



GAS PRELIMINARY STATEMENT PART DZ
NEW ENVIRONMENTAL REGULATIONS BALANCING ACCOUNT
(NERBA)

Sheet 1

DZ. New Environmental Regulations Balancing Account (NERBA)

- 1. PURPOSE: The purpose of the NERBA is to record and track actual expenses and capital revenue requirements compared to the adopted budget for incremental best practice activities related to Grade 3 leak repairs in accordance with Commission Resolution G-3538. The NERBA is a two-way balancing account. (T)
(T)
- 2. APPLICABILITY: The NERBA applies to all customer classes, except for those specifically excluded by the Commission.
- 3. REVISION DATE: After the Commission approves the cost forecasts, disposition of the balance in this account will be through the Annual Gas True-up advice filing through the Core Fixed Cost Account (CFCA) and Noncore Customer Class Charge Account (NCA), or as otherwise authorized by the Commission.

The balance in the Distribution Subaccount will be transferred to the Distribution Cost Subaccount and Distribution Subaccount in the CFCA and NCA, respectively. The balance in the Transmission Subaccount will be transferred to the Core Cost Subaccount and the Noncore Subaccount of the CFCA and NCA, respectively.

- 4. RATES: The NERBA does not have a rate component.
- 5. ACCOUNTING PROCEDURE: The NERBA consists of the following subaccounts:

The "Distribution Subaccount" records and tracks actual gas distribution expenses and capital revenue requirements compared to the adopted gas distribution revenue requirements for incremental best practice activities related to minimizing methane emissions.

The "Transmission Subaccount" records and tracks actual gas transmission expenses and capital revenue requirements compared to the adopted gas transmission revenue requirements for incremental best practice activities related to minimizing methane emissions.

a. Distribution Subaccount

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

- 1) A credit entry equal to one-twelfth of the adopted annual gas distribution revenue requirements related to Grade 3 leak repairs; (T)
- 2) A debit entry to record incremental best practice gas emission reduction costs incurred for gas distribution related expenses related to Grade 3 leak repairs; (T)

(Continued)

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<i>Decision</i>	D.20-12-005	Robert S. Kenney	<i>Effective</i>	January 1, 2020
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



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Sheet 2

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5. ACCOUNTING PROCEDURE: (Cont'd.)

a. Distribution Subaccount (Cont'd.)

- 3) A debit entry equal to the capital revenue requirement based on actual capital expenditures incurred for gas distribution related costs. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment; (L)/(T)
(L)/(N)
(L)
|
(L)
- 4) A debit or credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; (L)/(T)
(L)/(T)
(L)
- 5) A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (L)/(T)
(L)
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(L)

b. Transmission Subaccount

(N)

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

- 1) A credit entry equal to one-twelfth of the adopted annual gas transmission revenue requirements. Corresponding debit entries allocated to core and noncore customers that total this credit entry are recorded in the CFCA, Core Cost Subaccount and the NCA, Noncore Subaccount; |
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- 2) A debit entry to record incremental best practice gas emission reduction costs incurred for gas transmission related expenses; |
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- 3) A debit entry equal to the capital revenue requirement based on actual capital expenditures incurred for gas transmission related costs. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment; |
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- 4) A debit or credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; |
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- 5) A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on 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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(N)

(Continued)