



GAS PRELIMINARY STATEMENT PART BQ
PENSION CONTRIBUTION BALANCING ACCOUNT

Sheet 1

BQ. PENSION CONTRIBUTION BALANCING ACCOUNT (PCBA-G)

1. **PURPOSE:** The purpose of the PCBA-G is to record the gas distribution revenue requirement associated with the difference between adopted annual pension contributions and (i) lower contributions for any reason; or (ii) federally mandated higher contributions.
2. **APPLICABILITY:** The PCBA-G shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account shall be determined annually in conjunction with the Annual Gas True-Up filing via the Core Fixed Cost Account (CFCA) and Noncore Customer Class Charge Account (NCA).
4. **RATES:** The PCBA-G does not currently have a rate component.
5. **CALCULATION:** At the end of each calendar year, through 2010, PG&E shall determine whether the actual pension contribution was higher or lower than the adopted pension contribution per D.06-06-014 and D.07-03-044. If the actual contribution was different than the adopted amount, PG&E shall determine the revenue requirement associated with the difference between the contribution amounts by applying the following factors. (T)

| Year of Contribution Difference | Year of Revenue Requirement Adjustment | | | |
|---------------------------------|--|---------|---------|---------|
| | 2007 | 2008 | 2009 | 2010 |
| 2007 | 0.70239 | 0.05206 | 0.05015 | 0.04666 |
| 2008 | | 0.70239 | 0.05206 | 0.05015 |
| 2009 | | | 0.70239 | 0.05206 |
| 2010 | | | | 0.70239 |

(N)
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 |
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 (N)

If the actual contribution was higher or lower than the adopted contribution, the following calculation should be performed in the year of the contribution:

- a. Determine the difference between the actual pension contribution and the adopted pension contribution;
- b. Multiply the difference as calculated in Section 5.a by the factor from the above table for the applicable year of the contribution; and
- c. Apply the unbundled cost category (UCC) factor for gas distribution, as adopted in the General Rate Case (24.55% for 2006; 23.53% for 2007-2010), to the amount derived in Section 5.b above. (T)

In the years subsequent to the higher or lower contribution, the following calculation should be performed:

- d. Multiply the difference derived in Section 5.a by the appropriate factor for the subsequent years, as applicable.

These steps should be repeated for each year that the actual contribution is different from the adopted contribution.

(Continued)



GAS PRELIMINARY STATEMENT PART BQ
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Sheet 2

BQ. PENSION CONTRIBUTION BALANCING ACCOUNT (PCBA-G) (Cont'd.)

6. ACCOUNTING PROCEDURE: PG&E shall maintain the PCBA-G by making entries at the end of each calendar year as follows:
- a. A debit (if the actual contribution was higher) or credit (if the actual contribution was lower) entry, if applicable, equal to the amount calculated in Section 5.c above, less 25 percent of the portion allocated to noncore gas distribution customers per the cost allocation factors for distribution base revenue shown on Preliminary Statement Part C.3.a;
 - b. A debit (if the actual contribution was higher) or credit (if the actual contribution was lower) entry, as applicable, equal to the amount calculated in Section 5.d above, less 25 percent of the portion allocated to noncore gas distribution customers per the cost allocation factors for distribution base revenue shown on Preliminary Statement Part C.3.a;
 - c. An entry equal to 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; and
 - d. A debit or credit entry, as applicable, to transfer the core portion of the December 31st balance to the Distribution Cost Subaccount of the CFCA and the noncore portion of the December 31st balance to the Interim Relief and Distribution Subaccount of the NCA for recovery in the Annual Gas True-Up filing, or as otherwise authorized by the CPUC. The noncore portion is as calculated above, plus interest, with the remaining balance equal to the core portion.

(N)

 (N)