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September 1, 2011

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE,  
Washington, D.C. 20426

**Re: Pacific Gas and Electric Company**  
**Type of Filing Code: 980**  
**Rate Election and Amended Statement of Operating Conditions**  
**Docket No. PR11- \_\_\_\_ - \_\_\_\_**

Dear Ms. Bose:

Pursuant to 18 C.F.R. §§ 284.123(b)(1)(ii), and 284.123(e) of the Commission's regulations, Pacific Gas and Electric Company ("PG&E") hereby submits for filing a new rate election and amended Statement of Operating Conditions ("SOC"). This filing reflects three changes described below to the SOC previously accepted by the Commission in Docket PR10-72-000. PG&E proposes an effective date of August 3, 2011 for the proposed changes.

In accordance with Section 284.123(b)(1)(ii) of the Commission's regulations, the first change is PG&E's election of the state rates established by the Public Utilities Commission of the State of California ("CPUC") for comparable intrastate services. The Commission had previously approved PG&E's petition for adoption of cost-based maximum rates for interruptible parking and lending services derived from CPUC approved storage rates. *See Pacific Gas and Electric Co.*, 78 FERC ¶ 61,366 (1997); Letter Order Approving Revised Rates, Docket No. RP98-10-000 (1998). PG&E now elects to use the actual rates established by the CPUC for these services (Rate Schedules G-PARK and G-LEND), effective August 3, 2011, which are appended to this ~~file~~ as Attachments A.

In accordance Section 284.123(e) of the Commission regulations, the second change concerns modifications to the SOC to revise the rate summary to reflect the aforementioned rate election. The third change concerns revisions to Section 4 to reflect the CPUC's approval of Advice Letters 3195-G and 3195-G-A (issued August 3, 2011) authorizing modifications to Gas Rule 25 (Gas Services – Customer Creditworthiness and Payment Terms). Copies of PG&E's Advice Letters and the CPUC's ruling are appended to this ~~file~~ as Attachments B. PG&E submits this change in operations as specified in the amended SOC filed "not later than thirty days after commencement of the change." *See* 18 C.F.R. § 284.123(3)

Kimberly D. Bose, Secretary  
September 1, 2011  
Page 2

PG&E has also appended a clean PDF of the amended SOC (in its entirety)<sup>1</sup> and a redline PDF of the modifications to the SOC as Attachments C and D.

If you have any questions, please contact the undersigned at (415) 973-5443.

Respectfully submitted,

KEITH T. SAMPSON

Attorney for  
Pacific Gas and Electric Company

By: /s/ Keith T. Sampson  
Keith T. Sampson

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<sup>1</sup> Although PG&E has attached a complete clean version of the SOC in PDF to this filing, the Tariff Record Content Data and metadata provided in the eTariff filing XML package are solely for those sections of the SOC that have been amended.

**Attachment A**  
**Rate Schedules G-PARK and G-LEND**



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Revised  
 Revised  
 Cancelling

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

28916-G  
 24597-G

**GAS SCHEDULE G-PARK**  
**MARKET CENTER PARKING SERVICES**

Sheet 1

**APPLICABILITY:** This rate schedule applies to the gas parking service offered to Customers as part of PG&E's Golden Gate Market Center Services. Gas parking is the temporary storage of gas on the PG&E gas transmission system. This service is provided on an interruptible basis only, and is the lowest priority transmission service offered by PG&E.

The Customer shall be responsible for arranging and paying for interstate and intrastate transportation service, as applicable, for transportation into and out of their Market Center accounts.

**TERRITORY:** The points of service for parking under this schedule are the various locations at which PG&E's system interconnects with interstate pipelines, at Kern River Station, and at PG&E's Citygate.

**RATES:** Rates will be negotiated on a transaction-by-transaction basis and shall be within the range set forth below:

Minimum Rate (per transaction): ..... \$57.00

Maximum Rate (per Dth per day): ..... \$1.1053 (I)

The minimum rate reflects PG&E's minimum costs to offer and operate the service.

The Customer will be responsible for any applicable costs, taxes, and/or fees incurred by PG&E in taking delivery of third-party gas from intra- or interstate sources.

**CREDIT-WORTHINESS:** The Customer must meet the creditworthiness requirements specified in Rule 25.\*

**SERVICE AGREEMENT:** Service under this schedule is available to Customers who have executed a Gas Transmission Service Agreement (GTSA) (Form No. 79-866) with PG&E.

**NOMINATIONS:** Notice is required for service under this schedule, as agreed to by PG&E and the customer.

\* PG&E's gas tariffs are available on-line at [www.pge.com](http://www.pge.com).

(Continued)



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Revised  
 Cancellling Revised

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

18177-G  
 17455-G

**GAS SCHEDULE G-PARK  
 MARKET CENTER PARKING SERVICES**

Sheet 2

**CURTAILMENT  
 OF SERVICE:**

Service under this schedule may be curtailed. See Rule 14 for details.

(T)

**REMOVAL OF  
 PARKED GAS:**

The Customer must remove parked gas at the same Market Center location where the gas was originally parked. If the Customer desires to remove the gas from a different Market Center location, the Customer must receive approval from PG&E. The Customer must pay any additional applicable transportation charges necessary to transfer the gas from the original Market Center location to the new Market Center location.

Customer also has the option to remove parked gas at the same Market Center location where the gas was originally parked, and deliver it to another Market Center exhibit which the Customer holds, or a Market Center exhibit held by another Customer. These options may be effectuated by Customer submitting a Notice of Market Center Balance Transfer (Form No. 79-947), and receiving approval from PG&E.

**UNAUTHORIZED  
 USE OF MARKET  
 CENTER  
 SERVICES:**

Unauthorized use of Market Center services occurs when gas is delivered to a Market Center location on behalf of a Customer, but not under a valid GTSA. In the event of such unauthorized use, the Customer causing the unauthorized use shall incur: 1) any applicable pipeline penalty incurred by PG&E as a result of the unauthorized use; and 2) charges at the maximum rate specified in the rate schedule applicable to the service rendered, unless otherwise agreed to between PG&E and the Customer.

**BALANCING:**

Service hereunder shall be subject to all applicable terms, conditions and obligations of Schedule G-BAL.

(T)  
 (D)

Advice Letter No: 2031-G  
 Decision No. 97-08-055

Issued by  
**Thomas E. Bottorff**  
 Vice President  
 Rates Account Services

Date Filed August 11, 1997  
 Effective March 1, 1998  
 Resolution No. G-3288



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Revised  
 Cancellling Revised

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

28909-G  
 24598-G

**GAS SCHEDULE G-LEND**  
**MARKET CENTER LENDING SERVICES**

Sheet 1

**APPLICABILITY:** This rate schedule\* applies to the gas lending service offered to Customers as part of PG&E's Golden Gate Market Center Services. Gas lending is the temporary loan of gas from the PG&E gas transmission system. This service is provided on an interruptible basis only, and is the lowest priority transmission service offered by PG&E.

The Customer shall be responsible for arranging and paying for interstate and intrastate transportation service, as applicable, for transportation into and out of their Market Center accounts.

**TERRITORY:** The points of service for lending under this schedule are the various locations at which PG&E's system interconnects with interstate pipelines, at Kern River Station, and at PG&E's Citygate.

**RATES:** Rates will be negotiated on a transaction-by-transaction basis and shall be within the range set forth below:

Minimum Rate (per transaction): ..... \$57.00

Maximum Rate (per Dth per day): ..... \$1.1053 (I)

The minimum rate reflects PG&E's minimum costs to offer and operate the service.

The Customer will be responsible for any applicable costs, taxes, and/or fees incurred by PG&E in taking delivery of third-party gas from intra- or interstate sources.

**CREDIT-WORTHINESS:** The Customer must meet the creditworthiness requirements specified in Rule 25.

**SERVICE AGREEMENT:** Service under this schedule is available to Customers who have executed a Gas Transmission Service Agreement (GTSA) (Form No. 79-866) with PG&E.

**NOMINATIONS:** Notice is required for service under this schedule, as agreed to by PG&E and the customer.

\* PG&E's gas tariffs are available on-line at [www.pge.com](http://www.pge.com).

(Continued)

Advice Letter No: 3200-G  
 Decision No. 11-04-031  
 10-12-037  
 1C12

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulation and Rates

Date Filed April 22, 2011  
 Effective May 1, 2011  
 Resolution No. \_\_\_\_\_



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Revised  
 Cancellling  
 Revised

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

18179-G  
 17457-G

**GAS SCHEDULE G-LEND**  
**MARKET CENTER LENDING SERVICES**

Sheet 2

**CURTAILMENT OF SERVICE:**

Service under this schedule may be curtailed. See Rule 14 for details.

(T)

**RETURN OF LOANED GAS:**

The Customer must return loaned gas at the same Market Center location where the gas was originally loaned. If the Customer desires to return the gas to a different Market Center location, the Customer must receive approval from PG&E. The Customer must pay any additional applicable transportation charges necessary to transfer the gas from the original Market Center location to the new Market Center location.

Customer also has the option to return loaned gas at the same Market Center location where the gas was originally loaned and repay it from another Market Center exhibit which the Customer holds, or a Market Center exhibit held by another Customer. These options may be effectuated by Customer submitting a Notice of Market Center Balance Transfer (Form No. 79-947), and receiving approval from PG&E.

**UNAUTHORIZED USE OF MARKET CENTER SERVICES:**

Unauthorized use of Market Center Services occurs when gas is received or delivered to the Market Center on behalf of a Customer, but not under a valid GTSA. In the event of such unauthorized use, the Customer causing the unauthorized use shall incur: 1) any applicable pipeline penalty incurred by PG&E as a result of the unauthorized use; and 2) charges at the maximum rate specified in the rate schedule applicable to the service rendered, unless otherwise agreed to between PG&E and the Customer.

**BALANCING:**

Service hereunder shall be subject to all applicable terms, conditions and obligations of Schedule G-BAL.

(T)  
 (D)

Advice Letter No: 2031-G  
 Decision No. 97-08-055

Issued by  
**Thomas E. Bottorff**  
 Vice President  
 Rates Account Services

Date Filed August 11, 1997  
 Effective March 1, 1998  
 Resolution No. G-3288

**Attachment B**

**PG&E's Advice Letters 3195-G and 3195-G-A**

**CPUC Ruling of Advice Letters 3195-G and 3195-G-A**





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

Pacific Gas and Electric Company  
Mail Code B10B  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.6520

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: [jjn@cpuc.ca.gov](mailto:jjn@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

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

Advice 3195-G

- 7 -

March 24, 2011

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

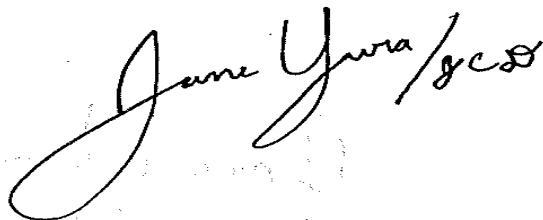
Facsimile: (415) 973-6520  
E-mail: PGETariffs@pge.com

**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.Officer@cpuc.ca.gov](mailto:Process.Officer@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, sweeping initial "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**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
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**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
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



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Cancelling Revised  
 Revised

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

28816-G  
 27747-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)

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. \_\_\_\_\_



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Cancelling Revised  
 Revised

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

28817-G  
 21410-G

**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.

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 27748-G

**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.

(N)  
I  
I  
(N)  
(N)  
I  
(N)  
(N)  
(N)  
(N)

**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.

(D)/(N)  
(D)

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

b. Moody's rating [short-term] of P-2 or better. (D)/(T)

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)

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**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)

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**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)

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**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)                               |                     |
| 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)<br>(N)/<br>(D)<br>(N)/<br>(D) | <br> <br> <br> <br> |
| 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)                 |

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**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)

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**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. (N) |  
 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. (D) |  
(N) (L)

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**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)
- 4. COLLECTION (D)

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 (L)
  - 1. EVENTS OF DEFAULT (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, 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:

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**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& 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)

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**GAS RULE NO. 25** Sheet 12  
**GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS**

**E. TERMINATION OF SERVICE**

- 1. UPON TERMINATION OF A CUSTOMER'S GTSA, NBAA AND/OR CTA AGREEMENT AND EXHIBITS OR ATTACHMENTS:
  - a. A Customer shall remain responsible for all charges incurred, even if such charges may be identified after the termination becomes effective.
  - b. Notice of such termination will be sent to that Customer's last known address.
  - c. All fees, charges and other obligations of that Customer to PG&E shall be immediately due and payable without further notice of demand, and in the event payment in full is not made immediately to PG&E, that Customer shall be subject to all applicable interest and other charges for late payments.

(L)  
 |  
 (N)  
 (N)  
 |  
 |  
 |  
 |  
 |  
 |  
 |  
 |  
 |  
 (L)

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**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)<br>(N)<br>(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)<br>(D)<br>(N)<br>(N)<br>(N) (L) |

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Attachment A  
Red-line of Gas Rule 25



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**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 ~~attachments~~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)

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**Pacific Gas and Electric Company**  
San Francisco, California  
U 39

Cancelling Revised  
Revised

Cal. P.U.C. Sheet No.  
Cal. P.U.C. Sheet No.

28817-G  
21410-G

**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)

Advice Letter No: 3195-G  
Decision No.

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

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**Pacific Gas and Electric Company**  
 San Francisco, California  
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 Cal. P.U.C. Sheet No.

28818-G  
 27748-G

**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,~~ (N)  
 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)-~~ (N)  
 a Customer fails, for whatever reason, to provide additional credit support in a form ~~and~~ (N)  
 amount and ~~by an issuer~~ (N)  
 acceptable to PG&E upon PG&E's request, then PG&E may terminate that Customer's GTSA ~~and/or~~ (N)  
 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)  
(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)~~ (D)  
 meeting one of the following criteria ~~may will~~ (D)  
 qualify for ~~an~~ (D)/(N)  
 unsecured credit ~~up to a maximum credit~~ (D)  
 limit as determined by PG&E. (D)

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

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**Pacific Gas and Electric Company**  
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28819-G

**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)

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Cal. P.U.C. Sheet No.  
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28820-G  
 27749-G

**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 (L)

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 (L)

1) Cash Deposit (N)

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. (L)

(Continued)

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**Jane K. Yura**  
 Vice President  
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Date Filed March 24, 2011  
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**Pacific Gas and Electric Company**  
 San Francisco, California  
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28821-G  
 27750-G

**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)





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Cal. P.U.C. Sheet No. 28821-G  
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**GAS RULE NO. 25** Sheet 6  
GAS SERVICES-CUSTOMER CREDITWORTHINESS AND PAYMENT TERMS

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28822-G  
 27751-G

**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.

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28823-G

**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)

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28824-G  
 27752-G

**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 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)

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 Vice President  
 Regulation and Rates

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28825-G  
 27753-G

**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)
  - 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)
- 4. COLLECTION (N)

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 (L)
  - 1. EVENTS OF DEFAULT (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:

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28826-G  
 27754-G

**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:~~

- ~~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~~ustomer's gas on PG&E's system ~~may be sold~~ to satisfy the Customer's obligations.

(Continued)





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 27755-G

**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 eCustomer 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-above. (N) |
  2. In the event PG&E becomes aware of a material adverse change occurring to a Customer's financial position, or if a Customer pays bills after they are 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., hereinabove. (N) |

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**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
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	Goodin, MacBride, Squeri, Schlotz & Ritchie	Santa Fe Jets
	Green Power Institute	Seattle City Light
Braun Blaising McLaughlin, P.C.	Hanna & Morton	Sempra Utilities
Brookfield Renewable Power	Hitachi	Sierra Pacific Power Company
CA Bldg Industry Association	In House Energy	Silicon Valley Power
CLECA Law Office	International Power Technology	Silo Energy LLC
CSC Energy Services	Intestate Gas Services, Inc.	Southern California Edison Company
California Cotton Ginners & Growers Assn	Lawrence Berkeley National Lab	Spark Energy, L.P.
California Energy Commission	Los Angeles Dept of Water & Power	Sun Light & Power
California League of Food Processors	Luce, Forward, Hamilton & Scripps LLP	Sunshine Design
California Public Utilities Commission	MAC Lighting Consulting	Sutherland, Asbill & Brennan
Calpine	MBMC, Inc.	Tabors Caramanis & Associates
Casner, Steve	MRW & Associates	Tecogen, Inc.
Chris, King	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
City of Palo Alto	McKenzie & Associates	TransCanada
City of Palo Alto Utilities	Merced Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Modesto Irrigation District	United Cogen
Coast Economic Consulting	Morgan Stanley	Utility Cost Management
Commercial Energy	Morrison & Foerster	Utility Specialists
Consumer Federation of California	NLine Energy, Inc.	Verizon
Crossborder Energy	NRG West	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy		eMeter Corporation
	Norris & Wong Associates	
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	
Dept of General Services		



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June 29, 2011

**Advice 3195-G-A**  
(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Supplemental Filing to PG&E's Advice 3195-G - Revision to PG&E's Gas Rule 25**

**Purpose**

Pacific Gas and Electric Company ("PG&E") hereby submits to the California Public Utilities Commission this supplemental filing to Advice Letter 3195-G filed on March 24, 2011.

This supplemental filing replaces Advice 3195-G in part. This supplemental filing removes language from Sheet 10 of Gas Rule 25 submitted in Advice 3195-G. The updated tariff sheet affected by this supplemental filing is listed in the enclosed Attachment 1.

**Background**

In Advice Letter 3195-G, PG&E submitted a change in language with regard to redefining how the interest rate is determined for past due payments. PG&E has decided not to pursue the late payment language change, and has removed the proposed revised language.

Advice -3195-G-A

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June 29, 2011

### **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 **July 19, 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: [jjn@cpuc.ca.gov](mailto:jjn@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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:

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, California 94177

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

### **Effective Date**

PG&E requests that this supplemental filing, upon Energy Division approval, be approved in concurrence with Advice 3195-G, and that it become effective on April 25, 2011, as requested in Advice 3195-G.

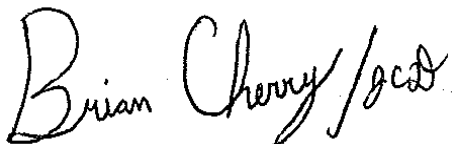
Advice -3195-G-A

- 3 -

June 29, 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](mailto: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](mailto:Process_Office@cpuc.ca.gov). Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.

Handwritten signature of Brian Cherry in cursive script, with the initials "BCD" written at the end of the signature.

Vice President – Regulation and Rates

cc: Eugene Cadenasso, CPUC Energy Division

# 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-A**

**Tier: 2**

Subject of AL: **Supplemental Filing to PG&E's Advice 3195-G - Revision to PG&E's Gas Rule 25**

Keywords (choose from CPUC listing):

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: No

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: **1**

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: Brian Cherry, Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

**ATTACHMENT 1  
Advice 3195-G-A**

**Cal P.U.C.  
Sheet No.**

**Title of Sheet**

**Cancelling Cal  
P.U.C. Sheet No.**

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28825-G

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

27753-G



**Pacific Gas and Electric Company**  
 San Francisco, California  
 U 39

Revised  
 Cancellling Revised

Cal. P.U.C. Sheet No.  
 Cal. P.U.C. Sheet No.

28825-G  
 27753-G

**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 interest rate 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. |
  - 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)

Advice Letter No: 3195-G-A  
 Decision No.

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulation and Rates

Date Filed June 29, 2011  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_

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

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



STATE OF CALIFORNIA

Edmund G. Brown Jr., Governor

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

**Attachment C**

**PDF of Amended Statement of Operating Conditions (in its entirety)  
(Clean)**

**Attachment D**

**PDF of Modifications to Statement of Operating Conditions  
(affected sections)  
(Redline)**

FERC rendition of the electronically filed tariff records in Docket No. PR11-00128-000

Filing Data:

CID: C001355

Filing Title: Rate Election and Amended Statement of Operating Conditions

Company Filing Identifier: 141

Type of Filing Code: 980

Associated Filing Identifier:

Tariff Title: NGPA 311 Gas

Tariff ID: 9000

Payment Confirmation:

Suspension Motion: N

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

TABLE OF CONTENTS, , 1.0.0, A

Record Narrative Name:

Tariff Record ID: 2

Tariff Record Collation Value: 125001 Tariff Record Parent Identifier: 1

Proposed Date: 2011-08-03

Priority Order: 500

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

## INTRODUCTORY STATEMENT

## SECTION 1 DEFINITION OF TERMS

## SECTION 2 SERVICES

## SECTION 3 TRANSPORTATION OF NATURAL GAS

## SECTION 4 CREDITWORTHINESS AND PAYMENT TERMS

Record Content Description, Tariff Record Title, Record Version Number, Option Code:  
INTRODUCTORY STATEMENT, , 1.0.0, A  
Record Narrative Name:  
Tariff Record ID: 3  
Tariff Record Collation Value: 250000 Tariff Record Parent Identifier: 1  
Proposed Date: 2011-08-03  
Priority Order: 500  
Record Change Type: CHANGE  
Record Content Type: 1  
Associated Filing Identifier:

This Statement of Operating Conditions (Operating Statement) describes how Pacific Gas and Electric Company (PG&E), a Hinshaw pipeline that transports and distributes natural gas in northern and central California, shall provide certain interstate transportation services described below pursuant to Section 284.224 of the regulations of the Federal Energy Regulatory Commission (FERC or Commission), 18 C.F.R. § 284.224. Pursuant to its limited jurisdiction blanket certificate issued by FERC, PG&E provides nondiscriminatory, open-access transportation in California between interconnecting interstate pipelines. PG&E's blanket rates for firm and interruptible transportation services, as well as parking and lending services, are the rates established by the Public Utilities Commission of the State of California (CPUC) for comparable intrastate services. The rates, terms and conditions for these services can be found at <http://www.pge.com/tariffs>.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:  
SECTION 4, CREDITWORTHINESS AND PAYMENT TERMS, 1.0.0, A  
Record Narrative Name:  
Tariff Record ID: 7  
Tariff Record Collation Value: 749996 Tariff Record Parent Identifier: 1  
Proposed Date: 2011-08-03  
Priority Order: 500  
Record Change Type: CHANGE  
Record Content Type: 1  
Associated Filing Identifier:

#### A. GENERAL

This Section applies to Customers who purchase or receive gas products and services from PG&E including transmission and parking/lending 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. 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 on a non-discriminatory basis subject, however, to the reasonable exercise of decisionmaking. 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. 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. Criteria for establishing creditworthiness are shown below. Failure to meet the credit standards on a continuous basis shall constitute an event of default.

**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.
  - b. Customer's U.S. Securities and Exchange Commission (SEC) Form 10-K for the most recent three years, or
    - 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.

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.
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.
- b. Moody's rating [short-term] of P-2 or better.
- c. Standard & Poor's rating [short-term] of A-2 or better.
- d. Audited financial statements, which demonstrate a Customer's creditworthiness.

Notwithstanding that a Customer may have previously qualified for 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 then-applicable credit limit, or if the provisions of this Operating Statement are changed.

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. 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. 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. 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 Operating Statement 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.

a. Acceptable Forms of Security

- 1) Cash Deposit - 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.

PG&E will pay interest on deposits, except as provided below, accrued on a daily basis, and compounded at the end of each calendar month, from the date fully deposited to one day before the refund date. 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.

- 2) Letter of Credit - An irrevocable standby letter of credit in form, substance and amount satisfactory to PG&E and issued by an institution acceptable to PG&E. PG&E's standard form of letter of credit shall be used for this purpose.
- 3) Guaranty - 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.

- 4) Prepayment for Products and Services Rendered - 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, and must be agreed upon between a Customer and PG&E prior to commencement of services. 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. Any payment received after the due date will be considered past due and subject to the conditions described in Section 4C.3., LATE PAYMENT herein.
  - 5) Customer-Owned Gas in Storage - 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.
- b. AMOUNT OF SECURITY

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 lend transactions, 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.

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 is in effect, unless such security is otherwise reduced pursuant to Section 4B.4.c., REDUCING SECURED CREDIT REQUIREMENTS below.

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.

**C. BILLING AND PAYMENT TERMS**

1. **BILLING:** PG&E will provide a Customer with a bill including, but not limited to, transportation, parking and lending charges.
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.
3. **LATE PAYMENT:**
  - 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 interest rate 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.
  - 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.

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 GTSA and/or applicable exhibit(s) or attachment(s).

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 GTSA 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:
  - a. 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;
  - b. The Customer has filed a petition for bankruptcy protection;
  - c. 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 lend transaction; or
  - e. The Customer has failed to meet balancing account requirement.
2. **REMEDIES FOR DEFAULT:** Notwithstanding any other provision in PG&E's gas tariffs, including but not limited to Schedule 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:

- a. declare an early termination date on which all or some of the Customer's obligations under all or some agreements shall terminate;
- b. require that the Customer accelerate the performance of all obligations under all agreements with PG&E;
- c. use, set off or draw on all security provided by the Customer; and
- d. sell Customer's gas on PG&E's system to satisfy the Customer's obligations.

E. TERMINATION OF SERVICE

1. UPON TERMINATION OF A CUSTOMER'S GTSA AND EXHIBITS OR ATTACHMENTS:

- a. A Customer shall remain responsible for all charges incurred, even if such charges may be identified after the termination becomes effective.
  - b. Notice of such termination will be sent to that Customer's last known address.
  - c. All fees, charges and other obligations of that Customer to PG&E shall be immediately due and payable without further notice of demand, and in the event payment in full is not made immediately to PG&E, that Customer shall be subject to all applicable interest and other charges for late payments.
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 prepayment 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 4A. and 4B., herein.
2. In the event PG&E becomes aware of a material adverse change occurring to 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 4A. and 4B., herein.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:  
APPENDIX A, RATES, 0.0.0, A  
Record Narrative Name:  
Tariff Record ID: 8  
Tariff Record Collation Value: 874995 Tariff Record Parent Identifier: 1  
Proposed Date: 2011-08-03  
Priority Order: 100  
Record Change Type: CANCEL  
Record Content Type:  
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.

Document Content(s)

Amended SOC and Rate Election Filing Letter 20110901.PDF.....	1-2
Attachment A CPUC Rules.PDF.....	3-7
Attachment B Advice and Ruling.PDF.....	8-57
Attachment C Amended SOC Clean.PDF.....	58-58
Attachment D Modifications to SOC Redline.PDF.....	59-59
FERC GENERATED TARIFF FILING.RTF.....	60-71