

**TABLE 1**

**Comparison between Adopted, Present and PG&E Proposed Revenue Requirement**  
(thousands of dollars)

Line No.	Description	Revenue at Present Rates (see Note 1)	Adopted 2004 Total	PG&E Proposed 2004 Total (see Note 2)	% Difference Adopted and Present	% Difference Adopted and PG&E Proposed
<b>REVENUE:</b>						
1	Revenue at Effective Rates	\$411,347	\$424,988	\$441,160		
2	Less Non-General Revenues	(12,576)	(12,576)	(12,576)		
3	General Rate Case Revenue	423,923	437,564	453,736	3.22%	-3.56%
<b>OPERATING EXPENSES:</b>						
4	Energy Costs	0	0	0		
5	Other Production	0	0	0		
6	Storage	0	0	0		
7	Transmission	78,101	78,761	81,126		
8	Distribution	365	365	365		
9	Customer Accounts	2,215	2,215	2,215		
10	Uncollectibles	1,060	1,094	1,134		
11	Customer Services	7,024	7,618	7,618		
12	Administrative and General	51,796	52,318	53,130		
13	Franchise Requirements	4,090	4,222	4,378		
14	Project Amortization	0	0	0		
15	Wage Change Impacts	0	0	0		
16	Other Price Change Impacts	0	0	0		
17	Other Adjustments	0	0	0		
18	Subtotal Expenses	144,652	146,593	149,966	1.34%	-2.25%
<b>TAXES:</b>						
19	Superfund	0	0	0		
20	Property	16,011	16,014	16,017		
21	Payroll	4,143	4,208	4,309		
22	Business	38	39	40		
23	Other	21	22	22		
24	State Corporation Franchise	7,724	9,264	9,985		
25	Federal Income	42,199	47,766	51,041		
26	Total Taxes	70,137	77,312	81,414	10.23%	-5.04%
27	Depreciation	79,028	78,873	79,143		
28	Fossil Decommissioning	0	0	0		
29	Nuclear Decommissioning	0	0	0		
30	Total Operating Expenses	293,817	302,778	310,523	3.05%	-2.49%
31	Net for Return	130,106	134,785	143,214	3.60%	-5.89%
32	Rate Base	1,545,629	1,459,451	1,550,720		
<b>RATE OF RETURN</b>						
33	On Rate Base	8.42%	9.24%	9.24%		
34	On Equity	9.30%	11.22%	11.22%		

Note 1: PG&E January 17, 2003 Amendment to Amended Application.

Note 2: PG&E Exhibit 3, Table 12-2.

TABLE 2

Adopted Revenue Requirement  
YEAR 2004  
(Thousands of Dollars)

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	Line No.
		Gathering	Local	North Line 401	North Line 400	North Line 2	South Line 300 North	South Line 300 Central	South Line 300 South	Central Bay Area Loop	Total Transmission	
1	REVENUE:											
2	Revenue at Effective Rates	8,813	182,762	91,729	21,088	8,559	11,574	13,838	31,028	10,887	380,278	1
3	Less Non-General Revenue	0	(6,581)	(114)	5,002	(282)	(322)	(644)	(1,201)	(558)	(4,700)	2
	General Rate Case Revenue	8,813	189,343	91,843	16,086	8,841	11,896	14,482	32,229	11,445	384,978	3
4	OPERATING EXPENSES:											
5	Energy Costs	0	0	0	0	0	0	0	0	0	0	4
6	Other Production	0	0	0	0	0	0	0	0	0	0	5
7	Storage	5,697	35,622	1,428	3,770	1,703	2,324	3,488	7,227	2,414	63,672	7
8	Transmission	0	365	0	0	0	0	0	0	0	365	8
9	Distribution	0	1,557	375	35	16	22	33	68	23	2,127	9
10	Customer Accounts	22	473	230	40	22	30	36	81	29	962	10
11	Uncollectibles	0	3,613	932	382	173	235	354	733	244	6,667	11
12	Customer Services	1,859	28,873	1,554	2,919	1,319	1,800	2,701	5,596	1,869	48,490	12
13	Administrative and General Franchise Requirements	85	1,827	886	155	85	115	140	311	110	3,714	13
14	Project Amortization	0	0	0	0	0	0	0	0	0	0	14
15	Wage Change Impacts	0	0	0	0	0	0	0	0	0	0	15
16	Other Price Change Impacts	0	0	0	0	0	0	0	0	0	0	16
17	Other Adjustments	0	0	0	0	0	0	0	0	0	0	17
18	Subtotal Expenses:	7,663	72,329	5,405	7,302	3,318	4,526	6,752	14,015	4,689	125,998	18
19	TAXES:											
20	Superfund	0	0	0	0	0	0	0	0	0	0	19
21	Property	15	5,503	5,852	611	246	368	562	1,154	377	14,689	20
22	Payroll	220	2,163	169	219	99	135	202	419	140	3,766	21
23	Business	2	20	2	2	1	1	2	4	1	35	22
24	Other	1	11	1	1	1	1	1	2	1	19	23
25	State Corporation Franchise	62	3,519	3,015	130	160	210	88	348	166	7,697	24
26	Federal Income	40	19,629	15,018	957	924	1,294	890	2,554	927	42,232	25
	Total Taxes	341	30,844	24,056	1,920	1,431	2,008	1,745	4,481	1,612	68,438	26
27	Depreciation	232	30,946	20,793	3,654	1,351	2,118	3,095	6,438	2,090	70,716	27
28	Fossil Decommissioning	0	0	0	0	0	0	0	0	0	0	28
29	Nuclear Decommissioning	0	0	0	0	0	0	0	0	0	0	29
30	Total Operating Expenses	8,236	134,119	50,254	12,876	6,099	8,652	11,591	24,934	8,391	265,152	30
31	Net for Return	577	55,224	41,589	3,210	2,741	3,244	2,891	7,295	3,054	119,826	31
32	Rate Base	6,253	597,961	450,328	34,756	29,684	35,123	31,303	78,994	33,069	1,297,472	32
33	RATE OF RETURN:											
34	On Rate Base	9.24%	9.24%	9.24%	9.24%	9.24%	9.24%	9.24%	9.24%	9.24%	9.24%	33
	On Equity	11.22%	11.22%	11.22%	11.22%	11.22%	11.22%	11.22%	11.22%	11.22%	11.22%	34

TABLE 2 (con't)

Adopted Revenue Requirement  
YEAR 2004  
(Thousands of Dollars)

Line No.	Description	Storage Mc Donald Island	Storage Pleasant Creek	Storage Los Mendanos	Total Storage	Total Gas Accord II	Line No.
		(A)	(B)	(C)	(D)	(E)	
	<b>REVENUE:</b>						
1	Revenue at Effective Rates	33,282	817	10,610	44,710	424,988	1
2	Less Non-General Revenue	(5,896)	(92)	(1,888)	(7,876)	(12,576)	2
3	General Rate Case Revenue	39,178	909	12,498	52,586	437,564	3
	<b>OPERATING EXPENSES:</b>						
4	Energy Costs	0	0	0	0	0	4
5	Other Production	0	0	0	0	0	5
6	Storage	0	0	0	0	0	6
7	Transmission	11,389	155	3,545	15,089	78,761	7
8	Distribution	0	0	0	0	365	8
9	Customer Accounts	66	1	21	88	2,215	9
10	Uncollectibles	98	2	31	131	1,094	10
11	Customer Services	718	10	223	951	7,618	11
12	Administrative and General	2,694	114	1,020	3,829	52,318	12
13	Franchise Requirements	378	9	121	507	4,222	13
14	Project Amortization	0	0	0	0	0	14
15	Wage Change Impacts	0	0	0	0	0	15
16	Other Price Change Impacts	0	0	0	0	0	16
17	Other Adjustments	0	0	0	0	0	17
18	Subtotal Expenses:	15,342	291	4,961	20,595	146,593	18
	<b>TAXES:</b>						
19	Superfund	0	0	0	0	0	19
20	Property	1,012	13	299	1,324	16,014	20
21	Payroll	319	10	113	442	4,208	21
22	Business	3	0	1	4	39	22
23	Other	2	0	1	2	22	23
24	State Corporation Franchise	1,150	37	381	1,567	9,264	24
25	Federal Income	4,068	140	1,326	5,534	47,766	25
26	Total Taxes	6,555	200	2,119	8,874	77,312	26
27	Depreciation	6,086	137	1,934	8,157	78,873	27
28	Fossil Decommissioning	0	0	0	0	0	28
29	Nuclear Decommissioning	0	0	0	0	0	29
30	Total Operating Expenses	27,983	628	9,015	37,626	302,778	30
31	Net for Return	11,195	281	3,483	14,959	134,785	31
32	Rate Base	121,218	3,045	37,716	161,979	1,459,451	32
	<b>RATE OF RETURN:</b>						
33	On Rate Base	9.24%	9.24%	9.24%	9.24%	9.24%	33
34	On Equity	11.22%	11.22%	11.22%	11.22%	11.22%	34

NOTES TO TABLES 1 AND 2  
ADJUSTMENTS TO PG&E GAS ACCORD II  
RESULTS OF OPERATION MODEL, VERSION 03-03-14

The following lists entries made to PG&E Results of Operation Model, version 03-03-14 identified by worksheet, tab, and cell reference.

I. Ratebase adjustments:

1) ProjectDetail Worksheet, CapExp Tab:

- a. Pipeline Safety Law Compliance (Row 867, Column AI)  
Value inputted = \$4125.5

All adjustments to PSRS No. 9774, 10595, 10596 (refer to PG&E Exhibit 42, Workpapers Supporting Chapter 10 – Capital Expenditures, p. 44) included in spreadsheet cell referred to above.

$$\begin{aligned} \$9,627 + 696 + 680 &= \$11,003/2 = \$5501.5 \\ \$9,627 - 5501.5 &= \$4125.5 \end{aligned}$$

- b. Power Plant Connections (Row 265, Column AI)  
Value inputted = \$3537.5
- c. Power Plant Metering (Row 1182, Columns AI through AT)  
Value inputted = \$275 / month
- d. Winter Reliability Standard (Row 856, all columns)  
Value inputted = \$0

2) Depreciation Worksheet, Cush Gas-StanPac-Non Cycle Tab:

- a. Non Cycle Working Gas (Row 10, Columns C through F)  
Value inputted = \$0

II. Operating & Maintenance expense adjustments:

1) GasTrans Worksheet, 863 Tab:

- a. Increased pipeline inspections, labor (Row 78, Column K)  
Value inputted = \$856.5
- b. Increased pipeline inspections, M&S (Row 79, Column K)  
Value inputted = \$576
- c. Pipeline Corrosion, labor (Row 84, Column K)  
Value inputted = \$198
- d. Pipeline Corrosion, M&S (Row 85, Column K)  
Value inputted = \$577

**Table 3**  
**Adopted 2004**  
**Firm Backbone Transportation**  
**Annual Rates (AFT) – SFV Rate Design**  
**On-System Transportation Service**

		<u>GA II</u> <u>2003</u>		<u>Adopted</u> <u>2004</u>	\$ Change Adopted vs. GA II 2003	<u>PG&amp;E Proposed</u> <u>2004</u>
<b><u>Redwood - Core</u></b>						
Reservation Charge	(\$/dth/mo)	3.517		3.727	0.210	5.264
Usage Charge	(\$/dth)	0.009		0.002	(0.007)	0.003
Total	(\$/dth @ Full Contract)	0.125		0.125	(0.000)	0.176
<b><u>Redwood Path</u></b>						
Reservation Charge	(\$/dth/mo)	7.961		8.912	0.951	9.943
Usage Charge	(\$/dth)	0.007		0.002	(0.006)	0.002
Total	(\$/dth @ Full Contract)	0.269		0.295	0.026	0.329
<b><u>Baja Path</u></b>						
Reservation Charge	(\$/dth/mo)	5.192		5.565	0.373	6.592
Usage Charge	(\$/dth)	0.004		0.004	(0.000)	0.004
Total	(\$/dth @ Full Contract)	0.175		0.187	0.012	0.221
<b><u>Silverado and Mission Paths</u></b>						
Reservation Charge	(\$/dth/mo)	3.426		3.309	(0.117)	3.978
Usage Charge	(\$/dth)	0.003		0.001	(0.002)	0.002
Total	(\$/dth @ Full Contract)	0.116		0.110	(0.006)	0.132

**Notes:**

- a) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- b) Backbone transmission charges are based on a 77.46 percent load factor.
- c) The "Total" rows represent the average backbone transmission charge incurred by a firm shipper that uses its full contract quantity at a 100 percent load factor.
- d) Customers delivering gas to storage pay the applicable backbone transmission on-system rate from Redwood, Baja and Silverado.

**Table 4**  
**Adopted 2004**  
**Firm Backbone Transportation**  
**Annual Rates (AFT) -- MFV Rate Design**  
**On-System Transportation Service**

		GA II 2003		Adopted 2004	\$ Change Adopted vs. GA II 2003	PG&E Proposed 2004
<b>Redwood - Core</b>						
Reservation Charge	(\$/dth/mo)	2.414		2.825	0.411	3.808
Usage Charge	(\$/dth)	0.045		0.032	-0.014	0.050
Total	(\$/dth @ Full Contract)	0.125		0.125	0.000	0.176
<b>Redwood Path</b>						
Reservation Charge	(\$/dth/mo)	4.687		5.209	0.522	5.951
Usage Charge	(\$/dth)	0.115		0.124	0.009	0.133
Total	(\$/dth @ Full Contract)	0.269		0.295	0.026	0.329
<b>Baja Path</b>						
Reservation Charge	(\$/dth/mo)	3.910		4.057	0.147	4.871
Usage Charge	(\$/dth)	0.046		0.053	0.007	0.061
Total	(\$/dth @ Full Contract)	0.175		0.187	0.012	0.221
<b>Silverado and Mission Paths</b>						
Reservation Charge	(\$/dth/mo)	2.328		2.303	-0.024	2.834
Usage Charge	(\$/dth)	0.039		0.035	-0.005	0.039
Total	(\$/dth @ Full Contract)	0.116		0.110	-0.006	0.132

**Notes:**

- a) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- b) Backbone transmission charges are based on a 77.46 percent load factor.
- c) The "Total" rows represent the average backbone transmission charge incurred by a firm shipper that uses its full contract quantity at a 100 percent load factor.
- d) Customers delivering gas to storage pay the applicable backbone transmission on-system rate from Redwood, Baja and Silverado.

**Table 5**  
**Adopted 2004**  
**Firm Backbone Transportation**  
**Seasonal Rates (SFT) -- SFV Rate Design**  
**On-System Transportation Service**

		<u>GA II</u> <u>2003</u>		<u>Adopted</u> <u>2004</u>	\$ Change Adopted vs. GA II 2003	<u>PG&amp;E Proposed</u> <u>2004</u>
<b><u>Redwood Path</u></b>						
Reservation Charge	(\$/dth/mo)	9.553		10.695	1.142	11.932
Usage Charge	(\$/dth)	0.009		0.002	(0.007)	0.003
Total	(\$/dth @ Full Contract)	0.323		0.354	0.031	0.395
<b><u>Baja Path</u></b>						
Reservation Charge	(\$/dth/mo)	6.231		6.678	0.447	7.911
Usage Charge	(\$/dth)	0.005		0.004	(0.000)	0.005
Total	(\$/dth @ Full Contract)	0.210		0.224	0.014	0.265
<b><u>Silverado Path</u></b>						
Reservation Charge	(\$/dth/mo)	4.111		3.971	(0.141)	4.774
Usage Charge	(\$/dth)	0.004		0.002	(0.002)	0.002
Total	(\$/dth @ Full Contract)	0.139		0.132	(0.007)	0.159

**Notes:**

- a) Firm Seasonal rates are 120 percent of Firm Annual rates.
- b) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- c) The "Total" rows represent the average backbone transmission charge incurred by a firm shipper that uses its full contract quantity at a 100 percent load factor.
- d) Customers delivering gas to storage pay the applicable backbone transmission on-system rate from Redwood, Baja and Silverado.
- e) Firm seasonal service is available to on-system paths for a minimum term of three consecutive months in one season. Winter season is November through March. Summer season is April through October.

**Table 6**  
**Adopted 2004**  
**Firm Backbone Transportation**  
**Seasonal Rates (SFT) -- MFV Rate Design**  
**On-System Transportation Service**

		<u>GA II</u> <u>2003</u>		<u>Adopted</u> <u>2004</u>	<u>\$</u> <u>Change</u> <u>Adopted vs.</u> <u>GA II 2003</u>	<u>PG&amp;E Proposed</u> <u>2004</u>
<b><u>Redwood Path</u></b>						
Reservation Charge	(\$/dth/mo)	5.625		6.251	0.626	7.141
Usage Charge	(\$/dth)	0.138		0.148	0.010	0.160
Total	(\$/dth @ Full Contract)	0.323		0.354	0.031	0.395
<b><u>Baja Path</u></b>						
Reservation Charge	(\$/dth/mo)	4.692		4.868	0.176	5.845
Usage Charge	(\$/dth)	0.055		0.064	0.009	0.073
Total	(\$/dth @ Full Contract)	0.210		0.224	0.014	0.265
<b><u>Silverado Path</u></b>						
Reservation Charge	(\$/dth/mo)	2.793		2.764	-0.030	3.401
Usage Charge	(\$/dth)	0.047		0.041	-0.006	0.047
Total	(\$/dth @ Full Contract)	0.139		0.132	-0.007	0.159

**Notes:**

- a) Firm Seasonal rates are 120 percent of Firm Annual rates.
- b) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- c) The "Total" rows represent the average backbone transmission charge incurred by a firm shipper that uses its full contract quantity at a 100 percent load factor.
- d) Customers delivering gas to storage pay the applicable backbone transmission on-system rate from Redwood, Baja and Silverado.
- e) Firm seasonal service is available to on-system paths for a minimum term of three consecutive months in one season. Winter season is November through March. Summer season is April through October.

**Table 7**  
**Adopted 2004**  
**As-Available Backbone Transportation**  
**On-System Transportation Service**

		<u>GA II 2003</u>		<u>Adopted 2004</u>	\$ Change Adopted vs. GA II 2003	<u>PG&amp;E Proposed 2004</u>
<b><u>Redwood Path</u></b>						
Usage Charge	(\$/dth)	0.323		0.354	0.031	0.395
<b><u>Baja Path</u></b>						
Usage Charge	(\$/dth)	0.210		0.224	0.014	0.265
<b><u>Silverado Path</u></b>						
Usage Charge	(\$/dth)	0.139		0.132	(0.007)	0.159
<b><u>Mission Path</u></b>						
Usage Charge	(\$/dth)	0.000		0.000	0.000	0.000

**Notes:**

- a) As-Available rates are 120 percent of Firm Annual rates.
- b) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- c) Mission path service represents on-system storage to on-system transportation. Customers delivering gas to storage facilities pay the applicable backbone transmission on-system rate from Redwood, Baja or Silverado.

**Table 8**  
**Adopted 2004**  
**Firm Backbone Transportation**  
**Annual Rates (AFT-Off)**  
**Off-System Deliveries**

		GA II 2003		Adopted 2004	\$ Change Adopted vs. GA II 2003	PG&E Proposed 2004
<b>SFV Rate Design</b>						
<b>Redwood, Silverado and Mission Paths Off-System</b>						
Reservation Charge	(\$/dth/mo)	9.825		8.912	(0.913)	9.943
Usage Charge	(\$/dth)	0.004		0.002	(0.002)	0.002
Total	(\$/dth @ Full Contract)	0.327		0.295	(0.032)	0.329
<b>Baja Path Off-System</b>						
Reservation Charge	(\$/dth/mo)	5.192		5.565	0.373	6.592
Usage Charge	(\$/dth)	0.004		0.004	(0.000)	0.004
Total	(\$/dth @ Full Contract)	0.175		0.187	0.012	0.221
<b>MFV Rate Design</b>						
<b>Redwood, Silverado and Mission Paths Off-System</b>						
Reservation Charge	(\$/dth/mo)	5.182		5.209	0.027	5.951
Usage Charge	(\$/dth)	0.165		0.124	(0.041)	0.133
Total	(\$/dth @ Full Contract)	0.335		0.295	(0.041)	0.329
<b>Baja Path Off-System</b>						
Reservation Charge	(\$/dth/mo)	3.910		4.057	0.147	4.871
Usage Charge	(\$/dth)	0.046		0.053	0.007	0.061
Total	(\$/dth @ Full Contract)	0.175		0.187	0.012	0.221
<b>As-Available Service</b>						
<b>Redwood, Silverado and Mission Paths Off-System</b>						
Usage Charge	(\$/dth)	0.403		0.354	(0.050)	0.395
<b>Baja Path Off-System</b>						
Usage Charge	(\$/dth)	0.210		0.224	0.014	0.265

**Notes:**

- a) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- b) Backbone transmission charges are based on a 77.46 percent load factor.
- c) The "Total" rows represent the average backbone transmission charge incurred by a firm shipper that uses its full contract quantity at a 100 percent load factor.
- d) California gas and storage to off-system are assumed to flow on Redwood path and are priced at the Redwood path rate.

**Table 9**  
**Adopted 2004**  
**Firm Transportation**  
**Expansion Shippers -- Annual Rates (G-XF)**  
**SFV Rate Design**  
**Off-System Deliveries**

	<u>GA II 2003</u>		<u>Adopted 2004</u>	<u>\$ Change Adopted vs. GA II 2003</u>	<u>PG&amp;E Proposed 2004</u>
<b><u>SFV Rate Design</u></b>					
Reservation Charge (\$/dth/mo)	9.825		7.928	(1.897)	7.932
Usage Charge (\$/dth)	0.004		0.001	(0.003)	0.001
Total (\$/dth @ Full Contract)	0.327		0.262	(0.066)	0.262

**Notes:**

- a) Rates are only the backbone transmission charge component of the transmission service. They exclude local transmission charges, customer class charges, customer access charges, distribution charges, storage charges, and shrinkage charges.
- b) The "Total" rows represent the average backbone transmission charge incurred by a firm shipper that uses its full contract quantity at a 100 percent load factor.
- c) G-XF charges are based on the embedded cost of Line 401 and a 95 percent load factor.

**Table 10**  
**Adopted 2004**  
**Storage Services**

		GA II 2003	Adopted 2004	\$ Change Adopted vs. GA II 2003	PG&E Proposed 2004
<b><u>Core Firm Storage (G-CFS)</u></b>					
Reservation Charge	(\$/dth/mo)	0.108	0.106	(0.002)	0.108
<b><u>Standard Firm Storage (G-SFS)</u></b>					
Reservation Charge	(\$/dth/mo)	n/a	0.108		0.089
Capacity Charge		0.070	n/a		
Withdrawal Charge		0.910	n/a		
<b><u>Negotiated Firm Storage (G-NFS)</u></b>					
Injection	(\$/dth/d)	9.223	9.232	0.009	5.826
Inventory	(\$/dth/mo)	1.295	1.293	(0.002)	1.069
Withdrawal	(\$/dth/d)	5.572	5.585	0.013	18.060
<b><u>Negotiated As-Available Storage (G-NAS) - Maximum Rate</u></b>					
Injection	(\$/dth/d)	9.223	9.232	0.009	5.826
Withdrawal	(\$/dth/d)	5.572	5.585	0.013	18.060
<b><u>Market Center Services (Parking and Lending Services)</u></b>					
Usage Charge:					
Maximum Daily Charge (\$/Dth/day)		1.004	0.520	(0.484)	0.886
Minimum Rate (per transaction)		\$ 57.00	\$ 57.00	0.000	\$57.00

**Notes:**

- a) Rates for storage services are based on the costs of storage injection, inventory and withdrawal.
- b) Core Firm Storage (G-CFS) and Standard Firm Storage (G-SFS) rates are a monthly reservation charge designed to recover one twelfth of the annual revenue requirement of injection, inventory and withdrawal storage.
- c) Negotiated Firm rates may be one-part rates (volumetric) or two-part rates (reservation and volumetric), as negotiated between parties. The volumetric equivalent is shown above.
- d) Negotiated As-Available Storage Injection and Withdrawal rates are recovered through a volumetric charge only.
- e) Negotiated rates (NFS and NAS) are capped at the price which will collect 100 percent of PG&E's total revenue requirement for the unbundled storage program under all three subfunctions (e.g. inventory, injection, or withdrawal). The maximum rates are based on a rate design assuming an average injection period of 30 days and an average withdrawal period of 7 days.
- f) Negotiated Firm and As-available services are negotiable above a price floor representing PG&E's marginal costs of providing the service.
- g) The maximum charge for parking and lending is based on the annual cost of cycling one dth of Firm Storage Gas assuming the full 214 day injection season and 151 day withdrawal season.
- h) Gas Storage shrinkage will be applied in-kind on storage injections.

**Table 11**  
**Adopted 2004**  
**Local Transmission Rates**  
**(\$/dth)**

<u>Annual Usage</u> (millions of Therms/year)	<u>GA II</u> <u>2003</u>		<u>Adopted</u> <u>2004</u>	<u>\$ Change</u> <u>Adopted vs.</u> <u>GA II 2003</u>	<u>PG&amp;E Proposed</u> <u>2004</u>
<b>Core Retail</b>	0.287		0.312	0.025	0.419
<b>Core Wholesale</b>	0.149		0.159	0.010	0.419
<b>Noncore</b>					
Tier 1 0 to 2.9	0.149		0.159	0.010	0.201
Tier 2 3 to 49.9	0.149		0.159	0.010	0.154
Tier 3 50 to 124.9	0.149		0.159	0.010	0.150
Tier 4 125 and above	0.149		0.159	0.010	0.075

**Notes:**

- a) Noncore Tier 1 serves distribution and transmission-level customers with annual loads of less than 3 million therms. Tier 2 serves noncore customers with annual loads between 3 and 49.9 million therms. Tier 3 serves noncore customers with annual loads between 50 and 124.9 million therms. Tier 4 serves noncore customers with annual loads of 125 million therms or greater. The applicable noncore LT rate tier is based on a customers recorded annual usage, defined as the total amount of gas used during the 12 billing months ending with the current billing month.

**Table 12**  
**Adopted 2004**  
**Customer Access Charges**

	<u>Present Rates</u> <u>Rates</u> <u>2003</u>	<u>Adopted</u> <u>Rates</u> <u>2004</u>	<u>\$ Change</u> <u>Adopted vs.</u> <u>GA II 2003</u>	<u>PG&amp;E Proposed</u> <u>2004</u>
<b><u>G-EG and G-COG (Present Only) (\$/therm) (a)</u></b>	\$0.00080	See Below		
<b><u>G-NT and G-EG (Proposed Only) (\$/month)</u></b>				
Transmission and Distribution (a)				
	(Therms/Month)			
Tier 1	0 to 5,000	\$11.87	\$ 22.93	\$11.06
Tier 2	5,001 to 10,000	\$93.52	\$ 180.63	\$87.11
Tier 3	10,001 to 50,000	\$354.79	\$ 685.28	\$330.49
Tier 4	50,001 to 200,000	\$935.23	\$ 1,806.40	\$871.17
Tier 5	200,001 to 1,000,000	\$1,339.02	\$ 2,586.32	\$1,247.30
Tier 6	1,000,001 to over 20,000,000	\$3,892.38	\$14,304.63	\$10,412.25
Tier 7	not used	\$3,892.38	\$14,304.63	\$10,412.25
Tier 8	not used	\$3,892.38	\$14,304.63	\$10,412.25
<b><u>Wholesale (\$/month)</u></b>				
Alpine	\$206.71	\$ 698.24	\$491.53	\$782.34
Coalinga	\$1,028.08	\$ 3,472.66	\$2,444.58	\$3,666.28
Island Energy	\$560.47	\$ 1,893.29	\$1,332.82	\$1,399.59
Palo Alto	\$4,392.60	\$14,837.67	\$10,445.07	\$17,019.19
West Coast Gas - Castle	\$482.20	\$ 1,628.73	\$1,146.53	\$1,448.69
West Coast Gas - Mather	\$746.87	\$ 2,522.89	\$1,776.02	\$1,183.92

**Notes:**

a) Present rates for Schedule G-EG and G-COG are a volumetric rate per therm. PG&E proposes an 8 tiered rate structure applicable to both schedules G-NT and the new combined schedule G-EG

**Table 13**  
**Adopted 2004**  
**Self Balancing Credit**  
**\$/dth**

	<u>GA II 2003</u>		<u>Adopted 2004</u>	<u>\$ Change Adopted vs. GA II 2003</u>	<u>PG&amp;E Proposed 2004</u>
<b>Self Balancing Credit</b>	0.005		0.006	0.001	0.011

**Notes:**

- a) Storage balancing costs are bundled in backbone rates. Customers or Balancing Agents who elect self balancing on a daily basis can opt out of PG&E's monthly balancing program and receive a self-balancing credit.