



GAS PRELIMINARY STATEMENT PART BP
SMARTMETER PROJECT BALANCING ACCOUNT-GAS

Sheet 1

BP. SmartMeter™ Project Balancing Account-Gas (SBA-G)

1. **PURPOSE:** The purpose of the SmartMeter™ Project Balancing Account-Gas (SBA-G) is to record and recover the incremental Operations and Maintenance (O&M) and Administrative and General (A&G) expenditures, capital-related costs, capital-related revenue requirements, benefits, and revenues associated with the SmartMeter™ Project as authorized by the Commission in Decision (D.)06-07-027 and D.11-05-018. Upon Commission approval, PG&E will transfer the balance from the AMIMA-G to this account (SBA-G) for rate recovery. Any under- or over-collection in this account will be incorporated into core transportation rates as part of the next Annual Gas True-up Advice Letter. (N)
2. **APPLICABILITY:** The SBA-G applies to all core gas transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. **REVISION DATE:** Disposition of the balance in this account shall be determined in the Annual Gas True-up Advice Letter, or as otherwise authorized by the Commission.
4. **RATES:** The SBA-G rate component is included in the effective rates set forth in the Gas Preliminary Statement, Part B, as applicable.
5. **ACCOUNTING PROCEDURE:** Beginning January 1, 2011, PG&E shall maintain the SBA-G by making entries to this account at the end of each month as follows: (N)
 - a. A credit entry equal to the revenues from the SmartMeter™ Project rate component, excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.
 - b. A credit entry for the calculated benefits achieved through the SmartMeter™ Project, as set forth in the SmartMeter™ Project Application (A.05-06-028) and the 2011 General Rate Case (A.09-12-020), and subsequently approved in Decision 06-07-027 and D.11-05-018. (N)
 - c. A debit entry equal to PG&E's incremental O&M and A&G expenses and capital-related costs incurred for the SmartMeter™ Project, excluding FF&U. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment. These capital-related revenue requirements and O&M and A&G costs may relate to numerous activities or organizations, including but not limited to the following areas:
 - SmartMeter™ Project management, including contract management and development, communications, budget and accounting management, human resource management, process redesign, and other related areas
 - Communication systems, including network controllers and telecommunications links
 - Customer outreach and customer care
 - Data collector hardware and software
 - Development of training materials and procedures
 - Evaluation and planning
 - Facilities
 - Gas and electric meters, transmitting modules, and related equipment
 - Logistics management tools and activities
 - Meter installation, including customer data exceptions processing
 - Network operations staff
 - Operations center hardware and systems
 - Site surveys and development
 - System design, programming, and other upgrades/enhancements for integrated systems including billing, records, customer information and other information systems using meter information

(Continued)

Advice Letter No: 3210-G
 Decision No. 11-05-018

Issued by
Brian K. Cherry
 Vice President
 Regulation and Rates

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 Resolution No. _____



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Sheet 2

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5. ACCOUNTING PROCEDURE: (Cont'd.)

c. (Cont'd.)

- Technical support staff and operations
- Testing of systems and processes
- Training
- Commission consultant evaluation costs (N)
- Commission independent audit costs (N)

d. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the SBS-G for recovery in rates, upon approval by the CPUC. (N)/(D)
 (N)/(D)

e. An entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the 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.