

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 3, 2011

Advice Letters 3195-G and 3195-G-A

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

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

Dear Mr. Cherry:

Advice Letters 3195-G and 3195-G-A are effective April 25, 2011.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



March 24, 2011

Advice 3195-G

Pacific Gas and Electric Company (U 39-G)

Public Utilities Commission of the State of California

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

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its Gas rule 25. The revised tariff sheets are enclosed as Attachment 1 to this filing.

Purpose

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

1. Add tariff provisions, which are common to most standard energy contracts in use today, that will protect PG&E from certain credit risks and PG&E's Customers from the effects of credit defaults that may otherwise be passed on to them through rates.
2. Provide clarity in how PG&E addresses distressed financial situations or event of default scenarios for our Customers.
3. Allow PG&E to take appropriate and timely actions to mitigate our business risk and potential financial losses critical in today's economic environment.
4. Include minor punctuation changes and consistent language when referring to Agreement and/or exhibits or attachments.

Proposed Rule 25 Changes

The proposed significant changes are listed in sequential order below. In addition, there are minor punctuation, grammatical, renumbering and consistent reference of terminology changes in each affected section that are shown in the track-changes version attached hereto but not listed below in the interest of clarity.

B. ESTABLISHMENT OF CREDIT

1. APPLICATION FOR CREDIT

- Specifies the “most recent three years” as timeframe for annual reports and U.S. Securities and Exchange Commission Form 10-K referenced on Customer’s credit application to PG&E

2. CONTINUATION OF CREDITWORTHINESS

- Replaces “financial” with “adverse” in defining material adverse change
- Adds language “including but not limited to cross default, failure to perform obligations under PG&E’s tariff(s) and/or agreements, downgrade by major credit rating agencies, misrepresentation, acquisition without assumption,” to existing examples of a material change a Customer can experience
- Adds “and amount and by an issuer” as conditions for acceptance of additional credit in a form acceptable to PG&E

3. MINIMUM CREDITWORTHINESS CRITERIA FOR UNSECURED CREDIT

- Removes option of third party providing acceptable security on behalf of Customer and executing PG&E’s General Guarantee
- Replaces “will” with “may” and removes words “up to a maximum credit” when qualifying for an unsecured credit limit
- Removes reference to Dun & Bradstreet as a credit condition
- Adds “or PG&E’s financial exposure to the Customer exceeds the Customer’s then-applicable credit limit,” as an additional condition under which PG&E may request secured credit

4. CREDIT STANDARDS UTILIZING SECURITY

- Adds “and by an issuer” as an additional criteria to satisfy secured credit requirements acceptable to PG&E
- Adds “and amount and by an issuer” in defining security acceptable to PG&E
- Specifies that security must be submitted before any transaction can be entered between a Customer and PG&E under the agreements.
- Replaces “financial” with “adverse” when referencing material adverse change

B. ESTABLISHMENT OF CREDIT (Cont'd)

4. CREDIT STANDARDS UTILIZING SECURITY (Cont'd)

- Adds language that additional security be “in a form” and amount and “by an issuer acceptable to”, and removes “required by” PG&E under criteria used to maintain that Customer’s credit position

a. ACCEPTABLE FORMS OF SECURITY

1) Cash Deposit

- Adds language that defines a cash deposit to PG&E as granting PG&E a first priority security interest in the cash deposit to secure the Customer’s obligation to PG&E
- Replaces “calculated” with “accrued” in reference to interest on deposits
- Specifies that interest will be paid from the date fully deposited up to “one day before” a refund as opposed to the “date of” a refund
- Broadens forms of refund by removing reference to “check or a credit to a Customer’s account” as the forms of refund

2) Letter of Credit

- Removes “renewable” reference to irrevocable standby letter of credit
- Removes “major financial” in description of institution acceptable to PG&E
- Replaces “major financial institution” with “institution”
- Removes reference to PG&E’s acceptance of a substitute form of letter of credit and solely cites PG&E’s standard form of letter of credit as acceptable form to be used

3) Surety Bond

- Removes Surety Bond paragraph in its entirety as an acceptable form of security

B. ESTABLISHMENT OF CREDIT (Cont'd)

4. CREDIT STANDARDS UTILIZING SECURITY (Cont'd)

a. ACCEPTABLE FORMS OF SECURITY (Cont'd)

4) Guarantee

- Replaces “execution of PG&E’s General Guarantee” with “A guaranty in form, substance and amount satisfactory to PG&E” and cites PG&E’s standard form of guaranty to be used as an acceptable form of security

b. AMOUNT OF SECURITY

- Adds language which specifies security requirements for gas lend deals as follows: “except for gas lend deals, under which the amount of security must be equal to the sum of maximum potential market value of the gas lent to the Customer and fees owing to PG&E,”

c. REDUCING SECURED CREDIT REQUIREMENTS

- Replaces “will” with “may” in reference to returning the appropriate amount of security when a Customer with secured credit later qualifies for unsecured credit or credit requirement is reduced

C. BILLING AND PAYMENT TERMS

2. PAYMENT TERMS

- Clarifies payment term language that Customer “shall make full payment” to PG&E “by the due date on PG&E’s bill” and removes reference to “transmittal” date on bill

3. LATE PAYMENT

- a. Redefines how interest rate is determined for past due payments. Replaces “equal to” with “per annum rate” and replaces “on non-financial commercial paper (3 month) for the previous months as reported in the Federal Reserve Statistical Release, H.15, or its

C. BILLING AND PAYMENT TERMS (Cont'd)

3. LATE PAYMENT (Cont'd)

a. (Cont'd)

successor publication” with “equal to the prime lending (rate) as may from time to time be published in the Wall Street Journal under ‘Money Rates’ on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%)”

D. DEFAULT

1. EVENTS OF DEFAULT

- Adds two conditions to the list of events of default under which PG&E may declare an event of default and terminate the defaulting Customer’s agreement and exhibits or attachments: 1) the Customer has failed to return the gas borrowed from PG&E by the due date under a gas lend deal; or 2) The Customer has failed to meet balancing account requirement

2. REMEDIES FOR DEFAULT

- Modifies the language, as follows, that further specifies conditions under which PG&E has the right to exercise remedies for default: “Notwithstanding any other provision in PG&E’s gas tariffs, including but not limited to G-BAL, the following remedies shall apply to events of default by a Customer, including but not limited to, the failure by a Customer to repay gas on the due date specified for such repayment,”
- Replaces “may” with “shall have the right to” under listing remedies for default
- Modifies language, as follows, to clarify course of action PG&E shall have the right to invoke upon Customer default: 1) “declare an early termination date on which some of the Customer’s obligations under all or some agreements shall terminate” 2) “require that the Customer accelerate the performance of all the Customer’s obligations under all agreements with PG&E” 3) “use, set off or draw on all security provided by the Customer” and 4) “sell Customer’s gas on PG&E’s system to satisfy the Customer’s obligations”

Part F. REESTABLISHMENT OF CREDIT

2.

- Replaces the words “material change in a Customer’s financial position” with “material adverse change occurring to” a Customer as a criterion for re-establishing credit
- Replaces “pays bills after they are due” with “pays bills after the due date”

To reiterate, in addition to the tariff changes noted above, PG&E also proposes changes to correct minor items such as terminology, grammar and punctuation. These changes are also shown in the track-changes version of the tariff attached hereto. Examples of these changes include replacing “Guarantee” with “Guaranty, word changes for consistency in references, and punctuation changes.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **April 13, 2011**, which is 20 days from the date of this filing. Protests should be mailed to:

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

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

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

The protest also should be sent via U.S. Mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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

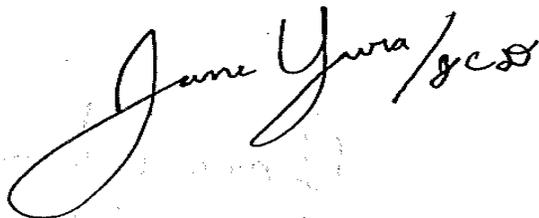
Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this Tier 2 advice filing, upon Energy Division approval, become effective April 25, 2011.

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 e-mail 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 / gcs". The signature is written in a cursive style with a large loop for the letter 'J'.

Vice President – Regulation and Rates

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: Conor Doyle

Phone #: 415-973-7817

E-mail: jcdt@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) #: 3195-G

Tier: 2

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

Keywords (choose from CPUC listing): Core

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

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

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:

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: _____

Resolution Required? Yes No

Requested effective date: April 25, 2011

No. of tariff sheets: 15

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

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

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

Tariff schedules affected: Gas Rule 25

Service affected and changes proposed:

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
Advice 3195-G**

| Cal P.U.C. Sheet No. | Title of Sheet | Cancelling Cal P.U.C. Sheet No. |
|---------------------------------|---|--|
| 28816-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 1 | 27747-G |
| 28817-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 2 | 21410-G |
| 28818-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 3 | 27748-G |
| 28819-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 4 | |
| 28820-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 5 | 27749-G |
| 28821-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 6 | 27750-G |
| 28822-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 7 | 27751-G |
| 28823-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 8 | |
| 28824-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 9 | 27752-G |

**ATTACHMENT 1
Advice 3195-G**

| Cal P.U.C. Sheet No. | Title of Sheet | Cancelling Cal P.U.C. Sheet No. |
|---------------------------------|--|--|
| 28825-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 10 | 27753-G |
| 28826-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 11 | 27754-G |
| 28827-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 12 | |
| 28828-G | GAS RULE NO. 25 GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS Sheet 13 | 27755-G |
| 28829-G | GAS TABLE OF CONTENTS Sheet 1 | 28810-G |
| 28830-G | GAS TABLE OF CONTENTS Sheet 6 | 28611-G |



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

A. GENERAL

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

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

To receive gas products and services from PG&E, a Customer must either establish an unsecured credit line or provide security to PG&E sufficient to meet PG&E's total financial exposure, based on all products and services for which a Customer has contracted with PG&E. The amount of credit established for or security required of a Customer is a function of that Customer's creditworthiness.

PG&E will apply credit evaluation criteria and make decisions under this Rule on a non-discriminatory basis subject, however, to the reasonable exercise of decision making. PG&E may, from time to time, modify the creditworthiness requirements applicable to a Customer based on changes in that Customer's service requirements and/or overall financial condition. (T)

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

(Continued)



GAS RULE NO. 25 Sheet 2
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT

1. APPLICATION FOR CREDIT

Each Customer shall complete, execute, and submit a California Gas Transmission Credit Application (Form No. 79-868). The following financial information must be provided to PG&E in order for PG&E to evaluate a Customer's creditworthiness.

- a. Customer's annual reports for the most recent three years. (N)
- b. Customer's U.S. Securities and Exchange Commission (SEC) Form 10-K for the most recent three years, or (D)
(N)
 - 1) If SEC Form 10-K is not available, substitute audited annual financial information (including a balance sheet, income statement, notes to the financial statements and cash flow statement).
 - 2) If audited statements are unavailable, substitute unaudited annual financial information (including a balance sheet, income statement, and cash flow statement) accompanied by an attestation by Customer's Chief Financial Officer that the information is true, correct and a fair representation of Customer's current and foreseeable future financial condition.
- c. Customer's most recent quarterly SEC Form 10-Q and/or quarterly financial statements.
- d. A complete list of Customer's corporate affiliates, parent companies and subsidiaries.
- e. Other Customer financial information as may be required by PG&E.

PG&E will use the information above to determine a Customer's maximum credit line, either secured or unsecured.

A creditworthiness evaluation may be conducted by an outside credit analysis agency, to be determined by PG&E, with final credit approval granted by PG&E. Credit reports will remain strictly confidential between the credit analysis agency and PG&E.

(Continued)



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

B. ESTABLISHMENT OF CREDIT (Cont'd.)

2. CONTINUATION OF CREDITWORTHINESS

To assure the continued validity of an established credit line, a Customer shall submit complete financial statements satisfactory to PG&E at least annually and, upon PG&E's request, more frequently. If (a) PG&E determines, in its sole judgment, that a Customer has experienced a material adverse change, including but not limited to cross default, failure to perform obligations under PG&E's tariff(s) and/or agreements, downgrade by major credit rating agencies, misrepresentation, acquisition without assumption, that has affected or could adversely affect that Customer's creditworthiness, or (b) a Customer does not provide financial information as requested by PG&E, PG&E may request (additional) credit support. If a Customer fails, for whatever reason, to provide additional credit support in a form and amount and by an issuer acceptable to PG&E upon PG&E's request, then PG&E may terminate that Customer's GTSA and/or exhibits to the GTSA, NBAA and/or exhibits to the NBAA or CTA Agreement and/or attachments to the CTA Agreement.

3. MINIMUM CREDITWORTHINESS CRITERIA FOR UNSECURED CREDIT

PG&E's approval of an unsecured credit line will be based upon the financial position of that Customer, and the amount of PG&E's potential financial exposure. A Customer meeting one of the following criteria may qualify for an unsecured credit limit as determined by PG&E.

- a. Long-term debt/bond rating of BBB or better for Standard & Poor's or Baa2 or better for Moody's. (N)
I
I
(N)
- b. Moody's rating [short-term] of P-2 or better. (D)/(N)
(D)
- c. Standard & Poor's rating [short-term] of A-2 or better. (T)
- d. Audited financial statements, which demonstrate a Customer's creditworthiness. (T)
(L)

(Continued)



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

- B. ESTABLISHMENT OF CREDIT (Cont'd.) (N)
3. MINIMUM CREDITWORTHINESS CRITERIA FOR UNSECURED CREDIT (N)
 (Cont'd.) (N)

Notwithstanding that a Customer may have previously qualified for (L)
 unsecured credit, security may be requested at a future date if PG&E |
 becomes aware of a material change in a Customer's payment pattern, |
 financial position, or a change in a Customer's published debt ratings or |
 expected change in debt ratings due to the issuances of a negative outlook |
 by either Moody's or Standard & Poor's which would cause a Customer's |
 long-term or short-term debt rating to be less than specified in these criteria, |
 or PG&E's financial exposure to the Customer exceeds the Customer's (N) |
 then-applicable credit limit, or if the provisions of this Rule are changed. (N) (L)

(Continued)



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

- B. ESTABLISHMENT OF CREDIT (Cont'd.) (L)
4. CREDIT STANDARDS UTILIZING SECURITY I
- If PG&E denies unsecured credit to a Customer, or if PG&E determines subsequently during the term of the service under PG&E's rate schedules, that a Customer no longer satisfies the criteria for unsecured credit, the Customer may still obtain credit approval if the Customer elects to provide security in a form and amount and by an issuer acceptable to PG&E. (N) I
- Additionally, a Customer may provide security in a form and amount and by an issuer acceptable to PG&E in lieu of the creditworthiness evaluation, in which case, the security must be submitted to PG&E before any transaction can be entered between the Customer and PG&E under the GTSA, NBAA or CTA Agreement. Such security may not be used by a Customer as a means of or substitute for the timely payment of that Customer's regular monthly bills. (N) I
- After PG&E determines a Customer is eligible for credit, secured or unsecured, that Customer may be required, after service begins, to provide additional security to maintain its credit position if PG&E becomes aware of a material adverse change that has affected or could adversely affect that Customer's creditworthiness, or if the provisions of this Rule are changed. A Customer's failure, for whatever reason, to provide additional security within three (3) business days of PG&E's request therefore, in a form and amount and by an issuer acceptable to PG&E to maintain that Customer's credit position, shall constitute an event of default. (N) I
- a. ACCEPTABLE FORMS OF SECURITY I
- 1) Cash Deposit I
- By providing a cash deposit to PG&E, a Customer grants to PG&E a first priority security interest in the cash deposit to secure the Customer's obligation to PG&E. The amount of a deposit taken to establish credit may be subject to adjustment upon request by a Customer and/or upon review by PG&E. (N) I
- (L)

(Continued)



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

B. ESTABLISHMENT OF CREDIT (Cont'd.)

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

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

- | | | |
|---|-----------------------------------|---------------------|
| 4) Prepayment for Products and Services Rendered | (T) | (L) |
| Periodic prepayments on a mutually agreed-upon schedule will be based on the quantity and rate for products and services as specified in a Customer's GTSA and/or exhibits to the GTSA, NBAA and/or exhibits to the NBAA or CTA Agreement and/or attachments to the CTA Agreement, and must be agreed upon between a Customer and PG&E prior to commencement of services. | (N) (N) (D) | |
| Prepayments and actual charges will be reconciled at month-end billing time unless otherwise agreed. If payment of reconciled actual charges is not received by 4:00 P.M. on the due date, PG&E will notify a Customer of non-payment. If payment is not received by close of business on the next business day, PG&E may terminate a Customer's GTSA and/or exhibits to the GTSA, NBAA and/or exhibits to the NBAA or CTA Agreement and/or attachments to the CTA Agreement. Any payment received after the due date will be considered past due and subject to the conditions described in Section C.3, herein. | (N) (N)/ (D) (N)/ (D) | |
| 5) Customer-Owned Gas in Storage. | (T) | |
| With PG&E's agreement, Customer-owned gas in park or storage accounts, may be used as collateral, in which case, PG&E has the right to sell such gas in order to satisfy that Customer's performance or financial obligations to PG&E. | | |
| 6) Other forms of security that PG&E may, at its sole discretion, find acceptable. | (T) | (L) |

(Continued)



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

- B. ESTABLISHMENT OF CREDIT (Cont'd.) (N)
- 4. CREDIT STANDARDS UTILIZING SECURITY (Cont'd.) (N)
- b. AMOUNT OF SECURITY (L)
- Where applicable, the amount of security must be equal to at least sixty (60) days of a Customer's maximum potential financial exposure to PG&E for all products and services contracted for by a Customer with PG&E, as estimated by PG&E, except for gas lend deals, under which the amount of security must be equal to the sum of maximum potential market value of the gas lent to the Customer and fees owing to PG&E. (N) (L)

(Continued)



GAS RULE NO. 25 Sheet 9
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd.)

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

b. AMOUNT OF SECURITY (Cont'd.)

(T) (L)

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

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

(N)
(D)

c. REDUCING SECURED CREDIT REQUIREMENTS

If a Customer later qualifies for unsecured credit with PG&E or Customer's creditworthiness requirement is otherwise reduced, PG&E may return the appropriate amount of security upon a Customer's request and/or upon review by PG&E.

(D)
(N)

C. BILLING AND PAYMENT TERMS

1. BILLING

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

2. PAYMENT TERMS

A Customer shall make full payment to PG&E by the due date on PG&E's bill. The bill will be considered past due and a Customer in default if the bill is not paid in full within fifteen (15) days after the due date on the bill.

(N)
(D)
(N) (L)

(Continued)



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

- | | | |
|---|-------------------|--------------|
| C. BILLING AND PAYMENT TERMS (Cont'd.) | (T) | |
| 3. LATE PAYMENT | | (L) |
| a. Interest on any past due bill or portion of a past due bill shall accrue on a daily basis, beginning the day after any bill was due and payable and continuing until the day full payment of the past due bill or portion of a past due bill and all accrued interest thereon is received by PG&E. The applicable interest rate shall be the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%). | (N) | |
| b. If a bill issued to a Customer remains unpaid after fifteen (15) days, that Customer is in default and PG&E will issue a notice of payment default. If a bill issued to a Customer is still unpaid seven (7) days after the aforementioned notice of payment default is issued, PG&E may terminate that Customer's GTSA and/or exhibits to the GTSA, NBAA and/or exhibits to the NBAA or CTA Agreement and/or attachments to the CTA Agreement without any further notice. | (N) (N) (D) | |
| 4. COLLECTION | | |
| PG&E will pursue normal collection activity with Customers for nonpayment of PG&E charges. | | |
| 5. BILLING DISPUTES | | |
| Billing disputes will be resolved in accordance with the terms and conditions in a Customer's service agreement(s) or applicable exhibit(s) or attachment(s). | (N) | |
| D. DEFAULT | | |
| 1. EVENTS OF DEFAULT | | |
| PG&E may declare an event of default under the following conditions and, if it elects to do so, may immediately terminate the defaulting Customer's agreements (GTSA, NBAA, CTA Agreement, and all exhibits or attachments thereto), and that Customer's right to conduct business with PG&E. Events of default include, but are not necessarily limited to: | (N) (N) | (L) |

(Continued)



GAS RULE NO. 25 Sheet 11
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

D. DEFAULT (Cont'd.)

1. EVENTS OF DEFAULT (Cont'd.)

- | | | |
|---|-----|-----|
| | (T) | (L) |
| • The Customer's bill remains unpaid, or is not paid in full, seven (7) days after the notice of payment default has been issued by PG&E; | | |
| • The Customer has filed a petition for bankruptcy protection; | (D) | |
| • The Customer has failed to meet credit criteria set forth herein within the specified timeframe; | (D) | |
| • The Customer has failed to return the gas borrowed from PG&E by the due date under a gas lend deal; or | (N) | |
| • The Customer has failed to meet balancing account requirement. | (N) | |

2. REMEDIES FOR DEFAULT

- | | | |
|--|-----|-----|
| Notwithstanding any other provision in PG&E's gas tariffs, including but not limited to G-BAL, the following remedies shall apply to events of default by a Customer, including but not limited to, the failure by a Customer to repay gas on the due date specified for such repayment, PG&E shall have the right to: | (N) | |
| • declare an early termination date on which all or some of the Customer's obligations under all or some agreements shall terminate; | (N) | |
| • require that the Customer accelerate the performance of all the Customer's obligations under all agreements with PG&E; | | |
| • use, set off or draw on all security provided by the Customer; and | (N) | |
| • sell Customer's gas on PG&E's system to satisfy the Customer's obligations. | (D) | |
| | | (L) |

(Continued)



GAS RULE NO. 25 Sheet 13
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

- | | | |
|----|--|-------------------------------------|
| E. | TERMINATION OF SERVICE (Cont'd.) | (L) |
| | 2. If, at the time of termination, a Customer has an outstanding balance on a PG&E account, any security held on that Customer's account shall be treated as a pre-payment and shall be applied to any unpaid balance without further notice. | |
| | 3. If collection efforts are required to recover unpaid account balances, a Customer will be liable for any costs, expenses and attorneys' fees incurred by PG&E as a result of such collection efforts. Payment by a Customer of all such costs, expenses and attorneys' fees will be a condition of future re-establishment of creditworthiness. | |
| | 4. If a Customer has a physical shortfall (e.g., imbalance or outstanding Market Center obligation) at the time of termination, any gas that Customer has on the PG&E system may, at PG&E's election, become the property of PG&E and be used by PG&E to offset that shortfall. | |
| F. | REESTABLISHMENT OF CREDIT | |
| | 1. A Customer who previously has been a Customer of PG&E and whose service agreements or applicable exhibits or attachments have been terminated, completely or in part, shall be required to reestablish credit in accordance with Sections A. and B., herein. | (N) (N) (N) |
| | 2. In the event PG&E becomes aware of a material adverse change occurring to a Customer, or if a Customer pays bills after the due date, that Customer may be required to reestablish credit, or may have its credit line reduced or may be subject to establishing secured credit in accordance with Sections A. and B., herein. | (N) (D) (N) (N) (N) (L) |



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PG&E Advice 3195-G
March 24, 2011

Attachment A

Red-line of Gas Rule 25



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

A. GENERAL

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

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

To receive gas products and services from PG&E, a Customer must either establish an unsecured credit line or provide security to PG&E sufficient to meet PG&E's total financial exposure, based on all products and services for which a Customer has contracted with PG&E. The amount of credit established for, or security required of a Customer is a function of that Customer's creditworthiness.

PG&E will apply credit evaluation criteria and make decisions under this Rule on a non-discriminatory basis, subject, however, to the reasonable exercise of decision-making. PG&E may, from time to time, modify the creditworthiness requirements applicable to a Customer based on changes in that Customer's service requirements and/or overall financial condition. (T)

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

(Continued)



GAS RULE NO. 25 Sheet 2
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT

1. APPLICATION FOR CREDIT

Each Customer shall complete, execute, and submit a California Gas Transmission Credit Application (Form No. 79-868). The following financial information must be provided to PG&E in order for PG&E to evaluate a Customer's creditworthiness.

- a. Customer's ~~most recent~~ annual reports for the most recent three years. (N)
- b. Customer's ~~most recent~~ U.S. Securities and Exchange Commission (SEC) Form 10-K for the most recent three years, or (D)
(N)
 - 1) If SEC Form 10-K is not available, substitute audited annual financial information (including a balance sheet, income statement, notes to the financial statements and cash flow statement).
 - 2) If audited statements are unavailable, substitute unaudited annual financial information (including a balance sheet, income statement, and cash flow statement) accompanied by an attestation by Customer's Chief Financial Officer that the information is true, correct and a fair representation of Customer's current and foreseeable future financial condition.
- c. Customer's most recent quarterly SEC Form 10-Q and/or quarterly financial statements.
- d. A complete list of Customer's corporate affiliates, parent companies and subsidiaries.
- e. Other Customer financial information as may be required by PG&E.

PG&E will use the information above to determine a Customer's maximum credit line, either secured or unsecured.

A creditworthiness evaluation may be conducted by an outside credit analysis agency, to be determined by PG&E, with final credit approval granted by PG&E. Credit reports will remain strictly confidential between the credit analysis agency and PG&E.

(Continued)



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

B. ESTABLISHMENT OF CREDIT (Cont'd.)

2. CONTINUATION OF CREDITWORTHINESS

To assure the continued validity of an established credit line, a Customer shall submit complete financial statements satisfactory to PG&E at least annually and, upon PG&E's request, more frequently. If (a) PG&E determines, in its sole judgment, that a Customer has experienced a material ~~financial adverse change, including but not limited to cross default, failure to perform obligations under PG&E's tariff(s) and/or agreements, downgrade by major credit rating agencies, misrepresentation, acquisition without assumption,~~ that has affected or could adversely affect that Customer's creditworthiness, or (b) a Customer does not provide financial information as requested by PG&E, ~~PG&E may request (additional) credit support. If or (e)-~~ a Customer fails, for whatever reason, to provide additional credit support in a form ~~and~~ amount and ~~by an issuer~~ acceptable to PG&E upon PG&E's request, then PG&E may terminate that Customer's GTSA ~~and/or~~ exhibits to the GTSA, ~~NBAA and/or exhibits to the NBAA or CTA Agreement and/or attachmentsexhibits to the CTA Agreement, and/or NBAA or exhibits to the NBAA.~~

(N)
 |
 |
 (N)
 |
 (N)
 |
 (N)
 |
 (N)
 |
 (N)
 |
 (N)
 |
 (D)

3. MINIMUM CREDITWORTHINESS CRITERIA FOR UNSECURED CREDIT

PG&E's approval of an unsecured credit line will be based upon the financial position of that Customer, and the amount of PG&E's potential financial exposure. A Customer ~~(or a third party, on behalf of a Customer, providing acceptable security hereunder and executing PG&E's General Guarantee)~~ meeting one of the following criteria ~~may will~~ qualify for ~~an~~ unsecured credit ~~up to a maximum credit~~ limit as determined by PG&E.

(D)
 (D)
 (D)/(N)
 (D)
 (D)

a. Long-term debt/bond rating of BBB or better for Standard & Poor's or Baa2 or better for Moody's.

~~b. Dun & Bradstreet composite credit appraisal of "2" or better (i.e., good).~~

(D)/(T)

~~be.~~ Moody's rating [short-term] of P-2 or better.

(T)

~~ce.~~ Standard & Poor's rating [short-term] of A-2 or better.

(T)

~~de.~~ Audited financial statements, which demonstrate a Customer's creditworthiness.

(L)

(Continued)



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

- B. ESTABLISHMENT OF CREDIT (Cont'd.) (N)
3. MINIMUM CREDITWORTHINESS CRITERIA FOR UNSECURED CREDIT (N)
 (Cont'd.) (N)

Notwithstanding that a Customer may have previously qualified for (L)
 unsecured credit, security may be requested at a future date if PG&E |
 becomes aware of a material change in a Customer's payment pattern, |
 financial position, or a change in a Customer's published debt ratings or |
 expected change in debt ratings due to the issuances of a negative outlook |
 by either Moody's or Standard & Poor's which would cause a Customer's |
 long-term or short-term debt rating to be less than specified in these criteria, |
or PG&E's financial exposure to the Customer exceeds the Customer's (N) |
then-applicable credit limit, or if the provisions of this Rule are changed. (N) (L)

(Continued)



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

B. ESTABLISHMENT OF CREDIT (Cont'd.) (L)

4. CREDIT STANDARDS UTILIZING SECURITY |

If PG&E denies unsecured credit to a Customer, or if PG&E determines subsequently during the term of the service under PG&E's rate schedules, that a Customer no longer satisfies the criteria for unsecured credit, the Customer may still obtain credit approval if the Customer elects to provide security in a form and amount and by an issuer acceptable to PG&E. (N) |

Additionally, a Customer may provide security in a form and amount and by an issuer acceptable to PG&E in lieu of the creditworthiness evaluation, in which case, the security must be submitted to PG&E before any transaction can be entered between the Customer and PG&E ~~will execute a Customer's under the~~ GTSA, NBAA or CTA Agreement. Such security may not be used by a Customer as a means of or substitute for the timely payment of that Customer's regular monthly bills. (N) |

After PG&E determines a Customer is eligible for credit, secured or unsecured, that Customer may be required, after service begins, to provide additional security to maintain its credit position if PG&E becomes aware of a material adverse financial change that has affected, or could adversely affect that Customer's creditworthiness, or if the provisions of this Rule are changed. A Customer's failure, for whatever reason, to provide additional security within three (3) business days of PG&E's request therefore, in a form and amount and by an issuer acceptable to ~~required by~~ PG&E to maintain that Customer's credit position, shall constitute an event of default. (N) |

a. ACCEPTABLE FORMS OF SECURITY |

1) Cash Deposit |

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

(Continued)



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

B. ESTABLISHMENT OF CREDIT (Cont'd.)

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

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

1) Cash Deposit (Cont'd.)

PG&E will pay interest on deposits, except as provided below, ~~calculated accrued~~ on a daily basis, and compounded at the end of each calendar month, from the date fully deposited to one day before the ~~date of refund date by check or a credit to a Customer's account~~. The applicable interest rate may vary from month to month and shall be equal to the interest rate on non-financial commercial paper (3-month) for the previous month as reported in the Federal Reserve Statistical Release, H.15, or its successor publication; provided that when a refund is made within the first fifteen (15) days of a calendar month the interest rate applicable in the previous month shall be applied for the elapsed portion of the month in which the refund is made. No interest will be paid if services are terminated for nonpayment of bills.

(N)
 !
 (N)

(L)

2) Letter of Credit

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

(D)
 (N)
 (D)
 (D)

~~3) Surety Bond~~

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

(D)
 !
 (D)
 (N)
 (N)

(L)

34) Guaranty

Execution of PG&E's General Guarantee by creditworthy guarantor (Refer to B.3., above). A guaranty in form, substance and amount satisfactory to PG&E and issued by a guarantor acceptable to PG&E. PG&E's standard form of guaranty shall be used for this purpose.

(D)

(Continued)



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

(Continued)

Advice Letter No: 3195-G
Decision No.

Issued by
Jane K. Yura
Vice President
Regulation and Rates

Date Filed March 24, 2011
Effective _____
Resolution No. _____



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

B. ESTABLISHMENT OF CREDIT (Cont'd.)

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

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

45) Prepayment for Products and Services Rendered (T) (L)

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

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

56) Customer-Owned Gas in Storage. (T) (L)

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

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

(Continued)



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

- | | | | |
|----|-----------------------------------|---|---|
| B. | ESTABLISHMENT OF CREDIT (Cont'd.) | (N) | |
| | 4. | CREDIT STANDARDS UTILIZING SECURITY (Cont'd.) | (N) |
| | | b. | AMOUNT OF SECURITY (L) |
| | | | |
| | | Where applicable, the amount of security must be equal to at least sixty | |
| | | (60) days of a Customer's maximum potential financial exposure to PG&E | |
| | | for all products and services contracted for by a Customer with PG&E, as | |
| | | estimated by PG&E, <u>except for gas lend deals, under which the amount of</u> | (N) |
| | | <u>security must be equal to the sum of maximum potential market value of the</u> | |
| | | <u>gas lent to the Customer and fees owing to PG&E.</u> | (N) (L) |

(Continued)



GAS RULE NO. 25 Sheet 9
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

B. ESTABLISHMENT OF CREDIT (Cont'd.)

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

b. AMOUNT OF SECURITY (Cont'd.)

(T) (L)

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

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

(N)
 (D)

c. REDUCING SECURED CREDIT REQUIREMENTS

If a Customer later qualifies for unsecured credit with PG&E, or Customer's creditworthiness requirement is otherwise reduced, PG&E ~~may~~ will return the appropriate amount of security upon a Customer's request and/or upon review by PG&E.

(D)
 (N)

C. BILLING AND PAYMENT TERMS

1. BILLING

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

2. PAYMENT TERMS

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

(N)
 (D)
 (N) (L)

(Continued)



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

- C. BILLING AND PAYMENT TERMS (Cont'd.) (T)
3. LATE PAYMENT (L)
- a. Interest on any past due bill or portion of a past due bill shall accrue on a daily basis, beginning the day after any bill was due and payable and continuing until the day full payment of the past due bill or portion of a past due bill and all accrued interest thereon is received by PG&E. The applicable interest rate shall be ~~equal to the~~ per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) on non-financial commercial paper (3-month) for the previous months as reported in the Federal Reserve Statistical Release, H.15, or its successor publication. (N)
!
!
(N)
(D)
- b. If a bill issued to a Customer remains unpaid after fifteen (15) days, that Customer is in default and PG&E will issue a notice of payment default. If a bill issued to a Customer is still unpaid seven (7) days after the aforementioned notice of payment default is issued, PG&E may terminate that Customer's GTSA and/or exhibits to the GTSA, NBAA and/or exhibits to the NBAA or CTA Agreement and/or attachment exhibits to the CTA Agreement, ~~and/or NBAA or exhibits to the NBAA,~~ without any further notice. (N)
(N)
(D)
4. COLLECTION
- PG&E will pursue normal collection activity with Customers for nonpayment of PG&E charges.
5. BILLING DISPUTES (N)
- Billing disputes will be resolved in accordance with the terms and conditions in a Customer's service agreement(s) or applicable exhibit(s) or attachment(s).
- D. DEFAULT
1. EVENTS OF DEFAULT (N)
(N)
- PG&E may declare an event of default under the following conditions and, if it elects to do so, may immediately terminate the defaulting Customer's agreements (GTSA, NBAA, CTA Agreement, NBAA, and all exhibits or attachments thereto), and that Customer's right to conduct business with PG&E. Events of default include, but are not necessarily limited to: (L)

(Continued)



GAS RULE NO. 25 Sheet 11
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

D. DEFAULT (Cont'd.)

1. EVENTS OF DEFAULT (Cont'd.)

- The Customer's bill remains unpaid, or is not paid in full, seven (7) days after the ~~a~~ notice of payment default has been issued by PG&E; (T) (L)
- The Customer has filed a petition for bankruptcy protection; ~~or~~ (D)
- The Customer has failed to meet credit criteria set forth herein within the specified timeframe; (D)
- The Customer has failed to return the gas borrowed from PG& by the due date under a gas lend deal; or (N)
- The Customer has failed to meet balancing account requirement. (N)

2. REMEDIES FOR DEFAULT

~~In response to a default by a Customer, Notwithstanding any other provision in PG&E's gas tariffs, including but not limited to G-BAL, the following remedies shall apply to events of default by a Customer, including but not limited to, the failure by a Customer to repay gas on the due date specified for such repayment, PG&E may~~ shall have the right to: (N)

- ~~d~~ Declare an early termination date on which ~~for~~ all or some of the ~~services provided to the Customer's obligations~~ under all or some agreements shall terminate; (N)
- ~~Accelerate~~ require that the Customer accelerate the performance of all the Customer's obligations under all agreements with ~~the Customer PG&E;~~ (D)
- ~~Move~~ use, set off or draw on all security ~~previously~~ provided by the ~~at~~ Customer; and (L)
- ~~s~~ Sell ~~C~~ customer's gas on PG&E's system ~~may be sold~~ to satisfy the Customer's obligations.

(Continued)



GAS RULE NO. 25 Sheet 13
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

- | | | |
|----|---|-------------------------------------|
| E. | TERMINATION OF SERVICE (Cont'd.) | (L) |
| | 2. If, at the time of termination, a Customer has an outstanding balance on a PG&E account, any security held on that Customer's account shall be treated as a pre-payment and shall be applied to any unpaid balance without further notice. | |
| | 3. If collection efforts are required to recover unpaid account balances, a Customer will be liable for any costs, expenses and attorneys' fees incurred by PG&E as a result of such collection efforts. Payment by a Customer of all such costs, expenses and attorneys' fees will be a condition of future re-establishment of creditworthiness. | |
| | 4. If a Customer has a physical shortfall (e.g., imbalance or outstanding Market Center obligation) at the time of termination, any gas that Customer has on the PG&E system may, at PG&E's election, become the property of PG&E and be used by PG&E to offset that shortfall. | |
| F. | REESTABLISHMENT OF CREDIT | |
| | 1. A Customer who previously has been a <u>eC</u> customer of PG&E and whose service agreements or applicable exhibits <u>or attachments</u> have been terminated, completely or in part, shall be required to reestablish credit in accordance with Sections A. and B., <u>herein-above</u> . | (N) (N) (N) |
| | 2. In the event PG&E becomes aware of a material <u>adverse</u> change <u>occurring to</u> a Customer's <u>financial position</u> , or if a Customer pays bills after they <u>are due</u> <u>date</u> , that Customer may be required to reestablish credit, or may have its credit line reduced or may be subject to establishing secured credit in accordance with Sections A. and B., <u>hereinabove</u> . | (N) (D) (N) (N) (N) (L) |

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

| | | |
|--|---|--|
| AT&T | Division of Business Advisory Services | Occidental Energy Marketing, Inc. |
| Alcantar & Kahl LLP | Douglass & Liddell | OnGrid Solar |
| Ameresco | Downey & Brand | Praxair |
| Anderson & Poole | Duke Energy | R. W. Beck & Associates |
| Arizona Public Service Company | Dutcher, John | RCS, Inc. |
| BART | Economic Sciences Corporation | Recurrent Energy |
| Barkovich & Yap, Inc. | Ellison Schneider & Harris LLP | SCD Energy Solutions |
| Bartle Wells Associates | Foster Farms | SCE |
| Bloomberg | G. A. Krause & Assoc. | SMUD |
| Bloomberg New Energy Finance | GLJ Publications | SPURR |
| Boston Properties | GenOn Energy, Inc. | San Francisco Public Utilities Commission |
| | Goodin, MacBride, Squeri, Schlotz & Ritchie | Santa Fe Jets |
| Braun Blaising McLaughlin, P.C. | Green Power Institute | Seattle City Light |
| Brookfield Renewable Power | Hanna & Morton | Sempra Utilities |
| CA Bldg Industry Association | Hitachi | Sierra Pacific Power Company |
| CLECA Law Office | In House Energy | Silicon Valley Power |
| CSC Energy Services | International Power Technology | Silo Energy LLC |
| California Cotton Ginners & Growers Assn | Intestate Gas Services, Inc. | Southern California Edison Company |
| California Energy Commission | Lawrence Berkeley National Lab | Spark Energy, L.P. |
| California League of Food Processors | Los Angeles Dept of Water & Power | Sun Light & Power |
| 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 | |