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Subject: A.09-09-013: PD on Interim Rates

TO ALL PARTIES IN PG&E'S 2011 GT&S RATE CASE:

This email details the changes to PG&E's gas transmission and storage rates that will be implemented on January 1, 2011, assuming that the Proposed "Interim Decision Concerning the Making Of Rates Effective January 1, 2011" (issued on November 16, 2010) is adopted by the Commission.

The Proposed Decision grants the alternative request of PG&E to make the revenue requirements resulting from a final decision in this case after January 1, 2011, effective as of January 1, 2011. Therefore, we are guided by Section 2.3.2 of the Gas Accord IV Settlement (A.07-03-012), which governs rate changes in the event that a final order on PG&E's 2011 GT&S Rate Case is delayed beyond January 1, 2011.

Backbone Transmission, Storage, and Customer Access Charge Rates January 1, 2011

In accordance with Section 2.3.2 of the Gas Accord IV Settlement, backbone transmission, storage, and

CAC rates will remain at 2010 levels beginning January 1, 2011.

Local Transmission Rates January 1, 2011

Under Section 2.3.2 of Gas Accord IV, Local Transmission rates will equal the rates in effect on December 31, 2010, plus a two percent escalator. In addition, the negotiated Adder component for one of the Gas Accord IV LT Adders (Line 406) will be reflected in rates starting January 1, 2011 because that project went into service in 2010. The Local Transmission rates that will become effective on January 1, 2011 are as follows:

Escalator:
2%

	2010	2010 escalated 2%	Line 406 adder	January 1, 2011
Local Transmission Core Rate Component \$/Dth	0.3690	0.3764	0.0115	0.3879
Local Transmission Non-Core Rate Component \$/Dth	0.1596	0.1628	0.0050	0.1678

Local Transmission Bill Credits

The Local Transmission bill credits for Moss Landing Power Plant Units 1 and 2, and for four members of the Northern California Generation Coalition, will remain at 2010 levels. These bill credits remain at 2010 levels because the funding for these bill credits (through two volumetric surcharges---one applicable to all backbone customers except G-XF and the other applicable to Backbone Level G-EG and G-NT customers) will continue unchanged on January 1, 2011 under Section 2.3.2 of the Gas Accord IV Settlement.

Please let me know if you have any questions.

Kerry Klein