GAS PRELIMINARY STATEMENT PART FY Sheet 1
SANTA NELLA BALANCING ACCOUNT - GAS

FY. SANTA NELLA BALANCING ACCOUNT - GAS (SNBA-G)

1. PURPOSE: The purpose of the Santa Nella Balancing Account-G (SNBA-G) is to track and record the costs to install a new direct-metered gas system to convert the gas master-meter to direct service in the Santa Nella community pursuant to Decision (D.) 23-04-057. These costs will include both “to-the-meter” and “behind-the-meter” costs.

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

3. REVISION DATE: Disposition of the balances in this account will be through the Annual Gas True-Up advice letter process. Distribution of the balance in the account will be through the Distribution Subaccount of the Core Fixed Cost Account (CFCA) and the Distribution Subaccount of the Noncore Customer Class Charge Account (NCA). Refer to Gas Preliminary Statement Part C.3.a., for the cost allocation factors used to determine the core and noncore portions of amounts recorded in the CFCA and NCA, respectively.

4. RATES: The SNBA-G does not have a rate component.

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

   a. A debit entry equal to actual incurred expenses;

   b. A debit entry equal to the capital-related revenue requirement related to the “to-the-meter” capital costs incurred. Capital-related revenue requirements include depreciation expense, the return on investment at a rate equivalent to PG&E’s current authorized return on rate base, federal and state income taxes, and property taxes associated with the costs of installed equipment;

   c. A debit entry equal to the revenue requirement related to the “beyond-the-meter” costs incurred. The revenue requirement will include amortization expense, return on investment, and federal and state income taxes, associated with the costs of installed equipment. The “beyond-the-meter” costs are recorded as a regulatory asset and will be amortized over ten years, with a return on investment at a rate equivalent to PG&E’s current authorized return on rate base;

   d. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the California Public Utilities Commission; and

   e. 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. 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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