



GAS PRELIMINARY STATEMENT PART GA

Sheet 1

(N)

GAS RESEARCH AND DEVELOPMENT (R&D) AND DEPLOYMENT BALANCING ACCOUNT (GRDDBA)

(N)

GA. Gas Research and Development (R&D) and Deployment Balancing Account (GRDDBA)

(N)

1. **PURPOSE:** The purpose of the Gas Research and Development (R&D) and Deployment Balancing Account (GRDDBA) is to track and record the difference between actual expenses and the total amounts adopted for gas R&D and Deployment Program expenses pursuant to D.23-11-069 over the 2023 General Rate Case (GRC) cycle (2023-2026). The GRDDBA is a one-way balancing account that records the aggregated 2023-2026 adopted expenses up to the total adopted amounts over the rate case cycle.

This account is comprised of three subaccounts: 1. Distribution Subaccount, which tracks amounts related to distribution activity that is recovered from all distribution customers, 2. Main Transmission Subaccount, which tracks amounts related to backbone transmission and/or storage activity that is recovered from all transmission customers, and 3. Local Transmission (LT) Subaccount, which tracks amounts related to local transmission activity that is recovered from all transmission customers excepts Backbone Service Level end-use customers who do not fund local transmission activities. Costs will be allocated among the three functions in accordance with the adopted budget. Additionally, the administrative budget is capped at 10% of the total adopted budget and will be tracked separately from non-administrative costs through internal orders.

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

3. **REVISION DATE:** At the end of the GRC cycle, if the total balance in all three subaccounts (Distribution Subaccount plus Main Transmission Subaccount plus LT Subaccount) in the account is less than the 2023-2026 adopted amounts at the end of the rate case cycle, it will be returned to customers. The balances in the Distribution Subaccount, Main Transmission Subaccount, and LT Subaccount will be trued up in rates.

If the total balance in the account is zero or overspent and either the Distribution Subaccount, Main Transmission Subaccount, or LT Subaccount is underspent, the adopted funding recovered from customers will be reallocated between the three subaccounts based on the ratio of actual expenses related to the Distribution Subaccount, Main Transmission Subaccount, 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 GRC rate case cycle in the Annual Gas True-up (AGT), or as otherwise authorized by the Commission. Specifically, funding returned to core customers will be through the Distribution Subaccount of the Core Fixed Cost Account (CFCA) (if associated with the Distribution Subaccount) or through the Core Subaccount of the Core Fixed Cost Account (CFCA) (if associated with the Main Transmission Subaccount and the LT Subaccount). Funding returned to noncore customers will be through the Distribution Subaccount of the Noncore Customer Class Charge Account (NCA) (if associated with the Distribution Subaccount), or through the Noncore Subaccount of the NCA (if associated with the Main Transmission Subaccount) or through the LT Subaccount of the NCA (if associated with the LT Subaccount).

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

(N)

(Continued)

Advice 4835-G

Decision D.23-11-069

Issued by
Shilpa Ramaiya
Vice President

Regulatory Proceedings and Rates

Submitted
Effective
Resolution

December 14, 2023

January 1, 2023



GAS PRELIMINARY STATEMENT PART GA Sheet 2 (N)
GAS RESEARCH AND DEVELOPMENT (R&D) AND DEPLOYMENT BALANCING ACCOUNT (N)
(GRDDBA)

GA. Gas Research and Development (R&D) and Deployment Balancing Account (GRDDBA) (Cont'd) (N)

5. ACCOUNTING PROCEDURE:

At the end of the 2023-2026 GRC rate case cycle, if the total balance in all three subaccounts (Distribution Subaccount plus Main Transmission Subaccount plus LT Subaccount) is zero or overspent and either the Distribution Subaccount, Main Transmission Subaccount, or LT Subaccount is underspent, all amounts recorded in entry b. will be reversed and entry c. will be recorded in the Distribution Subaccount, Main Transmission Subaccount, and/or LT Subaccount as applicable.

DISTRIBUTION SUBACCOUNT:

The following entries will be made at the end of 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 expenses;
- b. A debit entry equal to the actual expenses incurred;
- c. A debit entry equal to the reallocated adopted expenses between the Distribution Subaccount, Main Transmission Subaccount, and LT Subaccount based on the ratio of actual expenses in the three subaccounts compared to total actual expenses. This entry will only be recorded at the end of the 2023-2026 GRC rate case cycle if the sum of the balances in the Distribution Subaccount plus Main Transmission Subaccount plus LT Subaccount is zero or overspent and either the Distribution Subaccount, Main Transmission Subaccount, or LT Subaccount is underspent;
- d. An entry to transfer amounts to or from another account as authorized by the Commission; and
- e. A debit or credit, as appropriate, 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.

MAIN TRANSMISSTION SUBACCOUNT:

The following entries will be made at the end of 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 expenses;
- b. A debit entry equal to the actual expenses incurred;
- c. A debit entry equal to the reallocated adopted expenses between the Distribution Subaccount, Main Transmission Subaccount, and LT Subaccount based on the ratio of actual expenses in the three subaccounts compared to total actual expenses. This entry will only be recorded at the end of the 2023-2026 GRC rate case cycle if the sum of the balances in the Distribution Subaccount plus Main Transmission Subaccount plus LT Subaccount is zero or overspent and either the Distribution Subaccount, Main Transmission Subaccount, or LT Subaccount is underspent;

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GAS PRELIMINARY STATEMENT PART GA
GAS RESEARCH AND DEVELOPMENT (R&D) AND DEPLOYMENT BALANCING ACCOUNT (GRDDBA)

Sheet 3

(N)

(N)

GA. Gas Research and Development (R&D) and Deployment Balancing Account (GRDDBA) (Cont'd)

(N)

5. ACCOUNTING PROCEDURE (Cont'd):

MAIN TRANSMISSION SUBACCOUNT (Cont'd):

- d. An entry to transfer amounts to or from another account as authorized by the Commission; and
- e. A debit or credit, as appropriate, 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.

LOCAL TRANSMISSION SUBACCOUNT:

The following entries will be made at the end of 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 adopted annual revenue requirement;
- b. A debit entry equal to the actual expenses incurred;
- c. A debit entry equal to the reallocated adopted expenses between the Distribution Subaccount, Main Transmission Subaccount, and LT Subaccount based on the ratio of actual expenses in the three subaccounts compared to total actual expenses. This entry will only be recorded at the end of the 2023-2026 GRC rate case cycle if the sum of the balances in the Distribution Subaccount plus Main Transmission Subaccount plus LT Subaccount is zero or overspent and either the Distribution Subaccount, Main Transmission Subaccount, or LT Subaccount is underspent;
- d. An entry to transfer amounts to or from another account as authorized by the Commission; and
- e. A debit or credit, as appropriate, 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.

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