



**Pacific Gas and
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December 8, 2005

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Advice 2675-G-A

(Pacific Gas and Electric Company ID U39G)

**Subject: Supplemental Filing Per Resolution G-3384 Regarding PG&E's
Winter Gas Savings Program for Residential and Small
Commercial Gas Customers**

Public Utilities Commission of the State of California

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits revisions to its gas tariffs to reflect the agreement reached with School Project for Utility Rate Reduction (SPURR) regarding the recovery of costs from PG&E's 2005-2006 Winter Gas Savings Program (WGSP), as reflected in Resolution G-3384. As adopted in Resolution G-3384, the WGSP costs will be recovered in residential and small commercial gas rates from April 1, 2006, through October 31, 2006. The rates to recover the cost of the WGSP are shown in Attachment II. These rates will be incorporated in the monthly core procurement price advice letter filing effective April 1, 2006.

Background

On November 3, 2005, PG&E filed Advice 2675-G, proposing, with the support of TURN, to implement a new WGSP designed to encourage conservation by providing a 20 percent rebate to customers who achieve a minimum 10 percent reduction in their cumulative gas usage during the January through March 2006 billing period. The program was offered to encourage conservation and smooth out expected high winter gas bills resulting from recent hurricanes in the Gulf of Mexico and the spike in natural gas costs that is expected to continue through the 2005-2006 winter heating season.¹

On November 18, 2005, the Commission issued Resolution G-3384, approving PG&E's "10/20 Winter Gas Savings Program." Resolution G-3384 instructed PG&E to reflect the agreement reached with SPURR and TURN regarding

¹ Advice 2675-G also included a request to implement a winter revenue deferral program.

recovery of WGSP costs in its tariffs to be filed through an advice letter within 20 days of the date of resolution. As part of the agreement reached with SPURR, PG&E will collect WGSP costs through PG&E's procurement and transportation rates in proportion to the WGSP rebates paid to qualifying customers, rather than only through transportation rates as originally proposed in Advice 2675-G. This will ensure that core transport customers do not pay a disproportionate share of WGSP rebates attributable to PG&E's procurement charges when core transport customers are not eligible for procurement-related WGSP rebates.

On December 5, 2005, the Commission partially approved Advice 2675-G pursuant to Resolution G-3384 which approved the WGSP program, but denied the winter revenue deferral program, also requested in Advice 2675-G.

Implementation of the SPURR Agreement

As discussed in Resolution G-3384, the revised cost for the WGSP program is a forecast of \$158.4 million in rebates that are expected to be paid to qualifying customers in April and May, 2006, plus \$5.4 million authorized to fund program marketing and system implementation costs. Under the agreement with SPURR, these costs will be recovered separately from procurement and transportation rates, in the ratio of 76 percent procurement to 24 percent transportation (including the gas Public Purpose Program (PPP) surcharge portion). This ratio is based on a pro rata share of forecasted procurement and transportation revenues during the three month period of the WGSP program, January through March 2006.

As a result, \$0.10907 per therm of the \$0.14296 per therm WGSP cost recovery rate will be recovered through procurement rates. The balance of \$0.03389 per therm will be recovered through transportation rates. The calculation of the WGSP cost recovery rates are shown in Attachment II.

The WGSP rebates that are paid to qualifying customers will be reflected initially as a reduction to transportation revenue recorded in the Distribution Cost subaccount of the Core Fixed Cost Account (CFCA). Once the actual amount of WGSP rebates paid to customers is known², PG&E will record a transfer from the Distribution Cost subaccount of the CFCA to the WGSP subaccount of the Purchased Gas Account (PGA) and CFCA, to reflect the actual split between procurement and transportation program costs, respectively, in the subaccounts.

Any difference between the procurement portion of forecast program costs recovered in the WGSP-procurement rate, and the actual procurement-related program costs will be amortized in monthly core procurement rates. Any difference between the transportation (including PPP) portion of forecast program costs recovered in the WGSP-transportation rate, and the actual transportation-

² PG&E expects that it will have full accounting of the total WGSP rebates paid to customers in July or August 2006.

related program costs will be amortized in the 2007 Annual Gas True-up of Transportation Balancing Accounts (AGT).

Tariff Revisions

To reflect the SPURR agreement, PG&E has revised the following gas Preliminary Statements:

- Preliminary Statement D – *Purchased Gas Account (PGA)*, is revised to add the 'Winter Gas Savings Procurement Subaccount' with entries designed to recover the costs and revenue associated with the procurement portion of the WGSP.
- Preliminary Statement F – *Core Fixed Cost Account (CFCA)*, is revised to add the 'Winter Gas Savings Transportation Subaccount' with entries designed to recover the costs and revenue associated with the transportation portion of the WGSP.

Preliminary Statement B – *Default Tariff Rate Components*, is provided in draft form to show the addition of two new rate components, WGSP – Procurement and WGSP – Transportation, which will be implemented April 1, 2006, along with the WGSP recovery rates. The revenue from these rate components will be recorded to the new WGSP subaccount of the PGA and CFCA, respectively.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by **December 28, 2005**, which is **20 days** from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jjj@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
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

In accordance with Resolution G-3384, PG&E requests that this supplemental filing be effective **November 18, 2005**. PG&E will implement the WGSP beginning January 1, 2006, with recovery of costs beginning April 1, 2006, in conjunction with the April 2006 monthly core procurement rate change.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically or via U.S. mail to parties shown on the attached list, and to the service lists for R. 04-01-006, R. 04-01-025, and A. 04-07-044. Address changes should be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

*Brian K. Cherry*_{15K}

Director - Regulatory Relations

Attachments

cc: Service Lists –R. 04-01-006, R. 04-01-025, and A. 04-07-044

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 (ID39G)

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973- 3186

E-mail: srrd@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) #: **2675-G-A**

Subject of AL: Supplemental Filing Per Resolution G-3384 Regarding PG&E's Winter Gas Savings Program for Residential and Small Commercial Gas Customers

Keywords (choose from CPUC listing): COMPLIANCE, REVENUE ALLOCATION

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Resolution G-3384

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **11-18-05**

No. of tariff sheets: 6

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: Preliminary Statement Part D – Purchased Gas Account and Preliminary Statement, Part F – Core Fixed Cost Account, and Part B – Default Tariff Rate Components (as of 4/1/2006)

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: _____

Protests 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

Utility Info (including e-mail)

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2675-G-A**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
23593-G	Preliminary Statement Part D--Purchased Gas Account	23513-G
23594-G	Preliminary Statement Part D (Cont.)	New
23595-G	Preliminary Statement Part F--Core Fixed Cost Account	23353-G
23596-G	Preliminary Statement Part F (Cont.)	23355-G
23597-G	Table of Contents -- Preliminary Statements	23516-G
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DRAFT	Draft - Preliminary Statement Part B--Default Tariff Rate Components	23572-G
DRAFT	Draft - Preliminary Statement Part B (Cont.)	23571-G
DRAFT	Draft - Preliminary Statement Part B (Cont.)	23568-G
DRAFT	Draft - Preliminary Statement Part B (Cont.)	23567-G



PRELIMINARY STATEMENT
(Continued)

D. PURCHASED GAS ACCOUNT (PGA)

1. PURPOSE: The purpose of the PGA is to record the cost associated with gas purchased for the Gas Supply Portfolio and revenues from the sale of that gas. The balance in the core sub-accounts will be incorporated into monthly core procurement rates.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1.

2. APPLICABILITY: The PGA balance applies to all gas procurement rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. REVISION DATE: The revision date applicable to the PGA rate shall coincide with the monthly core procurement rate change or at other times, as ordered by the CPUC.
4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. PGA RATES: PGA Rates are included in the effective procurement rates set forth in each procurement rate schedule (see Preliminary Statement, Part B), as applicable.
6. ACCOUNTING PROCEDURE: The PGA consists of the following subaccounts:

The "Core Subaccount" records the cost of gas procured for sale to core customers and revenues from the sales to core customers of that gas. (See Preliminary Statement Part C.7.)

The "Core Shrinkage Subaccount" records core shrinkage costs and shrinkage revenues from core procurement customers.

The "Emergency Core Gas Hedging Plan Subaccount" records revenues from core procurement customers as described in Section D.6 of the PGA, and cost and payouts for hedge instruments transacted under the Emergency Core Gas Hedging Plan pursuant to D.05-10-015, effective October 6, 2005.

The "Winter Gas Savings Program Procurement Subaccount" recovers procurement related rebates from all residential and small commercial customers. The 10/20 Winter Gas Savings Program (WGSP) is designed to encourage conservation by providing a 20 percent rebate to customers (paid out in April and May 2006) who achieve a minimum of 10 percent reduction in their cumulative gas usage during the January – March 2006 billing period.

(N)
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|
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(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

D. PURCHASED GAS ACCOUNT (PGA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

d. Winter Gas Savings Program Procurement Subaccount

(N)

The following entries will be made to this account each month:

- 1) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates;
- 2) a credit entry equal to the revenue from the WGSP – Procurement rate component, excluding the allowance for F&U; and
- 3) an entry equal to the interest on the average of the balance in the subaccount at the beginning of the month and the balance in the subaccount after entries from D.6.c.1 and D.6.c.2, above, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA)

1. PURPOSE: The purpose of the CFCA is to record the authorized GRC distribution base revenue amounts (with credits and adjustments), certain other core transportation costs, and transportation revenue from core customers. Any under- or overcollection in this account will be incorporated into core transportation rates in the next Annual Gas True-up of Balancing Accounts.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. Refer to Section C.3 for the cost allocation factors used to determine the core portion of certain costs.

2. APPLICABILITY: The CFCA applies to all core transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. REVISION DATE: Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.
4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. RATES: CFCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
6. ACCOUNTING PROCEDURE: The CFCA consists of the following subaccounts:

The "Distribution Cost Subaccount" recovers the distribution base revenue requirement adopted in PG&E's General Rate Case (GRC), including Annual Attrition Adjustments and the Cost of Capital Proceedings, that are allocated to core transportation customers based on the distribution base revenue allocation adopted in the Cost Allocation Proceeding.

The "Core Cost Subaccount" recovers non-distribution-related costs adopted by the Commission in various proceedings that are allocated to core transportation customers.

The "Winter Gas Savings Program Transportation Subaccount" recovers transportation related rebates from all residential and small commercial customers. The 10/20 Winter Gas Savings Program (WGSP) is designed to encourage conservation by providing a 20 percent rebate to customers (paid out in April and May 2006) who achieve a minimum of 10 percent reduction in their cumulative gas usage during the January – March 2006 billing period.

(N)
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|
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(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

b. Core Cost Subaccount (Cont'd.)

- 4) a debit entry equal to one-twelfth of the core portion of the authorized local transmission revenue requirement, excluding the allowance for F&U;
- 5) A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 6) an entry equal to 70.03 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable;
- 7) a debit or credit entry equal to any expense adopted by the CPUC as a cost to be recovered in this subaccount; and
- 8) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.b.1 through F.6.b.7, above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

c. Winter Gas Savings Program Transportation Subaccount

The following entries will be made to this subaccount at the end of each month:

- 1) a debit or credit entry, as appropriate, to record the transfer of rebates and adjustments from other accounts to this subaccount for recovery in rates;
- 2) a credit entry equal to the revenue from the WGSP – Transportation rate component, excluding the allowance for F&U; and
- 3) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.c.1 through F.6.c.2, above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

(N)



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RATE SCHEDULES

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PRELIMINARY STATEMENT
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM)

CORE p. 1

	RESIDENTIAL			
	G-1, GM, GS, GT		GL-1, GML, GSL, GTL	
	Baseline	Excess	Baseline	Excess
CORE FIXED COST ACCOUNT—DISTRIBUTION COST SUBACCOUNT (1)*	0.00000	0.00000	0.00000	0.00000
CORE FIXED COST ACCOUNT—CORE COST SUBACCOUNT	0.00000	0.00000	0.00000	0.00000
CARE DISCOUNT	0.00000	0.00000	0.00000	0.00000
LOCAL TRANSMISSION	0.00000	0.00000	0.00000	0.00000
CPUC FEE	0.00000	0.00000	0.00000	0.00000
EOR	0.00000	0.00000	0.00000	0.00000
CEE	0.00000	0.00000	0.00000	0.00000
WGSP—TRANSPORTATION	0.00000	0.00000	0.00000	0.00000 (N)
CORE TRANSPORT TRANSITION SUBACCOUNT	0.00000	0.00000	0.00000	0.00000
CORE BROKERAGE FEE	0.00000	0.00000	0.00000	0.00000
CORE FIRM STORAGE	0.00000	0.00000	0.00000	0.00000
SHRINKAGE	0.00000	0.00000	0.00000	0.00000
CORE CAPACITY CHARGE	0.00000	0.00000	0.00000	0.00000
WGSP—PROCUREMENT	0.00000	0.00000	0.00000	0.00000 (N)
CORE PROCUREMENT CHARGE (2)*	0.00000	0.00000	0.00000	0.00000
TOTAL RATE	0.00000	0.00000	0.00000	0.00000

* Refer to footnotes at end of Core Default Tariff Rate Components.

(Continued)



PRELIMINARY STATEMENT
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

CORE p. 2

	SMALL COMMERCIAL			
	G-NR1			
	Summer		Winter	
	First 4,000 Therms	Excess	First 4,000 Therms	Excess
CORE FIXED COST ACCOUNT—DISTRIBUTION COST SUBACCOUNT (1)*	0.00000	0.00000	0.00000	0.00000
CORE FIXED COST ACCOUNT—CORE COST SUBACCOUNT	0.00000	0.00000	0.00000	0.00000
LOCAL TRANSMISSION	0.00000	0.00000	0.00000	0.00000
CPUC FEE	0.00000	0.00000	0.00000	0.00000
EOR	0.00000	0.00000	0.00000	0.00000
CEE	0.00000	0.00000	0.00000	0.00000
WGSP—TRANSPORTATION	0.00000	0.00000	0.00000	0.00000 (N)
CORE TRANSPORT TRANSITION SUBACCOUNT	0.00000	0.00000	0.00000	0.00000
CORE BROKERAGE FEE	0.00000	0.00000	0.00000	0.00000
CORE FIRM STORAGE	0.00000	0.00000	0.00000	0.00000
SHRINKAGE	0.00000	0.00000	0.00000	0.00000
CORE CAPACITY CHARGE	0.00000	0.00000	0.00000	0.00000
WGSP—PROCUREMENT	0.00000	0.00000	0.00000	0.00000 (N)
CORE PROCUREMENT CHARGE (2)*	0.00000	0.00000	0.00000	0.00000
TOTAL RATE	0.00000	0.00000	0.00000	0.00000

* Refer to footnotes at end of Core Default Tariff Rate Components.

(Continued)



PRELIMINARY STATEMENT
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

CORE p. 5

	G-CT (CORE TRANSPORT)				
	RESIDENTIAL		CARE RESIDENTIAL		
	Baseline	Excess	Baseline	Excess	
CORE FIXED COST ACCOUNT—DISTRIBUTION COST SUBACCOUNT (1)*	0.00000	0.00000	0.00000	0.00000	
CORE FIXED COST ACCOUNT—CORE COST SUBACCOUNT	0.00000	0.00000	0.00000	0.00000	
CARE DISCOUNT	0.00000	0.00000	0.00000	0.00000	
LOCAL TRANSMISSION	0.00000	0.00000	0.00000	0.00000	
CPUC FEE	0.00000	0.00000	0.00000	0.00000	
EOR	0.00000	0.00000	0.00000	0.00000	
CEE	0.00000	0.00000	0.00000	0.00000	
CORE TRANSPORT TRANSITION SUBACCOUNT	0.00000	0.00000	0.00000	0.00000	
WGSP—TRANSPORTATION	0.00000	0.00000	0.00000	0.00000	(N)
TOTAL RATE	0.00000	0.00000	0.00000	0.00000	

* Refer to footnotes at end of Core Default Tariff Rate Components.

(Continued)



PRELIMINARY STATEMENT
(Continued)

B. DEFAULT TARIFF RATE COMPONENTS (\$/THERM) (Cont'd.)

CORE p. 6

	G-CT (CORE TRANSPORT)			
	SMALL COMMERCIAL			
	Summer		Winter	
	First 4,000 Therms	Excess	First 4,000 Therms	Excess
CORE FIXED COST ACCOUNT—DISTRIBUTION COST SUBACCOUNT (1)*	0.00000	0.00000	0.00000	0.00000
CORE FIXED COST ACCOUNT—CORE COST SUBACCOUNT	0.00000	0.00000	0.00000	0.00000
LOCAL TRANSMISSION	0.00000	0.00000	0.00000	0.00000
CPUC FEE	0.00000	0.00000	0.00000	0.00000
EOR	0.00000	0.00000	0.00000	0.00000
CEE	0.00000	0.00000	0.00000	0.00000
CORE TRANSPORT TRANSITION SUBACCOUNT	0.00000	0.00000	0.00000	0.00000
WGSP—TRANSPORTATION	0.00000	0.00000	0.00000	0.00000
TOTAL RATE	0.00000	0.00000	0.00000	0.00000

(N)

* Refer to footnotes at end of Core Default Tariff Rate Components.

(Continued)

Attachment II
Pacific Gas & Electric Company

2005-2006 Winter Gas Savings Program (WGSP)
for Residential and Small Commercial Customers

<u>Line</u>			
	Total Forecasted Winter Gas Savings Program Costs (000's) (1)		
1	Gas 10/20 Winter Savings Program (Jan - Mar)		158,430
2	10/20 Program Incremental Marketing & System Costs		<u>5,400</u>
3	Total (000s)		<u><u>\$ 163,830</u></u>
	Allocation of Cost of 10/20 Winter Gas Savings Program (2)		
4	Recovered From Procurement	76%	\$ 124,398
5	Recovered From Transport Customers	<u>24%</u>	<u>\$ 39,432</u>
6	Total	100%	\$ 163,830
	Rate Design - Procurement Cost Recovery		
7	Procurement Cost Allocation		\$ 124,398
8	Bundled Only Throughput (Apr. - Oct.) (3)		<u>1,140,501</u>
9	Procurement Cost Recovery Rate		<u>\$ 0.10907</u>
	Rate Design - Transportation Cost Recovery		
10	Transportation Cost Allocation		\$ 39,432
11	Throughput (Apr. - Oct.) (3)		<u>1,163,520</u>
12	Transportation Only Cost Recovery Rate		<u>\$ 0.03389</u>
13	Total Bundled Customer Cost Recovery Rate		<u>\$ 0.14296</u>

(1) The forecast Winter Gas Savings Program costs do not include the revenue shortfall effects of conservation. Consistent with PG&E's tariffs, any revenue shortfalls due to conservation will be tracked and recovered in the 2007 Annual Gas True-up.

(2) 10/20 Program Rebate costs are allocated between procurement and transportation, including gas PPP surcharges, based on a pro rata share of forecasted Jan - Mar 2006 revenues, respectively. Estimates will be true-up to final program costs and allocations in the 2007 Annual Gas True-up and monthly core procurement rate filing after November 2006.

(3) Bundled and Transportation Only Residential and Small Commercial Throughput (Mtherms) per month were adopted in PG&E's 2005 BCAP Decision 05-06-029.