

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



June 1, 2006

Advice Letter 2735-G

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

Subject: Schedule G-CPX – crossover gas procurement service to core end-use customers
for rate effective June 10, 2006

Dear Ms de la Torre:

Advice Letter 2735-G is effective June 10, 2006. A copy of the advice letter is returned herewith
for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramalya
B Lam	
JUL 6 2006	
_____ Records _____	
Return to _____	File _____
cc to _____	



Brian K. Cherry
Senior Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

June 7, 2006

Advice 2735-G

(Pacific Gas and Electric Company ID U39G)

**Subject: Schedule G-CPX -- Crossover Gas Procurement Service to Core
End-Use Customers for Rates Effective June 10, 2006**

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 **June 10, 2006**. 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 **June 10, 2006, through July 9, 2006**, 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)	\$0.56656
Large Commercial Customers (Schedule G-NR2)	\$0.53198
Natural Gas Vehicle Customers (Schedule G-NGV1)	\$0.51911

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 letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **June 27, 2006**. Protests should be mailed to:

CPUC Energy Division
 Attention: Tariff Unit, 4th Floor
 505 Van Ness Avenue
 San Francisco, California 94102
 Facsimile: (415) 703-2200
 E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

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 also should be sent via U.S. mail (and by facsimile and electronically, if possible) 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 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

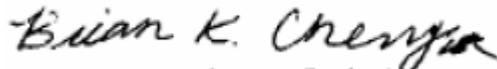
Effective Date

In accordance with D. 03-12-008, PG&E requests that this advice filing become effective on **June 10, 2006**. The rates in this advice filing shall remain in effect until the next such filing with the Commission.

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 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 (ID U39)**

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) #: **2735-G**

Subject of AL: Rates for Schedule G-CPX – Crossover Gas Procurement Service to Core End-Use Customers, effective June 10, 2006

Keywords (choose from CPUC listing): **PROCUREMENT**

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Decision 03-12-008

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: Not applicable

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

Resolution Required? Yes No

Requested effective date: **6/10/2006**

No. Of tariff sheets: **2**

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: Schedule G-CPX

Service affected and changes proposed¹: Crossover Gas Procurement Service to Core End-Use Customers

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

Pacific Gas and Electric Company

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2735-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24035-G	Schedule G-CPX-- Crossover Gas Procurement Service To Core End-Use Customers	23965-G
24036-G	Table of Contents -- Rules	23966-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)	\$0.56656 (R)
Large Commercial Crossover Charge: (G-NR2)	\$0.53198 (R)
Natural Gas Vehicle Crossover Charge: (G-NGV1)	\$0.51911 (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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Rules	22927-G	
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	23805,23487-G
G1-NGV	Residential Natural Gas Service for Compression on Customers' Premises	23806,23734-G
G-10/20	Winter Gas Savings Program.....	23541,23542-G
GM	Master-Metered Multifamily Service.....	23807,23489,23019-G
GS	Multifamily Service	23808,23491,23215-G
GT	Mobilehome Park Service	23809,23493,23023-G
G-10	Service to Company Employees	11318-G
GL-1	Residential CARE Program Service.....	23810,23495-G
GL1-NGV	Residential Care Program—Natural Gas Service for Compression on Customers' Premises	23811,23740-G
GML	Master-Metered Multifamily CARE Program Service	23812,23497,23027-G
GSL	Multifamily CARE Program Service.....	23813,23814,23216-G
GTL	Mobilehome Park CARE Program Service.....	23815,23816,23502-G
G-MHPS	Master-Metered Mobilehome Park Safety Surcharge	22034-G

NONRESIDENTIAL

G-NR1	Gas Service to Small Commercial Customers	23817,23035-G	
G-NR2	Gas Service to Large Commercial Customers	23818,23037-G	
G-CP	Gas Procurement Service to Core End-Use Customers	23819-G	
G-CPX	Crossover Gas Procurement Service to Core End-Use Customers	24035-G	(T)
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	

Crossover Rate Calculation

Jun-06

**AECO Net Forward Calculation
(\$/Dth)**

Jun-06

Combined PGT/ANG fuel rate	0.97762852
ANG Fuel	0.90%
PGT Fuel	1.35%
AECO Monthly Index (C\$/GJ, source CGPR)	5.3007
Exchange Rate (US\$/C\$)	0.9084
AECO "C" monthly commodity index (US\$/Dth)	\$ 5.080
ANG + PGT combined in-kind fuel rate	2.24%
ANG+PGT in-kind fuel charge	0.116
ANG volumetric rate	0.0000
PGT volumetric rate	0.0098
AECO "C" Net Forward Price (14+16+17+18)	\$5.2060

<u>Gas Price Index</u>	<u>Price, CA Border</u>	<u>Intrastate Transport</u>	<u>Total</u>
AECO C (CGPR)	\$5.2060	\$0.0542	\$5.2602
Southern Border-PG&E (NGI)	\$5.0400	\$0.0542	\$5.0942
Core WACOG	\$5.1266	\$0.0542	\$5.1808
Crossover Price at PG&E Citygate (\$/Dth)			\$5.2602

6/5/2006

Calculation of the G-CPX Crossover Core Procurement Rate

Gas Prices	
Border Price (\$/Dth)	
AECO C	\$5.2060
PG&E Topock (Source NGI)	\$5.0400
Core WACOG	\$5.1266

G-CPX CROSSOVER CORE PROCUREMENT RATE	\$/Decatherm	\$/Therm	Components \$/Therm	Calculation
CROSSOVER COMMODITY CHARGE				
Weighted Average Cost of Gas (WACOG)				
WACOG at the Border	\$5.2060			(a)
Intrastate Backbone Volumetric Transport Charge	\$0.542			(b)
Total WACOG	5.2602	\$.52602		(c)=(a)+(b)
Franchise Fee	0.009765	<i>Changes in GRC</i>		
Uncollectible Fee	0.002024	<i>Changes in GRC</i>		
Subt F & U	0.011789	X WACOG at the Border	\$0.614	(d)=(a)*F&U Factor
WACOG with Franchise and Uncollectible	\$5.3216		\$.53216	(e)=(c)+(d)
PGA Adjustment: Core Sales	(\$0.6788)		(\$0.06788)	(f)
Cycled Carrying Cost of Gas in Storage	\$0.0054		\$.00054	(g)
Total Core Commodity Charge				
Small Commercial			\$0.46482	(k)=(e)+(f)+(g)+(h)
Large Commercial			\$0.46482	(l)=(e)+(f)+(g)+(i)
Natural Gas Vehicle			\$0.46482	(m)=(e)+(f)+(g)+(j)
CORE FIRM STORAGE COSTS (Including F&U)				
CFSA Adjustment: Core Firm Storage Account	\$0.000	\$.00000		(n)
Small Commercial	\$0.1360	\$.01360	\$0.01360	(o) (r)=(n)+(o)
Large Commercial	\$0.0866	\$.00866	\$0.00866	(p) (s)=(n)+(p)
Natural Gas Vehicle	\$0.0834	\$.00834	\$0.00834	(q) (t)=(n)+(q)
INTERSTATE & INTRASTATE CAPACITY CHARGES (Incl. F&U)				
CPDCA Adjustment (Incl. F&U)	\$0.000	\$.00000		(u)
ANG and NOVA Costs (Incl. F&U)				
Small Commercial	\$0.1339	\$.01339		(h)
Large Commercial	\$0.0712	\$.00712		(i)
Natural Gas Vehicle	\$0.0447	\$.00447		(j)
Interstate Capacity Charges				
Small Commercial	\$0.3234	\$.03234		(v)
Large Commercial	\$0.1720	\$.01720		(w)
Natural Gas Vehicle	\$0.1079	\$.01079		(x)
Intrastate Backbone Capacity Charges				
Small Commercial	\$0.1759	\$.01759	\$0.06332	(y) (ab)=(u)+(v)+(y)
Large Commercial	\$0.0936	\$.00936	\$0.03368	(z) (ac)=(u)+(w)+(z)
Natural Gas Vehicle	\$0.0587	\$.00587	\$0.02113	(aa) (ad)=(u)+(x)+(aa)
CORE BROKERAGE FEE				
	\$0.0300		\$0.00300	(ae)
SHRINKAGE RATE				
Shrinkage (Incl. F&U)	\$0.2182	\$.02182		(af)
Based on Core Shrinkage: 4.10% <i>Changes in BCAP</i>				
PGA Adjustment: Core Shrinkage (Incl. F&U)	\$0.0000	\$.00000		(ag)
Total Shrinkage Rate			\$0.02182	(ah)=(af)+(ag)
TOTAL G-CPX CORE PROCUREMENT CHARGE				
Small Commercial			\$0.56656	(ai)=(k)+(r)+(ab)+(ae)+(ah)
Large Commercial			\$0.53198	(aj)=(l)+(s)+(ac)+(ae)+(ah)
Natural Gas Vehicle			\$0.51911	(ak)=(m)+(t)+(ad)+(ae)+(ah)

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

Constellation New Energy	DGS Natural Gas Services	PITCO
Aglet Consumer Alliance	Downey, Brand, Seymour & Rohwer	Plurimi, Inc.
Agnews Developmental Center	Duke Energy	PPL EnergyPlus, LLC
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CA Water Service Group	Goodin, MacBride, Squeri, Schlotz &	Sequoia Union HS Dist
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CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Sierra Pacific Power Company
California Energy Commission	Hogan Manufacturing, Inc	Silicon Valley Power
CA League of Food Processors	House, Lon	Smurfit Stone Container Corp
California Energy Commission	Imperial Irrigation District	Southern California Edison
California Energy Commission	Integrated Utility Consulting Group	Southern California Edison
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California ISO	JTM, Inc	Sutherland, Asbill & Brennan
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Calpine Corp	Davis, Wright, Tremaine LLP	Tansev and Associates
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Cambridge Energy Research Assoc	Marcus, David	TFS Energy
Cardinal Cogen	PG&E National Energy Group	Turlock Irrigation District
Cellnet Data Systems	Masonite Corporation	Turlock Irrigation District
Chevron USA Production Co.	Matthew V. Brady & Associates	U S Borax, Inc
Chevron USA Production Co.	Maynor, Donald H.	United Cogen Inc.
City of Glendale	McKenzie & Assoc	URM Groups
City of Healdsburg	Meek, Daniel W.	Utility Cost Management LLC
City of Redding	Mirant California, LLC	Utility Resource Network
CLECA Law Office	Modesto Irrigation Dist	WMA
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CPUC	Morrison & Foerster	Western Hub Properties, LLC
CPUC	Morse Richard Weisenmiller & Assoc.	White & Case
Cross Border Inc	Constellation New Energy	Enron Energy Services
Crossborder Inc	New United Motor Mfg, Inc	Accent Energy
CSC Energy Services	Norris & Wong Associates	ABAG Power Pool
Childress, David A.	North Coast Solar Resources	BP Energy Company
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Davis, Wright, Tremaine LLP	Office of Energy Assessments	CPUC
Defense Fuel Support Center	Office of Energy Assessments	CPUC
Department of the Army	Palo Alto Muni Utilities	CPUC
Department of the Army	PG&E National Energy Group	Blue Ridge Gas
Department of Water & Power City	Pinnacle CNG Company	Sempra

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

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