

PUBLIC UTILITIES COMMISSION

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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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December 15, 2003

Advice 2505-G
(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**

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

Purpose

This filing complies with Ordering Paragraph (OP) 2 of Decision (D.) 03-12-008², issued December 4, 2003, in Application (A.) 02-11-028. In accordance with D. 03-12-008, PG&E submits 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.

Background

In 2001, PG&E filed Advice Letters 2326-G and 2326-G-A requesting authority to prohibit noncore customers consuming over three million therms per year from electing core service and to lengthen the core service commitment from one year to five years for those noncore customers eligible to change service. On August

¹ PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

² OP 2 states that "within 10 days of the effective date of this decision, PG&E shall file tariffs that define the terms under which noncore gas customers may subscribe to core service consistent with those filed in this application except that they shall be modified to include a cross-over rate that is the higher of: a) the posted monthly core procurement rate, including intrastate backbone transportation costs, or b) PG&E's Core Procurement Incentive Mechanism monthly benchmark for California border purchases plus the per-unit cost of intrastate backbone costs included in the posted monthly procurement rate. The tariff shall provide that this rate will be in effect for the first twelve regular monthly billing periods after the date the customer switched to core service."



22, 2002, the CPUC issued Resolution (R.) G-3318 denying, without prejudice, PG&E's request and ordering PG&E to file a formal application to propose terms under which noncore customers on its system may elect core service. The Resolution also ordered PG&E to suspend voluntary transfers of noncore customers to core service effective immediately except for those customers whose gas supplier no longer offered service in California and an alternative gas supplier was unavailable to the customer. PG&E filed Advice 2407-G to suspend noncore migration to core service effective August 22, 2002. On March 21, 2003, PG&E filed Application A. 02-11-028 in compliance with R. G-3318.

On December 4, 2003, the CPUC issued D. 03-12-008 adopting 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.

Consistent with similar provisions adopted for Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) in D. 02-08-065, OP 2 also requires PG&E to implement a crossover rate to protect core procurement customers from cost liabilities that might occur if noncore customers migrate to core service.

Crossover Rate

PG&E proposes that the crossover rate be calculated as the higher of: a) the posted monthly core procurement rate, including intrastate backbone transportation costs, as shown in Schedule G-CP; or b) the higher of the AECO index (including variable transportation costs to Malin) or the Topock index, as used in the computation of PG&E's Core Procurement Incentive Mechanism (CPIM) monthly benchmark for California border purchases, plus the per unit cost of intrastate backbone transportation costs included in the posted monthly procurement rate, the adopted core brokerage fee, and an allowance for core distribution in-kind shrinkage per Gas Rule 21.

The index price as specified in D. 03-12-008 is a PG&E Citygate price. It is determined using the same indices used in the computation of the CPIM monthly benchmark for California border purchases to which is added the intrastate backbone transportation costs.³ To provide a more accurate comparison to the

³ To determine the index price, PG&E will use the Topock index published monthly in Natural Gas Intelligence (NGI) and the AECO index published monthly in the Canadian Gas Price Reporter (CGPR). The published indices are available on the 1st or 2nd business day of the month.



monthly core procurement rate, which is a delivered price to the customer, PG&E proposes to add to the Citygate index the adopted core brokerage fee and an allowance for core distribution in-kind shrinkage.

PG&E proposes to file the crossover rate on or before the 9th calendar day of each month, to be effective the 10th calendar day of each month.⁴ However, PG&E proposes to implement the new migration rules and crossover rate on the first day of the month because noncore customers' meters are generally read on the last day of each calendar month and some of these migrating noncore customers will be terminating third-party supply contracts to procure gas from PG&E. Assuming this advice letter is approved, 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, 2004.⁵

Eligible noncore customers that migrate to core service will pay the applicable crossover procurement charge under new rate Schedule G-CPX—*Crossover Gas Procurement Service for Core End-Use Customers*, for any of the first twelve (12) regular monthly billing periods they are taking core procurement service from PG&E. Crossover customers will pay the customer charge and transportation charge as specified in their otherwise-applicable core schedule.⁶ After the twelfth regular monthly billing period, the crossover rate will no longer apply and such customers will pay the procurement charge as specified on their otherwise-applicable rate schedule.

Tariff Revisions

Crossover Rate

Consistent with the crossover rate provisions of new Schedule G-CPX, described above, this filing revises the eligibility sections of gas 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*. PG&E is filing these schedules as drafts. Once the CPUC approves the text changes included herein, and prior to implementing the crossover rate, these schedules will be filed with the correct rates.

⁴ This is consistent with the effective date of the crossover rate for SoCalGas (See, for example, Advice No. 3300).

⁵ 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.

⁶ The otherwise applicable rate schedules that apply to crossover customers are G-NR1, G-NR2 and G-NGV1.



This filing also adds a footnote to the core Preliminary Statement Part B and updates Preliminary Statement Part C.11.a, regarding the crossover rate.

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.

Gas Rule 1—Definitions, has been modified to incorporate pro-forma revisions to customer definitions.

Gas Rule 12—Rates and Optional Rates, has been modified to incorporate the pro-forma revisions as follows:

- 1) Delete Section E.1.a "Mandatory Noncore to Core Reclassification", which required noncore customers that failed to use 20,800 therms at least one month each year to be reclassified to core service;
- 2) Describe terms of eligibility for migration from noncore to core gas service; and
- 3) Clarify that when a noncore customer's business is sold or transferred to a new legal entity, the new owner must elect either noncore or core gas service upon transfer of ownership. If core service is elected, the customer will remain on core service for five years.

A provision has been added to Gas Rule 12 that provides mandatory noncore gas service for electric generation or cogeneration customers that have nameplate kilowatt capacity of 500 kW or greater. This requirement was in PG&E's A. 02-11-028, but was omitted from the original version of the pro-forma Gas Rule 12. PG&E has also made minor revisions from the pro-forma version for clarification.

The pro-forma revisions to Schedules G-NR2, 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*, are filed herein. Some clarifying language has been added to Schedule G-COG such that customers served under a core rate schedule in conjunction with Schedule G-COG as of December 4, 2003, the date of D. 03-12-008, will be allowed to continue procuring gas supply from PG&E, consistent with the footnote included on the pro-forma and final version of G-NR2. PG&E is filing these schedules as drafts. Once the CPUC approves the text changes included herein, and prior to implementing the crossover rate, these schedules will be filed with the correct rates.



Protests

Anyone wishing to protest this filing may do so by sending a letter by **January 5, 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:

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

PG&E requests that this advice filing become effective **March 1, 2004**. PG&E is filing draft rate schedules for approval of text changes, and will update the rates in a future filing prior to implementing the new migration and crossover rate provisions. The changes to the Rules and Preliminary Statement are being submitted for final approval.



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/>

Karen A. Tomcala/ss

Vice President - Regulatory Relations

Attachments

cc: Service List – A. 02-11-028

ATTACHMENT I
ADVICE 2505-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal P.U.C. Sheet No.
21974-G	Preliminary Statement Part B—Default Tariff Rate Components	20889-G
21975-G	Preliminary Statement Part C—Gas Terms And Definitions20027-G
21976-G	Preliminary Statement Part C (Cont'd.)	New
21977-G	Rule 1—Definitions	18198-G
21978-G	Rule 1 (Cont'd.)	21536-G
21979-G	Rule 1 (Cont'd.)	18206-G
21980-G	Rule 12—Rates and Optional Rates	21207-G
21981-G	Rule 12 (Cont'd.)	21208-G
21982-G	Rule 12 (Cont'd.)	New
21983-G	Form No. 79-983—Request for Reclassification From Noncore Service to Core Service	New
21984-G	Table of Contents – Sample Forms	21900-G
21985-G	Table of Contents – Rules	21972-G
21986-G	Table of Contents - Preliminary Statements	21961-G
21987-G	Table of Contents	21973-G
DRAFT	Schedule G-NR1—Gas Service to Small Commercial Customers	N/A
DRAFT	Schedule G-NR2—Gas Service to Large Commercial Customers	N/A
DRAFT	Schedule G-NGV1—Experimental Natural Gas Service for Compression on Customer's Premises	N/A
DRAFT	Schedule G-CPX—Crossover Gas Procurement Service for Core End-Use Customers	NEW
DRAFT	Schedule G-NT - Gas Transportation Service To Noncore End-Use Customers	N/A
DRAFT	Schedule G-COG - Gas Transportation Service to Cogeneration Cogeneration Facilities	
DRAFT	Schedule G-EG - Gas Transportation Service to Electric Generation	N/A



PRELIMINARY STATEMENT
(Continued)

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

CORE (Cont'd.)

- (1) The CFCA includes BCAP base revenue, as defined in Preliminary Statement, Part C, carrying cost on 87.5 percent of non-cycled gas in storage, excluding the portion allocated to system load balancing, and the amortization of prior balances in the CFCA. All revenue collected through Customer Charges will be booked to the CFCA. (See rate schedules for Customer Charge.)
- (2) All transportation revenue collected through this rate, less the amount for CPUC fee, will be booked to the Natural Gas Vehicle Balancing Account (NGVBA).
- (3) Schedule G-30 has the same non-CFCA components as Schedules G-NR1.
- (4) The Core Procurement Charge includes the gas supply portfolio cost, the core procurement portion of Canadian capacity charges, the component that amortizes the balance in the Core Subaccount of the Purchased Gas Account (PGA), carrying cost on cycled storage gas, and the allowance for F&U.

Customers taking service on Schedules G-NR1, G-NR2 or G-NGV1 that have executed a Request for Reclassification from Noncore Service to Core Service (Form 79-983) will pay the Procurement Charge specified in Schedule G-CPX – Crossover Gas Procurement Service to Core End-Use Customers, for any of the first twelve (12) regular monthly billing periods that they are taking core procurement service from PG&E. After the twelfth regular monthly billing period, such Customers will pay the Procurement Charge specified on their otherwise-applicable schedule. Any procurement revenue collected under Schedule G-CPX in excess of the otherwise-applicable rate will be recorded the same as the Core Procurement Charge.

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(N)

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

(Continued)



PRELIMINARY STATEMENT
(Continued)

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

10. PROCUREMENT REVENUE REQUIREMENT (Cont'd.)

- 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 Storage Revenue Requirement: This is the amount credited to the base revenue in C.10.c.1, above.
- 11) Brokerage Fee Revenue Requirement: This is the amount credited to the base revenue in C.10.c.1, above.
- 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.d.1 through C.10.d.9, above.

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.

Per Decision 03-12-008, noncore customers switching to core service are subject to a crossover procurement rate, as specified in Schedule G-CPX, for the first twelve (12) regular monthly billing periods. Schedule G-CPX is filed by advice letter monthly. (N)
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(N)

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)

(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.

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RULE 1—DEFINITIONS

(Continued)

CORE END-USE CUSTOMER: A Core End-Use Customer is a Customer physically connected to the local distribution system. Core End-Use Customers normally lack alternatives to natural gas service. Core End-Use Customers include all residential Customers, and non-residential Customers whose natural gas use does not meet the minimum usage requirements specified in the noncore rate schedules, or whose gas use meets the minimum usage requirements, but do not elect to be classified as a Noncore End-Use Customer.

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(T)

CORE PROCUREMENT GROUP: Core Transport Groups and PG&E's Core Procurement Department.

CORE TRANSPORT AGENT: An individual or company that contracts with PG&E and participating core gas transportation service Customers as the responsible agent to manage natural gas deliveries to PG&E on behalf of a Core Transport Group.

CORE TRANSPORT GROUP: Any combination of core Customers (individual commercial and/or residential customers) whose total gas use is greater than or equal to 120,000 therms on an annual basis. The aggregation of gas accounts into a Core Transport Group is needed for core Customers to qualify for core gas transportation service.

CPUC (CALIFORNIA PUBLIC UTILITIES COMMISSION): The Public Utilities Commission of the State of California.

CUBIC FOOT OF GAS: The quantity of gas that, at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute, occupies one cubic foot.

CUSTOMER: The person, group of persons, firm, corporation, institution, municipality, or other civic body, in whose name service is rendered, as evidenced by the signature on the application, contract, or agreement for that service or, in the absence of a signed instrument, by the receipt and payment of bills regularly issued in that name, regardless of the identity of the actual user of the service.

CUSTOMER-OWNED GAS: Gas procured by the Customer which is not part of PG&E's procured supplies.

DAILY AVAILABLE CAPACITY: The maximum capacity of a pipeline system on a given day. This capacity can vary from day to day depending on the operating conditions, e.g., load pressures and ambient temperatures, and the availability of facilities and equipment, such as compressor units.

(Continued)



RULE 1—DEFINITIONS

(Continued)

NATURAL GAS: See Gas.

NONCORE END-USE CUSTOMER: Noncore End-Use Customers are typically large commercial, industrial, cogeneration, wholesale or electric generation Customers who meet the usage requirements for service under a noncore rate schedule and who have executed a Natural Gas Service Agreement. Electric Generation, Enhanced Oil Recovery, Cogeneration, and Refinery Customers with historical or potential annual use exceeding 250,000 therms per year or rated generation capacity of five hundred kilowatts (500 kW) or larger, are permanently classified as Noncore End-Use Customers.

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(N)

NONPROFIT GROUP-LIVING FACILITY: A facility operated by a corporation that has received a letter of determination by the Internal Revenue Service that the corporation is tax-exempt due to its nonprofit status under IRS Code Section 501©(3). The facility must be one of the following:

1. A homeless shelter with 10 or more beds and open at least 180 days per year;
2. Transitional housing, such as a half-way house or drug rehabilitation facility;
3. Short- or long-term care facility, such as a hospice, nursing home, seniors' home, or children's home; or
4. A group home for physically or mentally disabled persons.

With the exception of homeless shelters, the nonprofit group-living facility must provide services such as meals or rehabilitation in addition to lodging. All of the residents of the facility must meet the CARE eligibility standard for a single-person household. At least 70 percent of the gas supplied to the facility's premises must be used for residential purposes, and the facility must be licensed by the appropriate state agency, with the exception of homeless shelters which must have the appropriate municipal or county conditional use permits.

Facilities such as student housing/dormitories are excluded. For complete eligibility requirements see Rule 19.2.

OFF-SYSTEM DELIVERY POINT(S): Any interconnection for delivery outside of PG&E's service territory.

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RULE 1—DEFINITIONS

(Continued)

RECREATIONAL VEHICLE: A recreational vehicle (RV), as defined in the California Health and Safety Code, is a motor home, slide-in camper, park trailer, or camping trailer, with or without motive power, designed for human habitation for recreational or emergency occupancy.

RECREATIONAL VEHICLE PARK: A recreational vehicle (RV) park is an area or tract of land or a separate designated section within a mobile home park where one or more lots are occupied by owners or users of recreational vehicles.

REFINERY: (1) Establishments primarily engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, and lubricants, through fractionation or straight distillation of crude oil, redistillation of unfinished petroleum derivatives, cracking or other processes: Establishments of this industry also produce aliphatic and aromatic chemicals as byproducts; and (2) Establishments primarily engaged in hydrogen manufacturing for sale in compressed liquid, and solid forms.

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(N)

REQUIREMENT: A Customer's requirement for any period is the sum of the Customer's metered gas use and the customer's curtailed deliveries, expressed in therms.

RESIDENTIAL DWELLING UNIT: A group of rooms, such as a house, a flat, or an apartment which provides complete family living facilities in which the occupant(s) normally cooks meals, eats, sleeps, and carries on the household operations incidental to domestic life.

RESIDENTIAL HOTEL: A hotel establishment which provides lodging as a primary or permanent residence and has at least 50 percent of the units or rooms leased for a minimum period of one month and said units are occupied for nine months of the year. Residential hotels do not include establishments such as guest or resort hotels, resort motels or resort ranches, tourist camps, recreational vehicle parks, half-way houses, rooming houses, boarding houses, dormitories, rest homes, military barracks, or a house, apartment, flat or any residential unit which is used as a residence by a single family or group of persons.

RULES: Tariff sheets which cover the application of all rates, charges, and services, when such applicability is not set forth in and is a part of the rate schedules.

(Continued)



RULE 12—RATES AND OPTIONAL RATES
(Continued)

E. CHANGES TO CUSTOMER CLASSIFICATION

1. Noncore to Core Reclassification

(D)

a. Transfer from Noncore to Core Service

In accordance with California Public Utilities Commission Decision 03-12-008, dated December 4, 2003, transfers of noncore Customers to core service are prohibited for customers who are defined as Electric Generation (including gas-fired cogeneration), Enhanced Oil Recovery (EOR), and Refinery, with historical or potential annual gas use exceeding 250,000 therms per year. Where no historical data is available, potential gas use will be based on the capacity of the gas service facilities serving such load. If the capacity of the gas service facilities is sized to meet a peak load of one-hundred thousand cubic feet per day (100 Mcf/day) this load will be classified as noncore. Electric Generation or Cogeneration Customers with generation capacity of five-hundred kilowatts (500 kW) or larger will be prohibited from core service.

(N)

All other Noncore End-Use Customers are allowed to request reclassification to core service but will be required to remain on core service for a minimum of five (5) years. Prior to reclassification to core service, Customers must complete and sign the Request for Reclassification from Noncore Service to Core Service (Form 79-983) (Request). Reclassification will take effect on the next regular meter read date following PG&E's acceptance of the Request.

(N)

(Continued)



RULE 12—RATES AND OPTIONAL RATES
(Continued)

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

1. Noncore to Core Reclassification (Cont'd.)

- b. Customers reclassified under Section E.1.a, above, will be required to be served under the applicable core rate schedule for a minimum of five (5) years. After the five (5) year period, core Customers may apply to be reclassified to noncore status if they meet the usage requirements specified in E.2.b, below. (T)
- c. If there is a change in the legal ownership of a business currently served under noncore rates, the new Customer will have the option of continuing noncore service, or electing core service. If the new Customer elects core service, they will be required to sign the Request for Reclassification from Noncore Service to Core Service (Form 79-983) and to remain served under the applicable core rate schedule for a minimum five (5) years. (N)
- d. Gas in PG&E storage facilities owned by a reclassified Customer, as of the effective date of reclassification, may be sold to PG&E or to another party. Gas stored on behalf of Customers and sold to PG&E will be purchased at the weighted average cost of gas during the most recent Injection Period. The weighted average cost will be based on the volume of gas injected into storage during each month of the most recent Injection Period, multiplied by the procurement charge for each month, as shown on Schedule G-CP, averaged for the total core class. Stored gas also may be sold or transferred to another storage account holder. PG&E will transfer stored gas upon written consent of all of the affected parties. (T)

(Continued)



RULE 12—RATES AND OPTIONAL RATES
(Continued)

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

2. Core to Noncore Reclassification (T)

a. Except as specified in E.2.b, below, a nonresidential Core Customer will (L) (T)
become eligible for reclassification to noncore status after their recorded
average monthly use has exceeded 20,800 therms during a twelve (12)
month period, excluding months where the usage does not exceed
200 therms. The Customer remains eligible for noncore service for
12 months thereafter (the eligibility period). The 12-month eligibility period
re-starts whenever the Customer's average monthly use over a subsequent
12-month period again exceeds 20,800 therms.

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

b. A nonresidential Core Customer who signed the Request for Reclassification from Noncore Service to Core Service (Form 79-983) will become eligible for reclassification to noncore status after they have been served under core rates for the minimum period of five (5) years. Once they have met the five (5) year commitment, they can be reclassified to noncore status per the provisions of E.2.a, above. (N)
(N)

(Continued)



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Original

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

21983-G

PACIFIC GAS AND ELECTRIC COMPANY

REQUEST FOR RECLASSIFICATION FROM
NONCORE SERVICE TO CORE SERVICE
FORM NO. 79-983 (12/03)
(ATTACHED)

(N)

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(N)

Advice Letter No. 2505-G
Decision No. 03-12-008

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed December 15, 2003
Effective _____
Resolution No. _____

49871



Account ID No: _____

Request for Reclassification from Noncore Service to Core Service

This form must be executed by a Customer that requests reclassification of its load from noncore service to core service. This form must also be executed by a new Customer that takes legal ownership of a business that is currently served under noncore rates when the new Customer elects to receive core service.

1. This Request for Reclassification from Noncore Service to Core Service (Request) is being made by

_____ (Customer), for the facility located at

_____ (Service Address, City)

2. This Request is specific to the meter(s) installed at Service Point(s) _____.

3. Customer's gas service will be reclassified as Core Status and placed on the applicable core rate schedule(s) for a minimum period of five (5) years commencing on _____ (Effective date of Core Status), in accordance with Pacific Gas and Electric Company's Gas Rule 12.

4. A Customer that switches from noncore service to core service will pay the Crossover Charge for any of the first twelve (12) regular monthly billing periods that they are taking core procurement service from PG&E, as specified in Schedule G-CPX and their otherwise applicable core rate schedule.

5. This Request shall at times be subject to any changes or modification the California Public Utilities Commission may direct from time to time in the exercise of its jurisdiction. Such changes or modification may be to this Request or to PG&E's applicable tariff schedule and rules.

Customer Signature:

Accepted by PG&E:

(Signature)

(Signature)

Name of Authorized Representative
(Please print or type)

Name of Authorized PG&E Manager
(Please print or type)

(Signature Date)

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SCHEDULE G-NR1—GAS SERVICE TO SMALL COMMERCIAL CUSTOMERS

APPLICABILITY: This rate schedule* applies to natural gas service to non-residential Core End-Use Customers on PG&E's Transmission and/or Distribution Systems. To qualify, average monthly use must not have exceeded 20,800 therms in those months during the last twelve (12) months in which gas use exceeded 200 therms. Each March, service to all Customers under this schedule will be reviewed to determine continued applicability. Such determination will be based on natural gas use in the twelve (12) billing months ending in the most recent calendar year. This schedule may be taken in conjunction with Schedule G-COG.

TERRITORY: Schedule G-NR1 applies everywhere PG&E provides natural gas service.

RATES: Customers on this schedule pay a Customer Charge, a Procurement Charge and a Transportation Charge as specified below. Customers that have executed a Request for Reclassification from Noncore Service to Core Service (Form 79-983) will pay the Customer Charge and Transportation Charge shown below. Such Customers will pay the Procurement Charge specified in Schedule G-CPX for any of the first twelve (12) regular monthly billing periods that they are taking core procurement service from PG&E. After the twelfth regular monthly billing period, such Customers will pay the Procurement Charge specified on this schedule. (N)

	Usage Per Month			
	Summer		Winter	
	0 – 39 therms	40 therms or more	0 – 145 therms	146 therms or more
Customer Charge: (per day)				

	Per Therm			
	Summer		Winter	
	First 4,000 Therms	Excess	First 4,000 Therms	Excess
Procurement Charge:				
Transportation Charge:				

Total:

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

The Procurement Charge on this schedule is equivalent to the rate shown on informational Schedule G-CP—Gas Procurement Service to Core End-Use Customers.

SEASONS: The Summer Season begins April 1 and ends on October 31. The Winter Season begins November 1 and ends on March 31.

CARE DISCOUNT FOR QUALIFIED FACILITIES: Facilities which meet the eligibility criteria in Rules 19.2 or 19.3 are eligible for a California Alternate Rates for Energy (CARE) Discount under Schedule G-CARE.

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

(Continued)



SCHEDULE G-NR2—GAS SERVICE TO LARGE COMMERCIAL CUSTOMERS

APPLICABILITY: This rate schedule* applies to natural gas service to non-residential Core End-Use Customers on PG&E's Transmission and/or Distribution Systems. To qualify, a Customer's average monthly use must have exceeded 20,800 therms during those months in the last twelve (12) months in which gas use exceeded 200 therms, except as specified below in the Energy Efficiency Adjustment Provision. Each March, service to all Customers under this schedule will be reviewed to determine continued applicability. Such determination will be based on natural gas use in the twelve (12) billing months ending in the most recent calendar year. This schedule may not be taken in conjunction with Schedule G-COG.** (T)

TERRITORY: Schedule G-NR2 applies everywhere PG&E provides natural gas service.

RATES: Customers on this schedule pay a Customer Charge, a Procurement Charge and a Transportation Charge as specified below. Customers that have executed a Request for Reclassification from Noncore Service to Core Service (Form 79-983) will pay the Customer Charge and Transportation Charge shown below. Such Customers will pay the Procurement Charge specified in Schedule G-CPX for any of the first twelve (12) regular monthly billing periods that they are taking core procurement service from PG&E. After the twelfth regular monthly billing period, such Customers will pay the Procurement Charge specified on this schedule. (N)

<u>Customer Charge:</u>		Per Day	
Per Therm			
Summer		Winter	
First 4,000 Therms	Excess	First 4,000 Therms	Excess

Procurement Charge: _____
Transportation Charge: _____
Total: _____

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

The Procurement Charge on this schedule is equivalent to the rate shown on informational Schedule G-CP—Gas Procurement Service to Core End-Use Customers.

SEASONS: The Summer Season begins April 1 and ends on October 31. The Winter Season begins November 1 and ends on March 31.

CARE DISCOUNT FOR QUALIFIED FACILITIES: Facilities which meet the eligibility criteria in Rules 19.2 or 19.3 are eligible for a California Alternate Rates for Energy (CARE) Discount under Schedule G-CARE.

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

** Per CPUC Decision 03-12-008, dated December 4, 2003, new cogeneration customers with annual use greater than 250,000 therms per year, or rated generation capacity of five-hundred kilowatts (500 kW) or larger, are prohibited from taking service under this schedule in conjunction with Schedule G-COG. Such customers must take service on Schedule G-COG in conjunction with a noncore transportation rate schedule. However, customers taking service under this schedule in conjunction with Schedule G-COG as of December 4, 2003, are allowed to continue service under this rate schedule. (N)

(Continued)



SCHEDULE G-NGV1—EXPERIMENTAL NATURAL GAS SERVICE
FOR COMPRESSION ON CUSTOMER'S PREMISES

APPLICABILITY: This rate schedule* applies to natural gas service to Core End-Use Customers on PG&E's Transmission and/or Distribution Systems. Service is for uncompressed natural gas for the sole purpose of compressing it for use as a motor-vehicle fuel. Compression of natural gas to the pressure required for its use as motor-vehicle fuel will be performed by the Customer's equipment at the Customer's designated premises only.

TERRITORY: Schedule G-NGV1 applies everywhere PG&E provides natural gas service.

RATES: Customers on this schedule pay a Customer Charge, a Procurement Charge and a Transportation Charge as specified below. Customers that have executed a Request for Reclassification from Noncore Service to Core Service (Form 79-983) will pay the Customer Charge and Transportation Charge shown below. Such Customers will pay the Procurement Charge specified in Schedule G-CPX for any of the first twelve (12) regular monthly billing periods that they are taking core procurement service from PG&E. After the twelfth regular monthly billing period, such Customers will pay the Procurement Charge specified on this schedule. (N)

Per Day

Customer Charge:

Per Therm

Procurement Charge:

Transportation Charge:

Total:

The Customer's total charges are subject to adjustment for the applicable proportionate part of any taxes or governmental imposition which may be assessed on the basis of the gross revenues from such sales.

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

The Procurement Charge on this schedule is equivalent to the rate shown on informational Schedule G-CP—Gas Procurement Service to Core End-Use Customers.

SERVICE AGREEMENT: Customers must execute an Agreement For Supply of Natural Gas for Compression as a Motor-Vehicle Fuel (Form No. 79-755) in order to receive service under this rate schedule.

METERING REQUIREMENTS: Service under this schedule must be metered by a separate gas meter.

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

(Continued)



SCHEDULE G-CPX—CROSSOVER GAS PROCUREMENT SERVICE TO CORE END-USE CUSTOMERS

APPLICABILITY: This schedule is filed monthly. It is applicable in the first year for Customers that have executed a Request for Reclassification from Noncore Service to Core Service (Form 79-983) and that are taking procurement service from PG&E. After the first year, these customers will be served under their otherwise-applicable core gas rate schedule. (N)

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

RATES: The following charges apply to natural gas service for applicable Core End-Use Customers. Customers will pay the Crossover Charge specified below for any of the first twelve (12) regular monthly billing periods that they are taking core procurement service from PG&E. After the twelfth regular monthly billing period, the Core End-Use Customer will pay the Procurement Charge specified in their otherwise-applicable rate schedule. Rates under this schedule will change on the 10th calendar day of the month.

<u>Procurement Charge:</u>	<u>Per Therm</u>
Small Commercial Crossover Charge: (G-NR1)	\$X.XXXX
Large Commercial Crossover Charge: (G-NR2)	\$X.XXXX
Natural Gas Vehicle Crossover Charge: (G-NGV1)	\$X.XXXX

The Crossover charge is the higher of: a) the posted monthly core procurement rate, including intrastate backbone transportation costs, as shown in Schedule G-CP; or b) the higher of the AECO index (including variable transportation costs to Malin) or the Topock index, as used in the computation of PG&E's Core Procurement Incentive Mechanism monthly benchmark for California border purchases, plus the per unit cost of intrastate backbone costs included in the posted monthly procurement rate, the Core Brokerage Fee, and an allowance for core distribution in-kind shrinkage per Rule 21.

The current applicable Procurement Charge for natural gas sales under Core End-User rate schedules may be obtained electronically on PG&E's internet site at <http://www.pge.com> or by calling PG&E at 1-800-743-5000. (N)



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 PG&E provides natural gas transportation service.

RATES: To qualify for Transmission rates under this schedule, a Customer must: (a) be served directly from PG&E gas facilities that have a maximum operating pressure greater than 60 pounds per square inch (psi), or (b) have an average historical use through a single meter of greater than 3,000,000 therms per year for the previous three years and a historical use of greater than 2,500,000 therms in the most recent 12-month period, or (c) be able to document an increase in gas use due to permanent changes in the operations of the Customer's facility that will cause usage to exceed 3,000,000 therms per year. Customers qualifying under (c) will be subject to a use-or-pay obligation of 3,000,000 therms per year until they meet the requirements of (b) above.

Each January, the annual gas use and service to all Customers on this schedule will be reviewed to determine continued eligibility for Transmission rates. If a Customer does not meet at least one of the eligibility criteria for Transmission rates, Distribution rates will apply.

The following charges apply to service under this schedule:

1. Customer Access Charge:

The monthly Customer Access Charge applies to the Customer's recorded Average Monthly Use, as defined in Rule 1. This charge includes billing and metering costs. The usage through multiple noncore-eligible meters on a single premises will be combined to determine Average Monthly Use.

<u>Usage</u>	<u>Per Day</u>
0 to 5,000 therms	XXXX
5,001 to 10,000 therms	XXXX
10,001 to 50,000 therms	XXXX
50,001 to 200,000 therms	XXXX
200,001 to 1,000,000 therms	XXXX
1,000,001 therms and above	XXXX

* 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 PG&E provides natural gas transportation service.

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, two months prior.

The Transportation Charge is: Per Therm
\$0. XXXXX

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 PG&E provides natural gas transportation service.

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.XXXXX

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.

(Continued)

**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 &
Grueenich 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