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A2007020

# APPENDIX A

**APPLICATION 20-07-020**

**SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND  
ELECTRIC COMPANY, THE PUBLIC ADVOCATES OFFICE AT  
THE CALIFORNIA PUBLIC UTILITIES COMMISSION, THE  
UTILITY REFORM NETWORK AND INDICATED SHIPPERS**

**1. INTRODUCTION**

On July 31, 2020, PG&E filed Application (A.) 20-07-020 to recover the 2015-2022 revenue requirement associated with Gas Transmission and Storage (GT&S) capital expenditures incurred between 2011 and 2014 that were examined and addressed by the California Public Utilities Commission's (Commission or CPUC) Safety and Enforcement Division in its June 1, 2020 Report.<sup>1</sup> In accordance with Article 12 of the CPUC Rules of Practice and Procedure (Rule), the Parties (as defined *infra* at section 2) mutually accept the terms and conditions stated herein and enter into this Settlement Agreement (Settlement) to resolve all disputed issues in this matter without the need for an evidentiary hearing before the Commission.

**2. PARTIES**

The following parties are entering into this Settlement: Pacific Gas and Electric Company (PG&E); the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates"); The Utility Reform Network ("TURN"); and Indicated Shippers (collectively referred to as "Parties" or individually as "Settling Party"). There are no parties to this proceeding other than the Parties.

PG&E is an investor-owned public utility and is subject to the jurisdiction of the Commission, including with respect to providing GT&S service to PG&E's Commission-jurisdictional customers.

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<sup>1</sup> In its decision in PG&E's 2015 GT&S rate case, the Commission provided that the report from the SED audit of PG&E's 2011-2014 gas capital expenditures would become part of the record in any subsequent application seeking recovery of those costs. D.16-06-056, p. 482-483 (OP 27).

Cal Advocates is an independent consumer advocacy organization at the Commission whose statutory mission includes obtaining the lowest possible rate for service consistent with reliable and safe service levels, and the state's environmental goals.

TURN is an independent, non-profit consumer advocacy organization that represents the interests of residential and small commercial utility customers.

Indicated Shippers are an *ad hoc* association of large natural gas transportation customers of PG&E. Indicated Shippers represent the following companies in this proceeding: Aera Energy LLC; Chevron U.S.A., Inc.; PBF Energy Inc.; Phillips 66 Company; and Tesoro Refining & Marketing Company LLC.

### **3. SETTLEMENT TERMS AND CONDITIONS**

**3.1** In consideration of the mutual obligations, covenants and conditions contained herein, the Settling Parties agree to the terms of this Settlement. This Settlement resolves all disputed issues in this proceeding.

**3.2** The Parties agree that PG&E's total CPUC-jurisdictional 2015-2022 revenue requirement associated with this application shall be \$356.3 million, which is a \$60.0 million reduction from the \$416.3 million amount presented by PG&E in its application.<sup>2</sup>

**3.3** The Parties agree that the 2015-2021 revenue requirement of \$313.310 million shall be recovered over a 60-month period through the next available rate change, as soon as practicable following a final decision in this proceeding. The 2022 revenue requirement of \$43.038 million shall be recovered over a 12-month period through the Annual Gas True-up (AGT) advice filing or the next available rate change after January 1, 2022, as soon as practicable following a final decision in this proceeding.

**3.4** The Parties agree that, going forward, the as-yet undepreciated capital plant associated with this application will be included in the test year 2023 rate base in PG&E's consolidated 2023 General Rate Case (GRC)<sup>3</sup> for purposes of future revenue requirement calculations.

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<sup>2</sup> PG&E Prepared Testimony, Chapter 2, p. 2-2.

<sup>3</sup> D.20-01-002, p. 76, Finding of Fact 4. Beginning with PG&E's 2023 GRC, PG&E's GT&S will be combined with the GRC.

**3.5 Cost Recovery:** The Parties agree that the total authorized 2015-2021 revenue requirement shall be recorded into the respective subaccounts of the Gas Transmission and Storage Memorandum Account (GTSMA) and amortized over 60 months. The Core portion of the authorized revenue requirements will be recovered over 60 months through the Core Cost Subaccount of the Core Fixed Cost Account (CFCA). The Noncore portion of the authorized Local Transmission (LT) and Backbone (BB) revenue requirements shall be recovered through the LT and BB Subaccounts of the Gas Transmission and Storage Revenue Sharing Mechanism (GTSRSM). The revenue requirement associated with Noncore storage costs will be recovered through the Noncore Cost Subaccount of the Noncore Customer Class Charge Account (NCA), consistent with the treatment of the Natural Gas Storage Strategy (NGSS) costs as approved by the Commission in PG&E's 2019 GT&S rate case decision. The 2022 revenue requirement will be recorded directly to the CFCA (Core Cost Subaccount), NCA (Noncore Cost Subaccount) and GTSRSM (LT and BB Subaccounts).

**3.6** PG&E shall file a Tier 1 advice letter within 30 days of a Commission decision adopting the Settlement to update its tariffs. Pro-Forma Tariffs for the GTSMA (Gas Preliminary Statement Part DD) and GTSRSM (Gas Preliminary Statement Part CP) are shown in Attachment A.

**3.7** No party objects to PG&E's proposal that the authorized revenue requirement as set forth in Table 1 shall be recovered as follows:

- Noncore Gas LT and BB amounts shall be recovered through the Noncore LT and BB GT&S Late Implementation Rate Components, respectively. PG&E proposes that the Noncore Storage amounts be recovered on an equal-cents-per-therm basis through the rate component of the Noncore Cost Subaccount of the NCA.<sup>4</sup>
- Core Gas LT, BB and Storage amounts shall be recovered through the Core LT, BB, and Storage GT&S Late Implementation Rate Components, respectively.<sup>5</sup>

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<sup>4</sup> See Gas Preliminary Statement Part B Default Rate Components available at [https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS\\_PRELIM\\_B.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_PRELIM_B.pdf) (as of July 27, 2020).

<sup>5</sup> *Id.*

Table 1 - GT&S Capital Expenditures 2011-2014 – Revenue Requirements by Year and Function

	2015	2016	2017	2018	2019	2020	2021	2015-2021 <sup>(a)</sup>	2022 <sup>(b)</sup>	2015-2022
<b>BB</b>	<b>16,599</b>	<b>19,439</b>	<b>18,844</b>	<b>14,751</b>	<b>14,484</b>	<b>14,101</b>	<b>13,632</b>	<b>111,851</b>	<b>15,880</b>	<b>127,731</b>
Core	5,790	7,097	6,944	5,495	6,145	5,127	4,598	41,196	5,373	46,569
Noncore	10,809	12,342	11,900	9,256	8,339	8,974	9,035	70,655	10,507	81,162
<b>LT</b>	<b>24,811</b>	<b>23,401</b>	<b>23,508</b>	<b>18,374</b>	<b>17,966</b>	<b>17,160</b>	<b>16,549</b>	<b>141,770</b>	<b>19,263</b>	<b>161,033</b>
Core	16,495	15,823	15,929	12,449	12,396	11,797	11,354	96,245	13,160	109,405
Noncore	8,316	7,578	7,579	5,925	5,570	5,363	5,195	45,525	6,103	51,628
<b>Storage</b>	<b>10,802</b>	<b>10,278</b>	<b>9,632</b>	<b>7,636</b>	<b>7,428</b>	<b>7,079</b>	<b>6,835</b>	<b>59,689</b>	<b>7,895</b>	<b>67,584</b>
Core	8,821	8,569	8,106	6,475	6,488	6,499	6,835	51,793	7,895	59,688
Noncore	1,981	1,709	1,526	1,161	940	580	-	7,897	-	7,897
<b>Total RRQ</b>	<b>52,212</b>	<b>53,118</b>	<b>51,984</b>	<b>40,762</b>	<b>39,878</b>	<b>38,341</b>	<b>37,017</b>	<b>313,310</b>	<b>43,038</b>	<b>356,349</b>

(a) 2015 - 2021 RRQ amortized over 60 months

(b) 2022 RRQ amortized over 12 months

#### 4. GENERAL TERMS AND CONDITIONS

**4.1 Commission's Primary Jurisdiction.** The Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement. None of the Parties may bring an action regarding this Settlement in any State or Federal court or administrative agency without having first exhausted its administrative remedies at the Commission.

**4.2 Further Actions.** The Parties acknowledge that this Settlement is subject to approval by the Commission. As soon as practicable after all the Parties have signed the Settlement, the Parties through their respective attorneys shall prepare and file a Joint Motion for Approval and Adoption of the Settlement. The Parties shall furnish such additional information,

documents, or testimonies as the Commission may require for purposes of granting the Joint Motion and approving and adopting the Settlement. In accordance with Rule 12.6 of the Commission's Rules of Practice and Procedure, if this Agreement is not adopted by the Commission, its terms are inadmissible in any evidentiary hearing unless their admission is agreed to by the Parties.

**4.3     *No Personal Liability.*** None of the Parties, or their respective employees, attorneys, or any other individual representative or agent, assumes any personal liability as a result of the Parties signing this Settlement.

**4.4     *Non-Severability.*** The provisions of this Settlement are non-severable.

**4.5     *Voluntary and Knowing Acceptance.*** Each of the Parties acknowledges and stipulates that it is agreeing to this Settlement freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Settling Party has read and fully understands its rights, privileges, and duties under this Settlement, including its right to discuss this Settlement with its legal counsel, which has been exercised to the extent deemed necessary.

**4.6     *Settlement is Reasonable Based on the Record.*** In executing this Agreement, each Settling Party declares and mutually agrees that the terms and conditions are reasonable in light of the whole record, consistent with law, and in the public interest.

**4.7     *Entirety of Agreement.*** This Settlement constitutes the entire understanding and agreement of the Parties regarding the matters set forth herein. All prior oral or written agreements, settlements, principles, negotiations, statements, representations, or understandings whether oral or in writing regarding any matter set forth in this Settlement, are expressly waived and have no further force or effect. In the event there is any conflict between the terms and scope of this Settlement and the terms and scope of the accompanying joint motion in support of the Settlement, the Settlement shall govern.

**4.8     *No Modification.*** Until such time as the Commission has adopted this Settlement, the Settlement may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Parties.

**4.9     *No Reliance.*** None of the Parties has relied or presently relies on any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Settlement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.

**4.10    *Counterparts.*** This Settlement may be executed in separate counterparts by the different Parties hereto and all so executed counterparts shall be binding and have the same effect as if all the Parties had signed one and the same document. All such counterparts shall be deemed to be an original and together constitute one and the same Settlement, notwithstanding that the signatures of the Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement.

**4.11    *Binding upon Full Execution.*** This Settlement shall become effective and binding on each of the Parties as of the date when it is fully executed. It shall also be binding upon each of the Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.

**4.12    *Commission Adoption Not Precedential.*** In accordance with Rule 12.5, the Parties agree and acknowledge that unless the Commission expressly provides otherwise, Commission approval and adoption of this Settlement does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding.

**4.13    *Enforceability.*** The Parties agree and acknowledge that after issuance of the Commission decision approving and adopting this Settlement, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement.

**4.14    *Finality.*** Once fully executed by the Parties and adopted and approved by a Commission Decision, this Settlement fully and finally settles any and all disputes among and between the Parties in this proceeding, unless otherwise specifically provided in the Settlement.

**4.15    *No Admission.*** Nothing in this Settlement or related negotiations may be construed as an admission of any law or fact by any of the Parties, or as precedential or binding on any of the Parties in any other proceeding whether before the Commission or in any state or

federal court or administrative agency. Further, unless expressly stated herein this Settlement does not constitute an acknowledgement, admission, or acceptance by any of the Parties regarding any issue of law or fact in this matter, or the validity or invalidity of any particular method, theory, or principle of ratemaking or regulation in this or any other proceeding. This Settlement represents a compromise of disputed claims between the Settling Parties after arm's-length negotiations. The Settling Parties have reached this Settlement after taking into account the possibility that each Settling Party may or may not prevail on any given issue.

**4.16 Authority to Sign.** Each Settling Party executing this Settlement represents and warrants to the other Settling Party that the individual signing this Settlement and the related Motion has the legal authority to do so on behalf of the Settling Party.

**4.17 Limited Admissibility.** Each Settling Party signing this Settlement agrees and acknowledges that this Settlement shall be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the Terms and Conditions of this Settlement.


**4.18 Estoppel or Waiver.** Unless expressly stated herein, the Parties' execution of this Settlement is not intended to provide any of the Parties in any manner a basis of estoppel or waiver in this or any other proceeding.


**4.19 Rejection or Modification of the Settlement.** The Parties agree that if the Commission fails to adopt this Agreement in its entirety and without modification, the Parties shall convene a settlement conference within 15 days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Agreement shall be rescinded, and the Parties shall be released from their obligation to support the Settlement. Thereafter, the Parties may pursue any action they deem appropriate, but agree to cooperate in establishing a procedural schedule. Parties reserve all rights set forth in Rule 12.4 of the Rules of Practice and Procedure.

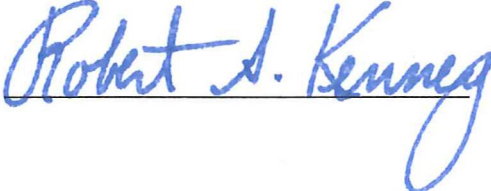
## **5. CONCLUSION**

**5.1** Each of the Parties has executed this Settlement as of the date appearing below their respective signature.



<p>THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION</p> <p>By: </p> <p>Name: <u>Linda Serizawa</u></p> <p>Title: <u>Deputy Director</u></p> <p>Date: <u>July 7, 2021</u></p>	<p>THE UTILITY REFORM NETWORK A California Corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>PACIFIC GAS AND ELECTRIC COMPANY A California Corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>THE INDICATED SHIPPERS</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>

<p>THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>THE UTILITY REFORM NETWORK A California Corporation</p> <p>By:  _____</p> <p>Name: <u>Robert Finkelstein</u> _____</p> <p>Title: <u>General Counsel</u> _____</p> <p>Date: <u>July 7, 2021</u> _____</p>
<p>PACIFIC GAS AND ELECTRIC COMPANY A California Corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>THE INDICATED SHIPPERS</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>

<p>THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>THE UTILITY REFORM NETWORK A California Corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>PACIFIC GAS AND ELECTRIC COMPANY A California Corporation</p> <p>By: </p> <p>Name: Robert S. Kenney</p> <p>Title: Vice President, Regulatory and External Affairs</p> <p>Date: July 6, 2021</p>	<p>THE INDICATED SHIPPERS</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>

<p>THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>THE UTILITY REFORM NETWORK A California Corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>PACIFIC GAS AND ELECTRIC COMPANY A California Corporation</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>THE INDICATED SHIPPERS</p> <p>By: _____</p> <p>Name: Nora E. Sheriff</p> <p>Title: Counsel for the Indicated Shippers</p> <p>Date: July 6, 2021</p>

## **ATTACHMENT A**

**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, local transmission and storage), **as authorized by the Commission.**  
  
~~The disposition of this account will be the 12-month period from January 1 through December 31. (There will be a transitional 15-month disposition period for October 1, 2018 through December 31, 2019.)~~
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, **or as authorized by the Commission.**
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 three 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)

<i>Advice</i>	4166-G	<i>Issued by</i>	<i>Submitted</i>	October 23, 2019
<i>Decision</i>	19-09-025	<b>Robert S. Kenney</b>	<i>Effective</i>	January 1, 2019
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	

**GAS PRELIMINARY STATEMENT PART CP** Sheet 2  
**GAS TRANSMISSION AND STORAGE REVENUE SHARING MECHANISM**

5. ACCOUNTING PROCEDURE (Ctd.):

**STORAGE SUBACCOUNT:** The purpose of the storage subaccount is to record the difference between the adopted storage revenue requirement and recorded storage revenues, if resulting in an over-collection, to be shared 75% to customers and 25% to shareholders. PG&E is at risk for 100% of any net under-collections. [Note: Core Storage is balancing account protected and therefore not included in this calculation. Also, no noncore storage costs or revenues will be recorded to this subaccount for the period beginning April 1, 2020, except for Late Implementation Amortization amounts until completed.]

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 2019 GT&S undercollection.
- 2) A monthly credit equal to 50% of the recorded backbone revenue and the related 2019 GT&S Late Implementation Amortization revenues.
- 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 Application, A.20-07-020.
- 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.
- 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.

(Continued)

Advice	4166-G	Issued by	Submitted	October 23, 2019
Decision	19-09-025	<b>Robert S. Kenney</b>	Effective	January 1, 2019
		Vice President, Regulatory Affairs	Resolution	

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

5. ACCOUNTING PROCEDURE (Ctd.):

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 2019 GT&S undercollection.
- 2) A monthly credit equal to 75% of the recorded local transmission revenue and the related 2019 GT&S Late Implementation Amortization revenues.
- 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 Application, A.20-07-020.
- 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.
- 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.

c. Storage 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 entry equal to 75% of one-twelfth of the authorized storage revenue requirement and the related 2019 GT&S undercollection.
- 2) A monthly credit entry equal to 75% of the recorded storage revenue and the related 2019 GT&S Late Implementation Amortization revenues.
- 3) If the balance is over-collected, on December 31 each year, a debit entry to transfer the accumulated balance 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. If the balance is under-collected, PG&E is at risk and will transfer the balance to earnings.
- 4) 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.



**GAS PRELIMINARY STATEMENT PART DD** Sheet 1  
**GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

**DD. GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

1. **PURPOSE:** The purpose of the Gas Transmission & Storage Memorandum Account (GTSMA) is to record and/or track certain core and noncore Gas Transmission and Storage (GT&S) activity in the event that a final decision in PG&E's 2019 GT&S Application (A.) 17-11-009 is issued after January 1, 2019. Specifically, this account records the difference between the revenue requirement adopted by the Commission in A.17-11-009, and the placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The GTSMA also records the revenue requirement adopted in PG&E's GT&S Capital Expenditures 2011-2014 Application, A.20-07-020.**
2. **APPLICABILITY:** The GTSMA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATES:** Disposition of the balances in the account shall be as authorized by the Commission.
4. **RATES:** The GTSMA does not have a separate rate component.
5. **ACCOUNTING PROCEDURE:** The GTSMA consists of the following six subaccounts:

**CORE BACKBONE SUBACCOUNT:** The purpose of the Core Backbone Subaccount is to record the difference between the core backbone revenue requirement adopted by the Commission in A.17-11-009, and the core backbone placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The Core Backbone Subaccount also records the core portion of the backbone revenue requirement adopted in A.20-07-020.** Disposition of this subaccount shall be through the Core Fixed Cost Account (CFCA) – Core Cost Subaccount.

**CORE LOCAL TRANSMISSION SUBACCOUNT:** The purpose of the Core Local Transmission Subaccount is to record the difference between the core local transmission revenue requirement adopted by the Commission in A.17-11-009, and the core local transmission placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The Core Local Transmission Subaccount also records the core portion of the local transmission revenue requirement adopted in A.20-07-020.** Disposition of this subaccount shall be through the Core Fixed Cost Account (CFCA) - Core Cost Subaccount.

**CORE STORAGE SUBACCOUNT:** The purpose of the Core Storage Subaccount is to record the difference between the core storage revenue requirement adopted by the Commission in A.17-11-009, and the core storage placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The Core Storage Subaccount also records the core portion of the storage revenue requirement adopted in A.20-07-020.** Disposition of this subaccount shall be through the Core Fixed Cost Account (CFCA) – Core Cost Subaccount.

**NONCORE BACKBONE SUBACCOUNT:** The purpose of the Noncore Backbone Subaccount is to record the difference between the noncore backbone revenue requirement adopted by the Commission in A.17-11-009, and the noncore backbone placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The Noncore Backbone Subaccount also records the noncore portion of the Backbone Revenue Requirement adopted in A.20-07-020.**

(Continued)

Advice  
Decision

Issued by  
**Robert S. Kenney**  
 Vice President, Regulatory Affairs

Submitted  
 Effective  
 Resolution

\_\_\_\_\_  
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**GAS PRELIMINARY STATEMENT PART DD** Sheet 2  
**GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

DD. GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA) (Cont'd.)

5. ACCOUNTING PROCEDURE: The GTSMA consists of the following six subaccounts:  
 (Cont'd.)

**NONCORE LOCAL TRANSMISSION SUBACCOUNT:** The purpose of the Noncore Local transmission Subaccount is to record the difference between the noncore local transmission revenue requirement adopted by the Commission in A.17-11-009, and the noncore local transmission placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The Noncore Local Transmission Subaccount also records the noncore portion of the Local Transmission revenue requirement adopted in A.20-07-020.**

**NONCORE STORAGE SUBACCOUNT:** The purpose of the Noncore Storage Subaccount is to record the difference between the noncore storage revenue requirement adopted by the Commission in A.17-11-009, and the noncore storage placeholder revenue requirement incorporated in gas rates effective January 1, 2019. **The Noncore Storage Subaccount also records the noncore portion of the storage revenue requirement adopted in A.20-07-020.**

a) Core Backbone Subaccount

The following entries shall be made to the Core Backbone Subaccount, net of an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, ~~upon the issuance of a final decision in A.17-11-009,~~ as applicable:

- 1) A one-time debit entry equal to the annual 2019 GT&S core backbone revenue requirement, adopted in the final decision in A.17-11-009, prorated beginning January 1, 2019, until the final decision in A.17-11-009 is implemented;
- 2) A one-time credit entry equal to the annual core backbone placeholder revenue requirement incorporated into gas rates effective January 1, 2019, prorated until the final decision in A.17-11-009 is implemented;
- 3) **A one-time debit entry equal to the core backbone revenue requirement, adopted in A.20-07-020;**
- 4) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- 5) 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.

(Continued)

Advice  
Decision

Issued by  
**Robert S. Kenney**  
 Vice President, Regulatory Affairs

Submitted  
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**GAS PRELIMINARY STATEMENT PART DD** Sheet 3  
**GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

DD. GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA) (Cont'd.)

5. ACCOUNTING PROCEDURE: The GTSMA consists of the following six subaccounts:  
 (Cont'd.)

b) Core Local Transmission Subaccount

The following entries shall be made to the Core Local Transmission Subaccount, net of RF&U, ~~upon the issuance of a final decision in A.17-11-009~~ as applicable:

- 1) A one-time debit entry equal to the annual 2019 GT&S core local transmission revenue requirement, adopted in the final decision in A.17-11-009, prorated beginning January 1, 2019, until the final decision in A.17-11-009 is implemented;
- 2) A one-time credit entry equal to the annual core local transmission placeholder revenue requirement effective from January 1, 2019, prorated to the date when the final decision in A.17-11-009 is implemented;
- 3) ~~A one-time debit entry equal to the core local transmission revenue requirement, adopted in A.20-07-020;~~
- 4) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- 5) 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.

c) Core Storage Subaccount

The following entries shall be made to the Core Storage Subaccount, net of RF&U, ~~upon the issuance of a final decision in A.17-11-009~~ as applicable:

- 1) A one-time debit entry equal to the annual 2019 GT&S core storage revenue requirement, adopted in the final decision in A.17-11-009, prorated beginning January 1, 2019, until the final decision in A.17-11-009 is implemented;
- 2) A one-time credit entry equal to the core storage placeholder revenue requirement effective from January 1, 2019, prorated to the date when the final decision in A.17-11-009 is implemented;
- 3) ~~A one-time debit entry equal to the core storage revenue requirement, adopted in A.20-07-020;~~
- 4) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- 5) 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

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**Robert S. Kenney**  
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**GAS PRELIMINARY STATEMENT PART DD**  
**GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

Sheet 3

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*Advice  
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Vice President, Regulatory Affairs*

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**GAS PRELIMINARY STATEMENT PART DD** Sheet 4  
**GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

DD. GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA) (Cont'd.)

5. ACCOUNTING PROCEDURE: The GTSMA consists of the following six subaccounts:  
 (Cont'd.)

d) Noncore Backbone Subaccount

The following entries shall be made monthly to the Noncore Backbone Subaccount, net of RF&U as applicable until the adopted revenue requirements are implemented:

- 1) A one-time debit entry equal to the annual 2019 GT&S noncore backbone revenue requirement, adopted in the final decision in A.17-11-009, prorated beginning January 1, 2019, until the final decision in A.17-11-009 is implemented;
- 2) A one-time credit entry equal to the annual noncore backbone placeholder revenue requirement incorporated into gas rates effective January 1, 2019, prorated until the final decision in A.17-11-009 is implemented;
- 3) A one-time debit entry equal to the noncore backbone revenue requirement, adopted in A.20-07-020;
- 4) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and
- 5) 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.

e) Noncore Local Transmission Subaccount

The following entries shall be made to the Noncore Local Transmission Subaccount, net of RF&U as applicable:

- 1) A one-time debit entry equal to the annual 2019 GT&S noncore local transmission revenue requirement, adopted in the final decision in A.17-11-009, prorated beginning January 1, 2019, until the final decision in A.17-11-009 is implemented;
- 2) A one-time credit entry equal to the annual noncore local transmission placeholder revenue requirement effective from January 1, 2019, prorated to the date when the final decision in A.17-11-009 is implemented

(Continued)

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 Decision

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 Vice President, Regulatory Affairs

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**GAS PRELIMINARY STATEMENT PART DD** Sheet 5  
**GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA)**

DD. GAS TRANSMISSION & STORAGE MEMORANDUM ACCOUNT (GTSMA) (Cont'd.)

5. ACCOUNTING PROCEDURE: The GTSMA consists of the following six subaccounts:  
(Cont'd.)

e) Noncore Local Transmission Subaccount (Cont'd.)

- 3) A one-time debit entry equal to the noncore local transmission revenue requirement, adopted in A.20-07-020;
- 4) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and
- 5) 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.

f) Noncore Storage Subaccount

The following entries shall be made to the Noncore Storage Subaccount, net of RF&U as applicable:

- 1) A one-time debit entry equal to the annual 2019 GT&S noncore storage revenue requirement, adopted in the final decision in A.17-11-009, prorated beginning January 1, 2019, until the final decision in A.17-11-009 is implemented;
- 2) A one-time credit entry equal to the noncore storage placeholder revenue requirement effective from January 1, 2019, prorated to the date when the final decision in A.17-11-009 is implemented;
- 3) A one-time debit entry equal to the noncore storage revenue requirement, adopted in A.20-07-020;
- 4) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and
- 5) 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.

**A.20-07-020**

**ATTACHMENT B TO  
ALL-PARTY MOTION OF PACIFIC GAS AND ELECTRIC  
COMPANY, THE PUBLIC ADVOCATES OFFICE AT THE  
CALIFORNIA PUBLIC UTILITIES COMMISSION, THE INDICATED  
SHIPPERS, AND THE UTILITY REFORM NETWORK FOR  
APPROVAL AND ADOPTION OF SETTLEMENT  
AGREEMENT**

Class Average Bundled and Transportation/PPPS Rates (\$/th)									
Based on Total Revenue Requirement of \$356.3 Million									
Line No.	Customer Class <sup>1,2,3</sup>	Present	Proposed	\$ Change	% Change	Proposed	% Change	Total Impact in	
		March 1, 2020	Incremental - 5 year amort of \$313M			Incremental 2022 GT&S Audit RRQ of \$43 M		2022	% Change
1	<b>BUNDLED—RETAIL CORE*</b>								
2	Residential Non-CARE	\$1.682	\$1.696	\$0.014	0.8%	\$0.010	0.6%	\$0.024	1.4%
3	Small Commercial Non-CARE	\$1.215	\$1.229	\$0.014	1.2%	\$0.010	0.8%	\$0.024	2.0%
4	Large Commercial	\$0.832	\$0.846	\$0.014	1.7%	\$0.010	1.2%	\$0.024	2.9%
5	Uncompressed Core NGV	\$0.811	\$0.825	\$0.014	1.7%	\$0.010	1.2%	\$0.024	2.9%
6	Compressed Core NGV	\$2.504	\$2.518	\$0.014	0.6%	\$0.010	0.4%	\$0.024	0.9%
7	<b>TRANSPORT ONLY—RETAIL CORE</b>								
8	Residential Non-CARE	\$1.350	\$1.364	\$0.014	1.0%	\$0.010	0.7%	\$0.024	1.8%
9	Small Commercial Non-CARE	\$0.903	\$0.917	\$0.014	1.5%	\$0.010	1.1%	\$0.024	2.6%
10	Large Commercial	\$0.557	\$0.571	\$0.014	2.5%	\$0.010	1.8%	\$0.024	4.3%
11	Uncompressed Core NGV	\$0.541	\$0.555	\$0.014	2.6%	\$0.010	1.8%	\$0.024	4.4%
12	Compressed Core NGV	\$2.233	\$2.247	\$0.014	0.6%	\$0.010	0.4%	\$0.024	1.1%
13	<b>TRANSPORT ONLY—RETAIL NONCORE (Non covered entities)</b>								
14	Industrial – Distribution	\$0.396	\$0.404	\$0.008	2.0%	\$0.005	1.3%	\$0.013	3.3%
15	Industrial – Transmission	\$0.200	\$0.208	\$0.008	3.9%	\$0.005	2.6%	\$0.013	6.5%
16	Industrial – Backbone	\$0.093	\$0.097	\$0.004	4.7%	\$0.003	3.2%	\$0.007	7.9%
17	Uncompressed Noncore NGV – Distribution	\$0.366	\$0.374	\$0.008	2.1%	\$0.005	1.4%	\$0.013	3.6%
18	Uncompressed Noncore NGV – Transmission	\$0.185	\$0.192	\$0.008	4.2%	\$0.005	2.9%	\$0.013	7.1%
19	Electric Generation – Distribution/Transmission	\$0.153	\$0.161	\$0.008	5.1%	\$0.005	3.4%	\$0.013	8.5%
20	Electric Generation – Backbone	\$0.052	\$0.056	\$0.004	8.5%	\$0.003	5.7%	\$0.007	14.2%
21	<b>TRANSPORT ONLY—WHOLESALE</b>								
22	Alpine Natural Gas (T)	\$0.101	\$0.109	\$0.008	7.7%	\$0.005	5.2%	\$0.013	13.0%
23	Coalinga (T)	\$0.101	\$0.109	\$0.008	7.7%	\$0.005	5.2%	\$0.013	12.9%
24	Island Energy (T)	\$0.110	\$0.118	\$0.008	7.1%	\$0.005	4.8%	\$0.013	11.9%
25	Palo Alto (T)	\$0.098	\$0.106	\$0.008	8.0%	\$0.005	5.4%	\$0.013	13.3%
26	West Coast Gas – Castle (D)	\$0.319	\$0.327	\$0.008	2.5%	\$0.005	1.7%	\$0.013	4.1%
27	West Coast Gas – Mather (D)	\$0.470	\$0.478	\$0.008	1.7%	\$0.005	1.1%	\$0.013	2.8%
28	West Coast Gas – Mather (T)	\$0.102	\$0.110	\$0.008	7.6%	\$0.005	5.1%	\$0.013	12.8%

\* Illustrative Bundled Rates incorporate an illustrative procurement revenue requirement as filed in PG&E's 2020 GCAP.

- ✓ (1) CARE Customers receive a 20% discount off of PG&E's total bundled rate and are exempt from the CARE portion of PG&E's Public Purpose Program Surcharge (G-PPPS) rates and cost recovery of the California Solar Initiative Thermal Program.
- ✓ (2) Transportation rates paid by all customers include an additional GHG Compliance and obligation Cost Recovery component of \$0.05404 per therm.
- ✓ (3) Covered Entities (i.e. customers that currently have a direct obligation to pay for allowances directly to the Air Resources Board) will pay a GHG Compliance Recovery Cost component of \$0.00243 per therm to cover PG&E allowance costs associated with lost & unaccounted for (LUAF) gas and compression costs. Covered entities will see a line item credit on their bill equal to \$0.05161 (\$0.05404 minus \$0.00243) per therm times their monthly billed volumes.

(END OF APPENDIX A)