



GAS PRELIMINARY STATEMENT PART DN
LINE 407 MEMORANDUM ACCOUNT (L407MA)

Sheet 1

DN. Line 407 Memorandum Account (L407MA)

1. PURPOSE: The purpose of the Line 407 Memorandum Account (L407MA) is to record the revenue requirement associated with the actual capital expenditures incurred for the construction of the Line 407 project, above \$180.8 million as authorized by the Commission in D.19-09-025, PG&E's 2019 Gas Transmission and Storage (GT&S) rate case. The costs above \$180.8 million are subject to a reasonableness review in PG&E's next Gas Transmission and Storage (GT&S) Rate Case. L407 is a local transmission asset and therefore only local transmission costs are recorded to this account. (T)
(T)
2. APPLICABILITY: The L407MA shall apply to all gas customers except for those specifically excluded by the Commission.
3. REVISION DATE: Disposition of the balance in this account will be through an application, or as otherwise authorized by the Commission. Any amounts authorized for recovery will be recovered from all customers excluding backbone service-level end-use, customers. (T)
(T)
4. RATES: The L407MA does not have a separate rate component.
5. ACCOUNTING PROCEDURE: The following entries shall be made to the account monthly or as applicable:
 - a. A debit entry equal to the capital revenue requirements based on incurred capital expenditures above \$180.8 million, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense. Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with capital assets additions;
 - b. An entry to transfer amounts to or from other accounts as approved by the Commission; and (T)
 - c. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one twelfth of 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.