

**NOTIFICATION OF JOINT APPLICATION FILING BY PACIFIC GAS AND  
ELECTRIC COMPANY (PG&E), SOUTHERN CALIFORNIA GAS COMPANY  
AND SAN DIEGO GAS AND ELECTRIC COMPANY (THE UTILITIES).  
COLLECTIVELY THIS FILING IS FOR APPROVAL OF COST ALLOCATION  
PROPOSAL FOR STATE-MANDATED GAS SOCIAL PROGRAMS.**

On December 11, 2007, Pacific Gas & Electric Company ("PG&E") together with Southern California Gas Company and San Diego Gas and Electric Company ("the Utilities") filed a joint application with the California Public Utilities Commission (CPUC) requesting that the CPUC approve a proposal to change the method used to allocate costs for state-mandated gas social programs.

**What are state-mandated gas social programs?**

State-mandated gas social programs are public benefit programs where a substantial portion of the benefits of the program accrues to society rather than to a particular class of gas customers. The underlying premise is that California as a whole benefits from these programs ensuring that all of the state's residents have access to affordable energy through energy efficiency and environmentally friendly energy sources. The programs in this category include:

- California Alternative Rates for Energy (CARE);
- Low Income Energy Efficiency (LIEE);
- Energy Efficiency (EE);
- Research, Development and Demonstration (RD&D);
- Board of Equalization (BOE);
- Self Generation Incentive Program (SGIP); and
- California Solar Water Heating Efficiency Act of 2007.

**Why are the Utilities filing this application?**

The Utilities are filing this application to propose a method *to more fairly allocate* the costs of these programs to gas customer classes. Policymakers in California, including the Legislature, continue to use utility rates as a channel for funding a growing variety of social programs. Since the energy crisis of 2001, these programs have been one of the fastest growing components of utility rates. The new allocation method proposed by the Utilities in this application has the following benefits:

- It improves the business environment in California;
- It allocates program costs fairly and
- it is straightforward to implement

**What impact does this have on rates?**

If the CPUC approves the proposal, the change in costs of existing and future state-mandated gas social programs will be allocated to PG&E's gas customers differently.

If the CPUC approves the proposal, a typical bundled residential PG&E gas customer (a customer who receives gas distribution and procurement services from PG&E) using 45 therms per month would see an increase in their average monthly bill of 0.4 percent or \$0.22, from \$62.77 to \$62.99 per month. Individual customers' bills may differ.

PG&E will provide an illustrative table of the changes in program cost allocation among customer classes, in its proposal in a bill insert to be mailed directly to its customers beginning in January, 2008.

**THE CPUC PROCESS**

The CPUC's independent Division of Ratepayer Advocates (DRA) will review this application filing, analyze the proposal and present an independent analysis and recommendations for the CPUC's consideration. Other parties may also participate.

The CPUC may hold evidentiary hearings where the parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge. These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings.

After considering all proposals and evidence presented during the hearing process, the CPUC will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of PG&E's request, amend or modify it or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

**FOR FURTHER INFORMATION**

For more details call PG&E at 1-800-PGE-5000 • Para más detalles llame 1-800-660-6789  
詳情請致電 1-800-893-9555 • For TDD/TTY (speech-hearing impaired) call 1-800-652-4712

You may also contact the CPUC's Public Advisor with comments or questions as follows:  
Public Advisor's Office

505 Van Ness Avenue, Room 2103  
San Francisco, CA 94102  
1-415-703-2074 or 1-866-849-8390 (toll free)  
TTY 1-415-703-5282. TTY 1-866-836-7825 (toll free)  
E-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

If you are writing a letter to the Public Advisor's Office, please include the name and the filing date of the application to which you are referring. All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.