



**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 Pleasant Creek Facility that are allocated to core transportation customers based on the distribution base revenue allocation adopted in the Cost Allocation Proceeding.

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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.

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**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 Pleasant Creek facility that is allocated on a core distribution basis. Recovery of depreciation will conclude at the end of 2023. Decommissioning will be recovered during 2023-2026;
- 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

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**GAS PRELIMINARY STATEMENT PART F
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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 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 Pleasant Creek facility that is allocated on an equal cents per therm basis. Recovery of depreciation will conclude at the end of 2023. Decommissioning will be recovered during 2023-2026;
- 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;

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**GAS PRELIMINARY STATEMENT PART F
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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; (T)
- 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; (T)
- 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 (N)
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- 21) 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.



**GAS PRELIMINARY STATEMENT PART F
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Sheet 5

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

6. ACCOUNTING PROCEDURE: (Cont'd.)

c. AB 32 Cost of Implementation Fee Core Subaccount

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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.

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