



GAS PRELIMINARY STATEMENT PART CP Sheet 1
GAS TRANSMISSION AND STORAGE REVENUE SHARING MECHANISM

CP. Gas Transmission & Storage Revenue Sharing Mechanism (GTSRSM)

1. PURPOSE: The purpose of the Gas Transmission & Storage (GT&S) Revenue Sharing Mechanism (GTSRSM) is to record the customer portion of recorded total revenue over- or under-collections (derived for backbone transmission and local transmission), as authorized by the Commission. (T)
(D)
(D)
2. APPLICABILITY: The revenue sharing mechanism shall apply to all customer classes, except for those specifically excluded by the Commission.
3. REVISION DATES: Disposition of the balances in the subaccounts of this account shall be through the Customer Class Charge in the Annual Gas True-up (AGT) advice letter process, as authorized by the Commission. (T)
4. RATES: GTSRSM rates are included in the effective rates set forth in each rate schedule (including Preliminary Statement, Part B), as applicable.
5. ACCOUNTING PROCEDURE: The revenue sharing mechanism consists of the following two subaccounts:

BACKBONE SUBACCOUNT: The purpose of backbone subaccount is to record the difference between the adopted backbone revenue requirement and recorded backbone revenues, whether an over-collection or an under-collection, to be shared 50% to customers and 50% to shareholders. [Note: Core Reservation is balancing account protected and therefore not included in this calculation. Rate Schedule G-XF is subject to incremental ratemaking and therefore also not included. In accordance with the Gas Accord V Settlement Agreement, the Customer Access Charge (CAC) is also not subject to the sharing mechanism.]

LOCAL TRANSMISSION SUBACCOUNT: The purpose of the local transmission subaccount is to record the difference between the adopted local transmission revenue requirement and recorded local transmission revenues, whether an over-collection or an under-collection, to be shared 75% to customers and 25% to shareholders. [Note: Core Local Transmission is balancing account protected and therefore not included in this calculation.]

(Continued)



GAS PRELIMINARY STATEMENT PART CP
GAS TRANSMISSION AND STORAGE REVENUE SHARING MECHANISM

Sheet 2

5. ACCOUNTING PROCEDURE (Cont'd.):

a. Backbone Subaccount

The following entries, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, shall be made to this subaccount, as applicable:

- 1) A monthly debit equal to 50% of one-twelfth of the authorized backbone revenue requirement and the related GT&S undercollection.
- 2) A monthly credit equal to 50% of the recorded backbone revenue and the related GT&S Late Implementation Amortization revenues. (T)
- 3) A monthly debit equal to 50% of one-sixtieth of the authorized backbone revenue requirement adopted in PG&E's GT&S Capital Expenditures 2011-2014 Decision, D. 22-07-007. (N)
I
(N)
- 4) An annual entry to transfer the balance in this subaccount as of December 31 of each year to the Core subaccount of the Core Fixed Cost Account (CFCA) and the Noncore subaccount of the Noncore Customer Class Charge Account (NCA). The distribution of the balance will be 50% to core and 50% to noncore. (T)
- 5) A monthly entry equal to interest on the average balance in the subaccount 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. (T)

(Continued)



GAS PRELIMINARY STATEMENT PART CP Sheet 3
GAS TRANSMISSION AND STORAGE REVENUE SHARING MECHANISM

5. ACCOUNTING PROCEDURE (Cont'd.):
b. Local Transmission Subaccount

The following entries, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, shall be made to this subaccount, as applicable:

- 1) A monthly debit equal to 75% of one-twelfth of the authorized local transmission revenue requirement and the related GT&S undercollection.
- 2) A monthly credit equal to 75% of the recorded local transmission revenue and the related GT&S Late Implementation Amortization revenues. (T)
- 3) A monthly debit equal to 75% of one-sixtieth of the authorized local transmission revenue requirement adopted in PG&E's GT&S Capital Expenditures 2011-2014 Decision, D. 22-07-007. (N)
|
(N)
- 4) An annual entry to transfer the balance in this subaccount as of December 31 of each year to the Core subaccount of the Core Fixed Cost Account (CFCA) and the Local Transmission subaccount of the Noncore Customer Class Charge Account (NCA). The distribution of the balance will be 50% to core and 50% to noncore. (T)
- 5) A monthly entry equal to interest on the average balance in the subaccount 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. (T)