

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 3, 2020

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Sent via email

SUBJECT: Approval of Pacific Gas and Electric Company Advice Letters 4185-G and Supplemental 4185-G-A *Proposal to Revise Process to Convert Balancing and Memorandum Accounts into Rates for Local Transmission Costs, in Compliance with Ordering Paragraph 82 of Decision 19-09-025.*

Dear Mr. Jacobson,

This letter approves Pacific Gas and Electric Company (PG&E) Advice Letter (AL) 4185-G and Supplemental AL 4185-G-A wherein the utility requests to modify certain gas balancing and memorandum accounts in a manner that is consistent with Decision (D.) 19-09-025 regarding the tracking and allocation of backbone and local transmission pipeline costs. As explained below, PG&E has satisfactorily addressed the issues raised in the AL protest of the Sacramento Municipal Utility District (SMUD). PG&E AL 4185-G and Supplemental AL 4185-G-A are effective January 1, 2019, as requested.¹

Background

In Decision (D.) 19-09-025, the CPUC adopted PG&E's revenue requirement for its gas transmission and storage (GT&S) system for 2019 through 2022. That decision also maintained the existing gas transportation rate structure whereby customers directly served on PG&E's backbone pipeline system were not assigned local transmission costs.² This arrangement was adopted so that backbone served customers would not subsidize customers that use PG&E's local transmission system.³ During the GT&S proceeding, SMUD asserted that PG&E's balancing and memorandum accounts did not properly partition and allocate the utility's backbone and local transmission costs that would be amortized in rates.⁴ As a result, local transmission costs were being included in the rates paid by backbone customers due to the utility's accounting procedures contrary to the established ratemaking policy. The CPUC agreed with SMUD's argument and ordered PG&E to file an AL to make corresponding changes to its balancing and memorandum accounts.⁵ To comply with the decision's order, PG&E filed AL 4185-G and proposed to modify its balancing and

¹ January 1, 2019 is the date the revenue requirements authorized by D.19-09-025 went into effect.

² D.19-09-025 at p. 286. PG&E maintains separate tariff rates in its rate schedules for backbone and local transmission customers.

³ D.19-09-025 at pp. 286-7 discusses cost-causation and the separation of backbone and local transmission costs in the context of PG&E's electric generation customers.

⁴ D.19-09-025 at p. 285.

⁵ D.19-09-025 Ordering Paragraph 82 directed PG&E to file an AL to propose revisions to its balancing and memorandum accounts in a manner that is consistent with the decision.

memorandum accounts by creating subaccounts designed to separately track and allocate backbone and local transmission and costs.⁶ Later, the utility filed Supplemental AL 4185-G-A to address issues raised by SMUD in its AL 4185-G protest, as discussed below.

SMUD Protest

On December 12, 2019, SMUD protested PG&E AL 4185-G. The protestant supported many aspects of the AL and noted that PG&E's proposal to track costs through the use of the new subaccounts was reasonable and appeared to be consistent with D.19-09-025.⁷ However, SMUD requested that the CPUC require the utility to amend the filing to clarify through the use of hypothetical examples the proposed mechanisms for allocating backbone and local transmission costs in the accounts. Additionally, SMUD asked the CPUC to require PG&E to confirm that going forward the utility will structure any gas accounts not addressed in the AL in a manner that treats the allocation of backbone and local transmission costs consistent with D.19-09-025.

PG&E Protest Reply

On December 19, 2019, PG&E submitted its reply to SMUD's protest. The utility was supportive of SMUD's request for additional clarification and agreed to submit a Supplemental AL with examples illustrating its proposed accounting procedures. Accordingly, PG&E filed AL 4185-G-A on January 17, 2020, with examples showing the operation of the subaccounts and proposed allocation methodology. The supplemental AL was not protested.

Discussion and Determination

Energy Division's (ED) review finds that PG&E's proposed balancing and memorandum account adjustments filed in AL 4185-G and 4185-G-A complies with D.19-09-025 regarding the treatment of backbone and local transmission costs. Specifically, the new subaccounts the utility would establish tracks such costs separately and the accounting procedures appropriately allocate the balances in the accounts between backbone and local transmission customers. This result is substantiated by the examples PG&E filed in Supplemental AL 4185-G-A per SMUD's request showing how the proposed account adjustments would function.

Therefore, PG&E AL 4185-G and Supplemental AL 4185-G-A are approved. ED also adopts SMUD's recommendation in its protest and directs PG&E to review every gas account to ensure that they track and allocate backbone and local transmission costs as required by D.19-09-025.⁸ PG&E shall file a Tier 2 AL if it finds that is necessary to make a corresponding change to its gas accounts in order to comply with D.19-09-025.⁹

Sincerely,



Edward Randolph

Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

⁶ In AL 4185-G, PG&E proposes to establish a Main account to track backbone transmission costs an LT subaccount to track local transmission costs.

⁷ SMUD protest at p.2.

⁸ D.19-09-025 Ordering Paragraph 82.

⁹ D.19-09-025 Ordering Paragraph 82 authorizes PG&E to file a Tier 2 AL to amend its gas accounts for the tracking and allocation of backbone and local transmission costs.

cc: Mr. David Peffer
Sacramento Municipal Utility District
peffer@braunlegal.com



Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

November 22, 2019

Advice 4185-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject Proposal to Revise Process to Convert Balancing and Memorandum Accounts into Rates for Local Transmission Costs, in Compliance with Ordering Paragraph 82 of Decision 19-09-025

Purpose

This advice letter complies with Ordering Paragraph (OP) 82 in Pacific Gas and Electric's (PG&E) 2019 Gas Transmission and Storage (GT&S) Decision (D.) 19-09-025 (the Decision).

Background

On November 17, 2017, PG&E filed an application at the California Public Utilities Commission (Commission or CPUC) requesting that the Commission adopt its GT&S revenue requirement, cost allocation, and rate design for the period of 2019-2022. On September 23, 2019, the CPUC issued D.19-09-025, which addresses the issues before the Commission related to PG&E's application. In the Decision, the CPUC found that local transmission (LT) costs should not be allocated to Electric Generation Backbone service-level end-use customers and Industrial Backbone service-level end-use customers (BB service-level).

PG&E submits this Advice Letter in compliance with OP 82, which requires PG&E to "within 60 days of the date of that this decision is final, Pacific Gas and Electric Company (PG&E) must submit a Tier 2 Advice Letter with a proposal to revise its process for converting its balancing and memorandum accounts into rates so that the process allocates costs in a manner that is consistent with this decision. PG&E may use the process suggested in section 14.4 of this decision or devise its own revisions to the existing process".

Specifically, the process suggested by SMUD in section 14.4 states that "PG&E's balancing and memorandum accounts for this program should be revised so that EG backbone customers are not allocated costs for PG&E's local transmission system. To

resolve this issue, SMUD recommends that the Commission direct PG&E to 1) separately track cost related to PG&E's local transmission system for all GT&S-related balancing and memorandum account that are recovered from EG backbone customers and 2) assign all local transmission-related costs recorded to GT&S-related balancing and memorandum accounts to the Noncore Customer Class Charge Account [NCA]."¹

Detail of Proposal

PG&E's currently adopted GT&S revenue requirements are recovered through various revenue adjustment mechanisms (RAMs). The adopted noncore portion of backbone transmission and storage costs are recovered from all customers while the LT portion is recovered from all customers except BB service-level customers.

The Commission added a second step to the recovery process for many of PG&E's programs by establishing one-way balancing accounts, which require adopted funding (recovered through RAMs) associated with specific programs that are unspent at the end of the rate case cycle be returned to customers. Many adopted programs for which the Commission established one-way balancing accounts include some or all GT&S functions: LT, backbone transmission, and storage. As a result, for all one-way balancing accounts that record activity for programs supporting multiple GT&S functions, PG&E is establishing a 'Main Account' in the balancing account to track differences between the adopted and actual spending for backbone transmission and/or storage activity and an LT Subaccount in the balancing account to track differences between the adopted and actual spending for LT activity.

At the end of the GT&S rate case cycle, if the total balance (Main Account plus LT Subaccount) in the account is underspent, it will be returned to customers. The balances in Main Account and LT Subaccount will be trued up in rates. If the total balance in the account is zero or overspent and either the Main Account or LT Subaccount is underspent, the adopted funding recovered from customers will be reallocated between the Main Account and LT Subaccount based on the ratio of actual expenses related to the Main Account and LT Subaccount to total actual expenses and the differences trued up in rates. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the NCA (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

To ensure amounts recorded in the LT Subaccount are recovered from all noncore customers excluding BB service-level customers, PG&E is proposing to establish a LT Subaccount in the NCA, for which amounts will be allocated to all but Backbone service-level end-use customers.

¹ D. 19-09-025, page 285.

Finally, for memorandum accounts, PG&E is proposing to also add a Main Account in the memorandum account to track actual costs associated with backbone transmission and/or storage activity and an LT Subaccount in the memorandum account to track actual LT costs for future recovery from applicable customers.

Tariff Revisions

PG&E proposes to modify the following proposed new² and existing balancing and memorandum accounts as described above.

Specifically, for the following one-way balancing accounts:

- Gas Preliminary Statement Part EO - Measurement and Control Station Rebuilds Balancing Account
- Gas Preliminary Statement Part EP - Hydrostatic Testing Balancing Account
- Gas Preliminary Statement Part EQ - Atmospheric Corrosion Balancing Account
- Gas Preliminary Statement Part ER – Internal Corrosion Balancing Account
- Gas Preliminary Statement Part ES – Physical Security Balancing Account
- Gas Preliminary Statement Part EX – Alternating Current Interference Balancing Account
- Gas Preliminary Statement Part EZ – Casings Program Balancing Account
- Gas Preliminary Statement Part FA – In-Line Inspection Balancing Account
- Gas Preliminary Statement Part CL – Transmission Integrity Management Program Balancing Account
- Gas Preliminary Statement Part CO – Adjustment Mechanism for Costs Determined in Other Proceedings
- Gas Preliminary Statement Part DQ – Engineering Critical Assessment Balancing Account

-Establish a 'Main Account', which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a LT Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone service-level end-use customers who do not fund local transmission activities. Note that the Main Account includes all the accounting procedures included with the preliminary statements submitted on October 23, 2019,

² On October 23, 2019, PG&E submitted Advice 4165-G, Advice 4168-G, and Advice 4169-G to create fifteen new balancing and memorandum accounts in accordance with D.19-09-025. These advice letters are pending approval at the Commission. These advice letters also proposed modifications to existing balancing and memorandum accounts.

in Advice 4165-G, Advice 4168-G, and Advice 4169-G. The changes proposed in this advice letter are shown in redline.

-Add to the Revision Date section that at the end of the rate case cycle, if the total balance (Main Account plus LT Subaccount) in the account is underspent, it will be returned to customers. The balances in Main Account and LT Subaccount will be trued up in rates. If the total balance in the account is zero or overspent and either the Main Account or LT Subaccount is underspent, the adopted funding recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual expenses related to the Main Account and LT Subaccount to total actual expenses and the differences trued up in rates. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the NCA (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

-Add an accounting procedure to the Main Account to reallocate the adopted expenses and/or revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual expenses and/or capital expenditures in the Main Account and the LT Subaccount compared to actual total expenses and/or capital expenditures, as applicable for each account.

Specifically, for the following memorandum accounts pending approval³:

- Gas Preliminary Statement Part DP – Transmission Integrity Management Program Memorandum Account
- Gas Preliminary Statement Part DT - Critical Document Program Memorandum Account
- Gas Preliminary Statement Part EL - Gas Statutes Regulations and Rules Memorandum Account
- Gas Preliminary Statement Part ET – Measurement and Control Over-Pressure Protection Memorandum Account
- Gas Preliminary Statement Part EU – In-Line Inspection Memorandum Account
- Gas Preliminary Statement Part EV - Internal Corrosion Direct Assessment Memorandum Account
- Gas Preliminary Statement Part EW – Root Cause Analysis Memorandum Account

³ Ibid

- Gas Preliminary Statement Part EY - Routine Compression and Processing Memorandum Account
- Gas Preliminary Statement Part FB – Locate and Mark Memorandum Account
 - Establish a 'Main Account' to track actual costs associated with programs that include backbone transmission and/or storage and an 'LT Subaccount' to track actual costs associated with LT for future recovery from applicable customers. Note that the Main Account includes all the accounting procedures included with the preliminary statements submitted on October 23, 2019, in Advice 4165-G, Advice 4168-G, and Advice 4169-G. The changes proposed in this advice letter are shown in redline.
 - Add to the Purpose section that expenses and/or revenue requirements, as applicable for each account, recorded in the Main Account will be recovered from all customers and expenses/revenue requirements recorded in the LT subaccount will be recovered from all customers excluding backbone service-level customers.

Additional tariff revisions:

- Gas Preliminary Statement Part DN – Line 407 Memorandum Account; Since this project is associated with only LT assets and therefore only records LT costs, the Revision Date section has been updated to state, "Any amounts authorized for recovery will be recovered from all, excluding backbone service-level end-use customers"
- Gas Preliminary Statement Part J – Noncore Customer Class Charge Account; Adding a new Local Transmission Subaccount to adjust noncore funding in the LT Subaccounts of the above balancing and memorandum accounts in rates. Amounts recorded in this subaccount will be returned to or recovered from all noncore customers excluding backbone service-level customers.

Included in Attachment 1 are pro forma tariffs which include the preliminary statement modifications described above. These pro forma tariffs contain the modifications proposed in Advice Letters 4165-G, 4166-G, and 4168-G, which were all submitted on October 23, 2019 and are currently pending.⁴ The modifications proposed in this advice letter are presented in redline in Attachment 1. Upon approval of this advice letter and Advice Letters 4165-G, 4166-G, and 4168-G, PG&E will submit a Tier 1 advice letter to combine all approved changes.

This submittal would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

⁴ These advice letters were all submitted in compliance with various ordering paragraphs of Decision 19-09-025.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than December 12, 2019, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 2 advice submittal become effective January 1, 2019 in accordance with the Administrative Law Judge's December 11, 2018 Ruling making GT&S revenue requirements effective January 1, 2019.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for A.17-11-009. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachments

cc: Service List A.17-11-009



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39G)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4185-G

Tier Designation: 2

Subject of AL: Proposal to Revise Process to Convert Balancing and Memorandum Accounts into Rates for Local Transmission Costs, in Compliance with Ordering Paragraph 82 of Decision 19-09-025

Keywords (choose from CPUC listing): Compliance, Balancing Account, Memorandum Account

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-09-025

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 1/1/19

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Advice 4185-G
November 22, 2019

Attachment 1

**Pro Forma Tariffs
(Based on Pending Advice Letters
4165-G, 4168-G, and 4169-G)**



GAS PRELIMINARY STATEMENT PART EL Sheet 1
GAS STATUTES REGULATIONS AND RULES MEMORANDUM ACCOUNT (GSRRMA)

EL. Gas Statutes Regulations and Rules Memorandum Account (GSRRMA)

1. PURPOSE: The purpose of the Gas Statutes Regulations and Rules Memorandum Account (GSRRMA) is to track and record incremental costs to comply with any new federal or state statutes, regulations and rules that are issued between GT&S funding cycles for which PG&E has not been able to incorporate a forecast of costs into a rate case and which are not already addressed and recorded in another account.

This account is comprised of a Main Account, which records backbone transmission and/or storage costs for future recovery from all customers and a Local Transmission Subaccount, which records local transmission costs for future recovery from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N)
|
|
(N)

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

3. REVISION DATE: Disposition of the balances in this account will be through an application or as otherwise authorized by the Commission.

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

5. ACCOUNTING PROCEDURE:

MAIN ACCOUNT:

(T)

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

- a) A debit entry equal to incurred expenses; including applicable benefit burdens;
- b) A debit or credit entry equal to the capital-related revenue requirement related to actual capital expenditures incurred. Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the cost of installed equipment;
- c) An entry to transfer the balance to or from another account-, as authorized 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.

6. LOCAL TRANSMISSION SUBACCOUNT:

(N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system associated with the GSRRMA.

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

- a) A debit entry equal to incurred expenses, including applicable benefit burdens;
- b) A debit or credit entry equal to the capital-related revenue requirement related to actual capital expenditures incurred. Capital-related revenue requirements include depreciation

(N)

Advice 4185-G
Decision 19-09-025

Issued by
Robert S. Kenney
Vice President, Regulatory Affairs

Submitted
Effective
Resolution

November 22, 2019
January 1, 2019



GAS PRELIMINARY STATEMENT PART EL Sheet 1
GAS STATUTES REGULATIONS AND RULES MEMORANDUM ACCOUNT (GSRRMA)

expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the cost of installed equipment;

(N)

c) An entry to transfer the balance to or from another account, as authorized 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.

(N)



GAS PRELIMINARY STATEMENT PART EO Sheet 1
MEASUREMENT & CONTROL STATION REBUILDS BALANCING ACCOUNT (MCSRBA)

EO. Measurement and Control Station Rebuilds Balancing Account (MCSRBA)

1. ~~4.~~ ~~PURPOSE:~~ The purpose of the Measurement and Control Station Rebuilds Balancing Account (MCSRBA) is to track the difference between the revenue requirement based on adopted capital expenditures for the Measurement and Control station rebuilds program and the revenue requirement associated with actual capital expenditures over the 2019 Gas Transmission and Storage (GT&S) rate case cycle (2019-2022). The MCSRBA is a one-way balancing account.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities. (N)
↓
(N)

2. APPLICABILITY: The MCSRBA will apply to all customer classes, except for those specifically excluded by the Commission.

3. REVISION DATE: If the total actual capital expenditures (Main Account plus LT Subaccount) incurred are less than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, PG&E will refund the revenue requirements associated with the unspent capital expenditures to customers ~~through the Annual Gas True-Up advice letter process.~~ The balances in Main Account and LT Subaccount will be trued up in rates. If the total actual capital expenditures incurred are equal to or greater than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, the adopted revenue requirements recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual capital expenditures related to the Main Account and the LT Subaccount to total actual capital expenditures. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account-). (T)
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↓
(T)

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

5. ACCOUNTING PROCEDURE:

PG&E will maintain a sub ledger to track the ~~monthly~~ capital expenditures incurred as recorded in its accounting system of record ~~up to the adopted 2019-2022 aggregated amount.~~ If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are less than the adopted amount, ~~the following entries a. and b. will be recorded in the Main Account and LT Subaccount, in order to refund to customers, the revenue requirement associated with unspent capital expenditures.~~ If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are greater than the adopted capital expenditures but either the Main Account or LT Subaccount are underspent, then entries a. and c. will be recorded in the Main Account and LT Subaccount. (T)
↓
↓
↓
↓
(T)

MAIN ACCOUNT: (T)



GAS PRELIMINARY STATEMENT PART EO Sheet 1
MEASUREMENT & CONTROL STATION REBUILDS BALANCING ACCOUNT (MCSRBA)

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U, ~~not to exceed the amount recorded in entry a. above.~~ Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions; (T)
- ~~c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;~~ (N)
(N)
- ~~ed) An entry to transfer amounts the balance to or from other accounts for recovery from or return to customers, as authorized by the Commission; and,~~ (T)
(T)
- ~~de) 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.~~ (T)

6. LOCAL TRANSMISSION SUBACCOUNT: (N)

The purpose of the Local Transmission Subaccount is to separately track activity related to the local transmission system associated with the Measurement and Control Sstation RrebUILds pProgram to ensure that these amounts are not recovered from/returned to backbone service-level end-use customers.

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U. Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions;
- c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;
- d) An entry to transfer amounts to or from another account as authorized by the Commission;
- a)e) 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. (N)



**GAS PRELIMINARY STATEMENT PART EP
HYDROSTATIC TESTING BALANCING ACCOUNT (HTBA)**

Sheet 1

EP. Hydrostatic Testing Balancing Account (HTBA)

- 1. PURPOSE: The purpose of the Hydrostatic Testing Balancing Account (HTBA) is to record the difference between the adopted and actual expenses of the Hydrostatic Testing Program associated with D.11-06-017/National Transportation Safety Board (NTSB) hydrostatic testing project expense activities. The HTBA is a one-way balancing account that records the aggregated 2019-2022 adopted expenses over the rate case cycle.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service Level end-use customers who do not fund local transmission activities.

(N)
|
(N)

- 2. APPLICABILITY: The HTBA shall apply to all customer classes, except for those specifically excluded by the Commission.

- 3. REVISION DATE: At the end of the 2019-2022 GT&S rate case cycle, ~~any unspent funds in the HTBA shall be returned to customers. Disposition of the balances in this account will be through the Annual Gas True-up advice letter process. If the total balance (Main Account plus LT Subaccount) in the account is underspent, it will be returned to customers. The balances in Main Account and LT Subaccount will be trued up in rates. If the total balance in the account is zero or overspent and either the Main Account or LT Subaccount is underspent, the adopted funding recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual expenses related to the Main Account and LT Subaccount to total actual expenses and the differences trued up in rates. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).~~

(T)
|
(T)

- 4. RATES: The HTBA does not have a separate rate component.

- 5. ACCOUNTING PROCEDURE:

At the end of the 2019-2022 GT&S rate case cycle, if the sum of balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent, all amounts recorded in entry b. will be reversed and entry c will be recorded in the Main Account and LT Subaccount.

(N)
|
(N)

MAIN ACCOUNT:

(T)

The following entries shall be made to the account each month or as applicable:

- a) A credit entry equal to one-twelfth of the annual adopted hydrostatic testing expenses associated with D.11-06-017/NTSB hydrostatic testing projects;

- b) A debit entry equal to the actual hydrostatic testing expenses incurred associated with D.11-06-017/NTSB hydrostatic testing projects, including applicable benefits burden, ~~up to the adopted amount;~~

(T)
(T)

- ~~c) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 GT&S rate case cycle if the sum of the balances in the Main Account~~

(N)
|
(N)



**GAS PRELIMINARY STATEMENT PART EP
HYDROSTATIC TESTING BALANCING ACCOUNT (HTBA)**

Sheet 1

plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent; (N)
(N)

ed).-An entry to transfer amounts to or from another account as authorized by the Commission, and; (T)

de).-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. (T)

6. LOCAL TRANSMISSION SUBACCOUNT: (N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with HTBA to ensure that these amounts are not recovered from/returned to backbone customers.

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

- a) A credit entry equal to one-twelfth of the annual adopted hydrostatic testing expenses associated with D.11-06-017/NTSB hydrostatic testing projects;
- b) A debit entry equal to the actual hydrostatic testing expenses incurred associated with D.11-06-017/NTSB hydrostatic testing projects, including applicable benefits burden;
- c) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 GT&S rate case cycle if the sum of balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent;
- d) An entry to transfer amounts to or from another account as authorized by the Commission;
- e) 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.

(N)



GAS PRELIMINARY STATEMENT PART EQ
ATMOSPHERIC CORROSION BALANCING ACCOUNT (ACBA)

Sheet 1

EQ. Atmospheric Corrosion Balancing Account (ACBA)

- 1. PURPOSE: The purpose of the Atmospheric Corrosion Balancing Account (ACBA) is to record the difference between the adopted and actual expenses of the Atmospheric Corrosion Program during the 2019 Gas Transmission and Storage (GT&S) rate case cycle (2019-2022). The ACBA is a one-way balancing account that records the aggregated 2019-2022 adopted expenses over the rate case cycle.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N)
|
(N)

- 2. APPLICABILITY: The ACBA shall apply to all customer classes, except for those specifically excluded by the Commission.

- 3. REVISION DATE: At the end of the 2019-2022 GT&S rate case cycle, ~~any unspent funds in the ACBA will be returned to customers. Disposition of the balance in this account will be through PG&E's Annual Gas True-up advice letter process.~~ If the total balance (Main Account plus LT Subaccount) in the account is underspent, it will be returned to customers. The balances in Main Account and LT Subaccount will be trued up in rates. If the total balance in the account is zero or overspent and either the Main Account or LT Subaccount is underspent, the adopted funding recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual expenses related to the Main Account and LT Subaccount to total actual expenses and the differences trued up in rates. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

(T)
|
(T)

- 4. RATES: The ACBA does not have a separate rate component.

5. ACCOUNTING PROCEDURE:

At the end of the 2019-2022 GT&S rate case cycle, if the sum of balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent, all amounts recorded in entry b. will be reversed and entry c will be recorded in the Main Account and LT Subaccount.

(N)
|
(N)

MAIN ACCOUNT:

The following entries will be made to the account each month, or as applicable:

- a) A credit entry equal to one-twelfth of the annual adopted Atmospheric Corrosion Program expenses;
- b) A debit entry equal to the actual Atmospheric Corrosion Program expenses incurred, including applicable benefits burden, ~~up to the adopted amount;~~

(T)

c) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 GT&S rate case cycle if the sum of the balances in the Main Account

(N)
|
(N)

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Robert S. Kenney
Vice President, Regulatory Affairs

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November 22, 2019
January 1, 2019



GAS PRELIMINARY STATEMENT PART EQ
ATMOSPHERIC CORROSION BALANCING ACCOUNT (ACBA)

Sheet 1

plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent; (N)
(N)

de).An entry to transfer amounts to or from another account as authorized by the Commission, and; (T)

ed).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. (T)

6. LOCAL TRANSMISSION SUBACCOUNT: (N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Atmospheric Corrosion Program to ensure that these amounts are not recovered from/returned to backbone customers.

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

a) A credit entry equal to one-twelfth of the annual adopted Atmospheric Corrosion Program expenses;

b) A debit entry equal to the actual Atmospheric Corrosion Program expenses incurred, including applicable benefits burden;

c) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 GT&S rate case cycle if the sum of balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent;

d) An entry to transfer amounts to or from another account as authorized by the Commission; and

a)e) 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. (N)



GAS PRELIMINARY STATEMENT PART ER INTERNAL CORROSION BALANCING ACCOUNT (ICBA)

Sheet 1

ER. Internal Corrosion Balancing Account (ICBA)

- 1. PURPOSE: The purpose of the Internal Corrosion Balancing Account (ICBA) is to track the difference between the revenue requirement based on adopted capital expenditures for the Internal Corrosion Program and the revenue requirement associated with actual capital expenditures on an aggregate basis over the 2019 Gas Transmission and Storage (GT&S) rate case cycle (2019-2022). The ICBA is a one-way balancing account.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N) (N)

- 2. APPLICABILITY: The ICBA will apply to all customer classes, except for those specifically excluded by the Commission.

- 3. REVISION DATE: If the total actual capital expenditures (Main Account plus LT Subaccount) incurred are less than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, PG&E will refund the revenue requirements associated with the unspent capital expenditures to customers through the Annual Gas True-Up advice letter process. The balances in the Main Account and LT Subaccount will be trued up in rates. If the total actual capital expenditures incurred are equal to or greater than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, the adopted revenue requirements recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual capital expenditures related to the Main Account and the LT Subaccount to total actual capital expenditures. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

(T) (T) (T) (T)

- 4. RATES: The ICBA does not have a separate rate component.

5. ACCOUNTING PROCEDURE:

PG&E will maintain a sub ledger to track the monthly capital expenditures incurred as recorded in its accounting system of record up to the adopted 2019-2022 aggregated amount. If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are less than the adopted amount, the following entries a. and b. will be recorded in the Main Account and LT Subaccount, in order to refund to customers, the revenue requirement associated with unspent capital expenditures. If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are greater than the adopted amount but either the Main Account or LT Subaccount are underspent, then entries a. and c. will be recorded.

(T) (T) (T) (T)

MAIN ACCOUNT:

(T)

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U, not to exceed the amount recorded in entry a. above. Capital-related revenue requirements include depreciation expense,

(T) (T)



GAS PRELIMINARY STATEMENT PART ER
INTERNAL CORROSION BALANCING ACCOUNT (ICBA)

Sheet 1

return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions;

c). A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures; (N)
↓
(N)

ed). An entry to transfer amounts to or from another account as authorized by the Commission, and; (T)

de). 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. (T)

6. LOCAL TRANSMISSION SUBACCOUNT:

(N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Internal Corrosion Program to ensure that these amounts are not recovered from/returned to backbone customers.

a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;

b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U. Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions;

c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;

d) An entry to transfer amounts to or from another account as authorized by the Commission, and;

e) 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.

(N)



GAS PRELIMINARY STATEMENT PART ES
PHYSICAL SECURITY BALANCING ACCOUNT (PSBA)

Sheet 1

- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U, ~~not to exceed the amount recorded in entry a. above.~~ Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs. (T)
(T)
- c) ~~A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures.~~ (N)
I
(N)
- ed) An entry to transfer the balance to other accounts for recovery. (T)
- De) 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. (T)

6. LOCAL TRANSMISSION SUBACCOUNT: (N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Physical Security pProgram to ensure that these amounts are not recovered from/returned to backbone customers.

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U. Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions;
- c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;
- d) An entry to transfer amounts to or from another account as authorized by the Commission; and
- a)e) 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. (N)



GAS PRELIMINARY STATEMENT PART ET Sheet 1
MEASUREMENT AND CONTROL OVER-PRESSURE PROTECTION MEMORANDUM ACCOUNT
(MCOPPMA)

- b) An entry to transfer amounts to or from another account as authorized by the Commission; and (N)
- 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. (N)
↓
(N)



GAS PRELIMINARY STATEMENT PART EU
IN-LINE INSPECTION MEMORANDUM ACCOUNT (ILIMA)

Sheet 1

EU. In-line Inspection Memorandum Account (ILIMA)

1. **PURPOSE:** The purpose of the In-Line Inspection Memorandum Account (ILIMA) is to track the revenue requirement associated with the actual capital expenditures for Traditional In-Line Inspection (ILI) upgrade projects above the total authorized 48 projects (12-project per year pace), and actual expenses incurred for the associated initial Traditional ILI runs and Direct Examination and Repair (DE&R) resulting from the initial runs. In addition, the ILIMA will track expenses associated with all reassessments. The account is subject to a reasonableness review in PG&E's next Gas Transmission and Storage (GT&S) Rate Case.

This account is comprised of a main account, which records backbone transmission and/or storage costs for future recovery from all customers and a Local Transmission Subaccount, which records local transmission costs for future recovery from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N)
↓
(N)

2. **APPLICABILITY:** The ILIMA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account will be through an application or as otherwise directed by the Commission.
4. **RATES:** The ILIMA does not have a separate rate component.
5. **ACCOUNTING PROCEDURE:** The following entries will be made to the account each month or as applicable:
 - a) A debit entry equal to actual ILI expenses incurred for initial Traditional ILI runs and DE&R resulting from the initial runs related to Traditional ILI Upgrade projects above the total authorized 48 projects, including applicable benefit burdens;
 - b) A debit entry equal to actual ILI expenses incurred for reassessments, including applicable benefit burdens;
 - c) A debit or credit entry equal to the capital revenue requirements based on incurred capital expenditures related to projects that exceed the quantity of projects adopted by the Commission in base rates, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense. Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes and property taxes, associated with the capital asset additions;
 - d) An entry to transfer amounts to or from another account as authorized by the Commission, and;
 - e) 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.

6. LOCAL TRANSMISSION SUBACCOUNT:

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the ILIMA.

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

(Continued) (N)

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|----------|--------------|------------------------------------|------------|-------------------|
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| Decision | D. 19-09-025 | Robert S. Kenney | Effective | January 1, 2019 |
| | | Vice President, Regulatory Affairs | Resolution | |



GAS PRELIMINARY STATEMENT PART EU
IN-LINE INSPECTION MEMORANDUM ACCOUNT (ILIMA)

Sheet 1

- a) A debit entry equal to actual ILI expenses incurred for initial Traditional ILI runs and DE&R resulting from the initial runs related to Traditional ILI Upgrade projects above the total authorized 48 projects, including applicable benefit burdens;
- b) A debit entry equal to actual ILI expenses incurred for reassessments, including applicable benefit burdens;
- c) A debit or credit entry equal to the capital revenue requirements based on incurred capital expenditures related to projects that exceed the quantity of projects adopted by the Commission in base rates, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense. Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes and property taxes, associated with the capital asset additions;
- d) An entry to transfer amounts to or from another account as authorized by the Commission; and,
- e) 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

(N)

(N)

(Continued)

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Resolution



GAS PRELIMINARY STATEMENT PART EW
ROOT CAUSE ANALYSIS MEMORANDUM ACCOUNT (RCAMA)

Sheet 1

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.

(N)
(N)

(Continued)

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January 1, 2019



GAS PRELIMINARY STATEMENT PART EX Sheet 1
ALTERNATING CURRENT INTERFERENCE BALANCING ACCOUNT (ACIBA)

EX. Alternating Current Interference Balancing Account (ACIBA)

- 1. PURPOSE: The purpose of the Alternating Current Interference Balancing Account (ACIBA) is to record the difference between capital revenue requirements adopted for the Alternating Current Interference program and revenue requirements associated with actual capital expenditures on an aggregate basis over the rate case cycle (2019-2022). The ACIBA is a one-way balancing account.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N)
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|
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(N)

- 2. APPLICABILITY: The ACIBA will apply to all customer classes, except for those specifically excluded by the Commission.

- 3. REVISION DATE: If the actual capital expenditures (Main Account plus LT Subaccount) incurred are less than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, PG&E will refund the revenue requirements associated with the unspent capital expenditures to customers through the Annual Gas True-Up advice letter process. The balances in the Main Account and LT Subaccount will be trued up in rates. If the total actual capital expenditures incurred are equal to or greater than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, the adopted revenue requirements recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual capital expenditures related to the Main Account and the LT Subaccount to total actual capital expenditures. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

(T)
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(T)
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(T)

- 4. RATES: The ACIBA does not have a separate rate component.

5. ACCOUNTING PROCEDURE:

PG&E will maintain a sub ledger to track the ~~monthly~~ capital expenditures incurred as recorded in its accounting system of record ~~up to the adopted 2019-2022 aggregated amount.~~ If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are less than the adopted amount, ~~following entries a. and b. will be recorded in the Main Account and LT Subaccount, in order to refund to customers, the revenue requirement associated with unspent capital expenditures. If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are greater than the adopted amount but either the Main Account or LT Subaccount are underspent, then entries a. and c. will be recorded.~~

(T)
(T)
|
(T)
|
|
|
(T)

MAIN ACCOUNT:

(T)

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U, ~~not to exceed the amount recorded~~

(T)



GAS PRELIMINARY STATEMENT PART EX Sheet 1
ALTERNATING CURRENT INTERFERENCE BALANCING ACCOUNT (ACIBA)

~~in entry a. above.~~ Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes, associated with the capital asset additions; (T)

c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures; (N)
↓ (N)

d) An entry to transfer amounts to or from another account as authorized by the Commission, and; (T)

e) 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. (T)

6. LOCAL TRANSMISSION SUBACCOUNT: (N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Alternating Current Interference Program to ensure that these amounts are not recovered from/returned to backbone customers.

a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;

b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U. Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions;

c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;

d) An entry to transfer amounts to or from another account as authorized by the Commission; and

e) 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. (N)



GAS PRELIMINARY STATEMENT PART EZ CASINGS PROGRAM BALANCING ACCOUNT (CPBA)

Sheet 1

EZ. Casings Program Balancing Account (CPBA)

- 1. PURPOSE: The purpose of the Casings Program Balancing Account (CPBA) is to track the difference between the revenue requirement based on adopted capital expenditures for the Casings Program and the revenue requirement associated with actual capital expenditures incurred on an aggregate basis over the 2019 Gas Transmission and Storage (GT&S) rate case cycle (2019-2022). The CPBA is a one-way balancing account.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N) (N)

- 2. APPLICABILITY: The CPBA will apply to all customer classes, except for those specifically excluded by the Commission.

- 3. REVISION DATE: If the actual amounts (Main Account plus LT Subaccount) incurred are less than the 2019-2022 aggregated adopted amounts at the end of the rate case cycle, PG&E will refund the revenue requirements associated with the unspent capital to customers through the Annual Gas True Up advice letter process. The balances in the Main Account and LT Subaccount will be trued up in rates. If the total actual capital expenditures incurred are equal to or greater than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, the adopted revenue requirements recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual capital expenditures related to the Main Account and the LT Subaccount to total actual capital expenditures. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

(T) (T) (T) (T)

- 4. RATES: The CPBA does not have a separate rate component.

- 5. ACCOUNTING PROCEDURE:

For Casing Program capital expenditures, PG&E will maintain a sub ledger to track the monthly capital expenditures incurred as recorded in its accounting system of record up to the adopted 2019-2022 aggregated amount. If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are less than the adopted amount, following entries a. and b. will be recorded in the Main Account and LT Subaccount, in order to refund to customers the revenue requirement associated with unspent capital expenditures. If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are greater than the adopted amount but either the Main Account or LT Subaccount are underspent, then entries a. and c. will be recorded.

(T) (T) (T)

MAIN ACCOUNT:

(T)

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;

- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U, not to exceed the amount recorded

(T)



**GAS PRELIMINARY STATEMENT PART EZ
CASINGS PROGRAM BALANCING ACCOUNT (CPBA)**

Sheet 1

~~in entry a. above.~~ Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with capital asset additions;

(T)

~~c)- A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;~~

(N)

(N)

~~ed)- An entry to transfer amounts to or from another account as authorized by the Commission, and;~~

(T)

~~de)- 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.~~

(T)

6. LOCAL TRANSMISSION SUBACCOUNT:

(N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Casings Program to ensure that these amounts are not recovered from/returned to backbone customers.

a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;

b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U. Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions;

c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;

d) An entry to transfer amounts to or from another account as authorized by the Commission;

a)e) 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.

(N)



**GAS PRELIMINARY STATEMENT PART FA
IN-LINE INSPECTION BALANCING ACCOUNT (ILIBA)**

Sheet 1

FA. In-Line Inspection Balancing Account (ILIBA)

- 1. PURPOSE: The purpose of the In-Line Inspection Balancing Account (ILIBA) is to track the difference between the capital revenue requirement based on adopted capital expenditures for the Traditional In-Line Inspection (ILI) Upgrade program and the revenue requirement associated with actual capital expenditures for the authorized 48 Traditional ILI projects (12-project per year pace) on an aggregate basis over the 2019 Gas Transmission and Storage (GT&S) rate case cycle (2019-2022). The ILIBA is a one-way balancing account.

This account is comprised of a Main Account, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all customers and a Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all customers except Backbone Service-Level end-use customers who do not fund local transmission activities.

(N)
|
(N)

- 2. APPLICABILITY: The ILIBA will apply to all customer classes, except for those specifically excluded by the Commission.

- 3. REVISION DATE: If the actual capital expenditures (Main Account plus LT Subaccount) incurred are less than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, PG&E will refund the revenue requirements associated with the unspent capital expenditures to customers ~~through the Annual Gas True-Up advice letter process.~~ The balances in the Main Account and LT Subaccount will be trued up in rates. If the total actual capital expenditures incurred are equal to or greater than the 2019-2022 aggregated adopted capital expenditures at the end of the rate case cycle, the adopted revenue requirements recovered from customers will be reallocated between the Main Account and LT subaccount based on the ratio of actual capital expenditures related to the Main Account and the LT Subaccount to total actual capital expenditures. Disposition of the balances in this account will be trued up at the end of the GT&S rate case cycle. Funding returned to, or subsequently recovered from core customers will be through the Core Cost Subaccount of the Core Fixed Cost Account. Funding returned to, or subsequently recovered from noncore customers will be through the LT Subaccount of the Noncore Customer Class Charge Account (if associated with the LT Subaccount) or through the Noncore Subaccount of the NCA (if associated with the main account).

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(T)
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(T)

- 4. RATES: The ILIBA does not have a separate rate component.

5. ACCOUNTING PROCEDURE:

PG&E will maintain a sub ledger to track the ~~monthly~~ capital expenditures incurred as recorded in its accounting system of record for the authorized 48 Traditional ILI projects (12-project per year pace) ~~up to the adopted 2019-2022 aggregated amount.~~ If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are less than the adopted amount, ~~following entries~~ entries a. and b. will be recorded in the Main Account and LT Subaccount, in order to refund to customers the revenue requirement associated with unspent capital expenditures. If the aggregated capital expenditures incurred at the end of the GT&S rate case cycle are greater than the adopted amount but either the Main Account or LT Subaccount are underspent, then entries a. and c. will be recorded.

(T)
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(T)
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(T)
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(T)

MAIN ACCOUNT:

(T)

- a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
- b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred for the authorized 48 Traditional ILI projects (12-^(Continued)



**GAS PRELIMINARY STATEMENT PART FA
IN-LINE INSPECTION BALANCING ACCOUNT (ILIBA)**

Sheet 1

project per year pace), excluding RF&U, ~~not to exceed the amount recorded in entry a. above.~~ Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes and property taxes, associated with the capital asset additions;

(T)
(T)

c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;

(T)
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(T)

d)e) An entry to transfer amounts to or from another account as authorized by the Commission, and;

(T)

e)d) 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.

(T)

6. LOCAL TRANSMISSION SUBACCOUNT:

(N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the ILI Upgrade Program to ensure that these amounts are not recovered from/returned to backbone customers.

a) A credit or debit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;

b) A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred for the authorized 48 Traditional ILI projects (12-project per year pace), excluding RF&U. Capital-related revenue requirements include depreciation expense, the return on rate base at the authorized cost of capital, federal and state income taxes and property taxes, associated with the capital asset additions;

c) A debit or credit entry equal to the reallocated adopted revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures;

d) An entry to transfer amounts to or from another account as authorized by the Commission; and

e) 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

(N)

(Continued)



GAS PRELIMINARY STATEMENT PART FB

Sheet 1

LOCATE AND MARK PROGRAM MEMORANDRUM ACCOUNT (LMMA)

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.

(N)

(N)

Advice 4185-G
Decision 19-09-025

Issued by
Robert S. Kenney
Vice President, Regulatory Affairs

Submitted November 22, 2019
Effective January 1, 2019
Resolution



**GAS PRELIMINARY STATEMENT PART CL
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM
BALANCING ACCOUNT**

Sheet 1

c) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 GT&S rate case cycle if the sum of the balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent;

(N)
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(N)

d) An entry to transfer amounts to or from another account as authorized by the Commission.

(T)

d)e) 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.

(T)

6. LOCAL TRANSMISSION SUBACCOUNT:

(N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Transmission Integrity Management Program to ensure that these amounts are not recovered from/returned to backbone customers.

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

a) A credit entry equal to one-twelfth of the annual adopted TIMP expenses;

b) A debit entry equal to the actual TIMP expenses incurred, including applicable benefits burden;

c) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 GT&S rate case cycle if the sum of balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent;

d) An entry to transfer amounts to or from another account as authorized by the Commission;

a)e) 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.

(N)



PRELIMINARY STATEMENT PART CO Sheet 1
ADJUSTMENT MECHANISM FOR COSTS DETERMINED IN OTHER PROCEEDINGS

CO. Adjustment Mechanism for Costs Determined in Other Proceedings (AMCDOP)

1. **PURPOSE:** The purpose of the Adjustment Mechanism for Costs Determined in Other Proceedings (AMCDOP) is to record the difference in the revenue requirement associated with the costs determined in other proceedings and the revenue requirements based on placeholder costs included in the currently effective Gas Transmission and Storage decision.
2. **APPLICABILITY:** The AMCDOP shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATES:** Disposition of the balances in the subaccounts of this account shall be through the Customer Class Charge in PG&E's Annual Gas True-up (AGT) advice letter process.
4. **RATES:** The AMCDOP does not have a separate rate component.
5. **ACCOUNTING PROCEDURE:** The AMCDOP consists of the following five subaccounts:

ADMINISTRATIVE & GENERAL (A&G) SUBACCOUNT: The purpose of the A&G subaccount is to track the amount of A&G expenses allocated to GT&S in the General Rate Case (GRC) against the A&G expense placeholder in the currently effective Gas Transmission and Storage decision.

UNCOLLECTIBLES SUBACCOUNT: The purpose of the Uncollectibles subaccount is to track the amount of uncollectibles expenses based on the uncollectibles factor determined in the GRC against the uncollectible costs included in the currently effective Gas Transmission and Storage decision.

COST OF CAPITAL SUBACCOUNT: The purpose of the Cost of Capital subaccount is to track the authorized cost of capital as determined in PG&E's cost of capital proceeding (or annual adjustment mechanism) against the cost of capital used to set GT&S cost of service revenue requirements in the currently effective Gas Transmission and Storage decision.

OTHER COSTS IMPACTING GT&S REVENUE REQUIREMENTS SUBACCOUNT: The purpose of this subaccount is to track the amount of other costs, (including those resulting from policy changes), determined to be allocated and applied to GT&S in the GRC or any other proceeding against the allocation of costs allocated and applied to GT&S services in the currently effective Gas Transmission and Storage decision

LOCAL TRANSMISSION SUBACCOUNT: The purpose of this subaccount is to record local transmission costs applicable to any of the other subaccounts of the AMCDOP listed above.

(N)
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(N)

(Continued)



PRELIMINARY STATEMENT PART CO Sheet 2
ADJUSTMENT MECHANISM FOR COSTS DETERMINED IN OTHER PROCEEDINGS

5. ACCOUNTING PROCEDURE (Ctd.)

a. Administrative & General (A&G) Subaccount

The following entries shall be made to this subaccount, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, at the end of each month, as applicable:

- 1) A credit entry equal to one-twelfth of the annual placeholder A&G revenue requirement based on the adopted revenue requirement in PG&E's currently effective Gas Transmission and Storage decision.
- 2) A debit entry equal to one-twelfth of the annual A&G revenue requirement adopted in PG&E's GRC allocated as appropriate and consistent with any subsequent approved regulatory filings.
- 3) An annual entry to transfer any over- or under-collected balance in the account to the Core Cost Subaccount of the Core Fixed Cost Account (CFCA) and the Noncore subaccount of the Noncore Customer Class Charge account (NCA). The distribution of the balance will be 50% to core and 50% to noncore.
- 4) 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.

(Continued)



PRELIMINARY STATEMENT PART CO Sheet 3
ADJUSTMENT MECHANISM FOR COSTS DETERMINED IN OTHER PROCEEDINGS

5. ACCOUNTING PROCEDURE (Ctd.)

b. Uncollectibles Subaccount

The following entries shall be made to this subaccount, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, at the end of each month, as applicable:

- 1) A credit entry equal to one-twelfth of the annual placeholder Uncollectibles revenue requirement based on the adopted revenue requirement in PG&E's currently effective Gas Transmission and Storage decision.
- 2) A debit entry equal to one-twelfth of the annual Uncollectibles revenue requirement based on the uncollectibles factor adopted in PG&E's GRC.
- 3) An annual entry to transfer any over- or under-collected balance in the account to the Core Cost Subaccount of the Core Fixed Cost Account (CFCA) and the Noncore subaccount of the Noncore Customer Class Charge account (NCA). The distribution of the balance will be 50% to core and 50% to noncore.
- 4) 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.

c. Cost of Capital Subaccount

The following entries shall be made to this subaccount, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, at the end of each month, as applicable:

- 1) A credit entry equal to one-twelfth of the annual placeholder cost of capital revenue requirement based on the adopted revenue requirement in PG&E's currently effective Gas Transmission and Storage decision.
- 2) A debit entry equal to one-twelfth of the annual cost of capital revenue requirement for GT&S Services based on authorized rate base in the Gas Transmission and Storage and the rate of return on rate base adopted in PG&E's current cost of capital proceeding or annual cost of capital adjustment mechanism.
- 3) An annual entry to transfer any over- or under-collected balance in the account to the Core Cost Subaccount of the Core Fixed Cost Account (CFCA) and the Noncore subaccount of the Noncore Customer Class Charge account (NCA). The distribution of the balance will be 50% to core and 50% to noncore.
- 4) 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.

(Continued)



PRELIMINARY STATEMENT PART CO Sheet 4
ADJUSTMENT MECHANISM FOR COSTS DETERMINED IN OTHER PROCEEDINGS

5. ACCOUNTING PROCEDURE (Ctd.)

d. Other Costs Impacting GT&S Revenue Requirements Subaccount

The following entries shall be made to this subaccount, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, at the end of each month, as applicable:

- 1) A credit or debit entry equal to the increase or decrease in the GT&S revenue requirement, as adopted in PG&E's currently effective Gas Transmission and Storage decision, as a result of other costs, (including those resulting from policy changes) determined to be allocated and applied to GT&S in the GRC or any other proceeding, beginning in 2015.
- 2) An annual entry to transfer any over- or under-collected balance in the account to the Core Cost Subaccount of the Core Fixed Cost Account (CFCA) and the Noncore Subaccount of the Noncore Customer Class Charge (NCA). The distribution of the balance will be 50% to core and 50% to noncore.
- 3) 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.

e. Local Transmission Subaccount

The following entries shall be made to this subaccount, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, at the end of each month, as applicable:

- 1) A debit or credit entry equal to local transmission costs related to any of the other subaccounts of the AMCDOP.
- 2) An entry to transfer the balance to the Local Transmission Subaccount of the NCA, as authorized by the Commission, so that these local transmission-related costs will not be recovered from backbone customers.
- 3) 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.

(N)

(N)



GAS PRELIMINARY STATEMENT PART DN
LINE 407 MEMORANDUM ACCOUNT (L407MA)

Sheet 1

DN. Line 407 Memorandum Account (L407MA)

1. PURPOSE: The purpose of the Line 407 Memorandum Account (L407MA) is to record the revenue requirement associated with the actual capital expenditures incurred for the construction of the Line 407 project, above \$180.8 million as authorized by the Commission in D.19-09-025, PG&E's 2019 Gas Transmission and Storage (GT&S) rate case. The costs above \$180.8 million are subject to a reasonableness review in PG&E's next Gas Transmission and Storage (GT&S) Rate Case. L407 is a local transmission asset and therefore only local transmission costs are recorded to this account.

(T)
(T)

2. APPLICABILITY: The L407MA shall apply to all gas customers except for those specifically excluded by the Commission.

3. REVISION DATE: Disposition of the balance in this account will be through an application, or as otherwise authorized by the Commission. Any amounts authorized for recovery will be recovered from all customers excluding backbone service-level end-use, customers.

(T)
(T)

4. RATES: The L407MA does not have a separate rate component.

5. ACCOUNTING PROCEDURE:

The following entries shall be made to the account monthly or as applicable:

a) A debit entry equal to the capital revenue requirements based on incurred capital expenditures above \$180.8 million, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense. Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with capital assets additions;

b) An entry to ~~record the~~ transfer of amounts to or from other accounts as approved by the Commission, and;

(T)

c) A debit or credit 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.



GAS PRELIMINARY STATEMENT PART DP
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM
MEMORANDUM ACCOUNT (TIMPMA)

Sheet 1

b)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.

(N)
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(N)



GAS PRELIMINARY STATEMENT PART DQ Sheet 1
ENGINEERING CRITICAL ASSESSMENT BALANCING ACCOUNT (ECABA)

For expense amounts, at the end of the GT&S rate case cycle, if the sum of the expense balances in the Main Account plus LT subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent, all amounts recorded in entry b. will be reversed and entry f. will be recorded in the Main Account and LT Subaccount. (N)

MAIN ACCOUNT: (T)

The following entries shall be made to the account each month or as applicable:

- a) A credit entry equal to one-twelfth of the annual adopted ECA Program expenses; (T)
- b) A debit entry equal to the actual ECA Program expenses incurred, including benefits burden, up to the adopted amount; (T)
- c) A credit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense. (T)
- d) A debit entry equal to the capital-related revenue requirement related to the actual capital expenditures incurred, excluding RF&U, not to exceed the credit amount recorded in entry c. above. Capital-related revenue requirements include depreciation expense, return on rate base at the authorized cost of capital, federal and state income taxes, and property taxes associated with the capital asset additions. (T)
- e) A debit or debit entry equal to the reallocated adopted capital revenue requirement between the Main Account and the LT Subaccount based on the ratio of actual capital expenditures in the Main Account and the LT Subaccount compared to actual total capital expenditures. (N)
- f) A debit entry equal to the reallocated adopted expenses between the Main Account and the LT Subaccount based on the ratio of actual expenses in the Main Account and the LT Subaccount compared to total actual expenses. This entry will only be recorded at the end of the 2019-2022 rate case cycle if the sum of the balances in the Main Account plus LT Subaccount is zero or overspent and either the Main Account or LT Subaccount is underspent. (N)
- g) An entry to transfer amounts to or from another account as authorized by the Commission. (T)
- h) 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. (T)

6. LOCAL TRANSMISSION SUBACCOUNT: (N)

The purpose of the Local Transmission Subaccount is to separately track costs related to PG&E's local transmission system that are associated with the Engineering Critical Assessments (ECA) program to ensure that these amounts are not recovered from/returned to backbone customers.

The following entries will be made each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

- a) A credit entry equal to one-twelfth of the annual adopted ECA expenses;
- b) A debit entry equal to the actual ECA expenses incurred, including applicable benefits burden;
- c) A credit entry equal to the revenue requirement associated with the aggregated 2019 through 2022 adopted capital expenditures, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense; (N)



**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. Refer to Section C.3 for the cost allocation factors used to determine the noncore portion of distribution costs recovered in this account.

- 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.

The "Distribution Subaccount" recovers the noncore distribution portion of the authorized General Rate Case (GRC) base revenue requirement 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.

The "Local Transmission Subaccount" recovers local transmission costs transferred from other balancing and memorandum accounts approved by the Commission allocated to all noncore customers except Backbone service-level end-use customers.

(N)
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(N)

The "AB 32 Cost of Implementation Fee Noncore Subaccount" recovers the gas cost portion of the California Air Resources Board's (ARB) AB 32 Cost of Implementation Fee allocated to PG&E's noncore transportation customers.

(Continued)

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|-----------------|-------------|---|-------------------|-------------------|
| <i>Advice</i> | 4185-G | <i>Issued by</i> | <i>Date Filed</i> | November 22, 2019 |
| <i>Decision</i> | D.19-09-025 | Robert S. Kenney | <i>Effective</i> | January 1, 2019 |
| | | <i>Vice President, Regulatory Affairs</i> | <i>Resolution</i> | |



**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, excluding an allowance for Revenue Fees and Uncollectible (FF&U) account expense:

- 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;
- 4) a credit entry equal to the incidental negotiated storage revenues allocated to noncore customers;
- 5) 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;
- 6) an entry equal to 34.093 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;
- 7) 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;
- 8) 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;
- 9) 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;
- 10) an entry equal to the noncore portion of the transportation revenue for deliveries during the month under gas rate schedule G-LNG. The distribution between core and noncore is the "equal distribution based on all transportation volumes" allocator as specified in Preliminary Statement Part C.3;
- 11) a debit or credit entry equal to the noncore customers' portion of the difference between one-twelfth of the noncore portion of the authorized annual electricity costs revenue requirement, and the noncore portion of the actual electricity expenses incurred to provide gas transmission and storage services to PG&E's customers (The noncore portion of actual electricity costs is based on the cost allocation factor shown in Gas Preliminary Statement Part C.3.a. for "Other – Equal Distribution Based on All Transportation Volumes.);
- 12) a debit entry equal to one-twelfth of the noncore portion of pension related revenue requirement allocated to the Gas Transmission and Storage function; ~~and~~ (I)

(Continued)



**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.)

a. Noncore Subaccount (Cont'd.)

- 13) a debit entry equal to one-twelfth of the adopted current year revenue requirement allocated to noncore customers for best practices related to minimizing methane emissions consistent with new regulatory requirements pursuant to Senate Bill 1371 and Commission Decision 17-06-015. A corresponding credit entry (including both core and noncore) is recorded in Gas Preliminary Statement Part DZ, New Environmental Regulations Balancing Account, Item 5a. The noncore portion of the adopted revenue requirement is based on the "Other-Equal Distribution Based on All Transportation Volumes" allocator adopted in Gas Preliminary Part C, Gas Accounting Terms & Definitions, 3.a. Cost Allocation Factors;
- 14) a debit entry equal to one-twelfth of the adopted current year revenue requirement for best practices related to pilot projects and research and development (R&D) related to minimizing methane emissions consistent with new regulatory requirements pursuant to Senate Bill 1371 and Commission Decision 17-06-015. A corresponding credit entry (including both core and noncore) is recorded in Gas Preliminary Statement Part EA, Natural Gas Leak Abatement Program Balancing Account, Item 5a. The noncore portion of the adopted revenue requirement is based on the "Other-Equal Distribution Based on All Transportation Volumes" allocator adopted in Gas Preliminary Part C, Gas Accounting Terms & Definitions, 3.a. Cost Allocation Factors;
- 15) a debit entry equal to one-twelfth of the noncore portion of the revenue requirement associated with depreciation and decommissioning of the Los Medanos and Pleasant Creek facilities adopted in PG&E's GT&S rate case; and
- 16) 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.15 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.

b. Distribution Subaccount

The following entries will be made to this subaccount each month, or as applicable, excluding an allowance for RF&U:

- 1) a one-time entry equal to the noncore distribution portion of the authorized GRC base revenue requirement;
- 2) a debit entry equal to one-twelfth of the gas noncore portion of the ClimateSmart Administrative and Marketing revenue requirement, (see corresponding credit entry in the Administrative and Marketing Subaccount of the ClimateSmart Balancing Account)
- 3) an entry equal to any other amounts adopted by the CPUC to be included in this subaccount;
- 4) a credit equal to the NCA-Interim Relief and Distribution revenue;
- 5) a credit entry equal to the Noncore Distribution Fixed Cost Account (NDFCA) revenue;

(Continued)



GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 3

- 6) a credit equal to the NCA Distribution revenue;

(Continued)



GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 4

Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

| | | |
|--|--|---|
| AT&T | Downey & Brand | Pioneer Community Energy |
| Albion Power Company | East Bay Community Energy | Praxair |
| Alcantar & Kahl LLP | Ellison Schneider & Harris LLP | |
| | Energy Management Service | |
| Alta Power Group, LLC | Engineers and Scientists of California | Redwood Coast Energy Authority |
| Anderson & Poole | Evaluation + Strategy for Social Innovation | Regulatory & Cogeneration Service, Inc. |
| | GenOn Energy, Inc. | SCD Energy Solutions |
| Atlas ReFuel | Goodin, MacBride, Squeri, Schlotz & Ritchie | |
| BART | Green Charge Networks | SCE |
| | Green Power Institute | SDG&E and SoCalGas |
| Barkovich & Yap, Inc. | Hanna & Morton | |
| P.C. CalCom Solar | ICF | SPURR |
| California Cotton Ginners & Growers Assn | International Power Technology | San Francisco Water Power and Sewer |
| California Energy Commission | Intestate Gas Services, Inc. | Seattle City Light |
| California Public Utilities Commission | Kelly Group | Sempra Utilities |
| California State Association of Counties | Ken Bohn Consulting | Southern California Edison Company |
| Calpine | Keyes & Fox LLP | Southern California Gas Company |
| | Leviton Manufacturing Co., Inc. Linde | Spark Energy |
| Cameron-Daniel, P.C. | Los Angeles County Integrated Waste Management Task Force | Sun Light & Power |
| Casner, Steve | Los Angeles Dept of Water & Power | Sunshine Design |
| Cenergy Power | MRW & Associates | Tecogen, Inc. |
| Center for Biological Diversity | Manatt Phelps Phillips | TerraVerde Renewable Partners |
| | Marin Energy Authority | Tiger Natural Gas, Inc. |
| Chevron Pipeline and Power | McKenzie & Associates | |
| City of Palo Alto | Modesto Irrigation District | TransCanada |
| | Morgan Stanley | Troutman Sanders LLP |
| City of San Jose | NLine Energy, Inc. | Utility Cost Management |
| Clean Power Research | NRG Solar | Utility Power Solutions |
| Coast Economic Consulting | | Utility Specialists |
| Commercial Energy | Office of Ratepayer Advocates | |
| County of Tehama - Department of Public Works | OnGrid Solar | Verizon |
| Crossborder Energy | Pacific Gas and Electric Company | Water and Energy Consulting Wellhead Electric Company |
| Crown Road Energy, LLC | Peninsula Clean Energy | Western Manufactured Housing Communities Association (WMA) |
| Davis Wright Tremaine LLP | | Yep Energy |
| Day Carter Murphy | | |
| | | |
| Dept of General Services | | |
| Don Pickett & Associates, Inc. | | |
| Douglass & Liddell | | |