



ELECTRIC PRELIMINARY STATEMENT PART HD
TAX MEMORANDUM ACCOUNT (TMA-E)

Sheet 1

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(N)

HD. Tax Memorandum Account (TMA-E)

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1. **PURPOSE:** The purpose of the Tax Memorandum Account (TMA-E) is to provide information to the CPUC by tracking any differences in the authorized General Rate Case (GRC) revenue requirements related to income tax specifically resulting from 1) net revenue changes, 2) mandatory tax law changes, tax accounting changes, tax procedural changes, or tax policy changes, and 3) elective tax law changes, tax accounting changes, tax procedural changes or tax policy changes.
2. **APPLICABILITY:** The TMA-E is a tracking account only. PG&E is not required to record the balance in the account on its financial statements.
3. **ACCOUNTING PROCEDURE:** As necessary, entries shall be made to the account to track differences in the computation of the GRC revenue requirement (a debit if an increase, a credit if a decrease) resulting from the income tax expenses forecasted in the GRC proceeding and the income taxes incurred by PG&E specifically resulting from:
 - a. Net revenue changes;
 - b. Mandatory tax law changes, tax accounting changes, tax procedural changes, or tax policy changes;
 - c. Elective tax law changes, tax accounting changes, tax procedural changes or tax policy changes.
4. **NOTIFICATION TO THE COMMISSION:** PG&E shall notify the Energy Division of the California Public Utilities Commission of any tax-related changes, tax-related accounting changes or any tax-related procedural changes that materially affect or may materially affect the computation of the authorized General Rate Case revenue requirements. "Materially affect" is defined as a potential increase or decrease of \$3 million or more in revenues authorized by the 2017 GRC decision. This amount will be computed by comparing the revenue requirement in the Results of Operations adopted in the GRC Decision with the revenue requirement from a revised Results of Operations calculation which reflects changes in tax law, tax accounting, tax procedures or tax policy while holding all other forecast items constant.

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