

August 3, 2009

Advice 3037-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Revision to PG&E's Gas Rule 25

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to Gas Rule 25. The revised tariffs are included as Attachment 1 to this filing.

Purpose

The purpose of this advice letter is to revise Rule 25 to:

1. With PG&E's agreement, allow customers to use gas in their PG&E storage or park accounts as security;
2. Allow PG&E to sell customer gas on PG&E's system under certain limited conditions, such as to resolve customer financial or physical obligations to PG&E;
3. Clarify events of and remedies for default; and
4. Make the Rule more intelligible by better organizing and aligning provisions within appropriate sections, and adding some minor edit clean-up.

Background

Gas Rule 25, "Gas Services-Customer Creditworthiness and Payment Terms" (Rule 25), governs the credit requirements for customers of PG&E's backbone transmission and storage services. In reviewing this tariff, PG&E identified an additional security option that could be made available to backbone transmission and storage (T&S) customers, at their choosing and with PG&E's agreement. This new provision provides T&S customers additional flexibility to manage their security requirements during these difficult economic times, while at the same time providing additional assurance to both PG&E and its ratepayers that the financial obligations of T&S customers to PG&E will be recovered in the event of a customer default.

Specifically, PG&E proposes that customer-owned gas in customer storage or park accounts on PG&E's system may be used, under certain specified conditions, as collateral to satisfy a customer's credit requirement. Gas Rule 23, "Gas

Aggregation Service for Core Transport Customers” (Rule 23), currently provides for similar treatment related to gas aggregation service for core transport agents (CTAs). In Rule 23, CTAs may use “storage collateral” in lieu of providing PG&E other security. The volume of gas used as storage collateral is mutually agreed upon by the CTA and PG&E. The customer’s credit requirement is then reduced by the value of the storage collateral. PG&E would like to apply this concept to its Rule 25. As in Rule 23, PG&E requests that T&S customers, too, be eligible to utilize the storage collateral concept to satisfy all or a portion of their credit requirements. (see, Section B.4.a.6.)

PG&E would also like Rule 25 to allow PG&E to use customer gas on its system to meet any customer financial obligations to PG&E and its ratepayers when a customer has defaulted. This concept would apply to situations where a customer is in default for financial obligations or physical shortfall. In such a case, PG&E would be able to sell the necessary portion of a customer’s gas on PG&E’s system, apply that monetized collateral to the customer’s bill, and return any remaining amount to the customer. Currently, Rule 25 provides only for the use of gas from a customer’s “storage account” to be applied to “an imbalance pursuant to gas schedule G-BAL.” (Section E.4)

In addition, PG&E revises Rule 25 to describe more fully what constitutes a default by a customer and what actions PG&E may take in the event of such a default. The current authorized version of Rule 25 only references the term “default” in Sections C.2 and C.4.a. In these instances, “default” relates specifically to a customer’s inability or unwillingness to pay accumulated T&S charges as specified in their monthly PG&E bill. The revised Rule more fully defines what constitutes a “default” in a new section in Gas Rule 25 entitled “DEFAULT” (see Section D.), which lists events of and remedies for default.

Finally, PG&E seeks approval of certain other changes to better organize and align Rule 25 provisions within appropriate sections, and to make certain text changes for clarity. Changes are detailed further below.

Reasons for Gas Rule 25 Changes

In order to cover the risk associated with deposit and security funding requirements, PG&E proposes the following changes to Gas Rule 25 which will:

- Establish that customers’ gas in their PG&E storage or park accounts may constitute an acceptable security, and that PG&E has a right to sell in the event of default. (Section B.4.a.6.).

Broaden the definition of physical shortfall and broadens the sources of gas to offset the shortfall (Section E.4.)

- Define what constitutes events of and remedies for default. (Section A - broad definition), Section D - specifics).

Proposed Rule 25 Changes

The proposed changes are listed in sequential order. Significant changes are highlighted in bold:

- Section A GENERAL: Capitalization of terms is made to align with Rule 1. “Storage Services” replaces reference to core firm storage in paragraph 1. Rule 25 applies to all storage services, not just core firm storage, as implied in current filed version. Redundant language about customer payments, paragraph 3, is removed. Definition of default is added. Minimal corrections are made for readability, i.e., word choice and formatting.
- Section B.3: Minimal corrections are made for readability, word choice, and formatting.
- Section B.4: Corrections and rewording are made for readability, including restriction on security ineligibility for payment of normal monthly bills, consistent with Gas Rule 7. Removed reference to TPSP in paragraph 2 (overlooked in prior Rule 25 revision Advice Letter 2784-G). Final paragraph is also revised to define a default event.
- Section B.4.a.1: This section is re-arranged with corrected text regarding Cash Deposit, including updated interest rate reference while the portion regarding refund of deposit is moved to Section B.4.c.
- Section B.4.a.5: Original language regarding “other forms of security” is renumbered as B.4.a.7 B.4.a.5 is replaced with language regarding Prepayment, which was removed from Section B.4.c.1.
- **Section B.4.a.6: A new subsection is added to establish that customer’s gas in customer’s PG&E storage or park accounts may constitute an acceptable form of security and that PG&E has a right to sell such gas in the event of default by the customer.**
- Section B.4.a.7: A new subsection is added to accommodate language moved from B.4.a.5).
- Section B.4.b: The first and second paragraphs are merged into one paragraph.
- Section B.4.c: Section title is modified. New text regarding return of security is moved from Section B.4.a.1.

- Section B.4.c.1: Original text regarding Prepayment is moved to Section B.4.a.5.
- Section C.1: Minor re-wording is made to the text to be consistent with gas Rule 14.
- Section C.2: “Calendar” deleted for consistency with references to calendar days elsewhere in Rule (B.4.a.1), C.3.b, D.1). “Calendar” is assumed in reference to days (e.g. “days”), unless otherwise indicated (e.g. “business days” (B.4)).
- Section C.3.a: This new subsection is created to accommodate creation of C.3.b below; interest rate reference is corrected.
- Section C.3.b: A new subsection is created with content moved from Section 4.a (except the final sentence, which is moved to E.1.a to more appropriately align with billing issues. Reference to “Past due balance letter” is changed to “notice of payment default.”
- Sections C.4: This section, “Collection,” is renumbered from C.5. since the “Termination” section is moved from C.4 to the new Section E.
- Section C.5: This section, “Billing Disputes,” is renumbered from C.6 since the “Termination” section is moved from C.4 to the new Section E.
- **Section D: A new section, “Default,” is added to more fully address default and the remedies available to PG&E.**
- **Section D.1: Introductory paragraph and second and third bullet points are text from former subsection C.4.b. First bullet point repeats text in C.3.b.**
- **Section D.2: First bullet point is text from original C.4.b.**
- Section E: A new section is created for “Termination of Service,” which is moved from the original Section C.4. New subsections are created. Previously existing “Termination” language in C.4.a and C.4.b are relocated to more appropriate subsections, as listed below.
- Subsection E.1: This subsection is moved from C.4.c. Subsection E.1.a is moved from former subsection C.4.b. Subsections E.1.b and E.1.c are renumbered from C.4.c.1) and C.4.c.2) respectively.
- Subsection E.2: Text is moved from the first half of former Section C.4.d, with edits for readability. Changed reference from “deposit” to “security.”

- Subsection E.3: Text is moved from the second half of former Section C.4.d, with edits for readability.
- **Subsection E.4: Text is moved from the former Section C.4.e. Changes are made to expand the definition of types of physical shortfall, and broaden the range of resources (customer's gas "on the PG&E system" rather than "in a storage account") that may be used to resolve physical shortfalls.**
- Section F: This new section, "Reestablishment of Credit," is renumbered from the former section D to accommodate two new sections, "Default" (D) and "Termination of Service" (E).

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 **August 24, 2009**, 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: jjn@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

PG&E requests that this advice filing be approved September 2, 2009. PG&E submits this as a Tier 2 advice filing.

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. Address changes to the General Order 96-B service list should be directed to San Heng at (415) 973-2640. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

Brian Cherry

Vice President, Regulatory Relations

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Olivia M. Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3037-G

Tier: 2

Subject of AL: Revision to PG&E's Gas Rule 25

Keywords (choose from CPUC listing): Rules, Text changes

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

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

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: N/A

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

Resolution Required? Yes No

Requested effective date: September 2, 2009

No. of tariff sheets: 13

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Gas Rule 25

Service affected and changes proposed: Allow customers to use gas in their PG&E storage or park accounts as security and allow PG&E to sell customer gas on PG&E's system under certain limited conditions

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 Ave., San Francisco, CA 94102

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 3037-G**

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

27747-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 1	24479-G
27748-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 3	24480-G
27749-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 4	24481-G
27750-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 5	24482-G
27751-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 6	24483-G
27752-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 7	24484-G
27753-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 8	24485-G
27754-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 9	24486-G
27755-G	GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 10	21418-G

**ATTACHMENT 1
Advice 3037-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
27756-G	GAS TABLE OF CONTENTS Sheet 1	27706-G
27757-G	GAS TABLE OF CONTENTS Sheet 6	27625-G



GAS RULE NO. 25 Sheet 1
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

A. GENERAL

This Rule applies to Customers (including, but not limited to, potential Customers, balancing agents and Core Transport Agents (CTAs)) who purchase or receive gas products and services from PG&E including, but not limited to, backbone transmission services, Balancing Service, or storage services pursuant to PG&E's gas rate schedules and agreements. Customers must meet the credit requirements set forth herein on a continuing basis in order to be eligible to receive such products and services. (T)

This Rule does not apply to Customers who purchase or receive only local transmission service or distribution service from PG&E; gas Rule 6 applies to those services. (T)
(T)
(D)

To receive gas products and services from PG&E, a Customer must either establish an unsecured credit line or provide security to PG&E sufficient to meet PG&E's total financial exposure, based on all products and services for which a Customer has contracted with PG&E. The amount of credit established for, or security required of a Customer is a function of that Customer's creditworthiness. (T)
(T)

PG&E will apply credit evaluation criteria and make decisions under this Rule on a non-discriminatory basis, subject, however, to the reasonable exercise of decision-making. PG&E may, from time to time, modify the creditworthiness requirements applicable to a Customer based on changes in that Customer's service requirements and/or overall financial condition.

A Customer requesting gas products and services must demonstrate creditworthiness before PG&E will execute a Gas Transmission Service Agreement (GTSA) (Form No. 79-866) or exhibits to the GTSA, a Noncore Balancing Aggregation Agreement (NBAA) (Form No. 79-869) or exhibits to the NBAA, or a Core Gas Aggregation Service Agreement (CTA Agreement) (Form No. 79-845) or exhibits to the CTA Agreement. Criteria for establishing creditworthiness are shown below. Failure to meet the credit standards on a continuous basis shall constitute an event of default. (N)
(N)

(Continued)



GAS RULE NO. 25 Sheet 3
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd.)

2. CONTINUATION OF CREDITWORTHINESS

To assure the continued validity of an established credit line, a Customer shall submit complete financial statements satisfactory to PG&E at least annually and, upon PG&E's request, more frequently. If (a) PG&E determines, in its sole judgment, that a Customer has experienced a material financial change that has affected or could adversely affect that Customer's creditworthiness, or (b) a Customer does not provide financial information as requested by PG&E, or (c) a Customer fails, for whatever reason, to provide additional credit support in a form acceptable to PG&E upon PG&E's request, then PG&E may terminate that Customer's GTSA or exhibits to the GTSA, CTA Agreement or exhibits to the CTA Agreement, and/or NBAA or exhibits to the NBAA.

3. MINIMUM CREDITWORTHINESS CRITERIA FOR UNSECURED CREDIT

PG&E's approval of an unsecured credit line will be based upon the financial position of that Customer, and the amount of PG&E's potential financial exposure. A Customer (or a third party, on behalf of a Customer, providing acceptable security hereunder and executing PG&E's General Guarantee) meeting one of the following criteria will qualify for unsecured credit up to a maximum credit limit as determined by PG&E. (T)

- a. Long-term debt/bond rating of BBB or better for Standard & Poor's or Baa2 or better for Moody's.
- b. Dun & Bradstreet composite credit appraisal of "2" or better (i.e., good).
- c. Moody's rating [short-term] of P-2 or better.
- d. Standard & Poor's rating [short-term] of A-2 or better. (T)
- e. Audited financial statements, which demonstrate a Customer's creditworthiness.

Notwithstanding that a Customer may have previously qualified for unsecured credit, security may be requested at a future date if PG&E becomes aware of a material change in a Customer's payment pattern, financial position, or a change in a Customer's published debt ratings or expected change in debt ratings due to the issuances of a negative outlook by either Moody's or Standard & Poor's which would cause a Customer's long-term or short-term debt rating to be less than specified in these criteria, or if the provisions of this Rule are changed. (T)

(Continued)



GAS RULE NO. 25 Sheet 4
 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd.)

4. CREDIT STANDARDS UTILIZING SECURITY

If PG&E denies unsecured credit to a Customer, or if PG&E determines subsequently during the term of the service under PG&E's rate schedules, that a Customer no longer satisfies the criteria for unsecured credit, the Customer may still obtain credit approval if the Customer elects to provide security in a form and amount acceptable to PG&E. (T)

Additionally, a Customer may provide security in a form acceptable to PG&E in lieu of the creditworthiness evaluation, in which case, the security must be submitted to PG&E before PG&E will execute a Customer's GTSA, NBAA or CTA Agreement. Such security may not be used by a Customer as a means of or substitute for the timely payment of that Customer's regular monthly bills. (D)

After PG&E determines a Customer is eligible for credit, secured or unsecured, that Customer may be required, after service begins, to provide additional security to maintain its credit position if PG&E becomes aware of a material financial change that has affected, or could adversely affect that Customer's creditworthiness, or if the provisions of this Rule are changed. A Customer's failure, for whatever reason, to provide additional security within three (3) business days of PG&E's request therefore, in an amount required by PG&E to maintain that Customer's credit position, shall constitute an event of default. (T)

a. ACCEPTABLE FORMS OF SECURITY

1) Cash Deposit

A Customer providing a cash deposit grants to PG&E a security interest in the cash deposit to secure all of that Customer's obligation to PG&E. The amount of a deposit taken to establish credit may be subject to adjustment upon request by a Customer and/or upon review by PG&E. (L)

(Continued)



GAS RULE NO. 25 Sheet 5
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd) (T)

4. CREDIT STANDARDS UTILIZING SECURITY (Cont'd.)

a. ACCEPTABLE FORMS OF SECURITY (Cont'd.)

1) Cash Deposit (Cont'd.)

PG&E will pay interest on deposits, except as provided below, calculated on a daily basis, and compounded at the end of each calendar month, from the date fully deposited to the date of refund by check or a credit to a Customer's account. The applicable interest rate may vary from month to month and shall be equal to the interest rate on non-financial commercial paper (3-month) for the previous month as reported in the Federal Reserve Statistical Release, H.15, or its successor publication; provided that when a refund is made within the first fifteen (15) days of a calendar month the interest rate applicable in the previous month shall be applied for the elapsed portion of the month in which the refund is made. No interest will be paid if services are terminated for nonpayment of bills. (T)

2) Letter of Credit

An irrevocable and renewable standby letter of credit in form, substance and amount satisfactory to PG&E and issued by a major financial institution acceptable to PG&E. PG&E's standard form of letter of credit shall be used for this purpose unless PG&E agrees to accept a substitute form.

3) Surety Bond

Renewable surety bonds in a form acceptable to PG&E, issued by a major insurance company acceptable to PG&E. PG&E's standard form of surety bond shall be used for this purpose unless PG&E agrees to accept a substitute form.

4) Guarantee

Execution of PG&E's General Guarantee by creditworthy guarantor (Refer to B.3., above).

(Continued)



GAS RULE NO. 25 Sheet 6
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd.)

4. CREDIT STANDARDS UTILIZING SECURITY (Cont'd.)

a. ACCEPTABLE FORMS OF SECURITY (Cont'd.)

5) Prepayment for Products and Services Rendered (T)

Periodic prepayments on a mutually agreed-upon schedule will be based on the quantity and rate for products and services as specified in a Customer's GTSA and exhibits to the GTSA, CTA Agreement or NBAA exhibits to the CTA Agreement, and/or NBAA and exhibits to the NBAA and CTA, and must be agreed upon between a Customer and PG&E prior to commencement of services.

Prepayments and actual charges will be reconciled at month-end billing time unless otherwise agreed. If payment of reconciled actual charges is not received by 4:00 P.M. on the due date, PG&E will notify a Customer of non-payment. If payment is not received by close of business on the next business day, PG&E may terminate a Customer's GTSA or exhibits to the GTSA, CTA Agreement or exhibits to the CTA Agreement, and/or NBAA or exhibits to the NBAA. Any payment received after the due date will be considered past due and subject to the conditions described in Section C.3, below. (T)

6) Customer-Owned Gas in Storage. (N)

With PG&E's agreement, Customer-owned gas in park or storage accounts, may be used as collateral, in which case, PG&E has the right to sell such gas in order to satisfy that Customer's performance or financial obligations to PG&E. (N)

7) Other forms of security that PG&E may, at its sole discretion, find acceptable. (N)
(N)

b. AMOUNT OF SECURITY (L)

Where applicable, the amount of security must be equal to at least sixty (60) days of a Customer's maximum potential financial exposure to PG&E for all products and services contracted for by a Customer with PG&E, as estimated by PG&E. (T)

(Continued)



GAS RULE NO. 25 Sheet 7
 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd.)

4. CREDIT STANDARDS UTILIZING SECURITY (Cont'd.)

b. AMOUNT OF SECURITY (Cont'd) (L)

The type and amount of security determined by PG&E must be provided to PG&E before a Customer may begin receiving service.

All forms of security shall be retained as long as the GTSA, CTA Agreement, and/or NBAA are in effect, unless such security is otherwise reduced pursuant to Section B.4.c., below.

c. REDUCING SECURED CREDIT REQUIREMENTS (T)

If a Customer later qualifies for unsecured credit with PG&E, or Customer's creditworthiness requirement is otherwise reduced, PG&E will return the appropriate amount of security upon a Customer's request and/or upon review by PG&E. (T)

(D)

C. BILLING AND PAYMENT TERMS

1. BILLING

PG&E will provide a Customer with a bill including, but not limited to, transportation, storage, parking, lending, balancing charges or non-compliance charges pursuant to gas Rule 14. (T)
(T)

2. PAYMENT TERMS

Any bill issued to a Customer by PG&E is due and payable on the transmittal date on the bill. The bill will be considered past due and a Customer in default if the bill is not paid in full within fifteen (15) days after the transmittal date on the bill. (T)

(Continued)



GAS RULE NO. 25 Sheet 8
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

C. BILLING AND PAYMENT TERMS (Cont'd)

3. LATE PAYMENT (T)

a. Interest on any past due bill or portion of a past due bill shall accrue on a daily basis, beginning the day after any bill was due and payable and continuing until the day full payment of the past due bill or portion of a past due bill and all accrued interest thereon is received by PG&E. The applicable interest rate shall be equal to the interest rate on non-financial commercial paper (3-month) for the previous months as reported in the Federal Reserve Statistical Release, H.15, or its successor publication. (T)

b. If a bill issued to a Customer remains unpaid after fifteen (15) days, that Customer is in default and PG&E will issue a notice of payment default. If a bill issued to a Customer is still unpaid seven (7) days after the aforementioned notice of payment default is issued, PG&E may terminate that Customer's GTSA or exhibits to the GTSA, CTA Agreement or exhibits to the CTA Agreement, and/or NBAA or exhibits to the NBAA, without any further notice. (T)

4. COLLECTION (T)

PG&E will pursue normal collection activity with Customers for nonpayment of PG&E charges.

5. BILLING DISPUTES (T)

Billing disputes will be resolved in accordance with the terms and conditions in a Customer's service agreement(s) or applicable exhibit(s).

D. DEFAULT

1. EVENTS OF DEFAULT (N)

PG&E may declare an event of default under the following conditions and, if it elects to do so, may immediately terminate the defaulting Customer's agreements (GTSA, CTA Agreement, NBAA, and all exhibits thereto), and that Customer's right to conduct business with PG&E. Events of default include, but are not necessarily limited to:

(Continued)



GAS RULE NO. 25 Sheet 10
 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

- | | |
|--|---------|
| | (L) |
| E. TERMINATION OF SERVICE (Cont'd.) | (T) |
| 2. If, at the time of termination, a Customer has an outstanding balance on a PG&E account, any security held on that Customer's account shall be treated as a pre-payment and shall be applied to any unpaid balance without further notice. | |
| 3. If collection efforts are required to recover unpaid account balances, a Customer will be liable for any costs, expenses and attorneys' fees incurred by PG&E as a result of such collection efforts. Payment by a Customer of all such costs, expenses and attorneys' fees will be a condition of future re-establishment of creditworthiness. | |
| 4. If a Customer has a physical shortfall (e.g., imbalance or outstanding Market Center obligation) at the time of termination, any gas that Customer has on the PG&E system may, at PG&E's election, become the property of PG&E and be used by PG&E to offset that shortfall. | |
| | (T) |
| | (D) |
| F. REESTABLISHMENT OF CREDIT | (L) (T) |
| 1. A Customer who previously has been a customer of PG&E and whose service agreements or applicable exhibits have been terminated, completely or in part, shall be required to reestablish credit in accordance with Sections A and B, above. | |
| 2. In the event PG&E becomes aware of a material change in a Customer's financial position, or if a Customer pays bills after they are due, that Customer may be required to reestablish credit, or may have its credit line reduced or may be subject to establishing secured credit in accordance with Sections A and B, above. | |



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Sheet 6

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

Aglet	Day Carter Murphy	North Coast SolarResources
Alcantar & Kahl	Defense Energy Support Center	Occidental Energy Marketing, Inc.
Ameresco	Department of Water Resources	OnGrid Solar
Anderson & Poole	Department of the Army	Praxair
Arizona Public Service Company	Dept of General Services	R. W. Beck & Associates
BART	Division of Business Advisory Services	RCS, Inc.
BP Energy Company	Douglas & Liddell	Recon Research
Barkovich & Yap, Inc.	Douglass & Liddell	SCD Energy Solutions
Bartle Wells Associates	Downey & Brand	SCE
C & H Sugar Co.	Duke Energy	SMUD
CA Bldg Industry Association	Dutcher, John	SPURR
CAISO	Ellison Schneider & Harris LLP	Santa Fe Jets
CLECA Law Office	FPL Energy Project Management, Inc.	Seattle City Light
CSC Energy Services	Foster Farms	Sempra Utilities
California Cotton Ginners & Growers Assn	G. A. Krause & Assoc.	Sierra Pacific Power Company
California Energy Commission	GLJ Publications	Silicon Valley Power
California League of Food Processors	Goodin, MacBride, Squeri, Schlotz & Ritchie	Southern California Edison Company
California Public Utilities Commission	Green Power Institute	Sunshine Design
Calpine	Hanna & Morton	Sutherland, Asbill & Brennan
Cameron McKenna	International Power Technology	Tabors Caramanis & Associates
Casner, Steve	Intestate Gas Services, Inc.	Tecogen, Inc.
Chamberlain, Eric	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
Chevron Company	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
Chris, King	MBMC, Inc.	TransCanada
City of Glendale	MRW & Associates	Turlock Irrigation District
City of Palo Alto	Manatt Phelps Phillips	U S Borax, Inc.
City of San Jose	Matthew V. Brady & Associates	United Cogen
Clean Energy Fuels	McKenzie & Associates	Utility Cost Management
Coast Economic Consulting	Merced Irrigation District	Utility Specialists
Commerce Energy	Mirant	Verizon
Commercial Energy	Modesto Irrigation District	Wellhead Electric Company
Consumer Federation of California	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
Crossborder Energy	Morrison & Foerster	eMeter Corporation
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	
	Norris & Wong Associates	