



**GAS PRELIMINARY STATEMENT PART FK**  
**RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)**

Sheet 1

**FK. Risk Transfer Balancing Account – Gas (RTBA-G)**

1. **PURPOSE:** The purpose of the Risk Transfer Balancing Account – Gas (RTBA-G) is to track and record actual expenses compared to the adopted expenses for PG&E’s financial risk transfer costs (inclusive of all financial risk transfer mechanisms: insurance, reinsurance, catastrophe (CAT) bonds, captives and related costs such as broker fees and excise taxes) allocated to the gas distribution, transmission, and storage functions. Effective January 1, 2023, PG&E is authorized to recover up to \$156 million annually for non-wildfire liability commercial insurance policies, plus associated financial risk transfer expenses, with coverage up to a \$700 million coverage target. Amounts in excess of this limit are tracked separately in the Additional Non-Wildfire Expenses Subaccount for subsequent review and approval by the Commission. (T)

Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026). This shift does not affect PG&E’s authority to collect the remaining, outstanding costs of commercial wildfire insurance that extend into and expire in 2023, which are not subject to the non-wildfire funding cap, allocated to the gas functions. (T)

This account is comprised of two subaccounts: Third-Party Gas Subaccount and Additional Non-Wildfire Expenses Subaccount. (T)

The Third-Party Gas Subaccount tracks actual financial risk transfer costs associated with non-wildfire commercial policies up to \$156 million annually compared to adopted amounts that are allocated to the gas functions. Note that financial risk transfer expenses associated with the commercial policies are not subject to the cap. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses and are not subject to the non-wildfire funding cap. Disposition of the balance in this subaccount will be determined annually through the Core Fixed Cost Account (CFCA) and the Noncore Customer Class Charge Account (NCA) in the Annual Gas True-Up (AGT), or through a separate advice letter as authorized by the Commission. The balance in this subaccount will be allocated among the gas functions for true-up in rates based on the same allocation factors used to allocate the adopted expenses. (T)

The Additional Non-Wildfire Expenses Subaccount tracks actual expenses above \$156 million associated with non-wildfire liability insurance purchased from third parties allocated to the gas functions. PG&E will file an application seeking approval of any costs recorded to this subaccount. Upon approval, financial risk transfer costs recorded to this subaccount will be transferred to the CFCA and NCA. The balance in this subaccount will be allocated among the gas functions for true-up in rates based on the same allocation factors used to allocate the adopted expenses. (T)

2. **APPLICABILITY:** The RTBA-G applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. **REVISION DATE:** Disposition of balances in the subaccounts are included in the above descriptions of the subaccounts.

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

5. **ACCOUNTING PROCEDURE:** The following entries will be made at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense:

(Continued)



**GAS PRELIMINARY STATEMENT PART FK**  
**RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)**

Sheet 1

FK. Risk Transfer Balancing Account – Gas (RTBA-G)

1. PURPOSE: The Risk Transfer Balancing Account is a two-way balancing account and is applicable to electric and gas customers. The purpose of the Risk Transfer Balancing Account – Gas (RTBA-G) is to track and record actual expenses compared to the adopted expenses for PG&E's financial risk transfer costs (inclusive of all financial risk transfer mechanisms: insurance, reinsurance, catastrophe (CAT) bonds, captives and related costs such as broker fees and excise taxes) allocated to the gas distribution function. Under the RTBA-G, PG&E would be authorized to recover costs associated with the purchase of up to \$1.4 billion of financial risk transfer coverage for commercial policies purchased prior to 2023 in total ("reasonableness threshold"). Amounts in excess of this limit are tracked separately in the Additional Coverage Subaccount for subsequent review and approval by the Commission. (T)

Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026). This shift does not affect PG&E's authority to collect the remaining, outstanding costs of commercial wildfire insurance that extend into and expire in 2023. (N)

This account is comprised of two subaccounts: Third-Party Gas Distribution Subaccount and Additional Coverage Subaccount. (T)

The Third-Party Gas Distribution Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to \$1.4 billion of risk transfer coverage purchased through commercial policies prior to 2023 in total compared to adopted amounts that are allocated to the gas distribution function. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses. Disposition of the balance in this subaccount will be determined annually through the Core Fixed Cost Account (CFCA) and the Noncore Customer Class Charge Account (NCA) in the Annual Gas True-Up (AGT), or through a separate advice letter as authorized by the Commission. (T)

The Additional Coverage Subaccount tracks the cost to purchase more than \$1.4 billion in coverage purchased through commercial policies prior to 2023 in total, allocated to the gas distribution function. PG&E will file a Tier 2 advice letter to request approval of any costs for coverage over \$1.4 billion recorded in total. Upon approval, financial risk transfer coverage costs recorded to this subaccount for the gas distribution function will be transferred to the CFCA and NCA. (D)

2. APPLICABILITY: The RTBA-G applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of balances in the subaccounts are included in the above descriptions of the subaccounts.

4. RATES: The RTBA does not have a rate component.

5. ACCOUNTING PROCEDURE: The following entries will be made at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense:

(Continued)

<i>Advice</i>	4710-G	<i>Issued by</i>	<i>Submitted</i>	<u>February 3, 2023</u>
<i>Decision</i>	D.23-01-005	<b>Meredith Allen</b>	<i>Effective</i>	<u>January 1, 2023</u>
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



**GAS PRELIMINARY STATEMENT PART FK**  
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Sheet 2

FK. Risk Transfer Balancing Account – Gas (RTBA-G) (Cont'd)

5. ACCOUNTING PROCEDURE (Cont'd):

THIRD-PARTY GAS SUBACCOUNT: (T)

- a) A credit entry equal to one-twelfth of the adopted annual expense allocated to the gas functions; (T)
- b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the annual adopted funding cap allocated to the gas functions, plus associated actual financial risk transfer expenses; (T)
- c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- d) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth 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.

ADDITIONAL NON-WILDFIRE EXPENSES SUBACCOUNT: (T)

- a) A debit entry equal to the gas portion of actual expenses incurred above the adopted annual funding cap; (T)
- b) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth 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

FK. Risk Transfer Balancing Account – Gas (RTBA-G) (Cont'd)

5. ACCOUNTING PROCEDURE (Cont'd):

THIRD-PARTY GAS DISTRIBUTION SUBACCOUNT:

- a) A credit entry equal to one-twelfth of the adopted annual expense;
- b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold; (D)
- c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and (T)
- d) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth 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. (T)

ADDITIONAL COVERAGE SUBACCOUNT:

- a) A debit entry equal to the gas distribution portion of actual expenses incurred to purchase coverage in excess of authorized amounts (i.e. \$1.4 billion of coverage);
- b) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth 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. (D)