



GAS SCHEDULE G-NFT
NEGOTIATED FIRM TRANSPORTATION ON-SYSTEM

Sheet 1

APPLICABILITY: This rate schedule* applies to the firm transportation of natural gas on PG&E's Backbone Transmission System to On-System Delivery Point(s) only, at negotiated rates.

On-System Delivery Point(s) do not include an End-Use Customer's meter. On-System Delivery Point(s) may include: a delivery point pool; a PG&E storage account; a storage account with a third-party on-system storage facility; or a PG&E G-PARK or G-LEND account at the Citygate.

To arrange for the further transportation and delivery of natural gas to an End-Use Customer's meter, one of the following additional rate schedules must be utilized: G-CT, G-NT, G-EG, G-NGV4, or G-WSL. To arrange for the further transportation and delivery of natural gas to an Off-System Delivery Point, one of the following additional rate schedules must be utilized: G-AFTOFF, G-AAOFF, G-NFTOFF or G-NAAOFF.

TERRITORY: Schedule G-NFT is available only for the transportation of natural gas within PG&E's service territory on the specific paths described herein.

PG&E will accept gas on Customer's behalf only at the Receipt Point(s) specifically designated in the exhibits to the Customer's Gas Transmission Service Agreement (GTSA) (Form No. 79-866).

Receipt Point(s) available for service under this schedule are as follows:

<u>Path:</u>	<u>Receipt Point(s):</u>
Redwood to On-System	Malin or other receipt points north of the Antioch Terminal not included in other backbone transmission paths
Baja to On-System	Topock North, Topock South, Daggett, Fremont Peak, Essex, Kern River Station or other receipt points south of the Antioch Terminal not included in other backbone transmission paths
Silverado to On-System	PG&E interconnections with California Production (see gas Rule 1)
Mission to On-System	PG&E's Citygate location, an On-System Delivery Point, PG&E's storage facilities, or a third party's storage facilities located in PG&E's service territory (T)

Delivery Point(s):

Any Delivery Point(s) to which gas is transported under this rate schedule must be On-System Delivery Point(s).

TERM: The minimum term for service under this rate schedule is one (1) day.

* PG&E's gas tariffs are on-line at www.pge.com.

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RATES: The term, take requirement,** and rate are negotiable between PG&E and the Customer. Negotiated rates for transmission service shall not be less than PG&E's short-run marginal cost of providing the service. Negotiated transmission rates under G-NFT will be capped at 120 percent of the tariffed rate for G-AFT on a particular path, as follows: the negotiated rate (including all surcharges, costs and/or fees), converted to a volumetric-only rate at 100 percent load factor, shall be no greater than 120 percent of the G-AFT tariffed rate (including all surcharges, costs and/or fees), converted to a volumetric-only rate at 100 percent load factor under the Modified Fixed Variable (MFV) rate structure.

At PG&E's sole option, firm On-System capacity may be available hereunder at less than the rates in Schedule G-AFT. At PG&E's sole option, negotiated offers satisfactory to PG&E may be accepted.

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 Backbone or interstate sources.

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STORAGE WITHDRAWAL OPTION:

To transport storage withdrawals On-System, Customers may convert all or part of a Firm On-System Redwood or Firm On-System Baja Exhibit to a Firm On-System Mission Exhibit at any time prior to 60 minutes before the close of the Timely Nomination Cycle, as set forth in gas Rule 21. The negotiated transmission rate for this Mission Path service shall, unless otherwise agreed to, be zero. However, the full monthly demand charge is still applicable. Conversions of Firm On-System Baja Exhibits are limited to the amount of unsold Firm Redwood capacity available at the time of the requested conversion. Baja Exhibit conversions may be requested on a monthly basis, no more than five (5) days prior to the end of the month, for a maximum term of one month. Redwood Exhibit conversions have no maximum term limit.

NEGOTIATED RATE GUIDELINES:

1. Standard tariff rates and terms are available to all Customers, in lieu of negotiated rates and terms.
2. PG&E may distinguish between parties in offering negotiated rates by evaluating differences in circumstances and conditions, including, but not limited to, differences occurring upstream of, downstream of, or at, the Customer's location, and differences affecting either cost of service to the Customer or the Customer's market alternatives. Negotiations with Customers under this rate schedule will be conducted without undue preference or undue discrimination to the Customer or to any third party.
3. PG&E will issue monthly reports to the CPUC listing all negotiated contracts, including those negotiated under G-NFT. PG&E will make the report available to others upon request. Customer names, including PG&E's affiliates and other departments, will not be provided in the report. However, the report will indicate whether a particular transaction was with an affiliate. The report will show the negotiated rates and dates of service.

** A take requirement (also known as a transport-or-pay requirement) is an obligation to pay for a specified quantity of transportation pursuant to the terms of the applicable GTSA exhibit and shall be unaffected by the quantity of gas transported by PG&E to the Customer's Delivery Point(s).

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NEGOTIATED RATE GUIDELINES (Cont'd.)

- 4. The CPUC's complaint procedure will be available to address any claims of undue discrimination in providing service hereunder.
- 5. Negotiated transmission contracts under G-NFT will not require submission to the CPUC for approval. Unless otherwise provided in the applicable GTSA, or exhibit thereto, the application of this requirement under General Order 96-B is waived by the CPUC.

CREDIT-WORTHINESS:

Customer must meet the creditworthiness requirements specified in Rule 25.

SERVICE AGREEMENT AND TERM:

A Gas Transmission Service Agreement (GTSA) (Form No. 79-866) is required for service under this schedule. The minimum term for service under the GTSA is one (1) year.

SHRINKAGE:

Transportation volumes will be subject to a shrinkage allowance in accordance with Rule 21.

NOMINATIONS:

Nominations are required for gas transported under this rate schedule. See Rule 21 for details.

CURTAILMENT OF SERVICE:

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

BALANCING:

Service hereunder shall be subject to all applicable terms, conditions and obligation under Schedule G-BAL. PG&E Interconnections with California Production shall be subject to all applicable terms, conditions and obligations of the California Production Balancing Agreement.

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