



**GAS PRELIMINARY STATEMENT PART D
PURCHASED GAS ACCOUNT**

Sheet 1

D. PURCHASED GAS ACCOUNT (PGA)

1. **PURPOSE:** The purpose of the PGA is to record the cost associated with gas purchased for the Gas Supply Portfolio and revenues from the sale of that gas, and other amounts specifically authorized by the CPUC to be recorded in this account. The balances in the sub-accounts will be incorporated into monthly core procurement rates.

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

2. **APPLICABILITY:** The PGA balance applies to all gas procurement rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. **REVISION DATE:** The revision date applicable to the PGA rate shall coincide with the monthly core procurement rate change or at other times, as ordered by the CPUC.
4. **FORECAST PERIOD:** The forecast period will be monthly based on the most recent forecast of core procurement volumes, or as otherwise specified by the CPUC.
5. **RATES:** The PGA balance is included in the effective procurement rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
6. **ACCOUNTING PROCEDURE:** The PGA consists of the following subaccounts:

The "Core Sales Subaccount" records the cost of gas procured for sale to core customers and revenues from the sales to core customers of that gas excluding above market Renewable Natural Gas (RNG) commodity costs and revenues recorded in the Core Above Market Commodity Biomethane Program Subaccount. (See Preliminary Statement Part C.7.) (T)

The "Core Shrinkage Subaccount" records core shrinkage costs and shrinkage revenues from core procurement customers.

The "Core Gas Hedging Plan Subaccount" records revenues from core procurement customers, and cost and payouts for hedge instruments transacted under the Core Gas Hedging Plans authorized by the CPUC in Decision (D.) 05-10-015 (effective October 6, 2005), (D.) 06-08-027 (effective August 24, 2006), and (D.) 07-06-013 (effective June 7, 2007).

The "Core Above Market Commodity Biomethane Program Subaccount" records revenues from core procurement customers and the above market RNG commodity costs associated with Biomethane Procurement Program. (T)
(T)

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**GAS PRELIMINARY STATEMENT PART D
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Sheet 2

D. PURCHASED GAS ACCOUNT (PGA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

PG&E shall maintain the PGA by making entries to the subaccounts as follows:

a. Core Sales Subaccount

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

- 1) A debit entry equal to the recorded gas costs in the Gas Supply Portfolio during the month as described in Preliminary Statement Part C.7, excluding costs associated with core shrinkage and CPUC authorized Core Gas Hedging Plans that are recorded in other PGA accounts. Above market RNG commodity costs associated with the Biomethane Procurement Program are also excluded from these costs and recorded in the Core Above Market Commodity Biomethane Program Subaccount. Above market RNG commodity expenses equal the RNG commodity price less the traditional natural gas commodity price. (T)
- 2) A debit entry equal to the involuntary diversion usage charges incurred by the core;
- 3) A debit entry equal to the carrying costs on cycled gas in storage;
- 4) An annual debit or credit entry equal to the core portion of the cost or benefit resulting from the CPIM as described in Preliminary Statement Part C.14;
- 5) A credit entry equal to the revenue from the Core Procurement Charge rate component excluding amounts attributable to the above market RNG commodity costs that are recorded in the Core Above Market Commodity Biomethane Program Subaccount; (T)
- 6) A debit or credit entry equal to any other amount authorized by the CPUC to be recorded in this subaccount;
- 7) A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts or subaccounts to this subaccount for recovery in rates; and
- 8) An entry equal to the interest on the average of the balance in the subaccount at the beginning of the month and the balance in the subaccount after entries from D.6.a.1 through D.6.a.7 are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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**GAS PRELIMINARY STATEMENT PART D
PURCHASED GAS ACCOUNT**

Sheet 3

D. PURCHASED GAS ACCOUNT (PGA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

b. Core Shrinkage Subaccount

The following entries, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, will be made to this account each month, or as applicable: (T)
(T)

- 1) a debit or credit entry equal to the core portion of the recorded purchased gas cost for shrinkage;
- 2) a credit entry equal to the revenue from the Core Shrinkage rate component; and
- 3) an entry equal to the interest on the average of the balance in the subaccount at the beginning of the month and the balance in the subaccount after entries from D.6.b.1. and D.6.b.2, are made, 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.

c. Core Gas Hedging Plan Subaccount

The following entries will be made to this account each month, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, or as applicable: (T)

- 1) a debit entry equal to the costs of any hedge instruments under CPUC authorized Core Gas Hedging Plans;
- 2) a credit entry equal to the revenue from the Winter Hedging rate component;
- 3) a credit entry equal to the payouts associated with any hedge instruments under CPUC authorized Core Gas Hedging Plans;
- 4) a debit or credit entry equal to the interest on margin and collateral activity for any hedge instruments under CPUC authorized Core Gas Hedging Plans;
- 5) a debit or credit entry equal to any other amount authorized by the CPUC to be recorded in this subaccount;
- 6) a debit or credit entry to transfer any remaining balance in this subaccount to the Core subaccount of the PGA upon termination of this subaccount; and
- 7) an entry equal to the interest on the average of the balance in the subaccount at the beginning of the month and the balance in the subaccount after entries from D.6.c.1 through D.6.c.6, are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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**GAS PRELIMINARY STATEMENT PART D
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Sheet 4

D. PURCHASED GAS ACCOUNT (PGA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

d. Core Above Market Commodity Biomethane Program Subaccount (T)

The following entries will be made to this account each month, net of an allowance for RF&U accounts expense, or as applicable:

- 1) a debit entry equal to above market RNG commodity costs associated with the Biomethane Procurement Program; (T)
- 2) a credit entry equal to the revenue from the Core Procurement Charge rate component allocated to above market RNG commodity costs;
- 3) a debit or credit entry equal to any other amount authorized by the CPUC;
- 4) a debit or credit entry to record the transfer of amounts to or from other accounts or subaccounts to or from this subaccount; and,
- 5) an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance in the subaccount after entries from D.6.a.1 through D.6.a.7 are made, 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.