

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



March 17, 2006

Advice Letter 2706-G

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: 2006 update of storage in-kind shrinkage allowance adjustments

Dear Ms de la Torre:

Advice Letter Advice Letter 2706-G is effective April 1, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

jjr

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramaiya
B Lam	
MAR 27 2006	
Records	
Return to _____	File _____
cc to _____	



Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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February 17, 2006

ADVICE 2706-G

(Pacific Gas and Electric Company U 39 G)

Subject: 2006 Update of Storage In-kind Shrinkage Allowance Adjustments

Public Utilities Commission of the State of California

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits for filing proposed adjustments to the natural gas in-kind shrinkage allowances for scheduled storage injection volumes shown in PG&E's gas Rule 21 Part b.1.c— *In-Kind Shrinkage Allowance - Storage Shrinkage*. In this filing, PG&E proposes to update the storage in-kind shrinkage allowance from the current 1.0 percent to 1.1 percent. The affected tariff sheets are listed on the enclosed Attachment I.

Background

In-kind shrinkage quantities represent the unaccounted-for gas and the utility fuel use attributable to the volume of natural gas received by PG&E for storage service. Decision (D.) 03-12-061 authorizes PG&E to update the shrinkage allowances through an advice letter compliance filing.¹ Last year, PG&E provided a similar update of the storage in-kind allowance adjustment through Advice 2610-G filed on February 16, 2005, and approved effective April 1, 2005.

Storage In-Kind Shrinkage Allowance Update

Due to slightly higher Gas Department Usage (GDU) and Lost and Unaccounted-For (LUAF) gas supplies associated with PG&E's gas storage operations in 2005, PG&E proposes to update the storage in-kind shrinkage allowance from the current 1.0% to 1.1%.

¹ D. 03-12-061, Conclusion of Law No. 35. This authority is documented in Gas Preliminary Statement Part C—*Gas Accounting Terms and Definitions*, Part C.11.c, which states that PG&E may adjust backbone transmission, distribution and storage shrinkage annually, or as necessary.

As shown in Attachment II, PG&E's total annual forecasted storage GDU and LUAF forecast is 476,941 therms. PG&E's Storage Inventory/ Injection Volume (or "firm storage-cycle quantity") as adopted in Gas Accord III (Decision 04-12-061) is 42,360,251 therms. The in-kind shrinkage storage allowance is calculated by dividing the total forecasted storage-related GDU and LUAF (476,941 therms) by the firm storage-cycle quantity (42,360,251 therms). Thus, in this filing, PG&E proposes to adjust the storage in-kind shrinkage allowance to 1.1 percent.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 9, 2006**, 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:

CPUC - Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@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 at the address shown below on the same date it is mailed or delivered to the Commission.

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: PGETariffs@pge.com

Effective Date

PG&E requests that this advice filing become effective on **April 1, 2006**, and that approval be provided by **March 19, 2006**, which is regular notice of thirty (30) days, so that PG&E has time to complete appropriate system modifications.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and sent via U.S. mail to parties shown on the attached list. Address change requests should also be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Director, Regulatory Relations

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2706-G**

Subject of AL: 2006 Update of Storage In-kind Shrinkage Allowance Adjustments

Keywords (choose from CPUC listing): Storage

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **4-1-2006**

No. of tariff sheets: 3

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Gas Rule 21

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Utility Info (including e-mail)

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2706-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
23786-G	Rule 21--Transportation of Natural Gas	23003-G
23787-G	Table of Contents -- Rules	23401-G
23788-G	Table of Contents -- Rate Schedules	23785-G



RULE 21—TRANSPORTATION OF NATURAL GAS
(Continued)

B. QUANTITIES OF GAS (Cont'd.)

1. IN-KIND SHRINKAGE ALLOWANCE (Cont'd.)

c. Storage Shrinkage

An In-Kind Shrinkage Allowance is applicable to all injection storage quantities under rate Schedules G-CFS, G-SFS, G-NFS, and G-NAS, in addition to any applicable transmission and distribution shrinkage. Customers shall deliver to PG&E's storage system an additional in-kind quantity of natural gas equal to the Shrinkage Allowance percentage of the total volume of their storage injection volume. The quantity injected into PG&E's storage will equal the quantity nominated for storage injection multiplied by (1-z), where z is the decimal equivalent of the Storage In-Kind Shrinkage Allowance percentage, as follows.

$$\text{Storage Injection} = \text{Nominated Injection Quantity} * (1 - z)$$

Where: z = decimal equivalent of the Storage In-Kind Shrinkage Allowance

Storage In-Kind Shrinkage Allowance: 1.1 Percent (C)

Provided, however, that PG&E and the Customer shall not be prohibited under this Rule, where shrinkage requirements support a different shrinkage allowance, from mutually agreeing to a different shrinkage allowance for the injection into PG&E's storage system.

(Continued)



TABLE OF CONTENTS
(Continued)
RULES

RULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
1	Definitions	18195,22922,22923,18197,21977,22789, 18200,22924,18202,21978,18204,18205,21979,18207,19429-G
2	Description of Service	13299 to 13302,14903,17521-G
3	Application for Service	13842,21118-G
4	Contracts.....	17051-G
5	Special Information Required on Forms	17641,13348,13349-G
6	Establishment and Reestablishment of Credit	22126,22127,18873-G
7	Deposits	18212,18213-G
8	Notices	21928,17580,15726,17581,15728-G
9	Rendering and Payment of Bills	19353,18712,21294,22491,17780,22590-G
10	Disputed Bills	18214 to 18216-G
11	Discontinuance and Restoration of Service	18217 to 18227,22508,19710-G
12	Rates and Optional Rates	18229,18996,21980,21981,21982-G
13	Temporary Service.....	21542,18800-G
14	Capacity Allocation and Constraint of Natural Gas Service.....	18231 to 18235, 22327,22328,22329,22330,22249,18239,22073,22639,22075,22076,22077,18244, 22078,22079,22080,22081-G
15	Gas Main Extensions	21543,18802,18803,19888, 20350,20351,20352,18808,21544,21545,22376,22377,22378,22379,22380,18813,18814-G
16	Gas Service Extensions	21546,18816,17728,17161,18817 to 18825,17737,18826,18827-G
17	Meter Tests and Adjustment of Bills for Meter Error	14450 to 14456-G
17.1	Adjustment of Bills for Billing Error	22745,14458-G
17.2	Adjustment of Bills for Unauthorized Use	22746,14460,14461-G
17.3	Limitation on Adjustment of Bills for Energy Use.....	22747-G
18	Supply to Separate Premises and Submetering of Gas	22790,17796,13401-G
19	Medical Baseline Quantities.....	21119,21120,21121-G
19.1	California Alternate Rates for Energy for Individual Customers and Submetered Tenants of Master-Metered Customers.....	19370,22426,19372,19373-G
19.2	California Alternate Rates for Energy for Nonprofit Group-Living Facilities	17132,22427,17035,17134,17037-G
19.3	California Alternate Rates for Energy for Qualified Agricultural Employee Housing Facilities	17305,22428,17307,17308-G
21	Transportation of Natural Gas	23399,23400,22313, 23786,23194, 23195,23196,23197,23198,23199,22086,22087,18256,21852,22735,22736,22737-G
21.1	Use of PG&E's Firm Interstate Rights.....	20461,18260,18261-G
23	Gas Aggregation Service for Core Transport Customers	20072,18263,21742,18265,22159,18267,22185,21744 to 21751,18272-G
25	Gas Services-Customer Creditworthiness and Payment Terms	21409 to 21418-G
26	Standards of Conduct and Procedures Related to Transactions with Intracompany Departments, Reports of Negotiated Transactions, and Complaint Procedures	18284,18285,18633,20462-G

(T)

(Continued)



TABLE OF CONTENTS

	<u>CAL P.U.C. SHEET NO.</u>	
Title Page	11271-G	
Table of Contents:		
Rate Schedules	23788,23754-G	(T)
Preliminary Statements	23783,23784-G	
Rules	23787-G	(T)
Maps, Contracts and Deviations.....	22438-G	
Sample Forms	22434,22926,21538,22266,21292-G	

RATE SCHEDULES

RESIDENTIAL

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
G-1	Residential Service	23732,23487-G
G1-NGV	Residential Natural Gas Service for Compression on Customers' Premises	23733,23734-G
G-10/20	Winter Gas Savings Program.....	23541,23542-G
GM	Master-Metered Multifamily Service.....	23735,23489,23019-G
GS	Multifamily Service	23736,23491,23215-G
GT	Mobilehome Park Service	23737,23493,23023-G
G-10	Service to Company Employees	11318-G
GL-1	Residential CARE Program Service.....	23738,23495-G
GL1-NGV	Residential Care Program—Natural Gas Service for Compression on Customers' Premises	23739,23740-G
GML	Master-Metered Multifamily CARE Program Service	23741,23497,23027-G
GSL	Multifamily CARE Program Service.....	23742,23743,23216-G
GTL	Mobilehome Park CARE Program Service.....	23744,23745,23502-G
G-MHPS	Master-Metered Mobilehome Park Safety Surcharge	22034-G

NONRESIDENTIAL

G-NR1	Gas Service to Small Commercial Customers	23746,23035-G
G-NR2	Gas Service to Large Commercial Customers	23747,23037-G
G-CP	Gas Procurement Service to Core End-Use Customers	23748-G
G-CPX	Crossover Gas Procurement Service to Core End-Use Customers	23715-G
G-NT	Gas Transportation Service to Noncore End-Use Customers	23652,23653,22037,22038-G
G-EG	Gas Transportation Service to Electric Generation	23654,22895,22525,22173-G
G-WSL	Gas Transportation Service to Wholesale/Resale Customers	23655,22897,22045-G
G-BAL	Gas Balancing Service for Intrastate Transportation Customers	22174, 21867,22135,22047,22048,20037,22136,21872,22137,22138,20042,20043,20044,22051-G

Workpaper for Annual Storage Shrinkage Update Filing
Advice 2706-G
February 17, 2006

Attachment II

Calculation of Storage Shrinkage for April 2006 Update	
(a) Total Storage GDU - SY 2003/4 (Dth)	423,311
(b) Total Storage GDU - SY 2004/5 (Dth)	366,759
(c) Two Year Total Storage GDU (Dth) - (a+b)	790,069
(d) Annual Average Storage GDU (Dth) - (c / 2)	395,035
(e) Annual Storage LUAF (2004 Fugitive Emmissions report plus other LUAF) (Dth)	81,906
(f) Total Annual Storage Shrinkage Forecast (GDU & LUAF) (Dth) - (d+e)	476,941
(g) Storage Inventory/Injection Volume (D.03-12-061 Gas Accord II-2004 decision) (Dth)	42,360,251
(h) Storage Shrinkage (% of injection volume) (f / g)	1.1%
(i) Storage Inventory allocated to Balancing Service (D.03-12-061 Gas Accord II-2004 decision) (Dth)	4,100,000
(j) Portion of Storage Shrinkage allocated to balancing (allocated to transmission shrinkage) (Dth) - (f x (i / g))	46,163

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	Palo Alto Muni Utilities
Accent Energy	Downey, Brand, Seymour & Rohwer	PG&E National Energy Group
Aglet Consumer Alliance	Duke Energy	Pinnacle CNG Company
Agnews Developmental Center	Duke Energy North America	PITCO
Ahmed, Ali	Duncan, Virgil E.	Plurimi, Inc.
Alcantar & Elsesser	Dutcher, John	PPL EnergyPlus, LLC
Anderson Donovan & Poole P.C.	Dynergy Inc.	Praxair, Inc.
Applied Power Technologies	Ellison Schneider	Price, Roy
APS Energy Services Co Inc	Energy Law Group LLP	Product Development Dept
Arter & Hadden LLP	Energy Management Services, LLC	R. M. Hairston & Company
Avista Corp	Enron Energy Services	R. W. Beck & Associates
Barkovich & Yap, Inc.	Exelon Energy Ohio, Inc	Recon Research
BART	Exeter Associates	Regional Cogeneration Service
Bartle Wells Associates	Foster Farms	RMC Lonestar
Blue Ridge Gas	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bohannon Development Co	Franciscan Mobilehome	SCD Energy Solutions
BP Energy Company	Future Resources Associates, Inc	Seattle City Light
Braun & Associates	G. A. Krause & Assoc	Sempra
C & H Sugar Co.	Gas Transmission Northwest Corporation	Sempra Energy
CA Bldg Industry Association	GLJ Energy Publications	Sequoia Union HS Dist
CA Cotton Ginners & Growers Assoc.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA League of Food Processors	Hanna & Morton	Sierra Pacific Power Company
CA Water Service Group	Heeg, Peggy A.	Silicon Valley Power
California Energy Commission	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
California Farm Bureau Federation	Hogan Manufacturing, Inc	Southern California Edison
California Gas Acquisition Svcs	House, Lon	SPURR
California ISO	Imperial Irrigation District	St. Paul Assoc
Calpine	Integrated Utility Consulting Group	Stanford University
Calpine Corp	International Power Technology	Sutherland, Asbill & Brennan
Calpine Gilroy Cogen	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Cambridge Energy Research Assoc	IUCG/Sunshine Design LLC	Tansev and Associates
Cameron McKenna	J. R. Wood, Inc	Tecogen, Inc
Cardinal Cogen	JTM, Inc	TFS Energy
Cellnet Data Systems	Kaiser Cement Corp	Transcanada
Chevron Texaco	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Chevron USA Production Co.	Manatt, Phelps & Phillips	U S Borax, Inc
Childress, David A.	Marcus, David	United Cogen Inc.
City of Glendale	Masonite Corporation	URM Groups
City of Healdsburg	Matthew V. Brady & Associates	Utility Cost Management LLC
City of Palo Alto	Maynor, Donald H.	Utility Resource Network
City of Redding	McKenzie & Assoc	Wellhead Electric Company
CLECA Law Office	McKenzie & Associates	Western Hub Properties, LLC
Commerce Energy	Meek, Daniel W.	White & Case
Constellation New Energy	Mirant California, LLC	WMA
CPUC	Modesto Irrigation Dist	
Cross Border Inc	Morrison & Foerster	
Crossborder Inc	Morse Richard Weisenmiller & Assoc.	
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Defense Fuel Support Center	Norris & Wong Associates	
Department of the Army	North Coast Solar Resources	
Department of Water & Power City	Northern California Power Agency	
DGS Natural Gas Services	Office of Energy Assessments	