

NOTIFICATION OF APPLICATION FILING BY
PACIFIC GAS AND ELECTRIC COMPANY (PG&E): TO RECOVER IN RATES
COSTS INVOLVED WITH 2011 GAS TRANSMISSION AND STORAGE

(GT&S 2011)

The "Gas Accord" market structure, approved by the California Public Utilities Commission (CPUC) in 1998 by Decision (D.) 97-08-055, set the rates, terms and conditions of service for Pacific Gas and Electric Company (PG&E)'s natural gas transmission and storage services. The currently effective rates were approved by the CPUC in September 2007, for a three-year term (2008-2010), under a previous all-party settlement known as "Gas Accord IV" (D. 07-09-045). Thus, the rates have been in effect since 2008.

On September 18, 2009, PG&E filed an Application with the CPUC requesting changes to its Gas Transmission and Storage (GT&S) rates effective January 1, 2011. This application is known as the 2011 GT&S Rate Case Application (Application). In this Application, PG&E proposes a four-year adjustment to rates for 2011 through 2014. PG&E also presents its forecasts of expected demand and system usage for 2011 through 2014, as well as how the costs to operate its transmission and storage business will be assigned to each customer class.

This Application does not address distribution (gas lines handling reduced pressure) rates or the commodity costs of gas. Rates for PG&E's gas distribution services, and the rates PG&E charges for natural gas itself, are set in separate CPUC proceedings.

Will Gas Rates Increase?

Yes, if approved, gas rates and bills will increase. Rates for bundled residential gas customers, (customers who receive gas distribution and natural gas procurement services from PG&E), will increase by 1.4 percent, and bundled small and large commercial gas rates will increase by 1.6 percent and 1.7 percent, respectively.

For 2011, PG&E is seeking to collect a total of \$529.1 million, an increase of \$67.3 million, or less than one percent compared to the 2010 total company projected revenues¹, in gas transmission and storage revenue requirements from all of PG&E's gas customers. PG&E also requests gas transmission and storage revenue requirements for 2012, 2013 and 2014 of \$561.5 million, \$592.2 million and \$614.8 million, respectively. This money will be used to operate PG&E's gas transmission and storage assets in a safe, reliable manner, comply with government regulations and provide a reasonable return to investors.

If the CPUC approves PG&E's request, a typical residential customer using 37 therms per month would see an average monthly gas bill increase of \$0.74, from \$51.26 to \$52.00. A typical small business customer using 286 therms per month would see an average monthly gas bill increase of \$5.50, from \$341.15 to \$346.65. Individual customers' bills may differ.

PG&E will provide a more illustrative allocation of the potential rate increases among customer classes under this proposal, in a bill insert to be mailed directly to customers in October.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). 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. Members of the public may attend these hearings, but are not allowed to participate, only listen.

After considering all proposals and evidence presented during the hearing process, the ALJ 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 mas 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 request a copy of the application and exhibits by writing to:

Pacific Gas and Electric Company, (Gas Transmission and Storage 2011 Application) Application P.O.
Box 7442, San Francisco, CA 94120.

You may 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

If you are writing a letter to the Public Advisor's Office, please include the name 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.

Reviewed by the California Public Utilities Commission.

1. Revenue is a technical term used to describe the total amount of money customers pay in rates for the gas services they receive.