Pacific Gas and Electric Company

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August 5, 2011

Advice 3228-G
(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: **Update Core Allocation-PG&E Northern Path Capacity and Related Tariff Revisions**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas tariffs. The affected tariff sheets are listed on the enclosed Attachment 1.

Purpose

PG&E is revising its tariffs to include Ruby Pipeline capacity in the allocations made available to core aggregation customers, and also to update the quantities for the Northern Path capacity allocations made available to them. These changes are being reflected in Schedule G-CT – Core Gas Aggregation Service, Attachment G of Form 79-845 Core Transport Agent Service Agreement, and Preliminary Statement Part C, Section 14.

Background

On December 21, 2007, PG&E submitted Application (A.) 07-12-021 to the Commission for authority to contract for long-term capacity on the Ruby Pipeline, which would transport natural gas from Opal, Wyoming, to Malin, Oregon; where it would interconnect with the PG&E system at the California-Oregon border. On November 7, 2008, the Commission issued D.08-11-032, which approved A.07-12-021, subject to certain conditions.

On December 1, 2010, in accordance with D.08-11-032, PG&E filed Advice 3172-G, a Tier 1 advice letter, seeking Commission approval of the Interconnection and Operational Balancing Agreement (IOBA) between PG&E and Ruby Pipeline, LLC. The Commission approved Advice 3172-G on March 29, 2011. The Ruby Pipeline began commercial operation on July 28, 2011. The contract for service for PG&E's core customers will start on November 1, 2011. This advice letter implements conforming changes to PG&E's Schedule G-CT, providing Core Transport Agent (CTA) access to a pro rata share of the contracted Ruby Pipeline capacity.

Tariff Revisions

PG&E is revising gas rate Schedule G-CT – Core Gas Aggregation Service to provide access to the Ruby Pipeline capacity to customers receiving gas supply service from core aggregators. The annual firm capacity available for PG&E's core customers on this path is 250,000 Dth/d. Corresponding decreases will be made to pipeline capacity made available on the Gas Transmission Northwest Corporation, the Foothills Pipe Lines Ltd., and NOVA Gas Transmission LTD. Pipelines such that total pipeline capacity remains unchanged. PG&E is also revising the Core Transport Agent Service Agreement (Form 79-845 – CTA Agreement) Attachment G to reflect these changes.

Additionally, based on D.08-11-032, PG&E proposes the following tariff revisions to Preliminary Statement Part C, Section 14, to make conforming changes to the CPIM and to add clarity to an existing provision:

> Decision 97-08-055 adopted a CPIM mechanism for Post-1997 performance as filed in Application 96-08-043, and as affirmed in D.03-12-061. Modifications adopted in D.04-01-047 are effective for the CPIM year starting November 1, 2002. Modifications adopted in D.07-06-013 are effective for the CPIM year starting November 1, 2007. Modifications adopted in D.10-01-023 are effective for the CPIM year starting November 1, 2010. Modifications adopted in D.08-11-032 and D.11-04-031 are effective for the CPIM year starting November 1, 2011. The CPIM will continue indefinitely until modified or terminated by the CPUC.
>
> The CPIM standard benchmark is made up of three components: (1) the fixed transportation cost component, which includes interstate capacity reservation costs, backbone transmission system capacity reservation costs, and upstream Canadian capacity reservation costs; (2) the variable cost component, which covers commodity costs, 80 percent of winter hedging transaction premiums and settlement net gains and losses in the month of related gas flow, and volumetric transportation costs; and (3) a storage cost component.

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 **August 25, 2011,** which is 20 days after 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: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests 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:

Pacific Gas and Electric Company
Attention: Brian Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

Effective Date

PG&E requests that this advice filing become effective on regular notice, **September 6, 2011**, which is 32 calendar days[1] after the date of filing.

[1] Thirty calendar days after filing falls on a Sunday. The first business day after that date is September 6, after the Labor Day holiday.

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 and service list A.07-12-021. Address changes to the General Order 96-B service list and all electronic approvals should be directed to e-mail PGETariffs@pge.com. Advice letter filings can also be accessed electronically at http://www.pge.com/tariffs.

Brian Cherry /BCD

Vice President - Regulation and Rates

cc: Service List A.07-12-021

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:	Contact Person: Conor Doyle
☑ ELC ☑ GAS	Phone #: (415) 973-7817
☐ PLC ☐ HEAT ☐ WATER	E-mail: jcdt@pge.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas ☐ PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: **3228-G** **Tier: 2**

Subject of AL: **Update Core Allocation-PG&E Northern Path Capacity and Related Tariff Revisions**

Keywords (choose from CPUC listing): **Core, Procurement, Forms**

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: **September 6, 2011** No. of tariff sheets: **16**

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 Rate Schedule G-CT, Gas Preliminary Statement C, Gas Form 79-845 Attachment G**

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 K. 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

Cal P.U.C. Sheet No.	**Title of Sheet**	**Cancelling Cal P.U.C. Sheet No.**
29141-G	GAS PRELIMINARY STATEMENT PART C GAS ACCOUNTING TERMS & DEFINITIONS Sheet 14	28063-G
29142-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 7	24307-G
29143-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 8	26869-G
29144-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 9	
29145-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 10	25115-G
29146-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 11	25116-G
29147-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 12	28396-G
29148-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 13	22155-G
29149-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 14	22156-G
29150-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 15	25117-G
29151-G	GAS SCHEDULE G-CT CORE GAS AGGREGATION SERVICE Sheet 16	22158-G
29152-G	Gas Sample Form No. 79-845G Core Gas Aggregation Service Agreement ExG	26870-G

ATTACHMENT 1
Advice 3228-G

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
29153-G	GAS TABLE OF CONTENTS Sheet 1	29137-G
29154-G	GAS TABLE OF CONTENTS Sheet 3	29139-G
29155-G	GAS TABLE OF CONTENTS Sheet 4	29140-G
29156-G	GAS TABLE OF CONTENTS Sheet 10	27262-G

GAS PRELIMINARY STATEMENT PART C
GAS ACCOUNTING TERMS & DEFINITIONS

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

14. CORE PROCUREMENT INCENTIVE MECHANISM: The Core Procurement Incentive Mechanism (CPIM) is designed to replace traditional reasonableness reviews for Gas Procurement Costs as defined in C.10, above. PG&E will report its procurement activities monthly to the CPUC's Energy Division and Division of Ratepayer Advocates (DRA) and will file an annual report outlining cost savings, rewards or penalties under the CPIM. Incentive rewards and penalties are calculated annually and, upon Commission approval, will be recorded in the Core Sales Subaccount of the Purchased Gas Account (PGA).

Decision 97-08-055 adopted a CPIM mechanism for Post-1997 performance as filed in Application 96-08-043, and as affirmed in D.03-12-061. Modifications adopted in D.04-01-047 are effective for the CPIM year starting November 1, 2002. Modifications adopted in D.07-06-013 are effective for the CPIM year starting November 1, 2007. Modifications adopted in D.10-01-023 are effective for the CPIM year starting November 1, 2010. Modifications adopted in D.08-11-032 and D.11-04-031 are effective for the (T)
CPIM year starting November 1, 2011. The CPIM will continue indefinitely until modified or terminated by (T)
the CPUC.

The CPIM provides PG&E with a direct financial incentive to procure core gas and transportation services at the lowest reasonable cost by calculating rewards or penalties through comparing actual procurement costs to an aggregate market-based benchmark.

The CPIM establishes both a standard benchmark, which applies to purchasing activities occurring under most operating and temperature conditions, and an alternate benchmark which applies only under extraordinary circumstances requiring economic and/or physical diversions of supplies and transportation resources held by other shippers on the interstate and intrastate transmission system.

The CPIM standard benchmark is made up of three components: (1) the fixed transportation cost component, which includes interstate capacity reservation costs, backbone transmission system capacity (T)
reservation costs, and upstream Canadian capacity reservation costs; (2) the variable cost component, (T)
which covers commodity costs, 80 percent of winter hedging transaction premiums and settlement net gains and losses in the month of related gas flow, and volumetric transportation costs; and (3) a storage cost component.

The CPIM benchmark components are calculated daily. At the end of each 12-month period, the daily benchmark components are added together to form a single annual benchmark budget. Actual incurred costs are compared to the benchmark. If actual gas costs fall within a range (tolerance band) around the benchmark, costs are deemed reasonable, and are fully recoverable from customers. If actual costs fall below the tolerance band, the savings (the difference between the lower limit of the tolerance band and actual recorded costs) are shared between customers and shareholders according to the following procedure:

a) 80 percent to customers and 20 percent to shareholders per D.07-06-013; and

b) Annual PG&E shareholder awards are capped at 1.5 percent of the total annual gas commodity costs.

Customers and shareholders share equally any costs in excess of the upper limit of the tolerance band.

An alternate benchmark can be invoked by PG&E under certain extraordinary circumstances requiring economic and/or mandatory diversions of gas and transmission resources held by other shippers. All voluntary and involuntary diversion costs are compared to the highest value of the daily PG&E Citygate index range. There is no tolerance band for the alternate benchmark, and actual costs savings or overruns, relative to the benchmark, are shared 95 percent by customers and 5 percent by shareholders.

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

Sheet 7

OPTIONAL ASSIGNMENT OF FIRM SOUTHERN INTERSTATE PIPELINE CAPACITY:

Each month, the CTA will be offered an assignment of a pro rata share of the firm Southern Interstate capacity contracted for and held by PG&E for its core Customers. The CTA will be offered capacity on the El Paso Natural Gas Company (El Paso) and Transwestern Pipeline Company (Transwestern) pipelines, as described below. The amount of interstate capacity made available to the CTA will be the Group's January Capacity Factor times the firm interstate capacity reserved for PG&E's core Customers. The term of the capacity assignment will be one month. The CTA may accept any or all of the offered capacity assignment at the same rates that PG&E's Core Procurement Department pays for the capacity.

The firm Southern Interstate capacity reserved for PG&E's core Customers is:

El Paso (at Topock, Arizona)……………………201,774 Dth/d (C)

(D)
I
I
I
I
(D)

Any additional costs that may result from the CTA's utilization of El Paso capacity (i.e., increased costs associated with changing receipt points when scheduling on a discounted contract) are the sole responsibility of the CTA.

Transwestern (at Topock, Arizona)………………150,000 Dth/d

For each month, the CTA shall execute an Optional Assignment to Core Transport Agent of Firm Southern Interstate Pipeline Capacity (Optional Southern Interstate Capacity Assignment) (Form 79-845, Attachment C) in order to exercise any preferential right to an assignment of the offered capacity for the following calendar month. The CTA shall be required to confirm the volume of its monthly preference to PG&E within 5 days of notification from PG&E of such right. Failure to execute the Optional Interstate Capacity Assignment by PG&E's stated deadline will result in the CTA losing preferential right to the capacity for that month. Once the capacity assignment is confirmed by the CTA, the assignment cannot be changed.

The CTA must meet creditworthiness requirements of the interstate pipeline prior to PG&E approval of the Optional Interstate Capacity Assignment. The CTA shall assume full responsibility for paying the applicable interstate pipeline charges for any interstate capacity assigned to the CTA on behalf of Customers of the Group, and shall make such payment directly to the applicable interstate pipeline, in accordance with pipeline tariffs approved by the Federal Energy Regulatory Commission (FERC).

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

OPTIONAL ASSIGNMENT OF FIRM ROCKY MOUNTAIN CAPACITY:

Annually, CTAs will be offered an assignment of a pro rata share of Rocky Mountain capacity contracted on the Ruby Pipeline for and held by PG&E for its core Customers. In anticipation of changes to the capacity election process which will occur in April 2012 as approved in D.11-04-031, the election made for the period beginning November 1, 2011 will be for only 5 months, ending March 31, 2012. (N)

The amount of interstate capacity made available to the CTA will be the Group's January Capacity Factor times the firm Ruby Pipeline capacity reserved for PG&E's Core Customers as specified below. The CTA may accept any or all of the offered capacity assignment at the same rates that PG&E's Core Procurement Department pays for the capacity. The term of the resulting capacity assignment is from November 1, 2011 through March 31, 2012. Failure to accept any capacity assignment resulting from the election may result in termination of the CTA Agreement.

The firm capacity reserved for PG&E's Core End-Use Customers on the Ruby Pipeline is:

Ruby Pipeline (at Malin, OR)…..............................250,000 Dth/d

Annually, by September 1, PG&E will determine the CTA's January Capacity Factor and resulting pipeline capacity offerings. By September 30 the CTA shall execute an Optional Assignment to Core Transport Agent of Firm Northern Pipeline Path and Ruby Pipeline Capacity (Form 79-845, Attachment G) in order to accept any assignment of the offered capacities. Failure to execute the Optional Assignment to Core Transport Agent of Firm Northern Pipeline Path and Ruby Pipeline Capacity form will result in the election defaulting to zero. Once the annual election is made, the election cannot be changed. If a CTA terminates service and has not brokered their Ruby Pipeline assignment, the capacity will revert back to PG&E's Core Procurement Group.

The CTA must meet creditworthiness requirements of all pipelines for which they have accepted capacity assignment. The CTA shall assume full responsibility for paying for the applicable Ruby pipeline capacities assigned to the CTA on behalf of Customers of the Group, and shall make such payment directly to the applicable pipeline, in accordance with pipeline tariffs approved by the Federal Energy Regulatory Commission (FERC). All capacities will be offered to the CTA at the same rates that PG&E's Core Procurement pays for the capacity. (N)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

OPTIONAL ASSIGNMENT OF FIRM NORTHERN PIPELINE PATH CAPACITY:

Annually, CTAs will be offered an assignment of a pro rata share of Northern Pipeline Path (Path) capacities contracted for and held by PG&E for its core Customers. The Northern Pipeline Path consists of firm pipeline capacities on the Gas Transmission – Northwest Corporation (GTN), the Foothills Pipe Lines Ltd. (Foothills), and associated capacity on NOVA Gas Transmission Ltd. (NGTL). The amount of capacity made available to the CTA on each segment of the Path will be the Group's January Capacity Factor times the firm capacity reserved for PG&E's core Customers on each segment, as specified below. In anticipation of changes to the capacity election process which will (N)
occur in April 2012 as approved in D.11-04-031, the election made for the period I
beginning November 1, 2011 will be for only 5 months, ending march 31, 2012. (N)

The CTA elects a percentage of the offered Path. A CTA may elect to take zero percent (0%) to one hundred percent (100%) of the offered firm capacities. The CTA must take the same percentage share on each of the segments of the Path. The term of the resulting capacity assignments are from November 1, 2011 through March 31, 2012. (N)/(D)
Failure to accept any assignment resulting from the percentage election may result in termination of the CTA Agreement.

The firm capacity reserved for PG&E's Core End-Use Customers on the Northern Pipeline Path is:

Segment	GTN	Foothills	NGTL	
Capacity	359,968 Dth/d	366,194 Dth/d	369,968 Dth/d	(N)/(D)

Annually, by September 1, PG&E will determine the CTA's January Capacity Factor and resulting pipeline capacity offerings. By September 30 the CTA shall execute an <u>Optional Assignment to Core Transport Agent of Firm Northern Pipeline and Ruby</u> (N)
<u>Pipeline Capacity</u> (Form 79-845, Attachment G) in order to accept any assignment of the (N)
offered capacities. Failure to execute the <u>Optional Assignment to Core Transport Agent of Firm Northern Pipeline and Ruby Pipeline Capacity</u> will result in the percentage (N)
election defaulting to zero percent (0%). Once the annual election is made, the election cannot be changed. If a CTA terminates service and has not brokered their Northern Pipeline Path assignments, the capacity will revert back to PG&E's Core Procurement (N)
Group.

Until such time as the January Capacity Factor for all CTAs is greater than five percent (5%), the amount of capacity on each segment will remain fixed for the term of the assignment (November – October). When and if the January Capacity Factor for all CTAs is greater than five percent (5%), PG&E will propose an adjustment mechanism in the next available CPUC proceeding to address capacity adjustments for increasing or decreasing CTA load that occur during the November to October assignment period. The amount of capacity offered for assignment is capped at ten percent (10%) until such time as the Commission approves a new process for Northern Pipeline Path allocation.

The CTA must meet creditworthiness requirements of all pipelines for which they have accepted capacity assignment. The CTA shall assume full responsibility for paying the applicable Foothills, and NGTL and GTN charges for pipeline capacities assigned to the CTA on behalf of Customers of the Group, and shall make such payment directly to the applicable pipeline, in accordance with pipeline tariffs approved by applicable Canadian authorities and the Federal Energy Regulatory Commission (FERC). All capacities will be offered to the CTA at the same rates that PG&E's Core Procurement pays for the capacity.

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

Sheet 10

FIRM BACKBONE TRANSMISSION SYSTEM PIPELINE CAPACITY: Each month, PG&E will offer to the CTA a pro rata share of the firm Backbone pipeline capacity PG&E has reserved for its core Customers, by path, as specified below: (L)

Months	Core Reservation of Firm Backbone Pipeline Capacity
March - November	
Baja to On-System	348,000 Dth/d
Redwood to On-System	608,766 Dth/d
December, January and February	
Baja to On-System	669,000 Dth/d
Redwood to On-System	608,766 Dth/d

This capacity will be offered to the CTAs at the rates specified for Core Procurement Groups in Schedule G-AFT. CTAs must execute a Gas Transmission Service Agreement (GTSA) (Form No. 79-866) and associated exhibits in order to exercise a preferential right to this capacity. In addition, CTAs, at their option, may execute a GTSA and associated exhibits for additional Backbone pipeline capacity, which will not be offered at the rates specified for Core Procurement Groups in Schedule G-AFT.

The amount of capacity offered to each CTA for each path, will be equal to the total of the Group's January Capacity Factor times the amount of firm Backbone pipeline capacity PG&E has reserved for its Core End-Use Customers, by path and month, as specified above. PG&E will notify the CTA of the firm capacity offer for each month by the fifteenth (15th) day of the preceding month. The CTA shall be required to confirm the volume of its monthly preference to PG&E within five (5) days notification from PG&E of such right.

FIRM WINTER CAPACITY REQUIREMENT: As a condition of a CTA providing gas aggregation services to Customers in a Group, during the Winter Season, November 1 through March 31, CTAs are required to meet the Firm Winter Capacity Requirement as specified below. The Firm Winter Capacity Requirement requires that the CTA contract for firm Backbone pipeline capacity or firm PG&E storage capacity and withdrawal rights equal to the Group's pro rata share of firm Backbone pipeline capacity PG&E has reserved for Core End-Use Customers, excluding the California on-system reservation (Silverado to On-System Path).

The CTA may satisfy such Firm Winter Capacity Requirement in any combination of the following:

1. Under the terms of Schedules G-SFT or G-AFT, contract with PG&E for all or part of the CTA's path-specific proportionate share of firm Backbone pipeline capacity PG&E has reserved for Core End-Use Customers.

2. Contract with a party other than PG&E for guaranteed use of that party's firm Backbone pipeline capacity or for guaranteed use of that party's firm PG&E storage capacity and withdrawal rights in conjunction with Schedules G-AA or G-NAA.

(L)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

Sheet 11

FIRM WINTER CAPACITY REQUIREMENT (Cont'd.):

3. Contract with PG&E for firm Backbone pipeline capacity or firm storage capacity and withdrawal rights in conjunction with Schedules G-AA or G-NAA. (L)

Capacity held to satisfy core firm storage requirements, described below, may not simultaneously be used to satisfy the Firm Winter Capacity requirement.

Should the CTA exercise Option 2 or 3 above, to satisfy the Firm Winter Capacity requirements for any winter month, the CTA shall be required to submit, within five (5) days of notification, an executed Declaration of Alternate Winter Capacity (Form No. 79-845, Attachment J).

If a CTA has fulfilled this Firm Winter Capacity Requirement and has incurred no instances of non-compliance with an Emergency Flow Order (EFO) and no more than on (1) such instance with a Low Inventory Operational Flow Order (OFO) as specified in Rule 14 for a two-year period, the CTA will no longer be required to meet this Firm Winter Capacity Requirement.

CORE FIRM STORAGE:

PG&E will, from time to time, determine for each CTA an annual core firm storage allocation consisting of core firm inventory capacity and associated injection and withdrawal capacity. An Initial Storage Allocation will be provided and adjusted by Mid-Year Storage Allocations and Winter Season Storage Allocation Adjustments, as described below. These storage allocations are a pro rata share of PG&E's total core firm storage capacity reservation and are calculated as also described below.

In February of each year, PG&E will calculate each CTA's Initial Storage Allocation based upon the number of customers expected to be part of each CTA's Group in April of that year. Prior to March 1, each CTA will be given the option to reject a percentage of its Initial Storage Allocation, up to 100 percent (100%), for the upcoming storage year of April 1 through March 31 (Storage Year). A CTA's failure to reject its Initial Storage Allocation by March 1 shall be deemed an acceptance thereof.

Each CTA's assigned core firm storage capacity (Assigned Storage) shall be the sum of its Initial Storage Allocation, to the extent accepted, plus modifications due to Mid-Year Storage Allocations and Winter Season Storage Allocation Adjustments, plus any capacity that may be reassigned to a CTA pursuant to the reallocation process, triggered if the Annual Cap on rejected amounts is exceeded. Assigned Storage will be provided under the terms of Schedule G-CFS.

Each CTA will be required to execute and shall be subject to the terms and conditions of a Core Firm Storage Declarations (Form No. 79-845, Attachment D) with PG&E, for its Assigned Storage. The rejected percentage shall also be specified in Attachment D. In the event the CTA rejects a portion of its Initial Storage Allocation, it must do so in an increment of 10 percent (10%), (e.g., 10%, 20%, 30%, and so forth) up to 100 percent. For storage allocation amounts rejected, the CTA must certify Alternate Resources for each Winter month in amounts equivalent to the rejected withdrawal capacity, as more fully set forth in this rate schedule. Gas in storage, for core reliability, including gas stored using the Assigned Storage, may not be subject to encumbrances of any kind.

All core firm storage inventory capacity that is not assigned to CTAs is assigned to PG&E's Core Procurement department. (L)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

Sheet 12

CORE FIRM STORAGE: (Cont'd.)

PG&E's determination of core firm storage capacity for each CTA Group will be based on the sum of the historical Winter Season gas usage for the Group, unless otherwise agreed upon. (L)

PG&E's total core storage capacity reservations, by subfunction, are:

Annual Inventory	33,478 MDth
Average Daily Injection	157 MDth/day
Average Daily Withdrawal	1,111 MDth/day

To determine each CTA's allocation, PG&E will calculate the ratio of the CTA Group's Winter Season Usage to PG&E's total core Winter Season forecast throughput, as adopted in the latest CPUC Cost Allocation Proceeding (CAP). The ratio, expressed as a percentage, is then applied to the Annual Inventory above to determine the amount of inventory that is allocated to the CTA. For CTAs whose resultant allocation is up to 1,000,000 Dth, the percentage is also applied to the Average Daily Injection and Average Daily Withdrawal to determine the daily injection and withdrawal limits. For CTAs whose resultant inventory is greater than 1,000,000 Dth, the injection and withdrawal capacities are variable. The calculations for those injection and withdrawal capacities are specified in Schedule G-CFS.

PG&E's total adopted core Winter Season throughput is: 177,032,109 Dth (L)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

ASSIGNED STORAGE PAYMENTS: For those months during which the CTA holds Assigned Storage, the CTA will pay a monthly charge equal to the inventory volume associated with its Assigned Storage, multiplied by the monthly charge specified in Schedule G-CFS for the applicable month. (L)

MID-YEAR STORAGE ALLOCATIONS: In August of each year, PG&E will recalculate CTA storage allocations based upon each CTA Group's estimated Winter Usage as represented by the Customers expected to be part of the Group in November. This recalculated storage allocation (Mid-Year Storage Allocation) will be compared to the Initial Storage Allocation for the current storage season.

Increase In Load: If the Mid-Year Storage Allocation exceeds the Initial Storage Allocation by more than 10,000 decatherms, the CTA will have the option to accept an additional core storage allocation for the full amount or a portion of the increase, in ten percent (10%) increments. Any election must be provided by the CTA to PG&E prior to September 1. The resulting allocation, (including any additional capacity assigned back to the CTA as provided by this schedule in the event the Annual Cap as described below is exceeded,) will be added to the CTA's Assigned Storage. If the Mid-Year Storage Allocation exceeds the Initial Storage Allocation by 10,000 decatherms or less, the Assigned Storage will remain unchanged.

For the amount of this increase in Assigned Storage, gas in PG&E's Core Procurement Department's storage account will be transferred to the CTA core firm storage account at a price and in the amounts specified in Schedule G-CFS.

Decrease In Load: If the Mid-Year Storage Allocation, when compared to the Initial Storage Allocation, results in a decrease of more than 10,000 decatherms, and the CTA has Assigned Storage, the CTA must accept a corresponding reduction in its Assigned Storage. In such event, the CTA shall transfer to PG&E's Core Procurement Department a share of the decrease equal to the proportion of the CTA's Assigned Storage to the Initial Storage Allocation. For example, a CTA that accepted an assignment of 70% of its Initial Storage Allocation must transfer 70% of the difference between its Initial Storage Allocation and the Mid-Year Storage Allocation. For the amount of this reduction in Assigned Storage, gas in the CTA's core firm storage account will be transferred to PG&E Core Procurement Department's storage account at a price and in the amounts specified in Schedule G-CFS. (L)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

WINTER SEASON STORAGE ALLOCATION ADJUSTMENTS:

In any month of the Winter Season, storage capacity may be reallocated as a result of the increase or decrease in a CTA's Group Winter Usage. Changes in Winter Usage will be measured relative to the Winter Usage used for the CTA's Mid-Year Storage Allocation performed in August if the Mid-Year Storage Allocation differed from the Initial Storage Allocation by more than 10,000 decatherms. Otherwise the change shall be measured relative to the Initial Storage Allocation. (L)

Changes in storage allocations resulting from changes in a Group's Winter Usage are termed Winter Season Storage Allocation Adjustments. Such adjustments are at the CTA's option, unless the size of the change in calculated allocation exceeds 100,000 decatherms, at which point they are mandatory.

The following describes how transfers in storage capacity, gas in inventory, or both may be performed pursuant to Winter Adjustments:

<u>Allocation Changes Caused by Increase in Load</u>: Storage Capacity may be transferred from PG&E's Core Procurement Department to the CTA based on the proportional share of storage capacity associated with the customer load increase. Inventory in storage will be sold to the CTA at the price and in the quantities specified in Schedule G-CFS.

<u>Allocation Changes Caused by Decrease in Load</u>: If a CTA has previously accepted allocated storage, storage capacity may be transferred from the CTA to PG&E's Core Procurement Department based on the proportional share of storage capacity associated with customer load decrease. Inventory in storage will be sold to PG&E at the price and in the quantities specified in Schedule G-CFS.

The physical transfer and sale from CTA storage inventory accounts to PG&E's Core Procurement inventory account will occur on or after November 1. Until the date of transfer, CTAs are responsible for maintaining inventory in their rejected storage allocations. (L)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

Sheet 15

ALTERNATE RESOURCES AND CTA CERTIFICATION:	For storage withdrawal capacity rejected by a CTA in the Initial Storage Allocation or Mid-Year Storage Allocation, Alternate Resources, in like amounts, will be required as provided below. On a monthly basis, during the Winter Season, CTAs shall submit an executed Certification of Alternate Resources for Rejected Storage Withdrawal Capacity (Form No. 79-845, Attachment I). The CTA must provide such certification to PG&E as specified by PG&E. PG&E will not require these certifications earlier than ten business days prior to the beginning of each Winter month.	(L)
	Certified Alternate Resources may not duplicate any resources offered as replacements for firm winter Backbone capacity that the CTA may be required to hold. The CTA must satisfy the Alternative Resources obligation with any combination of the following:	
	1. Contracted firm storage services from PG&E or from an on-system CPUC-certified independent storage provider; and/or	
	2. Contracted firm PG&E Backbone capacity matched with an equivalent volume of contracted upstream gas supply, plus any necessary firm upstream pipeline capacity (upstream gas supply may include a gas producer contract, or a contract with an off-system CPUC-certified, gas utility or independent storage provider); and/or	
	3. Third-party peaking supply arrangements, where that supply is backed up by contracts, as specified in 1 or 2, above.	
RELEASE AND INDEMNIFICATION OF PG&E:	For any rejection of the Initial Storage Allocation or the Mid-Year Storage Allocation to be effective, the CTA shall sign and deliver to PG&E a Core Firm Storage Declarations (Form 79-845, Attachment D). This form shall release PG&E from liability associated with that CTA's rejection of storage assets, as well as indemnify PG&E for losses that arise: (i) from any representation in the CTA's monthly Alternate Resources certifications which turns out to be inaccurate, or (ii) from any failure of the CTAs Alternate Resources to perform.	(L)

(Continued)

GAS SCHEDULE G-CT
CORE GAS AGGREGATION SERVICE

ASSIGNMENT:	Any allocation or Assigned Storage under this schedule, including associated rights and obligations, may not be assigned by a CTA, with the exception that an allocation may be transferred by merger or acquisition to a party assuming the role of the CTA, subject to PG&E's consent and the creditworthiness requirements specified in PG&E's Tariffs and Rules.	(L)
NOMINATIONS:	Nominations are required from the CTA, on behalf of the Group, as specified in Rule 21.	I
BALANCING SERVICE:	Service hereunder shall be subject to all applicable terms, conditions and obligations of Schedule G-BAL.	I
BILLING/ PAYMENT:	Rule 23 provides the terms and conditions of billing and payment procedures under this schedule.	I
CREDIT-WORTHINESS:	Customers must meet PG&E's creditworthiness standards as set forth in Rules 6 and 7. Customers who have established credit with PG&E will not be required to pay an additional or new deposit to be eligible for service under this schedule.	I
	The CTA must meet the requirements specified in Rule 23 before it may provide gas aggregation services under this schedule.	(L)

Gas Sample Form No. 79-845G

Core Gas Aggregation Service Agreement ExG

Please Refer to Attached Sample Form

Distribution:
⑥PG&E Program Administrator
⑥CTA
⑥PG&E Gas Contract Administrator (original)
⑥PG&E Credit Manager

For PG&E use only
CTA Group No.: ______________
TSA No.: ______________
Date Received: ______________
Effective Service Date: ______________
Termination Date: ______________

ATTACHMENT G

OPTIONAL ASSIGNMENT TO CORE TRANSPORT AGENT OF FIRM NORTHERN PIPELINE PATH AND RUBY PIPELINE CAPACITY

This Attachment G specifies the capacity and terms under which PG&E will assign to CTA an incremental pro rata portion of firm capacity contracted for and held by PG&E for its core customers on the Northern Pipeline Path [includes Gas Transmission Northwest Corporation (GTN) and associated capacity on Foothills Pipe Lines Ltd (Foothills) and NOVA Gas Transmission Ltd. (NGTL)] and on the Ruby Pipeline in accordance with Schedule G-CT. The daily volume of firm capacity offered for assignment is based on the January Capacity Factor of the Core Transport Group (Group) in accordance with Schedule G-CT. The amount of capacity assigned to the CTA on the Northern Pipeline Path is the amount offered on each segment of the Path times the percentage election made by the CTA. The term of the assignment is five months, commencing November 1 and ending March 31. The assignment is at the same rates that PG&E's Core Procurement pays for the capacity. The CTA's signature below demonstrates its acceptance of the capacity assignment of the "Accepted Capacity".

CTA Group Number: ____________________

1) Group's January Capacity Factor ____________________

2) Northern Pipeline Path Percentage Election ____________________ (Applies to GTN, Foothills and NGTL)

A Pipeline Segment	B Capacity Available (Dth/d)	C Group's January Capacity Factor	D Offered Capacity (B * C)	E Percentage Election	F Accepted Capacity (D * E)
Foothills	366,194	Equals 1) above		Equals 2) above	
NGTL	369,968	Equals 1) above		Equals 2) above	
GTN	359,968	Equals 1) above		Equals 2) above	

3) Quantity Election on Ruby Pipeline (Dth/d) ____________________ (column L below)

G Pipeline	H Capacity Available (Dth/d)	J Group's January Capacity Factor	K Offered Capacity (H * J)	L Accepted Capacity (Dth/day, ≤ K)
Ruby	250,000	Equals 1) above		

Term: Five Months, commencing November 1, 2011 and ending March 31, 2012

Accepted by:

____
(CTA [Company] Name)

____
(Signature of CTA or duly-authorized representative)

____
(Print Name)

____
(Title)

Pacific Gas & Electric Company

____
(PG&E Signature)

____
(Print Name)

____
(Title)

Distribution:
⑥PG&E Program Administrator
⑥CTA
⑥PG&E Gas Contract Administrator (original)
⑥PG&E Credit Manager

For PG&E use only
CTA Group No.: _______________
TSA No.: _______________
Date Received: _______________
Effective Service Date: _______________
Termination Date: _______________

_______________________________ (Date)

_______________________________ (Date)

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

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