

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 1, 2010

Advice Letters 3060-G and 3060-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 Gas Transportation Balancing Accounts
and other Proposed Gas Rate Changes Effective January 1, 2010
and Supplemental Filing**

Dear Mr. Cherry:

Advice Letters 3060-G and 3060-G-A are effective January 1, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division

November 16, 2009

Advice 3060-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Annual Gas True-up of Gas Transportation Balancing Accounts
and Other Proposed Gas Rate Changes Effective January 1, 2010**

Purpose

Pacific Gas and Electric Company (PG&E) submits this Annual Gas True-up (AGT) of its Gas Transportation Balancing Accounts to revise core and noncore gas transportation rates effective January 1, 2010. This advice letter consolidates gas transportation rate changes authorized by, or currently pending before and expected to be authorized by, the California Public Utilities Commission (Commission or CPUC) effective January 1, 2010.

Background/Summary

The AGT is an annual process to change core and noncore gas transportation rates, as established in PG&E's 2005 Biennial Cost Allocation Proceeding (BCAP) Decision (D.) 05-06-029.¹

In this advice letter, PG&E proposes to recover its 2010 gas transportation revenue requirements totaling \$1,793 million, which is a \$108 million increase compared to its 2009 gas transportation revenue requirement. The 2010 gas transportation revenue requirements include end-use transportation costs, gas-related public purpose program surcharges (which are submitted for Commission approval in Advice Letter 3057-G), and gas transmission and storage (i.e., Gas Accord IV) unbundled costs (See Table 1 below).

¹ D. 05-06-029, p. 10 and Finding of Fact 9.

Table 1 Proposed Gas Transportation Revenue Requirements Effective January 1, 2010 (in \$ millions) ²			
Description	Currently in Rates	Proposed	Change
End-Use Gas Transportation	\$1,292	\$1,378	\$86
Gas Accord IV Unbundled Costs	\$170	\$168	(\$2)
Public Purpose Program Surcharges (gas-related)	\$223	\$247	\$24
Total Gas Transportation Revenue Requirements	\$1,685	\$1,793	\$108

Attachment 1 summarizes the proposed 2010 gas transportation revenue requirements. Attachment 2 summarizes the gas transportation balancing accounts, which PG&E proposes to amortize in 2010. 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, 2010, PG&E includes Attachments 3 through 7 provide illustrative rates and surcharges incorporating: (1) amounts previously authorized to be recovered in rates, effective January 1, 2010, (2) the forecast December 31, 2009, account balances to be amortized in 2010, and (3) gas transportation rate changes being considered in a number of pending proceedings and advice letters that would result in rate changes effective January 1, 2010. PG&E will supplement this advice letter on December 22, 2009, to reflect all final authorized revenue requirement changes and the recorded November 2009 gas transportation balancing accounts.

Recovery of Transportation Balancing Accounts Already Approved for Amortization in 2010 AGT

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 gas 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, 2009, balance for each gas transportation balancing and memorandum account to be updated in the AGT based on the September 30, 2009, recorded balances and a forecast of costs and revenues, including interest, through December 31, 2009; and

² This table does not include the 2010 gas procurement-related revenue requirement changes, which will be submitted in PG&E's monthly core procurement advice letter on December 23, 2009.

- 2) Calculating the customer class charge components by dividing the forecasted December 31, 2009, balancing account balance by PG&E's currently adopted BCAP throughput forecast.

Attachment 2 summarizes the forecast December 31, 2009, balances for gas transportation balancing accounts using recorded balances through September 30, 2009. The total year-end 2009 gas transportation balancing account balances are projected to be undercollected by \$153.9 million, as shown in Attachment 1, line 1 and Attachment 2, line 17. This is a \$65.9 million increase compared to the gas transportation balancing account balances that are currently amortized in gas transportation rates.

Because different balancing accounts are allocated differently to customer classes, the balancing account update results in a \$52.4 million increase in core transportation revenues and a \$13.5 million increase in noncore transportation revenues.

The remainder of this section describes: (1) the balancing accounts that will be amortized through this AGT advice letter, (2) the recent CPUC decisions impacting the balancing account balances, and (3) PG&E's proposals to recover the forecasted balances in rates, effective January 1, 2010.

Certain account balances are recovered in rates through the Core Fixed Cost Account (CFCA) and/or Noncore Customer Class Charge Account (NCA) rate components, as described below. For these accounts, PG&E will transfer the recorded December 2009 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 credits and costs from core customers.

The AGT includes a forecasted \$79.2 million undercollection in the CFCA, which results from:

- (i) A forecasted \$59.5 million undercollection in the Distribution Cost subaccount due primarily to actual core volumes being lower than those forecast in PG&E's last BCAP (D. 05-06-029);
- (ii) A forecasted \$9.6 million undercollection in the Core Cost subaccount, due primarily to actual core demand being less than the adopted Gas Accord IV annual core demand used to set Local Transmission rates; and
- (iii) A forecasted \$10.2 million undercollection in the WGSP Transportation Subaccount due to higher than forecast 2009 WGSP credits. In the 2010 AGT, PG&E allocates the year-end 2009 balance in order that each participating core customer class (residential, small commercial, and large commercial) will pay for its own WGSP costs based on the 2009 transportation and procurement-related credits and revenues.

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

The NCA records noncore costs and revenues from noncore customers for balancing account protected items such as local transmission and self generation incentive program (SGIP). The NCA has two subaccounts:

- (i) The Noncore subaccount, which recovers costs and balances from all noncore customers for non-distribution cost-related items and is allocated on an equal-cents-per-therm basis; and
- (ii) The Interim Relief and Distribution subaccount, which recovers the noncore distribution portion of 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 \$0.7 million overcollection in the NCA, which results from:

- (i) A forecasted \$0.8 million overcollection in the Noncore subaccount due primarily to actual noncore demand being greater than the adopted

2005 BCAP annual noncore demand used to set rates in the last AGT;
and

- (ii) A forecasted \$0.1 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 PG&E's 2005 BCAP decision (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 \$1.2 million undercollection 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 PG&E's 2005 BCAP decision (D. 05-06-029), there is no authorized revenue for EOR balancing account because PG&E does not forecast any customer usage under this preliminary statement. Therefore, the 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 PG&E's 2005 BCAP decision (D. 05-06-029). The AGT includes a forecasted \$1.3 million undercollection in the CBFBA. The CBFBA balance is included in the rate component of the Core Cost subaccount of the CFCA.

Liquefied Natural Gas Balancing Account (LNGBA) - (Attachment 2, line 9)

The LNGBA records all transportation revenue from customers using experimental liquefied natural gas service. This AGT forecasts a \$0.1 million overcollection in the LNGBA. The LNGBA balance is included in the rate component of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA. Prior to January 2009, the "Liquefied Natural Gas Balancing" was titled the "Natural Gas Vehicle Balancing Account."

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

The HSM provides a uniform methodology for allocating costs and related recoveries associated with covered hazardous substance-related activities, including hazardous substance clean-up and litigation, and related insurance recoveries, as set forth in D. 94-05-020 (the original HSM decision) through the Hazardous Substance Cost Recovery Account (HSCRA). This AGT forecasts a \$20.8 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 2009, 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 gas balancing service, including charges and credits, as described in gas Schedule G-BAL and Gas Rule 14. PG&E forecasts the December 31, 2009, balance in the BCA to be \$0. In 2010, PG&E intends to continue as in past years to use this balance to purchase gas supply for replacing 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 the 2009 AGT (Advice 2971-G). Therefore PG&E proposes to not include the balance in rates effective January 1, 2010.

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

The ATFA records employee transfer fees paid to PG&E by its holding company, Pacific Gas and Electric Corporation, and affiliates for future ratemaking treatment to ensure that PG&E's customers receive the fees, pursuant to the decision which approved for PG&E to become a wholly owned subsidiary of a holding company (D. 96-11-017). This AGT returns a forecasted \$0.1 million overcollection in the ATFA, which represents activity in the account for 2009. 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 Incentive Account (CEEIA) - (Attachment 2, line 13)

The CEEIA records the gas portion of any Energy Efficiency Risk Reward Incentive Mechanism (RRIM) award or penalty that is authorized by the Commission to be recovered in rates. The forecast year-end 2009 balance incorporates the estimated RRIM settlement award, of \$16.6 million undercollection as discussed below. As approved in Advice 2929-G/3277-E, PG&E applies no interest to the balance in this account.

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 \$35.8 million undercollected balance in the SBA-G due primarily to accelerated installation of the gas portion of the SmartMeter™ Project. The SBA-G is recovered through the SmartMeter™ Project rate component.

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

In accordance with the decision authorizing PG&E to recover its employee pension plan contributions (D. 06-06-014), the PCBA 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. PG&E's contribution to the pension plan have matched the amounts adopted in D. 06-06-014. As a result, PG&E does not expect that the PCBA will have a balance on December 31, 2009.

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 CPUC Affiliate Transaction Rule VII. Costs and revenues are tracked for the appropriate disbursement of revenues, net of expense, to customers and shareholders via the 50/50 sharing mechanism as approved 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 (1) offer the Mover Services Program, (2) recover costs and disburse net revenues through the NTBA-G, (3) transfer the balance at the end of the year from the NTBA-G to the CFCA, and (4) include it in the AGT filing, in order to credit customer revenues pursuant to D. 99.04-021. 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. Because PG&E forecasts a debit balance for this account, as of December 31, 2009, no transfer will be made to the CFCA.

Discussion of Recent and Pending CPUC Proceedings and Advice Letters

The following section highlights recent and pending decisions and advice letter filings that may impact PG&E's gas transportation revenue requirements and rates filed in the AGT:

Cost of Capital Application – (Attachment 1, line 2)

In May 2008, the CPUC issued a decision that established a multi-year cost of capital mechanism for the major California energy utilities (D. 08-05-035). This 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. The currently authorized costs of capital for PG&E will continue to apply for calendar year 2010.

2009 Attrition Adjustment – (Attachment 1, line 2)

On October 28, 2009, the Commission approved PG&E's 2010 Attrition Adjustment to increase PG&E's currently authorized gas distribution revenue requirement by \$22 million (Advice 3050-G/3535-E). As described in the advice letter, PG&E's 2010 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.

Self-Generation Incentive Program (SGIP) – (Attachment 1, line 4)

Currently, the CPUC is considering SGIP target budget levels for 2010 and 2011. Based on a September 2009 ruling, the CPUC proposes that the SGIP authorized budget should continue to be set at \$83 million annually for 2010 and 2011, with allocation across the Investor Owned Utilities in the same percentage as prior years. PG&E's allocation of the annual SGIP budget is \$36 million. The recovery of SGIP is split between electric and gas customers in the same manner that energy efficiency (EE) program costs are allocated, which for 2010 is 85% electric, 15% gas. This results in a \$5.4 million allocation to gas customers. \$3.1 million is reflected in the 2010 proposed rate component of the Noncore subaccount of the NCA and \$2.3 million in the rate component of the Core Cost subaccount of the CFCA (attachment 1A, line 4). If the Commission issues a final decision by December 17, 2009, PG&E will consolidate the results in the supplement to this filing.

SmartMeter™ Project – (Attachment 1, line 5)

As authorized by D.06-07-027 the original decision authorizing the Advanced Metering Infrastructure (AMI)/SmartMeter™ project deployment, the gas portion of the adopted 2010 SmartMeter™ Project revenue requirement is \$46.0 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 adopted methodology. 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.

Winter Gas Savings Program Costs – (Attachment 1, line 8)

On September 23, 2009, the CPUC approved PG&E's 2010 WGSP (AL 3039-G), which is designed to encourage conservation among core gas customers by providing up to a 20 percent bill credit to those customers who reduce their cumulative gas usage during January and February 2010. The CPUC approved PG&E's requested marketing and implementation budget of \$4.75 million, a decrease of \$0.25 million from the approved 2009 Program marketing and implementation budget. These costs, along with the estimated 2010 WGSP credits, will be recovered in gas transportation and procurement rates beginning

on January 1, 2010, for commercial customers and from April 1 to October 31, 2010 for residential customers.

PG&E estimates that total 2010 WGSP bill credits will be \$56.7 million, compared to \$60.1 million for the 2009 Program. The transportation-related portion is forecast to be 47.9% or \$27.2 million (see details in Attachment 6).

The forecast bill credits are offset by the collection in rates of the forecast credits. Therefore, the net impact to the authorized 2010 transportation revenue requirement from the 2010 WGSP is an increase of \$0.4 million. This increase reflects the increased share of the 2010 WGSP marketing and implementation costs allocated for recovery in gas transportation rates compared to the 2009 Program, which more than offsets the reduction in the 2010 WGSP marketing and implementation costs.

In addition to the 2010 WGSP program costs, as described above, the gas transportation rates for January 1, 2010, will include the year-end 2009 balance in the WGSP Transportation subaccount of the CFCA, as discussed in the previous section.

ClimateSmart™³ Program – (Attachment 1, line 9)

On April 27, 2009, PG&E filed an Application requesting a two-year extension of the ClimateSmart Program. As requested in the Application, PG&E (1) seeks to continue administering the Program as directed in D. 06-12-032, (2) seeks no additional Administrative and Marketing (A&M) funds from customers during this two year extension period, and (3) requests authority to carry over any unspent funds from 2008 and 2009 as a source of funds to administer and market the program through 2011. Absent Commission approval of PG&E's request, the ClimateSmart Program is scheduled to sunset on December 31, 2009. As PG&E has not requested additional customer funding for the ClimateSmart program beginning January 1, 2010, the revenue requirement is zero, and would remain so even if the Commission approves PG&E's extension application.

Energy Efficiency Risk Reward Incentive Mechanism (RRIM) – (Attachment 2, line 13)

In January 2009, the CPUC initiated a new RRIM Rulemaking (R.) 09-01-019 to address, among other things, the resolution of incentive payments associated with the 2006-2008 energy efficiency program cycle. On May 21, 2009, PG&E, San Diego Gas and Electric Company, Southern California Gas Company and the Natural Resources Defense Council jointly filed a settlement proposal to resolve the remaining 2006-2008 incentive claims. On July 10, 2009, PG&E filed a supplement to the settlement proposal. Assuming the proposed settlement is adopted by the end of the year, PG&E's second interim claim for 2008 would be

³ ClimateSmart™ Program is the trademarked name for PG&E's Climate Protection Tariff.

\$76.6 million to be recorded in 2009. An additional incentive payment of \$61.9 million would be subject to the final 2006-2008 true up process, which PG&E expects to be completed in 2010.

The AGT forecast in Attachment 2, line 13 includes a forecast of the gas portion of the second interim claim of \$16.1 million (or 21 percent of the total) to be recovered in rates pending approval of the settlement agreement. As approved in Advice 2929-G/3277-E, the gas portion is recovered through the gas CEEIA in the AGT and no interest is applied to the balance in the account. If the Commission issues a final decision that revises this request, PG&E will incorporate the updated results in the 2010 AGT supplement.

Solar Water Heating Program

On November 5, 2009, the CPUC issued a Proposed Decision (PD), *Establishing the California Solar Initiative Thermal Program to provide Solar Water Heating Incentives*. In this PD, the CPUC details a program to provide rebates to customers who install solar hot water heaters to replace existing gas and electric hot water heaters in an effort address global warming, reduce dependence on imported fossil fuels, dampen volatile energy prices and create new green jobs. The proposal is that this program will run from January 1, 2010 through December 31, 2017. If the CPUC issues a final decision by December 17, 2009, PG&E will implement cost recovery for this program in a separate advice letter.

Rate Design and Cost Allocation Adjustments

The settlement agreement adopted in PG&E's 2005 BCAP Decision (D.05-06-029) includes provisions for three cost allocation and rate design changes that are to be implemented between 2005 and the implementation of PG&E's next BCAP in conjunction with PG&E's AGT filings. Accordingly, PG&E's 2010 AGT rates have been adjusted to reflect: (1) an additional 10 percent increase in the share of PG&E's distribution revenue requirement allocated to West Coast Gas, a wholesale customer, for a total of 50 percent and (2) 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, bringing the total settlement adder in rates to \$0.30 per therm. The third change adopted in PG&E's 2005 BCAP Decision – incremental deaveraging of residential and small commercial rates, not to exceed 70 percent – was achieved in PG&E's 2009 AGT.

Gas Transmission and Storage (Gas Accord IV) Revenue Requirement – (Attachment 1, lines 17-19 and 29-31)

In D.07-09-045, 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, 2010.⁴ The total

⁴ PG&E's Gas Accord IV Settlement Agreement, Section 8.6 and Table A-4.

2010 revenue requirement authorized by this decision is \$471.3 million.⁵ This AGT includes \$169.1 million for local transmission service and customer access, as well as \$168.3 million for unbundled backbone and storage service. All other Gas Accord IV costs are recovered through the core monthly procurement pricing advice letter process.

Gas Public Purpose Program Authorized Funding

This AGT incorporates gas PPP surcharge changes that are proposed in Advice 3057-G, as submitted on October 30, 2009. The gas PPP surcharge rate impacts on customers are shown in Attachment 1.

Public Utilities (PU) Code Sections 890-900 and D.04-08-010 authorize a gas rate surcharge to fund Public Purpose Programs. Advice 3057-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 3057-G include:

- 1) Total gas PPP program funding of \$139.5 million, which represents an increase of \$18.6 million from 2009, 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, 2009, balances in the PPP surcharge balancing accounts totaling a \$2.5 million overcollection, due primarily to the actual cost of gas being lower than the illustrative cost of gas filed in the 2009 CARE Discount; and
- 3) A projected 2010 CARE revenue shortfall of \$109.4 million, which represents a \$13.6 million increase from the forecasted 2009 CARE customer discount due to an increase in the forecast of CARE volumes compared to 2009 which is partially offset by a decrease in the underlying assumptions of gas costs. This shortfall is included in the PPP-CARE portion of the gas PPP surcharge rates for 2010.

The projected 2010 CARE revenue shortfall assumes an illustrative annual weighted average cost of gas (WACOG) of \$5.98 per Dth for 2010.⁶ The projected CARE revenue shortfall also reflects an estimate of CARE eligible customers, volumes, and related information on enrollment benchmarks to be achieved in 2010.

⁵ Three local transmission projects originally contemplated in Gas Accord IV will not be placed into service in 2009. Therefore, the authorized 2010 Gas Accord IV revenue requirement is reduced by \$9.5 million to \$461.8.

⁶ The 2010 WACOG is based on PG&E citygate monthly forward price quotes from October 16, 2009 and weighted by PG&E's adopted monthly core procurement volumes.

Effective Date

PG&E requests that this filing be approved effective **January 1, 2010**.

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, 2009,⁷ in its advice letters that will consolidate all year-end gas rate changes authorized to be effective on January 1, 2010. Changes to core gas transportation rates will be incorporated into the monthly core procurement advice filing for rates effective January 1, 2010, with a separate advice letter for noncore gas transportation and Gas Accord rates effective January 1, 2010.

Protests

Anyone wishing to protest this advice letter may do so by sending a letter by **December 7, 2009**, which is 21 days from the date of this filing.⁸ 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 jnj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest 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

⁷ The advice letter for monthly core gas procurement rates will be submitted on December 23, 2009.

⁸ The 20 day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

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 to the General Order 96-B service and all electronic approvals should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry / mt".

Vice President - Regulatory Relations

Attachments

cc: 2009 Biennial Cost Allocation Proceeding (BCAP) (A.09-05-026)
Gas PPP Surcharge (R.02-10-001)
Gas Accord IV (A.07-03-012)
2011 Gas Transmission and Storage Proceeding (A.09-09-013)
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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3060-G**

Tier: **2**

Subject of AL: **Annual Gas True-Up of Gas Transportation Balancing Accounts and Other Proposed Gas Rate Changes Effective January 1, 2010**

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

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

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

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

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

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

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

Resolution Required? Yes No

Requested effective date: **January 1, 2010**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): \$1,793 million

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

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

Tariff schedules affected: see advice letter

Service affected and changes proposed¹: N/A

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

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Ave.,
San Francisco, CA 94102
jnj@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
2010 ANNUAL GAS TRUE-UPILLUSTRATIVE 2010 ANNUAL END-USE TRANSPORTATION, GAS ACCORD IV REVENUE REQUIREMENTS,
AND PUBLIC PURPOSE PROGRAMS AUTHORIZED FUNDING
(\$ THOUSANDS)

Line No.		Present in Rates as of 1/1/2009	Proposed as of 1/1/2010	Total Change	Core	Noncore / Unbundled	Line No.
	END-USE GAS TRANSPORTATION						
1	Gas Transportation Balancing Accounts	88,049	153,907	65,858	52,406	13,452	1
2	GRC/Attrition Distribution Base Revenues	1,091,421	1,113,421	22,000	21,262	738	2
3	Front Counter Closures	(355)	(355)	-	-	-	3
4	Self Generation Incentive Program Revenue Requirement	6,120	5,400	(720)	(304)	(416)	4
5	SmartMeter™ Project	38,287	45,997	7,710	7,710	-	5
6	CPUC Fee	4,794	4,794	-	-	-	6
7	Core Brokerage Fee Credit	(9,581)	(9,581)	-	-	-	7
8	Winter Gas Savings Program - Transportation	1,842	2,274	432	432	-	8
9	ClimateSmart™	1,821	-	(1,821)	(1,761)	(60)	9
10	Less CARE discount recovered in PPP surcharge from non-	(95,800)	(109,433)	(13,633)	(13,633)	-	10
11	Less PPP-CARE Shortfall Not Collected in Proposed Rates	-	-	-	-	-	11
12	FF&U	1,596	2,464	868	753	115	12
13	Total Transportation RRQ with Adjustments and Credits	1,128,194	1,208,888	80,694	66,865	13,829	13
14	Procurement-Related G-10 Total	(2,910)	(2,624)	286	286	-	14
15	Procurement-Related G-10 Total Allocated	2,910	2,624	(286)	(120)	(166)	15
16	Total Transportation Revenue Requirements Reallocated	1,128,194	1,208,888	80,694	67,031	13,663	16
	GAS ACCORD IV TRANSPORTATION REVENUE REQUIREMENTS						
17	Local Transmission	158,624	164,000	5,376	3,765	1,611	17
18	Customer Access	5,174	5,174	-	-	-	18
19	Total Gas Accord Transportation RRQ	163,798	169,174	5,376	3,765	1,611	19
20	Total End Use Gas Transportation RRQ	1,291,992	1,378,062	86,070	70,796	15,274	20
	PUBLIC PURPOSE PROGRAMS (PPP) FUNDING						
21	Energy Efficiency	67,140	64,875	(2,265)	(2,038)	(227)	21
22	Low Income Energy Efficiency	41,441	61,938	20,497	18,444	2,053	22
23	Research and Development and BOE Administrative Fees	10,539	10,882	343	218	125	23
24	CARE Administrative Expense	1,813	1,843	30	18	12	24
25	Total Authorized PPP Funding	120,933	139,538	18,605	16,642	1,963	25
26	PPP Surcharge Balancing Accounts	5,856	(2,490)	(8,346)	(2,899)	(5,448)	26
27	CARE discount recovered from non-CARE customers	95,800	109,433	13,633	8,233	5,400	27
28	Total PPP Required Funding	222,589	246,481	23,892	21,976	1,915	28
	GAS ACCORD IV UNBUNDLED COSTS						
29	Backbone Transmission	162,288	160,593	(1,695)	-	(1,695)	29
30	Storage	7,750	7,750	-	-	-	30
31	Total Gas Accord IV Unbundled	170,038	168,343	(1,695)	-	(1,695)	31
32	TOTAL REVENUE REQUIREMENTS	1,684,619	1,792,886	108,267	92,772	15,494	32

Notes:

A positive balance represents an under-collection. A negative balance represents an over-collection.
Some numbers may not add precisely due to rounding.

ATTACHMENT 1A

PACIFIC GAS AND ELECTRIC COMPANY
2010 ANNUAL GAS TRUE-UPILLUSTRATIVE 2010 ANNUAL END-USE TRANSPORTATION, GAS ACCORD IV REVENUE REQUIREMENTS,
AND PUBLIC PURPOSE PROGRAMS AUTHORIZED FUNDING
(\$ THOUSANDS)

Line No.		Proposed as of 1/1/2010	Core	Noncore / Unbundled	Line No.
END-USE GAS TRANSPORTATION					
1	Gas Transportation Balancing Accounts	153,907	141,270	12,637	1
2	GRC/Attrition Distribution Base Revenues	1,113,421	1,076,931	36,490	2
3	Front Counter Closures	(355)	(355)	-	3
4	Self Generation Incentive Program Revenue Requirement	5,400	2,282	3,118	4
5	SmartMeter™ Project	45,997	45,997	-	5
6	CPUC Fee	4,794	2,076	2,718	6
7	Core Brokerage Fee Credit	(9,581)	(9,581)	-	7
8	Winter Gas Savings Program - Transportation	2,274	2,274	-	8
9	ClimateSmart™	-	-	-	9
10	Less CARE discount recovered in PPP surcharge from non-	(109,433)	(109,433)	-	10
11	Less PPP-CARE Shortfall Not Collected in Proposed Rates	-	-	-	11
12	FF&U	2,464	2,303	161	12
13	Total Transportation RRQ with Adjustments and Credits	1,208,888	1,153,764	55,124	13
14	Procurement-Related G-10 Total	(2,624)	(2,624)	-	14
15	Procurement-Related G-10 Total Allocated	2,624	1,103	1,521	15
16	Total Transportation Revenue Requirements Reallocated	1,208,888	1,152,243	56,645	16
GAS ACCORD IV TRANSPORTATION REVENUE REQUIREMENTS					
17	Local Transmission	164,000	114,854	49,146	17
18	Customer Access	5,174	-	5,174	18
19	Total Gas Accord Transportation RRQ	169,174	114,854	54,320	19
20	Total End Use Transportation RRQ	1,378,062	1,267,097	110,965	20
PUBLIC PURPOSE PROGRAMS (PPP) FUNDING					
21	Energy Efficiency	64,875	58,377	6,498	21
22	Low Income Energy Efficiency	61,938	55,734	6,204	22
23	Research and Development and BOE Administrative Fees	10,882	6,913	3,969	23
24	CARE Administrative Expense	1,843	1,113	730	24
25	Total Authorized PPP Funding	139,538	122,137	17,401	25
26	PPP Surcharge Balancing Accounts	(2,490)	1,858	(4,348)	26
27	CARE discount recovered from non-CARE customers	109,433	66,085	43,348	27
28	Total PPP Required Funding	246,481	190,080	56,401	28
GAS ACCORD IV UNBUNDLED COSTS					
29	Backbone Transmission	160,593	-	160,593	29
30	Storage	7,750	-	7,750	30
31	Total Gas Accord IV Unbundled	168,343	-	168,343	31
32	TOTAL REVENUE REQUIREMENTS	1,792,886	1,457,177	335,709	32

Notes:

A positive balance represents an under-collection. A negative balance represents an over-collection.
Some numbers may not add precisely due to rounding.

ATTACHMENT 2

**PACIFIC GAS AND ELECTRIC COMPANY
2010 ANNUAL GAS TRUE-UP
BALANCING ACCOUNT FORECAST SUMMARY
(\$ THOUSANDS)**

Line No.		Balance		Allocation		December 2008 Recorded (3)	Allocation		Line No.
		Sept. 09 Recorded Dec. 09 Forecast		Core	Noncore		Core	Noncore	
GAS TRANSPORTATION BALANCING ACCOUNTS									
1	CFCA - Distribution Cost Subaccount	\$59,486		\$59,486	\$0	\$63,626	\$63,626	\$0	1
2	CFCA - Core Cost Subaccount	\$9,582		\$9,582	\$0	(\$1,956)	(\$1,956)	\$0	2
3	CFCA - 10/20 Winter Gas Savings Subaccount - Transportation	\$10,162		\$10,162	\$0	(\$2,120)	(\$2,120)	\$0	3
4	Noncore Distribution Fixed Cost Account	\$1,190		\$0	\$1,190	(\$230)	\$0	(\$230)	4
5	NC Customer Class Charge (Noncore Subaccount)	(\$775)		\$0	(\$775)	(\$7,703)	\$0	(\$7,703)	5
6	NC Customer Class Charge (Interim Relief and Distribution Subaccount)	\$121		\$0	\$121	\$329	\$0	\$329	6
7	Enhanced Oil Recovery Account	(\$0)		\$0	\$0	\$0	\$0	\$0	7
8	Core Brokerage Fee Balancing Account	\$1,266		\$1,266	\$0	\$1,067	\$1,067	\$0	8
9	Liquefied Natural Gas Balancing Account (1)	(\$133)		(\$56)	(\$77)	(\$3,105)	(\$1,305)	(\$1,800)	9
10	Hazardous Substance Balance	\$20,772		\$8,731	\$12,041	\$14,890	\$6,259	\$8,631	10
11	Balancing Charge Account	\$0		\$0	\$0	(\$336)	(\$141)	(\$195)	11
12	Affiliate Transfer Fee Account	(\$125)		(\$121)	(\$4)	(\$74)	(\$72)	(\$2)	12
13	Customer Energy Efficiency Incentive Recovery Account - Gas	\$16,591		\$16,450	\$141	\$6,893	\$6,835	\$58	13
14	SmartMeter™ Project Balancing Account (SBA-G)	\$35,770		\$35,770	\$0	\$16,665	\$16,665	\$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	\$153,907		\$141,270	\$12,637	\$87,946	\$88,857	(\$911)	17
PUBLIC PURPOSE PROGRAM (PPP) SURCHARGE BALANCING ACCOUNT									
18	PPP-Energy Efficiency (2)	\$5,050		\$4,545	\$506	\$1,832	\$1,649	\$183	18
19	PPP-Low Income Energy Efficiency (2)	\$6,279		\$5,650	\$629	\$5,874	\$5,286	\$588	19
20	PPP-Research Development and Demonstration (2)	\$282		\$179	\$103	(\$146)	(\$93)	(\$53)	20
21	California Alternate Rates for Energy Account (2)	(\$14,102)		(\$8,516)	(\$5,586)	(\$11,159)	(\$6,739)	(\$4,420)	21
22	Sum of Public Purpose Program Balancing Accounts:	(\$2,490)		\$1,858	(\$4,348)	(\$3,599)	\$103	(\$3,702)	22
23	TOTAL BALANCING ACCOUNTS	\$151,417		\$143,128	\$8,289	\$84,347	\$88,960	(\$4,613)	23

Footnotes:

1. The "Liquefied Natural Gas Balancing" was titled "Natural Gas Vehicle Balancing Account" prior to January 2009.
2. These balances were included in the 2010 PPP Gas Surcharge filed in AL 3057-G on October 30, 2009.
3. These balances are the recorded balances as of December 2008. The 12/08 ending balances that were provided in the 2009 AGT AL 2971-G-A were the forecasted balances (based on recorded balances through November 2008).

Notes:

A positive balance represents an under-collection. A negative balance represents an over-collection.
Some numbers may not add precisely due to rounding.

ATTACHMENT 3

PACIFIC GAS AND ELECTRIC COMPANY
2010 ANNUAL GAS TRUE-UP

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

Line No.	Customer Class	Present Rates and Surcharges (A)			Proposed Rates and Surcharges (B)			% Change (3) (C)
		Transportation	G-PPPS (2)	Total	Transportation	G-PPPS (2)	Total	
RETAIL CORE (1)								
1	Residential Non-CARE (4)	\$.483	\$.065	\$.548	\$.524	\$.077	\$.601	8.6%
2	Small Commercial Non-CARE (4)	\$.322	\$.044	\$.366	\$.344	\$.049	\$.393	7.1%
3	Large Commercial	\$.115	\$.069	\$.183	\$.122	\$.084	\$.205	6.4%
4	NGV1 - (uncompressed service)	\$.069	\$.026	\$.095	\$.076	\$.026	\$.102	10.7%
5	NGV2 - (compressed service)	\$.979	\$.028	\$ 1,006	\$ 1,024	\$.026	\$ 1,050	4.6%
RETAIL NONCORE (1)								
6	Industrial - Distribution	\$.112	\$.038	\$.150	\$.120	\$.041	\$.162	7.8%
7	Industrial - Transmission	\$.024	\$.033	\$.058	\$.028	\$.033	\$.061	14.7%
8	Industrial - Backbone	\$.004	\$.033	\$.038	\$.007	\$.033	\$.040	61.7%
9	Electric Generation - Transmission (G-EG-T)	\$.020	\$.000	\$.020	\$.023	\$.000	\$.023	17.2%
10	Electric Generation - Backbone (G-EG-BB)	\$.005	\$.000	\$.005	\$.008	\$.000	\$.008	58.7%
11	NGV 4 - Distribution (uncompressed service)	\$.112	\$.026	\$.138	\$.120	\$.026	\$.146	7.8%
12	NGV 4 - Transmission (uncompressed service)	\$.024	\$.026	\$.051	\$.028	\$.026	\$.054	14.7%
WHOLESALE CORE AND NONCORE (G-WSL) (1)								
13	Alpine Natural Gas	\$.025	\$.000	\$.025	\$.028	\$.000	\$.028	13.7%
14	Coalinga	\$.024	\$.000	\$.024	\$.027	\$.000	\$.027	14.1%
15	Island Energy	\$.045	\$.000	\$.045	\$.048	\$.000	\$.048	7.6%
16	Palo Alto	\$.017	\$.000	\$.017	\$.021	\$.000	\$.021	19.5%
17	West Coast Gas - Castle	\$.084	\$.000	\$.084	\$.100	\$.000	\$.100	18.5%
18	West Coast Gas - Mather Distribution	\$.078	\$.000	\$.078	\$.098	\$.000	\$.098	26.0%
19	West Coast Gas - Mather Transmission	\$.025	\$.000	\$.025	\$.028	\$.000	\$.028	13.6%

(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. Attachment 4 presents proposed rates in detail.

(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
2010 ANNUAL GAS TRUE-UP

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. (Compressed)	G-NGV1 (Uncompressed)	G-NGV2 (Compressed)	Industrial Distribution	Industrial Transmission	BB-Level Serv.	G-NGV 4 Distribution	G-NGV 4 Transmission	Electric Generation Dist./Trans.	BE-Level Serv.	
TRANSPORTATION CHARGE COMPONENTS												
1 Local Transmission (1)	\$3,690	\$3,690	\$3,690	\$3,690	\$1,596	\$1,596	\$0,058	\$1,596	\$1,596	\$1,596	\$1,596	\$0,058
2 Self Generation Incentive Program	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076	\$0,076
3 CPUC Fee (3)	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069	\$0,069
4 Balancing Accounts (2)	\$7,724	\$5,342	\$1,287	\$0,815	\$0,697	\$0,324	\$0,306	\$0,697	\$0,324	\$0,324	\$0,313	\$0,0813
5 Distribution - Annual Average (5)	\$4,0845	\$1,9875	\$6,587	\$9,7790	\$8,826	\$0,510		\$8,826	\$0,510	\$0,510	\$0,171	\$0,171
6 VOLUMETRIC RATE - Average Annual	\$5,2403	\$2,9052	\$1,1708	\$7,425	\$10,2439	\$1,1263	\$0,509	\$1,1263	\$2,575	\$2,575	\$2,219	\$0,681
7 CUSTOMER ACCESS CHARGE - Class Average (4)	\$5,391	\$0,478	\$0,174	\$0,000	\$0,781	\$0,215	\$0,215	\$0,781	\$0,215	\$0,215	\$0,094	\$0,094
8 CLASS AVERAGE TRANSPORTATION RATE	\$5,2403	\$3,4443	\$1,2186	\$7,599	\$10,2439	\$1,2045	\$0,723	\$1,2045	\$2,789	\$2,789	\$2,314	\$0,776
9 G-PUBLIC PURPOSE PROGRAM SURCHARGE/TAX (5)	\$,7664	\$,4875	\$,8352	\$,2579	\$,4106	\$,3298	\$,3298	\$,2579	\$,2579	\$,2579	\$,2314	\$,0776
10 END-USE RATE	\$6,0067	\$3,9318	\$2,0538	\$1,0178	\$10,5018	\$1,6151	\$,6087	\$1,4624	\$,5368	\$,5368	\$,2314	\$,0776

Wholesale

	W/C Gas Mather			Island Energy		Alpine		W/C Gas Castle
	Coalinga	Palo Alto	Dist.	Trans.	Energy	Alpine	Alpine	W/C Gas Castle
1 Local Transmission (1)	\$1,596	\$1,596	\$1,596	\$1,596	\$1,596	\$1,596	\$1,596	\$1,596
2 Self Generation Incentive Program								
3 CPUC Fee (3)	\$0,305	\$0,305	\$0,548	\$0,305	\$0,305	\$0,305	\$0,481	\$0,481
4 Balancing Accounts (2)								
5 Distribution - Annual Average			\$,6729					\$,4867
6 VOLUMETRIC RATE - Average Annual	\$1,901	\$1,901	\$,8873	\$1,901	\$1,901	\$1,901	\$1,901	\$,6944
7 CUSTOMER ACCESS CHARGE - Class Average (4)	\$,0846	\$,0174	\$,0935	\$,0935	\$,2910	\$,0928	\$,3031	\$,3031
8 CLASS AVERAGE TRANSPORTATION RATE	\$,2747	\$,2074	\$,9808	\$,2836	\$,4811	\$,2829	\$,9975	\$,9975
9 G-PUBLIC PURPOSE PROGRAM SURCHARGE/TAX (5)								
10 END-USE RATE	\$,2747	\$,2074	\$,9808	\$,2836	\$,4811	\$,2829	\$,9975	\$,9975

NOTES

- Decision 07-08-045, Attachment A, Appendix B Table 11.
- Based on the 2010 True-Up balances.
- Resolution M-4819, effective July 1, 2007 (including FF&U).
- Decision 07-08-045, Attachment A, Appendix B Tables 2 and 12.
- 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 3057-G updated the PPP surcharges for 2010.
- The G-NGV2 Distribution element includes the cost of compression, electricity, station operations and maintenance, and state/federal gas excise taxes.

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	Coalinga	Palo Alto	Alpine Natural Gas	WC Gas Mather	Island Energy	WC Gas Castle	Total Noncore & Wholesale
55 PPP-EE Surcharge	64,875	51,134	5,204	2,039		58,377	1,744	4,754								6,498
56 PPP-EE Balancing Account	5,050	3,981	405	159		4,545	136	370								506
57 PPP-LIEE Surcharge	61,938	48,819	4,968	1,947		55,734	1,665	4,539								6,204
58 PPP-LIEE Balancing Account	6,279	4,949	504	197		5,650	169	460								629
59 PPP - RD&D Programs	10,586	4,703	1,809	176	38	6,725	569	3,292								3,861
60 PPP - RD&D Balancing Account	282	125	48	5	1	179	15	88								103
61 PPP-CARE Discount Allocation Set Annually	109,433	43,452	20,230	1,975	427	66,085	6,387	36,960								43,348
62 PPP-CARE Administration Expense	1,943	732	341	33	7	1,113	108	622								730
63 PPP-CARE Balancing Account	(14,102)	(5,599)	(2,607)	(255)	(55)	(8,516)	(823)	(4,763)								(5,586)
64 PPP-Admin Cost for BOE and CPLC	296	131	50	5	1	188	16	92								108
65 Subtotal	246,481	152,427	30,952	6,282	420	190,081	9,985	45,415	0	0	0	0	0	0	0	56,400
66 Re-allocation Due to Core Averaging	(0)	(6,673)	6,673	0	0	(0)	0	0								0
67 Allocation after Remaining Averaging	246,481	145,754	37,625	6,282	420	190,081	9,985	45,415	0	0	0	0	0	0	0	56,400

* Residential and Small Commercial Classes are 30% averaged (or 70% deaveraged).
 ** Wholesale Customer West Coast Gas is allocated 50% of its full Distribution Cost allocation as of January 1, 2010

ILLUSTRATIVE ALLOCATION OF GAS PROCUREMENT REVENUE REQUIREMENTS	TOTAL	Residential	Small Commercial	Large Commercial	Core NGV	Subtotal Core
69 Illustrative Core Bundled Cost of Gas, Shrinkage, and FF&U	1,874,656	1,343,444	468,429	53,614	9,170	1,874,656
70 Illustrative Interstate and Canadian Capacity Charges, Other	218,625	163,770	50,285	4,046	543	218,625
71 Interstate Volumetric and Backbone	80,409	60,380	18,397	1,442	189	80,409
72 Cycled Carrying Cost of Gas in Storage	1,662	1,191	415	48	8	1,662
73 Core Storage and Noncycled Carrying Cost of Gas in Storage	43,850	32,753	10,186	782	129	43,850
74 Brokerage Fees	9,581	6,866	2,394	274	47	9,581
75 Winter Gas Savings Program	14,168	12,087	2,204	(133)	0	14,168
76 Subtotal	2,242,952	1,620,501	552,281	60,074	10,086	2,242,952
77 Re-allocation Due to Core Averaging	(0)	(2,841)	2,841	0	0	(0)
78 Total Illustrative Procurement	2,242,952	1,617,660	555,132	60,074	10,086	2,242,952

ILLUSTRATIVE ALLOCATION OF GAS PROCUREMENT REVENUE REQUIREMENTS	168,343
79 Unbundled Gas Transmission and Storage Revenue Requirement	168,343

TOTAL GAS REVENUE REQUIREMENT AND PPPS FUNDING REQUIREMENT IN RATES	4,035,838
80 Total Transportation, PPPS, Procurement, and Unbundled Costs	4,035,838 (Total of lines 54, 67, 77, and 78)

* Residential and Small Commercial Classes are 30% averaged (or 70% deaveraged).
 ** Wholesale Customer West Coast Gas is allocated 50% of its full Distribution Cost allocation as of January 1, 2010

ATTACHMENT 6

**PACIFIC GAS AND ELECTRIC COMPANY
2010 ANNUAL GAS TRUE-UP
2010 WINTER GAS SAVINGS PROGRAM**

TABLE 1: ILLUSTRATIVE WGSP RRQ ALLOCATION BETWEEN TRANSPORTATION AND PROCUREMENT (a)

	2010	Totals	Transportation	Procurement
1	Estimated 2010 WGSP Rebate (\$000; including FF&U))	\$56,726	\$27,156	\$29,570
2	Resulting Transportation/Procurement Split	100.0%	47.9%	52.1%
3	Apportioned Program Marketing/Implementation Costs (including FF&U)	\$4,808	\$2,302	\$2,506
4	Totals for Recovery in Rates (Lines 1 + 3)	\$61,533	\$29,457	\$32,076

a) WGSP revenue recovery will be implemented using estimated total program costs as place holders. Final impacts of the 2010 WGSP will be based on credits earned by each class during 2010 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 2011 AGT.

ATTACHMENT 6 (contd.)

**PACIFIC GAS AND ELECTRIC COMPANY
2010 ANNUAL GAS TRUE-UP
2010 WINTER GAS SAVINGS PROGRAM**

TABLE 3: CALCULATION OF RATE RECOVERY FROM RESIDENTIAL CLASS DURING APRIL - OCTOBER 2010 PERIOD (a)
(Note: Only Applies to Residential Class; Commercial Rates Change for WGSP On January 1, 2010 for annual recovery)

	<u>Total</u>	<u>Procurement</u>	<u>Transportation</u>
1 Residential Share of WGSP Cost For Initial Rate-Setting Purposes			
WGSP Plus Program Cost (\$ 000)	\$61,533	\$32,076	\$29,457
2 Forecast Residential Share	76.1%	72.0%	80.6%
3 Residential Share of WGSP Cost For Initial Rate-Setting Purposes (Ln1 * Ln2)	<u>\$46,840</u>	<u>\$23,099</u>	<u>\$23,740</u>
4 Commercial Share of WGSP Costs (Line 3 Less Line 1; w/FF&U)	\$14,694	\$8,977	\$5,717
5 Marketing and Implementation Costs Within Commercial Allocation	\$1,148	\$701	\$447
6 Marketing and Implementation Costs Within Residential Allocation	<u>\$3,660</u>	<u>\$1,805</u>	<u>\$1,855</u>
Total Marketing and Implementation Costs (incl. FF&U)	\$4,808	Adopted Apr-Oct Avg. Yr. (Mth)	
7 Residential Bundled Volumes		809,414	
8 Residential Transport Volumes		2,436	
9 Less G-10 Transportation Adj.		<u>1,210</u>	
10 Adjusted Residential Transportation Volumes		810,640	
11 WGSP Non-CARE Residential Program Cost for Rate Recovery - Procurement	<u>Allocated RRQ (\$ 000)</u>	<u>Adopted Res. Vol. (Mth)</u>	<u>Res. WGSP Rates (\$/Mth)</u>
WGSP Non-CARE Residential Program Cost for Rate Recovery - Procurement	\$23,099	809,414	\$0.02854
12 WGSP Non-CARE Residential Program Cost for Rate Recovery - Transportation	<u>\$23,740</u>	<u>810,640</u>	<u>\$0.02929</u>
13 WGSP Non-CARE Residential Rate for Bundled Customers	<u>\$46,840</u>		<u>\$0.05782</u>
14 Rate Impact for CARE Residential - Procurement			\$0.02854
15 Rate Impact for CARE Residential - Transportation			<u>\$0.01772</u>
16 Rate Impact for CARE Residential - Totals for Bundled Customers			<u>\$0.04626</u>

a) WGSP revenue recovery will be implemented using forecasted total program costs allocated across applicable core classes on an estimated basis. Final impacts of the WGSP will be based on credits earned by each class during 2010 reflecting segmentation between transportation and procurement causation. This final impact will be true-up through allocation of the WGSP balancing accounts incorporated in rates filed in PG&E's 2011 AGT.

ATTACHMENT 7

Pacific Gas and Electric Company 2010 ANNUAL GAS TRUE-UP PROPOSED G1-NGV Gas Transportation Rates (\$/th)

Line #	Non-CARE (G1-NGV)*	Present	Proposed	% Change
1	Monthly Fixed Charge	\$12.60	\$12.60	0.0%
2	Fixed Charge Daily Equivalent	\$0.41425	\$0.41425	0.0%
3	Transportation Volumetric Rate	\$0.17389	\$0.20089	15.5%
4	Class Average Transportation Rate Including Monthly Fixed Charge	\$0.32616	\$0.35316	8.3%
5	Public Purpose Program Surcharge	\$0.06535	\$0.07664	17.3%
6	Class Average End-User Total Excluding Procurement	\$0.39151	\$0.42980	9.8%

* CARE customers receive a 20% discount off of the total bundled rate and are exempt from CARE G-PPS

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

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