

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 31, 2008

Advice Letter 2894-G

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

Subject: Implementation of the Gas Accord IV Settlement Agreement
(Decision 07-09-045)

Dear Mr. Cherry:

Advice Letter 2894-G is effective January 1, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

December 20, 2007

Advice 2894-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Implementation of the Gas Accord IV Settlement Agreement
(Decision 07-09-045)**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

The purpose of this advice letter is to implement the Gas Accord IV Settlement Agreement and the associated non-rate tariff changes effective January 1, 2008, approved by the California Public Utilities Commission (CPUC) in Decision (D.) 07-09-045 on September 20, 2007. All 2008 rates approved in D. 07-09-045 are being implemented in conjunction with PG&E's Annual Gas True-up of Transportation Balancing Accounts, Advice 2881-G-A, and Monthly Gas Core Procurement Rate Change, Advice 2895-G.

Background

On March 15, 2007, PG&E submitted with its 2008 Gas Transmission and Storage (GT&S) Application (A.) 07-03-012, a Settlement Agreement reached with 31 parties. The Settlement Agreement proposed to extend the Gas Accord III Settlement, approved in D.04-12-050, for three additional years, with some minor changes.

The Settlement Agreement sets the revenue requirements and the rates for each of the four GT&S functions, backbone transmission, local transmission, gas storage, and the Customer Access Charge, for 2008, 2009 and 2010. Under the Settlement Agreement, the total GT&S revenue requirement will increase about 0.6% for 2008, from \$443,688,000 in 2007 to \$446,493,000 in 2008.¹ The only

¹ The increases in the revenue requirements and rates are based on the annual escalators that were negotiated and reflected in sections 8.1, 8.2, 8.3 and Table A-4 of Appendix A of the Settlement Agreement.

rates that increase under the Settlement Agreement are the local transmission rates and the backbone transmission rates on the Baja Path. All other rates decrease or remain unchanged at 2007 levels. PG&E will reflect the revenue requirements and rates adopted for years 2009 and 2010, including potential local transmission rate adders in conjunction with the Annual Gas True-Up advice filing for each year.

Tariff Revisions

In its Application, PG&E submitted *pro forma* tariff sheets for the non-rate changes to Rule 1 and Schedule G-WSL that were necessary to implement the Gas Accord IV Settlement Agreement. Ordering Paragraph 2 of D.07-09-045 approved the *pro forma* tariff sheets. The approved tariff changes are included as Attachment 1 to this advice filing. All other rate schedules and preliminary statement changes are being filed concurrently in the Annual Gas True-up of Transportation Balancing Accounts, Advice 2881-G-A, and Monthly Gas Core Procurement Rate Change, Advice 2895-G.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **January 9, 2008**, which is 20 days after the date of this filing. 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: anj@cpuc.ca.gov and mas@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:

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

Effective Date

In accordance with Ordering Paragraph 3.a. of D.07-09-045, PG&E requests that this advice filing become effective on January 1, 2008.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for A.07-03-012. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at:

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



Vice President, Regulatory Relations

Attachments

cc: Service List A.07-03-012

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

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
PLC = Pipeline

GAS = Gas
HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2894-G**

Tier: 1

Subject of AL: Implementation of the Gas Accord IV Settlement Agreement (Decision 07-09-045)

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Decision 07-09-045

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: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required? Yes No

Requested effective date: **January 1, 2008**

No. of tariff sheets: **5**

Estimated system annual revenue effect (%): See advice letter

Estimated system average rate effect (%): See advice letter

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: See advice letter

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

Protests, dispositions, 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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Avenue

San Francisco, CA 94102

E-mail: jn@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

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

**ATTACHMENT 1
Advice 2894-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26781-G	Schedule G-WSL--Gas Transportation Service to Wholesale/Resale Customers	22897-G
26782-G	Rule 01--Definitions	25122-G
26783-G	Table of Contents -- Rate Schedules	26598-G
26784-G	Table of Contents -- Rules	26560-G
26785-G	Table of Contents -- Title Page	26612-G



SCHEDULE G-WSL—GAS TRANSPORTATION SERVICE TO WHOLESALE/RESALE CUSTOMERS
 (Continued)

RATES:
 (Cont'd.)

See Preliminary Statement, Part B for the default tariff rate components applicable to this schedule.

Customers will be responsible for any applicable costs, taxes, and/or fees incurred by PG&E in taking delivery of third-party gas from intra- or interstate sources.

The existing Wholesale Customers listed below will have a one-time option prior to April 1, 2008, to subscribe, on behalf of their core Customers, for firm capacity on the Redwood to on-system as specified below. Capacity will be offered only for the core portion of the Customer's load.

(T)
 (T)

<u>Customer</u>	<u>Redwood (MDth)</u>
Alpine	0.098
Coalinga	0.552
Island Energy	0.064
Palo Alto	5.898
West Coast Gas (Castle)	0.051
West Coast Gas (Mather)	0.171

This intrastate capacity will be offered to the G-WSL Customers specified above at the rates specified for Core Procurement Groups in Schedule G-AFT. G-WSL Customers must execute a Gas Transmission Service Agreement (GTSA) (Form No. 79-866) and associated exhibits in order to exercise a preferential right to this intrastate capacity. In addition, G-WSL Customers, at their option, may execute a GTSA and associated exhibits for additional intrastate transmission pipeline capacity that will not be offered at the rates specified for Core Procurement Groups in Schedule G-AFT.

(Continued)



RULE 1—DEFINITIONS

BACKBONE TRANSMISSION SYSTEM: The system used to transport gas from PG&E's interconnection with interstate pipelines, other local distribution companies, and the California gas fields to PG&E's local transmission and distribution system. The Backbone Transmission System is comprised of Lines 401, Line 400, Line 300, Line 303, Line 319, Line 107, Line 2, Line 131 from the Antioch Terminal to the Milpitas Terminal, and Line 114 from the Antioch Terminal to the Livermore Junction, including all associated compressors, control stations (terminals), metering, valves, individual line taps, cross-ties and other minor facilities.

BACKBONE LEVEL END-USE CUSTOMER: Noncore End-Use Customers with a load that meets all the following criteria:

1. Is new or incremental load to PG&E's system on or after March 1, 1998 (i.e., a new or repowered electric generation unit, a new process or production line, or other new gas-consuming equipment, which is substantially stand-alone in nature); and
2. Has separate PG&E metering, or other separate metering acceptable to PG&E; and
3. The load satisfies the applicability provisions of a noncore rate schedule; and
4. Has never have been physically connected to PG&E's local transmission or distribution system, except that Moss Landing Power Plant Units 1 & 2 are not required to meet this criterion to qualify as a Backbone Level End-Use Customer; and
5. Is directly connected to PG&E's Backbone Transmission System by a lateral pipeline that delivers gas to the End-Use Customer's premise, which is one of the following:
 - a. 100 percent owned by, or fully under the operational control of, the End-Use Customer or the Customer's affiliate, which affiliate is wholly-owned and/or controlled by a common parent of the End-Use Customer, and used exclusively by the End-Use Customer and its wholly owned or commonly controlled affiliates;
 - b. Owned by PG&E, and paid for in advance by the End-Use Customer using an approved pro forma agreement, such as the Agreement to Perform Tariff Schedule Related Work (Form No. 62-4527), Agreement for Installation or Allocation of Special Facilities (Form No. 79-255), Distribution and Service Extension Agreement, Cost Summary (Form No. 79-1004), or using a negotiated agreement under the exceptional case provisions that is then approved by the CPUC; or
 - c. Owned by an Independent Storage Provider connected to a PG&E Exchange Service End-Use Customer, which with respect to Wild Goose Storage LLC, includes all of their Commission-approved facilities that existed as of January 1, 2007.

(T)
 (T)

 (N)
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 (N)

(Continued)

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**PG&E Gas and Electric
Advice Filing List
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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	Dynergy 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	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
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	