GAS SCHEDULE G-BAL
GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

APPLICABILITY: This rate schedule\* provides the terms and conditions pursuant to which PG&E will endeavor to balance volumes of gas it receives into its pipeline system with the volume it delivers to End-Use Customers and to Off-System Delivery Points. In addition, this schedule provides for balancing PG&E’s Market Center volumes. Under this schedule, PG&E will calculate, maintain, and carry imbalances; provide incentives for Customers to avoid and minimize imbalances; facilitate elimination of imbalances; and cash out imbalances. Schedule G-BAL applies to PG&E’s Core Gas Supply department transactions on behalf of PG&E’s core procurement Customers, and to all Customers taking services under Schedules G-CT (or other core rate schedule(s) where procurement service is provided by a third party), to Schedules G-NT, G-EG, G-NGV4, G-WSL, G-LNG, G-AFT, G-SFT, G-NFT, G-AA, G-NAA, G-AFTOFF, G-AAOFF, G-NFTOFF, G-NAAOFF, G-PARK, and G-LEND.

Imbalances generally will be maintained at the delivery point.

This schedule is the default supply schedule for Noncore End-Use Customers who do not execute a Natural Gas Service Agreement (NGSA) (Form No. 79-756), pursuant to the terms of Schedule G-NT.

TERRITORY: Schedule G-BAL applies everywhere within PG&E’s natural gas Service Territory.

BALANCING AGGREGATION: Noncore End-Use Customers may elect to aggregate Cumulative Imbalances for multiple premises, or they may assign their balancing obligations to a Balancing Agent, as described below. If the Cumulative Imbalances are aggregated or assigned to a Balancing Agent, PG&E will aggregate individual Balancing Service accounts into a single Balancing Service account, with both the usage and the deliveries aggregated. A single Monthly Tolerance Band, as defined below, shall apply to the aggregated quantities.

BALANCING AGENT: The Balancing Agent is the party financially responsible for managing and clearing imbalances described in Schedule G-BAL. The Balancing Agent shall be responsible for all applicable balancing and Rule 14 Operational Flow Order, Emergency Flow Order and diversion noncompliance charges. The following are Balancing Agents: Core Transport Agent (CTA), PG&E Core Gas Supply department, Noncore Balancing Aggregation Agreement (NBAA) Agent, a Noncore End-Use Customer or Wholesale/Resale Customer that is not part of an NBAA. All Balancing Agents are subject to creditworthiness requirements.

For deliveries to a Core Transport Group, the CTA will be responsible for any imbalances. For deliveries to storage and to off-system points, the Customer holding the Gas Transmission Service Agreement (GTSA) (Form No. 79-866) will be responsible for imbalances.

For deliveries made to Noncore End-Use Customers, the Noncore End-Use Customer will be responsible for imbalances; however, Noncore End-Use Customers may designate a Balancing Agent to manage and assume responsibility for the Noncore End-Use Customer’s obligations under this schedule.

A Noncore End-Use Customer may change its Balancing Agent no more than once per month.

\* PG&E’s gas tariffs are available on-line at www.pge.com.
GAS SCHEDULE G-BAL
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BALANCING AGENT: Noncore End-Use Customer designation of a Balancing Agent, changing of one Balancing Agent for another Balancing Agent, or terminating the services of a Balancing Agent, will take effect on the first day of the month following PG&E’s receipt of an executed Noncore Balancing Aggregation Agreement (NBAA) (Form No. 79-869), or Exhibit A or Exhibit B of the NBAA. The request must be received by PG&E by the last business day prior to the first day of the month the designation or change is to take effect. Requests that are not received by PG&E by the last business day prior to the first day of the month will not take effect until the first day of the second month following such request.

For End-Use Customers whose imbalances were previously not handled under an NBAA, upon designating a Balancing Agent and executing an NBAA, any existing imbalances and/or adjustments to past imbalances will also become the responsibility of such Balancing Agent upon the effective date of the NBAA.

The Balancing Agent may nominate transportation deliveries to PG&E on behalf of the Customer, in accordance with the provisions of gas Rule 21.*

BALANCING OPTIONS: PG&E will provide Balancing Service to accommodate any imbalances between Customer usage and gas delivered to PG&E for the Customer. Only one balancing option may apply to an individual End-Use Customer at any time. The Monthly Balancing Option remains the default balancing option for any Balancing Agent who does not elect Self-Balancing. In accordance with gas Rule 21, all Balancing Agents must endeavor to ensure that daily gas deliveries match daily gas usage.

MONTHLY BALANCING OPTION:

MONEY TOLERANCE BAND: The Monthly Tolerance Band is equal to plus or minus five percent (±5%) of the usage in the month in which the imbalance occurred. PG&E will provide Monthly Balancing Service at no additional charge if the Balancing Agent’s Cumulative Imbalance is less than or equal to the Monthly Tolerance Band limit.

If a Balancing Agent has a month-end imbalance that exceeds the Monthly Tolerance Band, this amount may be traded or will be cashed out as provided below. Unlike the Self-Balancing Option, there is no specific noncompliance charge for exceeding the balancing limit of the Monthly Tolerance Band.

If at any time the aggregate imbalance of all of PG&E’s On-System Customers has exceeded plus or minus three percent (±3%) of that month’s aggregate deliveries for any two (2) months in the preceding twelve (12) month period, PG&E may decrease the limit of the Monthly Tolerance Band by one percent (1%) after a minimum of thirty (30) days’ notice to Customers. The Monthly Tolerance Band may not be adjusted more than once in any twelve (12) month period. The Monthly Tolerance Band may not be set below three percent (3%) without prior CPUC approval.

DAILY USAGE MEASUREMENT:

For purposes of determining daily usage, Noncore End-Use Customers are required to have daily metering. Telemetering will be installed on Noncore End-Use Customers’ meters, where PG&E determines that it is cost-effective.
MONTHLY BALANCING OPTION: (Cont’d.)

CUMULATIVE IMBALANCE FOR NONCORE CUSTOMERS:

A Balancing Agent’s Cumulative Imbalance shall be the difference, for each calendar month, between metered usage (adjusted for shrinkage) and the actual monthly gas deliveries, plus any adjustments and tolerance carried forward from prior months.

A Cumulative Imbalance quantity will be stated each month on the Cumulative Imbalance Statement.

CUMULATIVE IMBALANCE FOR CORE PROCUREMENT GROUPS:

For a Core Procurement Group (which includes PG&E’s Core Gas Supply department and Core Transport Groups (CTA Group), as defined in gas Rule 1 (CP Group)), PG&E will determine the Cumulative Imbalance as follows:

PG&E will provide each CP Group with Core Load Forecasting and Determination Service, which will include 24-hour and 48-hour forecasts prior to the Gas Day. As part of this service, PG&E will also provide a Gas Day estimated usage (Determined Usage) for the CP Group. Determined Usage will be based on the historical usage of the CP Group’s customer mix, adjusted for climatic and operational conditions.

For a CP Group, the Cumulative Imbalance shall be the difference, for each calendar month, between Determined Usage (adjusted for shrinkage) and the actual monthly gas deliveries plus any Operating Imbalance, plus tolerance carried forward from prior months, plus any under-delivery of gas by a CP Group resulting from the failure to meet the Injection Period Month-End Minimum Inventory Target Level as specified in Schedule G-CFS.

OPERATING IMBALANCE FOR CORE PROCUREMENT GROUPS:

For CP Groups, each Core End-Use Customer’s cycle billed usage will be divided by the number of days within the billing cycle, then weighted on a daily basis to match the daily fluctuations of the CP Group’s Determined Usage within the same billing cycle (Daily Weighted Usage).

The Operating Imbalance for each CP Group is the difference between the sum of each day’s Determined Usage* within a calendar month and the sum of each day’s Daily Weighted Usage for each of the Core End-Use Customers for that calendar month. The Operating Imbalance Carryover is the accumulation of untraded monthly Operating Imbalances plus prior month accounting adjustments.

Each month, PG&E will provide the CP Group with an Operating Imbalance Statement. That Operating Imbalance Statement will be processed within two (2) months following the processing of the Cumulative Imbalance Statement for the same month. The processing delay ensures that most of the billing cycle usage for the calendar month has been measured and billed. If a CP Group incurs a Cumulative Imbalance cashout and the subsequent Operating Imbalance indicates that the Group’s deliveries more closely matched the Group’s actual gas use, then PG&E will reverse the cashout to the extent applicable.

*Based on the most recent Determined Usage which has a date and time of less than or equal to 7:15:00 AM on the current gas day and was communicated to CTAs. If the Determined Usage has a date and time greater than 7:15:00 AM on the current gas day or the Determined Usage was not generated, the most recent previous forecast for the current gas day will be used.
GAS SCHEDULE G-BAL

GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

MONTHLY BALANCING OPTIONS:
(Cont’d.)

CASHOUT FOR MONTHLY BALANCING:

Monthly imbalances after trading is completed, which exceed the Monthly Tolerance Band are cashed out for both the commodity component and the transportation component.

The Commodity Cashout for each month is based on the following four (4) imbalance categories: Over-delivers and under-delivers in the imbalance range of greater than five percent (5%) and less than or equal to ten percent (10%) of usage (Tier I Cashout), and over-delivers and under-delivers in the imbalance range of greater than ten percent (10%) of usage (Tier II Cashout). The amount of gas in each category is multiplied by the appropriate price as determined below to calculate the commodity cashout portion of the bill.

The Transportation Cashout for each month is based only on the under or over-delivery greater than five percent (5%). This amount is multiplied by the appropriate transportation cashout price as determined below to calculate the transportation cashout portion of the bill. In the case of an overdelivery, this will be a credit.

SELF-BALANCING OPTION:

The Self-Balancing option requires daily balancing within specified limits. To participate in Self-Balancing, the Balancing Agent must have an NBAA or CTA Group.

To elect Self-Balancing, the Balancing Agent must sign a Self-Balancing Amendment (Form No. 79-971) and the NBAA or the Core Gas Aggregation Service Agreement (CTA Agreement) will be subject to the terms of Self-Balancing for the period identified in the Amendment.

SELF-BALANCING CREDIT:

The Self-Balancing option allows a Balancing Agent to receive a credit. The Self-Balancing credit is $0.0200 (T) per Decatherm multiplied by the actual recorded monthly usage. Credits will be provided to the Balancing Agent on a monthly basis, subject to adjustments.

LIMIT ON SELF-BALANCING PARTICIPATION:

When a Balancing Agent elects Self-Balancing, their share of the balancing storage assets will be assigned to and marketed through PG&E’s at-risk unbundled storage program. The amount of storage assets allocated to PG&E’s at-risk unbundled storage program is based on the Balancing Agent’s End-Use Customer’s annual average usage as a percentage of PG&E’s average annual system usage. PG&E will allow the election of Self-Balancing until the storage balancing assets of 1.1 Bcf of inventory, 25 MMcf per day of injection and 35 MMcf per day of withdrawal are reached. If these limits are reached, PG&E will restrict further elections for Self-Balancing until capacity is made available or the OFO Forum raises the limits.
SELF-BALANCING OPTION: (Cont’d.)

DAILY IMBALANCE LIMITS FOR SELF-BALANCING:

A Balancing Agent electing Self-Balancing will be subject to two (2) imbalance limits each day:

1. The Daily Imbalance cannot exceed plus or minus ten percent (±10%) of that day’s metered usage for an NBAA or 24-hour forecast usage for a CTA Group, except on OFO or EFO days. On OFO or EFO days the applicable OFO or EFO tolerance band and noncompliance charge will apply.

2. A Balancing Agent must also maintain an Accumulated Daily Imbalance less than, or equal to, plus or minus one percent (±1%) of the Pre-Determined Monthly Usage for that month.

The Pre-Determined Monthly Usage (PDMU) for Noncore End-Use Customers will be equal to the Monthly Contract Quantity specified in the Exhibit B of their NGSA. PG&E will provide the Self-Balancing CTA with a PDMU at least 5 days prior to the first of each month. The PDMU for CTA Groups will be determined by PG&E as a function of the sum of the actual usage of the End-Use Customers within the CTA Group in the same month of the prior year. Adjustments may be applied for missing usage information for the prior year, mid-month starts and stops of service by the Balancing Agent, and for weather effects.

SELF-BALANCING NONCOMPLIANCE CHARGES:

Self-Balancing Noncompliance charges will be calculated as the sum of the following:

1. Daily Noncompliance Charge: For each non-OFO or non-EFO day, a noncompliance charge equal to fifty percent (50%) of the Monthly Citygate Index (MCI) per Decatherm for the portion of the daily imbalance that exceeds plus or minus ten percent (±10%) of the daily metered usage for customers in an NBAA or 24-hour forecast usage for a CTA Group per day. The MCI is the higher of the highest daily price during the month, or the monthly PG&E Citygate Index price published in Gas Daily, rounded up to the next whole dollar. If no price is published on a given day, the previously published price will be applied. On OFO or EFO days the corresponding tolerance band and OFO or EFO charge will apply.

2. Accumulated Daily Imbalance Noncompliance Charge: For each day, including OFO and EFO days, a noncompliance charge equal to fifty percent (50%) of the Monthly Citygate Index (MCI) per Decatherm per day for each day when the Accumulated Daily Imbalance exceeds plus or minus one percent (±1%) of the Pre-Determined Monthly Usage. The MCI is the higher of the highest daily price during the month, or the monthly PG&E Citygate Index price published in Gas Daily, rounded up to the next whole dollar. If no price is published on a given day, the previously published price will be applied. (See gas Rule 14 for possible exemptions from noncompliance charges on OFO days.)
ANNUAL SELF-BALANCING ELECTION PERIOD:

A Balancing Agent may elect the Self-Balancing option annually in February. The election is effective for a minimum term of one year that begins on April 1, and ending on the following March 31. Election requests for Self-Balancing will be accepted on a first-come, first-served basis. A Balancing Agent may not combine Self-Balancing and Monthly Balancing Customers in a single group.

CHANGES TO A BALANCING GROUP AFTER THE ELECTION PERIOD:

Circumstances may arise which would require the release of an End-Use Customer from a Self-Balancing Group during the year. PG&E will agree to changes that result from, but are not limited to, the following: failure of the business, change in core or noncore status, change of ownership, End-Use Customer changing Balancing Agents, and the termination of a Natural Gas Service Agreement, CTA Agreement, or NBAA. A Balancing Agent may not elect to move End-Use Customers from their Self-Balancing group to their Monthly Balancing group after the election period has ended nor may a Balancing Agent add a customer from their Monthly Balancing group to their Self-Balancing Group. End-Use Customers may be added to a Balancing Agent's Self-Balancing group if the End-Use Customer is not currently served by that same Balancing Agent under Monthly Balancing. All additions or deletions to a Self-Balancing group after the Election Period has ended must be agreed to by PG&E prior to the effective date of the change.

REQUIREMENT FOR DAILY USAGE RECORDING GAS METERS:

Noncore End-Use Customers must have a minimum of one daily usage recording meter prior to the Annual Self-Balancing Election Period. The cost of adding daily usage recording devices and/or data access is the responsibility of the customer. Noncore End-Use Customers who add daily usage recording devices after the election period will be allowed to convert to Self-Balancing during the next election period, if capacity is available. (See Limit on Self-Balancing Participation.) Meters with a capacity less than 100 Dth per day at a customer premises with large hourly recording meters are exempted from the hourly recording requirement. The average daily usage of these meters will be included in the daily calculations.
GAS SCHEDULE G-BAL  Sheet 7
GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

SELF-BALANCING OPTION: (Cont’d.)

MEASUREMENT OF DAILY USAGE AND IMBALANCES:

Balancing Agents will be responsible for tracking their own daily imbalance position. PG&E will not provide notice to a Balancing Agent if their imbalances are exceeding the daily tolerance levels. The daily usage for Noncore End-Use Customers who qualify for exemption from the hourly recording requirement in the Requirement for Daily Usage Recording Gas Meters provision, specified above, will be based on the sum of the average daily use plus any actual daily recorded usage. Average daily usage is equal to the monthly recorded usage divided by the number of days within the month. Daily usage for all other noncore End-Use Customers will be based on the actual recorded volumes. If the daily usage recording device fails, average daily use will be used for those days where daily-recorded use is unavailable or missing.

Daily usage for CTA Groups will be based on a forecast of their customers’ gas usage, as provided by PG&E. For CTA Groups with an annual demand less than three percent (3%) of the total core market's annual demand, daily usage will be determined using the first 24-hour forecast available each day. For CTA Groups with an annual demand greater than or equal to three percent (3%) of the total core market, daily usage will be determined using an end of the gas day forecast. For any CTA Group electing Self-Balancing, the applicable daily usage forecast will also be used to calculate its monthly Cumulative Imbalance. If the annual demand of any CTA Group participating in Self-Balancing exceeds ten percent (10%) of the total core market annual demand, then the largest CTA Group(s) will have their daily usage determined based on the end of the gas day forecast, such that the sum of the demands for the remaining Self-Balancing CTA Groups continuing to use the 24-hour forecast does not exceed the ten percent (10%) limit.

CUMULATIVE IMBALANCE FOR SELF-BALANCING NONCORE CUSTOMERS:

A Balancing Agent's Cumulative Imbalance under the Self-Balancing option is the same as under the Monthly Balancing Option, and is the difference, for each calendar month, between metered usage (adjusted for shrinkage) and the actual monthly gas deliveries plus any adjustments and tolerance carried forward from a prior month.

A Cumulative Imbalance quantity will be stated each month on the Cumulative Imbalance Statement.

CUMULATIVE IMBALANCE FOR SELF-BALANCING CTA GROUPS:

The Cumulative Imbalance for a CTA Group that elects the Self-Balancing option shall be the difference between the sum of each day’s 24-hour Core Load Forecast and the actual monthly gas deliveries including any Operating Imbalance or tolerance carried forward from a prior month, plus any under-delivery of gas by a CTA Group resulting from the failure to meet the Injection Period Month-End Minimum Inventory Target Level as specified in Schedule G-CFS.

(Continued)
GAS SCHEDULE G-BAL

GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

OPERATING IMBALANCE FOR SELF-BALANCING CTA GROUPS:

The Operating Imbalance for each CTA Group that elects the Self-Balancing option shall be the difference between the sum of each day’s 24-hour Core Load Forecast and the sum of each day’s Daily Weighted Usage of the Core End-Use Customers included in that CTA Group for that calendar month.

CASHOUT FOR SELF-BALANCING:

For those balancing groups subject to Self-Balancing, any gas imbalances remaining after the Imbalance Trading Period that are in excess of plus or minus one percent (±1%) of the Pre-Determined Monthly Usage will be cashed out for both the commodity component and the transportation component. The commodity cashout is at the appropriate Tier II Cashout price as determined below. Any remaining gas imbalances within the tolerance band (±1%) will be included in Accumulated Daily Imbalance calculated for the first day of the month following trading period. The transportation cashout is at the appropriate price as determined below.

IMBALANCE TRADING:

A Balancing Agent may trade its Cumulative or Operating Imbalances with another Balancing Agent that has a Cumulative or Operating Imbalance from the same statement period.

Executing an Imbalance trade consists of both parties to the trade completing an Imbalance Trading Form for Schedule G-BAL Service (Form No. 79-762), or electronic equivalent, and submitting the form to PG&E.

IMBALANCE TRADING CRITERIA:

Each Cumulative Imbalance trade must meet at least one of the following criteria:

1. The trade moves the trading party’s Cumulative Imbalance towards zero; and/or
2. The trade results in a Cumulative Imbalance that is within the range of plus or minus three percent (3%) of usage past zero.

The following table sets forth the range of acceptable Cumulative Imbalance trades. Imbalances are described as a percentage of usage. Each trade will be deemed to have a Beginning Imbalance (the imbalance, positive or negative, existing immediately prior to the trade) and an Ending Imbalance (the imbalance, positive or negative, resulting from the trade).

<table>
<thead>
<tr>
<th>If Beginning Imbalance is:</th>
<th>Ending Imbalance must be:</th>
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<tbody>
<tr>
<td>Greater than -3% (in the negative direction)</td>
<td>Between the Beginning Imbalance and +3%</td>
</tr>
<tr>
<td>Equal to or between –3% and +3%</td>
<td>Equal to or between -3% and +3%</td>
</tr>
<tr>
<td>Greater than +3% (in the positive direction)</td>
<td>Between -3% and the Beginning Imbalance</td>
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Each Operating Imbalance trade must move the CP Groups’ Operating Imbalance Carryover toward zero.

(Continued)
GAS SCHEDULE G-BAL

GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

IMBALANCE TRADING PERIOD:

PG&E will issue Cumulative Imbalance statements no later than the fifteenth (15) day of the first subsequent month following the month in which the Cumulative Imbalance occurred. PG&E will issue Operating Imbalance Statements no later than the fifteenth (15) day of the second subsequent month following the month in which the Cumulative Imbalance Statement for the same period was issued. Thereafter, Balancing Agents may trade all or a portion of their Cumulative and/or Operating Imbalance quantity by executing an imbalance trade by 5:00 p.m. Pacific Time on the closing date for New York Mercantile Exchange (NYMEX) Henry Hub Gas Futures contracts for the following month. If necessary, PG&E will extend the Cumulative and Operating Imbalance trading deadline beyond the NYMEX close date to ensure that the trading period lasts a minimum of five (5) business days.

TRADING IMBALANCES USING STORAGE ACCOUNTS:

During the imbalance Trading Period, Balancing Agents may manage both Cumulative and Operating Imbalances by trading into or out of storage accounts at on-system storage facilities. The owner of the storage account is not required to purchase storage injection or storage withdrawal capacity from PG&E to effect an imbalance trade.

The owner of the storage account must have, at the time of the trade, the inventory capacity to accept a trade into storage or the gas in inventory to trade out of storage. A CTA that uses its core storage account for managing Cumulative or Operating Imbalances must adhere to the end-of-month inventory target levels, as specified in Schedule G-CT. Owners of a third-party storage account must provide documentation of their inventory capacity or gas in inventory. Subject to system load balancing and/or operational constraints, Balancing Agents may trade as much of their Cumulative and/or Operating Imbalance quantity as their storage inventory/capacity allows.
GAS SCHEDULE G-BAL
GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

IMBALANCE TRADING:
(Cont’d.)

MANAGING REMAINING IMBALANCES AFTER TRADING:

After the imbalance trading deadline, any remaining Cumulative Imbalance, within the Monthly Tolerance Band, and any Operating Imbalance Carryover, as specified below, will be considered the first transaction during the calendar month following the just-completed trading period. Any remaining Cumulative Imbalance in excess of the Monthly Tolerance Band will be automatically cashed out. Cashouts will include a Commodity Cashout component and a Transmission Cashout component.

After the imbalance trading deadline, any remaining Operating Imbalance will be managed as follows:

1. The Operating Imbalance remaining after trading will be added to the Operating Imbalance Carryover.

2. One-twelfth (1/12) of the Operating Imbalance Carryover will be considered part of the first transaction for the CP Group during the calendar month following the just completed trading period.

3. A CP Group may also make a monthly election to clear its entire Operating Imbalance Carryover if it is less than 5,000 Dth. This will be considered the first transaction during the calendar month following PG&E’s receipt of written notification, and will set the Operating Imbalance Carryover to zero.

(Continued)
CASHOUT PRICING:

COMMODITY CASHOUT PRICING:

Each commodity cashout price is based on a two-step calculation: First, a cashout index is determined based on an average of the published price data from Natural Gas Intelligence (NGI) and the BTU Daily Gas Wire for the PG&E interconnect points of Malin (Northern California Border) and Topock (Southern California Border). Second, that index is adjusted to arrive at the cashout price for that imbalance category.

Tier I Commodity Cashout – Imbalances greater than five percent (5%) and less than or equal to ten percent (10%) of usage:

1. Over-deliveries:
   a. The Weighted Over Delivery (WOD) Index equals the lower of the Bid Week monthly index price or the average of the five (5) lowest average published daily prices, weighted by the supply mix of all gas received at Malin and Topock for on-system End-Use Customers during the month in which the imbalance occurred.
   b. The cashout price equals seventy-five percent (75%) of the WOD Index.

2. Under-deliveries:
   a. The Weighted Under Delivery (WUD) Index equals the higher of the Bid Week monthly index price or the average of the five highest average published daily prices, weighted by the supply mix of all gas received at Malin and Topock for on-system End-Use Customers during the month in which the imbalance occurred.
   b. The cashout price equals one hundred twenty-five percent (125%) of the WUD Index.

Tier II Commodity Cashout – Imbalances greater than ten percent (10%) of usage:

1. Over-deliveries:
   a. The Over Delivery (OD) Index equals the lowest average published daily price at either Malin or Topock.
   b. The cashout price equals fifty percent (50%) of the OD Index.

2. Under-deliveries:
   a. The Under-Delivery (UD) Index is defined as the highest average published daily price at either Malin or Topock.
   b. The cashout price equals one hundred fifty percent (150%) of the UD Index.

(Continued)
CASHOUT PRICING:

If no published daily price is reported on a given day, the prior published daily price from that index service will continue to apply for that day. If an index service is no longer available, PG&E reserves the right to choose another nationally recognized index to replace it.

TRANSPORTATION CASHOUT PRICING:

The Transportation Cashout price for under-deliveries is based on the Usage Charge as specified in Schedule G-AA. Over-deliveries will receive a transmission credit based on the Modified Fixed Variable (MFV) Usage Charge as specified in Schedule G-AFT. The Transportation Cashout price or credit is determined by weighting the path specific rates by the supply mix percentages of all gas received by PG&E, for on-system End-Use Customers, during the month.

MARKET CENTER IMBALANCES:

A Customer may have a positive or negative balance when a Market Center account expires. This balance becomes a Market Center Imbalance after the end date specified on the Market Center Exhibit.

Negative Imbalances:

For a Customer with a negative imbalance ranging from 1 Dth to 1,000 Dth, after thirty (30) calendar days from the termination of the exhibit resulting from Customer’s under-delivery of gas to the Market Center, automatic reimbursement will occur.

For a Customer with an imbalance greater than 1,000 Dth, the Customer shall have thirty (30) calendar days resulting from Customer’s under-delivery of gas to the Market Center to clear the imbalance as follows:

1. Customer shall reach agreement with PG&E to make up such imbalance in-kind during a specified period and at a specific rate; or

2. Customer shall reimburse PG&E at the rate of one hundred fifty percent (150%) of the Under-Delivery Index, defined as the highest average published daily price at the same Market Center location specified in the Exhibit for the same time period.

If the Customer fails to establish the terms of resolving the Market Center Imbalance within the thirty (30) day period:

1. PG&E shall charge the Customer the maximum daily rate, as specified in Schedule G-LEND, for each day of the Market Center imbalance; and

2. Customer shall reimburse PG&E at the rate of one hundred fifty percent (150%) of the Under-Delivery Index, defined as the highest average published daily price at the same Market Center location specified in the Exhibit for the same time period.

Positive Imbalances:

If a Customer has a positive imbalance ranging from 1 Dth to 1,000 Dth, after thirty (30) calendar days from the termination of the exhibit resulting from Customer’s over-delivery of gas to the Market Center automatic reimbursement will occur.
GAS SCHEDULE G-BAL
GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

MARKET CENTER IMBALANCES: (Cont’d.)
If a Customer has an imbalance greater than 1,000 Dth, the Customer shall have thirty (30) calendar days after the termination of the exhibit resulting from Customer’s over-delivery of gas to the Market Center to clear the imbalance as follows:

1. Customer shall reach agreement with PG&E to use up such imbalance in-kind during a specified period and at a specific rate; or

2. Customer shall be reimbursed by PG&E at the rate of fifty percent (50%) of the lowest monthly Over-Delivery Index, at the same Market Center location specified in the Exhibit for the same time period.

If the Customer fails to establish the terms of resolving the Market Center Imbalance within the thirty (30) day period:

1. PG&E shall charge the Customer the maximum daily rate for each day of the Market Center imbalance specified in Schedule G-PARK; and

2. The Customer’s imbalance shall be reimbursed by PG&E at the rate of fifty percent (50%) of the lowest monthly Over-Delivery Index at the same Market Center location specified in the Exhibit for the same time period.

TRANSMISSION CUSTOMER IMBALANCE:
Transmission Customer Imbalance can occur for gas delivered to Off-System Delivery Points or On-System Storage Facilities, and is defined as the difference between the final scheduled volume on the day of flow at the PG&E system Receipt Point, and the quantity of gas which was actually delivered at the receipt point.

A Transmission Customer Imbalance may be made up in-kind at a later date as agreed upon between the Customer on whose contract the imbalance occurs and PG&E. If no agreement can be reached by the end of the month following the month in which PG&E sends notification of the imbalance to the Customer, then PG&E shall resolve the imbalance in the following manner:

1. For positive imbalances, PG&E shall cashout the entire positive imbalance quantity at the lowest daily commodity price at Malin or Topock, as published in Gas Daily, during the month in which the imbalance occurred; and

2. For negative imbalances, PG&E shall account for the entire negative imbalance quantity as the first transaction during the second calendar month following the date of notification of the imbalance.
GAS SCHEDULE G-BAL
GAS BALANCING SERVICE FOR INTRASTATE TRANSPORTATION CUSTOMERS

ACCOUNTING
ADJUSTMENTS: If subsequent accounting adjustments change a previous Cumulative or Operating Imbalance, then:

1. If any portion of the adjusted quantity was previously subject to an imbalance cashout, the adjusted portion of the cashout will be reversed.

2. For noncore Cumulative Imbalances, any remaining adjustment quantity will be considered the first transaction during the calendar month following the date of notification of the adjustment, and reported on the Cumulative Imbalance Statement, unless otherwise agreed to by PG&E.

3. For Core Procurement Groups, adjustment quantities will be included in the Operating Imbalance Carryover.

4. Adjustments are limited to a maximum three year period.

CURTAILMENT
OF SERVICE:
Service under this schedule may be curtailed. Details are provided in gas Rule 14.

TERMINATION:
Upon termination of a Customer’s GTSA, NGSA, NBAA, CTA Agreement, and/or CPBA, any remaining Cumulative Imbalance and/or Operating Imbalance Carryover must be traded, toward zero, during the first Imbalance Trading Period following notice of termination. Following the Imbalance Trading Period, any remaining negative Cumulative and Operating Imbalances will be cashed out at the applicable MCI. The MCI is the higher of the highest daily price during the month, or the monthly PG&E Citygate Index Price of gas in the daily range, as published in Gas Daily, rounded up to the next whole dollar. If there is no price published on a given day the previously published price will be applied. Any remaining positive Cumulative and Operating Imbalances will be cashed out at the applicable Lowest Citygate Index (LCI). The LCI is the lower of the lowest daily price during the month, or the monthly PG&E Citygate Index Price as published in Gas Daily, rounded down to the next whole dollar. If there is no price published on a given day the previously published price will be applied.