

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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March 9, 2011

Advice Letters 3165-G and 3165-G-A

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177

**Subject: Annual Gas True-Up of Gas Transportation Balancing Accounts
and other Proposed Gas Rate Changes Effective January 1, 2011
and Supplemental Filing**

Dear Ms. Yura:

The Energy Division approves Advice Letter 3165-G-A and 3165-G (except to the extent AL 3165-G was updated or supplemented by AL 3165-G-A) with an effective date of January 1, 2011.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

November 16, 2010

Advice 3165-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Annual Gas True-Up of Gas Transportation Balancing Accounts
and Other Proposed Gas Rate Changes Effective January 1, 2011**

Purpose

Pacific Gas and Electric Company (“PG&E”) submits this Annual Gas True-Up (“AGT”) of its Gas Transportation Balancing Accounts to revise core and noncore gas transportation rates effective January 1, 2011. This advice letter consolidates gas transportation rate and Public Purpose Surcharge Rate changes authorized by, or currently pending before and expected to be authorized by the California Public Utilities Commission (“Commission” or “CPUC”) effective January 1, 2011.

Background/Summary

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

In this advice letter, PG&E proposes to recover its 2011 gas transportation revenue requirements totaling \$1,804 million, which is a \$16 million increase compared to present rates. The 2011 gas transportation revenue requirements include end-use transportation costs, gas-related public purpose program surcharges (which were submitted for Commission approval in Advice Letter (“AL”) 3161-G), and gas transmission and storage (i.e., Gas Accord V) unbundled costs (See Table 1 below).

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

Description	Currently in Rates	Proposed	Change
End-Use Gas Transportation	\$1,374	\$1,374	\$-
Gas Accord Unbundled Costs	\$168	\$167	(\$1)
Public Purpose Program Surcharges (gas-related)	\$246	\$263	\$17
Total Gas Transportation Revenue Requirements	\$1,788	\$1,804	\$16

Attachment 1 summarizes the proposed 2011 gas transportation revenue requirements. Attachment 2 summarizes the gas transportation balancing accounts, which PG&E proposes to amortize in 2011. In order to provide the CPUC with a preliminary estimate of gas transportation rates and public purpose program surcharges to be effective on January 1, 2011, PG&E includes Attachments 3 through 5 to provide illustrative rates and surcharges incorporating: (1) amounts previously authorized to be recovered in rates, effective January 1, 2011, (2) the forecast December 31, 2010, account balances to be amortized in 2011, and (3) gas transportation rate changes being considered in a number of pending proceedings and advice letters that would result in rate changes effective January 1, 2011. PG&E will supplement this advice letter in December, to reflect all final authorized revenue requirement changes and the recorded November 2010 gas transportation balancing accounts.

Recovery of Transportation Balancing Accounts Already Approved for Amortization in the 2011 AGT

As described in PG&E's Preliminary Statement *C-Gas Accounting Terms and Definitions*, Part 12.b, *Revision Dates*, the AGT updates the customer class charge components of transportation rates to recover all gas transportation-related balancing and memorandum account balances for costs that the Commission has authorized to be recovered in rates. PG&E determines the change in the customer class charge components of transportation rates, as follows:

- 1) Forecasting the December 31, 2010, balance for each gas transportation balancing and memorandum account to be updated in the AGT based on the September 30, 2010, recorded balances and a forecast of costs and revenues, including interest, through December 31, 2010; and

² This table does not include the 2011 gas procurement-related revenue requirement changes, which will be submitted in PG&E's monthly core procurement advice letter in late December 2010.

- 2) Calculating the customer class charge components by dividing the forecasted December 31, 2010, balancing account balance by PG&E's currently adopted BCAP throughput forecast.

Attachment 2 summarizes the forecast December 31, 2010, balances for gas transportation balancing accounts using recorded balances through September 30, 2010. The total year-end 2010 gas transportation balancing account balances are projected to be undercollected by \$103.8 million, as shown in Attachment 1, line 1, and Attachment 2, line 17. This represents a \$45.7 million decrease in the gas transportation balancing account undercollections that are currently amortized in gas transportation rates. Because different balancing accounts are allocated differently to customer classes, the balancing account update results in a \$49.6 million decrease in core transportation revenues and a \$3.9 million increase in noncore transportation revenues.

The remainder of this section describes: (1) the balancing accounts that will be amortized through this AGT advice letter, (2) the recent CPUC decisions impacting the balancing account balances, and (3) PG&E's proposals to recover the forecasted balances in rates, effective January 1, 2011.

Certain account balances are recovered in rates through the Core Fixed Cost Account ("CFCA") and/or Noncore Customer Class Charge Account ("NCA") rate components, as described below. For these accounts, PG&E will transfer the recorded December 2010 balance to the appropriate subaccount of the CFCA and/or NCA, once the AGT is approved.

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

The CFCA records authorized General Rate Case ("GRC") distribution base revenue amounts (with credits and adjustments), certain other core transportation costs, and transportation revenue from core customers. The CFCA has three subaccounts:³

- (i) The Distribution Cost subaccount, which recovers the core distribution base revenue requirement adopted in PG&E's GRC, including Annual Attrition Adjustments and the Cost of Capital Proceedings, and other core distribution-related costs authorized by the Commission. The Distribution Cost subaccount is allocated to core customer classes in proportion to their allocation of distribution base revenues;

³ Additionally, PG&E is currently monitoring the residual balance in the Sempra and Price Indexing Cases Gas Settlement Refund Memorandum Account. PG&E anticipates completing the refund to its core aggregation customers in December 2010. In accordance with PG&E's AL 3129-G, any residual balance will be included in the December 2010 CFCA (Core Cost Subaccount) forecast in the December 2010 AGT supplemental filing.

- (ii) The Core Cost subaccount, which recovers non-distribution-related costs, such as the Self-Generation Incentive Program (“SGIP”) budget and Gas Accord local transmission revenue requirement, adopted by the Commission. The Core Cost subaccount is allocated to core transportation customers on an equal-cents-per-therm basis; and
- (iii) The Winter Gas Savings Program (“WGSP”) Transportation subaccount, which recovers transportation-related WGSP program credits and costs from core customers.

The AGT includes a forecasted \$13.6 million undercollection in the CFCA, which results from:

- (i) A forecasted \$16.4 million undercollection in the Distribution Cost subaccount due primarily to actual core volumes being lower than those forecast in PG&E’s 2005 BCAP (D.05-06-029) for the first seven months of 2010;
- (ii) A forecasted \$6.7 million undercollection in the Core Cost subaccount, due primarily to actual core demand being less than the adopted Gas Accord IV annual core demand used to set Local Transmission rates; and
- (iii) A forecasted \$9.4 million overcollection in the WGSP Transportation Subaccount due to lower than forecast 2010 WGSP credits. In the 2011 AGT, PG&E allocates the year-end 2010 balance in order that each participating core customer class (residential, small commercial, and large commercial) will pay for its own WGSP costs based on the 2010 transportation and procurement-related credits and revenues.

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

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

- (i) The Noncore subaccount, which recovers costs and balances from all noncore customers for non-distribution cost-related items and is allocated on an equal-cents-per-therm basis; and
- (ii) The Interim Relief and Distribution subaccount, which recovers the noncore distribution portion of interim gas revenue requirement changes adopted in GRC decisions and other noncore distribution related costs and balances approved by the Commission. It is allocated to noncore classes in proportion to their allocation of distribution base revenues.

The AGT includes a forecasted \$0.5 million undercollection in the NCA, which results from:

- (i) A forecasted \$0.3 million undercollection in the Noncore subaccount; and
- (ii) A forecasted \$0.2 million undercollection in the Interim Relief and Distribution subaccount.

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

The NDFCA recovers the noncore distribution base revenue requirement. The AGT includes a forecasted \$1.0 million overcollection in the NDFCA. The NDFCA balance is included in the rate component of the Interim Relief and Distribution subaccount of the NCA.

Core Brokerage Fee Balancing Account (CBFBA) - (Attachment 2, Line 7)

The CBFBA ensures that variations between the adopted brokerage fee revenue requirement and actual brokerage fee revenues collected from core procurement customers will flow through core transportation rates. This account was adopted in PG&E's 2005 BCAP decision (D.05-06-029). The AGT includes a forecasted \$1.5 million undercollection in the CBFBA. The CBFBA balance is included in the rate component of the Core Cost subaccount of the CFCA.

Liquefied Natural Gas Balancing Account (LNGBA) - (Attachment 2, Line 8)

The LNGBA records all transportation revenue from customers using experimental liquefied natural gas service. This AGT forecasts a \$0 balance in the LNGBA. The LNGBA balance is included in the rate component of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA.

Hazardous Substance Mechanism (HSM) - (Attachment 2, Line 9)

The HSM provides a uniform methodology for allocating costs and related recoveries associated with covered hazardous substance-related activities, including hazardous substance clean-up and litigation, and related insurance recoveries, as set forth in D.94-05-020 (the original HSM decision) through the Hazardous Substance Cost Recovery Account ("HSCRA"). This AGT forecasts a \$26.9 million undercollection in the HSCRA. The HSCRA balance is included in the rate component of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA.

Balancing Charge Account (BCA) - (Attachment 2, Line 10)

The BCA records the revenue and costs associated with providing gas balancing service, including charges and credits, as described in gas Schedule G-BAL and Gas Rule 14. This AGT forecasts a \$0.6 million overcollection in the BCA, which represents under-delivered gas volumes sold to customers under Schedule G-

BAL. The BCA balance is included in the rate component of the Core Cost subaccount of the CFCA and the Noncore subaccount of the NCA.

Affiliate Transfer Fees Account (ATFA) - (Attachment 2, Line 11)

The ATFA records employee transfer fees paid to PG&E by its holding company, Pacific Gas and Electric Corporation, and affiliates for future ratemaking treatment to ensure that PG&E's customers receive the fees, pursuant to the decision which approved for PG&E to become a wholly owned subsidiary of a holding company (D. 96-11-017). This AGT forecasts a \$0.1 million overcollection in the ATFA, which represents activity in the account for 2010. The ATFA balance is included in the rate component of the Distribution Cost subaccount of the CFCA and the Interim Relief and Distribution Cost subaccount of the NCA.

Customer Energy Efficiency Incentive Account (CEEIA) - (Attachment 2, Line 12)

The CEEIA records the gas portion of any Energy Efficiency Risk Reward Incentive Mechanism ("RRIM") award or penalty that is authorized by the Commission to be recovered in rates. The forecast year-end 2010 balance incorporates the estimated RRIM final true-up claim of \$62.6 million, of which \$8.14 million is attributable to gas, as discussed below. As approved in AL 2929-G/3277-E, PG&E applies no interest to the balance in this account.

SmartMeter™ Project Balancing Account-Gas (SBA-G) - (Attachment 2, Line 13)

The SBA-G recovers the incremental Operating and Maintenance ("O&M") and Administrative and General ("A&G") expenditures, capital-related costs, capital-related revenue requirements, benefits, and revenues associated with the SmartMeter™ Project, as authorized in D.06-07-027. This AGT includes a forecasted \$53.9 million undercollected balance in the SBA-G due primarily to accelerated installation of the gas portion of the SmartMeter™ Project. The SBA-G is recovered through the SmartMeter™ Project rate component.

California Solar Initiative Thermal Program Memorandum Account (CSITPMA) - (Attachment 2, Line 14)

In D.10-01-022, the Commission established the California Solar Initiative ("CSI") Thermal Program to promote the installation of solar water heating systems in homes and businesses pursuant to Assembly Bill ("AB") 1470. PG&E filed AL 3093-G to establish the CSI Thermal Program Memorandum Account ("CSITPMA") to record expenses related to the Thermal Program. Ordering Paragraph ("OP") 16 of D.10-01-022 exempts customers who participate in the California Alternate Rates for Energy ("CARE") or Family Electric Rate Assistance ("FERA") Programs and customers who are currently exempt from funding the Self-Generation Incentive Program from being charged for the Thermal Program's costs. However, AB 1470 provides further detailed language for exemptions on customers who procure natural gas that is used for the purpose that PUC Section

896 specifically excludes.⁴ Currently, PG&E has included the CSITPMA's 2010 year-end undercollected balance, forecasted to be \$1.0 million, in the illustrative gas transportation rates effective January 1, 2011, included with this advice letter. If PG&E is unable to implement changes to its billing system by year-end to accommodate excluding these exempt customers from being charged for the Thermal Program's costs in rates effective January 1, 2011, PG&E will remove the recovery of these CSI Thermal Program costs in the December supplement to this AGT advice letter and include them in a future gas transportation rate change filing.

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

In accordance with the decision authorizing PG&E to recover its employee pension plan contributions (D.06-06-014) and D.07-03-044, which adopted a settlement of PG&E's 2007 GRC, extending the terms of the Pension Settlement for one year with a contribution of \$153.4 million to be made in 2010, the PCBA includes the revenue requirement associated with the difference, if any, between adopted pension contributions and (i) lower contributions for any reason or (ii) federally mandated higher contributions, with the difference to be refunded to or recovered from customers. PG&E's contribution to the pension plan have matched the amounts adopted in D.06-06-014 and D.07-03-044. As a result, PG&E does not expect that the PCBA will have a balance on December 31, 2010.

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

The NTBA-G is used to record the customer share of revenues net of costs and income taxes associated with new Non-Tariffed Products and Services ("NTP&S"), pursuant to CPUC Affiliate Transaction Rule VII. Costs and revenues are tracked for the appropriate disbursement of revenues, net of expense, to customers and shareholders via the 50/50 sharing mechanism as approved by D.99-04-021. The NTBA-G does not apply to NTP&S in PG&E's existing NTP&S catalogue, which remains subject to Other Operating Revenue treatment, consistent with D.99-04-021. In Resolution G-3417, the Commission approved PG&E's proposal to (1) offer the Mover Services Program, (2) recover costs and disburse net revenues through the NTBA-G, (3) transfer the balance at the end of the year from the NTBA-G to the CFCA, and (4) include it in the AGT filing, in order to credit customer revenues pursuant to D.99.04-021. If the balance at the end of the year for any product or service category is a debit (i.e. undercollection), no transfer will be made for that product or service category, and the balance for that product or service category will be reset to zero at the beginning of the year.

⁴ These additionally exempt customers include the entire electric generation customer class, as well as specific customers within various rate classes that are identified in Public Utilities ("PU") Code Section 896, that the State of California is prohibited from taxing under the United States Constitution consistent with California Energy Resources Surcharge Regulation 2315 and 2316, as described in Publication No. 11 issued by the California State Board of Equalization.

PG&E forecasts a \$0.1 million credit balance for this account, as of December 31, 2010; therefore the credit balance will be transferred to the CFCA.

Discussion of Recent and Pending CPUC Proceedings and Advice Letters

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

2011 General Rate Case (GRC) – (Attachment 1, Line 2)

On December 21, 2009, PG&E filed Application (A.) 09-12-020, its 2011 GRC Application, which includes a proposed gas distribution revenue requirement. On October 15, 2010, PG&E, together with DRA, TURN, Aglet Consumer Alliance and nearly all other intervening parties filed a motion seeking approval of a joint settlement agreement to resolve most of the issues raised by the active parties in PG&E's 2011 GRC. PG&E does not expect that the CPUC will issue a final decision on its GRC Application before the end of 2010. As a result, the proposed GRC revenue requirements have not been reflected in the illustrative 2011 rates submitted with this advice letter. If the CPUC issues a final GRC decision by December 16, 2010, PG&E will incorporate the final adopted amounts in the December supplement to this advice letter.

Pension Cost Recovery Mechanism – (Attachment 1, Line 4)

On September 15, 2009, the CPUC issued D.09-09-020, *Decision Approving All Party Settlement Agreement on a Pension Cost Recovery Mechanism*. D.09-09-020 authorized PG&E to implement the revenue requirement changes resulting from the All-Party Settlement Agreement for 2011 into its AGT advice filing. For 2011, D.09-09-020 authorized a \$140.5 million total revenue requirement, of which \$35.0 million was allocated to gas distribution.

Self-Generation Incentive Program (SGIP) – (Attachment 1, Line 5)

On December 17, 2009, the Commission issued D.09-12-047, *Decision Adopting Self-Generation Incentive Program Budget for 2010 and 2011*. In this Decision, the Commission adopted an annual 2010 and 2011 SGIP budget of \$83 million, with allocation across the Investor-Owned Utilities ("IOUs") using the same percentage as prior years. PG&E's allocation of the annual SGIP budget is \$36 million. The recovery of SGIP is split between electric and gas customers in the same manner that energy efficiency ("EE") program costs are allocated, which is 82% electric, 18% gas as approved on October 21, 2010, in AL 3065-G-A/B/3562-E-A/B, effective January 1, 2010. This results in a \$6.5 million allocation to gas customers.

SmartMeter™ Project – (Attachment 1, Line 6)

As authorized by D.06-07-027 the original decision authorizing the Advanced Metering Infrastructure (“AMI”)/SmartMeter™ project deployment, the gas portion of the adopted 2010 SmartMeter™ Project revenue requirement is \$46.0 million and is recovered in rates through the SmartMeter™ Project rate component. As ordered by D.06-07-027, PG&E will collect the revenue requirement over a depreciation life of 20 years and will allocate costs using the adopted methodology. In accordance with approved AL 2752-G-A/G-B and consistent with PG&E’s current methodology for allocating customer and distribution-related costs, PG&E allocates the authorized revenue requirement to each core customer class in proportion to their allocation of distribution base revenues. On October 15, 2010, PG&E and other parties filed a joint settlement agreement on Phase 1 of the General Rate Case, resolving most issues including several related to SmartMeter™. If the settlement agreement is subsequently adopted, PG&E will submit an advice letter filing with revised SmartMeter™ revenue requirements, per the provisions in the settlement agreement.

Winter Gas Savings Program (WGSP) Costs – (Attachment 1, Line 10)

PG&E’s Advice 3130-G-A, approved on September 28, 2010, requested that the CPUC approve a three-year WGSP beginning in 2011. The WGSP program proposed in Advice 3130-G-A is similar to prior year programs in that the purpose of the program is to encourage conservation among core gas customers by providing up to a 20 percent bill credit to those customers who reduce their cumulative gas usage during January and February. PG&E requested a marketing and implementation budget of \$4.3 million for each year of the proposed three-year program. These costs, along with the estimated 2011 WGSP credits, will be recovered in gas transportation and procurement rates beginning on January 1, 2011, for commercial customers and from April 1 to October 31, 2011, for residential customers.

PG&E estimates that total 2011 WGSP bill credits will be \$36 million, compared to \$37 million for the 2010 Program. The transportation-related portion is forecasted to be 51% or \$18 million.

In addition to the 2011 WGSP program costs, the gas transportation rates for January 1, 2011, will include the forecasted year-end 2010 balance in the WGSP Transportation subaccount of the CFCA.

Energy Efficiency Risk Reward Incentive Mechanism (RRIM) – (Attachment 2, Line 12)

In January 2009, a new RRIM Rulemaking 09-01-019 was opened to address, among other things, the resolution of incentive payments associated with the 2006-2008 EE program cycle and the final true-up payment for 2006-2008 by December 2010. In response to the Commission’s ruling on July 6, 2010, and utilizing Energy Division’s Final Scenario Analysis Report and the Joint Utility

Scenario under the true-up process, PG&E is proposing a final true-up claim of \$62.6 million, based on a net benefits split of 87% electric and 13% gas, resulting in the \$8.1 million amount reflected in Attachment 2. PG&E will update the AGT as necessary to reflect a final decision in this proceeding, that is anticipated by the end of the year.

Rate Design and Cost Allocation Adjustments (BCAP Effective August 1, 2010)

The following cost allocation and rate design adjustments per PG&E's BCAP D.10-06-035 have been incorporated into this filing:

- (1) Noncore Sales Revenue Risk:** PG&E's noncore distribution revenue sales risk is eliminated effective August 1, 2010. One hundred percent of the recorded and forecast balancing account activity from August 1 through December 31, 2010, has been included in the Noncore Distribution Fixed Cost account.
- (2) Single Test for PG&E Residential Rate Tier:** PG&E adopted a 1.6-times differential between the Tier 1 and Tier 2 transportation rates paid by non-CARE residential customers. This differential shall remain in effect until addressed in a future cost allocation proceeding.
- (3) Continued Phase-in of Distribution Costs for West Coast Gas Utilities:** PG&E continues to phase-in the distribution cost allocated to the West Coast Gas utilities at a rate of 10 percent annually with each AGT.
- (4) Core Brokerage Fee Rate:** The Core Brokerage Fee remains a litigated item as of the time of preparation of this AGT filing with a final decision expected in time for incorporation into the December supplemental filing. The rates shown in this filing illustratively assume PG&E's proposal of \$.00188 per therm. If a Decision is not issued by December 16, 2010, the currently adopted Core Brokerage Fee will remain in effect on January 1, 2011, and be so included in PG&E's supplemental AGT filing in late December 2010.

Gas Transmission and Storage (Gas Accord V) Revenue Requirement – (Attachment 1, Lines 19-20 and 31-32)

On August 20, 2010, PG&E and all but one of the active parties in the 2011 Gas Transmission and Storage ("GT&S") rate case filed a joint motion seeking approval of a comprehensive settlement agreement, known as Gas Accord V. If approved by the CPUC, Gas Accord V will set the rates, terms, and conditions for PG&E's natural gas transmission and storage system effective for the four-year period from January 1, 2011, to December 31, 2014,⁵ subject to the resolution of issues raised by San Diego Gas & Electric/Southern California Gas Company.

⁵ PG&E's Gas Accord V Settlement Agreement, Section 7.1 and Table A-3.

The total 2011 revenue requirement authorized if Gas Accord V is approved is \$514.2 million. This AGT includes \$202.5 million for local transmission service and customer access, as well as \$167.5 million for unbundled backbone and storage service. The remaining \$144.2 million is related to the core procurement-related revenue requirement, which is recovered through the core monthly procurement pricing advice letter process.

On October 8, PG&E and Settlement Parties filed a motion requesting that the Commission allow the Gas Accord V revenue requirements and rates be effective January 1, 2011, subject to refund or adjustment since final resolution of this matter is not expected by year-end 2010. PG&E expects a ruling on the motion by December 2010.

In the event that a final decision is not issued on the Gas Accord V Settlement Agreement by December 2010 and the Commission does not approve the motion to put Gas Accord V Settlement rates into effect on January 1, 2011, the Gas Accord IV provides that the rates, terms and conditions of service in effect as of December 31, 2010, will remain in effect, with an automatic 2% escalation in local transmission rates as of January 1, 2011.

California Air Resources Board (CARB) Administration Fee – (Attachment 1, Line 8)

On August 2, 2010, PG&E filed a joint-IOU application A.10-08-002 to recover the California Air Resources Board's ("ARB") AB32 Cost of Implementation Fee from its gas transportation customers excluding specific (mostly very large) customers who will be directly billed by ARB. The ARB is responsible for implementing Assembly Bill 32, the Global Warming Solutions Act of 2006, which set the 2020 greenhouse gas emissions ("GHG") reduction goal into law. The ARB invoice will be based on 2008 end-use gas transportation and electric generation (including imported electricity) with a GHG component. Currently, PG&E has included \$4.7 million for the estimated cost of the AB32 Cost of Implementation Fee in the illustrative rates included with this advice letter. On November 10, 2010, the CPUC issued a proposed decision authorizing PG&E and the other California IOUs to file advice letters establishing memorandum accounts to track actual expenditures associated with the AB 32 Cost of Implementation Fee. If PG&E does not have both an invoice from ARB and CPUC authorization for recovery of these costs by December 16, 2010, PG&E will remove the amount from its December supplement to this AGT advice letter.

Natural Gas In-Kind Shrinkage

In November 2010, PG&E will submit advice letter 3164-G for revisions to the natural gas in-kind shrinkage allowances for backbone transmission and distribution service shown in PG&E's Gas Rule 21—*Transportation of Natural Gas*. In D.03-12-061, the Commission authorized the shrinkage allowances to be

updated annually or as necessary at other times of the year to match the actual shrinkage experienced on PG&E's system. This is reflected in Gas Preliminary Statement Part C—*Gas Accounting Terms and Definitions*, Part C.12.c., and Gas Rule 21, which states that PG&E may adjust distribution, transmission and storage shrinkage annually through an advice letter compliance filing, or as necessary at other times of the year through a separate advice letter filing. The annual gas true-up advice filing incorporates proposed changes shown in AL 3164-G.

Gas Public Purpose Program Authorized Funding

This AGT incorporates gas PPP surcharge changes that are proposed in Advice 3161-G, as submitted on October 29, 2010. The gas PPP surcharge rate impacts on customers are shown in Attachment 1.

PU Code Sections 890-900 and D.04-08-010 authorize a gas rate surcharge to fund Public Purpose Programs. Advice 3161-G updates the natural gas PPP surcharge rates to fund authorized energy efficiency ("EE"), low-income energy efficiency ("LIEE"), CARE and public-interest research, development and demonstration ("RD&D") programs.

The gas PPP surcharges proposed in Advice 3161-G include:

- 1) Total gas PPP program funding of \$154.7 million, which represents an increase of \$15.1 million from 2010, in authorized funding for gas Public Purpose Programs for EE, LIEE, CARE administrative expenses, RD&D, and Board of Equalization administrative costs;
- 2) Amortization over 12 months of forecasted December 31, 2010, balances in the PPP surcharge balancing accounts totaling a \$2.3 million overcollection; and
- 3) A projected 2011 CARE revenue shortfall of \$110.5 million, which represents a \$1.1 million increase from the forecasted 2010 CARE customer discount due to an increase in the forecast of CARE volumes compared to 2010 which is partially offset by a decrease in the underlying assumptions of gas costs. This shortfall is included in the PPP-CARE portion of the gas PPP surcharge rates for 2011.

This projected CARE revenue shortfall assumes a 2011 annual illustrative residential procurement rate of \$0.58 per therm ("th"). The projected CARE revenue shortfall also reflects an estimate of CARE-eligible customers and related information on enrollment benchmarks to be achieved in 2011.

Effective Date

PG&E requests that this filing be approved effective **January 1, 2011**.

As noted above, average rates are shown on Attachments 3 through 5 of this filing. PG&E will submit final rates and preliminary statement changes in December 2010,⁶ in its advice letters that will consolidate all year-end gas rate changes authorized to be effective on January 1, 2011. Changes to core gas transportation rates will be incorporated into the monthly core procurement advice filing for rates effective January 1, 2011, with a separate advice letter for noncore gas transportation and Gas Accord rates effective January 1, 2011.

Protests

Anyone wishing to protest this advice letter may do so by sending a letter by **December 6, 2010**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

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

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below:

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

⁶ The advice letter for monthly core gas procurement rates will be submitted in a separate advice letter in December 2010.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, and the service lists below. Address changes to the General Order 96-B service and all electronic approvals should be directed to PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Jane Yura / lmt". The signature is written in a cursive style.

Vice President - Regulation and Rates

cc: 2009 Biennial Cost Allocation Proceeding (BCAP) (A.09-05-026)
Gas PPP Surcharge (R.02-10-001)
2011 Gas Transmission and Storage Proceeding (A.09-09-013)
Eugene Cadenasso, Energy Division

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3165-G**

Tier: **2**

Subject of AL: **Annual Gas True-Up of Gas Transportation Balancing Accounts and Other Proposed Gas Rate Changes Effective January 1, 2011**

Keywords (choose from CPUC listing): Compliance, Transportation Rates, Balancing Account

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

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

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

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

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

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

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

Resolution Required? Yes No

Requested effective date: **January 1, 2011**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): \$1,804 million

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

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

Tariff schedules affected: see advice letter

Service affected and changes proposed¹: N/A

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

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

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Jane 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

ATTACHMENT 1

PACIFIC GAS AND ELECTRIC COMPANY
2011 ANNUAL GAS TRUE-UPILLUSTRATIVE 2011 ANNUAL END-USE TRANSPORTATION, GAS ACCORD V REVENUE REQUIREMENTS,
AND PUBLIC PURPOSE PROGRAMS AUTHORIZED FUNDING
(\$ THOUSANDS)

Line No.		Present in Rates as of 8/1/2010	Proposed as of 1/1/2011	Total Change	Core	Noncore / Unbundled	Line No.
END-USE GAS TRANSPORTATION							
1	Gas Transportation Balancing Accounts	149,426	103,773	(45,653)	(49,608)	3,955	1
2	GRC Distribution Base Revenues (w/ FF&U)	1,084,066	1,084,066	0	(17)	17	2
3	Front Counter Closures (w/ FF&U)	(355)	(355)	-	-	-	3
4	Pension	29,355	35,009	5,654	5,457	197	4
5	Self Generation Incentive Program Revenue Requirement	6,120	6,480	360	143	217	5
6	SmartMeter™ Project	45,997	45,997	-	-	-	6
7	CPUC Fee	3,210	3,210	(0)	-	-	7
8	ARB AB 32 Cost of Implementation Fee	-	4,664	4,664	2,722	1,942	8
9	Core Brokerage Fee Credit (with FF&U)	(8,421)	(4,950)	3,471	3,471	-	9
10	Winter Gas Savings Program - Transportation	2,274	2,179	(95)	(95)	-	10
11	ClimateSmart™	-	-	-	-	-	11
	Less CARE discount recovered in PPP surcharge from non-CARE customers (3)	(109,433)	(110,499)	(1,066)	(1,067)	-	12
13	Less PPP-CARE Shortfall Not Collected in Proposed Rates	-	-	-	-	-	13
14	Non-base FF&U	2,515	2,020	(495)	(559)	64	14
15	Total Transportation RRQ with Adjustments and Credits	1,204,755	1,171,594	(33,161)	(39,554)	6,392	15
16	Procurement-Related G-10 Total	(1,583)	(1,148)	435	435	-	16
17	Procurement-Related G-10 Total Allocated	1,583	1,148	(435)	(172)	(263)	17
18	Total Transportation Revenue Requirements Reallocated	1,204,755	1,171,594	(33,161)	(39,291)	6,129	18
	Gas Accord Transportation Revenue Requirements						
19	Local Transmission	164,000	197,833	33,833	15,532	18,301	19
20	Customer Access	5,174	4,691	(483)	-	(483)	20
21	Total Gas Accord Transportation RRQ	169,174	202,524	33,350	15,532	17,818	21
22	Total End Use Gas Transportation RRQ	1,373,928	1,374,118	190	(23,759)	23,947	22
PUBLIC PURPOSE PROGRAMS (PPP) FUNDING							
23	Energy Efficiency	64,875	77,850	12,975	11,675	1,300	23
24	Low Income Energy Efficiency	61,938	64,284	2,346	2,111	235	24
25	Research and Development and BOE Administrative Fees	10,882	10,633	(249)	(136)	(114)	25
26	CARE Administrative Expense	1,843	1,904	61	28	32	26
27	Total Authorized PPP Funding	139,538	154,671	15,133	13,678	1,453	27
28	PPP Surcharge Balancing Accounts	(2,490)	(2,302)	188	306	(117)	28
29	CARE discount recovered from non-CARE customers	109,433	110,499	1,066	165	901	29
30	Total PPP Required Funding	246,481	262,868	16,387	14,149	2,237	30
GAS ACCORD UNBUNDLED COSTS							
31	Backbone Transmission	160,593	131,698	(28,895)	-	(28,895)	31
32	Storage	7,750	35,795	28,045	-	28,045	32
33	Total Gas Accord Unbundled	168,343	167,493	(850)	-	(850)	33
34	TOTAL REVENUE REQUIREMENTS	1,788,752	1,804,479	15,727	(9,610)	25,334	34

Notes:

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

ATTACHMENT 1A

**PACIFIC GAS AND ELECTRIC COMPANY
2011 ANNUAL GAS TRUE-UP**

**ILLUSTRATIVE 2011 ANNUAL END-USE TRANSPORTATION, GAS ACCORD V REVENUE REQUIREMENTS,
AND PUBLIC PURPOSE PROGRAMS AUTHORIZED FUNDING
(\$ THOUSANDS)**

Line No.		Proposed as of 1/1/2011	Core	Noncore / Unbundled	Line No.
	END-USE GAS TRANSPORTATION				
1	Gas Transportation Balancing Accounts	103,773	87,910	15,863	1
2	GRC Distribution Base Revenues	1,084,066	1,046,431	37,635	2
3	Front Counter Closures	(355)	(355)	-	3
4	Pension	35,009	33,794	1,215	4
5	Self Generation Incentive Program Revenue Requirement	6,480	2,569	3,911	5
6	SmartMeter™ Project	45,997	45,997	-	6
7	CPUC Fee	3,210	1,970	1,240	7
8	ARB AB 32 Cost of Implementation Fee	4,664	2,722	1,942	8
9	Core Brokerage Fee Credit	(4,950)	(4,950)	-	9
10	Winter Gas Savings Program - Transportation	2,179	2,179	-	10
11	ClimateSmart™	-	-	-	11
12	Less CARE discount recovered in PPP surcharge from non-	(110,499)	(110,499)	-	12
13	Less PPP-CARE Shortfall Not Collected in Proposed Rates	-	-	-	13
14	Non-base FF&U	2,020	1,733	287	14
15	Total Transportation RRQ with Adjustments and Credits	1,171,594	1,109,501	62,093	15
16	Procurement-Related G-10 Total	(1,148)	(1,148)	-	16
17	Procurement-Related G-10 Total Allocated	1,148	453	695	17
18	Total Transportation Revenue Requirements Reallocated	1,171,594	1,108,806	62,788	18
	Gas Accord Transportation Revenue Requirements				
19	Local Transmission	197,833	130,386	67,447	19
20	Customer Access	4,691	-	4,691	20
21	Total Gas Accord Transportation RRQ	202,524	130,386	72,138	21
22	Total End Use Transportation RRQ	1,374,118	1,239,192	134,926	22
	PUBLIC PURPOSE PROGRAMS (PPP) FUNDING				
23	Energy Efficiency	77,850	70,052	7,798	23
24	Low Income Energy Efficiency	64,284	57,845	6,439	24
25	Research and Development and BOE Administrative Fees	10,633	6,767	3,866	25
26	CARE Administrative Expense	1,904	1,128	776	26
27	Total Authorized PPP Funding	154,671	135,792	18,879	27
28	PPP Surcharge Balancing Accounts	(2,302)	2,267	(4,569)	28
29	CARE discount recovered from non-CARE customers	110,499	65,447	45,052	29
30	Total PPP Required Funding	262,868	203,506	59,362	30
	GAS ACCORD UNBUNDLED COSTS				
31	Backbone Transmission	131,698	-	131,698	31
32	Storage	35,795	-	35,795	32
33	Total Gas Accord Unbundled	167,493	-	167,493	33
34	TOTAL REVENUE REQUIREMENTS	1,804,479	1,442,698	361,781	34

Notes:

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

ATTACHMENT 2

**PACIFIC GAS AND ELECTRIC COMPANY
2011 ANNUAL GAS TRUE-UP
BALANCING ACCOUNT FORECAST SUMMARY
(\$ THOUSANDS)**

Line No.		Balance		Allocation		Line No.		
		Sep. 10 Recorded Dec. 10 Forecast	Core	Noncore	December 2009 Recorded (3)		Core	Noncore
GAS TRANSPORTATION BALANCING ACCOUNTS								
1	CFCA - Distribution Cost Subaccount	\$16,368	\$16,368	\$0	\$72,451	\$72,451	\$0	1
2	CFCA - Core Cost Subaccount	\$6,669	\$6,669	\$0	\$10,106	\$10,106	\$0	2
3	CFCA - 10/20 Winter Gas Savings Subaccount - Transportation	(\$9,449)	(\$9,449)	\$0	\$10,877	\$10,877	\$0	3
4	Noncore Distribution Fixed Cost Account	(\$1,020)	\$0	(\$1,020)	\$876	\$0	\$876	4
5	NC Customer Class Charge (Noncore Subaccount)	\$319	\$0	\$319	(\$932)	\$0	(\$932)	5
6	NC Customer Class Charge (Interim Relief and Distribution Subaccount)	\$215	\$0	\$215	\$120	\$0	\$120	6
7	Core Brokerage Fee Balancing Account	\$1,462	\$1,462	\$0	\$1,382	\$1,382	\$0	7
8	Liquefied Natural Gas Balancing Account (1)	\$0	\$0	\$0	(\$134)	(\$56)	(\$78)	8
9	Hazardous Substance Balance	\$26,880	\$10,601	\$16,279	\$20,772	\$8,731	\$12,041	9
10	Balancing Charge Account	(\$626)	(\$247)	(\$379)	(\$632)	(\$266)	(\$366)	10
11	Affiliate Transfer Fee Account	(\$84)	(\$81)	(\$3)	(\$99)	(\$96)	(\$3)	11
12	Customer Energy Efficiency Incentive Recovery Account - Gas	\$8,180	\$8,109	\$71	\$4,874	\$4,833	\$41	12
13	SmartMeter™ Project Balancing Account (SBA-G)	\$53,910	\$53,910	\$0	\$31,840	\$31,840	\$0	13
14	California Solar Initiative Thermal Program Memorandum Account	\$1,021	\$596	\$425	\$0	\$0	\$0	14
15	Pension Contribution Balancing Account	\$0	\$0	\$0	\$0	\$0	\$0	15
16	Non-Tariffed Products and Services Balancing Account	(\$72)	(\$28)	(\$44)	\$0	\$0	\$0	16
17	Sum of Transportation Balancing Accounts	\$103,773	\$87,910	\$15,863	\$151,501	\$139,802	\$11,699	17
PUBLIC PURPOSE PROGRAM (PPP) SURCHARGE BALANCING ACCOUNTS								
18	PPP-Energy Efficiency (2)	\$12,076	\$10,867	\$1,209	\$7,998	\$7,197	\$801	18
19	PPP-Low Income Energy Efficiency (2)	(\$262)	(\$236)	(\$26)	\$8,111	\$7,299	\$812	19
20	PPP-Research Development and Demonstration (2)	(\$76)	(\$48)	(\$28)	\$521	\$331	\$190	20
21	California Alternate Rates for Energy Account (2)	(\$14,040)	(\$8,316)	(\$5,724)	(\$17,021)	(\$10,279)	(\$6,742)	21
22	Sum of Public Purpose Program Balancing Accounts	(\$2,302)	\$2,267	(\$4,569)	(\$391)	\$4,548	(\$4,939)	22
23	TOTAL BALANCING ACCOUNTS	\$101,471	\$90,177	\$11,294	\$151,110	\$144,350	\$6,760	23

Footnotes:

- The "Liquefied Natural Gas Balancing" was titled "Natural Gas Vehicle Balancing Account" prior to January 2009.
- These balances were included in the 2011 PPP Gas Surcharge filed in AL 3161-G on October 29, 2010.
- These balances are the recorded balances as of December 2009. The 12/09 ending balances that were provided in the 2010 AGT AL 3060-G-A were the forecasted balances (based on recorded balances through November 2009). Also, although the Balancing Charge Account shows a balance, no amount was transferred.

Notes:

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

ATTACHMENT 3

PACIFIC GAS AND ELECTRIC COMPANY
2011 Annual Gas True-Up (AGT)

**AVERAGE END-USER GAS TRANSPORTATION RATES AND PUBLIC PURPOSE PROGRAM SURCHARGES (2)
(\$/ft; Annual Class Averages)**

Line No.	Customer Class	Rates Effective August 1, 2010			January 1, 2011 Rates/Surcharges (5)			% Change (3) (C)
		Transportation	G-PPPS (2)	Total	Transportation	G-PPPS (2)	Total	
RETAIL CORE (1)								
1	Residential Non-CARE (4)	\$.548	\$.077	\$.625	\$.534	\$.084	\$.618	(2.7%)
2	Small Commercial Non-CARE (4)	\$.363	\$.049	\$.412	\$.357	\$.051	\$.408	(1.6%)
3	Large Commercial	\$.141	\$.084	\$.225	\$.148	\$.094	\$.241	4.6%
4	NGV1 - (uncompressed service)	\$.105	\$.026	\$.131	\$.113	\$.027	\$.140	7.8%
5	NGV2 - (compressed service)	\$ 1.388	\$.026	\$ 1.414	\$ 1.335	\$.027	\$ 1.362	(3.8%)
RETAIL NONCORE (1)								
6	Industrial - Distribution	\$.120	\$.041	\$.161	\$.122	\$.043	\$.165	2.2%
7	Industrial - Transmission	\$.028	\$.033	\$.061	\$.034	\$.035	\$.069	20.0%
8	Industrial - Backbone	\$.007	\$.033	\$.040	\$.009	\$.035	\$.044	23.9%
9	Electric Generation - Transmission (G-EG-D/LT)	\$.022		\$.022	\$.029		\$.029	27.2%
10	Electric Generation - Backbone (G-EG-BB)	\$.007		\$.007	\$.008		\$.008	18.6%
11	NGV 4 - Distribution (uncompressed service)	\$.120	\$.026	\$.145	\$.122	\$.027	\$.149	2.2%
12	NGV 4 - Transmission (uncompressed service)	\$.022	\$.026	\$.048	\$.028	\$.027	\$.055	26.3%
WHOLESALE CORE AND NONCORE (G-WSL) (1)								
13	Alpine Natural Gas	\$.028		\$.028	\$.030		\$.030	5.7%
14	Coalinga	\$.027		\$.027	\$.031		\$.031	11.9%
15	Island Energy	\$.048		\$.048	\$.048		\$.048	0.3%
16	Palo Alto	\$.021		\$.021	\$.026		\$.026	24.3%
17	West Coast Gas - Castle	\$.109		\$.109	\$.108		\$.108	(1.4%)
18	West Coast Gas - Mather Distribution	\$.107		\$.107	\$.125		\$.125	16.4%
19	West Coast Gas - Mather Transmission	\$.028		\$.028	\$.033		\$.033	16.4%

(1) Transportation Only rates include: i) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable). Transport only customers must arrange for their own gas purchases and transportation to PG&E's cylinder/local transmission system.
 (2) D. 04-08-010 authorized PG&E to remove the gas public purpose surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, energy efficiency, Research Development and Demonstration program and BOE/CPUC Administration costs from transportation rates and into its own separate surcharge tariff. Certain customers are exempt from paying the PPP surcharge; see tariff G-PPPS for details. G-PPPS rates are determined annually in PG&E's PPP Filing.
 (3) Rates are rounded to 3 decimals for viewing ease. Percentage rate changes are calculated on a 5-digit basis.
 (4) CARE Customers receive a 20% discount off of the total bundled rate and are exempt from the CARE portion of PG&E's Public Purpose Program Surcharge (G-PPPS) rates.
 (5) Certain customers identified by the Air Resources Board (ARB) will be billed directly by the ARB for the ARB Administration Fee and will be exempt from this component in PG&E's transportation rates.

ATTACHMENT 5
PACIFIC GAS AND ELECTRIC COMPANY
2011 Annual Gas True-Up (AGT)
ALLOCATION OF GAS END-USE TRANSPORTATION REVENUE REQUIREMENTS AND PUBLIC PURPOSE PROGRAM SURCHARGE REVENUES ACROSS CLASSES
(\$'000)

Line No.	GAS GRG, ATTRITION, PENSION & COST OF CAPITAL DISTRIBUTION-LEVEL REVENUE REQUIREMENTS	Residential*	Small Commercial*	Large Commercial*	Core NGV	Compression Cost for G-NGV2	Subtotal Core	Industrial Distribution	Industrial Transmission	Industrial Backbone	Electric Gen	Noncore NGV	WC Gas Mather**	WC Gas Castle**	Other Wholesale	Noncore & Wholesale
1	Customer	602,477	525,644	70,050	1,499	81	597,253	3,709	211	0	1,304	0	0	0	0	5,224
2	Distribution	500,244	348,925	112,359	4,958	841	467,063	21,364	8,103	0	3,588	0	59	47	0	33,161
3	C-NGV2 Compression Cost	2,920	0	0	0	2,920	2,920	0	0	0	0	0	0	0	0	0
4	Allocation of Base Distribution Franchise Fees	10,810	8,392	1,750	62	9	10,241	241	80	0	47	0	1	0	0	358
5	Allocation of Base Distribution Uncollectibles Expense	2,825	2,295	466	16	2	2,727	64	21	0	12	0	0	0	0	98
6	Totals Before Core Averaging	1,119,075	885,196	184,628	6,535	913	1,080,225	25,377	8,415	0	4,951	0	59	48	0	38,850
7	Re-Allocation Due to Core Averaging*	0	(29,433)	29,433	0	0	0	0	0	0	0	0	0	0	0	0
8	Final Allocation of Distribution Revenue Requirement	1,119,075	855,763	214,068	6,535	913	1,080,225	25,377	8,415	0	4,951	0	59	48	0	38,850
	Distribution-Level Revenue Requirement Allocation %	100.00000%	76.47058%	19.12814%	0.59398%	0.26406%	96.52835%	2.28768%	0.75195%	0.00000%	0.44245%	0.00000%	0.0652%	0.00425%	0.00000%	3.47165%

Line No.	CUSTOMER CLASS COSTS WITHOUT RATE COMPONENTS	Residential*	Small Commercial*	Large Commercial*	Core NGV	Compression Cost for G-NGV2	Subtotal Core	Industrial Distribution	Industrial Transmission	Industrial Backbone	Electric Gen	Noncore NGV	WC Gas Mather**	WC Gas Castle**	Other Wholesale	Noncore & Wholesale
9	Core Fixed Cost Act. Bal. - Distribution Cost Subaccount	12,967	3,243	99	14	45	16,368	0	0	0	0	0	0	0	0	0
10	Core Fixed Cost Act. Bal. - Core Cost Subaccount - ECPT	4,628	1,823	172	47	0	6,669	0	0	0	0	0	0	0	0	0
11	CFCA-Winter Gas Savings Program Transportation Portion	16,149	4,039	123	0	0	20,312	0	0	0	0	0	0	0	0	0
12	Noncore Customer Class Charge Account - ECPT	0	0	0	0	0	0	19	103	1	194	0	0	0	3	319
13	Noncore Customer Class Charge Account - Interim Retailer	0	0	0	0	0	0	140	47	0	(130)	0	0	(2)	0	215
14	NG Distribution Fixed Cost Act.	0	0	0	0	0	0	(687)	(221)	0	(130)	0	0	(1)	0	(1,020)
15	CA Solar Hot Water Heating	377	196	18	5	0	587	65	356	3	0	1	0	0	0	425
16	Natural Gas Vehicle Account Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Hazardous Substance Balance	7,356	2,998	273	74	0	10,601	952	5,256	43	9,872	19	4	2	130	16,279
18	Non-Tariffed Products and Services	(2,857)	(1,126)	(106)	(29)	0	(4,117)	0	(14)	(0)	(26)	0	0	0	0	(44)
19	Core Brokerage Fee Credit (Gas Brokerage Costs w/o FF&U)	(681)	(91)	(2)	(0)	0	(774)	0	0	0	0	0	0	0	0	0
20	Core Brokerage Fee Credit (Sales/Marketing Costs w/o FF&U)	(66)	(14)	(0)	(0)	0	(81)	(2)	(1)	(0)	(0)	0	0	0	0	(3)
21	Affiliate Transfer Fee Account	(626)	(67)	(6)	(2)	0	(702)	(22)	(122)	(2)	(230)	(0)	(0)	(0)	(3)	(379)
22	Balancing Charge Account	314	124	12	3	0	453	41	225	1	422	1	0	0	6	695
23	G-10 Procurement-related Employee Discount Allocated	1,462	1,014	400	38	0	1,462	0	0	0	0	0	0	0	0	0
24	Brokerage Fee Balance Account	(1,148)	0	0	0	0	(1,148)	0	0	0	0	0	0	0	0	0
25	G-10 Procurement-related Employee Discount	(278)	(70)	(2)	(0)	(1)	(351)	0	0	0	0	0	0	0	0	0
26	2007 GRC Office Closure (net of FF&U)	(8,611)	(779)	(60)	0	0	(9,449)	0	0	0	0	0	0	0	0	0
27	Gas Reimbursable Fees Account Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	WGPS Balancing Account	1,782	702	65	17,821	0	2,569	231	1,274	10	2,392	5	0	0	0	3,911
29	Climate Protection Tuif	6,480	0	0	0	0	6,480	0	0	0	0	0	0	0	0	20,399
30	Self Gen Incentive Program Forecast Period Cost	30,755	11,272	623	140	44	42,894	754	6,902	57	12,520	26	3	2	135	20,399
31	Subtotals of Items Transferred to CFCA and NCA	175	(175)	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Re-Allocation Due to Core Averaging	30,931	11,097	623	140	44	42,894	754	6,902	57	12,520	26	3	2	135	20,399
33	Alloc. After Core Averaging	376	155	8	2	0	520	9	84	1	152	0	0	0	1	248
34	Franchise Fees and Uncoll. Exp. on Items Above	887,070	225,290	7,165	1,054	2,999	1,233,579	26,141	15,401	58	17,624	26	62	49	136	59,486
35	Subtotals with FF&U and Other Bal. Acct. Forecast Period Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Total of Items Collected via CFCA, NCA, and NDFCA	1,183,075	887,070	225,290	7,165	1,054	1,233,579	26,141	15,401	58	17,624	26	62	49	136	59,486

Line No.	CUSTOMER CLASS COSTS WITH THEIR OWN RATE COMPONENTS	Residential*	Small Commercial*	Large Commercial*	Core NGV	Compression Cost for G-NGV2	Subtotal Core	Industrial Distribution	Industrial Transmission	Industrial Backbone	Electric Gen	Noncore NGV	WC Gas Mather**	WC Gas Castle**	Other Wholesale	Noncore & Wholesale
37	EOR Balancing Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	CEE Incentive	8,180	7,137	951	20	1	16,289	50	3	0	18	0	0	0	0	71
39	AB32 ARB Implementation Fee	1,869	1,869	744	70	19	4,561	2,722	245	11	332	5	0	0	1,942	
40	Smart Meter™ Project Forecast Period Costs	45,997	36,439	9,115	278	39	126	45,997	0	0	0	0	0	0	0	0
41	SmartMeter™ Project Balancing Account (SBA-G)	53,910	42,708	10,663	326	46	147	53,910	0	0	0	0	0	0	0	0
42	CPUC FEE	3,210	1,368	538	51	13,751	1,870	177	977	8	75	4	0	0	1,240	
43	Subtotals for Customer Class Charge Items	115,662	86,541	22,091	745	18	112,708	471,978	2,930	19	425	8	0	0	0	3,254
44	Re-Allocation Due to Core Averaging	0	(2,375)	2,375	0	(273)	(0)	0	0	0	0	0	0	0	0	0
45	Allocation after Remaining Core Averaging	115,662	84,166	24,466	745	391	112,708	472	2,930	19	425	8	0	0	0	3,254
46	Franch. Fee and Uncoll. Exp. on Items Above	1,409	1,059	297	9	5	1,370	6	28	0	0	0	0	0	0	40
47	Subtotals of Other Costs	117,371	88,224	24,703	755	396	114,077	478	2,958	19	430	9	0	0	0	3,293
48	Allocation of Total Transportation Costs	1,300,446	975,294	249,993	7,920	1,450	2,999	26,618	17,759	77	18,054	35	62	49	136	62,790

Line No.	RECONCILIATION WITH REVENUE REQUIREMENTS TABLE FOR END-USERS TRANSPORTATION TOTALS	Residential*	Small Commercial*	Large Commercial*	Core NGV	Compression Cost for G-NGV2	Subtotal Core	Industrial Distribution	Industrial Transmission	Industrial Backbone	Electric Gen	Noncore NGV	WC Gas Mather**	WC Gas Castle**	Other Wholesale	Noncore & Wholesale
49	WGPS-T Rebate Recovery (w/o FF&U)	(18,133)	(14,416)	(3,606)	(110)	0	(18,133)	0	0	0	0	0	0	0	0	0
50	Franchise Fees and Uncollectibles Expense	(175)	(441)	(1)	(1)	0	(220)	0	0	0	0	0	0	0	0	0
51	Total End-User Transportation Rev. Req. Excluding Gas Accord	960,702	246,343	7,809	1,450	2,999	1,219,303	26,618	17,759	77	18,054	35	62	49	136	62,790

ATTACHMENT 5 (continued)
PACIFIC GAS AND ELECTRIC COMPANY
2011 Annual Gas True-Up (AGT)
ALLOCATION OF GAS END-USE TRANSPORTATION REVENUE REQUIREMENTS AND PUBLIC PURPOSE PROGRAM SURCHARGE REVENUES ACROSS CLASSES
(\$000)

	Residential*		Small Commercial*		Large Commercial		Core NGV	Compression Cost for G-NGV/2	Subtotal Core	Industrial Distribution	Industrial Transmission	Industrial Backbone	Electric Gen	Noncore NGV	WC Gas Mather**	WC Gas Castle**	Other Wholesale	Noncore & Wholesale
	Residential*	Commercial*	Small Commercial*	Large Commercial														
ADOPTED REVENUE REQUIREMENTS ALLOCATIONS FOR GAS ACCORD ITEMS IN TRANSPORTATION	TOTAL																	
52 Local Transmission	197,833	0	29,349	1,836	411	0	0	6,810	27,050	0	0	0	32,140	106	43	24	1,234	67,447
53 Customer Access Charge	4,691	0	0	0	0	0	0	0	2,473	0	0	0	2,116	9	9	9	84	4,691
54 Total End-User Gas Accord Transportation Costs	202,524	0	29,349	1,836	411	0	0	6,810	29,523	0	0	0	34,256	106	52	33	1,318	72,138
55 Gross End-User Transportation Costs in Rates	1,484,617	1,059,493	275,692	9,845	1,861	2,999	0	33,423	47,322	77	77	77	52,310	141	114	82	1,464	134,928
56 Less Forecast CARE Discount recovered in PPP Surcharges	110,499	110,499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57 Net End-User Transportation Costs in Rates	1,374,118	948,993	275,692	9,845	1,861	2,999	0	33,423	47,322	77	77	77	52,310	141	114	82	1,464	134,928
ALLOCATION OF PUBLIC PURPOSE PROGRAM SURCHARGES UNDER PER PG&E AL 3161-G	TOTAL																	
58 PPP-EE Surcharge	77,850	61,361	0	2,447	0	0	0	2,092	5,699	46	46	46	0	0	0	0	0	7,798
59 PPP-EE Balancing Account	12,076	9,519	969	380	0	0	0	10,967	325	878	7	7	0	0	0	0	0	1,210
60 PPP-LIEE Surcharge	64,284	50,668	5,156	2,021	0	0	0	1,728	4,673	38	38	38	0	0	0	0	0	6,439
61 PPP-LIEE Balancing Account	(262)	(206)	(8)	(8)	0	0	0	(7)	(19)	(0)	(0)	(0)	0	0	0	0	0	-26
62 PPP - RD&D Programs	10,349	4,598	1,782	166	25	41	0	6,585	578	3,147	25	25	12	12	12	12	3,762	
63 PPP - RD&D Balancing Account	(76)	(34)	(13)	(1)	(0)	(0)	0	(4)	(23)	(0)	(0)	(0)	0	0	0	0	-28	
64 PPP-CARE Discount Allocation Set Annually	110,499	41,631	21,339	1,893	494	9	0	65,447	37,686	305	305	305	143	143	143	2	45,052	
65 PPP-CARE Administration Expense	1,904	717	368	34	34	9	0	1,123	119	648	5	5	2	2	2	2	776	
66 PPP-CARE Balancing Account	(14,040)	(5,289)	(2,711)	(252)	(83)	(83)	0	(8,315)	(878)	(4,788)	(39)	(39)	0	(16)	(16)	(16)	-5,724	
67 PPP-Admin Cost for BOE and CPUC	284	126	49	5	1	1	0	-181	86	1	1	1	0	0	0	0	103	
68 Subtotal	262,869	163,090	33,162	6,773	492	0	0	203,507	10,896	47,948	388	388	0	140	0	0	0	56,362
69 Re-Allocation Due to Core Averaging	0	(6,359)	6,359	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70 Allocation after Remaining Averaging	262,869	156,731	39,521	6,773	492	0	0	203,507	10,896	47,948	388	388	0	140	0	0	0	56,362
UNBUNDLED REVENUE REQUIREMENTS	TOTAL																	
71 Unbundled Gas Transmission and Storage Revenue Requirement	167,493	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GAS REVENUE REQUIREMENT AND PPPS FUNDING REQUIREMENT IN RATES	TOTAL																	
72 Total Transportation, PPPS, Procurement, and Unbundled Costs	1,504,480	1,059,493	275,692	9,845	1,861	2,999	0	33,423	47,322	77	77	77	52,310	141	114	82	1,464	134,928
73 Cross-check with Table 5-H (Gas Revenue Requirement Table)	1,504,479	1,059,493	275,692	9,845	1,861	2,999	0	33,423	47,322	77	77	77	52,310	141	114	82	1,464	134,928
74 Difference	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

* Residential and Small Commercial Classes are 25% averaged
 ** Wholesale Customer West Coast Gas is allocated 50 % of its full Distribution Cost allocation as of January 1, 2011

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

Alcantar & Kahl LLP	Division of Business Advisory Services	Occidental Energy Marketing, Inc.
Ameresco	Douglass & Liddell	OnGrid Solar
Anderson & Poole	Downey & Brand	Praxair
Arizona Public Service Company	Duke Energy	R. W. Beck & Associates
BART	Dutcher, John	RCS, Inc.
Barkovich & Yap, Inc.	Economic Sciences Corporation	Recurrent Energy
Bartle Wells Associates	Ellison Schneider & Harris LLP	SCD Energy Solutions
Bloomberg	Foster Farms	SCE
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SMUD
Boston Properties	GLJ Publications	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
Braun Blaising McLaughlin, P.C.	Green Power Institute	Santa Fe Jets
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
CA Bldg Industry Association	Hitachi	Sempre Utilities
CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sunshine Design
Calpine	MAC Lighting Consulting	Sutherland, Asbill & Brennan
Casner, Steve	MBMC, Inc.	Tabors Caramanis & Associates
Chris, King	MRW & Associates	Tecogen, Inc.
City of Palo Alto	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	McKenzie & Associates	TransCanada
Clean Energy Fuels	Merced Irrigation District	Turlock Irrigation District
Coast Economic Consulting	Modesto Irrigation District	United Cogen
Commercial Energy	Morgan Stanley	Utility Cost Management
Consumer Federation of California	Morrison & Foerster	Utility Specialists
Crossborder Energy	NLine Energy, Inc.	Verizon
Davis Wright Tremaine LLP	NRG West	Wellhead Electric Company
Day Carter Murphy	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North America Power Partners	
Dept of General Services	North Coast SolarResources	