

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



February 19, 2004

Advice Letter 2498-G

Ms Anita Smith, Rate Analyst  
Pacific Gas and Electric Company  
77 Beale Street, 10B Mail Code  
San Francisco, CA 94177

Subject: Gas Transportation Rate Changes – Annual Balancing Account True-Up and  
1999 General Rate Case Decision 03-04-002

Dear Ms Smith:

Advice Letter 2498-G is effective January 1, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clavin".

Director  
Energy Division



**Pacific Gas and  
Electric Company**

November 14, 2003

**ADVICE 2498-G**  
(Pacific Gas and Electric Company ID U39G)

**Subject: Gas Transportation Rate Changes Effective January 1, 2004**  
**(Annual True-Up and 1999 GRC Decision 03-04-002)**

Public Utilities Commission of the State of California

**Purpose**

The purpose of this filing is to submit proposed revisions to Pacific Gas and Electric Company's (PG&E) gas tariffs for Commission-approved changes effective January 1, 2004.<sup>1</sup> This filing updates core and noncore gas transportation rates and gas revenue requirements resulting from PG&E's Annual True-up of Transportation Balancing Accounts (Annual True-up). This filing also incorporates the gas revenue requirement change approved in Advice 2459-G resulting from the 1999 General Rate Case (GRC) Rehearing Decision (D.) 03-04-002. The changes proposed in this filing result in a \$28 million net decrease to core bundled rates and a \$1 million net decrease in noncore transportation rates. Rate changes for each customer class resulting from this filing are shown on Attachment I.

In accordance with Decision (D.) 95-12-053 and gas Preliminary Statement Part C.11.b., PG&E is allowed to update the amortization components of the core and noncore transportation rates for all transportation-related balancing accounts at the end of the first year of the Biennial Cost Allocation Proceeding (BCAP), and every 12 months thereafter until a new BCAP decision is rendered. PG&E implemented the most recent BCAP January 1, 2002, and filed an Annual True-up in Advice 2421-G effective January 1, 2003.<sup>2</sup> Currently, PG&E anticipates submitting its next BCAP application following a final Commission decision in PG&E's pending 2003 GRC A. 02-11-017.

<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.

<sup>2</sup> Gas Preliminary Statement Part C.11.b provides that proposed True-up rates must be submitted to the Commission 45 days in advance of the effective date; thus, this initial advice filing shows proposed True-up and other rate changes authorized as of this date.

**Karen A. Tomcala**  
Vice President  
Regulatory Relations

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San Francisco, CA 94105

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Mail Code B10A  
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Prior to the end of 2003, core and noncore transportation rate changes shown on Attachment I may be revised depending on the outcome of several proceedings pending at the Commission, including the El Paso Turned- Back Capacity Rulemaking 02-06-041 and PG&E's Gas Accord II-2004 Application 01-10-011.

PG&E anticipates that final core transportation rate changes will be incorporated in the core procurement monthly procurement price advice letter filed on December 23, 2003, for rates effective January 1, 2004. Final noncore transportation rate changes will be filed in a separate advice filing for rates effective that same date.

### Impact of Rate Changes

PG&E proposes to incorporate the forecast December 2003 transportation balancing account balances in core and noncore transportation rates effective January 1, 2004. PG&E also is incorporating into core and noncore industrial distribution transportation rates the revenue requirement adopted in Advice 2459-G resulting from the 1999 GRC Rehearing Decision (D.) 03-04-002.

The Annual True-up results in a net decrease to core rates of \$28 million. The decrease to core rates is primarily caused by the net change from current rates associated with a \$12 million decrease in the Core Fixed Cost Account (CFCA)<sup>3</sup>, and other non-CARE balancing account balances and an \$8 million decrease in the CARE balance. The impact of the revision to the GRC base revenue requirement is a decrease of \$21 million. In addition, the core bundled rates include a \$13 million increase in illustrative shrinkage costs consistent with the illustrative weighted average cost of gas of \$0.463 per therm used to calculate the 2004 Public Purpose Program (PPP) gas surcharge in Advice 2488-G.

The Annual True-up results in a net decrease to noncore industrial distribution rates of \$1.8 million primarily due to the net impact of the Noncore Customer Class Charge Account (NCA)<sup>4</sup>, CARE and other balancing account balances. In addition, the impact of the revision to the GRC base revenue is a decrease of \$0.7 million.

The Annual True-up results in a net decrease to noncore industrial transmission rates of \$2.8 million primarily due to the net impact of the NCA, CARE and other balancing account balances

The Annual True-up results in a net increase to electric generation and cogeneration rates of \$4.3 million primarily due to the net impact of the NCA and other non-CARE balancing account balances.

<sup>3</sup> These amounts include the core portion of several other balancing account balances that are transferred to the CFCA for recovery from core customers.

<sup>4</sup> These amounts include the noncore portion of several other balancing account balances that are transferred to the NCA for recovery from noncore customers.



## Public Purpose Program Balancing Accounts

PG&E filed its PPP Gas Surcharge for January 1, 2004, in Advice 2488-G, on September 30, 2003. The PPP gas surcharge filed in Advice 2488-G included a forecast undercollection of \$4.225 million of PPP program costs that PG&E proposes to transfer from the CFCA and Industrial Distribution and Industrial Transmission subaccounts of the NCA to be recovered in the 2004 PPP gas surcharge. Based on more recent recorded data, the transfer amount from the CFCA and NCA to the PPP Surcharge is \$4.325 million. PG&E will update the PPP surcharge to reflect this change in supplemental Advice 2488-G-A, to be filed concurrent with the 2004 Annual True-up.<sup>5</sup>

The PPP gas surcharge filed in Advice 2488-G did not update the CARE balancing account from \$29.726 million currently included in rates. Supplemental Advice 2488-G-A will update the forecast CARE balancing account balance to \$15.442 million consistent with this filing. Advice 2488-G-A will also include an update of the CARE subsidy based on the transportation rates shown herein.

### Effective Date

PG&E requests that this filing be approved effective **January 1, 2004**. As mentioned above, the core and noncore transportation rate changes shown on Attachment I may change depending on the outcome of several proceedings pending at the Commission between now and the end of 2003. Changes to core transportation rates resulting from the True-up revenue adjustments will be incorporated into the monthly core procurement price advice letter that PG&E expects to file on December 23, 2003, for rates effective **January 1, 2004**. Changes to noncore transportation rate changes will be included in a separate filing effective **January 1, 2004**.

### Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 4, 2003**, 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:

<sup>5</sup> This treatment of the PPP portion of the CFCA and NCA balances is consistent with PG&E's 2003 PPP Surcharge Advice 2421-G/G-A and PU Code Section 890, which implemented the PPP gas surcharge effective January 1, 2001. PG&E filed Advice 2440-G on January 27, 2003, to record the core and noncore portion of PPP revenue requirement and the PPP surcharge revenue separate from the CFCA and NCA. The Energy Division has not yet acted upon that advice letter. Implementation of PU Code Section 890 is the subject of Commission Rulemaking 02-10-001.



IMC Branch Chief – Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> 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: Brian Cherry  
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](mailto: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, and the service list below.<sup>6</sup> Supporting workpapers (Attachments II and III) for this filing are available upon written request to: Pacific Gas and Electric Company, Regulatory Relations Department, Attention: Sandra Ciach, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, CA 94177. Address changes should also be directed to Sandra Ciach at (415) 973-7571. 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 – PPP Gas Surcharge R. 02-10-001

<sup>6</sup> The service list for BCAP A. 00-04-002 is no longer maintained on the CPUC's website.

**Attachment I  
Table 1**

**PACIFIC GAS AND ELECTRIC COMPANY  
2004 - ANNUAL TRUE-UP OF BALANCING ACCOUNTS (Advice 2498-G)  
Illustrative Core Gas Rates - August 8, 2003**

Note: Tariff sheets showing final core transportation rate will included in PG&E's March 2003 core gas procurement monthly price filing.

<u>Residential Service</u>	<u>(Schedules G-1, GM, GS, GT)</u>		<u>CARE</u> <u>(Schedules GL-1, GML, GSL, GTL)</u>	
	<u>Baseline</u>	<u>Excess</u>	<u>Baseline</u>	<u>Excess</u>
Procurement:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
Transportation:	\$0.30237 (R)	\$0.51398 (R)	\$0.30237 (R)	\$0.51398 (R)
CARE Discount:	N/A	N/A	\$0.XXXXX	\$0.XXXXX
Total Rate:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

Small Commercial Service (Schedule GNR-1)

	<u>Per Month</u>			
	<u>Summer</u>		<u>Winter</u>	
	<u>0 - 39 Therms</u>	<u>40 Therms or More</u>	<u>0 - 145 Therms</u>	<u>146 Therms or More</u>
Customer Charges:	\$10.50	\$13.42	\$10.50	\$13.42

  

	<u>Per Therm</u>			
	<u>Summer</u>		<u>Winter</u>	
	<u>First 4,000 Therms</u>	<u>Excess</u>	<u>First 4,000 Therms</u>	<u>Excess</u>
Procurement:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
Transportation:	\$0.25274 (R)	\$0.16628 (R)	\$0.31384 (R)	\$0.20649 (R)
Total Rate:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

Large Commercial Service (Schedule GNR-2)

	<u>Per Month</u>	
Customer Charge:	\$150.72	

  

	<u>Per Therm</u>			
	<u>Summer</u>		<u>Winter</u>	
	<u>First 4,000 Therms</u>	<u>Excess</u>	<u>First 4,000 Therms</u>	<u>Excess</u>
Charges:				
Procurement:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
Transportation:	\$0.25274 (R)	\$0.16628 (R)	\$0.31384 (R)	\$0.20649 (R)
Total Rate:	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

Natural Gas Vehicle Service

	<u>Schedule G-NGV1</u>	<u>Schedule G-NGV2</u>
Customer Charge:	\$13.42	N/A
Procurement:	\$0.XXXXX	\$0.XXXXX
Transportation:	\$0.16159 (R)	\$0.73473 (R)
Total Rate:	\$0.XXXXX	\$0.XXXXX

\*Winter rates effective from November 1 through March 31.

Customers on Schedule G-CT -- *Core Gas Aggregation Service*, pay for service under their otherwise-applicable core rate schedule. Customers who procure gas from a third party do not pay the procurement charge on their otherwise-applicable rate schedule, and may be subject to franchise fee surcharges under schedule G-SUR.

## Attachment I

## Table 2

**PACIFIC GAS AND ELECTRIC COMPANY**  
**2004 - ANNUAL TRUE-UP OF BALANCING ACCOUNTS (Advice 2498-G)**  
**Illustrative Noncore Gas Rates - August 1, 2003**

Note: Tariff sheets showing final noncore transportation rates will be filed by separate advice letter.

**Industrial (G-NT)**

<u>Customer Acces Charge</u>	<u>\$ per Month</u>	
0 to 5,000	\$11.87	
5,001 to 10,000	\$93.52	
10,000 to 50,000	\$354.79	
50,001 to 200,000	\$935.23	
200,001 to 1,000,000	\$1,339.02	
1,000,000 and higher	\$3,892.38	
<u>Transportation Charge (\$/therm)</u>		
Transmission	\$0.04357	(R)
	<u>Summer</u>	<u>Winter</u>
Distribution (0 - 249,999 therms)	\$0.12313 (R)	\$0.15167 (R)
Distribution (250,000 - 5999,999 therms)	\$0.10013 (R)	\$0.12063 (R)
Distribution (600,000 - 1,999,999 therms)	\$0.09604 (R)	\$0.11510 (R)
Distribution (2,000,000 therms and above)	\$0.08782 (R)	\$0.10401 (R)

**Electric Generation (G-EG)**

Transportation Charge (\$/therm)	\$0.02621	(I)
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**Cogeneration (G-COG) (Effective 10/1/03)**

Transportation Charge (\$/therm)	\$0.02621	(I)
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**Wholesale (G-WSL)**

<u>Customer Acces Charge</u>	<u>\$ per Month</u>	
Palo Alto	\$4,392.60	
Coalinga	\$1,028.08	
West Coast Gas - Mather	\$746.87	
West Coast Gas - Castle	\$482.20	
Island Energy	\$560.47	
Alpine Natural Gas	\$206.71	
<u>Transportation Charge (\$/therm)</u>		
Palo Alto	\$0.02324	(I)
Coalinga	\$0.02324	(I)
West Coast Gas - Mather	\$0.02324	(I)
West Coast Gas - Castle	\$0.02324	(I)
Island Energy	\$0.02324	(I)
Alpine Natural Gas	\$0.02324	(I)

**Natural Gas Vehicle - Uncompress (G-NGV4)**

<u>Customer Acces Charge</u>	<u>\$ per Month</u>	
0 to 5,000	\$11.87	
5,001 to 10,000	\$93.52	
10,000 to 50,000	\$354.79	
50,001 to 200,000	\$935.23	
200,001 to 1,000,000	\$1,339.02	
1,000,000 and higher	\$3,892.38	
<u>Transportation Charge (\$/therm)</u>		
Transmission	\$0.04357	(R)
	<u>Summer</u>	<u>Winter</u>
Distribution (0 - 249,999 therms)	\$0.12313 (R)	\$0.15167 (R)
Distribution (250,000 - 5999,999 therms)	\$0.10013 (R)	\$0.12063 (R)
Distribution (600,000 - 1,999,999 therms)	\$0.09604 (R)	\$0.11510 (R)
Distribution (2,000,000 therms and above)	\$0.08782 (R)	\$0.10401 (R)

**Liquified Natural Gas (G-LNG)**

Transportation Charge (\$/therm)	\$0.18584	(R)
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Codes: (I) = Rate Increase; (R) = Rate Reduction; and no code is shown if there has been no change in the rate from the previous period.

**PGE Gas Advice Filing  
List  
General Order 96-A, Section III(G)**

ABAG Power Pool  
Accent Energy  
ACN Energy, Inc.  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Alcantar & Elsesser  
Applied Power Technologies  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Blue Ridge Gas  
BP Energy Company  
Braun & Associates  
C & H Sugar Co.  
CA Bldg Industry Association  
CA Cotton Ginners & Growers Assoc.  
CA League of Food Processors  
CA Water Service Group  
California Energy Commission  
California Farm Bureau Federation  
California Gas Acquisition Svcs  
California ISO  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
Cardinal Cogen  
Chevron USA Production Co.  
Childress, David A.  
City of Glendale  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Constellation New Energy  
CPUC  
Creative Technology  
Cross Border Inc  
Crossborder Inc  
CSC Energy Services  
Davis, Wright Tremaine LLP  
Davis, Wright, Tremaine, LLP  
Defense Fuel Support Center  
Department of the Army  
Department of Water & Power City  
DGS Natural Gas Services  
DMM Customer Services  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy Inc.  
Ellison Schneider  
Energy Law Group LLP

Enron Energy Services  
Exelon Energy Ohio, Inc  
Exeter Associates  
Foster Farms  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
G. A. Krause & Assoc  
GLJ Energy Publications  
Goodin, MacBride, Squeri, Schlotz &  
Grueneich Resource Advocates  
Hanna & Morton  
Heeg, Peggy A.  
Hogan Manufacturing, Inc  
House, Lon  
Integrated Utility Consulting Group  
International Power Technology  
Interstate Gas Services, Inc.  
J. R. Wood, Inc  
JTM, Inc  
Kaiser Cement Corp  
Korea Elec Power Corp  
Luce, Forward, Hamilton & Scripps  
Marcus, David  
Masonite Corporation  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Meyer, Joseph  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmiller & Assoc.  
Navigant Consulting  
New United Motor Mfg, Inc  
Norris & Wong Associates  
Northern California Power Agency  
Office of Energy Assessments  
Palo Alto Muni Utilities  
PG&E National Energy Group  
Pinnacle CNG Company  
PITCO  
Plurimi, Inc.  
PPL EnergyPlus, LLC  
Price, Roy  
Product Development Dept  
Provost Pritchard  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar  
Sacramento Municipal Utility District  
SCD Energy Solutions  
Seattle City Light

Sempra  
Sempra Energy  
Sequoia Union HS Dist  
SESCO  
Sierra Pacific Power Company  
Silicon Valley Power  
Simpson Paper Company  
Smurfit Stone Container Corp  
Southern California Edison  
SPURR  
St. Paul Assoc  
Stanford University  
Sutherland, Asbill & Brennan  
Tabors Caramanis & Associates  
Tansev and Associates  
Tecogen, Inc  
TFS Energy  
TJ Cross Engineers  
Transwestern Pipeline Co  
U S Borax, Inc  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA