

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



November 30, 2006

Advice Letter 2753-G

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

Subject: Request for Expedited Implementation of PG&E's Natural Gas 2006-2007 Winter Gas Savings Program for Residential and Commercial Gas Customers: '10/20 Plus' Program

Dear Ms. de la Torre:

Advice Letter 2753-G is effective October 5, 2006. A copy of the advice letter and resolution are returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
M Brown	Tariffs Section
R Dela Torre	D Poster
B Lam	S Ramaiya
DEC - 6 2006	
Return to	Records
	File
cc to	



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
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August 9, 2006

Advice 2753-G

(Pacific Gas and Electric Company ID U39G)

**Subject: Request for Expedited Implementation of PG&E's Natural Gas
2006-2007 Winter Gas Savings Program for Residential and
Commercial Gas Customers: '10/20 Plus' Program**

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 3.

Purpose

In this advice filing, PG&E, with the support of The Utility Reform Network (TURN), requests the California Public Utilities Commission's (CPUC or Commission) approval to implement a natural gas conservation program for the upcoming 2006-07 winter season as part of an overall comprehensive winter plan to assist its customers in managing winter gas bills. PG&E believes the proposed 10/20 Plus Winter Gas Savings Program (10/20 Plus), modeled after the 2005-06 10/20 Winter Gas Savings Program approved in Resolution G-3384, will encourage customers to further conserve natural gas this winter season.

Under this proposal, residential and commercial gas customers under gas rate Schedules G-1, G-1 NGV, GM, GS, GT, GL-1, GL1-NGV, GML, GSL, GTL, G-NR1, and G-NR2 will be eligible to receive a 20 percent rebate if they reduce their cumulative gas usage by at least 10 percent during the January-February 2007 period.¹ In addition, eligible customers will receive a 1 percent rebate for each 1 percent reduction in gas usage ("one-for-one") up to 10 percent (e.g., a customer who reduces cumulative gas use by 5 percent will receive a 5 percent rebate). PG&E also proposes to incorporate program refinements such as use of

¹ Consistent with the previous year's program, customers taking service under a qualifying rate schedule in conjunction with noncore transportation rate Schedule G-EG and/or Schedule G-NT on the same service agreement do not qualify for the program. Also consistent with the previous year's program, the 10/20 rebate will be calculated on applicable PG&E natural gas charges, including charges billed under Schedule G-PPPS – *Gas Public Purpose Program Surcharge*. Charges billed under Schedule G-SUR – *Customer-Procured Franchise Fee Surcharge* and applicable utility user's taxes will be excluded from the rebate calculation.

a weather adjustment and three-year average data in determining the base year use, as described herein, in an effort to expand eligibility, isolate conservation efforts, and encourage additional participation.²

In order to have adequate time for system implementation and preparation of communication materials, PG&E urges the Commission to adopt this program by **October 5, 2006**. An approval in the early fall will also give PG&E ample time to encourage customers to begin making energy efficiency upgrades before the start of the winter season.

Background

Last year, as part of a comprehensive winter plan, PG&E, in collaboration with The Utility Reform Network (TURN) and with the support of the CPUC, proposed in Advice 2675-G the 10/20 Winter Gas Savings Program (10/20 Program). The Commission approved the program in Resolution G-3384 on November 18, 2006³. As California and the entire nation faced a winter of high gas bills, due in part to the hurricanes, this program was designed to provide relief to residential and small commercial customers from expected high winter gas bills by providing a direct monetary incentive for customers to conserve and reduce their natural gas use. The 10/20 program rewarded customers who reduced their cumulative gas use during the three-month January through March 2006 period by a minimum of 10 percent compared to the same period in 2005, with a one-time rebate equal to 20 percent of the customer's PG&E gas charges for the three-month period.

In spite of a cold snap in late February and March, about one in five residential and small commercial customers earned a 10/20 Program rebate by reducing their gas usage by 28 percent on average as compared to the previous year. During the last winter, customers' overall conservation efforts resulted in reduced core gas usage of about 14 percent, saving about \$271 million in gas purchase costs. California also benefited from the reduction of greenhouse gases, primarily, carbon dioxide (CO₂) that results from the burning of natural gas.⁴

As shown from the results above and herein, PG&E believes last year's program as well as this year's proposed program are consistent with the Commission's statements to "strongly support efforts promoting the efficient use of energy and the conservation of energy resources...Striving to minimize and use energy wisely

² Although PG&E's gas commodity prices fluctuate on a month-to-month basis and tend to increase during the winter season, the significant increases in gas usage (three-fold for the average residential customer) are the primary driver of high winter residential gas bills. PG&E hopes the gas conservation programs, such as the 10/20 Plus, will provide an additional incentive to reduce gas usage and help manage winter gas bills.

³ The CPUC later approved PG&E's supplement, Advice 2675-G-A, implementing the program per the terms in Resolution G-3384.

⁴ If it is estimated that each therm a customer conserves results in a reduction of roughly 12 pounds of CO₂, then during the January through March 2006 program period, PG&E's residential and small commercial customers reduced CO₂ emissions by over 500,000 tons.

serves to ensure adequacy of supply, maintain reasonable prices and reduce the likelihood and impact of price spikes" (Resolution G-3384, p.8).

PG&E believes the 10/20 Plus and other programs will help customers reduce their gas usage and total energy bills. This fall and winter, PG&E will continue to raise customer awareness through conservation and energy efficiency programs, including rebates, energy audits, CARE, Energy Partners, and REACH. PG&E will also provide payment options and relaxed credit policies while promoting the balanced payment plans. The 10/20 Plus proposal, consistent with the objectives of the previous year's program, will help provide customers a much broader range of incentives to conserve natural gas this winter.

Proposed '10/20 Plus' Winter Gas Savings Program

To accommodate implementation of the 10/20 Plus Winter Gas Savings Program, PG&E proposes the following revisions to last year's program and revises gas rate Schedule G-10/20, and associated tariffs as shown in Attachment 3, accordingly:

Eligibility

In addition to the residential and small commercial customers (under gas rate Schedules G-1, GM, GS, GT, GL-1, GML, GSL, GTL, and G-NR1) eligible for the program last year, PG&E proposes to expand eligibility to include medium and large commercial customers taking service under gas Schedule G-NR2.⁵ PG&E believes that medium and large commercial customers can have a significant effect on utility-wide conservation efforts and thus, encourages them to participate in the program.

All customers served on the above-named rate schedules are eligible for the program as long as: (1) they began service with PG&E before November 2006; (2) they maintain continuous service at the same service address through February 2007; and (3) service was initiated by any PG&E customer prior to January 2006.⁶ This last provision allows the vast majority of the approximately 15 percent of residential customers who relocate each year to participate in the program. In contrast, the previous program restricted eligibility to customers in the same residence for at least 12 months.

Conservation Period

As part of this year's program, PG&E effectively encourages customers to conserve during the four typically coldest months of the year, December through March, when gas usage and bills are generally at their highest for the year. Usage

⁵ Customers under Schedule G-1 NGV and GL-1 NGV, which were available to customers starting February 7, 2006, are also eligible for the program.

⁶ PG&E will allow premise usage, also known as a customer service address, to be used to calculate the base year usage target.

comparisons and rebates are based upon pro-rated January and February usage. However, as is communicated to the customer, conservation should begin as soon as the meter is read in December and continue until the meter is read in March in order to fully capture the average daily January and February usage that will be used to determine the customers rebate.⁷

Rebate Methodology

As previously mentioned, the 10/20 Plus program will mirror last year's rebate structure in that eligible customers will receive a 20 percent rebate if they reduce their cumulative gas use by 10 percent or more during the proposed January through February 2007 period. In addition, PG&E proposes that eligible customers receive a one-to-one rebate for each percentage of cumulative year-over-base year reduction in gas use by less than 10 percent (e.g. a customer who reduces cumulative gas usage by 5 percent will receive a 5 percent rebate). PG&E estimates that this proposed expansion of the program will increase the system-wide total rebate amount by about 15 percent, and will increase the number of customers participating in general conservation efforts.

Base Year Usage Calculation

PG&E proposes to use average usage at the service address (premise) during the last three years for January and February, and apply a system-wide normalization adjustment for weather. Using data from the previous three years, as opposed to one year, encourages customers who conserved last year to continue to conserve this year. If PG&E were to employ the same method from last year's program, customers who conserved last year, whether or not they received the rebate, would be held to a higher standard than customers who made no conservation effort. A base year usage target consisting of a weather adjusted three-year average premise usage will provide a level playing field for program participation and better isolate conservation efforts.⁸

Weather Trigger Adjustment

PG&E proposes an adjustment to the base year usage if current 10/20 Plus period temperatures are colder or warmer than average so customers conservation efforts can be more fairly measured. Accordingly, PG&E proposes that an adjustment to the base year usage be triggered in the event that actual winter temperatures (as measured by Heating Degree Days) would result in an increase or decrease in residential use of about 5 percent, a situation that occurs about once in every four years for cold weather and once in every four years for warm

⁷ For bills that contain days outside of the 10/20 period, an Average Daily Usage for the bill is calculated and then prorated for the number of days in the 10/20 period.

⁸ In those instances where a full three winter seasons of data is not available, PG&E will construct a base year usage target as discussed in the revised Schedule 10/20 filed herein. In addition, the proposed weather normalization process is also defined in the revised Schedule 10/20.

weather, based on the previous 20 years of data. If the weather adjustment is triggered, PG&E will adjust the base year usage to reflect the colder or warmer weather, as further defined in the revised Schedule 10/20 filed herein. Thereby, a customer's efforts to achieve reductions from the base year usage, in winters with colder or warmer temperatures, would be a comparable challenge as under average temperature conditions.⁹

Recovery of 10/20 Plus Winter Gas Savings Program Costs

PG&E requests authorization to recover from customers \$5 million for 10/20 Plus program marketing and implementation costs and a forecast of \$61 million in program rebates.¹⁰ Proposed rates to recover the \$66 million of 10/20 Plus program costs are shown in Attachment I with 71 percent of the forecast costs recovered through core procurement rates and 29 percent through core transportation rates. PG&E proposes that each customer class pay for actual program rebates received by customers in that class and their corresponding share of marketing and implementation costs, as discussed herein. The final program costs allocated to customer classes will also reflect the actual split between procurement and transportation.¹¹

PG&E proposes that the forecast program costs be recovered over a 12-month period in procurement and transportation rates beginning January 1, 2007. PG&E proposes to recover the program costs on an annual basis, instead of over the spring and summer months as was done for last winter's program, as spreading the costs over a longer period will have the benefit of reducing the monthly rate impacts for customers.

Core procurement and transportation revenues to recover the 10/20 Plus Program costs will be recorded in the Winter Gas Savings Program (WGSP) subaccounts of the Purchased Gas Account (PGA) and Core Fixed Cost Account (CFCA), respectively.

The 10/20 Plus program rebates paid in the March billing cycle to qualifying customers will be reflected initially as a reduction to transportation revenue recorded in the Distribution Cost subaccount of the CFCA. After the rebates are paid to customers, PG&E will record a credit entry in the Distribution Cost subaccount of the CFCA equal to the rebates paid to customers. PG&E will also

⁹ To incorporate this adjustment into the program and provide successful customers with their rebate as soon as possible, PG&E will use recorded Heating Degree Days (HDDs) for January 2007 and forecast HDDs for part of February 2007 based on the short range outlook for February as prepared in early February from estimated HDDs based on temperature readings at eleven National Weather Service stations located in PG&E's service area. Those eleven stations are mapped to surrounding geographies and represent weather conditions in those areas. The temperature readings are weighted by gas sales in those eleven areas and a composite service area-wide estimate of HDDs is calculated.

¹⁰ In its non-radio marketing materials for this year's 10/20 Program, PG&E will include a statement noting that utility customers fund the program.

¹¹ This is consistent with the agreement with the School Project for Utility Rate Reform (SPURR) last year as approved in Advice 2675-G-A.

record corresponding debit entries to the WGSP subaccounts of the PGA and the CFCA to reflect the actual split between procurement and transportation costs, respectively, associated with the rebates paid to customers. Authorized program marketing and implementation costs will be recorded in the WGSP subaccounts based on the forecast 71/29 percent procurement/transportation split and adjusted for the actual split once the actual rebates are known.

In order to assure that program costs are paid for by the customer class receiving the benefit, any difference between the procurement portion of forecast program costs recovered in procurement rates and actual procurement-related program costs by customer class will be amortized in monthly core procurement rates beginning January 1, 2008. Similarly, any difference between the transportation portion of forecast program costs recovered in transportation rates and actual transportation-related program costs by customer class will be amortized in core transportation rates beginning January 1, 2008, as part of the Annual Gas True-up (AGT).

Revisions to Preliminary Statement Part D – *Purchased Gas Account*, and Preliminary Statement Part F - *Core Fixed Cost Account* consistent with this filing are included in Attachment I.

Expedited Treatment Requested

PG&E requests expedited treatment of this filing in order to allow for implementation of the '10/20 Plus' Winter Gas Savings Program on January 1, 2007. As PG&E must include bill messages no later than December 1, 2006, stating the base-use target, and make appropriate billing system and marketing/advertising changes starting in October, PG&E requests that the Commission approve this filing before or at its scheduled **October 5, 2006**, business meeting.

In order to ensure a smooth implementation of the program, PG&E proposes the following schedule for disposition of this advice letter:

Protests Due:	August 29, 2006
Responses to Protests Due:	September 1, 2006
Draft Resolution Issued:	September 19, 2006
CPUC Action on Advice Letter:	October 5, 2006

Protest Period

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

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.

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
Vice President, 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

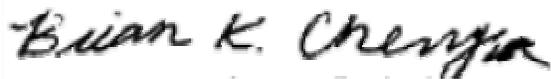
Effective Date

PG&E requests that this advice filing be approved by **October 5, 2006**. As discussed herein, the proposed '10/20 Plus' program will be implemented beginning on January 1, 2007, and the recovery of program costs will begin on January 1, 2007 as part of the rate change for the Annual Gas True-up.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically or via U.S. mail to parties shown on the attached list, and to the service lists for R.04-01-006 (Energy Efficiency), Resolution G-3384 (last year's 10/20 Program), and A.04-07-044 (Biennial Cost Allocation Proceeding). 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>



Vice President - Regulatory Relations

Attachments

cc: Service Lists – R.04-01-006, Resolution G-3384, and A.04-07-044

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 (ID39G)

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) #: **2753-G**

Subject of AL: Request for Expedited Implementation of PG&E's Natural Gas 2006-2007 Winter Gas Savings Program for Residential and Commercial Gas Customers: '10/20 Plus' Program

Keywords (choose from CPUC listing): Rebates, Program, Core

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Resolution Required? Yes No

Requested effective date: **10-5-2006**

No. of tariff sheets: 9

Estimated system annual revenue effect: (%): See Attachment 1

Estimated system average rate effect (%): See Attachment 1

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: See Attachment 3

Service affected and changes proposed¹: See advice letter

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)

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.

**PACIFIC GAS AND ELECTRIC COMPANY
2006-2007 WINTER GAS SAVINGS PROGRAM
TABLE 1: 10/20 PLUS PROGRAM COST SUMMARY AND RATE DESIGN**

	Transportation	Procurement	Totals
1 Estimated 10/20 Plus Rebate (\$000; including FF&U)			\$61,249
2 Apportioned Program Marketing/Implementation Costs (including FF&U)			\$5,059
3 Total Program Cost			\$66,308
4 Transportation/Procurement Split	28.7%	71.3%	100.0%
5 Totals for Recovery in Rates (Lines 1 + 3)	\$19,017	\$47,291	\$66,308
5 Adopted Annual Core Volumes (mth) for Transportation and Procurement	3,038,621	2,979,265	
6 Non-CARE Rate - Equal Cents Per Therm (\$/therm)	\$0.00626	\$0.01587	\$0.02213
7 CARE Rate - Equal Cents Per Therm (\$/therm)	\$0.00183	\$0.01587	\$0.01771

TABLE 2: ILLUSTRATIVE 10/20 PLUS RATE IMPACT (a)

	Present Rates (4/1/2006)	Proposed Rates With 10/20 Plus	% Change
<u>BUNDLED CORE RATES (Including PPP Surcharge) (\$/th)</u>			
1 Non-CARE Residential	\$1.911	\$1.933	1.2%
2 CARE Residential	\$1.503	\$1.521	1.2%
3 Small Commercial	\$1.813	\$1.835	1.2%
4 Large Commercial	\$1.415	\$1.437	1.6%
<u>TRANSPORTATION+PPP ONLY RATES (\$/th)</u>			
5 Non-CARE Residential	\$0.457	\$0.463	1.4%
6 CARE Residential	\$0.085	\$0.087	2.2%
7 Small Commercial	\$0.369	\$0.376	1.7%
8 Large Commercial	\$0.112	\$0.118	5.6%

a) Impacts shown are from the implementation using equal cents per therm across all core classes. Final impacts of the 10/20 Plus program will be based on rebates earned by each class as trued up in the 2008 Annual Gas True-Up Filing.

TABLE 3: ILLUSTRATIVE AVERAGE RESIDENTIAL BILL IMPACT AND PROGRAM SAVINGS/COST SUMMARY

<u>Average Residential Bill Impact</u>	
1 Proposed Average Illustrative Bundled Bill with 10/20	\$86.97
2 Present Average Illustrative Bundled Bill	\$85.98
3 Average Monthly Bill Change	\$1.00
4 Percentage Change	1.2%
<u>Average Residential Savings Summary</u>	
5 Average Savings from Conservation	\$49.56
6 Average 10/20 Plus Rebate	\$26.36
7 Average Total Savings to Customers Achieving 10/20 Plus Rebate	\$75.92
8 Program Cost Recovery	-\$11.95
9 Net Savings For Average Successful Program Participant	\$63.97

PACIFIC GAS AND ELECTRIC COMPANY
WINTER GAS SAVINGS PROGRAMS: 10/20 PLUS
WORKPAPER SUPPORTING HEATING DEGREE DAY (HDD) ADJUSTMENTS

Calculation of Monthly HDD-based Adjustment Factors Applied to Historic Use by Customer

Residential

Actual HDD's		<u>January</u>	<u>February</u>
2006		299.2	235.9
2005		377.7	180.9
2004		344.5	253.2
Rolling 20-Year Average HDD's		<u>January</u>	<u>February</u>
2006		338.4	230.2
2005		340.5	232.8
2004		338.7	232.1
HDD Departure from 20-Yr Avg		<u>January</u>	<u>February</u>
2006		39.3	(5.7)
2005		(37.2)	51.9
2004		(5.8)	(21.2)
Total		<u>(3.7)</u>	<u>25.0</u>

Residential Class Consumption Mdth Change Based on 54 MDth per HDD

	<u>January</u>	<u>February</u>
2006	2,122	(308)
2005	(2,009)	2,803
2004	(313)	(1,145)
Total	<u>(200)</u>	<u>1,350</u>

Residential Class Therms Change Based on 54 MDth per HDD

	<u>January</u>	<u>February</u>
2006	21,222,000	(3,078,000)
2005	(20,088,000)	28,026,000
2004	(3,132,000)	(11,448,000)
Total	<u>(1,998,000)</u>	<u>13,500,000</u>

Residential Class Recorded Usage in Therms

	<u>January</u>	<u>February</u>
2006	269,922,933	263,193,135
2005	347,114,687	246,613,072
2004	332,098,286	281,821,844
Total	<u>949,135,906</u>	<u>791,628,051</u>

Monthly Weather Adjustment Factors

	<u>Jan</u>	<u>Feb</u>
2006	7.9%	-1.2%
2005	-5.8%	11.4%
2004	-0.9%	-4.1%

Commercial

Actual HDD's		<u>January</u>	<u>February</u>
2006		299.2	235.9
2005		377.7	180.9
2004		344.5	253.2
Rolling 20-Year Average HDD's		<u>January</u>	<u>February</u>
2006		338.4	230.2
2005		340.5	232.8
2004		338.7	232.1
HDD Departure from 20-Yr Avg		<u>January</u>	<u>February</u>
2006		39.3	(5.7)
2005		(37.2)	51.9
2004		(5.8)	(21.2)
Total		<u>(3.7)</u>	<u>25.0</u>

Commercial Class Consumption Change Based on 18 MDth per HDD

	<u>January</u>	<u>February</u>
2006	707	(103)
2005	(670)	934
2004	(104)	(382)
Total	<u>(67)</u>	<u>450</u>

Commercial Therms Change Based on 18 MDth per HDD

	<u>January</u>	<u>February</u>
2006	7,074,000	(1,026,000)
2005	(6,696,000)	9,342,000
2004	(1,044,000)	(3,816,000)
Total	<u>(666,000)</u>	<u>4,500,000</u>

Commercial Class Recorded Usage in Therms

	<u>January</u>	<u>February</u>
2006	96,202,836	96,182,298
2005	111,656,120	88,659,194
2004	108,053,879	97,817,073
Total	<u>315,912,835</u>	<u>282,658,565</u>

Monthly Weather Adjustment Factors

	<u>Jan</u>	<u>Feb</u>
2006	7.4%	-1.1%
2005	-6.0%	10.5%
2004	-1.0%	-3.9%

Sample Calculation of Base Usage for Hypothetical Residential and Commercial Customer

Residential

Hypothetical Customer Actual Usage (therms)

	<u>Jan</u>	<u>Feb</u>	
2006	65.0	65.0	
2005	85.0	70.0	
2004	90.0	75.0	
Total	<u>240.0</u>	<u>210.0</u>	450.0
Unadjusted Average Per Year			150.0 therms

Hypothetical Customer Adjusted Usage (therms)

	<u>Jan</u>	<u>Feb</u>	
2006	70.1	64.2	
2005	80.1	78.0	
2004	89.2	72.0	
Total	<u>239.3</u>	<u>214.1</u>	453.5
Adjusted Average Year (Base Usage)			151.2 therms

Commercial

Hypothetical Customer Actual Usage (therms)

	<u>Jan</u>	<u>Feb</u>	
2006	255.0	210.0	
2005	300.0	205.0	
2004	290.0	240.0	
Total	<u>845.0</u>	<u>655.0</u>	1,500.0
Unadjusted Average Per Year			500.0

Hypothetical Customer Adjusted Usage (therms)

	<u>Jan</u>	<u>Feb</u>	
2006	273.8	207.8	
2005	282.0	226.6	
2004	287.2	230.6	
Total	<u>843.0</u>	<u>665.0</u>	1,508.0
Adjusted Average Year (Base Usage)			502.7 therms

**PACIFIC GAS AND ELECTRIC COMPANY
WINTER GAS SAVINGS PROGRAMS: 10/20 PLUS
WORKPAPER SUPPORTING WINTER TEMPERATURE TRIGGER ADJUSTMENT**

Illustrative Cold Winter Temperature Adjustment

Heating Degree Days (HDD)	
Average Jan-Feb HDDs	575
HDD Trigger Point for Cold Winter Temperature Adjustment	650 (forecast in early February)
Hypothetical Jan-Feb 2007 HDDs	660 => exceeds Cold trigger
Change from Average	85

Residential

	<u>Jan-07</u>	<u>Feb-07</u>	<u>Total</u>
Adopted Average Year Usage (MDth)	36,502	30,510	67,012
Temperature Deviation Usage (54 MDth/HDD)			4,590
Jan-Feb 2007 Usage (MDth)			71,602
% Change in Usage			6.8%

Hypothetical Customer Base Usage (therms)		151.2
Adjusted Hypothetical Customer Base Usage (therms)		161.5

Commercial

	<u>Jan-07</u>	<u>Feb-07</u>	<u>Total</u>
Adopted Average Year Usage (MDth)	12,312	10,792	23,105
Temperature Deviation Usage (18 MDth/HDD)			1,530
Jan-Feb 2007 Usage (MDth)			24,635
% Change in Usage			6.6%

Hypothetical Customer Base Usage (therms)		502.7
Adjusted Hypothetical Customer Base Usage (therms)		535.9

Illustrative Warm Winter Temperature Adjustment

Heating Degree Days (HDD)	
Average Jan-Feb HDDs	575
HDD Trigger Point for Warm Winter Temperature Adjustment	500 (forecast in early February)
Hypothetical Jan-Feb 2007 HDDs	495 => below Warm trigger
Change from Average	-80

Residential

	<u>Jan-07</u>	<u>Feb-07</u>	<u>Total</u>
Adopted Average Year Usage (MDth)	36,502	30,510	67,012
Temperature Deviation Usage (54 MDth/HDD)			(4,320)
Jan-Feb 2007 Usage (MDth)			62,692
% Change in Usage			-6.4%

Hypothetical Customer Base Usage (therms)		151.2
Adjusted Hypothetical Customer Base Usage (therms)		141.4

Commercial

	<u>Jan-07</u>	<u>Feb-07</u>	<u>Total</u>
Adopted Average Year Usage (MDth)	12,312	10,792	23,105
Temperature Deviation Usage (18 MDth/HDD)			(1,440)
Jan-Feb 2007 Usage (MDth)			21,665
% Change in Usage			-6.2%

Hypothetical Customer Base Usage (therms)		502.7
Adjusted Hypothetical Customer Base Usage (therms)		471.3

**ATTACHMENT 3
Advice 2753-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24142-G	Preliminary Statement Part D--Purchased Gas Account	23593-G
24143-G	Preliminary Statement Part D (Cont.)	23594-G
24144-G	Preliminary Statement Part F--Core Fixed Cost Account	23595-G
24145-G	Preliminary Statement Part F (Cont.)	24291-G
24146-G	Preliminary Statement Part F (Cont.)	24032-G
24147-G	Schedule G-10/20--Winter Gas Savings Program	23541-G
24148-G	Schedule G-10/20 (Cont.)	23542-G
24149-G	Table of Contents -- Rate Schedules	24114-G
24150-G	Table of Contents -- Rate Schedules	24116-G



PRELIMINARY STATEMENT
(Continued)

D. PURCHASED GAS ACCOUNT (PGA)

1. PURPOSE: The purpose of the PGA is to record the cost associated with gas purchased for the Gas Supply Portfolio and revenues from the sale of that gas. The balance in the core sub-accounts will be incorporated into monthly core procurement rates.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1.

2. APPLICABILITY: The PGA balance applies to all gas procurement rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. REVISION DATE: The revision date applicable to the PGA rate shall coincide with the monthly core procurement rate change or at other times, as ordered by the CPUC.
4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. PGA RATES: PGA Rates are included in the effective procurement rates set forth in each procurement rate schedule (see Preliminary Statement, Part B), as applicable.
6. ACCOUNTING PROCEDURE: The PGA consists of the following subaccounts:

The "Core Subaccount" records the cost of gas procured for sale to core customers and revenues from the sales to core customers of that gas. (See Preliminary Statement Part C.7.)

The "Core Shrinkage Subaccount" records core shrinkage costs and shrinkage revenues from core procurement customers.

The "Emergency Core Gas Hedging Plan Subaccount" records revenues from core procurement customers as described in Section D.6 of the PGA, and cost and payouts for hedge instruments transacted under the Emergency Core Gas Hedging Plan pursuant to D.05-10-015, effective October 6, 2005.

The "Winter Gas Savings Program Procurement Subaccount" recovers procurement-related program costs, including rebates to customers and approved marketing and implementation costs, from core procurement customers. The 10/20 Winter Gas Savings Program (WGSP) is designed to encourage conservation as detailed in Schedule G-10/20 – *Winter Gas Savings Program*.

(T)
|
(T)

(Continued)



PRELIMINARY STATEMENT
 (Continued)

D. PURCHASED GAS ACCOUNT (PGA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

d. Winter Gas Savings Program Procurement Subaccount

The following entries will be made to this subaccount each month: (T)

- 1) a debit entry, as appropriate, to record the procurement portion of WGSP rebates recorded in the Distribution Cost Subaccount of the Core Fixed Cost Account; (T)
(T)
- 2) a debit entry, as appropriate, to record the procurement portion of the authorized WGSP marketing and implementation costs to this subaccount; (N)
(N)
- 3) a credit entry equal to the revenue from the WGSP – Procurement rate component, excluding the allowance for F&U; and (T)
- 4) an entry equal to the interest on the average of the balance in the subaccount at the beginning of the month and the balance in the subaccount after above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)
(T)



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA)

- 1. **PURPOSE:** The purpose of the CFCA is to record the authorized GRC distribution base revenue amounts (with credits and adjustments), certain other core transportation costs, and transportation revenue from core customers. Any under- or overcollection in this account will be incorporated into core transportation rates in the next Annual Gas True-up of Balancing Accounts.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. Refer to Section C.3 for the cost allocation factors used to determine the core portion of certain costs.

- 2. **APPLICABILITY:** The CFCA applies to all core transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
- 3. **REVISION DATE:** Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.
- 4. **FORECAST PERIOD:** The forecast test period will be as specified in the current Cost Allocation Proceeding.
- 5. **RATES:** CFCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
- 6. **ACCOUNTING PROCEDURE:** The CFCA consists of the following subaccounts:

The "Distribution Cost Subaccount" recovers the distribution base revenue requirement adopted in PG&E's General Rate Case (GRC), including Annual Attrition Adjustments and the Cost of Capital Proceedings, that are allocated to core transportation customers based on the distribution base revenue allocation adopted in the Cost Allocation Proceeding.

The "Core Cost Subaccount" recovers non-distribution-related costs adopted by the Commission in various proceedings that are allocated to core transportation customers.

The "Winter Gas Savings Program Transportation Subaccount" recovers transportation-related program costs, including rebates to customers and approved marketing and implementation costs, from core transportation customers. The 10/20 Winter Gas Savings Program (WGSP) is designed to encourage conservation as detailed in Schedule G-10/20 – *Winter Gas Savings Program*.

(T)
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(T)

(Continued)



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Distribution Cost Subaccount

The following entries will be made to this subaccount at the end of each month:

- 1) a credit entry equal to California Alternate Rates for Energy (CARE) shortfall resulting from core commercial deliveries under Schedule G-CARE, and customer charges under Schedule GL1-NGV, excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
- 2) a debit entry equal to one-twelfth of the core portion of the authorized GRC distribution base revenue amount (with credits and adjustments), excluding the allowance for (F&U);
- 3) a credit entry equal to the revenue from the CFCA – Distribution Cost rate component, excluding the allowance for F&U;
- 4) a credit entry, as appropriate, to record the rebates paid to customers associated with Winter Gas Savings Programs, which has corresponding entries in the Winter Gas Savings Program Transportation Subaccount of the CFCA and Winter Gas Savings Program Procurement Subaccount of the Purchased Gas Account; (N)
|
(N)
- 5) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC; (T)
- 6) a debit or credit entry equal to any expense adopted by the CPUC as a cost to be recovered in this subaccount; and (T)
- 7) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after above entries, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)
(T)

b. Core Cost Subaccount

The following entries will be made to this subaccount at the end of each month:

- 1) a credit entry equal to the revenue from the CFCA – Core Cost rate component, excluding the allowance for F&U;
- 2) a credit entry equal to the revenue from the local transmission rate component from core deliveries during the month, excluding the allowance for F&U;
- 3) a debit entry equal to the core portion of intervenor compensation payments authorized by the CPUC, recorded during the month;

(Continued)



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

b. Core Cost Subaccount (Cont'd.)

- 4) a debit entry equal to one-twelfth of the core portion of the authorized local transmission revenue requirement, excluding the allowance for F&U;
- 5) A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 6) an entry equal to 70.03 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable;
- 7) a debit or credit entry equal to any amounts authorized by the CPUC to be recorded in this subaccount;
- 8) A debit entry equal to one-twelfth of the core portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC; and
- 9) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.b.1 through F.6.b.8, above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

c. Winter Gas Savings Program Transportation Subaccount

The following entries will be made to this subaccount each month: (T)

- 1) a debit entry, as appropriate, to record the transportation portion of WGSP rebates recorded in the Distribution Cost Subaccount of the Core Fixed Cost Account; (T)
(T)
- 2) a debit entry, as appropriate, to record the transportation portion of the authorized WGSP marketing and implementation costs to this subaccount; (N)
(N)
- 3) a credit entry equal to the revenue from the WGSP – Transportation rate component, excluding the allowance for F&U; and (T)
- 4) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after above entries, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)
(T)



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

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