



GAS RULE NO. 12
RATES AND OPTIONAL RATES

Sheet 1

A. APPLICABILITY

This Rule applies to rates and optional rates where PG&E provides any one or more of the following services: procurement, interstate transmission, intrastate transmission, local transmission, storage, balancing, and distribution.

(N)
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 (N)
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 (T)

B. EFFECTIVE RATES

The rates to be charged by and paid to PG&E for gas service will be the rates legally in effect and on file with the California Public Utilities Commission (CPUC). Complete schedules of all rates in effect will be kept at all times in PG&E's local offices, where they will be available for public inspection.

Unless stated otherwise on the rate schedules themselves, PG&E's rate schedules are only applicable for service supplied entirely by PG&E. Where negotiable rate options are available to the Customer, PG&E shall not be obligated to provide the Customer with any recommendation or comparison of options.

(T)

C. ESTABLISHING RATE SCHEDULES FOR NEW CUSTOMERS

At the time of application for service, PG&E will, based on information provided by the applicant, ensure that the applicant is placed on an applicable rate schedule approved by the CPUC. Thereafter, PG&E will take such measures as may be practical to provide the Customer with information regarding rate schedules or options applicable to the Customer's class of service.

(T)
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 (T)
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D. CHANGING RATE SCHEDULES

Unless the Customer's current rate schedule specifically allows for more frequent rate changes, a Customer may request only one rate schedule change in any twelve-month period. Except where the Customer's rate schedule contains an annual-minimum or specifically states otherwise, a Customer may request more than one rate change within a twelve month period only when a new rate schedule is approved or the Customer's operating conditions have changed sufficiently to warrant a change in rate schedule.

(T)
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 (L)
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 (L)
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 (L)

(Continued)



GAS RULE NO. 12
RATES AND OPTIONAL RATES

Sheet 2

D. CHANGING RATE SCHEDULES (Cont'd.)

A Customer on a rate schedule with an annual minimum will not be allowed to change to another rate schedule during the first twelve months after the change to the annual-minimum schedule. A Customer on a rate schedule that specifically states when a rate change will occur shall remain on the rate until the rate change is allowed.

PG&E may not be required to change the Customer's rate schedule where the Customer and PG&E have entered into a service agreement designating a specific rate schedule, except in accordance with the terms of the rate schedule or service agreement.

Changes in rate schedules will take effect starting with the first day of the next Billing Cycle after receipt of the customer's request to change the rate schedule or the meter change date following receipt of the Customer's request to change the rate schedule, unless:

1. the rate schedule states otherwise,
2. an agreement between PG&E and the Customer specifies another date, or (T)
3. the required metering equipment is unavailable.

In these cases, the change of schedule will take effect on the date stated in the schedule or agreement, or the date the metering equipment is available.

It is the Customer's responsibility to request another schedule or option if the Customer's connected load, hours of operation, type of business or type of service have changed. Where the Customer changes equipment or operation without notifying PG&E, PG&E assumes no responsibility for advising the Customer of other rate options available to the Customer as a result of the Customer's equipment/operation changes.

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GAS RULE NO. 12
RATES AND OPTIONAL RATES

Sheet 3

E. CHANGES TO CUSTOMER CLASSIFICATION

Noncore to Core Reclassification

a. Transfer from Noncore to Core Service

In accordance with California Public Utilities Commission Decision 03-12-008, dated December 4, 2003, transfers of noncore Customers to core service are prohibited for customers who are defined as Electric Generation (including gas-fired cogeneration), Enhanced Oil Recovery (EOR), and Refinery, with historical or potential annual gas use exceeding 250,000 therms per year. Where no historical data is available, potential gas use will be based on the capacity of the gas service facilities serving such load. If the capacity of the gas service facilities is sized to meet a peak load of one-hundred thousand cubic feet per day (100 Mcf/day) this load will be classified as noncore. Electric Generation or Cogeneration Customers with generation capacity of five-hundred kilowatts (500 kW) or larger will be prohibited from core service.

All other Noncore End-Use Customers are allowed to request reclassification to core service but will be required to remain on core service for a minimum of five (5) years. Prior to reclassification to core service, Customers must complete and sign the Request for Reclassification from Noncore Service to Core Service (Form 79-983) (Request). Reclassification will take effect on the first day of the next Billing Cycle after PG&E's acceptance of the Request.

(T)

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GAS RULE NO. 12
RATES AND OPTIONAL RATES

Sheet 4

E. CHANGES TO CUSTOMER CLASSIFICATION (Cont'd.)

1. Noncore to Core Reclassification (Cont'd.)

- b. Customers reclassified under Section E.1.a, above, will be required to be served under the applicable core rate schedule for a minimum of five (5) years. After the five (5) year period, core Customers may apply to be reclassified to noncore status if they meet the usage requirements specified in E.2.b, below. (T)
- c. If there is a change in the legal ownership of a business currently served under noncore rates, the new Customer will have the option of continuing noncore service, or electing core service. If the new Customer elects core service, they will be required to sign the Request for Reclassification from Noncore Service to Core Service (Form 79-983) and to remain served under the applicable core rate schedule for a minimum five (5) years. (N)
- d. Gas in PG&E storage facilities owned by a reclassified Customer, as of the effective date of reclassification, may be sold to PG&E or to another party. Gas stored on behalf of Customers and sold to PG&E will be purchased at the weighted average cost of gas during the most recent Injection Period. The weighted average cost will be based on the volume of gas injected into storage during each month of the most recent Injection Period, multiplied by the procurement charge for each month, as shown on Schedule G-CP, averaged for the total core class. Stored gas also may be sold or transferred to another storage account holder. PG&E will transfer stored gas upon written consent of all of the affected parties. (T)

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GAS RULE NO. 12
RATES AND OPTIONAL RATES

Sheet 5

E. CHANGES TO CUSTOMER CLASSIFICATION (Cont'd.)

2. Core to Noncore Reclassification (T)

a. Except as specified in E.2.b, below, a nonresidential Core Customer will become eligible for reclassification to noncore status after their recorded average monthly use has exceeded 20,800 therms during a twelve (12) month period, excluding months where the usage does not exceed 200 therms. The Customer remains eligible for noncore service for 12 months thereafter (the eligibility period). The 12-month eligibility period re-starts whenever the Customer's average monthly use over a subsequent 12-month period again exceeds 20,800 therms. (L) (T)

Prior to reclassification, the Customer must sign a Natural Gas Service Agreement (NGSA) (Form 79-756). Core Customers may be reclassified to noncore status prior to the end of a twelve (12) month period if they are able to document to PG&E's satisfaction permanent changes in equipment or operations that will result in an average monthly use exceeding 20,800 therms over a twelve (12) month period. Reclassification under this provision will not take effect until Customer's recorded monthly use has exceeded 20,800 therms for three consecutive months. (L)

b. A nonresidential Core Customer who signed the Request for Reclassification from Noncore Service to Core Service (Form 79-983) will become eligible for reclassification to noncore status after they have been served under core rates for the minimum period of five (5) years. Once they have met the five (5) year commitment, they can be reclassified to noncore status per the provisions of E.2.a, above. (N) (N)

(Continued)



GAS RULE NO. 12
RATES AND OPTIONAL RATES

Sheet 6

(D)

F. NOTIFYING CUSTOMERS OF NEW RATE SCHEDULES

Where PG&E establishes new rate schedules, PG&E shall take such measures as may be practical to advise affected Customers of the availability of the new rate schedules.