



**GAS PRELIMINARY STATEMENT PART CS
TAX ACT MEMORANDUM ACCOUNT - GAS**

Sheet 1

CS. TAX ACT MEMORANDUM ACCOUNT - GAS (TAMA-G)

1. PURPOSE: The purpose of the Tax Act Memorandum Account – Gas (“TAMA-G”) is to record and track the gas portion of the revenue requirement impacts of:
 - a. The New Tax Relief Act signed on December 17, 2010 (Tax Relief Act), the “American Taxpayer Relief Act of 2012” signed on January 2, 2013 (“Extended Tax Relief Act”), not addressed in PG&E’s 2011 General Rate Case (GRC) Decision 11-05-018 and 2011 Gas Transmission & Storage (GT&S) Settlement Decision 11-04-031, (T)
 - b. The “Tax Increase Prevention Act Of 2014” signed on December 19, 2014 (“2014 Tax Relief Act”), not incorporated in PG&E’s 2011 GT&S Settlement Decision 11-04-031 and 2014 GRC Decision 14-08-032, (T)
 - c. The “Protecting Americans from Tax Hikes Act of 2015 signed on December 18, 2015 (“PATH Act”) not incorporated in PG&E’s 2014 GRC Decision 14-08-032, 2015 GT&S Decision 16-06-056 and Decision 16-12-010. (N)

It tracks and records on a CPUC-jurisdictional, revenue requirement basis: (a) decreases in revenue requirement resulting from increases in its deferred tax reserve; and (b) other direct changes in revenue requirement resulting from taking advantage of the Tax Relief Act, the Extended Tax Relief Act, the 2014 Tax Relief Act and the PATH Act. This is a one way memorandum account that allows the Commission to determine at a future date whether rates should be changed, without having to be concerned with issues of retroactive ratemaking. (T)
2. APPLICABILITY: The TAMA-G applies to all customer classes, except for those specifically excluded by the Commission.
3. REVISION DATE: Disposition of the account balance will be initiated in PG&E’s next GRC and GT&S rate cases. PG&E will transfer any account balance to the appropriate mechanism for refund, as may be approved by the Commission at that time.
4. RATES: The current TAMA-G does not have a rate component.
5. ACCOUNTING PROCEDURE: The PG&E shall maintain the TAMA-G by making entries a. – c. to this account after the close of each year, entries d., e., and f. as authorized and entry g. monthly, as follows: (T)
 - a. A credit entry equal to the decreases in the gas distribution, transmission and storage revenue requirements resulting from increases in the net deferred tax reserve (deferred tax liabilities net of deferred tax assets)
 - b. A debit entry equal to the increases in the gas distribution, transmission and storage revenue requirements resulting from taking advantage of the Tax Relief Act, the Extended Tax Relief Act, the 2014 Tax Relief Act and the PATH Act to reflect any additional costs or expenses, not otherwise recovered in rates, incurred as a result of additional utility infrastructure investment enabled by the bonus depreciation provisions of the Tax Relief Act, the Extended Tax Relief Act, the 2014 Tax Relief Act and the PATH Act. (T)

(Continued)



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Sheet 2

5. ACCOUNTING PROCEDURE (Cont'd.):

- c. A debit entry equal to any increases in the gas distribution, transmission and storage revenue requirements due to Section 199 manufacturer's tax deductions resulting from bonus depreciation taken, changes in working cash resulting from the Tax Relief Act, the Extended Tax Relief Act, the 2014 Tax Relief Act and the PATH Act, and, any decrease in the tax component of contributions-in-aid-of-construction (CIAC) received due to changes in the tariffed tax component of CIAC to reflect the Tax Relief Act, the Extended Tax Relief Act, the 2014 Tax Relief Act and the PATH Act. (L)
(L)
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(L)
- d. A debit entry to transfer a portion of any net over-collected balance in the TAMA-G into the TAMA-E, if the TAMA-E is under-collected. This entry shall not exceed 10% of the increase in electric distribution and generation revenue requirements resulting from additional utility infrastructure investment as recorded in entry 5.b. of the TAMA-E, and may not exceed the net over-collected balance in the TAMA-G or under-collected balance in the TAMA-E. I
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- e. A credit entry to transfer a portion of any net over-collected balance in the TAMA-E into the TAMA-G, if the TAMA-G is under-collected. This entry shall not exceed 10% of the increase in gas distribution and gas transmission revenue requirements resulting from additional utility infrastructure investment as recorded in entry 5.b. above, and may not exceed the net over- collected balance in the TAMA-E or under-collected balance in the TAMA-G.
- f. A debit entry to transfer all or a portion of the balance in this TAMA-G to any other accounts for future rate adjustment, as may be approved by the CPUC. If, at the end of the memorandum account period, this memorandum account reflects a net revenue requirement increase, the memorandum account shall be terminated without any impact on rates.
- g. A debit entry equal to the interest on the average balance at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.