Pacific Gas and Electric Company

2005 AS-DELIVERED CAPACITY PRICES FOR QUALIFYING FACILITIES
Effective January 1, 2005

<table>
<thead>
<tr>
<th>Capacity Value</th>
<th>Capacity Allocation Factor</th>
<th>Primary &amp; Secondary Transmission</th>
<th>Primary &amp; Secondary Distribution</th>
<th>As-Delivered Capacity Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$/kw-year</td>
<td>year/hr</td>
<td></td>
<td></td>
<td>$/kwh</td>
</tr>
<tr>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
</tr>
</tbody>
</table>

With Time-of-Delivery Metering

**Period A - Summer** (May through October)

- Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0009921
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.065180

- Partial-Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0000266
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.001748

- Off-Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0000001
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.000007

- Super Off-Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0000000
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.000000

**Period B - Winter** (January through April, November and December)

- Partial-Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0001308
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.008593

- Off-Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0000008
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.000053

- Super Off-Peak
  - Capacity: 66.43
  - Capacity Allocation Factor: 0.0000000
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.000000

Without Time-of-Delivery Metering

**Period A**

- Capacity: 33.22
  - Capacity Allocation Factor: 0.0001779
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.005845

**Period B**

- Capacity: 33.22
  - Capacity Allocation Factor: 0.0000493
  - Transmission: 0.989
  - Distribution: 0.991
  - As-Delivered Capacity Price: 0.001620

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1. Interested parties are hereby notified that PG&E reserves all its available rights and remedies to obtain a revision to this posting retroactive to January 1, 2005.

2. This Capacity Value is the combustion turbine proxy capacity value effective beginning April 1, 1997, as approved in CPUC Decision No. 97-03-017 on March 7, 1997. This value has been adjusted for use in 2005 to reflect inflation. A weighted average of the capacity value is used for meters without time-of-delivery metering.

3. Capacity allocation factors (CAF) allocate the capacity value for seasons and time-of-delivery periods. These factors are derived by dividing the allocation percentages effective January 1, 2005, and approved in D. 97-03-017 by the number of hours in each time-of-delivery period. These percentages and hours are summarized, as follows:

<table>
<thead>
<tr>
<th>CAFs (%)</th>
<th>2005 Delivery Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period A</td>
</tr>
<tr>
<td>Peak</td>
<td>76.19%</td>
</tr>
<tr>
<td>Partial-Peak</td>
<td>2.38%</td>
</tr>
<tr>
<td>Off-Peak</td>
<td>0.02%</td>
</tr>
<tr>
<td>Super-Off-Peak</td>
<td>N/A</td>
</tr>
<tr>
<td>Season total</td>
<td>78.59%</td>
</tr>
</tbody>
</table>

Example of year/hr CAF for "Period A - Peak:"
76.19% divided by 768 hours = 0.0009921

4. Capacity prices are adjusted for the effect of deliveries on PG&E’s transmission and distribution losses based upon the seller’s interconnection voltage level. The loss adjustment factors for non-remote facilities (as defined by the CPUC) are shown here.

5. The as-delivered capacity price is the product of three factors: capacity value, allocation factor, and capacity loss adjustment factor.