

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 23, 2007

Advice Letter 2780-G-A

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

Subject: Supplemental Advice Letter – Annual Gas True-up of Transportation Balancing Accounts (AGT), NonCore Gas Transportation, and Gas Accord III Rate Changes Effective January 1, 2007

Dear Ms. de la Torre:

Advice Letter 2780-G-A is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Pacific Gas and Electric Company
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November 17, 2006

Advice 2780-G

(Pacific Gas and Electric Company ID U39G)

Public Utilities Commission of the State of California

Subject: Annual Gas True-up of Transportation Balancing Accounts and Other Proposed Gas Rate Changes Effective January 1, 2007

Purpose

Pacific Gas and Electric Company (PG&E) submits its Annual Gas True-up of Transportation Balancing Accounts (AGT) to revise core and noncore gas transportation rates effective January 1, 2007. This filing consolidates gas rate changes authorized by and currently pending before the California Public Utilities Commission (CPUC or Commission) to be effective January 1, 2007.

The overall impact of this filing and the Public Purpose Program (PPP) surcharge funding as submitted in Advice Letter (Advice) 2769-G results in a decrease in 2007 revenues of \$47.5 million from the amount currently recovered in rates as shown below and in Attachment I:

Proposed Change in Gas Revenue Requirements Effective January 1, 2007 (In millions of \$) ¹			
Description	Currently in Rates	Proposed	Change
End-Use Transportation	\$1,194.7	\$1,202.2	\$7.4
Public Purpose Programs (as submitted in Advice 2769-G)	\$192.4	\$132.9	\$(59.5)
Gas Accord III Unbundled Costs	\$174.4	\$179.0	\$4.6
Total Change in Gas Revenue Requirements	\$1,561.5	\$1,514.1	\$(47.5)

¹ This table does not include gas procurement-related revenue requirement changes. Gas procurement-related revenue requirements and rates will be submitted, along with the core transportation rate changes shown in this filing, in the monthly core procurement advice letter, which will be submitted on December 21, 2006, to be effective January 1, 2007.

The assumptions used to calculate the rate changes shown here are consistent with the assumptions that were used to calculate the gas PPP surcharges submitted in Advice 2769-G on October 31, 2006, to be effective January 1, 2007. This includes the illustrative weighted average cost of gas (WACOG) used to calculate the California Alternate Rates for Energy (CARE) shortfall recovered in gas PPP surcharge rates, and other proposed rate changes filed herein.

The proposed 2007 transportation revenue requirements, gas PPP authorized funding, unbundled Gas Accord III revenue requirement, balancing account balances, and class-average transportation and PPP rates, effective January 1, 2007, are shown in Attachments I and II. PG&E will supplement its showing with two additional advice letters, with revised gas tariffs reflecting the final rate changes, to be submitted by December 21, 2006:

- (1) An advice letter consolidating the core transportation changes with monthly core procurement rates for January 2007, consistent with this filing; and
- (2) An advice letter implementing noncore transportation, transmission and storage rates, consistent with this filing.

Both of these advice letters will include the result of Commission action on filings currently pending that are approved by the CPUC for gas rate changes effective January 1, 2007.

Transportation Balancing Accounts

The AGT changes core and noncore transportation rates, in accordance with Biennial Cost Allocation Proceeding (BCAP) Decision (D.) 05-06-029, for rates effective January 1, 2007. As described in PG&E's Preliminary Statement C--*Gas Accounting Terms and Definitions*, Part 12.b, *Revision Dates*, the AGT updates the customer class charge components of transportation rates to recover all transportation-related balancing and memorandum account balances for costs that the Commission has authorized to be recovered in rates. To determine the change in the customer class charge components of transportation rates, PG&E relies on the following:

- 1) The December 31 forecasted balance for each transportation balancing and memorandum account to be updated in the AGT is determined by the recorded balance at the end of September 2006 and a forecast of costs and revenues, including interest, through December 31; and
- 2) Customer class charge components are calculated by dividing the forecasted December 31 balancing account balance by PG&E's currently adopted BCAP throughput.

Attachment II - Table B details forecasted balances for transportation balancing accounts. The total transportation balancing account balances are projected to be undercollected by \$98.4 million, compared to the \$101.9 million undercollection currently amortized in rates, as shown in Attachment I.

The net result of the update to transportation balancing accounts in the AGT is a \$3.5 million decrease compared to the balancing account balances currently included in transportation rates. Because different balancing accounts are allocated differently to customer classes, the balancing account update results in a \$9.1 million decrease in core transportation revenues and a \$5.6 million increase in noncore transportation revenues.

The remainder of this section describes the balancing accounts impacted by this AGT advice letter, the recent decisions impacting the balancing account balances, and PG&E's proposals to recover the forecasted balances in rates effective January 1, 2007. Certain account balances are recovered in rates through the Core Fixed Cost Account and/or Noncore Customer Class Charge Account rate components, as described below. For these accounts, PG&E will transfer the recorded December 2006 balance to the appropriate subaccount of the CFCA and/or NCA, once the AGT is approved.

1. Core Fixed Cost Account (CFCA)

The CFCA records authorized General Rate Case (GRC) distribution base revenue amounts (with credits and adjustments), certain other core transportation costs, and transportation revenue from core customers. The CFCA has three subaccounts:

- (i) The Distribution Cost subaccount, which recovers the core distribution base revenue requirement adopted in PG&E's GRC, including Annual Attrition Adjustments and the Cost of Capital Proceedings, and other core distribution-related costs authorized by the Commission. The Distribution Cost subaccount is allocated to core customer classes in proportion to their allocation of distribution base revenues;
- (ii) The Core Cost subaccount, which recovers non-distribution-related costs, such as the Self-Generation Incentive Program (SGIP) and Gas Accord local transmission revenue requirements, adopted by the Commission. The Core Cost Subaccount is allocated to core transportation customers on an equal-cents-per-therm basis; and
- (iii) The Winter Gas Savings Program (WGSP) Transportation Subaccount, which recovers transportation-related program rebates and costs from core customers.

The AGT includes a forecasted \$40.7 million undercollection in the CFCA, which results from:

- (i) A forecasted \$86.6 million undercollection in the Distribution Cost Subaccount due primarily to actual core demand being less than the forecasted annual core demand used to set rates in the last AGT;
- (ii) A forecasted \$33.1 million overcollection in the Core Cost Subaccount, due primarily to a credit of approximately \$39.2 million from settlements with Enron and Reliant Energy as approved in Advice 2722-G; and
- (iii) A forecasted \$12.8 million overcollection in the WGSP Transportation Subaccount related to last winter's 10/20 WGSP as approved in Resolution G-3384, due to the warmer weather and lower cost of gas than was originally forecasted.

The balance in the WGSP Transportation subaccount of the CFCA is being credited to the residential and small commercial customer classes that funded the program, over twelve months, effective January 1, 2007. As approved in Resolution G-3392, a portion of authorized costs for the 10/20 Plus Program for this upcoming winter will also be recovered in core transportation rates in 2007.² See the Transportation Revenue Requirements section below for additional details.

2. Noncore Customer Class Charge Account (NCA)

The NCA records noncore costs and revenues from noncore customers. The NCA has two subaccounts:

- (i) The Noncore Subaccount, which recovers costs and balances from all noncore customers and is allocated on an equal-cents-per-therm basis; and
- (ii) The Interim Relief and Distribution Subaccount, which recovers the noncore distribution portion of gas revenue requirement changes adopted in GRC decisions and other costs and balances approved by the Commission. It is allocated to noncore classes in proportion to their allocation of distribution base revenues.

The AGT includes a forecasted \$6.6 million undercollection in the NCA, which results from:

- (i) A forecasted \$6.8 million undercollection in the Noncore Subaccount; and

² The procurement portion of the WGSP will be recovered in monthly core procurement rates beginning January 1, 2007.

- (ii) A forecasted \$0.2 million overcollection in the Interim Relief and Distribution Subaccount.

3. Noncore Distribution Fixed Cost Account (NDFCA)

The NDFCA recovers 75 percent of the noncore distribution base revenue requirement. As authorized in D.05-06-029, PG&E is at risk for noncore gas distribution throughput variables for the other 25 percent of revenues. The AGT includes the return of a forecasted \$0.5 million overcollection in the NDFCA. The NDFCA balance is included in the rate component of the Interim Relief and Distribution Subaccount of the NCA.

4. Enhanced Oil Recovery Account (EORA)

The EORA balancing account records actual enhanced oil recovery (EOR) revenues for comparison with forecasted EOR revenues. This AGT proposes the return of a forecasted \$44,000 overcollection in the EORA. The EORA balance is included in the rate component of the Core Cost Subaccount of the CFCA and the Noncore Subaccount of the NCA.

5. Core Brokerage Fee Balancing Account (CBFBA)

The CBFBA ensures that variations between the adopted brokerage fee revenue requirement and actual brokerage fee revenues collected from core procurement customers will flow through core transportation rates. The AGT includes a forecasted \$0.8 million undercollection in the CBFBA. The CBFBA balance is included in the rate component of the Core Cost Subaccount of the CFCA.

6. Natural Gas Vehicle Balancing Account (NGVBA)

The NGVBA records transportation revenue from customers receiving service under natural gas vehicle (NGV) rate schedules and expenses incurred by PG&E to implement authorized NGV programs that are not recovered in gas distribution base revenue authorized in PG&E's GRC. This AGT includes a forecasted \$2.2 million undercollection in the NGVBA, which is the difference between the 2006 customer education; research, development and demonstration; and technology application assessment programs, and the NGV revenue recorded in this account. The NGVBA balance is included in the rate component of the Core Cost Subaccount of the CFCA and the Noncore Subaccount of the NCA.

7. Hazardous Substance Mechanism (HSM)

The HSM allocates costs and related recoveries associated with approved hazardous substance-related activities, as set forth in D.94-05-020 through the Hazardous Substance Cost Recovery Account (HSCRA). This AGT includes a

forecasted \$32.5 million undercollection in the HSCRA, which represents the costs recorded in this account that were reviewed as part of PG&E's annual HSM report submitted to the Commission in April 2006. The HSCRA balance is included in the rate component of the Core Cost Subaccount of the CFCA and the Noncore Subaccount of the NCA.

8. Balancing Charge Account (BCA)

The BCA records the revenue and costs associated with providing balancing service, including charges and credits, as described in gas Schedule G-BAL and Gas Rule 14. PG&E forecasts the December 31, 2006, balance in the BCA to be an overcollection of \$0.3 million and proposes to maintain a zero BCA balance in rates effective January 1, 2007. In 2007, PG&E intends to continue to purchase gas supply to replace under-delivered gas volumes that have been sold to customers under Schedule G-BAL consistent with PG&E's treatment of the BCA balance in 2006 as approved in Advice 2678-G.

9. Affiliate Transfer Fees Account (ATFA)

The ATFA records employee transfer fees paid to PG&E by its holding company and affiliates to ensure that PG&E's customers receive the fees pursuant to D.96-11-017. This AGT returns a forecasted \$0.3 million overcollection in the ATFA, which represents activity in the account for 2006. The ATFA balance is included in the rate component of the Distribution Cost Subaccount of the CFCA and the Interim Relief and Distribution Cost Subaccount of the NCA.

10. Customer Energy Efficiency Adjustment (CEEA) - Annual Earnings Assessment (AEAP) Incentive

Among other things, the CEEA records incentives earned under the Customer Energy Efficiency (CEE) incentive mechanism authorized in PG&E's Annual Earnings Assessment Proceedings (AEAP). The CEEA includes a balancing account, the Customer Energy Efficiency Incentive Account (CEEIA), which records CEE shareholder incentives and penalties. This AGT includes a forecasted \$2.2 million undercollection in the CEEIA, which is a \$23.2 million decrease from the balance currently recovered in rates. The CEEIA balance currently in rates is recovering a one-time shareholder incentive of \$26 million under the AEAP settlement approved in D.05-10-041.

11. Gas Reimbursable Fees Balancing Account (GRFBA)

The GRFBA recovers the gas portion of the amounts paid to the Commission for reimbursement of the fees and expenses incurred by the Commission in its participation in PG&E's bankruptcy proceeding. The amounts recorded in the GRFBA are to be recovered within four years, pursuant to the Settlement Agreement adopted in D.03-12-035. Resolution E-3862 authorized PG&E to include the costs recorded in the GRFBA in the AGT. In PG&E's 2006 AGT advice filing (Advice 2678-G), the Commission approved PG&E's proposal to

amortize the forecasted GRFBA balance in rates over 24 months. The 2006 AGT amortized \$5.3 million of the undercollected balance in the GRFBA. The 2007 AGT includes the remaining forecasted \$5.6 million undercollection in the GRFBA. The GRFBA balance is included in the rate component of the Distribution Cost Subaccount of the CFCA and Interim Relief and Distribution subaccount of the NCA. Since PG&E does not anticipate recording any additional amounts to the GRFBA, once the AGT is approved and the recorded balance is transferred to the CFCA and NCA, PG&E proposes to close this balancing account.

12. Gas Advanced Metering Account (GAMA)

The GAMA recovers incremental Operating and Maintenance (O&M), Administrative and General (A&G) expenditures, and capital-related revenue requirements incurred to develop and implement pre-deployment activities for the Advanced Metering Infrastructure (AMI) project pursuant to D.05-09-044. This AGT includes a forecasted \$3.3 million undercollection in the GAMA. No GAMA balance has previously been recovered in rates. PG&E submitted Advice 2729-G/2836-E to recover \$3.3 million in AMI pre-deployment costs through April 2006.

13. SmartMeter™ Project Balancing Account-Gas (SBA-G)

The SBA-G recovers the incremental O&M and A&G expenditures, capital-related costs, capital-related revenue requirements, benefits, and revenues associated with the SmartMeter™ Project authorized in D.06-07-027. This AGT includes a forecasted \$5.3 million undercollection in the SBA-G due to deployment costs. No SBA-G balance has previously been recovered in rates. Pursuant to D.06-07-027 and Advice 2752-G, PG&E established the SBA-G and transferred the deployment balance in the Advanced Metering Infrastructure Memorandum Account-Gas (AMIMA-G) to the SBA-G for recovery.

14. Food Service Technology Center Memorandum Account (FSTCMA)

The FSTCMA tracks the expenses of operating and maintaining PG&E's Food Service Technology Center pursuant to D.02-03-051. This AGT includes a forecasted \$2,000 undercollection in the FSTCMA. No FSTCMA balance has previously been recovered in rates. The FSTCMA balance is included in the rate component of the Distribution Cost Subaccount of the CFCA and the Interim Relief and Distribution Cost Subaccount of the NCA. PG&E no longer operates this center, so once the AGT has been approved and the recorded balance is transferred to the CFCA and the NCA, PG&E proposes to close this memorandum account.

15. Pension Contribution Balancing Account (PCBA)

In accordance with D.06-06-014, on August 14, 2006, PG&E submitted Advice 2755-G to establish the PCBA. This account will include the revenue requirement associated with the difference, if any, between adopted pension contributions and (i) lower contributions for any reason or (ii) federally mandated higher contributions, with the difference to be refunded to or recovered from customers. The balancing account will be amortized annually as part of the AGT filing. On July 20, 2006, in accordance with D.06-06-014, PG&E made its full pension contribution for 2006. As a result, PG&E does not expect that the PCBA will have a balance on December 31, 2006.

Transportation Revenue Requirement

The following items highlight recent decisions and pending filings that impact the transportation revenue requirement and rates filed in the AGT:

1. 2007 General Rate Case

PG&E has a pending test year 2007 GRC Application (A.) 05-12-002. On August 21, 2006, PG&E filed a motion for approval of a settlement in its GRC Application. PG&E does not expect to have a final decision on A.05-12-002 and the related Settlement before the end of 2006, so 2007 GRC results have not been reflected in the revenue requirements and average rates shown in this advice letter.

2. Self Generation Incentive Program (SGIP)

In D.01-03-073, the Commission established the SGIP and an SGIP budget for PG&E of \$60 million per year for both gas and electric through the end of 2004. D.04-12-045 extended the SGIP budget through the end of 2007. The authorized gas portion of the approved SGIP budget is \$9.6 million for 2007. D.06-05-019 allocated the gas portion to all gas retail customers, except gas wholesale customers. The SGIP revenue requirement is included in the rate component of the Core Cost Subaccount of the CFCA and the Noncore Subaccount of the NCA. On November 14, 2006, a proposed decision was issued in R.06-03-004, which modifies SGIP-related decisions. PG&E will revise its revenue requirement in December, as necessary, to reflect the final decision in this matter.

Senate Bill 1 was signed into law on August 21, 2006, to codify specific aspects of the California Solar Initiative (CSI), created by D.06-01-024. Senate Bill 1 exempts all gas customers from CSI costs as of December 31, 2006. Therefore, no CSI costs are included in gas rates in this filing.

3. SmartMeter™ Project

As described above, D.06-07-027 authorized a SmartMeter™ project. The gas portion of the adopted 2007 SmartMeter™ Project revenue requirement is \$21.5 million, and is recovered in rates through the SmartMeter™ Project rate component. As ordered by D.06-07-027, PG&E will collect the revenue requirement over a depreciation life of 20 years, and will allocate costs using the methodology adopted in D.06-07-027.

In compliance with D.06-07-027, PG&E filed gas rates for SmartMeter™ Project cost recovery in Advice 2752-G, which was approved on August 24, 2006. In Advice 2757-G, PG&E implemented those rates recovering \$30.7 million in gas distribution rates over 12 months, effective September 1, 2006, through the new SmartMeter™ Project rate component. In accordance with approved Advice 2752-G and consistent with PG&E's current methodology for allocating customer and distribution-related costs, PG&E allocates the authorized revenue requirement to each core customer class based upon distribution marginal cost revenues.

4. Climate Protection Tariff Application

On January 24, 2006, PG&E filed A.06-01-012 to propose a voluntary program allowing customers to procure 'climate-neutral' electric and gas service by signing up for an optional tariff premium. As part of the application, PG&E proposed to recover CPUC-authorized program administration and marketing costs through existing recovery mechanisms, such as the AGT, and allocate the costs to gas distribution customers. A proposed decision and an alternate decision were recently issued in A.06-01-012. PG&E has reflected the \$1.5 million allocated to gas customers in A.06-01-012 in the rate components of the Distribution Cost Subaccount of the CFCA and the NDFCA. PG&E will revise its revenue requirement in December, as necessary, to reflect the final decision in this matter.

5. 10/20 Plus Winter Gas Savings Program Costs

On October 5, 2006, the CPUC issued Resolution G-3392 approving PG&E's 10/20 Plus WGSP designed to encourage conservation by providing up to a 20 percent rebate to core gas customers who reduce their cumulative gas usage during the January and February 2007 billing period. Resolution G-3392 approved \$5 million in marketing and implementation costs that will be recovered in core transportation and procurement rates beginning January 1, 2007. The Resolution also approved recovery of 10/20 Plus rebates in core rates beginning January 1, 2007. Only the transportation portion of marketing and implementation costs impact the overall annual revenue change shown in Attachment I and II of this filing.

The AGT includes recovery of the large and small commercial customer portion of marketing costs and program rebates over 12 months in transportation rates.

As approved in Resolution G-3392, the residential portion of marketing costs and program rebates will be recovered in rates between April and October 2007.³

In addition to the commercial customer portion of 10/20 Plus WGSP costs, the WGSP - Transportation rates for January 1, 2007, will include the balance in the WGSP Transportation subaccount of the CFCA, as discussed above.

Gas Accord III Revenue Requirement

D.04-12-050 adopted rates, terms and conditions of service for PG&E's natural gas transmission and storage system effective January 1, 2005, through December 31, 2007. D.04-12-050 authorized a revenue requirement for 2007 of \$443.7 million,⁴ which represents an increase of \$8.2 million from the 2006 revenue requirement of \$435.5 million used to set 2006 rates. Of the \$8.2 million transportation revenue requirement change shown in this filing, \$4.6 million is related to Gas Accord III unbundled backbone and storage costs, and \$2.8 million is related to local transmission and customer access charge. The remaining \$0.8 million is related to the procurement-related core storage revenue requirement, and will be incorporated in monthly core procurement rates to be filed on December 21, 2006, for rates effective January 1, 2007.

Gas Public Purpose Program Authorized Funding

This AGT incorporates gas PPP surcharge changes that are proposed in Advice 2769-G, submitted on October 31, 2006. The gas PPP surcharge rate impacts on customers are shown in Attachment II.

Public Utilities (PU) Code Sections 890-900 and D.04-08-010 authorize a gas rate surcharge to fund Public Purpose Programs. Advice 2769-G updates the natural gas PPP surcharge rates to fund authorized energy efficiency (EE), low-income energy efficiency (LIEE), California Alternate Rates for Energy (CARE) and public-interest Research, Development and Demonstration (RD&D) programs.

The gas PPP surcharges proposed in Advice 2769-G include:

- 1) Total gas PPP program funding of \$76.4 million, which represents an increase of \$15.6 million in authorized funding for gas Public Purpose Programs for EE, LIEE, CARE administrative expense⁵ and RD&D, and Board of Equalization administrative costs;

³ The commercial procurement portion will be recovered in monthly core procurement rates beginning January 1, 2007. As filed in AL 2753-G-A, 10/20 Plus WGSP marketing costs and program rebates will be recovered from residential customers from April through October 2007 through the monthly core procurement rates instead of through both transportation and procurement rates.

⁴ See the Gas Accord Settlement Agreement at Exhibit 1 to D.04-12-050, Section 5.3 (p.7).

⁵ PG&E will file a supplement to Advice 2769-G to reflect the currently authorized CARE

- 2) Amortization over 12 months of forecasted December 31, 2006, balances in the PPP surcharge balancing accounts totaling a \$41.0 million overcollection, due primarily because the actual 2006 cost of gas on which CARE customers received a 25 percent discount was less than the forecasted cost of gas; and
- 3) A projected 2007 CARE revenue shortfall of \$97.4 million, which represents a \$35.5 million decrease over the forecasted 2006 CARE customer discount due to a decrease in the underlying assumption of gas costs compared to 2006. This shortfall is included in the PPP-CARE portion of the gas PPP surcharge rates for 2007.

This projected 2007 CARE revenue shortfall assumes an illustrative weighted average cost of gas (WACOG) of \$7.6897 per Dth based upon the September 20, 2006, published New York Mercantile Exchange January through December 2007 Natural Gas contract settlement prices adjusted to the Citygate and weighted by PG&E's adopted monthly core procurement volumes. The projected CARE revenue shortfall also reflects an estimate of CARE eligible customers, volumes, and related information on enrollment benchmarks to be achieved in 2007.

The illustrative 2007 WACOG of \$7.6897 per Dth is a decrease of \$3.8633 per Dth from the forecasted 2006 WACOG of \$11.553 per Dth, set in the month following Hurricanes Rita and Katrina when gas prices were extremely volatile, and used in the calculation of the 2006 CARE shortfall in rates.

Preliminary Statement Changes

Preliminary Statement Part AH - Air Quality Adjustment Clause: PG&E proposes to close this balancing account, as it was never used and is now obsolete. No activity is forecasted for this balancing account.

Preliminary Statement Part AV - Capital Audit Consultant Cost Memorandum Account: PG&E proposes to close this inactive balancing account that has no balance or further forecasted activity.

Preliminary Statement Part AX - Food Service Technology Center Memorandum Account: PG&E proposes to close this balancing account as described above under "Transportation Balancing Accounts" once the closing balance is transferred to the CFCA and NCA. No further activity is forecasted for this balancing account.

Preliminary Statement Part BF - Gas Reimbursable Fees Balancing Account: PG&E proposes to close this balancing account as described above under "Transportation Balancing Accounts" once the closing balance is transferred to the CFCA and NCA. No further activity is forecasted for this balancing account.

administrative expense funding amount.

Effective Date

PG&E requests that this filing be approved effective **January 1, 2007**.

As noted above, average rates are shown on Attachment II to this filing. PG&E will file final rates and preliminary statement changes on December 21, 2006, in its advice letters that will consolidate all year-end gas rate changes authorized to be effective on January 1, 2007. Changes to core transportation rates will be incorporated into the monthly core procurement advice filing for rates effective January 1, 2007, with a separate filing for noncore transportation and Gas Accord rates effective January 1, 2007.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 7, 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
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jinj@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 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.

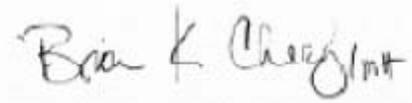
Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Notice

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, and the service lists below. Address changes should be directed to Rose de la Torre at RxDd@pge.com or (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

A handwritten signature in black ink that reads "Brian K. Chappin". The signature is written in a cursive style and is centered within a light gray rectangular box.

Vice President - Regulatory Relations

Attachments

cc: Service Lists – Biennial Cost Allocation Proceeding (A.04-07-044)
Gas PPP Surcharge (R.02-10-001)
Gas Accord III (A.04-03-021)

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: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@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) #: **2780-G**

Subject of AL: Annual Gas True-up of Transportation Balancing Accounts and Other Proposed Gas Rate Changes Effective January 1, 2007

Keywords (choose from CPUC listing): True-Up, Transportation, Balancing Account

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.05-06-029

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: **January 1, 2007**

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): \$47.5 million decrease in revenue

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

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:

Service affected and changes proposed¹:

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
inj@cpuc.ca.gov

Utility Info (including e-mail)
Attn: Brian K. Cherry
Vice President, 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 I
Change in Illustrative Annual Core Procurement and Transportation Revenue Requirement in Rates

(In millions of \$)

Line No.		Present in Rates as of 9/1/2006	Proposed as of 1/1/2007	Total Change	Core	Noncore / Unbundled	Line No.
<i>Distribution Revenue Requirements and Customer Class Charge</i>							
1	Transportation Balancing Accounts	101.9	98.4	(3.6)	(9.1)	5.6	1
2	2006 GRC Distribution Base Revenues	1,026.9	1,026.9	0.0	(0.0)	0.0	2
3	Self Generation Incentive Program Revenue Requirement ¹	30.5	9.6	(20.9)	(8.8)	(12.1)	3
4	SmartMeter™ Program Funding ²	30.7	21.5	(9.2)	(9.2)	0.0	4
5	CPUC Fee	5.3	5.3	0.0	0.0	0.0	5
6	Core Brokerage Fee Credit	(9.0)	(9.0)	0.0	0.0	0.0	6
7	10/20 Winter Gas Savings Program - Transportation	0.0	0.4	0.4	0.4	0.0	7
8	Climate Protection Tariff ³	0.0	1.5	1.5	1.5	0.0	8
9	Less CARE discount recovered in PPP surcharge from non-CARE customers ⁴	(133.0)	(97.4)	35.5	35.5	0.0	9
10	Less PPP-CARE Shortfall Not Collected in Proposed Rates	(1.0)	0.0	1.0	0.6	0.4	10
11	FF&U	1.5	1.6	0.1	0.1	0.0	11
12	Total Transportation RRQ with Adjustments and Credits	1,053.9	1,058.8	4.8	11.0	(6.1)	12
13	Proc.-Related G-10 Total	(4.5)	(3.2)	1.3	1.3	0.0	13
14	Proc.-Related G-10 Total Allocated	4.7	3.2	(1.5)	(0.5)	(1.0)	14
15	Total Transportation Revenue Requirements Reallocated	1,054.1	1,058.8	4.6	11.8	(7.1)	15
<i>Gas Accord III Transportation Revenue Requirement</i>							
17	Local Transmission	135.5	138.2	2.7	1.9	0.8	17
18	Customer Access	5.1	5.2	0.1	0.0	0.1	18
19	Total Gas Accord Transportation RRQ ⁵	140.6	143.4	2.8	1.9	0.9	19
20	Total End Use Transportation RRQ	1,194.7	1,202.2	7.4	13.7	(6.2)	20
<i>Public Purpose Program (PPP) Funding</i>							
22	Energy Efficiency	35.0	42.5	7.5	6.7	0.7	22
23	Low Income Energy Efficiency	17.0	23.4	6.4	5.8	0.6	23
24	Research and Development and BOE Administrative Fees	6.3	7.9	1.6	1.1	0.5	24
25	CARE Administrative Expense	2.6	2.7	0.1	0.1	0.0	25
26	Total Authorized PPP Funding	60.9	76.4	15.6	13.7	1.9	26
27	PPP Balancing Accounts	(1.4)	(41.0)	(39.6)	(20.5)	(19.1)	27
28	CARE discount recovered from non-CARE customers ⁴	133.0	97.4	(35.5)	(22.0)	(13.5)	28
29	Total PPP Required Funding	192.4	132.9	(59.5)	(28.8)	(30.7)	29
<i>Gas Accord III Unbundled Costs</i>							
31	Backbone	166.8	171.2	4.4	0.0	4.4	31
32	Storage	7.6	7.8	0.2	0.0	0.2	32
33	Total GAIII Unbundled ⁵	174.4	179.0	4.6	0.0	4.6	33
34	Total Change in Gas Costs as of January 1, 2007	1,561.5	1,514.1	(47.5)	(15.1)	(32.3)	34

¹ Senate Bill 1 exempts all gas customers from the California Solar Initiative (CSI) costs as of 12/31/06. CSI costs included in the SGIP RRQ are removed from gas rates effective 1/1/07.

² The SmartMeter™ Project revenue requirement was approved in Decision (D.) 06-07-027 and Advice Letter (AL) 2752-G.

³ This amount is administration and marketing costs requested in PG&E's Climate Protection Tariff A.06-01-012 that has not yet been approved.

⁴ The CARE shortfall assumes the illustrative WACOG of \$7.6897 per Dth as is filed in PPP Surcharge AL 2769-G.

⁵ These amounts represent the change resulting from GAIII authorized amounts in D.04-12-050, and are included to show the total change in authorized amounts included in rate effective 1/1/07.

Note: Positive balances represent undercollections and negative balances represent overcollections.

ATTACHMENT II - TABLE A

AL 2780-G
(REVISED)

PACIFIC GAS AND ELECTRIC COMPANY

Proposed Consolidated Gas Rates Effective January 1, 2007

TOTAL REVENUE REQUIREMENT AND PUBLIC PURPOSE PROGRAM AUTHORIZED AMOUNTS

(2007 AGT, 2007 PPP, 2007 GAIII, 2007 SGIP, 2007 SmartMeter™ Project)
\$(000)

Line No.		ANNUAL	Line No.
1	TRANSPORTATION REVENUE REQUIREMENT		1
2	Base Revenue Amount (incl. F&U)		2
3	Distribution	\$1,026,891	3
4	EOR Credit to Base	\$0	4
5	Brokerage Fee Credit	(\$8,982)	5
6	CPUC Fee Expenses	\$5,347	6
7	Self Generation Incentive Program ²	\$9,600	7
8	Smart Meter™ Project (includes F&U) ³	\$21,508	8
9	Climate Protection Tariff ⁴	\$1,539	9
10	10/20 Plus - Commercial Transportation (incl. F&U)	\$425	10
11	Total Forecast Period Costs for Transportation	\$1,056,328	11
12	Transportation Account Balances	\$98,351	12
13	Franchise Fees and Uncollectible Accounts Expense (not incl. above)	\$1,566	13
14	Total Transportation Revenue Requirement	\$1,156,245	14
15	Less PPP-CARE Shortfall Collected in PPP-CARE Rates (1/2007)	\$97,421	15
16	Net Transportation Revenue Requirement Collected in Proposed Rates	\$1,058,824	16
17	Less Transportation RRQ as of 9/2006	\$1,054,168	17
18	Shortfall in Collecting Authorized RRQ Given Current Rates ¹	\$4,656	18
	GAS ACCORD III RRQ (includes F&U)		
19	Customer Access	\$5,174	19
20	Local Transmission	\$138,238	20
21	Less Authorized GA III RRQ for 2006	(\$140,572)	21
22	Total Change in Transportation	\$7,496	22
23	PUBLIC PURPOSE PROGRAM AUTHORIZED AMOUNTS (excludes F&U)		23
24	Energy Efficiency	\$42,486	24
25	Low Income Energy Efficiency	\$23,359	25
26	Research Development and Demonstration	\$7,725	26
27	CARE Administrative Expense	\$2,689	27
28	CARE Shortfall in Rates (1/2007) ⁵	\$97,421	28
29	BOE/CPUC Gas Surcharge Administration Costs	\$174	29
30	Total Forecast Period Costs for Public Purpose Programs	\$173,855	30
31	Public Purpose Program Surcharge Account Balances	(\$40,970)	31
32	Total Public Purpose Program Authorized Amounts	\$132,885	32
33	Less Public Purpose Program Surcharge Collections as of 9/2006	\$192,401	33
34	Shortfall in Collecting Authorized Amounts Given Current Surcharge Rates ¹	(\$59,516)	34
35	UNBUNDLED GAS ACCORD III RRQ (includes F&U)		35
36	Storage	\$7,750	36
37	Backbone	\$171,220	37
38	Less Authorized GA III RRQ for 2006	(\$174,444)	38
39	TOTAL CHANGE	(\$47,494)	39

1 This includes the change in authorized amounts and the change compared to revenues at present rates.

2 Senate Bill 1 exempts all gas customers from the California Solar Initiative (CSI) costs included in the SGIP RRQ are removed from gas rates effective 1/1/07.

3 The SmartMeter™ Project revenue requirement was approved in Decision (D.) 06-07-027 and dvice Letter (AL) 2752-G.

4 This amount is program administration and marketing costs requested in PG&E's Climate Protection Tariff A.06-01-012 that has not yet been approved.

5 The projected CARE shortfall assumes the illustrative WACOG of \$7.6897 per Dth as filed in the PPP Surcharge AL 2769-G.

Note: Positive balances represent undercollections and negative balances represent overcollections.

ATTACHMENT II - TABLE B

PACIFIC GAS AND ELECTRIC COMPANY
Forecast of Balancing Account Balances for 2007 AGT/ PPP
BALANCING ACCOUNT SUMMARY
(2007 AGT, 2007 PPP, 2007 GAIII, 2007 SGIP, 2007 SmartMeter™ Project)
\$(000)

Line No.		Balance		Allocation	
		Sept. 06 Recorded	Dec. 06 Forecast	Core	Noncore
1	TRANSPORTATION BALANCING ACCOUNTS				
2	CFCA - Distribution Cost Subaccount	\$86,600		\$86,600	
3	CFCA - Core Cost Subaccount ³	(\$33,073)		(\$33,073)	
4	CFCA - 10/20 Winter Gas Savings Subaccount - Transportation ¹	(\$12,843)		(\$12,843)	
5	Noncore Distribution Fixed Cost Account	(\$513)			(\$513)
6	NC Customer Class Charge (Noncore Subaccount)	\$6,830			\$6,830
7	NC Customer Class Charge (Interim Relief and Distribution Subaccount)	(\$232)			(\$232)
8	Enhanced Oil Recovery Account	(\$44)		(\$18)	(\$25)
9	Core Brokerage Fee Balancing Account	\$799		\$799	
10	Natural Gas Vehicle Balancing Account	\$2,214		\$928	\$1,286
11	Hazardous Substance Balance	\$32,511		\$13,627	\$18,884
12	Balancing Charge Account	\$0		\$0	\$0
13	Affiliate Transfer Fee Account	(\$324)		(\$314)	(\$11)
14	Customer Energy Efficiency Incentive Recovery Account - Gas	\$2,208		\$2,189	\$19
15	Gas Reimbursable Fees Balancing Account	\$5,598		\$5,415	\$183
16	Gas Advanced Metering Account (GAMA)	\$3,343		\$3,343	
17	"Smart Meter" Project Balancing Account (SBA-G)	\$5,275		\$5,275	
18	Pension Contribution Balancing Account	\$0		\$0	\$0
19	Food Service Technology Center Memorandum Account	\$2		\$2	\$0
20	Sum of Transportation Balancing Accounts	\$98,351		\$71,929	\$26,421
21	PUBLIC PURPOSE PROGRAM (PPP) SURCHARGE BALANCING ACCOUNTS ²				
22	PPP-Energy Efficiency	\$5,454		\$4,908	\$546
23	PPP-Low Income Energy Efficiency	\$2,941		\$2,647	\$295
24	PPP-Research Development and Demonstration	\$877		\$593	\$285
25	California Alternate Rates for Energy Account	(\$50,243)		(\$32,486)	(\$17,756)
26					
27	Sum of Public Purpose Program Balancing Accounts	(\$40,970)		(\$24,340)	(\$16,630)
28	TOTAL BALANCING ACCOUNTS	\$57,381		\$47,590	\$9,791

1. These balances will be credited to residential and small commercial customers.

2. These balances were included in the 2007 PPP Gas Surcharge filed in AL 2769-G.

3. This balance includes \$39.2 million of settlement proceeds received from Enron and Reliant for the civil gas manipulation claims.

Note: Positive balances represent undercollections and negative balances represent overcollections.

Attachment II - TABLE C

PACIFIC GAS AND ELECTRIC COMPANY
Forecast of Balancing Account Balances for 2007 AGT/ PPP
BALANCING ACCOUNT SUMMARY
(2007 AGT, 2007 PPP, 2007 GAII, 2007 SGIP, 2007 SmartMeter™ Project)
\$(000)

Line No.		Balance		
		Sept. 06 Recorded Dec. 06 Forecast	In rates 2006	Difference
1	TRANSPORTATION BALANCING ACCOUNTS			
2	CFCA - Distribution Cost Subaccount	\$86,600	\$20,924	\$65,676
3	CFCA - Core Cost Subaccount ³	(\$33,073)	\$15,896	(\$48,969)
4	CFCA - 10/20 Winter Gas Savings Subaccount - Transportation ¹	(\$12,843)	\$0	(\$12,843)
5	Noncore Distribution Fixed Cost Account	(\$513)	\$799	(\$1,312)
6	NC Customer Class Charge (Industrial Distribution Subaccount) ⁴	\$0	(\$1,586)	\$1,586
7	NC Customer Class Charge (Industrial Transmission Subaccount) ⁴	\$0	(\$2,294)	\$2,294
6	NC Customer Class Charge (Noncore Subaccount)	\$6,830	\$3,088	\$3,742
7	NC Customer Class Charge (Interim Relief and Distribution Subaccount)	(\$232)	\$1,123	(\$1,355)
8	Enhanced Oil Recovery Account	(\$44)	(\$86)	\$42
9	Core Brokerage Fee Balancing Account	\$799	\$529	\$270
10	Natural Gas Vehicle Balancing Account	\$2,214	\$839	\$1,375
11	Hazardous Substance Balance	\$32,511	\$27,300	\$5,211
12	Balancing Charge Account	\$0	\$0	\$0
13	Affiliate Transfer Fee Account	(\$324)	(\$333)	\$9
14	Customer Energy Efficiency Incentive Recovery Account - Gas	\$2,208	\$25,416	(\$23,208)
15	Gas Reimbursable Fees Balancing Account	\$5,598	\$5,325	\$273
16	Gas Advanced Metering Account (GAMA)	\$3,343	\$0	\$3,343
17	"Smart Meter" Project Balancing Account (SBA-G)	\$5,275	\$0	\$5,275
18	Pension Contribution Balancing Account	\$0	\$0	\$0
19	Food Service Technology Center Memorandum Account	\$2	\$0	\$2
20	Core Transport Interstate Transition Subaccount ⁴	\$0	(\$294)	\$294
21	El Paso Settlement Memorandum Account ⁴	\$0	\$62	(\$62)
22	Self Generation Program Memorandum Account ⁴	\$0	\$5,200	(\$5,200)
23	Sum of Transportation Balancing Accounts	\$98,351	\$101,908	(\$3,557)
24	PUBLIC PURPOSE PROGRAM (PPP) SURCHARGE BALANCING ACCOUNTS ²			
25	PPP-Energy Efficiency	\$5,454	\$825	\$4,629
26	PPP-Low Income Energy Efficiency	\$2,941	(\$12,105)	\$15,046
27	PPP-Research Development and Demonstration	\$877	(\$8)	\$885
28	California Alternate Rates for Energy Account	(\$50,243)	\$9,865	(\$60,108)
29				
30	Sum of Public Purpose Program Balancing Accounts	(\$40,970)	(\$1,423)	(\$39,547)
31	TOTAL BALANCING ACCOUNTS	\$57,381	\$100,485	(\$43,104)

1. These balances will be credited to residential and small commercial customers.

2. These balances were included in the 2007 PPP Gas Surcharge filed in AL 2769-G.

3. This balance includes \$39.2 million of settlement proceeds received from Enron and Reliant for the civil gas manipulation claims.

4. These accounts and subaccounts were closed in 2006.

Note: Positive balances represent undercollections and negative balances represent overcollections.

ATTACHMENT II - TABLE D
PACIFIC GAS AND ELECTRIC COMPANY
2007 PPP AND 2007 AGT RATES EFFECTIVE JANUARY 1, 2007

ILLUSTRATIVE CLASS AVERAGE RATES INCLUDING TRANSPORTATION AND G-PPPS (\$/th, (a), (b))

Line No.	<u>Customer Class</u>	<u>Present Rates</u> (A)	<u>2007 PPP AND 2007 AGT RATES EFFECTIVE JANUARY 1, 2007</u> (B)	<u>% Change</u> (C)
TRANSPORTATION and PPP Surcharge - Retail Core				
1	Residential Non-CARE (c)	\$.483	\$.470	-2.8%
2	Small Commercial Non-CARE (c)	\$.390	\$.356	-8.8%
3	Large Commercial	\$.166	\$.147	-11.4%
TRANSPORTATION and PPP SURCHARGE- Retail Noncore				
4	Industrial - Distribution (G-NT-D)	\$.159	\$.132	-17.4%
5	Industrial - Transmission (G-NT-T)	\$.070	\$.048	-31.4%
6	Industrial - Backbone (G-NT-BB)	\$.051	\$.030	-41.9%
7	Electric Generation - Transmission (G-EG-D/T)	\$.026	\$.025	-4.8%
8	Electric Generation - Backbone (G-EG-BB)	\$.013	\$.011	-10.0%
TRANSPORTATION and PPP SURCHARGE - Wholesale Core and Noncore				
9	Alpine Natural Gas	\$.027	\$.030	10.0%
10	Coalinga	\$.026	\$.029	10.2%
11	Island Energy	\$.046	\$.049	6.6%
12	Palo Alto	\$.020	\$.022	13.0%
13	West Coast Gas - Castle	\$.057	\$.068	19.7%
14	West Coast Gas - Mather-D	\$.040	\$.054	35.8%
15	West Coast Gas - Mather-T	\$.027	\$.030	10.0%
TRANSPORTATION and PPP SURCHARGE - NGV1, NGV2, and NGV4 (experimental rate schedules)				
16	NGV1 - (uncompressed service)	\$.102	\$.066	-36.0%
17	NGV2 - (compressed service)	\$.826	\$.819	-0.8%
18	NGV 4 - Distribution (uncompressed service)	\$.155	\$.124	-20.1%
19	NGV 4 - Transmission (uncompressed service)	\$.067	\$.043	-35.6%

(a) Class average transportation rates exclude intrastate backbone transmission and storage charges.

(b) Rates are rounded to 3 decimals for viewing ease. Percentage rate changes are calculated on a 5-digit basis.

(c) CARE Customers receive a 20% discount off of the total bundled rate and are exempt from CARE G-PPPS.

ATTACHMENT II - TABLE E
PACIFIC GAS AND ELECTRIC COMPANY
2007 PPP AND 2007 AGT RATES EFFECTIVE JANUARY 1, 2007
GAS TRANSPORTATION RATES AND PUBLIC PURPOSE PROGRAM SURCHARGES (2)
CLASS AVERAGE END-USE RATES (\$/th)

Line No.	Customer Class	Present Rates and Surcharges (A)			Proposed Rates and Surcharges (B)			% Change (3)
		Transportation	G-PPPS (2)	Total	Transportation	G-PPPS (2)	Total	
TRANSPORTATION RATES - Retail Core (1)								
1	Residential Non-CARE (4)	\$.434	\$.050	\$.483	\$.431	\$.039	\$.470	-0.6%
2	Small Commercial Non-CARE (4)	\$.345	\$.045	\$.390	\$.327	\$.029	\$.356	-5.1%
3	Large Commercial	\$.114	\$.052	\$.166	\$.105	\$.042	\$.147	-8.0%
TRANSPORT - Retail Noncore (1)								
4	Industrial - Distribution	\$.119	\$.041	\$.159	\$.110	\$.022	\$.132	-7.4%
5	Industrial - Transmission	\$.031	\$.039	\$.070	\$.029	\$.019	\$.048	-5.0%
6	Industrial - Backbone	\$.012	\$.039	\$.051	\$.011	\$.019	\$.030	-9.1%
7	Electric Generation - Transmission (G-EG-T)	\$.026	\$.000	\$.026	\$.025	\$.000	\$.025	-4.8%
8	Electric Generation - Backbone (G-EG-BB)	\$.013	\$.000	\$.013	\$.011	\$.000	\$.011	-10.0%
TRANSPORT ONLY - Wholesale Core and Noncore (G-WSL) (1)								
9	Alpine Natural Gas	\$.027	\$.000	\$.027	\$.030	\$.000	\$.030	10.0%
10	Coalinga	\$.026	\$.000	\$.026	\$.029	\$.000	\$.029	10.2%
11	Island Energy	\$.046	\$.000	\$.046	\$.049	\$.000	\$.049	6.6%
12	Palo Alto	\$.020	\$.000	\$.020	\$.022	\$.000	\$.022	13.0%
13	West Coast Gas - Castle	\$.057	\$.000	\$.057	\$.068	\$.000	\$.068	19.7%
14	West Coast Gas - Mather Distribution	\$.040	\$.000	\$.040	\$.054	\$.000	\$.054	35.8%
15	West Coast Gas - Mather Transmission	\$.027	\$.000	\$.027	\$.030	\$.000	\$.030	10.0%

(1) Transportation Only rates include: 1) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable). Transport only customers must arrange for their own gas purchases and transportation to PG&E's citygate/local transmission system.

(2) D. 04-08-010 authorized PG&E to remove the gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs from transportation rates and into its own separate surcharge tariff. Certain customers are exempt from paying the PPP surcharge, see Tariff G-PPP for details.

(3) Rates are rounded to 3 decimals for viewing ease. Percentage rate changes are calculated on a 5-digit basis.

(4) CARE Customers receive a 20% discount off of the total bundled rate and are exempt from CARE G-PPPS.

ATTACHMENT II - TABLE F

PACIFIC GAS AND ELECTRIC COMPANY
2007 PPP AND 2007 AGT RATES EFFECTIVE JANUARY 1, 2007
ALLOCATION OF TRANSPORTATION COSTS AND PUBLIC PURPOSE PROGRAM SURCHARGES BY CLASS
(800)

ALLOCATION OF AVERAGE ANNUAL DISTRIBUTION-LEVEL REVENUE REQUIREMENT BY CUSTOMER CLASS*

Line No.	Component	TOTAL	Residential	Small Commercial	Large Commercial	Experimental NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
1	Customer	592,759	527,281	58,782	1,676	0	587,739	4,000	201	700	0	5,021
2	Distribution	422,188	298,405	91,574	3,882	0	393,961	19,161	5,846	3,368	33	28,207
3	Allocation of Franchise Fees	9,911	8,063	1,468	55	0	9,588	227	57	40	0	324
4	Allocation of Uncollectibles Expenses	2,054	1,671	304	11	0	1,987	47	12	8	0	67
5	Totals Before Averaging	1,028,922	835,420	152,129	5,725	0	993,273	23,465	5,916	4,176	33	33,619
6	Re-Allocation Due to Averaging*	(0)	(59,192)	59,192	0	0	(0)	0	0	0	0	0
7	Final Allocation of Distribution Revenue Requirement	1,028,922	777,227	210,321	5,725	0	993,273	23,465	5,916	4,176	33	33,619

Distribution Revenue Requirement Allocation %
100.00000% 75.88732% 20.48191% 0.55747% 0.00000% 98.72811% 2.28707% 0.57806% 0.40665% 0.00322% 3.27389%

ALLOCATION BY CUSTOMER CLASS OF AVERAGE ANNUAL COSTS AND BALANCES COLLECTED VIA THE CFCA AND NCA RATE COMPONENTS

Line No.	Component	TOTAL	Residential	Small Commercial	Large Commercial	Experimental NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
8	Core Fixed Cost Acct. Bal. - Dist. Cost Subacct.	86,602	67,765	18,339	499	0	86,602	0	0	0	0	0
9	Core Fixed Cost Acct. Bal. - Core Cost Subacct.	(33,073)	(23,394)	(8,733)	(956)	0	(33,073)	0	0	0	0	0
10	CFCA - Comm. Trans. Portion of Wtr. Gas Savings Prog. (10/20+)	5,506	0	4,963	543	0	5,506	0	0	0	0	0
11	Noncore Customer Class Charge Account - ECPT	6,890	0	0	0	0	0	430	2,040	4,287	63	6,890
12	Noncore Customer Class Charge Account - Interim Relief	(513)	0	0	0	0	0	(192)	(90)	(94)	(1)	(513)
13	NC Distribution Fixed Cost Acct.	0	0	0	0	0	0	0	0	0	0	0
14	NGV expenses	0	0	0	0	0	0	0	0	0	0	0
15	Natural Gas Vehicle Account Balance	32,511	656	245	27	0	928	81	384	806	12	1,286
16	Hazardous Substance Balance	0	0	0	0	0	0	0	0	0	0	0
17	Gas Credit Facilities Fees	0	0	0	0	0	0	0	0	0	0	0
18	Gas Brokerage Fee Credit (Gas Brokerage Costs)	(7,581)	(5,349)	(1,998)	(219)	0	(7,581)	0	0	0	0	0
19	Core Brokerage Fee Credit (Sales/Marketing Costs)	(1,421)	(1,275)	(142)	(4)	0	(1,421)	0	0	0	0	0
20	Antilate Transfer Fee Account	(324)	(294)	(48)	(2)	0	(314)	(7)	(2)	(1)	(0)	(11)
21	Balancing Charge Account	0	0	0	0	0	0	0	0	0	0	0
22	G-10 Procurement-related Employee Discount Allocated	3,154	665	349	38	0	1,322	115	547	1,153	17	1,832
23	Brokerage Fee Balance Account	799	585	211	23	0	799	0	0	0	0	0
24	Self-Generation Program Memorandum Account	0	0	0	0	0	0	0	0	0	0	0
25	G-10 Procurement-related Employee Discount	(3,154)	(3,154)	0	0	0	(3,154)	0	0	0	0	0
26	CA Solar Incentive Costs Allocated to Gas Dept.	0	0	0	0	0	0	0	0	0	0	0
27	Gas Reimbursable Fees Account Balance	5,598	4,554	829	31	0	5,415	128	32	23	0	183
28	GAMA	3,343	2,910	708	19	0	3,343	0	0	0	0	0
29	WSGP (10/20) Balancing Account	(12,843)	(9,351)	(3,462)	0	0	(12,843)	0	0	0	0	0
30	Climate Protection Tariff	1,599	1,252	228	9	0	1,489	35	9	6	0	50
31	Self Gen Incentive Program Forecast Period Cost	9,000	2,890	1,068	117	0	4,048	353	1,675	3,527	0	5,554
32	Subtotals of Items Transferred to CFCA and NCA	98,575	48,065	16,126	520	0	64,710	1,803	10,196	21,901	265	33,895
33	Re-Allocation Due to Averaging	0	(3,402)	3,402	0	0	0	0	0	0	(0)	0
34	Alloc. After Averaging of Items Collected via the CFCA and NCA	98,575	44,663	19,527	520	0	64,710	1,803	10,196	21,901	265	33,895
35	Franchise Fees and Uncol. Exp. on Non-Base CFCA and NCA	1,182	527	230	6	0	783	21	120	255	258	399
36	Subtotals with FRU and Other Bal. Acct. Forecast Period Costs	99,757	45,190	19,757	526	0	65,473	1,824	10,316	21,856	287	34,293
37	Totals of Items Collected via CFCA and NCA	1,128,028	822,417	230,079	8,251	0	1,058,749	25,319	10,231	20,082	300	37,893

ALLOCATION BY CUSTOMER CLASS OF OTHER COSTS AND BALANCES COLLECTED VIA THEIR OWN RATE COMPONENT

Line No.	Component	TOTAL	Residential	Small Commercial	Large Commercial	Experimental NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
38	EOR Balancing Account	(44)	(27)	(10)	(1)	0	(38)	(2)	(2)	(2)	0	(5)
39	OEE Incentive	2,208	1,964	219	6	0	2,189	15	1	3	0	19
40	Core Transport Interstate Transition Subaccount of the CPDCA	0	0	0	0	0	0	0	0	0	0	0
41	*Smart Meter Forecast Period Cost	21,508	16,830	4,554	124	0	21,508	0	0	0	0	0
42	AMI Balancing Account (AMIBA)	5,275	4,127	1,117	30	0	5,275	0	0	0	0	0
43	CPUC FEE	5,347	1,639	610	67	0	2,309	201	95	1,880	0	3,039
44	Subtotals	34,294	24,527	6,490	228	0	31,243	215	95	1,881	0	3,051
45	Re-Allocation Due to Averaging	0	(972)	972	0	0	(0)	0	0	0	0	0
46	Allocation after Averaging	34,294	23,555	7,462	228	0	31,243	215	95	1,881	0	3,051
47	French. Fee and Uncol. Exp. on Non-CFCA, Non-NCA, Non-PPP	404	278	86	3	0	368	11	11	22	0	58
48	Subtotals of Other Costs	34,698	23,833	7,549	229	0	31,611	218	96	1,903	0	3,087
49	Allocation of Total Transportation Costs	1,181,327	846,250	237,828	6,480	0	1,090,358	26,537	17,168	27,855	300	70,970

* Residential and Small Commercial Classes are 50% averaged

ATTACHMENT II - TABLE F (continued): ALLOCATION OF PUBLIC PURPOSE PROGRAMS
(\$000)

COMPONENT	TOTAL	Residential			Small Commercial		Large Commercial		Experimental NGV Core	Subtotal Core	Industrial		Electric Gen	Total Wholesale	Total Noncore & Wholesale
					Commercial	Commercial	Distribution	Transmission							
13 PPP-EE Surcharge	42,486	33,487	3,408	1,336						38,231	1,142	3,113	0	4,255	
14 PPP-EE Balancing Account	5,454	4,299	437	171						4,908	147	400	0	546	
15 PPP-LIEE Surcharge	23,359	18,411	1,874	734						21,019	628	1,712	0	2,340	
16 PPP-LIEE Balancing Account	2,941	2,318	236	92						2,646	79	216	0	295	
17 PPP - RD&D Programs	7,725	3,687	1,361	144				24		5,217	441	2,068	0	2,509	
18 PPP - RD&D Balancing Account	877	419	155	16				3		592	50	235	0	285	
19 PPP-CARE Discount Allocation Set Annually	97,421	42,003	18,678	1,980				331		62,991	6,046	28,384	0	34,429	
20 PPP-CARE Administration Expense	2,689	1,159	516	55				9		1,739	167	783	0	950	
21 PPP-CARE Balancing Account	(50,243)	(21,662)	(9,633)	(1,021)				(171)		(32,486)	(3,118)	(14,638)	0	(17,756)	
22 PPP-Admin Cost for BOE and CPUC	174	83	31	3				1		118	10	47	0	57	
23 Subtotal	132,884	84,205	17,062	3,511				197		104,974	5,591	22,319	0	27,910	
24 Re-Allocation Due to Averaging	0	(5,787)	5,787	0				0		0	0	0	0	0	
25 Allocation after Averaging	132,884	78,418	22,849	3,511				197		104,974	5,591	22,319	0	27,910	
26 Franchise and Uncollectibles on PPP in PPP Surcharge	0									0				0	
27 Total PPP with FF&U	132,884	78,418	22,849	3,511				197		104,974	5,591	22,319	0	27,910	
28 LESS: Est. CARE Discount Provided to Residential CARE Customers	(97,419)	(97,419)								(97,419)				0	
29 Net Allocation of PPP by Class After CARE Discount	35,466	(19,001)	22,849	3,511				197		7,556	5,591	22,319	0	27,910	
30 Net Totals of Transportation and PPP Costs	1,196,793	827,249	260,477	9,991				197		1,097,914	31,127	39,517	27,935	98,880	

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

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