

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



February 4, 2009

Advice Letters 2971-G and 2971-G-A

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: Annual Gas True-up of Transportation Balancing Accounts (AGT),
Noncore Gas Transportation, and Gas Accord IV Rate Changes
Effective January 1, 2009**

Dear Mr. Cherry:

Advice Letters 2971-G and 2971-G-A are effective January 1, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
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November 17, 2008

Advice 2971-G

(Pacific Gas and Electric Company ID U39 G)

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, 2009

Purpose

Pacific Gas and Electric Company (PG&E) submits this Annual Gas True-up (AGT) of Transportation Balancing Accounts to revise core and noncore gas transportation rates effective January 1, 2009. This advice letter consolidates gas rate changes authorized by and currently pending before the CPUC to be effective January 1, 2009.

In this advice letter, PG&E forecasts a \$134.2 million increase in its 2009 gas transportation revenue requirement, (See Attachment 1). The 2009 gas revenue requirements includes end-use transportation costs, gas-related public purpose program surcharges (which are submitted for Commission approval concurrently in Advice Letter 2970-G) and Gas Accord IV unbundled costs. (See table below).

Proposed Change in Gas Revenue Requirements Effective January 1, 2009 (In \$ millions) ¹			
Description	Currently in Rates	Proposed	Change
End-Use Transportation	\$1,186.1	\$1,269.3	\$83.2
Gas Accord IV Unbundled Costs	\$171.7	\$170.0	\$(1.7)
Public Purpose Programs	\$169.9	222.6	\$52.7
Total Change in Gas Revenue Requirements	\$1,527.7	\$1,661.9	\$134.2

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 22, 2008, to be effective January 1, 2009.

The proposed 2009 transportation revenue requirements in detail are shown in Attachment 1. Balancing account details are shown in Attachment 2. In order to provide the CPUC with a preliminary estimate of gas transportation rates and public purpose program surcharges to be effective on January 1, 2009, Attachments 3 to 5 show the illustrative rates and surcharges incorporating (1) amounts previously authorized to be recovered in rates, (2) the forecast December 31, 2008, account balances for amortization in 2009, and (3) gas transportation rate changes being considered in a number of pending proceedings and advice letters that would then result in rate changes on January 1, 2009. PG&E will supplement this advice letter on December 22, 2008 to reflect the final rate changes and updated recorded November 2008 transportation balancing accounts.

Recovery of Transportation Balancing Accounts Already Approved for Amortization in 2009 AGT

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, 2009. 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. PG&E determines the change in the customer class charge components of transportation rates, as follows:

- 1) Forecasting the December 31 balance for each transportation balancing and memorandum account to be updated in the AGT based on October 31, 2008 recorded balance and a forecast of costs and revenues, including interest, through December 31; and
- 2) Calculating the customer class charge components by dividing the forecasted December 31 balancing account balance by PG&E's currently adopted BCAP throughput forecast.

Attachment 2 summarizes the forecasted December 31, 2008, balances for gas transportation balancing accounts. The total gas transportation balancing account balances are projected to be undercollected by \$65.6 million. This is a \$38.5 million increase compared to the gas transportation balancing account balances that are currently amortized in gas transportation rates, as shown in Attachment 1.

Because different balancing accounts are allocated differently to customer classes, the balancing account update results in a \$42.4 million increase in core transportation revenues and a \$3.8 million decrease in noncore transportation revenues.

The remainder of this section describes the balancing accounts that will be amortized through this AGT advice letter, the recent CPUC decisions impacting the balancing account balances, and PG&E's proposals to recover the forecasted balances in rates effective January 1, 2009. 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 2008 balance to the appropriate subaccount of the CFCA and/or NCA, once the AGT is approved.

Core Fixed Cost Account (CFCA) – (Attachment 2, lines 1-3)

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) budget and Gas Accord local transmission revenue requirement, 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 WGSP program rebates and costs from core customers.

The AGT includes a forecasted \$31.8 million undercollection in the CFCA, which results from:

- (i) A forecasted \$38.4 million undercollection in the Distribution Cost subaccount due primarily to recorded core volumes being lower than those adopted in PG&E's last BCAP (D.05-06-029) as offset by colder than normal temperatures in early 2008 ;
- (ii) A forecasted \$4.1 million overcollection in the Core Cost subaccount, due primarily to actual core demand being more than the adopted Gas Accord IV annual core demand used to set Local Transmission rates; and
- (iii) A forecasted \$2.5 million overcollection in the WGSP Transportation Subaccount related to last winter's 10/20 Plus WGSP as approved in Resolution G-3405 (AL2850-G and 2850-G-A). Per the approved 10/20 Plus Program, in the 2009 AGT PG&E has allocated the balance such that each participating core customer class (residential, small

commercial, and large commercial) will pay for its own 10/20 Plus program costs based on transportation and procurement-related credits provided in 2008 and transportation and procurement revenues paid during 2008 into the WGSP transportation and procurement subaccounts.

Noncore Customer Class Charge Account (NCA) - (Attachment 2, lines 5-6)

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

- (iv) The Noncore subaccount, which recovers costs and balances from all noncore customers and is allocated on an equal-cents-per-therm basis; and
- (v) The Interim Relief and Distribution subaccount, which recovers the noncore distribution portion of interim gas revenue requirement changes adopted in GRC decisions and other non core distribution related 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 \$7.3 million overcollection in the NCA, which results from:

- (i) A forecasted \$7.6 million overcollection in the Noncore subaccount due primarily to actual noncore demand being more than the adopted 2005 BCAP annual noncore demand used to set rates in the last AGT; and
- (ii) A forecasted \$0.3 million undercollection in the Interim Relief and Distribution subaccount.

Noncore Distribution Fixed Cost Account (NDFCA) - (Attachment 2, line 4)

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 a forecasted \$0.7 million overcollection in the NDFCA. The NDFCA balance is included in the rate component of the Interim Relief and Distribution subaccount of the NCA.

Enhanced Oil Recovery Account (EORA) - (Attachment 2, line 7)

The EORA balancing account records actual enhanced oil recovery (EOR) revenues for comparison with forecasted EOR revenues. Per Decision 05-06-029, there is no authorized revenue for EOR balancing account because PG&E's does not forecast any customer usage under this preliminary statement. Therefore, forecast EORA balance in this AGT is zero.

Core Brokerage Fee Balancing Account (CBFBA) - (Attachment 2, line 8)

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. This account was adopted in BCAP Decision 05-06-029. 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.

Natural Gas Vehicle Balancing Account (NGVBA) - (Attachment 2, line 9)

This AGT forecasts a \$3 million overcollection in the NGVBA. The NGVBA balance is included in the rate component of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA.

Hazardous Substance Mechanism (HSM) - (Attachment 2, line 10)

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 forecasts a \$14.9 million undercollection in the HSCRA, which is equal to the costs recorded in this account that were reviewed as part of PG&E's annual HSM report submitted to the Commission in April 2007 plus interest. The HSCRA balance is included in the rate component of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA.

Balancing Charge Account (BCA) - (Attachment 2, line 11)

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, 2008, balance in the BCA to be zero and proposes to maintain a zero BCA balance in rates effective January 1, 2009. In 2009, 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 2008 as approved in Advice 2881-G.

Affiliate Transfer Fees Account (ATFA) - (Attachment 2, line 12)

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 \$0.08 million overcollection in the ATFA, which represents activity in the account for 2008. 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.

Customer Energy Efficiency Adjustment (CEEA) - Annual Earnings Assessment (AEAP) Incentive - (Attachment 2, line 13)

The CEEA records the gas portion of the award or penalty from the Energy Efficiency Risk Reward Incentive Mechanism (RRIM) that is authorized by the Commission to be recovered in rates. The RRIM was approved in D.07-09-043 and D.08-01-042 and is subject to a Petition for Modification by PG&E, Southern California Gas Company, San Diego Gas & Electric Company and Southern California Gas Company (Utilities) that was jointly filed August 15, 2008. In the Petition, PG&E requested approval of its 2006-2007 interim earnings claim of \$77 million; the gas portion is 16 percent based on the gas share of the benefits for the claim period. As approved in Advice 2929-G/3277-E, the gas portion is recovered through the gas CEEA in the AGT and no interest is applied to the balance in the account. This AGT includes a forecast of \$12.3 million undercollection in the CEEA – gas account. PG&E will update the CEEA balance in the supplement to this AGT advice letter to reflect a final decision on the Petition for Modification.

SmartMeter™ Project Balancing Account-Gas (SBA-G) - (Attachment 2, line 14)

The SBA-G recovers the incremental Operating and Maintenance (O&M) and Administrative and General (A&G) expenditures, capital-related costs, capital-related revenue requirements, benefits, and revenues associated with the SmartMeter™ Project as authorized in D.06-07-027. This AGT includes a forecasted \$16.9 million undercollection in the SBA-G. The SBA-G is recovered through the SmartMeter™ Project rate component.

Pension Contribution Balancing Account (PCBA) - (Attachment 2, line 15)

In accordance with D.06-06-014, this account includes 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. Consistent with D.06-06-014, PG&E is making quarterly payments for its pension contribution for 2008. It will be fully funded as of January 15, 2009, the date of the last payment for the 2008 pension contribution. As a result, PG&E does not expect that the PCBA will have a balance on December 31, 2008.

Non-Tariffed Products and Services Balancing Account (NTBA-G) - (Attachment 2, line 16)

The NTBA-G is used to record the customer share of revenues net of costs and income taxes associated with new Non-Tariffed Products and Services (NTP&S) pursuant to Affiliate Transaction Rule VII. Costs and revenues are tracked for appropriate disbursement of revenues, net of expense, to customers and shareholders via the 50/50 sharing mechanism as approved in Application 98-05-007 by D. 99-04-021. The NTBA-G does not apply to NTP&S in PG&E's existing NTP&S catalogue, which remains subject to Other Operating Revenue treatment, consistent with D.99-04-021. In Resolution G-3417, the Commission approved

PG&E's proposal to offer the Mover Services Program, to recover costs and disburse net revenues through the NTBA-G, to transfer the balance at the end of the year from the NTBA-G to the CFCA, and to include it in the AGT filing, in order to credit customer revenues pursuant to D. 99.04-021²

Discussion of Pending CPUC Proceedings and Advice Letters

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

Cost of Capital Application

D.08-05-035 establishes a multi-year cost of capital mechanism. The mechanism allows for adjustments to PG&E's return on equity based on changes in the average interest rate on the utility bonds from October through the following September as reported by Moody's Investor Services. Based on this index, PG&E has not proposed any change to its cost of capital for 2009.

2008 Attrition Adjustment

On September 9, 2008, PG&E submitted Advice 2954-G/3340-E, which requested a 2009 Attrition Adjustment to increase PG&E's currently authorized gas distribution revenue requirement by \$22 million. As described in that advice letter, PG&E's 2009 Attrition Adjustment request is consistent with the provisions of D. 07-03-044, PG&E's 2007 test year GRC, and complies with the terms of the Settlement Agreements approved by the Commission in that decision. The proposed changes have been reflected in the illustrative 2009 rates submitted with this advice letter.

Self Generation Incentive Program (SGIP)

PG&E is expecting the Commission to issue a decision on the 2009 SGIP budget by December 18, 2008. SGIP is state mandated program that applies to all investor owned utilities in California. The recovery of SGIP is to be split between electric and gas customers in the same manner that energy efficiency (EE) program costs are allocated. For the 2009 AGT, the split used is 83% electric / 17% gas as that is the expense ratio applied to the 2009 energy efficiency bridge funding adopted in D.08-10-027 and filed in compliance AL 2967-G/3356-E on October 27, 2008 and in gas PPP surcharge ALXXXX-G. PG&E assumes the same revenue requirement in 2009 as in 2008, which was established by D. 08-01-029. The gas portion of this revenue requirement amounts to \$6.1 million. This proposed revenue requirement is currently reflected in the rate components of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA. If the Commission issues a final decision approving a budget for 2009 by

² If the balance at the end of the year for any product or service category is a debit, no transfer will be made for that product or service category, and the balance for that product or service category will be reset to zero at the beginning of the year.

December 22, 2008, PG&E will consolidate the results of the decision in the supplement to this advice letter, otherwise PG&E will leave the 2009 SGIP revenue requirement at the same amount as in 2008.

SmartMeter™ Project

As authorized by D.06-07-027, the gas portion of the adopted 2008 SmartMeter™ Project revenue requirement is \$38.3 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 accordance with approved AL 2752-G-A/G-B 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 in proportion to their allocation of distribution base revenues.

ClimateSmart™³ Program

On December 14, 2006, the Commission issued D.06-12-032 approving PG&E's voluntary program that allows customers to procure 'climate-neutral' electric and gas service by signing up for an optional tariff premium. As approved by the Commission, PG&E is reflecting \$1.8 million in gas distribution rates to recover CPUC-authorized program administration and marketing costs in the rate components of the Distribution Cost subaccount of the CFCA and the NDFCA.

10/20 Plus Winter Gas Savings Program Costs

On October 9, 2008, the CPUC approved AL 2951-G, PG&E's 2009 10/20 Plus WGSP designed to encourage conservation by providing up to a 20 percent bill credit to core gas customers who reduce their cumulative gas usage during the January and February 2009 billing period. The CPUC approved up to \$5.1 million in marketing and implementation costs (includes franchise fees and uncollectibles expense) that will be recovered in core transportation and procurement rates beginning January 1, 2009.

The approved advice letter provided for recovery of 10/20 Plus bill credits in commercial rates beginning January 1, 2009 and on April 1, 2009 for residential customers with a forecast of the total program bill credits provided in this AGT. PG&E estimates that total 2009 10/20 Plus bill credits will be \$45.2 million compared to \$43.3 million for the 2008 Program. The transportation-related portion is forecast to be 36.8% or \$16.7 million, see details in Attachment 6.

The forecast bill credits are offset by the collection in rates of the forecast credits, resulting in a net zero change to the 2009 revenue requirement. Therefore, only the transportation portion of marketing and implementation costs impact the

³ ClimateSmart™ Program is the trademarked name for PG&E's Climate Protection Tariff approved by the CPUC Decision D.06-12-032.

overall annual revenue change shown in Attachment 1, line 8 of this filing. There is no change in the forecasted marketing and implementation costs from the amount reflected currently in rates.

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 the residential portion of marketing costs and program rebates will be recovered in rates between April and October 2009.

In addition to the 10/20 Plus WGSP costs, the WGSP - Transportation rates for January 1, 2009, will include the balance in the WGSP Transportation subaccount of the CFCA, as discussed above.

Rate Design and Cost Allocation Adjustments

The settlement agreements adopted in PG&E's Biennial Cost Allocation Proceeding (BCAP) D.05-06-029 included provisions for three cost allocation and rate design changes that are to be implemented, over time, in conjunction with PG&E's AGT filings. Accordingly, PG&E's 2009 AGT rates have been adjusted to reflect: 1) an additional 10 percent deaveraging of small commercial and residential rates, reflecting a total 70 percent deaveraging; 2) an additional 10 percent increase in the share of PG&E's distribution revenue requirement allocated to wholesale customer, West Coast Gas, for a total of 40 percent; and 3) a \$0.03 per therm increase in the compression rate component of PG&E's G-NGV2 rate for customers receiving compressed natural gas service for vehicular use.

Conversion of NGV Tariffs from Experimental to Standard Status

On October 15, 2008, the Commission approved AL 2945-G which converts PG&E's experimental NGV tariffs (G-NGV1, G-NGV2, and G-NGV4) to standard status. The impact of this proposed change in NGV rate status is to bring forward in time the stream of transportation revenues paid by NGV customers with a slight one-time rate reduction benefit to the customers currently taking service on all of PG&E's standard transportation rate schedules. Transportation cost allocation factors in the preliminary statements are updated in this filing to reflect this change.

Pending Application to Reallocate the Cost of Gas PPP and Other Mandated Social Programs

On December 11, 2007, San Diego Gas & Electric Company, Southern California Gas Company and Pacific Gas and Electric Company jointly filed A.07-12-006 requesting authority to reallocate the costs of natural gas public purpose

programs and other mandated social programs, including the Self Generation Incentive Program (SGIP), among customer classes. PG&E will implement any cost allocation changes adopted in the final decision in gas transportation rates⁴ as authorized by the Commission.

Gas Accord IV Revenue Requirement

In D.07-09-045 (See Settlement Agreement Section 8.6 and Table A-4), the CPUC approved PG&E's Gas Accord IV settlement agreement, which adopted rates, terms, and conditions for PG&E's natural gas transmission and storage system effective January 1, 2008, through December 31, 2010. The total 2009 revenue requirement authorized by this decision is \$458.9 million, which includes \$163.7 million for local transmission service and \$170 million for unbundled backbone and storage service (See Attachment 1, lines 19 and 31).

Gas Public Purpose Program Authorized Funding

This AGT incorporates gas PPP surcharge changes that are proposed in Advice 2970-G, submitted on November 17th, 2008. The gas PPP surcharge rate impacts on customers are shown in Attachment 2.

Public Utilities (PU) Code Sections 890-900 and D.04-08-010 authorize a gas rate surcharge to fund Public Purpose Programs. Advice 2970-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 2970-G include:

- 1) Total gas PPP program funding of \$120.9 million, which represents an increase of \$33.2 million in authorized funding for gas Public Purpose Programs for EE, LIEE, CARE administrative expense and RD&D, and Board of Equalization administrative costs;
- 2) Amortization over 12 months of forecasted December 31, 2008, balances in the PPP surcharge balancing accounts totaling a \$5.9 million undercollection, due primarily to recorded core volumes being lower than those adopted in PG&E's last BCAP; and
- 3) A projected 2009 CARE revenue shortfall of \$95.8 million, which represents a \$4.1 million increase from the forecasted 2008 CARE customer discount due to an increase in the forecast of CARE volumes compared to 2008 which is partially offset by a decrease in the

⁴ The costs allocation proposal included in A.07-12-006 the allocation of Self Generation Incentive Program (SGIP) cost which are included as a component in PG&E's gas transportation rates.

underlying assumptions of gas costs. This shortfall is included in the PPP-CARE portion of the gas PPP surcharge rates for 2009.

This projected 2009 CARE revenue shortfall assumes an illustrative weighted average cost of gas (WACOG) of \$7.0275 per Dth based upon the October 17, 2008 PG&E citygate monthly forward prices for the period January through December 2009, as 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 2009.

The illustrative 2009 WACOG of \$7.0275 per Dth is a decrease of \$0.2949 per Dth from the forecasted 2008 WACOG of \$7.3224 per Dth.

Effective Date

PG&E requests that this filing be approved effective **January 1, 2009**.

As noted above, average rates are shown on Attachments 3-5 to this filing. PG&E will submit final rates and preliminary statement changes on December 22, 2008, in its advice letters that will consolidate all year-end gas rate changes authorized to be effective on January 1, 2009. Changes to core transportation rates will be incorporated into the monthly core procurement advice filing for rates effective January 1, 2009, with a separate advice letter for noncore transportation and Gas Accord rates effective January 1, 2009.

Protests

Anyone wishing to protest this advice letter may do so by sending a letter by **December 8, 2008**, 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 inj@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 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 service lists below. Address changes should be directed to Rose de la Torre at PGETariffs@pge.com or (415) 973-4716. Advice letter filings can also be accessed electronically at:

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



Vice President - Regulatory Relations

Attachments

cc: Biennial Cost Allocation Proceeding (A.04-07-044)
Gas PPP Surcharge (R.02-10-001)
Gas Accord IV (A.05-12-002)
Eugene Cadenasso, Energy Division

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: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@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) #: **2971-G**

Tier: 2

Subject of AL: Annual Gas True-up of Transportation Balancing Accounts and Other Proposed Gas Rate Changes Effective January 1, 2009

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 #: Decision 05-06-029

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: _____

Resolution Required? Yes No

Requested effective date: **January 1, 2009**

No. of tariff sheets: 0

Estimated system annual revenue effect (%): \$134.2 million increase in revenues

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).

Service affected and changes proposed¹: See advice letter

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: jjnj@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

PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UPILLUSTRATIVE 2009 ANNUAL END-USE TRANSPORTATION, GAS ACCORD IV REVENUE REQUIREMENTS,
AND PUBLIC PURPOSE PROGRAMS AUTHORIZED FUNDING
(\$ THOUSANDS)

Line No.		Present in Rates as of 1/1/2008	Proposed as of 1/1/2009	Total Change	Core	Noncore / Unbundled	Line No.
END-USE TRANSPORTATION							
1	Transportation Balancing Accounts	27,077	65,657	38,580	42,402	(3,822)	1
2	GRC/Attrition Distribution Base Revenues	1,069,421	1,091,421	22,000	21,279	721	2
3	Front Counter Closures	(355)	(355)	-	-	-	3
4	Self Generation Incentive Program Revenue Requirement	5,760	6,120	360	152	208	4
5	SmartMeter™ Project (1)	27,785	38,287	10,502	10,502	-	5
6	CPUC Fee	4,784	4,794	10	4	6	6
7	Core Brokerage Fee Credit	(9,581)	(9,581)	-	-	-	7
8	10/20 Winter Gas Savings Program - Transportation	1,574	1,842	268	268	-	8
9	ClimateSmart™ (2)	1,536	1,821	285	276	9	9
10	Less CARE discount recovered in PPP surcharge from non-	(91,700)	(95,800)	(4,100)	(4,100)	-	10
11	Less PPP-CARE Shortfall Not Collected in Proposed Rates	142	-	(142)	(142)	-	11
12	FF&U	716	1,315	599	642	(43)	12
13	Total Transportation RRQ with Adjustments and Credits	1,037,159	1,105,521	68,362	71,283	(2,921)	13
14	Procurement-Related G-10 Total	(3,042)	(2,909)	133	133	-	14
15	Procurement-Related G-10 Total Allocated	3,042	2,909	(133)	(56)	(77)	15
16	Total Transportation Revenue Requirements Reallocated	1,037,159	1,105,521	68,362	71,360	(2,998)	16
17	Gas Accord IV Transportation Revenue Requirements						17
18	Local Transmission	143,768	158,624	14,856	10,404	4,452	18
19	Customer Access	5,174	5,174	-	-	-	19
20	Total Gas Accord Transportation RRQ (4)	148,942	163,798	14,856	10,404	4,452	20
21	Total End Use Transportation RRQ	1,186,101	1,269,319	83,218	81,764	1,454	21
PUBLIC PURPOSE PROGRAMS (PPP) FUNDING							
22	Energy Efficiency	52,575	67,140	14,565	13,106	1,459	22
23	Low Income Energy Efficiency	23,320	41,441	18,121	16,306	1,815	23
24	Research and Development and BOE Administrative Fees	9,240	10,539	1,299	875	424	24
25	CARE Administrative Expense	2,601	1,813	(788)	(508)	(280)	25
26	Total Authorized PPP Funding	87,736	120,933	33,197	29,779	3,418	26
27	PPP Surcharge Balancing Accounts	(9,567)	5,856	15,423	10,253	5,170	27
28	CARE discount recovered from non-CARE customers (3)	91,700	95,800	4,100	2,645	1,455	28
29	Total PPP Required Funding	169,869	222,589	52,720	42,677	10,043	29
GAS ACCORD IV UNBUNDLED COSTS							
30	Backbone	163,935	162,288	(1,647)	-	(1,647)	30
31	Storage	7,750	7,750	-	-	-	31
32	Total Gas Accord IV Unbundled (4)	171,685	170,038	(1,647)	-	(1,647)	32
33	TOTAL REVENUE REQUIREMENTS	1,527,655	1,661,946	134,291	124,441	9,850	33

Footnotes:

- The SmartMeter™ Project revenue requirement was approved in Decision (D.) 06-07-027 and Advice Letter (AL) 2752-G/G-A.
- This amount includes administration and marketing costs as requested in PG&E's Climate Protection Tariff A.06-01-012, and approved in D.06-12-032.
- The CARE shortfall assumes the illustrative WACOG of \$7.0275 per Dth as is filed in 2009 PPP Surcharge AL XXXX-G.
- These unbundled costs represent the change resulting from Gas Accord IV authorized amounts in D.07-09-045, and are included to show the total change in authorized amounts included in rates effective 1/1/09.

Positive balances represent undercollections and negative balances represent overcollections.

ATTACHMENT 1A

PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UP (November 17 Filing)
ILLUSTRATIVE 2009 ANNUAL END-USE TRANSPORTATION, GAS ACCORD IV REVENUE REQUIREMENTS,
AND PUBLIC PURPOSE PROGRAMS AUTHORIZED FUNDING
(\$ THOUSANDS)

Line No.	Proposed as of 1/1/2009	Core	Noncore / Unbundled	Line No.
END-USE TRANSPORTATION				
1	65,657	66,772	(1,115)	1
2	1,091,421	1,055,669	35,752	2
3	(355)	(355)	-	3
4	6,120	2,586	3,534	4
5	38,287	38,287	-	5
6	4,794	2,076	2,718	6
7	(9,581)	(9,581)	-	7
8	1,842	1,842	-	8
9	1,821	1,761	60	9
10	(95,800)	(95,800)	-	10
11	-	-	-	11
12	1,315	1,409	(94)	12
13	1,105,521	1,064,666	40,855	13
14	(2,909)	(2,909)	-	14
15	2,909	1,223	1,686	15
16	1,105,521	1,062,980	42,541	16
17				17
18	158,624	111,089	47,535	18
19	5,174	-	5,174	19
20	163,798	111,089	52,709	20
21	1,269,319	1,174,069	95,250	21
PUBLIC PURPOSE PROGRAMS (PPP) FUNDING				
22	67,140	60,415	6,725	22
23	41,441	37,290	4,151	23
24	10,539	7,103	3,436	24
25	1,813	1,170	643	25
26	120,933	105,978	14,955	26
27	5,856	3,893	1,963	27
28	95,800	61,806	33,994	28
29	222,589	171,677	50,912	29
GAS ACCORD IV UNBUNDLED COSTS				
30	162,288	-	162,288	30
31	7,750	-	7,750	31
32	170,038	-	170,038	32
33	1,661,946	1,345,746	316,200	33

Footnotes:

- 1 The SmartMeter™ Project revenue requirement was approved in Decision (D.) 06-07-027 and Advice Letter (AL) 2752-G/G-A.
- 2 This amount includes administration and marketing costs as requested in PG&E's Climate Protection Tariff A.06-01-012, and approved in D.06-12-032.
- 3 The CARE shortfall assumes the illustrative WACOG of \$7.0275 per Dth as is filed in 2009 PPP Surcharge AL XXXX-G.
- 4 These unbundled costs represent the change resulting from Gas Accord IV authorized amounts in D.07-09-045, and are included to show the total change in authorized amounts included in rates effective 1/1/09.

Positive balances represent undercollections and negative balances represent overcollections.

ATTACHMENT 2

**PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UP (November 17 Filing)
BALANCING ACCOUNT FORECAST SUMMARY
(\$ THOUSANDS)**

Line No.

Line No.

TRANSPORTATION BALANCING ACCOUNTS

	Balance		Allocation		Balance		Allocation	
	Oct. 08 Recorded	Dec. 08 Forecast	Core	Noncore	December 2007 Recorded (3)	Core	Noncore	
1	CFCA - Distribution Cost Subaccount	\$38,412	\$38,412	\$0	\$26,692	\$26,692	\$0	1
2	CFCA - Core Cost Subaccount	(\$4,127)	(\$4,127)	\$0	\$5,161	\$5,161	\$0	2
3	CFCA - 10/20 Winter Gas Savings Subaccount - Transportation	(\$2,513)	(\$2,513)	\$0	\$13,364	\$13,364	\$0	3
4	Noncore Distribution Fixed Cost Account	(\$741)	\$0	(\$741)	\$5	\$0	\$5	4
5	NC Customer Class Charge (Noncore Subaccount)	(\$7,685)	\$0	(\$7,685)	(\$5,227)	\$0	(\$5,227)	5
6	NC Customer Class Charge (Interim Relief and Distribution Subaccount)	\$336	\$0	\$336	\$126	\$0	\$126	6
7	Enhanced Oil Recovery Account	\$0	\$0	\$0	(\$4)	(\$4)	(\$0)	7
8	Core Brokerage Fee Balancing Account	\$871	\$871	\$0	\$928	\$928	\$0	8
9	Natural Gas Vehicle Balancing Account	(\$3,042)	(\$1,279)	(\$1,763)	(\$2,511)	(\$1,055)	(\$1,456)	9
10	Hazardous Substance Balance	\$14,898	\$6,262	\$8,636	\$15,321	\$6,440	\$8,881	10
11	Balancing Charge Account	\$0	\$0	\$0	(\$74)	(\$31)	(\$43)	11
12	Affiliate Transfer Fee Account	(\$82)	(\$79)	(\$3)	(\$117)	(\$113)	(\$4)	12
13	Customer Energy Efficiency Incentive Recovery Account - Gas (1)	\$12,338	\$12,234	\$104	(\$1,094)	(\$1,085)	(\$9)	13
14	SmartMeter™ Project Balancing Account (SBA-G)	\$16,992	\$16,992	\$0	(\$127)	(\$127)	\$0	14
15	Pension Contribution Balancing Account	\$0	\$0	\$0	\$0	\$0	\$0	15
16	Non-Tariffed Products and Services Balancing Account	\$0	\$0	\$0	\$0	\$0	\$0	16
17	Sum of Transportation Balancing Accounts	\$65,657	\$66,772	(\$1,115)	\$52,443	\$50,170	\$2,273	17

PUBLIC PURPOSE PROGRAM (PPP) SURCHARGE BALANCING ACCOUNTS

18	PPP-Energy Efficiency (2)	\$2,399	\$2,159	\$240	\$1,832	\$1,649	\$183	18
19	PPP-Low Income Energy Efficiency (2)	\$1,764	\$1,587	\$177	\$5,874	\$5,286	\$588	19
20	PPP-Research Development and Demonstration (2)	(\$370)	(\$250)	(\$121)	(\$146)	(\$98)	(\$48)	20
21	California Alternate Rates for Energy Account (2)	\$2,063	\$1,331	\$732	(\$11,159)	(\$7,199)	(\$3,960)	21
22	Sum of Public Purpose Program Balancing Accounts	\$5,856	\$4,828	\$1,028	(\$3,599)	(\$364)	(\$3,235)	22
23	TOTAL BALANCING ACCOUNTS	\$71,513	\$71,600	(\$87)	\$48,844	\$49,806	(\$962)	23

1. This balance is pending a final decision, which is expected at the end of the year.
2. These balances were included in the 2009 PPP Gas Surcharge filed in AL xxxx-G.
3. These are the recorded balances as of December 2007. The balances that were provided in the 2008 AGT were the December 2007 forecasted balance (with September recorded balance).

Positive balances represent undercollections and negative balances represent overcollections.

ATTACHMENT 3

PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UP (NOVEMBER 17 FILING)

GAS TRANSPORTATION RATES AND PUBLIC PURPOSE PROGRAM SURCHARGES (2)
ANNUAL CLASS AVERAGE END-USE RATES (\$/th)

Line No.	Customer Class	Present Rates and Surcharges			Proposed Rates and Surcharges			% Change (3)		
		(A)			(B)			(C)		
		Transportation	G-PPPS (2)	Total	Transportation	G-PPPS (2)	Total	Transportation	G-PPPS (2)	Total
RETAIL CORE (1)										
1	Residential Non-CARE (4)	\$.439	\$.048	\$.487	\$.475	\$.065	\$.540	8.3%	34.9%	10.9%
2	Small Commercial Non-CARE (4)	\$.308	\$.036	\$.344	\$.313	\$.044	\$.357	1.7%	23.7%	4.0%
3	Large Commercial	\$.108	\$.051	\$.160	\$.110	\$.069	\$.178	1.4%	33.8%	11.9%
4	NGV1 - (uncompressed service)	\$.064	\$.022	\$.085	\$.067	\$.026	\$.094	5.4%	21.4%	9.4%
5	NGV2 - (compressed service)	\$.938	\$.022	\$.960	\$.978	\$.026	\$ 1.004	4.3%	21.4%	4.6%
RETAIL NONCORE (1)										
6	Industrial - Distribution	\$.107	\$.030	\$.137	\$.111	\$.038	\$.149	3.1%	27.3%	8.4%
7	Industrial - Transmission	\$.024	\$.027	\$.050	\$.024	\$.033	\$.057	2.6%	25.3%	14.6%
8	Industrial - Backbone	\$.006	\$.027	\$.032	\$.004	\$.033	\$.038	(19.5%)	25.3%	17.5%
9	Electric Generation - Transmission (G-EG-T)	\$.019	\$.000	\$.019	\$.020	\$.000	\$.020	2.8%	n/a	2.8%
10	Electric Generation - Backbone (G-EG-BB)	\$.006	\$.000	\$.006	\$.005	\$.000	\$.005	(17.6%)	n/a	(17.6%)
11	NGV 4 - Distribution (uncompressed service)	\$.107	\$.022	\$.129	\$.111	\$.026	\$.137	3.1%	21.4%	6.2%
12	NGV 4 - Transmission (uncompressed service)	\$.024	\$.022	\$.045	\$.024	\$.026	\$.051	2.6%	21.4%	11.6%
WHOLESALE CORE AND NONCORE (G-WSL) (1)										
13	Alpine Natural Gas	\$.024	\$.000	\$.024	\$.025	\$.000	\$.025	1.8%	n/a	1.8%
14	Coalinga	\$.024	\$.000	\$.024	\$.024	\$.000	\$.024	1.8%	n/a	1.8%
15	Island Energy	\$.044	\$.000	\$.044	\$.045	\$.000	\$.045	1.0%	n/a	1.0%
16	Palo Alto	\$.017	\$.000	\$.017	\$.017	\$.000	\$.017	2.6%	n/a	2.6%
17	West Coast Gas - Castle	\$.073	\$.000	\$.073	\$.084	\$.000	\$.084	14.5%	n/a	14.5%
18	West Coast Gas - Mather Distribution	\$.063	\$.000	\$.063	\$.077	\$.000	\$.077	23.0%	n/a	23.0%
19	West Coast Gas - Mather Transmission	\$.025	\$.000	\$.025	\$.025	\$.000	\$.025	1.8%	n/a	1.8%

(1) Transportation Only rates include: i) 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 4

PACIFIC GAS AND ELECTRIC COMPANY 2009 ANNUAL GAS TRUE-UP (NOVEMBER 17 FILING)

SUMMARY OF NON-PROCUREMENT RATES BY CLASS BY MAJOR ELEMENTS (\$/dth; Annual Class Averages)

		Core Retail					Noncore Retail						
		Non-CARE Residential	Sml Com.	Lg. Comm.	G-NGV1	G-NGV2	Industrial			G-NGV 4		Electric Generation	
					(Uncompressed)	(Compressed)	Distribution	Transmission	BB-Level Serv.	Distribution	Transmission	Dist./Trans.	BB-Level Serv.
TRANSPORTATION CHARGE COMPONENTS													
1	Local Transmission (1)	\$.3568	\$.3568	\$.3568	\$.3568	\$.3568	\$.1543	\$.1543	\$.0058	\$.1543	\$.1543	\$.1543	\$.0058
2	Self Generation Incentive Program	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086	\$.0086
3	CPUC Fee (3)	\$.0069	\$.0069	\$.0069	\$.0069	\$.0069	\$.0069	\$.0069	\$.0069	\$.0069	\$.0069	\$.0064	\$.0064
4	Balancing Accounts (2)	\$.3735	\$.2806	\$.0318	\$.0100	\$.0100	(\$.0039)	\$.0016	\$.0022	(\$.0039)	\$.0016	\$.0020	\$.0020
5	Distribution - Annual Average (6)	\$ 4.0047	\$ 1.9377	\$.6447	\$.2717	\$ 9.3964	\$.8636	\$.0500		\$.8636	\$.0500	\$.0167	\$.0167
6	VOLUMETRIC RATE - Average Annual	\$ 4.7505	\$ 2.5905	\$ 1.0487	\$.6540	\$ 9.7787	\$ 1.0294	\$.2214	\$.0235	\$ 1.0294	\$.2214	\$.1880	\$.0395
7	CUSTOMER ACCESS CHARGE - Class Average (4)		\$.5391	\$.0478	\$.0174	\$.0000	\$.0781	\$.0215	\$.0215	\$.0781	\$.0215	\$.0094	\$.0094
8	CLASS AVERAGE TRANSPORTATION RATE	\$ 4.7505	\$ 3.1296	\$ 1.0965	\$.6713	\$ 9.7787	\$ 1.1075	\$.2428	\$.0449	\$ 1.1075	\$.2428	\$.1975	\$.0490
9	G-PUBLIC PURPOSE PROGRAM SURCHARGE/TAX (5)	\$.6535	\$.4448	\$.6879	\$.2637	\$.2637	\$.3819	\$.3320	\$.3320	\$.0264	\$.0264		
10	END-USE RATE	\$ 5.4040	\$ 3.5744	\$ 1.7844	\$.9350	\$ 10.0424	\$ 1.4894	\$.5748	\$.3769	\$ 1.1339	\$.2692	\$.1975	\$.0490

		Wholesale						
		Coalinga	Palo Alto	WC Gas Mather		Island Energy	Alpine	WC Gas Castle
				Dist.	Trans.			
TRANSPORTATION CHARGE COMPONENTS								
1	Local Transmission (1)	\$.1543	\$.1543	\$.1543	\$.1543	\$.1543	\$.1543	\$.1543
2	Self Generation Incentive Program							
3	CPUC Fee (3)							
4	Balancing Accounts (2)	\$.0021	\$.0021	(\$.0014)	\$.0021	\$.0021	\$.0021	(\$.0017)
5	Distribution - Annual Average			\$.5277				\$.3817
6	VOLUMETRIC RATE - Average Annual	\$.1564	\$.1564	\$.6806	\$.1564	\$.1564	\$.1564	\$.5343
7	CUSTOMER ACCESS CHARGE - Class Average (4)	\$.0846	\$.0174	\$.0935	\$.0935	\$.2910	\$.0928	\$.3031
8	CLASS AVERAGE TRANSPORTATION RATE	\$.2410	\$.1738	\$.7740	\$.2499	\$.4474	\$.2492	\$.8374
9	G-PUBLIC PURPOSE PROGRAM SURCHARGE/TAX (5)							
10	END-USE RATE	\$.2410	\$.1738	\$.7740	\$.2499	\$.4474	\$.2492	\$.8374

NOTES

1. Decision 07-09-045, Attachment A, Appendix B Table 11.
2. Based on the 2009 True-Up balances.
3. Resolution M-4819, effective July 1, 2007 (including FF&U).
4. Decision 07-09-045, Attachment A, Appendix B Tables 2 and 12.
5. Decision 04-08-010 ordered the removal of PPP from transportation rates. On March 1, 2005 PG&E began to treat PPP as a tax. AL XXXX-G updated the PPP surcharges for 2009.
6. The G-NGV2 Distribution element includes the cost of compression, station operations and maintenance, and state/federal gas excise taxes.

ATTACHMENT 5

**PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UP (NOVEMBER 17 FILING)
ALLOCATION OF TRANSPORTATION COSTS AND PUBLIC PURPOSE PROGRAM SURCHARGES IN RATES BY CLASS
(\$'000)**

ALLOCATION OF GRC/ATTRITION DISTRIBUTION-LEVEL REVENUE REQUIREMENT BY CUSTOMER CLASS

Line No.	Component	TOTAL	Residential*	Small Commercial*	Large Commercial	NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale**	Total Noncore & Wholesale
1	Customer	629,571	559,979	62,427	1,780	53	624,239	4,312	214	807	0	5,332
2	Distribution	448,748	316,910	97,253	4,229	365	418,757	20,350	5,996	3,576	70	29,991
3	Allocation of Franchise Fees	10,348	8,415	1,532	58	4	10,009	237	60	42	1	339
4	Allocation of Uncollectibles Expense	2,755	2,241	408	15	1	2,665	63	16	11	0	90
5	Totals Before Averaging	1,091,421	887,544	161,620	6,082	423	1,055,669	24,961	6,285	4,436	70	35,752
6	Re-Allocation Due to Averaging*	(0)	(37,094)	37,094	0	0	(0)	0	0	0	0	0
7	Final Allocation of Distribution Revenue Requirement	1,091,421	850,450	198,714	6,082	423	1,055,669	24,961	6,285	4,436	70	35,752
Distribution Revenue Requirement Allocation %		100.00000%	77.92132%	18.20692%	0.55724%	0.03879%	96.72427%	2.28701%	0.57582%	0.40647%	0.00643%	3.27573%

ALLOCATION BY CUSTOMER CLASS OF COSTS AND BALANCES COLLECTED THROUGH THE CFCA, NCA, and NDFCA RATE COMPONENTS

Component	TOTAL	Residential	Small Commercial	Large Commercial	NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
8 Core Fixed Cost Acct. Bal. - Dist. Cost Subacct.	38,412	30,945	7,231	221	15	38,412	0	0	0	0	0
9 Core Fixed Cost Acct. Bal. - Core Cost Subacct.	(4,127)	(2,904)	(1,085)	(119)	(20)	(4,127)	0	0	0	0	0
10 CFCA-Comm. Trans. Portion of Wtr. Gas Savings Prog. (10/20+)	3,711	0	3,344	366	0	3,711	0	0	0	0	0
11 Noncore Customer Class Charge Account - ECPT	(7,685)	0	0	0	0	0	(484)	(2,296)	(4,835)	(71)	(7,685)
12 Noncore Customer Class Charge Account - Interim Relief	336	0	0	0	0	0	235	59	42	1	336
13 NC Distribution Fixed Cost Acct.	(741)	0	0	0	0	0	(517)	(130)	(92)	(1)	(741)
14 Natural Gas Vehicle Account Balance	(3,042)	(900)	(336)	(37)	(6)	(1,279)	(111)	(527)	(1,109)	(16)	(1,763)
15 Hazardous Substance Balance	14,898	4,406	1,646	180	30	6,262	544	2,580	5,433	79	8,636
16 Core Brokerage Fee Credit (Gas Brokerage Costs)	(8,065)	(5,675)	(2,119)	(232)	(39)	(8,065)	0	0	0	0	0
17 Core Brokerage Fee Credit (Sales/Marketing Costs)	(1,516)	(1,360)	(152)	(4)	(0)	(1,516)	0	0	0	0	0
18 Affiliate Transfer Fee Account	(82)	(67)	(12)	(0)	(0)	(79)	(2)	(0)	(0)	(0)	(3)
19 Balancing Charge Account	0	0	0	0	0	0	0	0	0	0	0
20 G-10 Procurement-related Employee Discount Allocated	2,909	860	321	35	6	1,223	106	504	1,061	16	1,686
21 Brokerage Fee Balance Account	871	613	229	25	4	871	0	0	0	0	0
22 G-10 Procurement-related Employee Discount	(2,909)	(2,909)	0	0	0	(2,909)	0	0	0	0	0
23 2007 GRC Office Closure (net of FF&U)	(351)	(283)	(66)	(2)	(0)	(351)	0	0	0	0	0
24 Gas Reimbursable Fees Account Balance	0	0	0	0	0	0	0	0	0	0	0
25 WGSP (10/20) Balancing Account	(2,513)	186	(2,178)	(521)	0	(2,513)	0	0	0	0	0
26 Climate Protection Tariff	1,821	1,481	270	10	1	1,761	42	10	7	0	60
27 Self Gen Incentive Program Forecast Period Cost	6,120	1,820	680	74	12	2,586	225	1,065	2,244	0	3,534
28 Subtotals of Items Transferred to CFCA and NCA	38,047	26,214	7,772	(3)	4	33,987	37	1,265	2,751	7	4,060
29 Re-Allocation Due to Averaging	(0)	(1,533)	1,533	(0)	0	(0)	(0)	0	0	0	(0)
30 Alloc. After Averaging	38,047	24,681	9,305	(3)	4	33,987	37	1,265	2,751	7	4,060
31 Franchise Fees and Uncoll. Exp. on Items Above	462	300	113	(0)	0	413	0	15	33	0	49
32 Subtotals with FF&U and Other Bal. Acct./Forecast Period Costs	38,509	24,981	9,418	(3)	4	34,400	37	1,281	2,784	7	4,109
33 Total of Items Collected via CFCA, NCA, and NDFCA	1,129,931	875,431	208,132	6,078	427	1,090,069	24,998	7,565	7,220	78	39,861

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

Component	TOTAL	Residential	Small Commercial	Large Commercial	NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
34 EOR Balancing Account	0	0	0	0	0	0	0	0	0	0	0
35 CEE Incentive	12,338	10,974	1,223	35	1	12,234	84	4	16	0	104
36 Smart Meter™ Project Forecast Period Costs	38,287	30,844	7,207	221	15	38,287	0	0	0	0	0
37 SmartMeter™ Project Balancing Account (SBA-G)	16,992	13,689	3,199	98	7	16,992	0	0	0	0	0
38 CPUC FEE	4,794	1,461	546	60	10	2,076	180	855	1,683	0	2,718
39 Subtotals	72,411	56,968	12,174	413	33	69,589	265	860	1,698	0	2,823
40 Re-Allocation Due to Averaging	0	-1,988	1,988	0	0	0	0	0	0	0	0
41 Allocation after Remaining Averaging	72,411	54,981	14,162	413	33	69,589	265	860	1,698	0	2,823
42 Franch. Fee and Uncoll. Exp. on Items Above	880	668	172	5	0	846	3	10	21	0	34
43 Subtotals of Other Costs	73,291	55,649	14,334	418	34	70,434	268	870	1,719	0	2,857
44 Allocation of Total Transportation Costs	1,203,222	931,080	222,467	6,497	461	1,160,504	25,266	8,435	8,939	78	42,718

ALLOCATION BY CUSTOMER CLASS OF END-USER GAS ACCORD IV TRANSPORTATION REVENUE REQUIREMENT

Component	TOTAL	Residential	Small Commercial	Large Commercial	NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
45 Local Transmission	158,624	83,247	26,327	1,515	0	111,089	5,639	15,904	24,845	1,148	47,535
46 Customer Access Charge	5,174	0	0	0	0	0	0	2,786	2,275	112	5,174
47 Total End-User Gas Accord Transportation Costs	163,798	83,247	26,327	1,515	0	111,089	5,639	18,691	27,120	1,260	52,709
48 Gross End-User Transportation Costs	1,367,020	1,014,327	248,794	8,012	461	1,271,593	30,905	27,126	36,059	1,338	95,427
49 Less Forecast CARE Discount	95,800	95,800	0	0	0	95,800	0	0	0	0	0
50 Net End-User Transportation Costs in Rates	1,271,220	918,526	248,794	8,012	461	1,175,792	30,905	27,126	36,059	1,338	95,427

RECONCILIATION WITH ATTACHMENT 1 FOR END-USE TRANSPORTATION REVENUE REQUIREMENTS

Reconciling Item	TOTAL	Residential	Small Commercial	Large Commercial	NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
51 Res. Alloc. of 10/20 M&I Costs in April - Oct. Rates Only	1,487	1,487	0	0	0	1,487	0	0	0	0	0
52 10/20 Rebate Recovery from Commercial Classes	(3,377)	0	(3,267)	(111)	0	(3,377)	0	0	0	0	0
53 Franchise Fees and Uncollectibles Expense	(23)	18	(40)	(1)	0	(23)	0	0	0	0	0
54 Total End-User Transportation Revenue Requirement	1,269,306	920,013	252,060	8,122	461	1,180,656	30,905	27,126	36,059	1,338	95,427

ALLOCATION OF PUBLIC PURPOSE PROGRAMS IN PUBLIC PURPOSE PROGRAM SURCHARGES

Component	TOTAL	Residential	Small Commercial	Large Commercial	NGV Core	Subtotal Core	Industrial Distribution	Industrial Transmission	Electric Gen	Total Wholesale	Total Noncore & Wholesale
55 PPP-EE Surcharge	67,140	52,919	5,385	2,110	0	60,415	1,805	4,920	0	0	6,725
56 PPP-EE Balancing Account	2,399	1,891	192	75	0	2,159	64	176	0	0	240
57 PPP-LIEE Surcharge	41,441	32,663	3,324	1,303	0	37,290	1,114	3,037	0	0	4,151
58 PPP-LIEE Balancing Account	1,764	1,390	141	55	0	1,587	47	129	0	0	177
59 PPP - RD&D Programs	10,362	4,938	1,821	192	32	6,984	591	2,788	0	0	3,378
60 PPP - RD&D Balancing Account	(370)	(177)	(65)	(7)	(1)	(250)	(21)	(100)	0	0	(121)
61 PPP-CARE Discount Allocation Set Annually	95,800	41,225	18,323	1,936	323	61,806	5,945	28,050	0	0	33,994
62 PPP-CARE Administration Expense	1,813	780	347	37	6	1,170	113	531	0	0	643
63 PPP-CARE Balancing Account	2,063	888	395	42	7	1,331	128	604	0	0	732
64 PPP-Admin Cost for BOE and CPUC	177	84	31	3	1	119	10	48	0	0	57.7
65 Subtotal	222,589	136,603	29,894	5,747	367	172,612	9,796	40,182	0	0	49,978
66 Re-Allocation Due to Core Averaging	(0)	(5,273)	5,273	0	0	(0)	0	0	0	0	0
67 Allocation after Remaining Averaging	222,589	131,329	35,168	5,747	367	172,612	9,796	40,182	0	0	49,978

* Residential and Small Commercial Classes are 30% averaged

** Wholesale Customer West Coast Gas is allocated 40% of its full Distribution Cost allocation as of January 1, 2009

ATTACHMENT 6

**PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UP (NOVEMBER 17 FILING)
2009 WINTER GAS SAVINGS PROGRAM: 10/20 PLUS**

TABLE 1: 10/20 PLUS RATES (a)

	Totals	Transportation	Procurement
1 Estimated 10/20 Plus Rebate (\$000; including FF&U)	\$45,189	\$16,651	\$28,545
2 Resulting Transportation/Procurement Split	100.0%	36.8%	63.2%
3 Apportioned Program Marketing/Implementation Costs (including FF&U)	\$5,061	\$1,865	\$3,197
4 Totals for Recovery in Rates (Lines 1 + 3)	\$50,250	\$18,516	\$31,742
5 Adopted Annual Core Volumes (mth) for Transportation and Procurement		3,038,621	2,979,265
6 Resulting ECPT Rate for Transportation and Procurement (Non-CARE) (b)	\$0.01675	\$0.00609	\$0.01065
7 Resulting ECPT Rate for Transportation and Procurement (CARE) (b)	\$0.01340	\$0.00274	\$0.01065

TABLE 2: ILLUSTRATIVE 10/20 PLUS RATE IMPACT WITH EQUAL CENTS PER THERM (ECPT) IMPLEMENTATION (a)

	Present Rates (Illust. Annual Avg.)	Present Rates w/ 10/20 Plus	% Change
<u>BUNDLED RATES</u>			
1 Non-CARE Residential (b)	\$1.361	\$1.378	1.2%
2 CARE Residential (b)	\$1.089	\$1.102	1.2%
3 Small Commercial	\$1.210	\$1.227	1.4%
4 Large Commercial	\$0.987	\$1.003	1.7%
<u>TRANSPORTATION+PPP ONLY RATES</u>			
5 Non-CARE Residential (b)	\$0.487	\$0.493	1.3%
6 CARE Residential (b)	\$0.215	\$0.218	1.3%
7 Small Commercial	\$0.344	\$0.350	1.8%
8 Large Commercial	\$0.160	\$0.166	3.8%

- a) 10/20 Plus revenue recovery will be implemented using forecasted total program costs allocated across applicable core classes on an equal cents per therm basis. Final impacts of the 10/20 Plus program will be based on credits earned by each class during 2009 reflecting segmentation between transportation and procurement causation. This final impact will be trued-up through allocation of the WGSP balancing accounts incorporated in rates filed in PG&E's 2010 AGT.
- b) Residential impacts are shown on annual basis for comparison only with commercial class impacts. Actual 10/20 Plus recovery from residential customers will occur in summer months (April - October 2009) as approved in AL 2850-G. Proposed residential rates and illustrative residential bill impacts are shown, respectively, on Tables 3 and 4.

ATTACHMENT 6 (contd.)

**PACIFIC GAS AND ELECTRIC COMPANY
2009 ANNUAL GAS TRUE-UP (NOVEMBER 17 FILING)
2009 WINTER GAS SAVINGS PROGRAM: 10/20 PLUS**

TABLE 3: CALCULATION OF RATE RECOVERY FROM RESIDENTIAL CLASS DURING APRIL - OCTOBER 2009 PERIOD (a)
(Note: Only Applies to Residential Class; Commercial Rates Change for 10/20 Plus On January 1, 2009 for annual recovery)

Residential Share of 10/20 Plus (Equal Cents Per Therm Initial Recovery)		<u>Total</u>	<u>Procurement</u>	<u>Transportation</u>
1	10/20 Plus Program Cost (\$ 000)	\$50,250	\$31,742	\$18,516
2	Residential Share of Annual Adopted Volumes (2005 BCAP Decision)	71.5%	72.0%	70.7%
3	Residential Share of 10/20 Program Cost for initial ratesetting purposes	\$35,950	\$22,859	\$13,092
				<u>Adopted Apr-Oct Avg. Yr. (Mth)</u>
4	Residential Bundled Volumes			809,414
5	Residential Transport Volumes			2,436
6	Less G-10 Transportation Adj.			1,210
7	Adjusted Residential Transportation Volumes			<u>810,640</u>
		<u>Allocated RRQ (\$ 000)</u>	<u>Adopted Volumes (Mth)</u>	<u>Rates (\$/th)</u>
8	10/20 Plus Non-CARE Residential Program Cost for Rate Recovery - Procurement	\$22,859	809,414	\$0.02824
9	10/20 Plus Non-CARE Program Cost for Rate Recovery - Transportation	<u>\$13,092</u>	810,640	<u>\$0.01615</u>
10	Non-CARE Residential Rate for Bundled Customers	\$35,950		\$0.04439
11	Rate for CARE Residential - Procurement			\$0.02824
12	Rate for CARE Residential - Transportation			<u>\$0.00727</u>
13	Rate for CARE Residential - Totals for Bundled Customers			\$0.03551

TABLE 4: ILLUSTRATIVE RESIDENTIAL RATE IMPACT, SUMMER BILL IMPACT, AND AVERAGE 10/20 PLUS CREDIT

Recovery in April through October 2009		<u>Present Rates</u>	<u>Present Rates with 10/20 Plus (a)</u>	<u>Change</u>
1	Non-CARE Residential Bundled Rate	\$1.361	\$1.406	3.3%
2	CARE Residential Bundled Rate	\$1.089	\$1.125	3.3%
3	Non-CARE Residential Transportation+PPP Only Rates	\$0.487	\$0.503	3.3%
4	CARE Residential Transportation+PPP Only Rates	\$0.215	\$0.222	3.4%
<u>Average Illustrative Residential Bill Impact During Summer Months (April 1 through October 31, 2009) (b)</u>				
5	Proposed Average Illustrative Bundled Bill with 10/20	\$35.14		
6	Present Average Illustrative Bundled Bill	<u>\$34.03</u>		
7	Average Monthly Bill Change	\$1.11		
8	Percentage Change	3.3%		
<u>Average Residential Savings for Jan-Feb 2009 Period (Non-CARE Customers; Estimated)</u>				
9	Average Savings from Conservation	\$ 35.68		
10	Average 10/20 Plus Rebate	<u>\$ 19.18</u>		
11	Average Total Savings to Customers Achieving 10/20 Plus Rebate	\$ 54.86		

- a) 10/20 Plus revenue recovery will be implemented using forecasted total program costs allocated across applicable core classes on an equal cents per therm basis. Final impacts of the 10/20 Plus program will be based on credits earned by each class during 2009 reflecting segmentation between transportation and procurement causation. This final impact will be trueed-up through allocation of the WGSP balancing accounts incorporated in rates filed in PG&E's 2010 AGT.
- b) Based on 25 therms per month average Summer season usage per individually metered residential customer as adopted in PG&E's BCAP D.05-06-029.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
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California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
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Chris, King	Los Angeles Dept of Water & Power	Tioga Energy
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of Palo Alto	MBMC, Inc.	Turlock Irrigation District
City of San Jose	MRW & Associates	U S Borax, Inc.
Clean Energy Fuels	Manatt Phelps Phillips	United Cogen
Coast Economic Consulting	Matthew V. Brady & Associates	Utility Cost Management
Commerce Energy	McKenzie & Associates	Utility Resource Network
Commercial Energy	Meek, Daniel W.	Utility Specialists
Constellation	Merced Irrigation District	Vandenberg Air Force
Constellation New Energy	Mirant	Verizon
Consumer Federation of California	Modesto Irrigation District	Wellhead Electric Company
Crossborder Energy	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
		White & Case
Davis Wright Tremaine LLP	Morrison & Foerster	eMeter Corporation
Day Carter Murphy	New United Motor Mfg., Inc.	
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	