



GAS PRELIMINARY STATEMENT PART FX

Sheet 1

INFRASTRUCTURE INVESTMENT AND JOBS ACT MEMORANDUM ACCOUNT - GAS (IJAMA-G)

FX. INFRASTRUCTURE INVESTMENT AND JOBS ACT MEMORANDUM ACCOUNT – GAS (IJAMA-G)

1. PURPOSE: The purpose of the Infrastructure Investment and Jobs Act Memorandum Account – Gas (IJAMA-G) is to record and track 1) the costs associated with application costs and match funding for any projects seeking and/or awarded federal funding, including grants and loans, and 2) the tax impacts of the federal grant awards funding pursuant to Resolution (R.) E-5242. Application costs that cannot be specifically allocated to electric or gas will be allocated based on the overall project allocation, or if not known at the time the application costs are incurred, then the Operations & Maintenance Labor allocation in effect per the related General Rate Case will be used. Project costs that cannot be specifically allocated to electric or gas will be allocated based on the overall project allocation. (T)

2. APPLICABILITY: The IJAMA-G applies to all gas customers, except those specifically excluded by the Commission.

3. REVISION DATE: Disposition of the balances in the IJJA Cost Subaccount and the IJJA Tax Subaccount will be through a General Rate Case (GRC) or through a separate application. Actual spending requests for projects that seek and/or are awarded grant funding will be addressed in GRCs or separate project applications.

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

5. ACCOUNTING PROCEDURE: The IJAMA consists of the following subaccounts:

The IJJA Cost Subaccount will track costs associated with application costs and match funding for any projects seeking and/or awarded federal funding, including grants and loans. (T)

The IJJA Tax Subaccount will track the tax impacts of the federal grant awards and loan funding, including the tracking of tax liabilities related to federal grant awards and loans, and any tax benefits such as the impact of depreciation. (T)

A. IJJA Cost Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the actual expenses for projects seeking and/or awarded federal funding, including those for the development and preparation of applications for such funding;
- 2) A debit or credit entry equal to the capital revenue requirement associated with actual capital costs incurred. Capital-related revenue requirement include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;

(Continued)



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Sheet 2

INFRASTRUCTURE INVESTMENT AND JOBS ACT MEMORANDUM ACCOUNT - GAS (IIJAMA-G)

FX. INFRASTRUCTURE INVESTMENT AND JOBS ACT MEMORANDUM ACCOUNT – GAS (IIJAMA-G) (Cont'd)

5. ACCOUNTING PROCEDURE (Cont'd):

A. IIJA Cost Subaccount (Cont'd)

- 3) A credit entry equal to the funding received from federal grants and loans to offset entries as needed; (T)
- 4) A debit or credit entry equal to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC;
- 5) A debit or credit 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 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.

B. IIJA Tax Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit or credit entry equal to the revenue requirement of the tax impacts of the federal grant awards and loans, including any related tax liabilities and tax benefits; (T)
- 2) A debit or credit entry equal to transfer of all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC;
- 3) A debit or credit 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 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.