

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 30, 2010

Advice Letter: AL 3118-G-A/ 3667-E-A

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas & Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Subject: Staff Disposition of Pacific Gas & Electric Company's Advice Letter 3118-G-A / 3667-E-A  
Concerning On-Bill Financing and Emerging Technologies Program Budget

Dear Ms. Yura:

The Energy Division has verified that Advice Letter (AL) 3118-G-A / 3667-E-A is in compliance with Decision 09-09-047 and shall be effective upon receipt of this letter. A complete copy of the AL with effective tariff sheets is returned herewith for your records.

Protest Letters on this AL were submitted by Small Business California on May 21, 2010 and the Division of Ratepayer Advocates (DRA) on May 24, 2010.

Small Business California's protest included requests for additional steps to minimize defaults, more detailed definitions of credit eligibility, a July 1, 2010 start date for off-bill financing and an earlier-than-August 2011 start date for on-bill financing, and for Energy Division to hold two workshops that focus on on-/off-bill financing by the end of 2010.

DRA's protest included requests for more detailed definitions of credit eligibility, a denial of interim off-bill financing (and an acceptance of an August 2011 start date for on-bill financing), more detailed plans and milestones, and a denial of PG&E's plan to limit non-municipal customers to 25% of the available \$18.5M revolving loan pool.

On June 1, 2010, Pacific Gas and Electric (PG&E) filed a response to these letters.

On June 9, 2010, Energy Division notified PG&E of the need to file a Supplemental AL to address issues raised by Small Business California, DRA, and Energy Division.

On June 17th, PG&E filed AL 3118-G-A/ 3667-E-A, a "Supplement: Advice Letter Implementing PG&E's On-Bill Financing Program and Updating Emerging Technologies Program Budget."

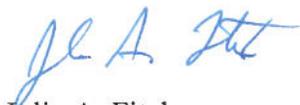
Jane K. Yura  
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Energy Division has reviewed PG&E's Supplemental AL and finds that it sufficiently addresses the issues raised in Small Business California's May 21, 2010 Protest Letter, DRA's May 24, 2010 Protest Letter, and Energy Division's June 9, 2010 Supplemental Information Request.

- Regarding the issues raised by Small Business California and DRA, Energy Division has determined that PG&E has provided additional steps to minimize defaults, more detailed definitions of credit eligibility and additional plans and milestones.
- Regarding DRA's concern that PG&E's policies would limit non-municipal customers to 25% of the revolving loan fund, Energy Division accepts PG&E's explanation that the intent of this 25% assignment to non-municipal customers is for guidance purposes only, will ensure that non-municipal customers have access to the loan funds, and is not intended to limit the amount of funds to commercial customers.
- Further, regarding Small Business California and DRA's conflicting concerns regarding start dates and on-/off-bill financing, Energy Division finds that PG&E's plans to kick-off interim off-bill financing in July 2010 and initialize on-bill financing no later than August 2011 are consistent with Energy Division guidance.
- Finally, regarding Small Business California's request to hold finance workshops on on-/off- bill financing, Energy Division has determined that such workshops are better considered to be part of Energy Division's energy efficiency financing study pursuant to D.09-09-047, section 6.2.2.4.

The Energy Division's approval of AL 3118-G-A / 3667-E-A Concerning On-Bill Financing and Emerging Technologies Program Budget is a "ministerial" act, as that term is used regarding AL review and disposition (See D. 02-02-049), made upon the determination that the filing was in compliance with D. 09-09-047.

Sincerely,



Julie A. Fitch  
Director, Energy Division

cc: Hank Ryan, Small Business California  
Cheryl Cox, Department of Ratepayer Advocates



June 17, 2010

**Advice 3118-G-A/3667-E-A**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Supplement: Advice Letter Implementing PG&E's On-Bill  
Financing Program and Updating Emerging Technologies  
Program Budget**

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits its On-Bill Financing Program (OBF) tariffs, OBF Program Implementation Plan (PIP), and updated Emerging Technologies (ET) Program budget for its 2010-2012 Energy Efficiency (EE) Portfolio. This supplemental advice letter (AL) is being filed consistent with guidance from the Energy Division (ED) memo dated April 21, 2010, and ED's Request for Supplemental Information dated June 10, 2010. This filing is meant to supersede, not duplicate, the OBF program request and tariff changes previously filed in AL 3065-G/3562-E and AL 3118-G/3667-G.

**Background**

On November 23, 2009, PG&E filed EE AL 3065-G/3562-E to implement its 2010-2012 EE program budgets and tariffs changes in compliance with EE Decision (D.) 09-09-047. The EE decision adopted an overall portfolio budget of \$1,338 million (M), a \$295M reduction from the EE portfolio budget that PG&E requested in its second amended Application 08-07-031 and supplemental testimony dated July 2, 2009. On December 18, 2010, ED suspended the Compliance AL to allow more time for staff review.

In a memo dated April 21, 2010, ED directed PG&E to revise its 2010-2012 portfolio program budgets as filed in the Compliance AL to increase funding to the Zero Net Energy Pilot Program, Innovator Pilots Program and Emerging Technologies (ET) Program; and make offsetting decreases to other programs implementation costs. ED also directed PG&E to offer its OBF program using an off-bill solution by July 1, 2010, and to file an abbreviated OBF PIP.

On May 14, 2010, PG&E filed an Advice Letter 3118-G/3667-G Implementing PG&E's On-Bill Financing Program and Updating Emerging Technologies Program Budget.

On June 10, 2010, ED requested specific supplemental information to be provided to clarify or correct the OBF program proposed in AL 3118-G/3667-G.

In this AL, PG&E is submitting revised tariffs, including a standard form loan agreement, which is necessary to implement the OBF program by July 1, 2010. PG&E previously filed the gas and electric preliminary statements in its Compliance AL 3065-G/3562-E, with substitute sheets filed on April 7, 2010, to incorporate revisions requested by ED. The requested tariff changes are shown in Attachment 1.<sup>1</sup> Consistent with the ED memo, PG&E is also filing a new OBF PIP, as shown in Attachment 2. Additional supplemental information on OBF requested by ED on June 10, 2010, is also included in this AL.

In this AL PG&E describes the \$8 million increase to the ET Program budget for Scaled Field Placement, Demonstration/Showcasing, Technology Supply Side Efforts and Incubation, and makes associated revisions to the budget in the ET PIP (Attachment 3). This increase will be incorporated into the detailed program budgets for the 2010-2012 EE Portfolio that PG&E will file in its supplemental EE Compliance AL.

### **On-Bill Financing**

D. 09-09-047 (EE Decision) (At OP 40, see also p. 286 and Table 35 at pp. 275-276) adopted statewide criteria for loan terms offered under the OBF program offered by PG&E and the other IOUs. Table 1 provides a summary of the adopted criteria. As shown in Table 1, the EE Decision adopted a \$18.5 million revolving loan pool for PG&E.

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<sup>1</sup> These revisions are in addition to the request approved in PG&E AL 3023-G/3470-E to add a new line on the customer bill to be used to display payments owed under the OBF program.

**TABLE 1  
SUMMARY OF ON-BILL FINANCING PROGRAM CRITERIA**

Common Program Elements for all IOUs							PG&E-specific
Loan Pool	Minimum Loan Amount	Commercial Loan Cap	Commercial Loan Term	Institutional Loan Cap (per meter)	Institutional Loan Term	Interest Rate	Target Lending Pool
Revolving Fund	\$5,000	\$100,000	Can be extended beyond 5 years, not to exceed the expected useful life (EUL) of the bundle of energy efficiency measures proposed, when credit and risk factors support this.	\$250,000	10 years	0%	\$18,500,000

PG&E proposes new Gas Rate Schedule G-OBF – On-Bill Financing Loan Program and Electric Rate Schedule E-OBF – On-Bill Financing Loan Program, shown in Attachment I, that describe the authorized OBF financing options to be made available to customers during the 2010-2012 program cycle consistent with the EE Decision.

PG&E has begun scoping and implementing the IT work necessary to implement OBF with the loan charges incorporated into the customer’s monthly energy statement. The IT work is planned to be completed in Q3 2011. In order to facilitate the early launch of the OBF program, PG&E will utilize an interim off-bill solution beginning July 1, 2010, that will provide customers who obtain an OBF loan with a separate bill for their OBF charges. After the IT work is completed, new loans for energy efficiency projects will be billed through the customer’s monthly energy statement, and as appropriate, PG&E will convert off-bill loans to the new on-bill system.<sup>2</sup> As requested by ED, PG&E’s OBF program is described in more detail in the OBF PIP, shown in Attachment 2.

The EE Decision authorized the OBF loan pool funds to be removed from portfolio cost-effectiveness calculations and established that loan defaults would be an

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<sup>2</sup> For example, it might not be practical, or may create confusion with the customer to transition a loan that is near its payoff date to the new on-bill system.

expense to the portfolio. PG&E is establishing a new On-Bill Financing Balancing Account (electric Preliminary Statement Part FE and gas Preliminary Statement Part BY), to track the available balance in the revolving loan fund separate from the tracking of other energy efficiency expenses and to allow a mechanism to record any loan defaults as a program expense. The specific tariff changes are summarized below and shown in Attachment 1.

In this AL, PG&E is filing a new standard gas and electric form "General On-Bill Financing Loan Agreement"(Form 79-1118) that will be executed between PG&E and non-residential customers that qualify for participation in the OBF program. As the OBF program is implemented, it may be necessary to revise the agreement to address customer-specific contracting requirements, for example, with State agencies. As needed, PG&E will file such revisions by advice letter, or add addendums or riders to the standard form submitted herein.

PG&E's OBF program will be offered to qualified non-residential customers who meet specified credit criteria and comply with OBF loan program requirements.

To participate in OBF, customers must have maintained an active account in the same business with PG&E for at least 24 months prior to the start of participation in the financing program, with a minimum of 12 months historical energy usage at the applicant's current meter.

The anticipated credit criteria include the following:

- 1) No 24-hour disconnection notices in the last 24 months.
- 2) No returned payments within the last 24 months.
- 3) No more than 1 payment arrangement in the last 24 months.
- 4) No broken payment arrangements within the last 24 months; and
- 5) No deposit assessed within the last 24 months.

The commercial credit check is required to minimize defaults.

#### **Quarterly Meetings between PG&E and ED on On-/Off-Bill Financing**

PG&E will schedule a meeting with Energy Division within 10 business days of the beginning of each quarter to discuss past and upcoming program milestones, the ratio of institutional to commercial borrowers, loan processing time by institutional and commercial borrowers, defaults, and outreach activities. In advance of each meeting PG&E will prepare a document that summarizes quarterly developments in these areas. Quarterly meetings will take place throughout the launch of on-/off-bill financing or until the point when there is no longer off-bill financing, whichever is later, and then held on an as-needed basis.

**Emerging Technologies Program Budget**

In the EE Compliance AL, PG&E requested \$23.2M for the ET Program in order to accommodate, in part, the \$295M reduction in the overall EE Portfolio budget that was ordered in D. 09-09-047. In its memo dated April 21, 2010, ED directed PG&E to increase the ET Program funding level by \$8M to assure sufficient funding to implement the scope of the program as approved in D. 09-09-047. PG&E’s proposed revised ET budget is shown in Table 2 below.

**TABLE 2 – ET PROPOSED BUDGET**

	<b>Direct Implementation</b>	<b>Administration</b>	<b>Marketing &amp; Outreach</b>	<b>Total Budget</b>
Technology Assessments	\$14,422,755	\$3,884,641	\$799,509	\$19,106,905
Scaled Field Placement	\$2,825,069	\$361,127	\$420,193	\$3,606,389
Demonstration Showcases	\$2,644,387	\$362,681	\$649,591	\$3,653,659
Market and Behavioral Studies	\$2,396,360	\$260,736	\$150,000	\$2,807,096
Technology Development Support	\$902,919	\$103,589	\$60,274	\$1,066,782
Business Incubation	\$799,114	\$99,647	\$60,274	\$959,035
<b>Total</b>	<b>\$23,990,604</b>	<b>\$5,072,421</b>	<b>\$2,136,841</b>	<b>\$31,199,866</b>

PG&E is also updating page 1 of the ET PIP approved in D.09-09-047 to reflect the revised budget and remove reference to the ZNE demonstration home and ZNE Technology Lab from the notes under the budget table as EE funding for these projects was denied in that decision.

**Tariff Change**

PG&E request approval of the following OBF-related tariff changes that were previously filed in the EE Compliance AL:

- 1) New Gas Rate Schedules G-OBF – On-Bill Financing Loan Program and new electric Rate Schedule E-OBF – On-Bill Financing Loan Program established to define the new service available to customers pursuant to the EE Decision.
- 2) New Electric Preliminary Statement Part FE and Gas Preliminary Statement Part BY – On-Bill Financing Balancing Account (OBFBA) established to track the electric and gas portions of loan and loan payments against the OBF revolving loan pool. The electric and gas

portion is based on the forecast net benefit of PG&E's adopted 2010-2012 EE Portfolio.

- 3) Revisions to Gas Preliminary Statement Part Y – Customer Energy Efficiency Adjustment (CEEA) and Electric Preliminary Statement Part P – CEEA to add entries to the Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA) subaccounts to record a transfer of authorized EE funding for the revolving loan pool from the one-way expense account to the OBFBA, to record defaults as an EE expense and make other minor clarifications.
- 4) Revisions to Electric Preliminary Statement Part DI - PEEBA to add entries to record a transfer of authorized EE funding for the OBF revolving loan pool from the procurement one-way expense account to the OBFBA, to record defaults as an EE expense; and make other minor changes for clarity and consistency with other accounts.

PG&E requests approval of the following tariff changes that were included in the EE Compliance AL, in addition to the OBF-related tariff changes described above:

- 1) Revise Gas Preliminary Statement Part BW – Energy Efficiency 2009-2011 Memorandum Account and Electric Preliminary Statement Part EY – EE 2009-2011 Memorandum Account to remove the Energy Efficiency Memorandum Subaccount (EEMS) and make minor revisions to the Marketing Decision Support System (MDSS) memorandum subaccount to reflect that PG&E's request for capital funding for the MDSS replacement project was denied without prejudice in the EE decision and can be requested in its next GRC. (OP 41)
- 2) Remove the Energy Efficiency Balancing Account (EEBA) subaccounts from Gas Preliminary Statement Part Y – Customer Energy Efficiency Adjustment (CEEA) and Electric Preliminary Statement Part P – CEEA. The Energy Efficiency Balancing Account (EEBA) subaccounts that track pre-1998 activity are removed as they are no longer being used since the remaining balance in these subaccounts were transferred to the PPPEEBA to augment 2006-2008 funds per Resolution G-3421 that approved Advice 2938-G/G-A/3298-E/E-A.

### **Effective Date**

PG&E is requesting that this advice letter be approved as of the date of this filing, but no later than **June 30, 2010**, which is **13 days** from the filing date.

### **Protests**

Per Energy Division guidance, the protest period has been waived for this supplemental AL. Parties had the opportunity to protest the original comments which Energy Division has reviewed and required changes to this supplemental AL.

**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 and all electronic approvals should be directed to email [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

*Jane Yura - OB*

Vice President – Regulation and Rates

cc: Service List – A.08-07-021

**Attachments:**

Attachment 1:	Tariff Sheets
Attachment 2:	OBF PIP
Attachment 3:	ET PIP Budget

# 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 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) #: 3118-G-A/3667-E-A

**Tier:** 2

Subject of AL: Supplement: Advice Letter Implementing PG&E's On-Bill Financing Program and Updating Emerging Technologies Program Budget

Keywords (choose from CPUC listing): Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.09-09-047

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: June 30, 2010

No. of tariff sheets: 30

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). N/A

Tariff schedules affected: Gas Preliminary Statement Parts Y, BW, BY, New Gas Schedule G-OBF, Electric Preliminary Statement Parts P, DI, EY, FE, and New Electric Schedule E-OBF, New Electric Form 79-1118, and New Gas Form 79-1118

Service affected and changes proposed: 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](mailto:mas@cpuc.ca.gov)**

**Pacific Gas and Electric Company**

**Attn: Jane K. Yura, Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10B**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)**

**ATTACHMENT 1  
Advice 3118-G-A**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
28301-G	GAS PRELIMINARY STATEMENT PART Y CUSTOMER ENERGY EFFICIENCY ADJUSTMENT Sheet 1	27059-G
28302-G	GAS PRELIMINARY STATEMENT PART Y CUSTOMER ENERGY EFFICIENCY ADJUSTMENT Sheet 2	27060-G*
28303-G	GAS PRELIMINARY STATEMENT PART Y CUSTOMER ENERGY EFFICIENCY ADJUSTMENT Sheet 3	27061-G
28304-G	GAS PRELIMINARY STATEMENT PART BW ENERGY EFFICIENCY 2009-2011 MEMORANUDUM ACCOUNT Sheet 1	27418-G*
28305-G	GAS PRELIMINARY STATEMENT PART BY ON-BILL FINANCING BALANCING ACCOUNT (OBFBA) Sheet 1	
28306-G	GAS SCHEDULE G-OBF ON BILL FINANCING LOAN PROGRAM Sheet 1	
28307-G	GAS SCHEDULE G-OBF ON BILL FINANCING LOAN PROGRAM Sheet 2	
28308-G	GAS SCHEDULE G-OBF ON BILL FINANCING LOAN PROGRAM Sheet 3	
28309-G	Sample Gas Form No. 79-1118 General On-Bill Financing Loan Agreement Sheet 1	
28310-G	GAS TABLE OF CONTENTS Sheet 1	28296-G
28311-G	GAS TABLE OF CONTENTS Sheet 3	28270-G

**ATTACHMENT 1  
Advice 3118-G-A**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
28312-G	GAS TABLE OF CONTENTS Sheet 4	28271-G
28313-G	GAS TABLE OF CONTENTS Sheet 5	28104-G
28314-G	GAS TABLE OF CONTENTS Sheet 11	27113-G

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
29484-E	ELECTRIC PRELIMINARY STATEMENT PART P CUSTOMER ENERGY EFFICIENCY ADJUSTMENT Sheet 1	27560-E
29485-E	ELECTRIC PRELIMINARY STATEMENT PART P CUSTOMER ENERGY EFFICIENCY ADJUSTMENT Sheet 2	27561-E*
29486-E	ELECTRIC PRELIMINARY STATEMENT PART P CUSTOMER ENERGY EFFICIENCY ADJUSTMENT Sheet 3	27562-E
29487-E	ELECTRIC PRELIMINARY STATEMENT PART DI PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT Sheet 1	26373-E
29488-E	ELECTRIC PRELIMINARY STATEMENT PART EY ENERGY EFFICIENCY 2009-2011 MEMORANDUM ACCOUNT Sheet 1	28022-E
29489-E	ELECTRIC PRELIMINARY STATEMENT PART FE ON-BILL FINANCING BALANCING ACCOUNT (OBFBA) Sheet 1	
29490-E	ELECTRIC SCHEDULE E-OBF ON BILL FINANCING LOAN PROGRAM Sheet 1	
29491-E	ELECTRIC SCHEDULE E-OBF ON BILL FINANCING LOAN PROGRAM Sheet 2	
29492-E	ELECTRIC SCHEDULE E-OBF ON BILL FINANCING LOAN PROGRAM Sheet 3	

**ATTACHMENT 1  
Advice 3667-E-A**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
29493-E	Sample Electric Form 79-1118 General On-Bill Financing Loan Agreement Sheet 1	
29494-E	ELECTRIC TABLE OF CONTENTS Sheet 1	29458-E
29495-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 4	29461-E
29496-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 6	29267-E
29497-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 8	28685-E
29498-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	28953-E
29499-E	ELECTRIC TABLE OF CONTENTS SAMPLE FORMS Sheet 18	28424-E



**GAS PRELIMINARY STATEMENT PART Y**  
**CUSTOMER ENERGY EFFICIENCY ADJUSTMENT**

Sheet 1

Y. CUSTOMER ENERGY EFFICIENCY ADJUSTMENT (CEEA)

1. **PURPOSE:** The purpose of the Customer Energy Efficiency Adjustment (CEEA) is to: 1) reflect in rates any incentives earned under the Customer Energy Efficiency (CEE) incentive mechanism; 2) to track the gas portion of PG&E's energy efficiency (EE) program expenses against the gas Public Purpose Program (PPP) surcharge portion of authorized EE program funding; and 3) to track the gas portion of Low Income Energy Efficiency (LIEE) program expenditures against the gas PPP surcharge portion of LIEE program funding. (D) (T)  
(T)
2. **APPLICABILITY:** The CEEA shall apply to all rate schedules and contracts for gas service subject to the jurisdiction of the Commission, except for those schedules and contracts specifically excluded by the Commission.
3. **RATES:** The Customer Energy Efficiency Incentive Account (CEEIA) balance is included in the effective transportation rates set forth in each gas rate schedule (see Preliminary Statement, Part B), as applicable. The other two subaccounts of the CEEA are one-way expense tracking accounts and do not have rate components. (T)
4. **ACCOUNTING PROCEDURE:** The CEEA consists of the following three subaccounts: (T)
  - The "Customer Energy Efficiency Incentive Account" (CEEIA) purpose is to record amounts to be reflected in rates for any incentives earned or penalties incurred by PG&E under the Customer Energy Efficiency (CEE) incentive mechanism. (D)
  - The "Gas Public Purpose Program Energy Efficiency Balancing Account" (PPPEEBA), as authorized in Ordering Paragraph 13 of Decision 97-12-103, purpose is to track the gas portion of PG&E's EE program expenditures against the gas PPP surcharge portion of authorized EE program funding.
  - The "Gas Public Purpose Program Gas Low-Income Balancing Account" (PPPLIBA) purpose is to track the gas portion of LIEE program expenditures against the gas PPP surcharge portion of LIEE program funding.

(Continued)



**GAS PRELIMINARY STATEMENT PART Y**  
**CUSTOMER ENERGY EFFICIENCY ADJUSTMENT**

Sheet 2

Y. CUSTOMER ENERGY EFFICIENCY ADJUSTMENT (CEEA) (Cont'd.)

5. Customer Energy Efficiency Incentive Account (CEEIA): The following entries will be made to this subaccount each month or as applicable:
  - a. A debit or credit entry equal to the gas portion of CEE shareholder incentives earned or penalties incurred by PG&E, as authorized by the Commission to be recovered in rates;
  - b. A credit entry equal to the revenue from the CEE Incentive Rate component, excluding an allowance for Franchise Fees and Uncollectible Accounts expense (F&U);
  - c. A debit or credit entry equal to any amounts authorized by the Commission to be recorded in this subaccount;
  - d. A debit or credit entry, as appropriate, to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; and
  - e. Interest does not accrue in this subaccount pursuant to Decision (D.) 07-09-043.

(D)

(Continued)

Advice Letter No: 3118-G-A  
 Decision No. D.09-09-047

Issued by  
**Jane K. Yura**  
 Vice President  
 Regulation and Rates

Date Filed June 17, 2010  
 Effective June 30, 2010  
 Resolution No. \_\_\_\_\_



**GAS PRELIMINARY STATEMENT PART Y**  
**CUSTOMER ENERGY EFFICIENCY ADJUSTMENT**

Sheet 3

Y. CUSTOMER ENERGY EFFICIENCY ADJUSTMENT (CEEA) (Cont'd.)

- 6. Gas Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA): The following entries will be made to this subaccount each month or as applicable: (D)
  - a. A debit entry equal to the expenses incurred for gas portion of authorized EE program related activities;
  - b. A credit entry equal to one-twelfth of the gas PPP surcharge portion of authorized EE funding for the current program year. (See corresponding debit entry in gas Preliminary Statement Part BA - Public Purpose Program Surcharge-Energy Efficiency);
  - c. A one-time debit entry equal to the gas portion of the initially authorized revolving loan amount and any subsequent amount authorized by the Commission (See corresponding credit entry in Gas Preliminary Statement Part BY-On-Bill Financing Balancing Account (OBFBA-Gas) The gas portion of other OBF expenses are recorded in entry 6.a, above.); (N)
    - 
    - 
    -
  - d. A debit entry equal to the gas portion of a write-off for any OBF loan defaults (See offsetting tracking entries in OBFBA-Gas); (N)
    -
  - e. A debit or credit entry equal to any amounts authorized by the CPUC to be recorded in this subaccount; (T)
  - f. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, as approved by the Commission; and (T)
  - g. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor. (T)
  
- 7. Gas Public Purpose Program Gas Low-Income Balancing Account (PPPLIBA): The following entries will be made to this subaccount each month or as applicable: (T)
  - a. A debit entry equal to the gas portion of expenses incurred for authorized LIEE program-related activities;
  - b. A credit entry equal to one-twelfth of the gas PPP surcharge portion of authorized LIEE funding for the current program year. (See corresponding debit entry in gas Preliminary Statement Part BH - Public Purpose Program Surcharge-Low Income Energy Efficiency);
  - c. A debit or credit entry equal to any amounts authorized by the CPUC to be recorded in this subaccount;
  - d. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, as approved by the Commission;
  - e. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.



**GAS PRELIMINARY STATEMENT PART BW**  
**ENERGY EFFICIENCY 2009-2011 MEMORANDUM ACCOUNT**

Sheet 1

**BW. ENERGY EFFICIENCY 2009-2011 MEMORANDUM ACCOUNT (EEMA)**

- |   |                         |
|---|-------------------------|
| 1. PURPOSE: The purpose of the Energy Efficiency 2009-2011 Memorandum Account (EEMA) is to track the gas portion of the revenue requirement on capital expenditures associated with the Marketing Decision Support System (MDSS) replacement project as requested in A.08-07-031 and deferred to PG&E's General Rate Case (GRC) in D.09-09-047. | (T)<br> <br> <br>(T)    |
| 2. APPLICABILITY: The EEMA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.   |                         |
| 3. RATES: This account does not have a separate rate component.   |                         |
| 4. ACCOUNTING PROCEDURE: The following entries will be made to this subaccount each month or as applicable:   | (D)                     |
| a. A debit entry equal to the gas portion of PG&E's recorded capital-related revenue requirement, including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base associated with the MDSS replacement project.   | (D)<br>(T)              |
| b. A credit entry equal to transfer the balance in this subaccount to other accounts for recovery, as authorized by the Commission.   | (T)(L)                  |
| c. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.               | (T)(L)<br> <br> <br>(L) |
|   | (D)                     |

(Continued)

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 Decision No. D.09-09-047

Issued by  
**Jane K. Yura**  
 Vice President  
 Regulation and Rates

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Resolution No.	



**GAS PRELIMINARY STATEMENT PART BY**  
**ON-BILL FINANCING BALANCING ACCOUNT (OBFBA)**

Sheet 1 (N)  
 (N)

BY. On-Bill Financing Balancing Account (OBFBA)

(N)

1. **PURPOSE:** The purpose of the On-Bill Financing Balancing Account (OBFBA) is to record the gas portion of the authorized revolving loan pool net of default, and to track loan amounts and loan repayment activities under PG&E's On-Bill Financing program (OBF) pursuant to Decision (D.) 09-09-047, and applicable tariffs. The OBF loan program is subject to the availability of funds and any increase to the revolving loan pool is covered by the fund-shifting or budget augmentation rules laid out in D. 09-09-047 or subsequent Commission authorization. Pursuant to D. 09-09-047, the amounts recorded in this account will not be included in the calculation of PG&E's energy efficiency program cost effectiveness.
2. **APPLICABILITY:** The OBFBA shall apply to all customer bills for service under all rate schedules and contracts for gas service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account shall be through the Gas PPP Surcharge advice letter process, or as otherwise authorized by the Commission at such time as the OBF program service is no longer provided.
4. **RATES:** The OBFBA does not have a separate rate component.
5. **ACCOUNTING PROCEDURES:** The following entries shall be made at the end of each month or as applicable:
  - a. a credit entry equal to the gas portion of the initial authorized revolving loan amount, and any subsequent amount authorized by the Commission (see corresponding debit entry in gas Preliminary Statement Part Y subaccount Gas Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA) The gas portion of other OBF expenses are recorded in the gas PPPEEBA.);
  - b. a debit entry equal to the gas portion of the amount loaned to customers;
  - c. a credit entry equal to the gas portion of loan repayments;
  - d. a debit entry equal to the gas portion of any OBF loan defaults (see corresponding credit entry e. below);
  - e. a credit entry equal to any OBF loan defaults, as an offsetting entry to entry d. above for tracking purposes only (the debit entry to record the gas portion of default expense is in the gas PPPEEBA);
  - f. a debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the CPUC; and
  - g. an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after above entries are made, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

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**GAS SCHEDULE G-OBF**  
**ON BILL FINANCING LOAN PROGRAM**

Sheet 1 (N)  
 (N)

**APPLICABILITY:** This schedule is applicable to customers receiving service under a non-residential rate schedule. Schedule G-OBF is an On-Bill Financing (OBF) loan program providing zero percent (0%) interest financing to qualified customers towards the purchase and installation of new energy efficient measures or equipment at the customer's premises. Qualified customers are those customers who meet specified credit criteria and comply with OBF loan program requirements in accordance with this Schedule.

(N)

**TERRITORY:** The entire PG&E service territory.

**RATES:** All charges and provisions of the customer's otherwise applicable tariffs shall apply. In addition, a fixed monthly loan payment amount due will appear as a line item on the customer's bill.

- SPECIAL CONDITIONS:**
1. Loans under the OBF loan program will only be available subject to the availability of funds for loans as authorized by the California Public Utilities Commission.
  2. Loan Agreement: In order to participate and receive financing under the OBF loan program, the customer must execute an On-Bill Financing Loan Agreement (OBF Loan Agreement, Form No. 79-1118) which specifies loan repayment obligations and other applicable program requirements.
  3. Credit Requirements: Customer must have good credit standing as determined by PG&E.
  4. Government Agency Customers: Solely for purposes of this rate schedule and the OBF loan program, a Government Agency Customer is defined as a customer that is a tax-payer funded agency of federal, state, county or local government and uses tax revenue to pay its PG&E energy bills. Such customers may include, but are not limited to, public schools, State of California colleges and universities, public libraries, and government offices.
  5. Customer Responsibility for Energy Efficiency Measures: The customer is solely responsible for the purchase and installation of all energy efficiency measures that will be financed using the OBF loan program.

(N)

(Continued)

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**Sample Gas Form No. 79-1118**  
General On-Bill Financing Loan Agreement

Sheet 1 (N)  
(N)

Please Refer to Attached  
Sample Form

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## **GENERAL OFF-BILL AND ON-BILL FINANCING LOAN AGREEMENT**

The undersigned customer (“**Customer**”) has contracted for the provision of energy efficiency/demand response equipment and services (the “**Work**”) which qualify for one or more of PG&E’s applicable rebate or incentive programs. Subject to the conditions (including the process for Adjustment and preconditions to funding) set forth below, Pacific Gas & Electric Company (“**PG&E**”) shall extend a loan (the “**Loan**”) to Customer in the amount of the loan balance (the “**Loan Balance**”) pursuant to the terms of this On-Bill Financing Loan Agreement (“**Loan Agreement**”) and PG&E’s rate schedules E-OBF and/or G-OBF, as applicable (the “**Schedule**”).

To request the Loan, Customer has submitted a completed On-Bill Financing Application and associated documentation as required by PG&E (the “**Application**”). Collectively the Application and this Loan Agreement (including any Adjustment hereunder) comprise the “**Agreement**”.

1. Customer shall arrange for its Contractor, as identified at the end of this Agreement (“**Contractor**”), to provide the Work as described in the Application.
2. The estimated Loan Balance is set forth below. The total cost of the Work as installed, rebate/incentive for qualifying energy efficiency measures, Loan Balance, monthly payment, and loan term specified in this Loan Agreement may be adjusted, if necessary, after the Work and the post-installation inspection described in the Application and/or herein are completed (the “**Adjustment**”). The Adjustment will be calculated using the actual total cost of the Work, as installed, and the estimated energy savings (as described in the Application) of such Work. In no event will the Loan Balance be increased without Customer’s written consent, even if Customer is eligible for such increased Loan Balance. Moreover, in no event will the Loan Balance exceed the maximum loan amount stipulated in the Application. Customer understands that in order to be eligible for the Loan, the initial Loan Balance for Work may not fall below the minimum loan amount, nor may the payback period exceed the maximum payback period. **Accordingly, if after the Adjustment, the Loan Balance falls below the minimum loan amount or if the simple payback period exceeds the program maximum payback period, each as described in the Application, PG&E shall have no obligation to extend the Loan, as the Work would not meet program requirements.** The Adjustment described in this paragraph will be communicated to the Customer in writing and will automatically become part of this Loan Agreement, except that any proposed increase in the Loan Balance will only become part of this Loan Agreement upon Customer’s written consent to such increase.
3. **PG&E shall have no liability in connection with, and makes no warranties, expressed or implied, regarding the Work. Customer will be responsible for any and all losses and damage it may suffer in connection with, and any claims by third parties resulting from, the Work.** Customer shall indemnify and hold harmless PG&E, its affiliates, and their respective owners, officers, directors, employees and agents thereof, from and against all claims, demands, liabilities, damages, fines, settlements or judgments which arise from or are caused by (a) any breach of the Agreement by Customer; (b) any defects or problems with the Work, or the failure of the Work to deliver any anticipated energy efficiencies; (c) Customer’s failure to pay any amount due or claimed by Contractor with respect to the Work; or (d) the wrongful or negligent acts or omissions of any party (including Contractor) in the conduct or performance of the Work.



4. Customer represents and warrants that (a) Customer is receiving this Loan solely for Work obtained in connection with Customer's business, and not for personal, family or household purposes; (b) Customer, if not an individual or a government agency, is duly organized, validly existing and in good standing under the laws of its state of formation, and has full power and authority to enter into this Agreement and to carry out the provisions of this Agreement. Customer is duly qualified and in good standing to do business in all jurisdictions where such qualification is required; (c) this Loan Agreement has been duly authorized by all necessary proceedings, has been duly executed and delivered by Customer and is a valid and legally binding agreement of Customer duly enforceable in accordance with its terms; (d) no consent, approval, authorization, order, registration or qualification of or with any court or regulatory authority or other governmental body having jurisdiction over Customer is required for, and the absence of which would adversely affect, the legal and valid execution and delivery of this Loan Agreement, and the performance of the transactions contemplated by this Loan Agreement; (e) the execution and delivery of this Loan Agreement by Customer hereunder and the compliance by Customer with all provisions of this Loan Agreement: (i) will not conflict with or violate any Applicable Law; and (ii) will not conflict with or result in a breach of or default under any of the terms or provisions of any loan agreement or other contract or agreement under which Customer is an obligor or by which its property is bound; and (f) all factual information furnished by Customer to PG&E in the Application and pursuant to this Agreement is true and accurate.
5. The Application must include the Federal Tax Identification Number or Social Security Number of the party who will be the recipient of the checks for the rebate/incentive or any Loan proceeds. Checks may be issued directly to the Customer or its designated Contractor or both, for the benefit of the Customer, as specified below. Customer acknowledges that PG&E will not be responsible for any tax liability imposed on the Customer or its contractor in connection with the transactions contemplated under the Agreement, whether by virtue of the Loan contemplated under the Agreement, or otherwise, and Customer shall indemnify PG&E for any tax liability imposed upon PG&E as a result of the transactions contemplated under the Agreement.
6. Upon completion of the Work, Customer shall send a written confirmation of completion to PG&E's On-Bill Financing Program Administrator at the address listed in Section 15. Within 60 days after receiving the confirmation, PG&E (a) will conduct a post installation inspection and project verification, including review of invoices, receipts and other documents as required by PG&E to verify the correctness of any amounts claimed by Customer; (b) will adjust, if necessary, the total cost, incentive, Loan Balance, monthly payment, and loan term as stated above; and (c) if PG&E deems necessary, obtain updated financial information to verify that Customer has good credit standing (as determined by PG&E) prior to making the Loan. Customer shall give PG&E reasonable access to its premises and the Work and shall provide such updated financial information to PG&E upon request. PG&E may decline to make the Loan if PG&E determines, in its sole discretion, that Customer does not have good credit standing at that time. If the Work conforms to all requirements of the Agreement and all amounts claimed by Customer as Work costs are substantiated to PG&E's reasonable satisfaction, and PG&E is satisfied that Customer has good credit standing, PG&E will issue a check ("**Check**") to Customer or Contractor (as designated by Customer in Section 15) for all amounts PG&E approves for payment in accordance with the Agreement. The date of such issuance is the "**Issuance Date**". If the Check is issued to Customer, Customer shall be responsible for paying any outstanding fees due to Contractor for the Work. If the Check is less than



- the amount due from Customer to Contractor, Customer shall be responsible for the excess due to the Contractor.
7. Customer shall repay the Loan Balance to PG&E as provided in this Loan Agreement irrespective of whether or when the Work is completed, or whether the Work is in any way defective or deficient, and whether or not the Work delivers energy efficiency savings to Customer.
  8. The monthly payments will be included by PG&E on the Account's regular energy service bills, or by separate bill, in PG&E's discretion. Regardless whether the monthly payments are included in the regular utility bill or a separate loan installment bill, the following repayment terms will apply:
    - a. The Customer agrees to repay to PG&E the Loan Balance in the number of payments listed below and in equal installments (with the final installment adjusted to account for rounding), by the due date set forth in each PG&E utility bill or loan installment bill rendered in connection with Customer's account (identified by the number set forth below) ("Account"), commencing with the bill which has a due date falling at least 30 days after the Issuance Date.
    - b. If separate energy service bills and loan installment bills are provided, amounts due under this Loan Agreement as shown in the loan installment bill shall be deemed to be amounts due under each energy services bill to the Account, and a default under this Loan Agreement shall be treated as a default under the Account.
    - c. If the Customer is unable to make a full utility bill payment in a given month, payment arrangements may be made at PG&E's discretion.
    - d. Any partial bill payments received for a month will be applied in equal proportion to the energy charges and the loan obligation for that month, and the Customer may be considered in default of both the energy bill and the loan installment bill.
    - e. Further payment details are set forth below.
  9. Any notice from PG&E to Customer regarding the Program or the transactions contemplated under the Loan Agreement may be provided within a PG&E utility bill or loan installment bill, and any such notices may also be provided to Customer at the address below or to the Customer's billing address of record in PG&E's customer billing system from time to time, and in each case shall be effective five (5) days after they have been mailed.
  10. The Loan Balance shall not bear interest.
  11. Customer may, without prepayment penalty, pay the entire outstanding loan balance in one lump sum payment provided the customer first notifies PG&E by telephoning the toll free phone number (1-800-468-4743), and by sending written notice to PG&E On-Bill Financing Program Administrator at the address listed below, in advance of making the lump sum payment. Accelerated payments that are received from Customer without PG&E's prior approval may, at PG&E's sole discretion, be applied proportionally to subsequent energy charges and Loan repayments and PG&E shall have no obligation to apply accelerated payments exclusively to reduction of the outstanding Loan.

12. The entire outstanding Loan Balance will become immediately due and payable, and shall be paid by Customer within 30 days if: (i) the Account is closed or terminated for any reason; (ii) Customer defaults under the Agreement; (iii) Customer sells or transfers ownership of the equipment forming part of the Work to any third party (including as part of a sale or lease of premises or transfer of business or otherwise); or (iv) Customer becomes Insolvent. Customer becomes "Insolvent" if: (i) Customer is unable to pay its debts as they become due or otherwise becomes insolvent, makes a general assignment for the benefit of its creditors, or suffers or permits the appointment of a receiver for its business or assets or otherwise ceases to conduct business in the normal course; or (ii) any proceeding is commenced by or against Customer under any bankruptcy or insolvency law that is not dismissed or stayed within 45 days.
13. Customer understands that without limiting any other remedy available to PG&E against Contractor or Customer, **failure to repay the Loan Balance in accordance with the terms of the Agreement could result in shut-off of utility energy service, adverse credit reporting, and collection procedures, including, without limitation, legal action.**
14. If there is any conflict among the documents comprising the Agreement, the following order of priority shall apply: 1. this Loan Agreement; 2. the Application; 3. any documents attached to the Application.

**15. Loan Particulars.**

<i>This table is to be completed by PG&amp;E</i>					
\$	\$	\$	\$		
<b>Total Cost</b>	<b>Incentive</b>	<b>Loan Balance<sup>1</sup></b>	<b>Monthly Payment</b>	<b>Term<sup>2</sup>, Months</b>	<b>Number of Payments</b>

**Check Made Payable to Contractor  or Customer**  *[customer to select payment method. Note that only one check can be issued]*

<b>Customer Details</b>	<b>Contractor Details</b>
Federal Tax ID or Social Security #, Customer	Federal Tax ID or Social Security #, Contractor

<sup>1</sup> The Loan Balance shall not exceed one-hundred thousand dollars (\$100,000) for commercial customers and shall not exceed two-hundred fifty thousand dollars (\$250,000) for government agency customers, excepting loans to government agency customers where, in PG&E's sole opinion, the opportunity for uniquely large energy savings exist, in which case the Loan Balance may exceed two-hundred fifty thousand dollars (\$250,000) but shall not exceed one million dollars (\$1,000,000).

<sup>2</sup> Commercial loans may have their loan terms extended beyond five years, not to exceed the expected useful life (EUL) of the bundle of energy efficiency measures proposed, when credit and risk factors support this..



PG&E Account # / Service Agreement #	
Account Name, Customer	Name, Contractor
Service Address, Customer	Address, Contractor
Name and Title of Authorized Representative of Customer	Name and Title of Authorized Representative of Contractor
Signature of Authorized Representative of Customer	
Date	

ACCEPTED: Pacific Gas & Electric Company

By	Date
PG&E On-Bill Financing Program Manager	

Address:  
PG&E Integrated Processing Center  
P.O. Box 7265  
San Francisco, CA 94120-7265



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**ELECTRIC PRELIMINARY STATEMENT PART P**  
**CUSTOMER ENERGY EFFICIENCY ADJUSTMENT**

Sheet 1

P. CUSTOMER ENERGY EFFICIENCY ADJUSTMENT (CEEA)

1. PURPOSE: The purpose of the Customer Energy Efficiency Adjustment (CEEA) is to: 1) reflect in rates any incentives earned under the Customer Energy Efficiency (CEE) incentive mechanism; 2) to track the electric portion of PG&E's energy efficiency (EE) programs expenditures against the electric Public Goods Charge (PGC) portion of authorized EE program funding; and 3) to track the electric portion of Low-Income Energy Efficiency (LIEE) program expenditures against the Electric PGC portion of LIEE program funding. (T)(D)  
(T)
2. APPLICABILITY: The CEEA shall apply to all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those schedules and contracts specifically excluded by the Commission.
3. RATES: The Customer Energy Efficiency Incentive Account (CEEIA) balance is included the effective rates set forth in each electric rate schedule (see Preliminary Statement, Part B), as applicable. The other two subaccounts of the CEEA are one-way expense tracking accounts and do not have rate components. (T)
4. ACCOUNTING PROCEDURE: The CEEA consists of the following three subaccounts: (T)
  - The "Customer Energy Efficiency Incentive Account" (CEEIA), purpose is to record amounts to be reflected in rates for any incentives earned or penalties incurred by PG&E under the Customer Energy Efficiency (CEE) incentive mechanism. (D)
  - The "Electric Public Purpose Program Energy Efficiency Balancing Account" (PPPEEBA), purpose is to track the electric portion of PG&E's EE program expenditures against the Electric PGC portion of authorized EE program funding.
  - The "Electric Public Purpose Program Low-Income Balancing Account" (PPPLIBA), purpose is to track the electric portion of PG&E's LIEE program expenditures against the Electric PCG portion of LIEE program funding.

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART P**  
**CUSTOMER ENERGY EFFICIENCY ADJUSTMENT**

Sheet 2

P. CUSTOMER ENERGY EFFICIENCY ADJUSTMENT (CEEA) (Cont'd)

5. Customer Energy Efficiency Incentive Balancing Account (CEEIA): The following entries will be made to this subaccount each month or as applicable:
  - a. A debit or credit entry equal to the electric portion of CEE shareholder incentives earned or penalties incurred by PG&E, as authorized by the Commission to be recovered in rates;
  - b. A credit entry equal to the revenues from the CEE Incentive Rate component, excluding an allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
  - c. A debit or credit entry equal to any amounts authorized by the Commission to be recorded in this subaccount;
  - d. A debit or credit entry, as appropriate, to transfer the balance to other accounts for recovery in rates, as approved by the Commission; and
  - e. Interest does not accrue in this subaccount pursuant to Decision (D.) 07-09-043.

(D)

(Continued)

Advice Letter No: 3667-E-A  
 Decision No. D.09-09-047

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**ELECTRIC PRELIMINARY STATEMENT PART P**  
**CUSTOMER ENERGY EFFICIENCY ADJUSTMENT**

Sheet 3

P. CUSTOMER ENERGY EFFICIENCY ADJUSTMENT (CEEA) (Cont'd.)

- 6. Electric Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA): The following entries will be made to this subaccount each month or as applicable: (T)
  - a. A debit entry equal to the expenses incurred for the electric portion of authorized EE program related activities; (T)
  - b. A credit entry equal to one-twelfth of the Electric PGC portion of authorized EE funding for the current program year (See corresponding debit entry in electric Preliminary Statement Part DA - Public Purpose Programs Revenue Adjustment Mechanism);
  - c. A one-time debit entry equal to the PGC portion of the initial authorized revolving loan amount, and any subsequent amount authorized by the Commission (see corresponding credit entry in Electric Preliminary Statement Part FE-On-Bill Financing Balancing Account (OBFBA-Electric) The PGC portion of other OBF expenses are recorded in entry 6.a, above.); (N)
  - d. A debit entry equal to the PGC portion of a write-off for any OBF loan defaults (see offsetting tracking entries in OBFBA-Electric); (N)
  - e. A debit or credit entry equal to any amounts authorized by the Commission to be recorded in this subaccount; (T)
  - f. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and (T)
  - g. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor. (T)
  
- 7. Electric Public Purpose Program Low-Income Balancing Account (PPPLIBA): The following entries will be made to this subaccount each month or as applicable: (T)
  - a. A debit entry equal to the electric portion of expenses incurred for authorized LIEE program-related activities;
  - b. A credit entry equal to one-twelfth of the Electric PGC portion of authorized LIEE programs for the current program year (See corresponding debit entry in electric Preliminary Statement Part DA - Public Purpose Programs Revenue Adjustment Mechanism);
  - c. A debit or credit entry equal to any amounts authorized by the Commission to be recorded in this subaccount;
  - d. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and
  - e. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.



**ELECTRIC PRELIMINARY STATEMENT PART DI**  
**PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT**

Sheet 1

DI. PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT (PEEBA)

1. PURPOSE:

Decision 03-12-062 established the one-way Procurement Energy Efficiency Balancing Account (PEEBA) to track PG&E's procurement energy efficiency (EE) costs and revenues associated with authorized programs. The PEEBA tracks the procurement portion of PG&E's EE program expenditures against the procurement portion of authorized EE program funding. (T)

2. APPLICABILITY:

The PEEBA balance shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.

3. REVISION DATE:

The disposition of the balance in this account shall be through the Annual Electric True-up advice letter process or as otherwise authorized by the Commission. (T)

4. RATES:

The PEEBA does not have a separate rate element.

5. ACCOUNTING PROCEDURE:

PG&E shall maintain the PEEBA by making entries as follows:

- a. A debit entry equal to the procurement portion of authorized EE program expenses. (T)
- b. A credit entry equal to one-twelfth of the procurement portion of authorized EE funding for the current program year (see corresponding debit entry in electric Preliminary Statement Part EF - Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM)).
- c. One-time debit entry equal to the procurement portion of the initial authorized revolving loan amount, and any subsequent amount authorized by the Commission (see corresponding credit entry in electric Preliminary Statement Part FE – On-Bill Financing Balancing Account (OBFBA-Electric). The procurement portion of other OBF expenses are recorded in entry 5.a, above.) (T)
- d. A debit entry equal to the procurement portion of write-off for any OBF loan defaults (see offsetting tracking entries in OBFBA - Electric). (N)
- e. A debit or credit entry equal to any amount authorized by the CPUC to be recorded in this subaccount. (N)
- f. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the CPUC. (T)
- g. An entry equal to interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor. (T)



**ELECTRIC PRELIMINARY STATEMENT PART EY**  
**ENERGY EFFICIENCY 2009-2011 MEMORANDUM ACCOUNT**

Sheet 1

EY. ENERGY EFFICIENCY 2009-2011 MEMORANDUM ACCOUNT (EEMA)

1. PURPOSE: The purpose of the Energy Efficiency 2009-2011 Memorandum Account (EEMA) is to track gas portion of the revenue requirement on capital expenditures associated with the Marketing Decision Support System (MDSS) replacement project as requested in A.08-07-031 and deferred to PG&E's General Rate Case (GRC) in D.09-09-047. (T)  
 |  
 |  
 (T)
2. APPLICABILITY: The EEMA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.
3. RATES: This account does not have a separate rate element.
4. ACCOUNTING PROCEDURE: The following entries will be made to this account each month as applicable: (T)  
 (D)  
 (T)  
 a. A debit entry equal to PG&E's recorded capital-related revenue requirement, including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base associated with the MDSS replacement project. (L)(T)  
 |  
 |  
 |  
 b. A credit entry to transfer the balance in this subaccount to other accounts for recovery, as authorized by the Commission. (T)  
 |  
 |  
 |  
 c. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Statistical Release, H. 15 or its successor. (T)  
 |  
 (T)

(Continued)

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**ELECTRIC PRELIMINARY STATEMENT PART FE**  
**ON-BILL FINANCING BALANCING ACCOUNT (OBFBA)**

Sheet 1 (N)  
 (N)

FE. On-Bill Financing Balancing Account (OBFBA)

(N)

1. **PURPOSE:** The purpose of the On-Bill Financing Balancing Account (OBFBA) is to record the electric portion of authorized revolving loan pool net of default, and to track loan amounts and loan repayment activities under PG&E's On-Bill Financing program (OBF) pursuant to Decision (D.)09-09-047, and applicable tariffs. The OBF loan program is subject to the availability of funds and any increase to the revolving loan pool is covered by the fund-shifting or budget augmentation rules laid out in D. 09-09-047 or subsequent Commission authorization. Pursuant to D. 09-09-047, the amounts recorded in this account will not be included in the calculation of PG&E's energy efficiency program cost effectiveness.
2. **APPLICABILITY:** The OBFBA shall apply to all customer bills for service under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account shall be through the Annual Electric True-Up advice letter process, or as otherwise authorized by the Commission at such time as the OBF program service is no longer provided.
4. **RATES:** The OBFBA does not have a separate rate element.
5. **ACCOUNTING PROCEDURES:** The following entries shall be made at the end of each month or as applicable:
  - a. a credit entry equal to the electric portion of the initial authorized revolving loan amount, and any subsequent amount authorized by the Commission (see corresponding debit entries in electric Preliminary Statement Part P subaccount Electric Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA) and electric Preliminary Statement Part DI – Procurement Energy Efficiency Balancing Account (PEEBA) The electric portion of other OBF expenses are recorded in the electric PPPEEBA and PEEBA.);
  - b. a debit entry equal to the electric portion of amount loaned to customers;
  - c. a credit entry equal to the electric portion of the loan repayments;
  - d. a debit entry equal to the electric portion of any OBF loan defaults (see corresponding credit entry e. below);
  - e. a credit entry equal to any OBF loan defaults, as an offsetting entry to entry d. above for tracking purposes only (the debit entry to record the electric portion of default expense is in the electric PPPEEBA and PEEBA);
  - f. a debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the CPUC; and
  - g. an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after above entries are made, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)



**ELECTRIC SCHEDULE E-OBF  
 ON BILL FINANCING LOAN PROGRAM**

Sheet 1 (N)  
 (N)

**APPLICABILITY:** This schedule is applicable to Bundled Service, Community Choice Aggregation Service, and Direct Access customers receiving service under a non-residential rate schedule. Schedule E-OBF is an On-Bill Financing (OBF) loan program providing zero percent (0%) interest financing to qualified customers towards the purchase and installation of new energy efficient measures or equipment at the customer's premises. Qualified customers are those customers who meet specified credit criteria and comply with OBF loan program requirements in accordance with this Schedule.

(N)

**TERRITORY:** The entire PG&E service territory.

**RATES:** All charges and provisions of the customer's otherwise applicable tariffs shall apply. In addition, a fixed monthly loan payment amount due will appear as a line item on the customer's bill.

- SPECIAL CONDITIONS:**
1. Loans under the OBF loan program will only be available subject to the availability of funds for loans as authorized by the California Public Utilities Commission.
  2. Loan Agreement. In order to participate and receive financing under the OBF loan program, the customer must execute an On-Bill Financing Loan Agreement (OBF Loan Agreement, Form No. 79-118) which specifies loan repayment obligations and other applicable program requirements.
  3. Credit Requirements. Customer must have good credit standing as determined by PG&E.
  4. Government Agency Customers: Solely for purposes of this rate schedule and the OBF loan program, a Government Agency Customer is defined as a customer that is a tax-payer funded agency of federal, state, county or local government and uses tax revenue to pay its PG&E energy bills. Such customers may include, but are not limited to, public schools, State of California colleges and universities, public libraries, and government offices.
  5. Customer Responsibility for Energy Efficiency Measures: The customer is solely responsible for the purchase and installation of all energy efficiency measures that will be financed using the OBF loan program.

(N)

(Continued)

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**Sample Electric Form 79-1118**  
General On-Bill Financing Loan Agreement

Sheet 1 (N)  
(N)

PLEASE REFER TO ATTACHED  
SAMPLE FORM

Advice Letter No: 3667-E-A  
Decision No. D.09-09-047

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## **GENERAL OFF-BILL AND ON-BILL FINANCING LOAN AGREEMENT**

The undersigned customer (“**Customer**”) has contracted for the provision of energy efficiency/demand response equipment and services (the “**Work**”) which qualify for one or more of PG&E’s applicable rebate or incentive programs. Subject to the conditions (including the process for Adjustment and preconditions to funding) set forth below, Pacific Gas & Electric Company (“**PG&E**”) shall extend a loan (the “**Loan**”) to Customer in the amount of the loan balance (the “**Loan Balance**”) pursuant to the terms of this On-Bill Financing Loan Agreement (“**Loan Agreement**”) and PG&E’s rate schedules E-OBF and/or G-OBF, as applicable (the “**Schedule**”).

To request the Loan, Customer has submitted a completed On-Bill Financing Application and associated documentation as required by PG&E (the “**Application**”). Collectively the Application and this Loan Agreement (including any Adjustment hereunder) comprise the “**Agreement**”.

1. Customer shall arrange for its Contractor, as identified at the end of this Agreement (“**Contractor**”), to provide the Work as described in the Application.
2. The estimated Loan Balance is set forth below. The total cost of the Work as installed, rebate/incentive for qualifying energy efficiency measures, Loan Balance, monthly payment, and loan term specified in this Loan Agreement may be adjusted, if necessary, after the Work and the post-installation inspection described in the Application and/or herein are completed (the “**Adjustment**”). The Adjustment will be calculated using the actual total cost of the Work, as installed, and the estimated energy savings (as described in the Application) of such Work. In no event will the Loan Balance be increased without Customer’s written consent, even if Customer is eligible for such increased Loan Balance. Moreover, in no event will the Loan Balance exceed the maximum loan amount stipulated in the Application. Customer understands that in order to be eligible for the Loan, the initial Loan Balance for Work may not fall below the minimum loan amount, nor may the payback period exceed the maximum payback period. **Accordingly, if after the Adjustment, the Loan Balance falls below the minimum loan amount or if the simple payback period exceeds the program maximum payback period, each as described in the Application, PG&E shall have no obligation to extend the Loan, as the Work would not meet program requirements.** The Adjustment described in this paragraph will be communicated to the Customer in writing and will automatically become part of this Loan Agreement, except that any proposed increase in the Loan Balance will only become part of this Loan Agreement upon Customer’s written consent to such increase.
3. **PG&E shall have no liability in connection with, and makes no warranties, expressed or implied, regarding the Work. Customer will be responsible for any and all losses and damage it may suffer in connection with, and any claims by third parties resulting from, the Work.** Customer shall indemnify and hold harmless PG&E, its affiliates, and their respective owners, officers, directors, employees and agents thereof, from and against all claims, demands, liabilities, damages, fines, settlements or judgments which arise from or are caused by (a) any breach of the Agreement by Customer; (b) any defects or problems with the Work, or the failure of the Work to deliver any anticipated energy efficiencies; (c) Customer’s failure to pay any amount due or claimed by Contractor with respect to the Work; or (d) the wrongful or negligent acts or omissions of any party (including Contractor) in the conduct or performance of the Work.



4. Customer represents and warrants that (a) Customer is receiving this Loan solely for Work obtained in connection with Customer's business, and not for personal, family or household purposes; (b) Customer, if not an individual or a government agency, is duly organized, validly existing and in good standing under the laws of its state of formation, and has full power and authority to enter into this Agreement and to carry out the provisions of this Agreement. Customer is duly qualified and in good standing to do business in all jurisdictions where such qualification is required; (c) this Loan Agreement has been duly authorized by all necessary proceedings, has been duly executed and delivered by Customer and is a valid and legally binding agreement of Customer duly enforceable in accordance with its terms; (d) no consent, approval, authorization, order, registration or qualification of or with any court or regulatory authority or other governmental body having jurisdiction over Customer is required for, and the absence of which would adversely affect, the legal and valid execution and delivery of this Loan Agreement, and the performance of the transactions contemplated by this Loan Agreement; (e) the execution and delivery of this Loan Agreement by Customer hereunder and the compliance by Customer with all provisions of this Loan Agreement: (i) will not conflict with or violate any Applicable Law; and (ii) will not conflict with or result in a breach of or default under any of the terms or provisions of any loan agreement or other contract or agreement under which Customer is an obligor or by which its property is bound; and (f) all factual information furnished by Customer to PG&E in the Application and pursuant to this Agreement is true and accurate.
5. The Application must include the Federal Tax Identification Number or Social Security Number of the party who will be the recipient of the checks for the rebate/incentive or any Loan proceeds. Checks may be issued directly to the Customer or its designated Contractor or both, for the benefit of the Customer, as specified below. Customer acknowledges that PG&E will not be responsible for any tax liability imposed on the Customer or its contractor in connection with the transactions contemplated under the Agreement, whether by virtue of the Loan contemplated under the Agreement, or otherwise, and Customer shall indemnify PG&E for any tax liability imposed upon PG&E as a result of the transactions contemplated under the Agreement.
6. Upon completion of the Work, Customer shall send a written confirmation of completion to PG&E's On-Bill Financing Program Administrator at the address listed in Section 15. Within 60 days after receiving the confirmation, PG&E (a) will conduct a post installation inspection and project verification, including review of invoices, receipts and other documents as required by PG&E to verify the correctness of any amounts claimed by Customer; (b) will adjust, if necessary, the total cost, incentive, Loan Balance, monthly payment, and loan term as stated above; and (c) if PG&E deems necessary, obtain updated financial information to verify that Customer has good credit standing (as determined by PG&E) prior to making the Loan. Customer shall give PG&E reasonable access to its premises and the Work and shall provide such updated financial information to PG&E upon request. PG&E may decline to make the Loan if PG&E determines, in its sole discretion, that Customer does not have good credit standing at that time. If the Work conforms to all requirements of the Agreement and all amounts claimed by Customer as Work costs are substantiated to PG&E's reasonable satisfaction, and PG&E is satisfied that Customer has good credit standing, PG&E will issue a check ("**Check**") to Customer or Contractor (as designated by Customer in Section 15) for all amounts PG&E approves for payment in accordance with the Agreement. The date of such issuance is the "**Issuance Date**". If the Check is issued to Customer, Customer shall be responsible for paying any outstanding fees due to Contractor for the Work. If the Check is less than



- the amount due from Customer to Contractor, Customer shall be responsible for the excess due to the Contractor.
7. Customer shall repay the Loan Balance to PG&E as provided in this Loan Agreement irrespective of whether or when the Work is completed, or whether the Work is in any way defective or deficient, and whether or not the Work delivers energy efficiency savings to Customer.
  8. The monthly payments will be included by PG&E on the Account's regular energy service bills, or by separate bill, in PG&E's discretion. Regardless whether the monthly payments are included in the regular utility bill or a separate loan installment bill, the following repayment terms will apply:
    - a. The Customer agrees to repay to PG&E the Loan Balance in the number of payments listed below and in equal installments (with the final installment adjusted to account for rounding), by the due date set forth in each PG&E utility bill or loan installment bill rendered in connection with Customer's account (identified by the number set forth below) ("Account"), commencing with the bill which has a due date falling at least 30 days after the Issuance Date.
    - b. If separate energy service bills and loan installment bills are provided, amounts due under this Loan Agreement as shown in the loan installment bill shall be deemed to be amounts due under each energy services bill to the Account, and a default under this Loan Agreement shall be treated as a default under the Account.
    - c. If the Customer is unable to make a full utility bill payment in a given month, payment arrangements may be made at PG&E's discretion.
    - d. Any partial bill payments received for a month will be applied in equal proportion to the energy charges and the loan obligation for that month, and the Customer may be considered in default of both the energy bill and the loan installment bill.
    - e. Further payment details are set forth below.
  9. Any notice from PG&E to Customer regarding the Program or the transactions contemplated under the Loan Agreement may be provided within a PG&E utility bill or loan installment bill, and any such notices may also be provided to Customer at the address below or to the Customer's billing address of record in PG&E's customer billing system from time to time, and in each case shall be effective five (5) days after they have been mailed.
  10. The Loan Balance shall not bear interest.
  11. Customer may, without prepayment penalty, pay the entire outstanding loan balance in one lump sum payment provided the customer first notifies PG&E by telephoning the toll free phone number (1-800-468-4743), and by sending written notice to PG&E On-Bill Financing Program Administrator at the address listed below, in advance of making the lump sum payment. Accelerated payments that are received from Customer without PG&E's prior approval may, at PG&E's sole discretion, be applied proportionally to subsequent energy charges and Loan repayments and PG&E shall have no obligation to apply accelerated payments exclusively to reduction of the outstanding Loan.

12. The entire outstanding Loan Balance will become immediately due and payable, and shall be paid by Customer within 30 days if: (i) the Account is closed or terminated for any reason; (ii) Customer defaults under the Agreement; (iii) Customer sells or transfers ownership of the equipment forming part of the Work to any third party (including as part of a sale or lease of premises or transfer of business or otherwise); or (iv) Customer becomes Insolvent. Customer becomes "Insolvent" if: (i) Customer is unable to pay its debts as they become due or otherwise becomes insolvent, makes a general assignment for the benefit of its creditors, or suffers or permits the appointment of a receiver for its business or assets or otherwise ceases to conduct business in the normal course; or (ii) any proceeding is commenced by or against Customer under any bankruptcy or insolvency law that is not dismissed or stayed within 45 days.
13. Customer understands that without limiting any other remedy available to PG&E against Contractor or Customer, **failure to repay the Loan Balance in accordance with the terms of the Agreement could result in shut-off of utility energy service, adverse credit reporting, and collection procedures, including, without limitation, legal action.**
14. If there is any conflict among the documents comprising the Agreement, the following order of priority shall apply: 1. this Loan Agreement; 2. the Application; 3. any documents attached to the Application.

**15. Loan Particulars.**

<i>This table is to be completed by PG&amp;E</i>					
\$	\$	\$	\$		
<b>Total Cost</b>	<b>Incentive</b>	<b>Loan Balance<sup>1</sup></b>	<b>Monthly Payment</b>	<b>Term<sup>2</sup>, Months</b>	<b>Number of Payments</b>

**Check Made Payable to Contractor  or Customer**  *[customer to select payment method. Note that only one check can be issued]*

<b>Customer Details</b>	<b>Contractor Details</b>
Federal Tax ID or Social Security #, Customer	Federal Tax ID or Social Security #, Contractor

<sup>1</sup> The Loan Balance shall not exceed one-hundred thousand dollars (\$100,000) for commercial customers and shall not exceed two-hundred fifty thousand dollars (\$250,000) for government agency customers, excepting loans to government agency customers where, in PG&E's sole opinion, the opportunity for uniquely large energy savings exist, in which case the Loan Balance may exceed two-hundred fifty thousand dollars (\$250,000) but shall not exceed one million dollars (\$1,000,000).

<sup>2</sup> Commercial loans may have their loan terms extended beyond five years, not to exceed the expected useful life (EUL) of the bundle of energy efficiency measures proposed, when credit and risk factors support this..



PG&E Account # / Service Agreement #	
Account Name, Customer	Name, Contractor
Service Address, Customer	Address, Contractor
Name and Title of Authorized Representative of Customer	Name and Title of Authorized Representative of Contractor
Signature of Authorized Representative of Customer	
Date	

ACCEPTED: Pacific Gas & Electric Company

By	Date
PG&E On-Bill Financing Program Manager	

Address:  
PG&E Integrated Processing Center  
P.O. Box 7265  
San Francisco, CA 94120-7265



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 Decision No. D.09-09-047

Issued by  
**Jane K. Yura**  
 Vice President  
 Regulation and Rates

Date Filed June 17, 2010  
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 Resolution No. \_\_\_\_\_



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**ADVICE 3118-G-A/3667-E-A**

**ATTACHMENT 2:  
OBF PIP**

**PACIFIC GAS AND ELECTRIC COMPANY  
2009-2011 ENERGY EFFICIENCY PORTFOLIO  
PROGRAM IMPLEMENTATION PLAN  
ON-BILL FINANCING PROGRAM  
PROGRAM NUMBER PGE2114**

**~~MAY 14~~, JUNE 2010**

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**2010-2012 Energy Efficiency Portfolio**  
**On-Bill Financing Program**

- 1) Program Name: On-Bill Financing, program number: PGE2114, core
- 2) Projected Program Budget Table

**Table 1**  
**Projected Program Budget**

Program Number	Program	Total Administrative Cost	Total Marketing & Outreach	Loan Pool	Total Direct Implementation (less loan pool)	Total Budget By Program
PGE2114	Off- and On-bill Financing	\$941,123	\$2,217,500	\$18,500,000	\$6,186,360	\$27,844,983
Total		\$941,123	\$2,217,500	\$18,500,000	\$6,186,360	\$27,844,983

- 3) Projected Program Gross Impacts Table

Not applicable; this is a non-resource program, and all energy savings are claimed via the applicable rebate and/or incentive programs.

- 4) Program Description

The On-Bill Financing (OBF) Program offers a financing product designed primarily to facilitate the purchase and installation of qualified energy efficiency retrofit measures by non-residential customers who might not otherwise be able to act given capital constraints and/or the administrative and time burdens involved in obtaining traditional project financing. The program will be offered in conjunction with other PG&E programs in order to break down the “first-cost” barriers which often prevent adoption of energy efficiency measures.

The financing offering is designed to build on the success and lessons learned of similar OBF programs in New England and at the other California investor-owned utilities (IOUs), as well as PG&E’s Small Business Energy Edge off-bill pilot program of 2006-2007. Approved customers who install energy efficiency retrofit projects are eligible to receive a full rebate or incentive from the participating programs and to finance the balance of the project costs.

An \$18.5 million loan pool has been established to fund the energy efficiency retrofit loans during the 2010-2012 Portfolio program cycle, pursuant to Decision (D.) 09-09-047. This loan pool will function as a revolving fund, with loan repayments cycled back through the fund and made available for additional loans. The loan pool funds have been authorized as part of PG&E’s 2010-2012 energy efficiency portfolio to be recovered from customers through public purpose program rates. OBF loan pool funds will be removed from PG&E’s overall portfolio cost effectiveness calculations and loan defaults will be considered a program expense that will be included in PG&E’s portfolio cost-effectiveness calculations going forward.

## 2010-2012 Energy Efficiency Portfolio On-Bill Financing Program

Customers who install qualifying energy efficiency retrofit projects will be eligible to receive the full rebate or incentive offered through PG&E's energy efficiency programs along with the loan to finance project costs. The eligible loan amount will be based on the project cost, less incentives or rebates, up to the loan maximums of the OBF product and within the loan term thresholds.

### PG&E will take the following steps to minimize defaults:

- Non-paying borrowers are subject to discontinuation of service. Any discontinuation of service will be subject to the CPUC rules, including those in R.10-02-005.
- Borrowers will be screened for utility payment history.
- Borrowers will be screened for commercial credit standing.
- The off-bill payment invoicing will be of limited duration, and customer billing will transition to the energy statement after the IT modifications are completed in Q3 2011.
- During off-bill financing, PG&E will send off-bill bills to customers within +/- five calendar days of when their utility bills are mailed.

### **OBF Product Features:**

- Interest-free, unsecured loans with no loan fees, charges or penalties. No penalty for early repayment.
- Commercial Customers: Commercial loans may have their loan terms extended beyond five years, not to exceed the expected useful life (EUL) of the bundle of energy efficiency measures proposed, when credit and risk factors support this. Loans offered from \$5,000-\$100,000 per premises ~~with a maximum five year loan term.~~
- Government Agency Customers: Loans offered from \$5,000- \$250,000 per meter, with a maximum loan term of ten years or useful life of measure(s) (whichever is shorter).
- Loans for Government Agency Customer premises up to a maximum of one million dollars (\$1,000,000) where unique opportunities to capture large energy savings exist.
- Initial loan billing will be through a separate invoice. Monthly billing will be converted to the participating customer's energy statement after the required billing system modifications are completed.
- Loans are not transferable.
- Partial or non-payment of loans could result in shut-off of a customer's utility service and the outstanding debt being turned over for collection, subject to the discontinuance provisions of gas and electric Rule 11—Discontinuance of Service, Section D – Termination of Service for Nonpayment of bills or Credit Requests – Nonresidential.
- Customers who default will be ineligible to participate in financing programs in the future. PG&E will report defaults to the appropriate credit rating agencies.
- Autopay will be available to all OBF customers when PG&E kicks off on-bill in Q3 2011.

## 5) Program Rationale and Expected Outcome

### Quantitative Program Targets

Based on market research<sup>1</sup> we expect and anticipate sufficient interest in the program to lend and/or reserve all loan funds through the 2010-2012 program cycle; however PG&E cannot predict participation with certainty at this time. PG&E expects early adopters of the financing program will be municipalities with strong proclivities towards energy efficiency and sustainability.

PG&E will initially reserve a minimum of 25 percent of loan funds to non-municipal customers. In the event there is a lack of eligible non-municipal customer participation the funding availability will be raised or lowered for each group to ensure all loan funds are utilized.

In order to ensure that a disproportionate share of the funds are not capitalized by Government Agency customers, PG&E will initially reserve a minimum of 25% of the funds for non-municipal customers. The intent of this reservation is to provide a reasonable level of funding availability for non-municipal customers, who by the nature of the program terms are eligible for smaller loan amounts. This reservation is for guidance purposes, as the program must be kept flexible in order to respond to market demand and successfully utilize all loan funds.

The pilot programs of San Diego Gas & Electric Company, Southern California Gas Company, Southern California Edison, and PG&E saw slow initial program adoption. It is unknown whether the interest in OBF brought about by knowledge of other loan programs (within and outside of California) will translate to a rapid customer adoption pattern in PG&E's service territory, or whether the program will experience the gradual adoption curve seen in prior utility loan programs.

Once data on applications and adoption are available post-launch, PG&E will be able to determine a baseline and forecast future program participation with more precision (see Projected Project Launch Activities 3.2.)

### 6) Program Implementation Steps

The financing program will be announced to applicable parties on or before July 1, 2010. The primary vehicle for the initial launch will be through PG&E's utility service representatives, who will be trained (per Activity 1.2 below) on program policies and procedures.. PG&E's staff will be provided with information that can be shared with their customers on program eligibility and how to apply.

Customers who wish to participate in the OBF program must complete an application, which will be submitted to PG&E through their assigned utility service representatives.

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<sup>1</sup>“ On Bill Financing Institutional/Agency Interviews”, August 2008

**2010-2012 Energy Efficiency Portfolio**  
**On-Bill Financing Program**

As with any new product launch, we will initially focus on understanding market demand and the fulfillment process. In order to decrease loan default risk, we will initially target customer categories with traditionally strong credit ratings.

We will use feedback from PG&E utility service representatives and customers to modify the program as needed.

The following outlines the steps and timeline for the design, launch and implementation of the OBF program:

<b>Projected Program Launch Activities</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Pre-Launch Activities</b>			
1.1 Develop internal off-bill process	2010: Q2		
1.2 Conduct Service & Sales training to provide information on OBF program	2010: Q2	Ongoing	Ongoing
1.3 Develop plan for calculating loan terms, tracking applications and tracking loan balances. Develop loan agreement	2010: Q2		
1.4 Develop program launch communications	2010: Q2		
<u>1.5 Meet with Program Managers from Government Partner and Non Residential Retrofit programs to discuss integration of OBF program and roles and responsibilities of different program stakeholders for OBF projects.</u>	<u>Ongoing</u>	<u>Ongoing</u>	<u>Ongoing</u>
<u>1.6 Codify Government Partnership and Non Residential Retrofit program stakeholder responsibilities with OBF</u>	<u>2010: Q2</u>		
<b>Launch Off-Bill Financing</b>			
2.1 Create OBF Application	2010: Q3		
2.2 Communicate OBF program to customers, <u>leveraging use of existing channels of Government Partnership and Commercial programs</u>	2010: Q3	<u>Ongoing</u>	<u>Ongoing</u>
2.3 Conduct internal application processing training	2010: Q3		
2.4 Implement plan to track applications and calculate loan terms	2010: Q3		
<b>Feedback and Forecasting</b>			
3.1 Obtain feedback from Service & Sales on customer response to program launch and outreach activities	2010: Q4	Ongoing	Ongoing

**2010-2012 Energy Efficiency Portfolio**  
**On-Bill Financing Program**

3.2 Forecast product adoption based on activity to date		2011: Q1	Ongoing
3.3 Evaluate program materials and revise as needed		2011: Q1	Ongoing
<b>Fund Completed Projects Through Program</b>			
4.1 Implement loan fulfillment capability	2010: Q3		
4.2 Develop and implement plan for tracking loan commitments, payments and available funds; and associated financial reporting	2010: Q4	Ongoing	Ongoing
<b>Prepare for migration to On-Bill financing</b>			
5.1 Communicate transition to customers		2011: Q3	
5.2 Transfer customer energy statement to On-Bill system		2011: Q3	
<u>External Training (vendors and contractors)</u>		<u>2011: Q23</u>	<u>Ongoing</u>
<u>6.1 Identify external (vendor and contractor) training needs</u>		<u>2011: Q23</u>	<u>Ongoing</u>
<u>6.2 Draft external training material (webinar and/or workshop presentation(s) and handouts on OBF features and process)</u>		<u>2011: Q23</u>	<u>Ongoing</u>
<u>6.3 Edit and finalize external training material</u>		<u>2011: Q23</u>	<u>Ongoing</u>
<u>6.4 Plan external training logistics</u>		<u>2011: Q23</u>	<u>Ongoing</u>
<u>6.5 Execute external training</u>		<u>2011: Q23</u>	<u>Ongoing</u>

To the extent possible, PG&E will minimize costs during the off-bill financing period. To meet this objective, PG&E will use an existing system called the Non-Energy Billing system (NEBs) to process off-bill bills and payments. NEBs has existing processes established for check issuance, invoice generation, payment processing, and collections services that PG&E will be utilizing to minimize operational impact and costs. PG&E also plans to leverage existing processes found in the Non Residential Retrofit program for applications. Finally, PG&E plans to use the learnings and processes developed for the off-bill period in the future on-bill period -- this will ensure that program funds are being leveraged and utilized efficiently. This includes work with the Accounting department on payment procedures, credit screening processes, response to customer inquiries, etc.

- a) Coordination with Statewide IOU's, local utilities and third party programs

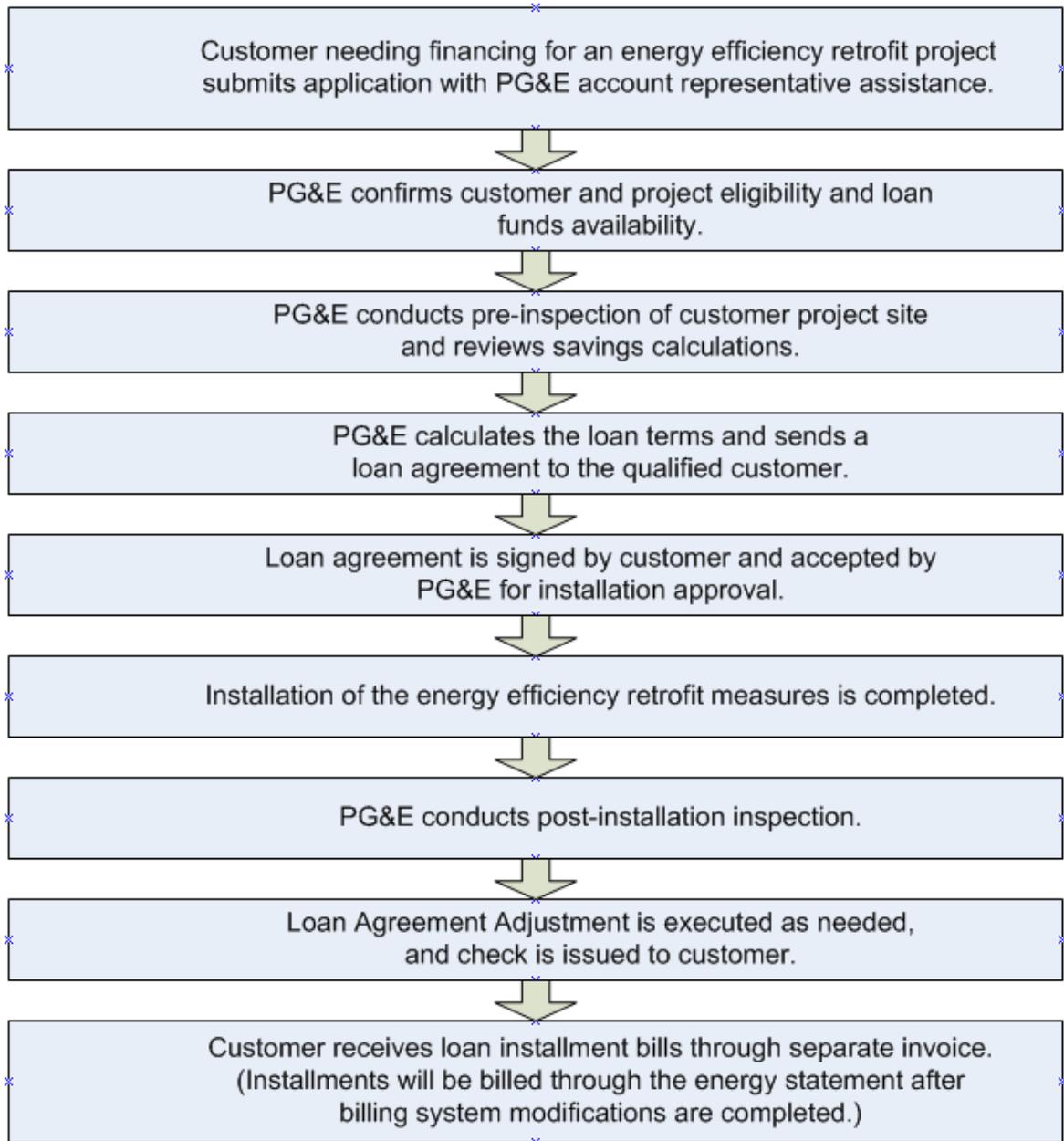
## 2010-2012 Energy Efficiency Portfolio On-Bill Financing Program

For several years PG&E and the other California IOU's have been actively communicating to share program design and implementation lessons. Through a series of statewide conference call and in-person site visits, the various OBF teams have exchanged information on marketing materials, data systems, forms and customer contact materials and customer feedback. There is a strong mutual acknowledgement of the value of this sharing of knowledge and a desire to continue the cooperation.

PG&E will continue to coordinate with the other IOU's, as well as with local utilities and third-party programs targeting the non-residential sector, in order to share best practices and to ensure as much consistency as possible with the OBF product delivery among different program offerings, especially in areas of coverage overlap, in order to avoid confusion for customers and vendors.

7) Diagram of Program

**Off- and On-Bill Financing Flow for Customers**



**ADVICE 3118-G-A/3667-E-A**

**ATTACHMENT 3:  
ET PIP Budget**

**2010-2012 Energy Efficiency Portfolio  
Statewide Emerging Technologies Program**

**Statewide PIP**

- 1) Emerging Technologies Program, PGE2108, core program
- 2) Projected Program Budget Table (PG&E Only)

	Direct Implementation	Admin.	Marketing & Outreach	Total Budget
Technology Assessments	\$ 14,422,755	\$ 3,884,641	\$ 799,509	\$ 19,106,905
Scaled Field Placement	\$ 2,825,069	\$ 361,127	\$ 420,193	\$ 3,606,389
Demonstration Showcases	\$ 2,644,387	\$ 362,681	\$ 646,591	\$ 3,653,659
Market and Behavioral Studies	\$ 2,396,360	\$ 260,736	\$ 150,000	\$ 2,807,096
Technology Development Support	\$ 902,919	\$ 103,589	\$ 60,274	\$ 1,066,782
Business Incubation Support	\$ 799,114	\$ 99,647	\$ 60,274	\$ 959,035
<b>Total</b>	<b>\$ 23,990,604</b>	<b>\$ 5,072,421</b>	<b>\$ 2,136,841</b>	<b>\$ 31,199,866</b>

3) Program Mission

The mission of the Emerging Technologies Program (ETP) is to support increased energy efficiency market demand and technology supply (the term supply encompassing breadth, depth, and efficacy of product offerings) by contributing to development and deployment of new and underutilized energy efficiency (EE) measures (that is, technologies, practices, and tools), and by facilitating their adoption as measures supporting California’s aggressive energy and demand savings goals.

Increased market demand and increased technology supply are reinforcing effects – each working to spur the other. As market demand increases, market-pull leads to technology supply increases. As technology supply increases, changes in perceptions and attitudes, work to stimulate increased market demand.

**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	Douglass & Liddell	Recon Research
Barkovich & Yap, Inc.	Downey & Brand	Recurrent Energy
Bartle Wells Associates	Duke Energy	SCD Energy Solutions
Bloomberg New Energy Finance	Dutcher, John	SCE
Boston Properties	Economic Sciences Corporation	SMUD
Brookfield Renewable Power	Ellison Schneider & Harris LLP	SPURR
C & H Sugar Co.	Foster Farms	Santa Fe Jets
CA Bldg Industry Association	G. A. Krause & Assoc.	Seattle City Light
CAISO	GLJ Publications	Sempra Utilities
CLECA Law Office	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
CSC Energy Services	Green Power Institute	Silicon Valley Power
California Cotton Ginners & Growers Assn	Hanna & Morton	Silo Energy LLC
California Energy Commission	International Power Technology	Southern California Edison Company
California League of Food Processors	Intestate Gas Services, Inc.	Sunshine Design
California Public Utilities Commission	Los Angeles Dept of Water & Power	Sutherland, Asbill & Brennan
Calpine	Luce, Forward, Hamilton & Scripps LLP	Tabors Caramanis & Associates
Cameron McKenna	MAC Lighting Consulting	Tecogen, Inc.
Casner, Steve	MBMC, Inc.	Tiger Natural Gas, Inc.
Chris, King	MRW & Associates	Tioga Energy
City of Glendale	Manatt Phelps Phillips	TransCanada
City of Palo Alto	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	U S Borax, Inc.
Coast Economic Consulting	Mirant	United Cogen
Commerce Energy	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	NRG West	Wellhead Electric Company
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
	Norris & Wong Associates	eMeter Corporation