

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



February 5, 2004

Advice Letter 2505-G/2505-G-A

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

Subject: Noncore to core service eligibility and crossover procurement rate

Dear Ms Smith:

Advice Letter 2505G-/2505-G-A is effective March 1, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

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

Paul Clanon, Director
Energy Division



**Pacific Gas and
Electric Company**

Karen A. Tomcala
Vice President
Regulatory Relations

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San Francisco, CA 94105

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January 13, 2004

Advice 2505-G-A
(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Noncore to Core Service Eligibility and Crossover Procurement
Rate (Supplemental)**

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

Purpose

This filing complies with Ordering Paragraph (OP) 2 of Decision (D.) 03-12-008, issued December 4, 2003, in Application (A.) 02-11-028. In Advice 2505-G dated December 15, 2003, PG&E submitted tariffs to reinstate noncore to core service migration as revised, and to implement a new crossover rate schedule applicable to noncore customers that migrate to core gas service. This filing supplements Advice 2505-G by filing final versions of certain pro forma tariffs submitted in that filing as described below.

Background

D. 03-12-008 adopts PG&E's proposals in A. 02-11-028 to prohibit migration to core service for: 1) electric generation, cogeneration, refinery, and Enhanced Oil Recovery customers with historical, or potential annual usage exceeding 250,000 therms; and 2) electric generation and cogeneration customers with nameplate kilowatt capacity of five hundred kilowatts (500 kW) or greater. D. 03-12-008 reinstates noncore to core service migration for the remaining eligible noncore customers, requiring these customers to elect core service for a minimum five-year term. The decision also adopts PG&E's request to eliminate existing tariff provisions that require non-voluntary transfers from noncore to core service.

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.



Tariff Revisions

Noncore to Core Migration

Pursuant to D. 03-12-008, PG&E is revising its gas tariffs to reinstate noncore to core service migration consistent with the pro-forma tariffs included in A. 02-11-028 and the Supplement to the Application dated March 21, 2003, as described below.

In Advice 2505-G, PG&E filed pro-forma (draft) Schedules G-NT--*Gas Transportation Service To Noncore End-Use Customers*, G-EG--*Gas Transportation Service to Electric Generation*, and G-COG--*Gas Transportation Service to Cogeneration Facilities*. Now that PG&E has filed rate changes effective January 1, 2004, in Gas Accord II Advice 2508-G, updated rates can be incorporated into those schedules, along with minor text changes from Advice 2508-G.

Crossover Rate

Final versions of the pro-forma crossover rate Schedule G-CPX and Form No. 79-983, Request for Reclassification from Noncore Service to Core Service, will be filed separately for implementation on March 1, 2004. As described in Advice 2505-G, PG&E proposes to file the initial crossover rate (using the February 2004 published indices) on or before February 25, 2004, to be effective March 1, 2004. The initial crossover rate will remain in effect until the regularly filed crossover rate becomes effective March 10, 2004.²

Proposed text changes filed in Advice 2505-G for core Schedules G-NR1—*Gas Service To Small Commercial Customers*, G-NR2—*Gas Service To Large Commercial Customers*, and G-NGV1—*Experimental Natural Gas Service For Compression On Customer's Premise*, will be incorporated into the core monthly procurement price filing effective March 5, 2004.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 2, 2004**, 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:

² Due to the timing when the published indices are available, the crossover rate will become effective a few days after the monthly core procurement rate that is generally effective the 5th business day of the month.



January 13, 2004

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: Brian K. 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

Effective Date

In accordance with D. 03-12-008, PG&E requests that this advice filing become effective **March 1, 2004**.

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 service list for A. 02-11-028. 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\tariffs\>

Vice President - Regulatory Relations

Attachments

cc: Service List – A. 02-11-028

**ATTACHMENT I
ADVICE 2505-G-A**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal P.U.C. Sheet No.</u>
22119-G	Schedule G-NT - Gas Transportation Service To Noncore End-Use Customers	22035-G
22120-G	Schedule G-COG - Gas Transportation Service to Cogeneration Facilities	22039-G
22121-G	Schedule G-EG - Gas Transportation Service to Electric Generation	22040-G
22122-G	Table of Contents	22118-G



SCHEDULE G-NT—GAS TRANSPORTATION SERVICE TO NONCORE END-USE CUSTOMERS

APPLICABILITY: This rate schedule* applies to the transportation of natural gas to Noncore End-Use Customers on PG&E's Local Transmission and/or Distribution Systems. To qualify for service under this schedule, a Customer must be classified as a Noncore End-Use Customer, as defined in Rule 1. To initially qualify for noncore status, a non-residential Customer must have maintained an average monthly use, through a single meter, in excess of 20,800 therms during the previous twelve (12) months, excluding those months during which usage was 200 therms or less. Certain noncore customers served under this schedule may be restricted from converting to a core rate schedule. See Rule 12 for details on core and noncore reclassification. (N)
(N)

Customers on Schedule G-NT must procure gas supply from a supplier other than PG&E.

TERRITORY: Schedule G-NT applies everywhere within PG&E's natural gas Service Territory.

RATES: The applicable Customer Access Charges and Distribution Level Transportation Rate specified below is based on the Customer's Average Monthly Usage, as defined in Gas Rule 1. Usage through multiple noncore gas meters on a single premises will be combined to determine Average Monthly Usage.

The following charges apply to service under this schedule:

1. Customer Access Charge:

The applicable Per-Day Customer Access Charge is multiplied by the number of days in the billing period.

<u>Average Monthly Use (Therms)</u>	<u>Per Day</u>
0 to 5,000	\$ 0.99010
5,001 to 10,000	\$ 7.80073
10,001 to 50,000	\$ 29.59388
50,001 to 200,000	\$ 78.00975
200,001 to 1,000,000	\$111.69084
1,000,001 and above	\$324.67266

* PG&E's gas tariffs are available on-line at www.pge.com.

(Continued)



SCHEDULE G-COG—GAS TRANSPORTATION SERVICE TO COGENERATION FACILITIES

APPLICABILITY: This rate schedule applies to the transportation of natural gas on PG&E's Local Transmission and/or Distribution System to cogeneration facilities and solar electric generation projects, as defined herein. This rate schedule also applies to Customers previously served under Schedule G-EPO.

To qualify for service under this schedule, a Customer must be a cogeneration facility which sequentially uses natural gas to produce electricity and useful thermal energy, as specified in the California Public Utilities Code Section 218.5,* or a solar electric generation project as defined herein.

Customers receive service under this schedule in conjunction with the rate schedule that would otherwise apply if the Customer did not meet the requirements to qualify as a cogeneration facility. All provisions in the otherwise-applicable schedule will be binding on the Customer unless superseded by the provisions in this schedule.

Pursuant to CPUC Decision (D.) 03-12-008, all cogeneration customers with historical or potential annual use greater than 250,000 therms per year (as defined in Rule 12) under this schedule, or rated generation capacity of five hundred kilowatts (500 kW) or larger, must take this schedule in conjunction with a noncore transportation rate schedule, and are restricted from being reclassified to core service. Noncore End-Use customers must procure gas supply from a supplier other than PG&E. (N) (L)

Core End-Use Customers that use 250,000 therms or less per year under this schedule will pay the procurement charge under their otherwise-applicable rate schedule, unless they purchase gas from a third-party supplier. Customers served under a core rate schedule in conjunction with this schedule as of December 4, 2003, the effective date of D.03-12-008, will be allowed to continue procuring gas supply from PG&E. (T) (L) (N) (L) (N)

TERRITORY: Schedule G-COG applies everywhere within PG&E's natural gas service territory.

RATES: The following transportation charges do not include charges for service on PG&E's Backbone Transmission System. These rates apply to volumes up to the Limitation of Gas Use, described herein.

Customers taking service under this schedule will be billed for transportation under the lower of the following rates:

1. The Schedule G-EG transportation rate, including discounts to PG&E's utility steam-electricity generating plants.

The Transportation Charge is: Per Therm
\$0.02644

or,

2. The rate specified in the Customer's otherwise-applicable rate schedule. (L) (L)

* Efficiency Standards: In accordance with PU Code Section 218.5, at least 5 percent of the facility's total output must be in the form of useful thermal energy. Where useful thermal energy follows power production, the useful annual power output plus one-half the useful annual thermal energy output must equal no less than 42.5 percent of any natural gas and oil energy input.

(Continued)



SCHEDULE G-EG—GAS TRANSPORTATION SERVICE TO ELECTRIC GENERATION

APPLICABILITY: This rate schedule* applies to the transportation of natural gas on PG&E's Local Transmission System. The following Customer loads will be served under Schedule G-EG: (a) PG&E-owned gas-fired electric generation plants, (b) gas-fired electric generation plants formerly owned by PG&E which have been divested pursuant to electric industry restructuring, (c) existing or new gas-fired electric generation facilities owned by municipalities, irrigation districts, joint power authorities or other state or local governmental entities that would otherwise qualify for Transmission rates under Schedule G-NT, and (d) merchant power plants and independent power production facilities that would otherwise qualify for Transmission rates under Schedule G-NT. This schedule does not apply to gas transported to non-electric generation loads, or to cogeneration loads.

Certain noncore customers served under this rate schedule may be restricted from converting to a core rate schedule. See Rule 12 for details on core and noncore reclassification.

(N)
|
(N)

TERRITORY: Schedule G-EG applies everywhere within PG&E's natural gas Service Territory.

RATES: The following charges apply to this schedule. They do not include charges for service on PG&E's Backbone Transmission System:

Transportation Charge (per therm): \$0.02644

Customers may be required to pay a franchise fee surcharge for gas volumes transported by PG&E. (See Schedule G-SUR for details.)

In addition, the Customer will also be responsible for any applicable costs, taxes, and/or fees incurred by PG&E in taking delivery of gas supplied from a source other than PG&E from intra- or interstate sources.

See Preliminary Statement, Part B for Default Tariff Rate Components.

NEGOTIABLE RATES: Rates under this schedule may be negotiated.

- NEGOTIATED RATE GUIDELINES:**
1. Standard tariff rates and terms are available to all Customers.
 2. PG&E may distinguish between parties in offering negotiated rates by evaluating differences in circumstances and conditions, including, but not limited to, differences occurring upstream of, downstream of, or at, the Customer's location, and differences affecting either cost of service to the Customer or Customer's market alternatives. Negotiations with Customers under this rate schedule will be conducted without undue preference or undue discrimination to the Customer or to any third party. Negotiated rates for G-EG service shall not be less than PG&E's short-run marginal cost of providing the service.
 3. PG&E will issue monthly reports to the Commission listing all negotiated contracts, including those negotiated under G-EG. PG&E will make the report available to others upon request. Customer names, including PG&E's affiliates and other departments, will not be provided in the report. However, the report will indicate whether a particular transaction was with an affiliate. The report will show the negotiated rates and dates of service.

* PG&E's gas tariffs are available on-line at www.pge.com.

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RATE SCHEDULES

RESIDENTIAL

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
G-1	Residential Service	21998,18597-G
GM	Master-Metered Multifamily Service	21999,21028,18599-G
GS	Multifamily Service	22000,21030,18601-G
GT	Mobilehome Park Service	22001,21032-G
G-10	Service to Company Employees	11318-G
GL-1	Residential CARE Program Service	22002,18603-G
GML	Master-Metered Multifamily CARE Program Service	22003,21035,18605-G
GSL	Multifamily CARE Program Service	22004,21037,18607-G
GTL	Mobilehome Park CARE Program Service	22005,22006,18608-G
G-MHPS	Master-Metered Mobilehome Park Safety Surcharge	22034-G

NONRESIDENTIAL

G-NR1	Gas Service to Small Commercial Customers	22007,18980-G	
G-NR2	Gas Service to Large Commercial Customers	22008,18981-G	
G-CP	Gas Procurement Service to Core End-Use Customers	22009-G	
G-NT	Gas Transportation Service to Noncore End-Use Customers	22119,22036,22037,22038-G	(T)
G-COG	Gas Transportation Service to Cogeneration Facilities	22120,20857,18114,18985-G	(T)
G-EG	Gas Transportation Service to Electric Generation	22121,22041-G	
G-30	Public Outdoor Lighting Service	22042,17050-G	
G-WSL	Gas Transportation Service to Wholesale/Resale Customers	22043,22044,22045-G	
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**PGE Gas Advice Filing
List
General Order 96-A, Section III(G)**

ABAG Power Pool
Accent Energy
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
Dynegy 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
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Tansev and Associates
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Western Hub Properties, LLC
White & Case
WMA