



GAS PRELIMINARY STATEMENT PART DU
Z-FACTOR MEMORANDUM ACCOUNT

Sheet 1

DU. Z-Factor Memorandum Account (ZFMA-G)

1. **PURPOSE:** The purpose of the Z-Factor Memorandum Account (ZFMA-G) is to track costs associated with events that are potential "Z-Factors." Z-Factors are exogenous and unforeseen events largely beyond PG&E's control that have a material impact on PG&E's costs (See D. 14-08-032, OP 41 and D. 16-06-056, OP 56.) Each Z-Factor event is subject to a \$10 million deductible.

2. **APPLICABILITY:** The ZFMA will apply to all customer classes, except for those specifically excluded by the Commission. (T)

3. **REVISION DATES:** Disposition of the balance in this account will be determined in an application or as otherwise determined by the CPUC.

4. **RATES:** The ZFMA does not have a separate rate component.

5. **ACCOUNTING PROCEDURE:** The ZFMA-G consists of the following subaccounts:

The "Gas Distribution Z-Factor Subaccount" records distribution costs associated with events that are potential "Z-Factors." (T)

The "Gas Transmission & Storage Z-Factor Subaccount" records transmission and storage costs associated with events that are potential "Z-Factors" for the period that applies to the Gas Transmission & Storage (GT&S) PTY period.

a. Gas Distribution Z-Factor Subaccount

PG&E shall make the following entries, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense as applicable:

1) A debit entry equal to the actual distribution-related Z-Factor costs for the corresponding event incurred for the current month; (T)

2) An entry to transfer amounts to or from other accounts as authorized by the Commission; and

3) An 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.

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Sheet 2

5. ACCOUNTING PROCEDURE: (Cont'd)

b. Gas Transmission & Storage Z-Factor Subaccount

PG&E shall make the following entries, net of an allowance for RF&U as applicable: (T)

- 1) A debit entry equal to the actual Gas Transmission & Storage-related Z-Factor costs for the corresponding event incurred for the current month (only for PTY GT&S period);
- 2) An entry to transfer amounts to or from other accounts as authorized by the Commission; and
- 3) An 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.

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Robert S. Kenney
Vice President, Regulatory Affairs

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