

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 7, 2004

Advice Letter 2526-E

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

Subject: March 10, 2004, Schedule G-CPX Crossover Procurement Price

Dear Ms Smith:

Advice Letter 2526-E is effective March 10, 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



Karen A. Tomcala
Vice President
Regulatory Relations

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March 9, 2004

Advice 2526-G

(Pacific Gas and Electric Company ID U39G)

**Subject: Schedule G-CPX -- Crossover Gas Procurement Service to Core
End-Use Customers for Rates Effective March 10, 2004**

Public Utilities Commission of the State of California

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.

Purpose

The purpose of this filing is to revise monthly crossover rates under Schedule G-CPX--*Crossover Gas Procurement Service to Core End-Use Customers*, effective **March 10, 2004**. Schedule G-CPX crossover rates change on a monthly basis on the tenth calendar day of each month.

Background

In accordance with Decision (D.) 03-12-008, Schedule G-CPX applies to gas customers that request to be reclassified from noncore to core status. Such customers will pay the applicable crossover procurement rate under Schedule G-CPX for any of the first twelve (12) regular monthly billing periods, during which they take core gas procurement service from PG&E. Crossover customers will pay the customer charge and transportation charge as specified in their applicable core schedule. After the twelfth regular monthly billing period, Schedule G-CPX will no longer apply.

Schedule G-CPX Rate

As adopted in D. 03-12-008, the crossover rate is the higher of: 1) the posted monthly core procurement rate, including intrastate backbone transportation costs, as shown in Schedule G-CP--*Gas Procurement Service to Core End-Use Customers*; or 2) 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 rates.

Schedule G-CPX rates include the core brokerage fee, an allowance for distribution and transmission in-kind shrinkage per gas Rule 21, pipeline capacity costs, storage costs, procurement balancing account balances, and an allowance for franchise fees and uncollectibles accounts expense. The crossover procurement rates reflect only the higher of the core weighted average cost of gas (WACOG) or the border index (both including the per unit cost of intrastate backbone transportation), with other procurement costs equivalent to those for otherwise-applicable core procurement rates.¹

For the period from **March 10, 2004, through April 9, 2004**, the following Schedule G-CPX rates will be in effect.

<u>Schedule G-CPX Rates</u>	<u>Per Therm</u>
Small Commercial Customers (Schedule G-NR1)	\$0.41221
Large Commercial Customers (Schedule G-NR2)	\$0.38817
Natural Gas Vehicle Customers (Schedule G-NGV1)	\$0.40329

Workpapers showing the calculation of these rates are included in this filing as Attachment II.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 29, 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.

¹ The shrinkage rate component included in the monthly Schedule G-CPX rates will be calculated based on the higher of the WACOG or the border index, using the same methodology used for calculating the shrinkage component in monthly core procurement rates.



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

Effective Date

In accordance with D. 03-12-008, PG&E requests that this advice filing become effective on **March 10, 2004**. The rates in this advice filing shall remain in effect until the next such filing with the Commission, which will be made on **April 9, 2004**, for rates to be effective **April 10, 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. 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. Jomeda

Vice President - Regulatory Relations

Attachments

**ATTACHMENT I
ADVICE 2526-G**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal P.U.C. Sheet No.</u>
22306-G	Schedule G-CPX—Crossover Gas Procurement Service to Core End-Use Customers	22269-G
22307-G	Table of Contents	22270-G



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.

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)	\$0.41221 (R)
Large Commercial Crossover Charge: (G-NR2)	\$0.38817 (R)
Natural Gas Vehicle Crossover Charge: (G-NGV1)	\$0.40329 (R)

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, an allowance for core in-kind shrinkage per Rule 21, and all other procurement rate components included in the posted monthly core procurement rate.

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.



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Maps, Contracts and Deviations	20922-G	
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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	22279,18597-G
GM	Master-Metered Multifamily Service	22280,21028,18599-G
GS	Multifamily Service	22281,21030,18601-G
GT	Mobilehome Park Service	22282,21032-G
G-10	Service to Company Employees	11318-G
GL-1	Residential CARE Program Service	22283,18603-G
GML	Master-Metered Multifamily CARE Program Service	22284,21035,18605-G
GSL	Multifamily CARE Program Service	22285,21037,18607-G
GTL	Mobilehome Park CARE Program Service	22286, 22287,18608-G
G-MHPS	Master-Metered Mobilehome Park Safety Surcharge	22034-G

NONRESIDENTIAL

G-NR1	Gas Service to Small Commercial Customers	22288,18980-G	
G-NR2	Gas Service to Large Commercial Customers	22289,18981-G	
G-CP	Gas Procurement Service to Core End-Use Customers	22290-G	
G-CPX	Crossover Gas Procurement Service to Core End-Use Customers	22306-G	(T)
G-NT	Gas Transportation Service to Noncore End-Use Customers	22035,22036,22037,22038-G	
G-COG	Gas Transportation Service to Cogeneration Facilities	22039,20857,18114,18985-G	
G-EG	Gas Transportation Service to Electric Generation	22040,22041-G	
G-30	Public Outdoor Lighting Service	22241,17050-G	
G-WSL	Gas Transportation Service to Wholesale/Resale Customers	22043,22044,22045-G	
G-BAL	Gas Balancing Service for Intrastate Transportation Customers	22046, 21549,20034,22047,22048,20037,20038,20039,22049,22050,20042,20043,20044,22051-G	

Crossover Rate Calculation

Mar-04

AECO Net Forward Calculation

(\$/Dth)

Mar-04

Combined PGT/ANG fuel rate	0.971731
ANG Fuel	1.01%
PGT Fuel	1.84%
AECO Monthly Index (C\$/GJ, source CGPR)	5.8461
Exchange Rate (US\$/C\$)	0.745
AECO "C" monthly commodity index (US\$/Dth)	\$ 4.595
ANG + PGT combined in-kind fuel rate	2.83%
ANG+PGT in-kind fuel charge	0.134
ANG volumetric rate	0.0028
PGT volumetric rate	<u>0.0141</u>
AECO "C" Net Forward Price (14+16+17+18)	4.745

<u>Gas Price Index</u>	<u>Price, CA Border</u>	<u>Intrastate Transport</u>	<u>Total</u>
AECO C (CGPR)	\$4.7455	\$0.0408	\$4.7863
Southern Border-PG&E (NGI)	\$4.7500	\$0.0408	\$4.7908
Core WACOG	\$4.7052	\$0.0408	\$4.7460
Crossover Price at PG&E Citygate (\$/Dth)			\$4.7908

Note: For March 2004, NGI did not report a price for Southern Border-PG&E. As a proxy, NGI's price for Southern Border-SoCal was used.

3/2/2004

Calculation of the G-CPX Crossover Core Procurement Rate

Gas Prices	
Border Price (\$/Dth)	\$4.7455
AECO C	\$4.7500
PG&E Topock (Source NGI)	\$4.7502
Core WACOG	\$4.7052

G-CPX CROSSOVER CORE PROCUREMENT RATE	\$/Decatherm	\$/Therm	Components \$/Therm	Calculation
CROSSOVER COMMODITY CHARGE [PG&E Topock (Source NGI)]				
Weighted Average Cost of Gas (WACOG)				(a)
WACOG at the Border	\$4.7500			(b)
Intrastate Backbone Volumetric Transport Charge	\$0.408			(c)=(a)+(b)
Total WACOG	4.7908	\$4.7908		
Franchise Fee	0.014997	Changes in GRC		
Uncollectible Fee	0.002717	Changes in GRC		
Subt F & U	0.017714	X WACOG at the Border	\$0.841	(d)=(a)*F&U Factor
WACOG with Franchise and Uncollectible	\$4.8749		\$4.8749	(e)=(c)+(d)
PGA Adjustment: Core Sales	(\$1.7047)		(\$1.7047)	(f)
Cycled Carrying Cost of Gas in Storage	\$0.0058		\$0.0058	(g)
ANG and NOVA Costs (Incl. F&U)				
Small Commercial	\$1.1320		\$0.1320	(h)
Large Commercial	\$0.879		\$0.0879	(i)
Natural Gas Vehicle	\$1.153		\$0.1153	(j)
Total Core Commodity Charge				
Small Commercial			\$33080	(k)=(e)+(f)+(g)+(h)
Large Commercial			\$32639	(l)=(e)+(f)+(g)+(i)
Natural Gas Vehicle			\$32913	(m)=(e)+(f)+(g)+(j)
CORE FIRM STORAGE COSTS (Including F&U)				
CFSA Adjustment: Core Firm Storage Account	\$0.000		\$0.0000	(n)
Small Commercial	\$1.1444		\$0.1444	(o) (r)=(n)+(o)
Large Commercial	\$1.1052		\$0.1052	(p) (s)=(n)+(p)
Natural Gas Vehicle	\$1.1314		\$0.1314	(q) (t)=(n)+(q)
INTERSTATE & INTRASTATE CAPACITY CHARGES (Incl. F&U)				
CPDCA Adjustment (Incl. F&U)	\$0.000		\$0.0000	(u)
Interstate Capacity Charges				
Small Commercial	\$3.358		\$0.3358	(v)
Large Commercial	\$2.236		\$0.2236	(w)
Natural Gas Vehicle	\$2.833		\$0.2833	(x)
Intrastate Backbone Capacity Charges				
Small Commercial	\$1.1344		\$0.1344	(y) (ab)=(u)+(v)+(y)
Large Commercial	\$0.895		\$0.0895	(z) (ac)=(u)+(w)+(z)
Natural Gas Vehicle	\$1.174		\$0.1174	(aa) (ad)=(u)+(x)+(aa)
CORE BROKERAGE FEE	\$0.0240		\$0.00240	(ae)
SHRINKAGE RATE				
Shrinkage (Incl. F&U)	\$1.1755		\$0.1755	(af)
Based on Core Shrinkage: 3.60%	Changes in BCAP			
PGA Adjustment: Core Shrinkage (Incl. F&U)	\$0.000		\$0.0000	(ag)
Total Shrinkage Rate			\$0.1755	(ah)=(af)+(ag)
TOTAL G-CPX CORE PROCUREMENT CHARGE				
Small Commercial			\$41221	(ai)=(k)+(r)+(ab)+(ae)+(ah)
Large Commercial			\$38817	(aj)=(l)+(s)+(ac)+(ae)+(ah)
Natural Gas Vehicle			\$40329	(ak)=(m)+(t)+(ad)+(ae)+(ah)

**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
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.
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
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Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA