

Application: A.22-09-006
Witness: P.Gideon
S. Sims
I. Tam
Chapter: 9

PREPARED DIRECT TESTIMONY OF
PATRICIA GIDEON, SHANNON SIMS, AND ISAAC TAM
ON BEHALF OF PACIFIC GAS AND ELECTRIC COMPANY
(REGULATORY ACCOUNTING, COST RECOVERY,
REVENUE REQUIREMENTS, RATES, AND BILL IMPACT)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

March 1, 2024

TABLE OF CONTENTS

I. INTRODUCTION.....1

II. REGULATORY ACCOUNTING AND COST RECOVERY (Shannon Sims)1

III. REVENUE REQUIREMENTS (Isaac Tam).....3

IV. PG&E GAS RATES AND BILL IMPACT (Patricia Gideon)6

V. QUALIFICATIONS14

1 **CHAPTER 9**

2 **REGULATORY ACCOUNTING, COST RECOVERY, REVENUE REQUIREMENTS,**
3 **RATES, AND BILL IMPACT**

4 **I. INTRODUCTION**

5 The purpose of this chapter is to present Pacific Gas & Electric Company’s (PG&E) cost
6 recovery, revenue requirement, and rate proposal related to the accounting treatment and
7 recovery of costs associated with the Hydrogen Blending Demonstration Project of PG&E
8 (Project) as described in Chapter 5, Direct Testimony of Danielle Mark. This chapter proposes
9 the establishment of a new balancing account, presents PG&E’s revenue requirement associated
10 with the Project, and provides the cost allocation method for the proposed new balancing
11 account.

12 **II. REGULATORY ACCOUNTING AND COST RECOVERY (Shannon Sims)**

13 PG&E proposes to establish a new Hydrogen Blending Demonstration Project Balancing
14 Account (HBDPBA) to track and record the costs of the Project compared to the adopted
15 revenue requirement. Table 9-1 below summarizes the total forecast revenue requirement.
16 Specifically, the HBDPBA would consist of two subaccounts: (1) a new two-way Hydrogen
17 Demonstration Project Subaccount to track and record actual costs associated with the hydrogen
18 blending demonstration project compared to adopted amounts, and (2) an Administrative
19 Memorandum Subaccount to track associated administrative expenses. The new two-way
20 Hydrogen Demonstration Project Subaccount will track and record the difference between:
21 (1) actual expenses and the capital revenue requirement associated with actual capital
22 expenditures and (2) the total adopted revenue requirement (expense and capital). Such costs
23 may include amounts related to engineering and design, environmental permitting, and
24 mitigation, legal, construction, operations, maintenance, and other reasonable expenditures
25 related to PG&E’s Project as described in Chapter 5. The new Administrative Memorandum
26 Subaccount will track administrative costs associated with the independent research plan,¹
27 including PG&E’s share of the independent contractor hired by the Energy Division to review

¹ See D.22-12-057, pp. 68-70, Ordering Paragraph (OP) 7.

1 and evaluate the hydrogen blending projects,² and the costs of producing the Hydrogen Blending
2 Compendium Report.³

3 PG&E is proposing two-way balancing account treatment to track and record the actual
4 costs of the Project compared to the adopted amount for the Project. Two-way balancing
5 account treatment is appropriate in situations where costs are highly volatile, difficult to
6 estimate, and/or outside of PG&E's control. Because this Project is a pilot in an emerging
7 technology and represents a new type of work for PG&E, it is more difficult to estimate
8 associated project costs than for work that PG&E performs regularly in the ordinary course of
9 business. As a result, Project costs may be higher or lower than originally forecast. As
10 discussed in Chapter 5, PG&E is currently in between the Feasibility Design and Preliminary
11 Engineering Stages of FEL-2 and FEL-3.⁴ Two-way balancing accounts provide a reasonable
12 method for addressing this uncertainty by allowing for annual true-ups depending on whether
13 actual Project costs exceed or fall short of original forecast amounts. PG&E proposes that the
14 balance in the Hydrogen Demonstration Project Subaccount be collected or refunded to
15 ratepayers through the Annual Gas True-Up (AGT) advice letter process. Specifically, the
16 balance in this subaccount would be transferred to the Core Cost Subaccount of PG&E's Core
17 Fixed Cost Account (CFCA)⁵ and the Noncore Subaccount of PG&E's Noncore Customer Class
18 Charge Account (NCA).⁶ Additionally, as described in Chapter 5, PG&E has had ongoing
19 efforts to secure external funding for this and related hydrogen projects. PG&E will include an
20 accounting entry in its proposed new Hydrogen Demonstration Project Subaccount to account for
21 any external funding received.⁷ PG&E proposes to recover any balance in the Administrative
22 Memorandum Subaccount after review and approval through a Tier 2 advice letter.

² See D.22-12-057, pp. 70-71, OPs 8 and 9.

³ See D.22-12-057, pp. 68-71, OPs 7 and 10.

⁴ See Chapter 5, Section 3.A.3.

⁵ See Gas Preliminary Statement Part F, CFCA, available at: [Gas Preliminary Statement Part F](#).

⁶ See Gas Preliminary Statement Part J, NCA, available at: [Gas Preliminary Statement Part J](#).

⁷ See Accounting entry 5.b. in the Hydrogen Demonstration Project Subaccount of the Hydrogen Blending Demonstration Project Balancing Account, included in Exhibit 9A to this chapter.

1 Pro forma preliminary statements of PG&E’s proposed modifications to the CFCA and
2 NCA⁸ and the new HBDPBA are included in Exhibit 9A to this testimony.

3 Finally, PG&E has included in this Application a forecast for the Project for review and
4 approval by the Commission. Therefore, PG&E proposes that if the actual expenditures are
5 consistent with the adopted scope and budget approved by the Commission, then those
6 expenditures will be deemed just reasonable and recoverable from customers through the process
7 described above.

8 **III. REVENUE REQUIREMENTS (Isaac Tam)**

9 All costs presented in this Application are incremental and were not requested in the 2023
10 General Rate Cases (GRC) or included in other California Public Utilities Commission (CPUC
11 or Commission) approved funding. PG&E requests that the CPUC approve its proposals for:

- 12 • Cost recovery of the forecasted costs necessary to implement PG&E’s Hydrogen
13 Blending Demonstration Project as shown in Table 9-1 below.
- 14 • Establishing a new two-way balancing account to track and record the actual costs of
15 the Project compared to the adopted amount for the Project approved in this
16 proceeding.

17 PG&E uses the Results of Operation (RO) model to compute the annual revenues that are
18 needed (revenue requirement or RRQ) from customers to recover the cost of service. The model
19 calculates the revenue requirement based primarily on a forecast of expense and capital
20 expenditure costs. The calculations are based on traditional cost-of-service ratemaking methods,
21 which are consistent with the methods that PG&E uses in its CPUC cases. The revenue
22 requirement is calculated using the RO model for separately funded rate case applications.

23 The model computes the revenue requirement or RRQ by first converting the expense
24 and capital inputs (capital expenditures) into intermediate values: expense, capital additions,
25 depreciation, taxes, and rate base. The model computes the RRQ using the following formula:

⁸ As described in more detail in Section C. below, PG&E is proposing to include the adopted revenue requirement for the program in rates through the AGT following a final decision in this proceeding. Adopted revenue requirements are recorded in the CFCA and the NCA. The CFCA and the NCA also record and recover intervenor compensation and other compensation granted to community-based organizations, D.22-12-057, p. 60, OP 7(h).

1
$$RRQ = Expense + Depreciation + Income Taxes + Rate\ of\ return * (Rate\ Base)$$

2 Input parameters used for calculating income taxes and rate of return are based on the
3 most recent authorized factors. The rate of return is based on the 2023 Cost of Capital approved
4 in D.23-01-002. The federal income tax rate of 21 percent was used in accordance with the “Tax
5 Cuts and Jobs Act” enacted on December 22, 2017, and the state income tax rate of 8.84 percent
6 was used to calculate federal and the state taxable income. The recorded revenue requirement
7 will utilize updated parameters, as appropriate.

8 PG&E’s forecast of the 2027 through 2036 revenue requirements to support the
9 Hydrogen Blending Demonstration Project is based on the information presented in this
10 application. For the purpose of the revenue requirement calculation, the operative date for the
11 Hydrogen Blending Demonstration Project is assumed to be December 2027. Based on these
12 assumptions, PG&E calculates and summarizes the Gas Transmission and Storage revenue
13 requirements, for both Expense and Capital, in Table 9-1 below.

TABLE 9-1
2027-2036 REVENUE REQUIREMENT FORECAST
FOR PG&E'S PROPOSED HYDROGEN BLENDING DEMONSTRATION PROJECT
(THOUSANDS OF DOLLARS)

Line No.		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
1	Expense	\$2,988	\$2,988	\$2,988	\$2,988	\$2,988	\$2,988	\$2,988	\$2,988	\$2,988	\$2,988	\$29,880
2	Capital	34	7,337	7,546	7,671	7,450	7,248	7,053	6,859	6,665	6,439	\$64,302
3	Total	\$3,022	\$10,325	\$10,534	\$10,659	\$10,438	\$10,236	\$10,041	\$9,847	\$9,653	\$9,427	\$94,182

1 In this application, PG&E seeks to recover a total expense revenue requirement of
2 \$29.9 million and seeks to recover a total capital-related revenue requirement of \$64.3 million
3 excluding interest. Upon the CPUC approval of the cost recovery in this application, the revenue
4 requirement associated with the approved costs in this filing will be posted monthly into the new
5 HBDPBA and will include an accounting entry for interest.⁹ PG&E respectfully requests that the
6 Commission adopt a total revenue requirement of \$94.2 million for the project costs presented in
7 Chapter 5.

8 **IV. PG&E GAS RATES AND BILL IMPACT (Patricia Gideon)**

9 PG&E proposes to recover the proposed revenue requirement on an
10 equal-cents-per-therm (ECPT) basis through the rate component of the Noncore Subaccount of
11 the NCA and the Core Cost Subaccount of the CFCA. The ECPT cost allocation method
12 allocates costs across customer classes based on each customer class's respective share of total
13 average year gas demand.¹⁰ PG&E uses the ECPT method to allocate costs across customer
14 classes, such as the allocation of the California Alternate Rates for Energy (CARE) program
15 costs for low-income customers. CARE program costs are recovered in the Public Purpose
16 Program Surcharge (PPPS).¹¹ Another example of the application of the ECPT method is the
17 cost recovery in transportation rates of the balance in the Residential Uncollectible Balancing
18 Account (RUBA).¹²

19 PG&E proposes to incorporate the authorized revenue requirements through rates and
20 authorized ratemaking mechanisms, in the next available rate change after the operative date of
21 this project, following a final decision in this proceeding.

⁹ See Accounting entry 5.f. in the Hydrogen Demonstration Project Subaccount of the proposed HBDPBA included in Exhibit 9A to this testimony.

¹⁰ D.19-10-036 in PG&E's 2018 Gas Cost Allocation and Rate Design Application (GCAP) authorized the use of the throughput forecast adopted in D.19-09-025 (in PG&E's 2019 Gas Transmission and Storage Application (GT&S)). For purposes of ECPT cost allocation, PG&E uses an average of the four-year throughput forecast (2019 – 2022) adopted in PG&E's 2019 GT&S.

¹¹ See PG&E Advice No. 4822-G, filed October 31, 2023, effective January 1, 2024.

¹² Resolution E-5114, p. 18, directs the IOUs "to recover the cost of forgiven gas arrearages through gas transportation rates on an equal cents per therm basis."

1 Table 9-2 below shows the class average rate and residential bill impacts of the project
2 for 2027 to 2036 relative to the rates in effect at the time of filing of this application.¹³ The table
3 shows current and proposed class average gas transportation rates by major customer class upon
4 recovery of costs associated with the project. The gas transportation rates are for services from
5 PG&E City Gate to end-use customers' meters.

¹³ Present Rates are based on illustrative annual average bundled rates filed with PG&E's most recent change to transportation rates, AL4859-G, filed January 25, 2024, effective February 1, 2024.

**TABLE 9-2
CLASS AVERAGE PRESENT AND PROPOSED ILLUSTRATIVE END-USER GAS RATES AND
RESIDENTIAL BILL IMPACTS**

Line No.	Customer Class	Present Illustrative							Illustrative Rates with 2027-2036 Proposed Revenue Requirements						
		Present Illustrative		1/1/2027		% Change		1/1/2028		Present Illustrative		% Change			
		February 1, 2024	Average Rate (\$/th)	Class Average Rate (\$/th)	\$/th	Change v. Present	%	Class Average Rate (\$/th)	\$/th	Change v. Present	%	Class Average Rate (\$/th)	\$/th	Change v. Present	
1	Core Retail - Bundled														
2	Residential Non-CARE	\$2.4426		\$2.4431	\$0.0005	0.02%	\$2.4442	\$0.0016	0.06%						
3	Residential CARE	\$1.9233		\$1.9237	\$0.0004	0.02%	\$1.9246	\$0.0013	0.07%						
4	Commercial, Small Non-CARE	\$1.8090		\$1.8094	\$0.0005	0.03%	\$1.8106	\$0.0016	0.09%						
5	Commercial, Small CARE	\$1.4162		\$1.4166	\$0.0004	0.03%	\$1.4175	\$0.0013	0.09%						
6	Commercial, Large	\$1.3398		\$1.3403	\$0.0005	0.03%	\$1.3414	\$0.0016	0.12%						
7	NGV Service - Compression on Customer Premises	\$1.3130		\$1.3135	\$0.0005	0.04%	\$1.3146	\$0.0016	0.12%						
8	Compressed NGV Service at PG&E Facility	\$2.7888		\$2.7892	\$0.0005	0.02%	\$2.7903	\$0.0016	0.06%						
9	Core Retail - Transportation Only														
10	Residential Non-CARE	\$1.9879		\$1.9883	\$0.0005	0.02%	\$1.9895	\$0.0016	0.08%						
11	Residential CARE	\$1.4685		\$1.4689	\$0.0004	0.03%	\$1.4698	\$0.0013	0.09%						
12	Commercial, Small Non-CARE	\$1.3792		\$1.3796	\$0.0005	0.03%	\$1.3808	\$0.0016	0.11%						
13	Commercial, Small CARE	\$0.9864		\$0.9868	\$0.0004	0.04%	\$0.9877	\$0.0013	0.13%						
14	Commercial, Large	\$0.9550		\$0.9554	\$0.0005	0.05%	\$0.9566	\$0.0016	0.17%						
15	NGV Service - Compression on Customer Premises	\$0.9336		\$0.9341	\$0.0005	0.05%	\$0.9352	\$0.0016	0.17%						
16	Compressed NGV Service at PG&E Facility	\$2.4093		\$2.4098	\$0.0005	0.02%	\$2.4109	\$0.0016	0.07%						
17	Noncore - Transportation Only-NonCovered Entities														
18	Industrial - Distribution	\$0.8086		\$0.8091	\$0.0005	0.06%	\$0.8102	\$0.0016	0.20%						
19	Industrial - Transmission	\$0.4684		\$0.4688	\$0.0005	0.10%	\$0.4700	\$0.0016	0.34%						
20	Industrial - Backbone	\$0.2502		\$0.2506	\$0.0005	0.18%	\$0.2518	\$0.0016	0.63%						
21	Electric Generation - Distribution/Transmission	\$0.3937		\$0.3941	\$0.0005	0.12%	\$0.3952	\$0.0016	0.40%						
22	Electric Generation - Backbone	\$0.1863		\$0.1868	\$0.0005	0.25%	\$0.1879	\$0.0016	0.85%						
23	Noncore NGV Service - Distribution	\$0.7627		\$0.7632	\$0.0005	0.06%	\$0.7643	\$0.0016	0.21%						
24	Noncore NGV Service - Transmission	\$0.4441		\$0.4445	\$0.0005	0.10%	\$0.4456	\$0.0016	0.36%						
25	Wholesale - Transportation Only (GHG Compliance Component excluded from rates as Wholesale customers are Covered Entities)														
26	Alpine Natural Gas	\$0.2079		\$0.2083	\$0.0005	0.22%	\$0.2094	\$0.0016	0.76%						
27	Coalinga	\$0.2079		\$0.2084	\$0.0005	0.22%	\$0.2095	\$0.0016	0.76%						
28	Island Energy	\$0.2093		\$0.2098	\$0.0005	0.22%	\$0.2109	\$0.0016	0.75%						
29	Palo Alto	\$0.2074		\$0.2079	\$0.0005	0.22%	\$0.2090	\$0.0016	0.76%						
30	West Coast Gas - Castle	\$0.5911		\$0.5915	\$0.0005	0.08%	\$0.5926	\$0.0016	0.27%						
31	West Coast Gas - Mather Distribution	\$0.8657		\$0.8661	\$0.0005	0.05%	\$0.8672	\$0.0016	0.18%						
32	West Coast Gas - Mather Transmission	\$0.2081		\$0.2085	\$0.0005	0.22%	\$0.2096	\$0.0016	0.76%						
33	Illustrative Bill Impacts including Climate Credit*				\$ Change	% Change		\$ Change	% Change						
34	Average Non-CARE Residential customer using an annual monthly average of 33 therms	\$73.49		\$73.50	\$0.02	0.02%	\$73.54	\$0.05	0.07%						
35	Average CARE Residential customer using an annual monthly average of 29 therms	\$48.65		\$48.66	\$0.01	0.02%	\$48.69	\$0.04	0.08%						
36	Average Non-CARE Small Commercial customer using an annual monthly average of 281 therms	\$508.32		\$508.45	\$0.13	0.03%	\$508.77	\$0.44	0.09%						

* PG&E has segmented the adopted monthly average usage of 32 therms per individually metered residential gas customer into Non-CARE and CARE-specific usages for bill impact calculations. Residential bill calculations also include the estimated 2024 annual Climate Credit of \$85.46 per residential gas customer.

- (a) Rates represent class annual average. Actual transportation rates will vary depending on the customer's load factor and seasonal usage.
- (b) Bundled core rates include: (1) an illustrative procurement component that recovers interstate/intrastate backbone transmission charges, storage, brokerage fee, and cost of gas; (2) a transportation component that recovers customer class charges (CCC), customer access charges (CAC), CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (3) Assembly Bill (AB) 32 cost of implementation (COI) fee (certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (4) where applicable, a public purpose program surcharge (G-PPPS) that recovers the costs of low-income CARE, energy savings assistance program (ESAP - formerly known as low income energy efficiency (LEE), customer energy efficiency (EE), Research, Development and Demonstration (RD&D) Program, and Board of Equalization (BOE)/CPUC administration costs. (5) Billed Transportation rates paid by all customers include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Actual procurement rates change monthly.
- (c) CARE customers receive a 20 percent discount on transportation and procurement charges and are exempt from paying the CARE surcharge components of the G-PPPS tariff and cost recovery of the California Solar Thermal Program.
- (d) Transportation Only rates include: (1) a transportation component that recovers CCC, CAC, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (2) AB 32 COI fee (wholesale and certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (3) where applicable, a G-PPPS that recovers the costs of low-income CARE, ESAP, EE, RD&D Program, BOE/CPUC administration costs. (4) Billed Transportation rates paid by all customers and the wholesale class include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's Citygate/local transmission system.

**TABLE 9-2 (CONT.)
CLASS AVERAGE PRESENT AND PROPOSED ILLUSTRATIVE END-USER GAS RATES AND
RESIDENTIAL BILL IMPACTS**

Line No.	Customer Class	Present Illustrative	Illustrative Rates with 2027-2036 Proposed Revenue Requirements				Proposed Revenue Requirements	
		Present Illustrative	1/1/2029	\$/th	%	1/1/2030	\$/th	%
		February 1, 2024	Class	Change	Change	Class	Change	Change
		Average	v.	v.	Average	v.	v.	
		Average Rate (\$/th)	Rate (\$/th)	Present	Present	Rate (\$/th)	Present	Present
1	Core Retail - Bundled							
2	Residential Non-CARE	\$2.4426	\$2.4442	\$0.0016	0.07%	\$2.4443	\$0.0016	0.07%
3	Residential CARE	\$1.9233	\$1.9246	\$0.0013	0.07%	\$1.9246	\$0.0013	0.07%
4	Commercial, Small Non-CARE	\$1.8090	\$1.8106	\$0.0016	0.09%	\$1.8106	\$0.0016	0.09%
5	Commercial, Small CARE	\$1.4162	\$1.4175	\$0.0013	0.09%	\$1.4175	\$0.0013	0.09%
6	Commercial, Large	\$1.3398	\$1.3414	\$0.0016	0.12%	\$1.3414	\$0.0016	0.12%
7	NGV Service - Compression on Customer Premises	\$1.3130	\$1.3147	\$0.0016	0.12%	\$1.3147	\$0.0016	0.12%
8	Compressed NGV Service at PG&E Facility	\$2.7888	\$2.7904	\$0.0016	0.06%	\$2.7904	\$0.0016	0.06%
9	Core Retail - Transportation Only							
10	Residential Non-CARE	\$1.9879	\$1.9895	\$0.0016	0.08%	\$1.9895	\$0.0016	0.08%
11	Residential CARE	\$1.4685	\$1.4698	\$0.0013	0.09%	\$1.4698	\$0.0013	0.09%
12	Commercial, Small Non-CARE	\$1.3792	\$1.3808	\$0.0016	0.12%	\$1.3808	\$0.0016	0.12%
13	Commercial, Small CARE	\$0.9864	\$0.9877	\$0.0013	0.13%	\$0.9877	\$0.0013	0.13%
14	Commercial, Large	\$0.9550	\$0.9566	\$0.0016	0.17%	\$0.9566	\$0.0016	0.17%
15	NGV Service - Compression on Customer Premises	\$0.9336	\$0.9352	\$0.0016	0.17%	\$0.9352	\$0.0016	0.17%
16	Compressed NGV Service at PG&E Facility	\$2.4093	\$2.4109	\$0.0016	0.07%	\$2.4110	\$0.0016	0.07%
17	Noncore - Transportation Only-NonCovered Entities							
18	Industrial – Distribution	\$0.8086	\$0.8102	\$0.0016	0.20%	\$0.8102	\$0.0016	0.20%
19	Industrial – Transmission	\$0.4684	\$0.4700	\$0.0016	0.34%	\$0.4700	\$0.0016	0.35%
20	Industrial – Backbone	\$0.2502	\$0.2518	\$0.0016	0.64%	\$0.2518	\$0.0016	0.65%
21	Electric Generation – Distribution/Transmission	\$0.3937	\$0.3953	\$0.0016	0.41%	\$0.3953	\$0.0016	0.41%
22	Electric Generation – Backbone	\$0.1863	\$0.1879	\$0.0016	0.86%	\$0.1879	\$0.0016	0.87%
23	Noncore NGV Service - Distribution	\$0.7627	\$0.7643	\$0.0016	0.21%	\$0.7643	\$0.0016	0.21%
24	Noncore NGV Service - Transmission	\$0.4441	\$0.4457	\$0.0016	0.36%	\$0.4457	\$0.0016	0.37%
25	Wholesale - Transportation Only (GHG Compliance Component excluded from rates as Wholesale customers are Covered Entities)							
26	Alpine Natural Gas	\$0.2079	\$0.2095	\$0.0016	0.78%	\$0.2095	\$0.0016	0.78%
27	Coalinga	\$0.2079	\$0.2095	\$0.0016	0.78%	\$0.2095	\$0.0016	0.78%
28	Island Energy	\$0.2093	\$0.2109	\$0.0016	0.77%	\$0.2109	\$0.0016	0.78%
29	Palo Alto	\$0.2074	\$0.2091	\$0.0016	0.78%	\$0.2091	\$0.0016	0.79%
30	West Coast Gas – Castle	\$0.5911	\$0.5927	\$0.0016	0.27%	\$0.5927	\$0.0016	0.28%
31	West Coast Gas – Mather Distribution	\$0.8657	\$0.8673	\$0.0016	0.19%	\$0.8673	\$0.0016	0.19%
32	West Coast Gas – Mather Transmission	\$0.2081	\$0.2097	\$0.0016	0.77%	\$0.2097	\$0.0016	0.78%
33	Illustrative Bill Impacts including Climate Credit*			\$ Change	% Change		\$ Change	% Change
34	Average Non-CARE Residential customer using an annual monthly average of 33 therms	\$73.49	\$73.54	\$0.05	0.07%	\$73.54	\$0.05	0.07%
35	Average CARE Residential customer using an annual monthly average of 29 therms	\$48.65	\$48.69	\$0.04	0.08%	\$48.69	\$0.04	0.08%
36	Average Non-CARE Small Commercial customer using an annual monthly average of 281 therms	\$508.32	\$508.78	\$0.46	0.09%	\$508.78	\$0.46	0.09%

* PG&E has segmented the adopted monthly average usage of 32 therms per individually metered residential gas customer into Non-CARE and CARE-specific usages for bill impact calculations. Residential bill calculations also include the estimated 2024 annual Climate Credit of \$85.46 per residential gas customer.

- (a) Rates represent class annual average. Actual transportation rates will vary depending on the customer's load factor and seasonal usage.
- (b) Bundled core rates include: (1) an illustrative procurement component that recovers interstate/intrastate backbone transmission charges, storage, brokerage fee, and cost of gas; (2) a transportation component that recovers customer class charges (CCC), customer access charges (CAC), CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (3) Assembly Bill (AB) 32 cost of implementation (COI) fee (certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (4) where applicable, a public purpose program surcharge (G-PPPS) that recovers the costs of low-income CARE, energy savings assistance program (ESAP - formerly known as low income energy efficiency (LEE), customer energy efficiency (EE), Research, Development and Demonstration (RD&D) Program, and Board of Equalization (BOE)/CPUC administration costs. (5) Billed Transportation rates paid by all customers include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Actual procurement rates change monthly.
- (c) CARE customers receive a 20 percent discount on transportation and procurement charges and are exempt from paying the CARE surcharge components of the G-PPPS tariff and cost recovery of the California Solar Thermal Program.
- (d) Transportation Only rates include: (1) a transportation component that recovers CCC, CAC, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (2) AB 32 COI fee (wholesale and certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (3) where applicable, a G-PPPS that recovers the costs of low-income CARE, ESAP, EE, RD&D Program, BOE/CPUC administration costs. (4) Billed Transportation rates paid by all customers and the wholesale class include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's Citygate/local transmission system.

**TABLE 9-2 (CONT.)
CLASS AVERAGE PRESENT AND PROPOSED ILLUSTRATIVE END-USER GAS RATES AND
RESIDENTIAL BILL IMPACTS**

Line No.	Customer Class	Present Illustrative						Illustrative Rates with 2027-2036 Proposed Revenue Requirements					
		Present Illustrative		1/1/2031		% Change		1/1/2032		% Change			
		February 1, 2024	Average	Class	Average	Change	Present	Change	Present	Class	Change	Present	
		Average Rate (\$/th)	Rate (\$/th)	v.	Present	v.	Present	Average Rate (\$/th)	v.	Present	Present		
1	Core Retail - Bundled												
2	Residential Non-CARE	\$2.4426	\$2.4442	\$0.0016	0.07%	\$2.4442	\$0.0016	0.06%					
3	Residential CARE	\$1.9233	\$1.9246	\$0.0013	0.07%	\$1.9246	\$0.0013	0.07%					
4	Commercial, Small Non-CARE	\$1.8090	\$1.8106	\$0.0016	0.09%	\$1.8105	\$0.0016	0.09%					
5	Commercial, Small CARE	\$1.4162	\$1.4175	\$0.0013	0.09%	\$1.4175	\$0.0012	0.09%					
6	Commercial, Large	\$1.3398	\$1.3414	\$0.0016	0.12%	\$1.3414	\$0.0016	0.12%					
7	NGV Service - Compression on Customer Premises	\$1.3130	\$1.3146	\$0.0016	0.12%	\$1.3146	\$0.0016	0.12%					
8	Compressed NGV Service at PG&E Facility	\$2.7888	\$2.7904	\$0.0016	0.06%	\$2.7903	\$0.0016	0.06%					
9	Core Retail - Transportation Only												
10	Residential Non-CARE	\$1.9879	\$1.9895	\$0.0016	0.08%	\$1.9894	\$0.0016	0.08%					
11	Residential CARE	\$1.4685	\$1.4698	\$0.0013	0.09%	\$1.4698	\$0.0013	0.09%					
12	Commercial, Small Non-CARE	\$1.3792	\$1.3808	\$0.0016	0.12%	\$1.3807	\$0.0016	0.11%					
13	Commercial, Small CARE	\$0.9864	\$0.9877	\$0.0013	0.13%	\$0.9877	\$0.0012	0.13%					
14	Commercial, Large	\$0.9550	\$0.9566	\$0.0016	0.17%	\$0.9566	\$0.0016	0.16%					
15	NGV Service - Compression on Customer Premises	\$0.9336	\$0.9352	\$0.0016	0.17%	\$0.9352	\$0.0016	0.17%					
16	Compressed NGV Service at PG&E Facility	\$2.4093	\$2.4109	\$0.0016	0.07%	\$2.4109	\$0.0016	0.07%					
17	Noncore - Transportation Only-NonCovered Entities												
18	Industrial - Distribution	\$0.8086	\$0.8102	\$0.0016	0.20%	\$0.8102	\$0.0016	0.19%					
19	Industrial - Transmission	\$0.4684	\$0.4700	\$0.0016	0.34%	\$0.4699	\$0.0016	0.33%					
20	Industrial - Backbone	\$0.2502	\$0.2518	\$0.0016	0.64%	\$0.2517	\$0.0016	0.63%					
21	Electric Generation - Distribution/Transmission	\$0.3937	\$0.3953	\$0.0016	0.41%	\$0.3952	\$0.0016	0.40%					
22	Electric Generation - Backbone	\$0.1863	\$0.1879	\$0.0016	0.85%	\$0.1879	\$0.0016	0.84%					
23	Noncore NGV Service - Distribution	\$0.7627	\$0.7643	\$0.0016	0.21%	\$0.7643	\$0.0016	0.21%					
24	Noncore NGV Service - Transmission	\$0.4441	\$0.4456	\$0.0016	0.36%	\$0.4456	\$0.0016	0.35%					
25	Wholesale - Transportation Only (GHG Compliance Component excluded from rates as Wholesale customers are Covered Entities)												
26	Alpine Natural Gas	\$0.2079	\$0.2095	\$0.0016	0.77%	\$0.2094	\$0.0016	0.75%					
27	Coalinga	\$0.2079	\$0.2095	\$0.0016	0.77%	\$0.2095	\$0.0016	0.75%					
28	Island Energy	\$0.2093	\$0.2109	\$0.0016	0.76%	\$0.2109	\$0.0016	0.75%					
29	Palo Alto	\$0.2074	\$0.2090	\$0.0016	0.77%	\$0.2090	\$0.0016	0.76%					
30	West Coast Gas - Castle	\$0.5911	\$0.5927	\$0.0016	0.27%	\$0.5926	\$0.0016	0.26%					
31	West Coast Gas - Mather Distribution	\$0.8657	\$0.8673	\$0.0016	0.18%	\$0.8672	\$0.0016	0.18%					
32	West Coast Gas - Mather Transmission	\$0.2081	\$0.2097	\$0.0016	0.77%	\$0.2096	\$0.0016	0.75%					
33	Illustrative Bill Impacts including Climate Credit*			\$ Change	% Change		\$ Change	% Change					
34	Average Non-CARE Residential customer using an annual monthly average of 33 therms	\$73.49	\$73.54	\$0.05	0.07%	\$73.54	\$0.05	0.07%					
35	Average CARE Residential customer using an annual monthly average of 29 therms	\$48.65	\$48.69	\$0.04	0.08%	\$48.69	\$0.04	0.07%					
36	Average Non-CARE Small Commercial customer using an annual monthly average of 281 therms	\$508.32	\$508.77	\$0.45	0.09%	\$508.76	\$0.44	0.09%					

* PG&E has segmented the adopted monthly average usage of 32 therms per individually metered residential gas customer into Non-CARE and CARE-specific usages for bill impact calculations. Residential bill calculations

also include the estimated 2024 annual Climate Credit of \$85.46 per residential gas customer.

- (a) Rates represent class annual average. Actual transportation rates will vary depending on the customer's load factor and seasonal usage.
- (b) Bundled core rates include: (1) an illustrative procurement component that recovers interstate/intrastate backbone transmission charges, storage, brokerage fee, and cost of gas; (2) a transportation component that recovers customer class charges (CCC), customer access charges (CAC), CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (3) Assembly Bill (AB) 32 cost of implementation (COI) fee (certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (4) where applicable, a public purpose program surcharge (G-PPPS) that recovers the costs of low-income CARE, energy savings assistance program (ESAP - formerly known as low income energy efficiency (LEE), customer energy efficiency (EE), Research, Development and Demonstration (RD&D) Program, and Board of Equalization (BOE) CPUC administration costs. (5) Billed Transportation rates paid by all customers include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resources Board are exempt from the GHG Compliance Cost. Actual procurement rates change monthly.
- (c) CARE customers receive a 20 percent discount on transportation and procurement charges and are exempt from paying the CARE surcharge components of the G-PPPS tariff and cost recovery of the California Solar Thermal Program.
- (d) Transportation Only rates include: (1) a transportation component that recovers CCC, CAC, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (2) AB 32 COI fee (wholesale and certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (3) where applicable, a G-PPPS that recovers the costs of low-income CARE, ESAP, EE, RD&D Program, BOE/CPUC administration costs. (4) Billed Transportation rates paid by all customers and the wholesale class include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resources Board are exempt from the GHG Compliance Cost. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's Citygate/local transmission system.

**TABLE 9-2 (CONT.)
CLASS AVERAGE PRESENT AND PROPOSED ILLUSTRATIVE END-USER GAS RATES AND
RESIDENTIAL BILL IMPACTS**

Line No.	Customer Class	Present Illustrative Illustrative Rates with 2027-2036 Proposed Revenue Requirements						
		Present Illustrative	1/1/2035	%	1/1/2036	%		
		February 1, 2024	Class	Change	Change	Class	Change	
		Average	v.	v.	Average	v.	v.	
		Average Rate (\$/th)	Rate (\$/th)	Present	Present	Rate (\$/th)	Present	Present
1	Core Retail - Bundled							
2	Residential Non-CARE	\$2.4426	\$2.4441	\$0.0015	0.06%	\$2.4441	\$0.0014	0.06%
3	Residential CARE	\$1.9233	\$1.9245	\$0.0012	0.06%	\$1.9244	\$0.0012	0.06%
4	Commercial, Small Non-CARE	\$1.8090	\$1.8105	\$0.0015	0.08%	\$1.8104	\$0.0014	0.08%
5	Commercial, Small CARE	\$1.4162	\$1.4174	\$0.0012	0.08%	\$1.4174	\$0.0012	0.08%
6	Commercial, Large	\$1.3398	\$1.3413	\$0.0015	0.11%	\$1.3413	\$0.0014	0.11%
7	NGV Service - Compression on Customer Premises	\$1.3130	\$1.3145	\$0.0015	0.11%	\$1.3145	\$0.0014	0.11%
8	Compressed NGV Service at PG&E Facility	\$2.7888	\$2.7902	\$0.0015	0.05%	\$2.7902	\$0.0014	0.05%
9	Core Retail - Transportation Only							
10	Residential Non-CARE	\$1.9879	\$1.9894	\$0.0015	0.07%	\$1.9893	\$0.0014	0.07%
11	Residential CARE	\$1.4685	\$1.4697	\$0.0012	0.08%	\$1.4697	\$0.0012	0.08%
12	Commercial, Small Non-CARE	\$1.3792	\$1.3806	\$0.0015	0.11%	\$1.3806	\$0.0014	0.10%
13	Commercial, Small CARE	\$0.9864	\$0.9876	\$0.0012	0.12%	\$0.9876	\$0.0012	0.12%
14	Commercial, Large	\$0.9550	\$0.9565	\$0.0015	0.15%	\$0.9564	\$0.0014	0.15%
15	NGV Service - Compression on Customer Premises	\$0.9336	\$0.9351	\$0.0015	0.16%	\$0.9351	\$0.0014	0.15%
16	Compressed NGV Service at PG&E Facility	\$2.4093	\$2.4108	\$0.0015	0.06%	\$2.4108	\$0.0014	0.06%
17	Noncore - Transportation Only-NonCovered Entities							
18	Industrial - Distribution	\$0.8086	\$0.8101	\$0.0015	0.18%	\$0.8101	\$0.0014	0.18%
19	Industrial - Transmission	\$0.4684	\$0.4698	\$0.0015	0.31%	\$0.4698	\$0.0014	0.31%
20	Industrial - Backbone	\$0.2502	\$0.2517	\$0.0015	0.59%	\$0.2516	\$0.0014	0.58%
21	Electric Generation - Distribution/Transmission	\$0.3937	\$0.3951	\$0.0015	0.38%	\$0.3951	\$0.0015	0.37%
22	Electric Generation - Backbone	\$0.1863	\$0.1878	\$0.0015	0.79%	\$0.1878	\$0.0014	0.77%
23	Noncore NGV Service - Distribution	\$0.7627	\$0.7642	\$0.0015	0.19%	\$0.7642	\$0.0014	0.19%
24	Noncore NGV Service - Transmission	\$0.4441	\$0.4455	\$0.0015	0.33%	\$0.4455	\$0.0014	0.32%
25	Wholesale - Transportation Only (GHG Compliance Component excluded from rates as Wholesale customers are Covered Entities)							
26	Alpine Natural Gas	\$0.2079	\$0.2093	\$0.0015	0.71%	\$0.2093	\$0.0014	0.69%
27	Coalinga	\$0.2079	\$0.2094	\$0.0015	0.71%	\$0.2094	\$0.0014	0.69%
28	Island Energy	\$0.2093	\$0.2108	\$0.0015	0.71%	\$0.2107	\$0.0014	0.69%
29	Palo Alto	\$0.2074	\$0.2089	\$0.0015	0.71%	\$0.2089	\$0.0014	0.70%
30	West Coast Gas - Castle	\$0.5911	\$0.5925	\$0.0015	0.25%	\$0.5925	\$0.0014	0.24%
31	West Coast Gas - Mather Distribution	\$0.8657	\$0.8671	\$0.0015	0.17%	\$0.8671	\$0.0014	0.17%
32	West Coast Gas - Mather Transmission	\$0.2081	\$0.2095	\$0.0015	0.71%	\$0.2095	\$0.0014	0.69%
33	Illustrative Bill Impacts including Climate Credit*			\$ Change	% Change		\$ Change	% Change
34	Average Non-CARE Residential customer using an annual monthly average of 33 therms	\$73.49	\$73.53	\$0.05	0.07%	\$73.53	\$0.05	0.06%
35	Average CARE Residential customer using an annual monthly average of 29 therms	\$48.65	\$48.69	\$0.03	0.07%	\$48.69	\$0.03	0.07%
36	Average Non-CARE Small Commercial customer using an annual monthly average of 281 therms	\$508.32	\$508.74	\$0.41	0.08%	\$508.73	\$0.40	0.08%

* PG&E has segmented the adopted monthly average usage of 32 therms per individually metered residential gas customer into Non-CARE and CARE-specific usages for bill impact calculations. Residential bill calculations also include the estimated 2024 annual Climate Credit of \$85.46 per residential gas customer.

- (a) Rates represent class annual average. Actual transportation rates will vary depending on the customer's load factor and seasonal usage.
- (b) Bundled core rates include: (1) an illustrative procurement component that recovers interstate/intrastate backbone transmission charges, storage, brokerage fee, and cost of gas; (2) a transportation component that recovers customer class charges (CCC), customer access charges (CAC), CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (3) Assembly Bill (AB) 32 cost of implementation (COI) fee (certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (4) where applicable, a public purpose program surcharge (G-PPPS) that recovers the costs of low-income CARE, energy savings assistance program (ESAP - formerly known as low income energy efficiency (LEE), customer energy efficiency (EE), Research, Development and Demonstration (RD&D) Program, and Board of Equalization (BOE)/CPUC administration costs. (5) Billed Transportation rates paid by all customers include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Actual procurement rates change monthly.
- (c) CARE customers receive a 20 percent discount on transportation and procurement charges and are exempt from paying the CARE surcharge components of the G-PPPS tariff and cost recovery of the California Solar Thermal Program.
- (d) Transportation Only rates include: (1) a transportation component that recovers CCC, CAC, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (2) AB 32 COI fee (wholesale and certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (3) where applicable, a G-PPPS that recovers the costs of low-income CARE, ESAP, EE, RD&D Program, BOE/CPUC administration costs. (4) Billed Transportation rates paid by all customers and the wholesale class include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's Citygate/local transmission system.

**TABLE 9-2 (CONT.)
CLASS AVERAGE PRESENT AND PROPOSED ILLUSTRATIVE END-USER GAS RATES AND
RESIDENTIAL BILL IMPACTS**

Line No.	Customer Class	Present Illustrative	Illustrative Rates with 2027-2036 Proposed Revenue Requirements					
		Present Illustrative February 1, 2024 Average Rate (\$/th)	1/1/2035	\$/th	%	1/1/2036	\$/th	%
			Class Average Rate (\$/th)	Change v. Present	Change v. Present	Class Average Rate (\$/th)	Change v. Present	Change v. Present
1	Core Retail - Bundled							
2	Residential Non-CARE	\$2.4426	\$2.4441	\$0.0015	0.06%	\$2.4441	\$0.0014	0.06%
3	Residential CARE	\$1.9233	\$1.9245	\$0.0012	0.06%	\$1.9244	\$0.0012	0.06%
4	Commercial, Small Non-CARE	\$1.8090	\$1.8105	\$0.0015	0.08%	\$1.8104	\$0.0014	0.08%
5	Commercial, Small CARE	\$1.4162	\$1.4174	\$0.0012	0.08%	\$1.4174	\$0.0012	0.08%
6	Commercial, Large	\$1.3398	\$1.3413	\$0.0015	0.11%	\$1.3413	\$0.0014	0.11%
7	NGV Service - Compression on Customer Premises	\$1.3130	\$1.3145	\$0.0015	0.11%	\$1.3145	\$0.0014	0.11%
8	Compressed NGV Service at PG&E Facility	\$2.7888	\$2.7902	\$0.0015	0.05%	\$2.7902	\$0.0014	0.05%
9	Core Retail - Transportation Only							
10	Residential Non-CARE	\$1.9879	\$1.9894	\$0.0015	0.07%	\$1.9893	\$0.0014	0.07%
11	Residential CARE	\$1.4685	\$1.4697	\$0.0012	0.08%	\$1.4697	\$0.0012	0.08%
12	Commercial, Small Non-CARE	\$1.3792	\$1.3806	\$0.0015	0.11%	\$1.3806	\$0.0014	0.10%
13	Commercial, Small CARE	\$0.9864	\$0.9876	\$0.0012	0.12%	\$0.9876	\$0.0012	0.12%
14	Commercial, Large	\$0.9550	\$0.9565	\$0.0015	0.15%	\$0.9564	\$0.0014	0.15%
15	NGV Service - Compression on Customer Premises	\$0.9336	\$0.9351	\$0.0015	0.16%	\$0.9351	\$0.0014	0.15%
16	Compressed NGV Service at PG&E Facility	\$2.4093	\$2.4108	\$0.0015	0.06%	\$2.4108	\$0.0014	0.06%
17	Noncore - Transportation Only-NonCovered Entities							
18	Industrial – Distribution	\$0.8086	\$0.8101	\$0.0015	0.18%	\$0.8101	\$0.0014	0.18%
19	Industrial – Transmission	\$0.4684	\$0.4698	\$0.0015	0.31%	\$0.4698	\$0.0014	0.31%
20	Industrial – Backbone	\$0.2502	\$0.2517	\$0.0015	0.59%	\$0.2516	\$0.0014	0.58%
21	Electric Generation – Distribution/Transmission	\$0.3937	\$0.3951	\$0.0015	0.38%	\$0.3951	\$0.0015	0.37%
22	Electric Generation – Backbone	\$0.1863	\$0.1878	\$0.0015	0.79%	\$0.1878	\$0.0014	0.77%
23	Noncore NGV Service - Distribution	\$0.7627	\$0.7642	\$0.0015	0.19%	\$0.7642	\$0.0014	0.19%
24	Noncore NGV Service - Transmission	\$0.4441	\$0.4455	\$0.0015	0.33%	\$0.4455	\$0.0014	0.32%
25	Wholesale - Transportation Only (GHG Compliance Component excluded from rates as Wholesale customers are Covered Entities)							
26	Alpine Natural Gas	\$0.2079	\$0.2093	\$0.0015	0.71%	\$0.2093	\$0.0014	0.69%
27	Coalinga	\$0.2079	\$0.2094	\$0.0015	0.71%	\$0.2094	\$0.0014	0.69%
28	Island Energy	\$0.2093	\$0.2108	\$0.0015	0.71%	\$0.2107	\$0.0014	0.69%
29	Palo Alto	\$0.2074	\$0.2089	\$0.0015	0.71%	\$0.2089	\$0.0014	0.70%
30	West Coast Gas – Castle	\$0.5911	\$0.5925	\$0.0015	0.25%	\$0.5925	\$0.0014	0.24%
31	West Coast Gas – Mather Distribution	\$0.8657	\$0.8671	\$0.0015	0.17%	\$0.8671	\$0.0014	0.17%
32	West Coast Gas – Mather Transmission	\$0.2081	\$0.2095	\$0.0015	0.71%	\$0.2095	\$0.0014	0.69%
33	Illustrative Bill Impacts including Climate Credit*			\$ Change	% Change		\$ Change	% Change
34	Average Non-CARE Residential customer using an annual monthly average of 33 therms	\$73.49	\$73.53	\$0.05	0.07%	\$73.53	\$0.05	0.06%
35	Average CARE Residential customer using an annual monthly average of 29 therms	\$48.65	\$48.69	\$0.03	0.07%	\$48.69	\$0.03	0.07%
36	Average Non-CARE Small Commercial customer using an annual monthly average of 281 therms	\$508.32	\$508.74	\$0.41	0.08%	\$508.73	\$0.40	0.08%

* PG&E has segmented the adopted monthly average usage of 32 therms per individually metered residential gas customer into Non-CARE and CARE-specific usages for bill impact calculations. Residential bill calculations also include the estimated 2024 annual Climate Credit of \$85.46 per residential gas customer.

- (a) Rates represent class annual average. Actual transportation rates will vary depending on the customer's load factor and seasonal usage.
- (b) Bundled core rates include: (1) an illustrative procurement component that recovers interstate/intrastate backbone transmission charges, storage, brokerage fee, and cost of gas; (2) a transportation component that recovers customer class charges (CCC), customer access charges (CAC), CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (3) Assembly Bill (AB) 32 cost of implementation (COI) fee (certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (4) where applicable, a public purpose program surcharge (G-PPPS) that recovers the costs of low-income CARE, energy savings assistance program (ESAP - formerly known as low income energy efficiency (LIEE), customer energy efficiency (EE), Research, Development and Demonstration (RD&D) Program, and Board of Equalization (BOE)/CPUC administration costs. (5) Billed Transportation rates paid by all customers include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Actual procurement rates change monthly.
- (c) CARE customers receive a 20 percent discount on transportation and procurement charges and are exempt from paying the CARE surcharge components of the G-PPPS tariff and cost recovery of the California Solar Thermal Program.
- (d) Transportation Only rates include: (1) a transportation component that recovers CCC, CAC, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); (2) AB 32 COI fee (wholesale and certain large customers are directly billed by the Air Resources Board (ARB), and are exempt from PG&E's AB 32 COI Fee); and (3) where applicable, a G-PPPS that recovers the costs of low-income CARE, ESAP, EE, RD&D Program, BOE/CPUC administration costs. (4) Billed Transportation rates paid by all customers and the wholesale class include an additional GHG Compliance Cost and Operational Cost. Covered Entities within classes who have a direct obligation to pay for allowances directly to the Air Resource board are exempt from the GHG Compliance Cost. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's Citygate/local transmission system.

1 Under PG&E’s proposal, as shown in Table 9-1 above, the highest revenue requirement
 2 for the project is in 2030, resulting in the largest rate impact for that year. Even for that year, the
 3 residential Non-CARE bill impacts for this project are negligible. As shown in Table 9-3 below,
 4 PG&E’s requested incremental revenue requirements would have the following expected impact
 5 in the year of the highest request on gas non-California Alternate Rates for Energy (CARE)
 6 residential bundled, CARE bundled and small commercial (G-NR1) customers’ bills, relative to
 7 the rates in effect at the time of filing of this application.¹⁴ A typical gas non-CARE residential
 8 customer using 33 therms per month would see his/her monthly bill increase by approximately
 9 0.07 percent, or \$0.05 over their current bill. A typical gas CARE residential customer using
 10 29 therms per month would see his/her monthly bill increase by approximately 0.08 percent, or
 11 \$0.04 over their current bill. A typical small commercial (G-NR1) bundled customer using
 12 281 therms per month would see its bill increase by approximately 0.09 percent, or \$0.46 over its
 13 current bill.

**TABLE 9-3
 ILLUSTRATIVE BILL IMPACTS INCLUDING CLIMATE CREDIT
 (\$ PER MONTH)**

Line No.		Present Illustrative February 1, 2024 Bill	1/1/2030 Illustrative Bill	\$ Change	% Change
1	Average Non-CARE Residential customer using an annual monthly average of 33 therms	\$73.49	\$73.54	\$0.05	0.07%
2	Average CARE Residential customer using an annual monthly average of 29 therms	\$48.65	\$48.69	\$0.04	0.08%
3	Average Non-CARE Small Commercial customer using an annual monthly average of 281 therms	\$508.32	\$508.78	\$0.46	0.09%

* PG&E has segmented the adopted monthly average usage of 32 therms per individually metered residential gas customer into Non-CARE and CARE -specific usages for bill impact calculations. Residential bill calculations also include the estimated 2023 annual Climate Credit of \$85.46 per residential gas customer.

1 **V. QUALIFICATIONS**

2 **A. Shannon Sims**

3 My name is Shannon Sims. I am employed at PG&E as an Expert Regulatory Analysis
4 and Forecasting Analyst in the Energy Accounting Department. My responsibilities include
5 developing testimony in support of proceedings filed at the California Public Utilities
6 Commission on matters related to cost recovery. I began my career with PG&E in 2001 as a
7 Senior Accounting Analyst within the Technical Accounting section of the Controllers’
8 Department. I joined the Regulatory Affairs Department in 2004. In this department, my
9 responsibilities included project managing and drafting PG&E’s Annual Electric True-Up and
10 Annual Gas True-Up advice letters. I rejoined the Controllers’ Department in 2017 and assumed
11 my current position in 2019.

12 I received a Bachelor of Science degree in business administration with emphases in
13 Accounting and Marketing from the University of California at Berkeley. I received my certified
14 public accountant license in the state of California while working for Deloitte & Touche LLP.

15 I am sponsoring the following testimony:

- 16 • Chapter 9, Section II, “REGULATORY ACCOUNTING AND COST
17 RECOVERY”.

18 **B. Isaac Tam**

19 My name is (Isaac) Kwun Wa Tam. I am a Senior Regulatory Analyst in the Revenue
20 Requirements and Regulatory Recovery department of the Controller’s organization. I am
21 responsible for the financial analysis and modeling for incremental cost recovery filings,
22 including the development of the Results of Operations (RO) models, along with supporting
23 estimates and related testimony. Additionally, I have been a witness assistant for prior General
24 Rate Cases, Wildfire Mitigation and Catastrophic Events proceedings, and numerous
25 Transmission Owner cases.

¹⁴ Present Rates are based on illustrative annual average bundled rates filed with PG&E’s most recent change to transportation rates, AL4859-G, filed January 25, 2024, effective February 1, 2024.

1 I received a Bachelor of Arts degree in Economics from the University of California
2 Berkeley in 2014. I earned my Master of Science degree in Taxation from Golden Gate
3 University in 2019.

4 I am sponsoring the following testimony:

- 5 • Chapter 9, Section III, “REVENUE REQUIREMENTS”.

6 **C. Patricia Gideon**

7 My name is Patricia Gideon. I am employed at PG&E as a Principal Rate Analyst in in
8 the Gas Rates Section of the Rates Department within the Regulatory Proceedings and Rates
9 organization. My functional responsibilities including preparing gas cost allocation and rate
10 design analysis, testimony, and other analytical and regulatory support, as necessary, for
11 regulatory proceedings.

12 Prior to joining PG&E, I worked for MCI/WorldCom in various positions in the Business
13 Development, Account Management, and Regulatory/Tariffing departments. I joined PG&E in
14 2004 as a Senior Regulatory Analyst in the Generation Procurement Policy and Planning group
15 within the Energy Revenue Requirements Department. In 2006, I moved to the Capital
16 Accounting Department, where I was responsible for asset sales, forecasting of depreciation, and
17 Allowance for Funds Used During Construction expenses and rate base reporting. I joined the
18 Rates and Regulatory Analytics in the Electric Rates section in 2008, and later moved to the
19 department’s Gas Rates section in 2017.

20 I hold a Bachelor of Science degree in Accounting and a Master’s degree in Business
21 Administration, both from Santa Clara University in Santa Clara, California.

22 I have previously sponsored testimony on electric revenue allocation and rate design
23 before the California Public Utilities Commission, in PG&E’s 2011, 2014 and 2017 Phase II
24 General Rate Cases. I sponsored testimony on gas cost allocation and rate design in PG&E’s
25 2019 Gas Transmission and Storage (GT&S) Rate Case and in PG&E’s 2023 GT&S Cost
26 Allocation and Rate Design (CARD) Rate Case. In the 2023 General Rate Case I sponsored
27 testimony on Present and Illustrative Proposed GT&S Rates. I have also sponsored testimony
28 before the Federal Energy Regulatory Commission (FERC) on revenue allocation and retail rate
29 design for electric transmission-related rate components subject to FERC jurisdiction.

1

I am sponsoring the following testimony:

2

- Chapter 9, Section IV, “PG&E GAS RATES AND BILL IMPACT”.

CHAPTER 9

EXHIBIT 9A

**PRO FORMA PRELIMINARY STATEMENTS OF PG&E'S
PROPOSED MODIFICATIONS TO THE CFCA AND NCA
AND THE NEW HBDPBA**

GAS PRELIMINARY STATEMENT PART F
CORE FIXED COST ACCOUNT

Sheet 1

F. CORE FIXED COST ACCOUNT (CFCA)

1. **PURPOSE:** The purpose of the CFCA is to record the authorized GRC distribution base revenue amounts (with credits and adjustments), certain other core transportation costs, and transportation revenue from core customers. Any under- or overcollection in this account will be incorporated into core transportation rates in the next Annual Gas True-up of Balancing Accounts.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. Refer to Section C.3 for the cost allocation factors used to determine the core portion of certain costs.

2. **APPLICABILITY:** The CFCA applies to all core transportation 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:** Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.
4. **FORECAST PERIOD:** The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. **RATES:** CFCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
6. **ACCOUNTING PROCEDURE:** The CFCA consists of the following subaccounts:

The "Distribution Cost Subaccount" recovers the distribution base revenue requirement adopted in PG&E's General Rate Case (GRC), including Annual Attrition Adjustments and the Cost of Capital Proceedings, and the revenue requirement associated with depreciation and decommissioning the Los Medanos and Pleasant Creek Facilities adopted in PG&E's Gas Transmission & Storage (GT&S) rate case, that are allocated to core transportation customers based on the distribution base revenue allocation adopted in the Cost Allocation Proceeding.

The "Core Cost Subaccount" recovers non-distribution-related costs adopted by the Commission in various proceedings that are allocated to core transportation customers.

The "AB 32 Cost of Implementation Fee Core Subaccount" recovers the gas cost portion of the California Air Resources Board's (ARB) AB 32 Cost of Implementation Fee allocated to PG&E's core transportation customers.

(Continued)

Advice 4166-G
Decision 19-09-025

Issued by
Robert S. Kenney
Vice President, Regulatory Affairs
 9A-1
 Internal

<i>Submitted</i>	October 23, 2019
<i>Effective</i>	January 1, 2019
<i>Resolution</i>	

GAS PRELIMINARY STATEMENT PART F
CORE FIXED COST ACCOUNT

Sheet 2

F. Core Fixed Cost Account (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Distribution Cost Subaccount

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

- 1) a credit entry equal to California Alternate Rates for Energy (CARE) shortfall resulting from core commercial deliveries under Schedule G-CARE, and customer charges under Schedule GL1-NGV;
- 2) a debit entry equal to one-twelfth of the core portion of the authorized GRC distribution base revenue amount (with credits and adjustments);
- 3) a credit entry equal to the revenue from the CFCA – Distribution Cost rate component;
- 4) a debit entry equal to one-twelfth of the revenue requirement associated with depreciation and decommissioning of the Los Medanos and Pleasant Creek facilities adopted in PG&E's GT&S rate case that is allocated on a core distribution basis;
- 5) a credit entry, as appropriate, to record the rebates paid to customers associated with the 2006 Winter Gas Savings Program, which has corresponding entries in the Winter Gas Savings Program Transportation Subaccount of the CFCA and Winter Gas Savings Program Procurement Subaccount of the Purchased Gas Account;
- 6) a debit entry equal to one-twelfth of the gas core portion of the ClimateSmart Administrative and Marketing revenue requirement, (see corresponding credit entry in the Administrative and Marketing Subaccount of the ClimateSmart Balancing Account);
- 7) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 8) a debit or credit entry equal to any expense adopted by the CPUC as a cost to be recovered in this subaccount;
- 9) an entry equal to the core portion of the gain or loss on the sale of a gas distribution non-depreciable asset, as approved by the Commission;
- 10) a credit entry equal to the amount of employee transfer fees allocated to PG&E's core gas ratepayers. The core portion is based on the "Distribution Base Revenue Requirement" factor from PG&E's Preliminary Statement Part C.3.a in effect at the time of the payment;
- 11) A debit entry equal to one-twelfth (or amortization period approved) of the core portion of the gas distribution portion of interim rate relief as authorized by the CPUC; and

(Continued)

<i>Advice</i>	4345-G	<i>Issued by</i>	<i>Submitted</i>
<i>Decision</i>	20-10-026	Robert S. Kenney	December 22, 2020
		<i>Vice President, Regulatory Affairs</i>	<i>Effective</i>
		9A-2	December 22, 2020
		Internal	<i>Resolution</i>

GAS PRELIMINARY STATEMENT PART F
CORE FIXED COST ACCOUNT

Sheet 3

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Distribution Cost Subaccount (Cont'd)

12) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after above entries, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

b. Core Cost Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, excluding an allowance for RF&U:

- 1) a credit entry equal to the revenue from the CFCA – Core Cost rate component;
- 2) a credit entry equal to the revenue from the local transmission rate component from core deliveries during the month;
- 3) a credit entry equal to the revenue from the core local transmission, core backbone, and core storage GT&S Late Implementation Amortization rate components;
- 4) a credit entry equal to the incidental negotiated storage revenues allocated to core customers;
- 5) a debit entry equal to the core portion of intervenor compensation payments and any other compensation expenses authorized by the CPUC, recorded during the month;
- 6) a debit entry equal to one-twelfth of the core portion of the authorized local transmission revenue requirement,
- 7) a debit entry equal to one-twelfth of the core portion of the revenue requirement associated with depreciation and decommissioning of the Los Medanos and Pleasant Creek facilities adopted in PG&E's GT&S rate case that is allocated on an equal cents per therm basis;
- 8) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 9) an entry equal to 65.907 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable;
- 10) a debit or credit entry equal to any amounts authorized by the CPUC to be recorded in this subaccount;
- 11) a debit entry equal to one-twelfth of the core portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC;
- 12) an entry equal to the core portion of the gain or loss on the sale of a gas transmission non-depreciable asset, as approved by the Commission;
- 13) a debit entry equal to the core gas portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065;
- 14) an entry equal to the core portion of the transportation revenue for deliveries during the month under gas rate schedule G-LNG. The distribution between core and noncore is the "equal distribution based on all transportation volumes" allocator as specified in Preliminary Statement Part C.3;

(Continued)

<i>Advice</i>	4345-G	<i>Issued by</i>	<i>Submitted</i>
<i>Decision</i>	20-10-026	Robert S. Kenney	December 22, 2020
		<i>Vice President, Regulatory Affairs</i>	<i>Effective</i>
		9A-3	December 22, 2020
		Internal	<i>Resolution</i>

GAS PRELIMINARY STATEMENT PART F
CORE FIXED COST ACCOUNT

Sheet 4

F. Core Fixed Cost Account (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE (Cont'd):

b. Core Cost Subaccount (Cont'd):

- 15) a debit entry equal to the core portion of biomethane incentive and study payments. The core portion is based on the "Other – Equal Distribution Based on All Transportation Volumes" factor from PG&E's Preliminary Statement Part C.3.a in effect at the time of the payment;
- 16) a debit or credit entry equal to the core customers' portion of the difference between one-twelfth of the core portion of the authorized annual electricity costs revenue requirement, and the core portion of the actual electricity expenses incurred to provide gas transmission and storage services to PG&E's customers (The core portion of actual electricity costs is based on the cost allocation factor shown in Gas Preliminary Statement Part C.3.a. for "Other – Equal Distribution Based on All Transportation Volumes);
- 17) a debit entry equal to one-twelfth of the core portion of pension related revenue requirement allocated to the Gas Transmission and Storage function;
- 18) a debit entry equal to one-twelfth of the adopted current year gas transmission revenue requirement allocated to core customers for best practices related to minimizing methane emissions consistent with new regulatory requirements pursuant to Senate Bill 1371 and Commission Decision 17-06-015. A corresponding credit entry (including both core and noncore) is recorded in Gas Preliminary Statement Part DZ, New Environmental Regulations Balancing Account, Item 5b. The core portion of the adopted revenue requirement is based on the "Other-Equal Distribution Based on All Transportation Volumes" allocator adopted in Gas Preliminary Part C, Gas Accounting Terms & Definitions, 3.a. Cost Allocation Factors;
- 19) a debit entry equal to the core portion of payments to the CPUC or its designee associated with a study regarding health-based concentration limits for constituents of concern, namely trace toxic substances including carbon monoxide. The total amount paid may not exceed \$423,400 (both core and noncore). The core portion is based on the "Other – Equal Distribution Based on All Transportation Volumes" factor from PG&E's Preliminary Statement Part C.3.a in effect at the time of the payment;
- 20) a debit entry equal to one-twelfth of the core portion of the adopted revenue requirement for the Concurrent Application System (CAS) development costs. A corresponding credit entry is recorded in the Concurrent Application System Balancing Account – Gas (CASBA – G); ~~and~~
- 20)21) a debit or credit entry equal to one-twelfth of the core portion of the adopted revenue requirement for the Hydrogen Blending Demonstration Project. A corresponding credit or debit entry (including both core and noncore) is recorded in Gas Preliminary Statement Part XX, Hydrogen Blending Demonstration Project Balancing Account. The core portion of the adopted revenue requirement is based on the "Other-Equal Distribution Based on All Transportation Volumes" allocator adopted in Gas Preliminary Part C, Gas Accounting Terms & Definitions, 3.a. Cost Allocation Factors; and

Advice
Decision

Issued by
Meredith Allen
Vice President, Regulatory Affairs
9A-4
Internal

Submitted _____
Effective _____
Resolution _____

GAS PRELIMINARY STATEMENT PART F
CORE FIXED COST ACCOUNT

Sheet 4

21)22) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries above, at a rate equal to one-twelfth the interest rate of the three month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release. H.15, or its successor.

Advice
Decision

Issued by
Meredith Allen
Vice President, Regulatory Affairs
9A-5
Internal

Submitted _____
Effective _____
Resolution _____

GAS PRELIMINARY STATEMENT PART F
CORE FIXED COST ACCOUNT

F. Core Fixed Cost Account (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

- c. AB 32 Cost of Implementation Fee Core Subaccount (L)
- The following entries will be made to this subaccount at the end of each month, or as applicable, excluding an allowance for RF&U:
- 1) a credit entry equal to the revenue from the AB 32 Cost of Implementation Fee rate component;
 - 2) a debit or credit entry equal to the gas portion of PG&E's costs to the ARB for the AB32 Cost of Implementation Fee;
 - 3) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
 - 4) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.d.1 through F.6.d.2 are made, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (L)

(Continued)

GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 1

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA)

1. **PURPOSE:** The purpose of the NCA is to record certain noncore costs and revenues from noncore customers. The balance in this account will be incorporated into noncore transportation rates in the next Annual Gas True-up of Balancing Accounts, or as otherwise authorized by the Commission.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. Refer to Section C.3 for the cost allocation factors used to determine the noncore portion of distribution costs recovered in this account.

2. **APPLICABILITY:** The NCA balance applies to noncore transportation rate schedules and contracts subject to the jurisdiction of the Commission, except for those schedules and contracts specifically excluded by the Commission.
3. **REVISION:** Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.
4. **FORECAST PERIOD:** The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. **RATES:** NCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
6. **ACCOUNTING PROCEDURE:** The NCA consists of the following subaccounts:

The "Noncore Subaccount" recovers costs and balances allocated on an equal cents per therm basis to all noncore customers.

The "Distribution Subaccount" recovers the noncore distribution portion of the authorized General Rate Case (GRC) base revenue requirement and other costs and balances approved by the Commission. The balance in this subaccount will be allocated to noncore classes in proportion to their allocation of distribution base revenue as adopted in Cost Allocation Proceedings.

The "Local Transmission Subaccount" recover local transmission costs transferred from other balancing and memorandum accounts approved by the Commission allocated to all noncore customers except Backbone service-level end-use customers.

The "AB 32 Cost of Implementation Fee Noncore Subaccount" recovers the gas cost portion of the California Air Resources Board's (ARB) AB 32 Cost of Implementation Fee allocated to PG&E's noncore transportation customers.

(Continued)

Advice 4600-G
Decision 19-09-02

Issued by
Robert S. Kenney
Vice President, Regulatory Affairs
 9A-7
 Internal

Submitted April 20, 2022
Effective January 1, 2021
Resolution _____

GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 2

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Noncore Subaccount

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

- 1) a debit entry equal to one-twelfth of the noncore portion of the procurement-related G-10 employee discount allocation shown on Preliminary Statement Part C.2;
- 2) a debit entry equal to the noncore portion of intervenor compensation and any other expense adopted by the Commission as a cost to be included in this subaccount;
- 3) a credit entry equal to the NCA-Noncore revenue;
- 4) a credit entry equal to the incidental negotiated storage revenues allocated to noncore customers;
- 5) an debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the Commission;
- 6) an entry equal to 34.093 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable;
- 7) a debit entry equal to one-twelfth of the noncore portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the Commission;
- 8) an entry equal to the noncore portion of the gain or loss on the sale of a gas transmission non-depreciable asset, as approved by the Commission;
- 9) a debit entry equal to the noncore gas portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065;
- 10) an entry equal to the noncore portion of the transportation revenue for deliveries during the month under gas rate schedule G-LNG. The distribution between core and noncore is the "equal distribution based on all transportation volumes" allocator as specified in Preliminary Statement Part C.3;
- 11) a debit or credit entry equal to the noncore customers' portion of the difference between one-twelfth of the noncore portion of the authorized annual electricity costs revenue requirement, and the noncore portion of the actual electricity expenses incurred to provide gas transmission and storage services to PG&E's customers (The noncore portion of actual electricity costs is based on the cost allocation factor shown in Gas Preliminary Statement Part C.3.a. for "Other – Equal Distribution Based on All Transportation Volumes.);
- 12) a debit entry equal to one-twelfth of the noncore portion of pension related revenue requirement allocated to the Backbone and Storage Gas Transmission and Storage (GT&S) function;

(Continued)

<i>Advice</i>	4600-G	<i>Issued by</i>	<i>Submitted</i>
<i>Decision</i>	19-09-02	Robert S. Kenney	April 20, 2022
		<i>Vice President, Regulatory Affairs</i>	<i>Effective</i>
		9A-8	January 1, 2021
		Internal	<i>Resolution</i>

GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Noncore Subaccount (Cont'd.)

13) a debit entry equal to one-twelfth of the adopted current year gas transmission revenue requirement allocated to noncore customers for best practices related to minimizing methane emissions consistent with new regulatory requirements pursuant to Senate Bill 1371 and Commission Decision 17-06-015. A corresponding credit entry (including both core and noncore) is recorded in Gas Preliminary Statement Part DZ, New Environmental Regulations Balancing Account, Item 5b. The noncore portion of the adopted revenue requirement is based on the "Other-Equal Distribution Based on All Transportation Volumes" allocator adopted in Gas Preliminary Part C, Gas Accounting Terms & Definitions, 3.a. Cost Allocation Factors.

14) a debit entry equal to one-twelfth of the noncore portion of the revenue requirement associated with depreciation and decommissioning of the Los Medanos and Pleasant Creek facilities adopted in PG&E's GT&S rate case;

15) a debit entry equal to the noncore portion of payments to the Commission or its designee associated with a study regarding health-based concentration limits for constituents of concern, namely trace toxic substances including carbon monoxide. The total amount paid may not exceed \$423,400 (both core and noncore). The noncore portion is based on the "Other - Equal Distribution Based on All Transportation Volumes" factor from PG&E's Preliminary Statement Part C.3.a in effect at the time of the payment;

16) a debit entry equal to one-twelfth of the noncore portion of the adopted revenue requirement for the Concurrent Application System (CAS) development costs. A corresponding credit entry is recorded in the Concurrent Applications System Balancing Account - Gas (CASBA - G); ~~and~~

~~16)17)~~ a debit or credit entry equal to one-twelfth of the noncore portion of the adopted revenue requirement for the Hydrogen Blending Demonstration Project. A corresponding credit or debit entry (including both core and noncore) is recorded in Gas Preliminary Statement Part XX, Hydrogen Blending Demonstration Project Balancing Account. The noncore portion of the adopted revenue requirement is based on the "Other-Equal Distribution Based on All Transportation Volumes" allocator adopted in Gas Preliminary Part C, Gas Accounting Terms & Definitions, 3.a. Cost Allocation Factors; and

~~17)18)~~ an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance after entries from above, 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.

b. Distribution Subaccount

The following entries will be made to this subaccount each month, or as applicable, excluding an allowance for RF&U:

- 1) a one-time entry equal to the noncore distribution portion of the authorized GRC base revenue requirement;
- 2) a debit entry equal to one-twelfth of the gas noncore portion of the ClimateSmart Administrative and Marketing revenue requirement, (see corresponding credit entry in the Administrative and Marketing Subaccount of the ClimateSmart Balancing Account);
- 3) an entry equal to any other amounts adopted by the CPUC to be included in this subaccount;

(Continued)

Advice
Decision

Issued by
Meredith Allen
Vice President, Regulatory Affairs
9A-9
Internal

Submitted _____
Effective _____
Resolution _____

GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 3

- 4) a credit equal to the NCA Distribution revenue;

(Continued)

Advice
Decision

Issued by
Meredith Allen
Vice President, Regulatory Affairs
9A-10
Internal

Submitted _____
Effective _____
Resolution _____

GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 4

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

b. Distribution Subaccount (Cont'd)

- 5) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the Commission; (T)
- 6) an entry equal to the noncore portion of the gain or loss on the sale of a gas distribution non-depreciable asset, as approved by the Commission; (T)
- 7) a debit entry equal to the noncore portion of biomethane incentive and study payments. The noncore portion is based on the "Other – Equal Distribution Based on All Transportation Volumes" factor from PG&E's Preliminary Statement Part C.3.a in effect at the time of the payment; (T)
- 8) a credit entry equal to the amount of employee transfer fees allocated to PG&E's noncore gas ratepayers. The noncore portion is based on the "Distribution Base Revenue Requirements" factor from PG&E's Preliminary Statement Part C.3.a in effect at the time of the payment; and (T)
- 9) an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance after entries from above, 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. (T)

c. Local Transmission Subaccount

The following entries will be made to this subaccount each month or as applicable, excluding an allowance for RF&U:

- 1) a credit entry equal to the NCA local transmission revenues allocated to this account;
- 2) a debit entry equal to one-twelfth of the noncore portion of the pension related revenue requirement allocated to the Local Transmission GT&S function; (N)
- 3) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the Commission; and (T)
- 4) an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance after entries from J.6.c.1 through J.6.c.2 above, are made, 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. (T)

(Continued)

GAS PRELIMINARY STATEMENT PART J
NONCORE CUSTOMER CLASS CHARGE ACCOUNT

Sheet 5

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

d. AB 32 Cost of Implementation Fee Noncore Subaccount

The following entries will be made to this subaccount each month or as applicable, excluding an allowance for RF&U:

- 1) a credit entry equal to the revenue from the AB 32 Cost of Implementation Fee rate component;
- 2) a debit or credit entry equal to the gas portion of PG&E's costs to the ARB for the AB32 Cost of Implementation Fee;
- 3) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the Commission;
- 4) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.d.1 through F.6.d.2 are made, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(T)

GAS PRELIMINARY STATEMENT PART XX

HYDROGEN BLENDING DEMONSTRATION PROJECT BALANCING ACCOUNT-GAS (HBDPBA-G)

XX. HYDROGEN BLENDING DEMONSTRATION PROJECT BALANCING ACCOUNT - GAS (HBDPBA-G)

1. **PURPOSE:** The purpose of the Hydrogen Blending Demonstration Project Balancing Account-G (HBDPBA-G) is to track and record the difference between the adopted revenue requirement for PG&E's Hydrogen Blending Demonstration Project (Project) and the actual costs of the Project pursuant to Decision (D.) 22-12-057. The actual costs of the Project include expenses plus the capital revenue requirement associated with actual capital expenditures. The HBDPBA will consist of two subaccounts: (1) a two-way Hydrogen Demonstration Project Subaccount that will track and record the actual costs of the project compared to the adopted revenue requirement, and (2) an Administrative Memorandum Subaccount that will track and record certain related administrative expenses.
2. **APPLICABILITY:** The HBDPBA-G shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in the Hydrogen Demonstration Project Subaccount will be through the Annual Gas True-Up advice letter process. Specifically, disposition of the balance in the Hydrogen Demonstration Project Subaccount will be through the Core Cost Subaccount of the Core Fixed Cost Account (CFCA) and the Noncore 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.) Disposition of the balance in the Administrative Memorandum Subaccount will be as authorized by the Commission.
4. **RATES:** The HBDPBA-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.

HYDROGEN DEMONSTRATION PROJECT SUBACCOUNT:

- a. A credit or debit entry equal to the total adopted revenue requirement;
- b. A credit entry equal to any funding received from external sources;
- c. A debit entry equal to actual incurred expenses;
- d. A debit or credit entry equal to the capital-related revenue requirement related to the actual capital expenditures 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;
- e. An entry to record the transfer of amounts to or from other accounts, upon approval by the California Public Utilities Commission; and
- f. 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.

Advice
Decision 22-12-057

Issued by
Meredith Allen
Vice President, Regulatory Affairs

Submitted
Effective
Resolution

GAS PRELIMINARY STATEMENT PART XX

HYDROGEN BLENDING DEMONSTRATION PROJECT BALANCING ACCOUNT-GAS (HBDPBA-G)

ADMINISTRATIVE MEMORANDUM SUBACCOUNT:

- a. A debit entry equal to actual administrative expenses associated with the Project;
- b. A credit entry to transfer amounts to other accounts, upon approval by the California Public Utilities Commission; and
- c. 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.

Advice
Decision 22-12-057

Issued by
Meredith Allen
Vice President, Regulatory Affairs
9A-14
Internal

Submitted _____
Effective _____
Resolution _____