



**GAS PRELIMINARY STATEMENT PART J**  
**NONCORE CUSTOMER CLASS CHARGE ACCOUNT**

Sheet 1

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA)

1. PURPOSE: The purpose of the NCA is to record certain noncore costs and revenues from noncore customers. The balance in this account will be incorporated into noncore transportation rates in the next Annual Gas True-up of Balancing Accounts, or as otherwise authorized by the Commission.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1.

2. APPLICABILITY: The NCA balance applies to noncore 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: Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.
4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. RATES: NCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
6. ACCOUNTING PROCEDURE: The NCA consists of the following subaccounts:

The "Noncore Subaccount" recovers costs and balances allocated on an equal cents per therm basis to all noncore customers.

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The "Interim Relief and Distribution Subaccount" recovers the noncore distribution portion of the interim gas revenue requirement increase adopted in GRC Decision 04-05-055 and other costs and balances approved by the Commission. The balance in this subaccount will be allocated to noncore classes in proportion to their allocation of distribution base revenue as adopted in Cost Allocation Proceedings.

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**GAS PRELIMINARY STATEMENT PART J**  
**NONCORE CUSTOMER CLASS CHARGE ACCOUNT**

Sheet 2

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Noncore Subaccount

The following entries will be made to this subaccount each month, or as applicable:

- 1) a debit entry equal to one-twelfth of the noncore portion of the procurement-related G-10 employee discount allocation shown on Preliminary Statement Part C.2;
  - 2) a debit entry equal to the noncore portion of intervenor compensation and any other expense adopted by the CPUC as a cost to be included in this subaccount;
  - 3) a credit entry equal to the NCA-Noncore revenue, excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
  - 4) an debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
  - 5) an entry equal to 29.97 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable;
  - 6) a debit entry equal to one-twelfth of the noncore portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC; (T)
  - 7) an entry equal to the noncore portion of the gain or loss on the sale of a gas transmission non-depreciable asset, as approved by the Commission; (N)  
(N)
  - 8) a debit entry equal to the noncore gas portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065; and (N)  
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(N)
  - 9) an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance after entries from J.6.a.1 through J.6.a.8 above, are made, 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. (T)  
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**GAS PRELIMINARY STATEMENT PART J**  
**NONCORE CUSTOMER CLASS CHARGE ACCOUNT**

Sheet 3

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

b. Interim Relief and Distribution Subaccount

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The following entries will be made to this subaccount each month, or as applicable:

- 1) a one-time entry equal to the noncore distribution portion of the gas revenue requirement adopted in GRC Decision 04-05-055, from January 1, 2003 to the implementation date, including interest, and excluding the allowance for F&U;
- 2) an entry equal to any other amounts adopted by the CPUC to be included in this subaccount;
- 3) a credit equal to the NCA-Interim Relief and Distribution revenue, excluding the allowance for F&U;
- 4) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 5) an entry equal to the noncore portion of the gain or loss on the sale of a gas distribution non-depreciable asset, as approved by the Commission; and
- 6) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries J.6.b.1 through J.6.b.5 above, at a rate equal to one-twelfth the interest rate of the 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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