer classes.

Cost Category	Factor			Total	(D)
	Core	Noncore	Unbundled Storage		
Intervenor Compensation Carrying Cost on Non-cycled Gas in Storage*	0.95739	0.04261		1.00000	
	0.87500		0.12500	1.00000	

\* Excluding Non-cycled Gas in Storage which is allocated to system load balancing and recovered through transmission rates.

b. Pacific Gas and Electric Gas Transmission Northwest (PG&E GT-NW) and Intrastate Pipeline Demand Charges: Factors are derived based on the procedures defined in Decisions 91-11-025 and 97-05-093.

- 1) The core procurement factor will be equal to the capacity reserved for core procurement customers on each pipeline divided by the total capacity held by PG&E on that pipeline.
- 2) The core transport factor will be equal to the capacity reserved for core transport customers on each pipeline divided by the total capacity held by PG&E on that pipeline.

4. COST ALLOCATION PROCEEDING: The proceeding in which the Revenue Requirement, excluding the Revenue Requirement for the Transmission System and Unbundled Storage, as described in Section C.10 below, is allocated between customer classes and included in rates. (T)  
This proceeding is currently a biennial proceeding pursuant to CPUC Decision 90-09-089. (T)

5. FORECAST PERIOD OR TEST PERIOD: The 24-month period, beginning with the revision date as specified in the Cost Allocation Proceeding.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

- 8. CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) REVENUE SHORTFALL: This shall be computed by subtracting CARE customers' monthly revenues from the revenues that would have been recovered from CARE customers had they been paying standard transportation and procurement rates.
- 9. MEMORANDUM ACCOUNT: In the context of this tariff, a memorandum account operates similar to a balancing account except that interest may be excluded and the under- or over-collection may or may not be amortized in future rates.
- 10. REVENUE REQUIREMENT: The Revenue Requirement consists of the sum of the Transmission and Unbundled Storage Revenue Requirements which were set in PG&E's Gas Accord Decision 97-08-055 and Decision 02-08-070, and the Transportation, Public Purpose Program and Procurement Revenue Requirements which are allocated in the Cost Allocation Proceeding, and are defined below. Rates have been established to recover all items in the Revenue Requirement. (T)
  - a. The Transmission System Revenue Requirement includes the Transmission portion of the Gas Accord base revenue amount,\* load balancing storage costs, certain forecast amounts and F&U. Amounts to be included in the Customer Class Charge paid by Transmission Service customers are allocated in the Cost Allocation Proceeding and described under Transportation Revenue Requirement, below. (T) (T)
  - b. The Unbundled Storage Revenue Requirement includes the Unbundled Storage base revenue amount,\* carrying costs on noncycled gas in storage, and F&U. (T)

\* See Section C.2 for details.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

10. REVENUE REQUIREMENT (Cont'd.)

- c. The Transportation Revenue Requirement includes the core and noncore GRC/BCAP Base Revenue Amounts (with credits and adjustments)\*, forecast expenses, and balancing account balances, with interest, as listed below. These amounts are recovered through distribution rates and the Customer Class Charge. (T)
  
- 1) GRC/BCAP Base Revenue Amount (with credits and adjustments): This shall be the GRC/BCAP Base Revenue amount, with credits and allocation adjustments. See Section C.2 for details. (T)
- 2) Natural Gas Vehicle (NGV) Expense: This shall be the total NGV expense, excluding procurement, expected to occur during the forecast period. (L)
- 3) Customer Energy Efficiency Incentive Account (CEEIA) Expense: This shall be the total CEE-Incentive expense expected to occur during the forecast period. (T)
- 4) CPUC Reimbursement Fee Expense: This is the amount equal to the CPUC-adopted reimbursement rate, described in Preliminary Statement, Part O, multiplied by the total forecast period deliveries excluding interdepartmental, wholesale, interutility, and UEG deliveries. (T)
- 5) Core Fixed Cost Account (CFCA) Balance: This is the forecast revision date balance in the CFCA, described in Preliminary Statement, Part F, based on the latest recorded data available. (D)
- 6) Noncore Customer Class Charge Account (NCA) Balance: This is the forecast revision-date balance in the NCA, described in Preliminary Statement, Part J, based on the latest recorded data available. (T)
- 7) Enhanced Oil Recovery Account (EORA) Balance: This is the forecast revision-date balance in the EORA, described in Preliminary Statement, Part K, based on the latest recorded data available. (T)

\* See Section C.2 for details.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

10. REVENUE REQUIREMENT (Cont'd.)

c. Transportation Revenue Requirement (Cont'd.)

- (L)
- 8) Natural Gas Vehicle Balancing Account (NGVBA) Balance: This is the forecast revision-date balance in the NGVBA, described in Preliminary Statement, Part X, based on the latest recorded data available. (T)
- 9) Hazardous Substance Mechanism (HSM) Balance: This is the forecast revision-date balance in the HSM, as described in Preliminary Statement, Part AN, based on the latest recorded data available. (T)
- 10) Customer Energy Efficiency Incentive Account (CEEIA) Balance: This is the forecast revision-date balance in the CEEIA, as described in Preliminary Statement, Part Y, based on the latest recorded data available. (T)
- 11) Core Pipeline Demand Charge Account (CPDCA) Balance: This is the forecast revision-date balance in the Core Transport Interstate Transition Subaccount of the CPDCA, as described in Preliminary Statement, Part AE, based on the latest recorded data available. (T)  
(T)
- 12) Core Brokerage Fee Balancing Account (CBFA) Balance: This is the forecast revision-date balance in the CBFA described in Preliminary Statement, Part U, based on the latest recorded data available. (T)
- 13) Cogeneration Distribution Shortfall Account (CDSA) Balance: This is the forecast revision-date balance in the CDSA described in Preliminary Statement, Part W based on the latest recorded data available. (T)
- 14) EI Paso Turned-Back Capacity Balancing Account (EPTCBA) Balance: This is the forecast revision-date balance in the EPTCBA described in Preliminary Statement, Part AZ, based on the latest recorded data available. (N)  
|
- 15) Affiliate Transfer Fees Account (AFTA) Balance: This is the forecast revision-date balance in the AFTA, described in Preliminary Statement, Part Q, based on the latest recorded data available. |
- 16) Baseline Balancing Account (BBA) Balance: This is the forecast revision-date balance in the BBA, described in Preliminary Statement, Part AY, based on the latest recorded data available. | (N)
- 17) Franchise Fees and Uncollectible Accounts Expense (F&U): The amount to be added for F&U shall be determined by multiplying the sum of Sections C.10.c.2 through C.10.c.16, above, by the applicable F&U factor. (T)  
(T)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

10. REVENUE REQUIREMENT (Cont'd.)

- d. Public Purpose Program (PPP) Revenue Requirement includes the core and noncore Energy Efficiency and Low Income Energy Efficiency (EE/LIEE) program base revenues, PPP RD&D base revenues, CARE A&G Expense, and the forecast revision-date balances in the PPP balancing accounts, plus F&U, as applicable. The PPP Revenue Requirement is recovered through the gas PPP surcharge which is revised by Commission Resolution effective January 1st for the next calendar year. (N)

  - 1) PPP Base Revenues: This shall be the EE/LIEE Program and RD&D Base Revenue amount shown in Section C.2. (N)
  - 2) CARE A&G Expense: This shall be the total CARE expense expected to occur during the forecast period, including CARE Administrative and General Expense. (L) (T)
  - 3) PPP-EE/LIEE Balancing Account (PPP-EE/LIEE/RDD) Balance: This is the forecast revision-date balance in the PPP-EE/LIEE/RDD described in Preliminary Statement, Part BA, based on the latest recorded data available. (N)
  - 4) CARE Balancing Account (CAREA) Balance: This is the forecast revision-date balance in the CAREA, described in Preliminary Statement, Part V, based on the latest recorded data available. (L) (T)
  - 5) Franchise Fees and Uncollectible Accounts Expense (F&U): The amount to be added for F&U shall be determined by multiplying the sum of C.10.d.2 through C.10.d.4, above. (N)

- e. Core Procurement Revenue Requirement includes the cost of gas from the Gas Supply Portfolio, pipeline capacity costs, intrastate transmission costs, the forecast revision-date balance in the Purchased Gas Account and other procurement balancing accounts, the brokerage fee and core storage revenue requirements, plus F&U, as applicable. (T)

  - 1) Procurement Cost of Gas (Sales Only): The Procurement Cost of Gas is determined by multiplying the forecast core sales volume by the Weighted Average Cost of Gas (WACOG). (T)
  - 2) Procurement Cost of Gas (Shrinkage only): This cost-of-gas component shall be determined by multiplying the forecast shrinkage (LUAF & GDU) quantities for core procurement and core subscription customers by the weighted average cost of gas (WACOG). Customers who procure their own supplies are not responsible for this cost component; rather, they deliver shrinkage in-kind. (L)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

10. REVENUE REQUIREMENT (Cont'd.)

e. Core Procurement Revenue Requirement (Cont'd.)

- |    |  |     |
|----|--|-----|
| 3) | <u>Pipeline Demand Charges</u> : Pipeline Demand Charges include fixed demand and capacity charges from Canadian and FERC-regulated interstate pipelines.  | (L) |
| 4) | <u>Intrastate Transmission Charges</u> : Intrastate Transmission Charges include capacity charges reserved for Core Portfolio customers on PG&E's Backbone Transmission System at the Modified Fixed Variable (MFV) tariff rate for core customers.  |     |
| 5) | <u>Carrying Cost on Non-Cycled Gas in Storage</u> : The Carrying Cost on Non-Cycled Gas in Storage shall be determined by multiplying the forecast value of gas in storage during this forecast period, excluding gas owned by third parties, by the lower of: (1) the current Banker's Acceptance Rate (top rated, three months), or (2) the current interest rate on three-month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15, or its successor. | (T) |
| 6) | <u>Carrying Cost on Cycled Gas in Storage</u> : The Carrying Cost on Cycled Gas in Storage shall be determined by multiplying the forecast value of gas in storage during this forecast period, excluding gas owned by third parties, by the lower of: (1) the current Banker's Acceptance Rate (top rated, three months), or (2) the current interest rate on three-month Commercial Paper, as reported in the Federal Reserve Statistical Release, G.13, or its successor.         | (L) |
| 7) | <u>Purchased Gas Account (PGA)</u> : The revenue requirement will include the forecast revision-date balance in the PGA, described in Preliminary Statement, Part D, based on the latest recorded data available.  |     |
| 8) | <u>Core Pipeline Demand Charge Account (CPDCA)</u> : The revenue requirement will include the forecast revision-date balance in the Core Demand Charge Subaccount of the CPDCA, described in Preliminary Statement, Part AE, based on the latest recorded data available.  |     |

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

10. PROCUREMENT REVENUE REQUIREMENT (Cont'd.)

e. Core Procurement Revenue Requirement (Cont'd.) (T)

9) Core Firm Storage Account (CFSA): The revenue requirement will include the forecast revision-date balance in the CFSA, described in Preliminary Statement, Part AG, based on the latest recorded data available.

10) Core Firm Storage Revenue Requirement: This is the core storage portion of Gas Accord base revenues shown in Table C.2, above. (T)  
(T)

11) Brokerage Fee Revenue Requirement: This is the amount credited to the GRC/BCAP base revenues shown in Table C.2, above. (T)  
(T)

12) Franchise Fees and Uncollectible Accounts Expense (F&U): The amount to be added for F&U shall be determined by multiplying the sum of C.10.e.1 through C.10.e.9, above. (T)

11. REVISION DATES: PG&E's application for the Biennial Cost Allocation Proceeding (BCAP) shall be filed based on a schedule set forth by the CPUC. PG&E's Procurement rate shall be updated monthly.

a. Core Procurement Rate Change

Per Decision 97-10-065, an advice filing to change core procurement rates will be filed monthly. The filing will update certain forecasted procurement costs and the amortization component of the procurement rate. PG&E will continue to provide a Weighted Average Cost of Gas (WACOG) forecast in its BCAP for ratemaking purposes.

b. Annual True-up of Balancing Accounts

Per Decision 95-12-053, an advice filing to change core and noncore transportation rates will be filed 45 days prior to the end of the first year of the BCAP and every twelve months thereafter until a new BCAP decision is rendered. The filing will update the amortization component of the transportation rate for all transportation-related balancing accounts.

To determine the change in the amortization component of transportation balancing accounts, PG&E will rely on the following:

1) A revenue requirement will be developed that compares an annual actual estimated balance (9 months recorded and 3 months estimated) to the expected revenue at present rates from the amortization components in BCAP Year 2 or the next twelve months. The amortization components for the transportation balancing accounts will then be changed to reflect additional over- or under-collections in the accounts over the next twelve months.

2) The new amortization components will be calculated by dividing the balancing account balances (based on 9 months recorded and 3 months estimated) by the adopted annual average BCAP throughput. (L)  
|  
(L)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

12. PIPELINE DEMAND CHARGE CREDITS

(L)

When PG&E brokers interstate capacity it will receive conditional credits from interstate pipelines which represent accrued revenues to the interstate pipelines from other parties who have acquired PG&E's brokered capacity. These credits may include other items such as reversed credits previously given to PG&E and late charges assessed per the interstate's FERC-approved tariffs.

(L)

13. CORE PROCUREMENT INCENTIVE MECHANISM: The Core Procurement Incentive Mechanism (CPIM) is designed to replace traditional reasonableness reviews for costs included in the Core Procurement Revenue Requirement as defined in C.10, above. PG&E will file quarterly reports regarding procurement activities and an annual report outlining cost savings, reward or penalties under the CPIM. Incentive rewards and penalties are calculated annually and, upon Commission approval, will be recorded in the Core and Core Subscription Subaccounts of the Purchased Gas Account (PGA). The allocation between Core Procurement and Core Subscription customers is pro rata based on the quantity of gas sold during the period covered by the reward or penalty.

(T)  
(T)

Decision 97-08-055 adopts a CPIM mechanism for Post-1997 performance, as follows:

(T)  
(D)

The Post-1997 CPIM, pursuant to Application 96-08-043, establishes both a standard benchmark, which applies to purchasing activities occurring under most operating and temperature conditions, and an alternate benchmark which applies only under extraordinary circumstances requiring economic and/or physical diversions of supplies and transportation resources held by other shippers on the interstate and intrastate transmission system.

The Post-1997 CPIM standard benchmark is made up of three components: (1) the fixed transportation cost component, which includes both interstate and intrastate capacity reservation costs; (2) the variable cost component, which covers commodity costs and volumetric transportation costs; and (3) a storage cost component.

The commodity and capacity benchmark components are calculated daily. At the end of each 12-month period, the daily benchmark components are added together to form a single annual benchmark budget. Actual incurred costs are compared to the benchmark and tolerance zone. If actual gas commodity and out-of-state transportation costs fall within the zone of reasonableness, costs are deemed reasonable, and there is no shareholder penalty or reward. If actual gas commodity and out-of-state transportation costs exceed the upper limit of the zone of reasonableness, PG&E shareholders will share a portion of the costs exceeding the zone of reasonableness. If actual costs fall below the zone of reasonableness, shareholders may receive a share of the savings compared to the benchmark.

(T) (L)  
|  
|  
|  
(L)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

13. CORE PROCUREMENT INCENTIVE MECHANISM: (Cont'd.)

(D)

The reservation charges associated with PG&E's 150 MDth/d reservation on Transwestern Pipeline Company (Transwestern) are not included in the fixed cost component of the benchmark; however, a portion of the costs can be included as part of the costs that are compared to the benchmark. The amount of Transwestern reservation charge included in actual costs is determined by the level of daily load and the assumed least-cost purchasing sequence.

An alternate benchmark can be invoked by PG&E under certain extraordinary circumstances requiring economic and/or mandatory diversions of gas and transmission resources held by other shippers. All voluntary and involuntary diversion costs are compared to the highest value of the daily Topock index range plus the Baja to On-System As-Available rate. There is no tolerance band for the alternate benchmark, and actual costs savings or overruns, relative to the benchmark, are shared 95 percent by ratepayers and 5 percent by shareholders.

(D)



PRELIMINARY STATEMENT  
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA)

- 1. PURPOSE: The purpose of the CFCA is to record the authorized GRC/BCAP base revenue amounts (with credits and adjustments), certain other core transportation costs, and transportation revenue from core customers. Any under- or overcollection in this account will be incorporated into core transportation rates in the next Cost Allocation Proceeding or Annual True-up of Balancing Accounts. (T)

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. Refer to Section C.3 for the cost allocation factors used to determine the core portion of certain costs.

- 2. APPLICABILITY: The CFCA applies to all core transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
- 3. REVISION DATE: The revision date applicable to the CFCA rate shall coincide with the revision date of the Cost Allocation Proceeding or at other times, as ordered by the CPUC.
- 4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
- 5. CFCA RATES: CFCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
- 6. ACCOUNTING PROCEDURE: PG&E shall make the following entries to this CFCA at the end of each month:
  - a. A credit entry equal to:
    - 1) California Alternate Rates for Energy (CARE) revenue shortfall resulting from deliveries for the month; (T)
    - (D)
    - 2) the CFCA revenue from core deliveries during the month; and (T)
    - (D)
    - (D)
    - (D)
    - 3) the revenue from the local transmission rate component from core deliveries during the month; excluding the allowance for F&U; (T)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

- b. A debit entry equal to: (T)
  - 1) one-twelfth of the core portion of the authorized GRC/BCAP Revenue Requirements (N)  
excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U); (N)
  - 2) the core portion of intervenor compensation payments authorized by the CPUC, (T)  
recorded during the month; and
  - 3) the core annual average local transmission rate multiplied by the core local (T)  
transmission usage during the month.
- c. An entry equal to the balances transferred to or from this account as adopted in a Cost (T)  
Allocation Proceeding or at other times, as ordered by the CPUC; and (D)
- d. An entry equal to interest on the average of the balance in the account at the beginning of the (T)  
month and the balance in the account after entries F.6.a through F.6.c, above, at a rate equal (T)  
to one-twelfth the interest rate of the three-month Commercial Paper for the previous month,  
as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)



PRELIMINARY STATEMENT  
(Continued)

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA)

- 1. PURPOSE: The purpose of the NCA is to record certain noncore costs and revenues from noncore customers. The balance in this account will be incorporated into noncore transportation rates in the next Cost Allocation Proceeding or Annual True-up of Balancing Accounts.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. (T)

- 2. APPLICABILITY: The NCA balance applies to noncore transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
- 3. REVISION: The revision date applicable to the NCA shall coincide with the revision date of the Cost Allocation Proceeding or at other times, as ordered by the CPUC.
- 4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
- 5. NCA RATES: NCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
- 6. ACCOUNTING PROCEDURE: The NCA consists of the following subaccounts:

The "Industrial Distribution Subaccount" tracks the portion of costs or balances allocated specifically to industrial distribution-level customers taking service on Schedule G-NT.

The "Industrial Transmission Subaccount" tracks the portion of costs or balances allocated specifically to industrial transmission-level customers taking service on Schedule G-NT.

The "Noncore Subaccount" tracks costs or balances allocated on an equal cents per therm basis to all noncore customers. Prior to revising the NCA rate, the noncore distribution and transmission portion of the balance in this subaccount will be transferred to the Industrial Distribution and Industrial Transmission Subaccounts, respectively.

The "Interim Relief Subaccount" tracks the noncore industrial distribution portion of the interim gas revenue requirement increase adopted in Decision 98-12-078. The balance in this subaccount will be allocated to noncore industrial distribution rates and included in the NCA rate component (see Preliminary Statement Part B) upon implementation of the next Annual True-up of Balancing Accounts.

a. Industrial Distribution Subaccount

The following entries will be made to this subaccount each month:

- 1) a debit entry equal to any expense adopted by the CPUC as a cost to be included in this account;

(D)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

- (D)
- 2) a credit entry equal to the noncore distribution portion of NCA revenue, excluding the allowance for F&U; (T)
- 3) an entry equal to the adopted balances transferred to this account in a cost allocation proceeding or at other times, as ordered by the CPUC; and (T)
- 4) an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance after entries from J.6.a.1 through J.6.a.3, above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)  
(T)

b. Industrial Transmission Subaccount

The following entries will be made to this subaccount each month:

- 1) a debit entry equal to any expense adopted by the CPUC as a cost to be included in this account; (D)  
(D)
- 2) a credit entry equal to the noncore transmission portion of NCA revenue, excluding the allowance for F&U; (T)
- 3) an entry equal to the adopted balances transferred to this subaccount in a cost allocation proceeding or at other times, as ordered by the CPUC; and (T)
- 4) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance after entries from J.6.b.1 through J.6.b.3, above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)  
(T)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

V. CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT (CAREA)

- 1. **PURPOSE:** The purpose of the CARE balancing account is to record the California Alternate Rates for Energy (CARE) revenue shortfall associated with the Low-Income Ratepayer Assistance (LIRA) Program established by Decisions 89-07-062 and 89-09-044, as well as the expansion of the LIRA Program authorized by Decision 92-04-024. This account also records the CARE Program administrative costs, pursuant to Public Utilities Code Section 739.1 (b). The program was revised in Decision 94-12-049 and the name changed to CARE. The balance in this account will be amortized into transportation rates in the next Cost Allocation Proceeding or Annual True-up of Balancing Accounts and incorporated in the next year's gas Public Purpose Program (PPP) surcharge. (T)

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C, or in Rule 1. Refer to Section C.8 for the CARE shortfall computation.

- 2. **APPLICABILITY:** The CAREA balance applies to all non-CARE rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
- 3. **REVISION DATE:** The revision date applicable to the CAREA rate shall coincide with the revision date of the Cost Allocation Proceeding, gas PPP surcharge, or at other times, as ordered by the CPUC. (T)
- 4. **FORECAST PERIOD:** The forecast test period will be as specified in the current Cost Allocation Proceeding.
- 5. **CAREA RATES:** CAREA Rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
- 6. **ACCOUNTING PROCEDURE:** PG&E shall make the following entries to the CAREA at the end of each month:
  - a. a debit entry equal to the CARE revenue shortfall resulting from core deliveries during the current month less the allowance for Franchise Fees and Uncollectibles Accounts Expense (F&U);
  - b. a debit entry equal to all monthly administrative costs allocated to the gas CARE Program that include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment;
  - c. a credit entry equal to the PPP-CARE revenue, net of F&U; and (T)
  - d. an entry equal to the interest on the average balance in the account at the beginning of the month and the balance in the account after entries V.6.a and V.6.c, 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, H.15, or its successor.
- 7. **REASONABLENESS REVIEW:** In conjunction with the appropriate proceeding, the utility shall file with the Commission an annual report on the CARE program, reporting on the reasonableness of recorded Program administrative costs included in the CARE balancing account during the previous year. CARE administrative costs shall include, but are not limited to, the costs specified in Section 739.1 (b) of the Public Utilities Code.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

BA. PUBLIC PURPOSE PROGRAM SURCHARGE – ENERGY EFFICIENCY, LOW INCOME ENERGY EFFICIENCY AND RESEARCH, DEVELOPMENT AND DEMONSTRATION BALANCING ACCOUNT (PPP-EE/LIEE/RDD) (N)

1. PURPOSE: The purpose of the PPP-EE/LIEE/RDD is to record authorized gas public purpose program (PPP) base revenue amounts and the gas PPP surcharge revenue that recovers these amounts. The balance in this account will be amortized into rates in the next Cost Allocation Proceeding or Annual True-up of the balancing accounts and incorporated into the gas PPP surcharge.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1.

- 2. APPLICABILITY: The PPP-EE/LIEE/RDD shall apply to all customer classes, except for those specifically excluded by the Commission.
- 3. REVISION: The revision date applicable to the PPP-EE/LIEE/RDD shall coincide with the revision date of the Cost Allocation Proceeding, gas PPP surcharge, or at other times, as ordered by the CPUC.
- 4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
- 5. PPP-EE/LIEE RATES: PPP-EE/LIEE/RDD rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
- 6. ACCOUNTING PROCEDURE: PG&E shall make the following entries to this PPP-EE/LIEE/RDD at the end of each month:
  - a. A debit entry equal to 1/12 of the authorized Public Purpose Program Revenue Requirement (excluding CARE Administrative and General Expenses), excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
  - b. A credit entry equal to the PPP-EE/LIEE/RDD revenue; and
  - c. An entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries BA.6.a through BA.6.b, above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

BB. PUBLIC PURPOSE PROGRAM SURCHARGE MEMORANDUM ACCOUNT (PPP-MA)

(N)

1. PURPOSE: The purpose of the PPP-MA is to record the payments of the gas Public Purpose Program (PPP) surcharge collected by PG&E and remitted to the California State Board of Equalization (BOE), and the funding obtained from the Gas Consumption Surcharge Fund, as authorized by Resolution G-3303 dated December 21, 2000. The interest earned on appropriations from the Fund, and carrying costs on payments made to the BOE are also tracked in this account.
2. APPLICABILITY: The PPP-MA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. RATES: The PPP-MA currently does not have a rate component.
4. ACCOUNTING PROCEDURE: PG&E is authorized to maintain the PPP-MA by making the following entries:
  - a. A debit entry equal to the gas PPP surcharge amount remitted to the BOE on a quarterly basis;
  - b. A credit entry equal to the appropriation from the Gas Surcharge Fund on a quarterly basis; and
  - c. An entry equal to the interest on the average balance in the account at the beginning of the month and the balance in the account after entries BB.4.a and BB.4.b, 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, H.15, or its successor.

(N)

(Continued)



TABLE OF CONTENTS  
(Continued)

PRELIMINARY STATEMENTS  
(CONTINUED)

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part AN	Hazardous Substance Mechanism .....	16979,16980,16692 to 16694-G
Part AO	Not Being Used	
Part AP	Not Being Used	
Part AQ	Pipeline Expansion Balancing Account.....	16519 to 16521-G
Part AR	Demand-Side Management Tax Change Memorandum Account.....	16502-G
Part AS	Not Being Used	
Part AT	Not Being Used	
Part AU	Allocation of Residual Costs Memorandum Account .....	19933,19934-G
Part AV	Capital Audit Consultant Cost Memorandum Account .....	20432-G
Part AW	Self-Generation Program Memorandum Account .....	20984-G
Part AX	Food Service Technology Center Memorandum Account.....	20987-G
Part AY	Baseline Balancing Account .....	21051-G
Part AZ	El Paso Turned-Back Capacity Balancing Account .....	21378 to 21380-G
Part BA	Public Purpose Program Surcharge – Energy Efficiency, Low Income Energy Efficiency and Research, Development and Demonstration Balancing Account .....	21446-G (N)
Part BB	Public Purpose Program Surcharge Memorandum Account .....	21447-G (N)

(Continued)



TABLE OF CONTENTS  
(Continued)

PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part A	Description of Service Area & General Requirements .....	14615 to 14623,18797-G
Part B	Default Tariff Rate Components.....	21326,21327,21328, .....21329,21330,21331,21332,21333,20889,21421 to 21428,21018,20842-G
Part C	Gas Accounting Terms and Definitions 21429,21330,21431,21432,21377,21433,21434,21435,21436,21437,21438,21439,21440-G	(T)
Part D	Purchased Gas Account .....	20847,20445,20848-G
Part E	Not Being Used	
Part F	Core Fixed Cost Account .....	21441,21442-G
Part G	Not Being Used	
Part H	Not Being Used	
Part I	Noncore Brokerage Fee Balancing Account.....	18061-G
Part J	Noncore Customer Class Charge Account .....	21443,21444,20853-G
Part K	Enhanced Oil Recovery Account .....	17360-G
Part L	Balancing Charge Account .....	20854,20030-G
Part M	Core Subscription Phase-Out Account .....	18456-G
Part N	Not Being Used	
Part O	CPUC Reimbursement Fee .....	21360-G
Part P	Income Tax Component of Contributions Provision.....	14224,13501-G
Part Q	Affiliate Transfer Fees Account.....	19459-G
Part R	Not Being Used	
Part S	Interest .....	12773-G
Part T	Tax Reform Act of 1986 .....	12775-G
Part U	Core Brokerage Fee Balancing Account.....	18065-G
Part V	California Alternate Rates For Energy Account .....	21445-G
Part W	Cogeneration Distribution Shortfall Account .....	19203-G
Part X	Natural Gas Vehicle Balancing Account .....	20952,20953-G
Part Y	Customer Energy Efficiency Adjustment.....	18551,18552,18553-G
Part Z	Energy Efficiency California Energy Commission Memorandum Account.....	20797-G
Part AA	Not Being Used	
Part AB	Not Being Used	
Part AC	Catastrophic Event Memorandum Account.....	14178,14179-G
Part AD	Not Being Used	
Part AE	Core Pipeline Demand Charge Account .....	21361,21362,18978-G
Part AF	Not Being Used	
Part AG	Core Firm Storage Account.....	20031-G
Part AH	Air Quality Adjustment Clause .....	14928 to 14930-G
Part AI	Applicant Installation Trench Inspection Deferred Account .....	19533-G
Part AJ	Applicant Installation Trench Inspection Memorandum Account .....	19534-G
Part AK	Not Being Used	
Part AL	Not Being Used	
Part AM	Not Being Used	

(Continued)



TABLE OF CONTENTS

	<u>CAL P.U.C. SHEET NO.</u>	
Title Page .....	11271-G	
Table of Contents:		
Rate Schedules .....	21450,21403-G	(T)
Preliminary Statements .....	21449,21448-G	(T)
Rules .....	21124-G	
Maps, Contracts and Deviations.....	20922-G	
Sample Forms .....	21125,21373,21088,20924,21016-G	

RATE SCHEDULES

RESIDENTIAL

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
G-1	Residential Service .....	21334,18597-G
GM	Master-Metered Multifamily Service .....	21335,21028,18599-G
GS	Multifamily Service .....	21336,21030,18601-G
GT	Mobilehome Park Service .....	21337,21032-G
G-10	Service to Company Employees .....	11318-G
GL-1	Residential CARE Program Service.....	21338,18603-G
GML	Master-Metered Multifamily CARE Program Service .....	21339,21035,18605-G
GSL	Multifamily CARE Program Service.....	21340,21037,18607-G
GTL	Mobilehome Park CARE Program Service.....	21341,21342,18608-G
G-MHPS	Master-Metered Mobilehome Park Safety Surcharge .....	19986-G

NONRESIDENTIAL

G-NR1	Gas Service to Small Commercial Customers .....	21343,18980-G
G-NR2	Gas Service to Large Commercial Customers .....	21344,18981-G
G-CP	Gas Procurement Service to Core End-Use Customers .....	21345-G
G-NT	Gas Transportation Service to Noncore End-Use Customers .....	20855,21396,18361,20450-G
G-COG	Gas Transportation Service to Cogeneration Facilities .....	20957,20857,18114,18985-G
G-EG	Gas Transportation Service to Electric Generation .....	21397,19423-G
G-30	Public Outdoor Lighting Service.....	21398,17050-G
G-WSL	Gas Transportation Service to Wholesale/Resale Customers .....	21399,20861,20862-G
G-BAL	Gas Balancing Service for Intrastate Transportation Customers .....	20687,20033 to 20045-G

(Continued)