GAS PRELIMINARY STATEMENT PART DU Sheet 1
Z-FACTOR MEMORANDUM ACCOUNT

DU. Z-Factor Memorandum Account (ZFMA-G)

1. PURPOSE: The purpose of the Z-Factor Memorandum Account (ZFMA-G) is to track costs associated with events that are potential "Z-Factors." Z-Factors are exogenous and unforeseen events largely beyond PG&E's control that have a material impact on PG&E's costs (See D. 14-08-032, OP 41 and D. 16-06-056, OP 56.) Each Z-Factor event is subject to a $10 million deductible.

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

3. REVISION DATES: Disposition of the balance in this account will be determined in an application or as otherwise determined by the CPUC.

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

5. ACCOUNTING PROCEDURE: The ZFMA-G consists of the following subaccounts:

   The "Gas Distribution Z-Factor Subaccount" records distribution costs associated with events that are potential "Z-Factors."

   The "Gas Transmission & Storage Z-Factor Subaccount" records transmission and storage costs associated with events that are potential "Z-Factors" for the period that applies to the Gas Transmission & Storage (GT&S) PTY period.

   a. <u>Gas Distribution Z-Factor Subaccount</u>

      PG&E shall make the following entries, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense as applicable:

      1) A debit entry equal to the actual distribution-related Z-Factor costs for the corresponding event incurred for the current month;

      2) An entry to transfer amounts to or from other accounts as authorized by the Commission; and

      3) 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. Effective January 1, 2026, the monthly interest rate equals the sum of 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, plus one-twelfth of the yield spread adjustment to the Commercial Paper Rate as authorized by the Commission, as defined in Electric Preliminary Statement Part H for electric accounts or Gas Preliminary Statement Part S for gas accounts. (N) | | | | | (N)

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GAS PRELIMINARY STATEMENT PART DU Sheet 2
Z-FACTOR MEMORANDUM ACCOUNT

5. ACCOUNTING PROCEDURE: (Cont'd)

b. Gas Transmission & Storage Z-Factor Subaccount

PG&E shall make the following entries, net of an allowance for RF&U as applicable:

1) A debit entry equal to the actual Gas Transmission & Storage-related Z-Factor costs for the corresponding event incurred for the current month (only for PTY GT&S period);

2) An entry to transfer amounts to or from other accounts as authorized by the Commission; and

3) 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. Effective January 1, 2026, the monthly interest rate equals the sum of 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, plus one-twelfth of the yield spread adjustment to the Commercial Paper Rate as authorized by the Commission, as defined in Electric Preliminary Statement Part H for electric accounts or Gas Preliminary Statement Part S for gas accounts. (N)

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