

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 11, 2017

Advice Letter 1042 and 1042-A

Justin Lee Brown
Vice President/Regulatory Affairs
Southwest Gas Corporation
P O Box 98510
Las Vegas, NV 89193-8510

**Subject: Amend the Preliminary Statement of SWG's California Gas Tariff
to add NERBA, NGLAPMA and NGLAPBA in Compliance with
D.17-06-015 and Supplemental Filing**

Dear Mr. Brown:

Advice Letter 1042 as supplemented is effective as of July 14, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division



SOUTHWEST GAS CORPORATION

September 1, 2017

ATTN: Tariff Unit, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 1042-A

Enclosed herewith is an original and one (1) copy of Southwest Gas Corporation's Advice Letter No. 1042-A, together with California Gas Tariff Sheet Nos. 45.6 - 45.8.

Sincerely,

Valerie J. Ontiveroz
Regulatory Manager/California

VJO:jjp
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 1042-A

September 1, 2017

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas or Company) (U 905 G) tenders herewith for filing the following tariff sheets:

California Gas Tariff

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
5th Revised Sheet No. 45.6	Preliminary Statement (<i>Continued</i>)	4th Revised Sheet No. 45.6
1st Revised Sheet No. 45.7	Preliminary Statement (<i>Continued</i>)	Original Sheet No. 45.7
1st Revised Sheet No. 45.8	Preliminary Statement (<i>Continued</i>)	Original Sheet No. 45.8

Purpose

The purpose of this supplemental filing is to replace in their entirety Sheet Nos. 45.6, 45.7 and 45.8 related to the New Environmental Regulatory Balancing Account (NERBA), the Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA), and the Natural Gas Leak Abatement Program Balancing Account (NGLAPBA), respectively, which were included in Advice Letter No. 1042 filed on July 14, 2017. Advice Letter No. 1042 was filed in compliance with Ordering Paragraphs 7, 8 and 9 in Decision 17-06-015 to amend the Preliminary Statement of the Company's California Gas Tariff to establish these three new regulatory accounts.

Pursuant to the direction of Energy Division Staff, additional language has been added to the NERBA and NGLAPBA tariff sheets to clarify that Southwest Gas will include costs related to its Natural Gas Leakage Abatement Program in rates only upon approval of its Tier 3 Advice Letter to be submitted on October 31, 2017. The NGLAPMA has not been modified and is only included in this supplemental filing to accommodate other revisions noted herein. Therefore, Southwest Gas respectfully requests that this supplemental filing, with the modifications noted herein, be approved along with Advice Letter No. 1042.

This Advice Letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.



Advice Letter No. 1042-A
Page 2
September 1, 2017

Effective Date

Southwest Gas respectfully requests that this Advice Letter be made effective July 14, 2017, which is the originally requested effective date for Advice Letter No. 1042.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based with specificity. The protest must be sent no later than 20 days after the date of this Advice Letter filing and shall be sent by letter via U.S. Mail, facsimile, or electronically emailed. The address for mailing or delivering a protest to the Commission is:

Energy Division
California Public Utilities Commission
Attention: Investigation, Monitoring & Compliance Program Manager
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
E-mail: edtariffunit@cpuc.ca.gov
Facsimile: 415-703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the same address as above and mailed or faxed to:

Mr. Justin Lee Brown
Vice President/Regulation & Public Affairs
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile: 702-364-3452

Notice

Southwest Gas believes it is exempt from the notice requirements set forth in G.O. 96-B, General Rule 4.2, since the tariff revisions proposed herein are being filed in compliance with D.17-06-015 and do not request higher rates or charges, or more restrictive terms or conditions, than what is currently in effect.

Service

In accordance with G.O. 96-B, General Rule 7.2, Southwest Gas is mailing copies of this advice letter and related tariff sheets to the utilities and interested parties shown on the attached list.



Advice Letter No. 1042-A
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September 1, 2017

Service *(continued)*

Communications regarding this filing should be directed to:

Valerie J. Ontiveroz
Regulatory Manager/California
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510
Telephone: 702-876-7323
E-mail: valerie.ontiveroz@swgas.com

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By:

Justin Lee Brown

Attachments

Distribution List

Advice Letter No. 1042-A

In Conformance with General Order 96-B, General Rule 4.3

The following individual has been served by regular, first-class mail:

Elizabeth Echols, Director
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94105

The following individuals or entities have been served by electronic mail (e-mail):

Pacific Gas & Electric Company
PG&ETariffs@pge.com

Southern California Gas Company
ROrtiz@SempraUtilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Belinda Gatti
Energy Division
California Public Utilities Commission
belinda.gatti@cpuc.ca.gov

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
rmp@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nws@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
pzs@cpuc.ca.gov

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Southwest Gas Corporation (U 905G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: **Valerie J. Ontiveroz**

Phone #: **(702) 876-7323**

E-mail: **valerie.ontiveroz@swgas.com**

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **1042-A**

Subject of AL: **Amend the Preliminary Statement of Southwest Gas' California Gas Tariff to clarify language in the NERBA and NGLAPBA in compliance with D.17-06-015.**

Keywords (choose from CPUC listing): **Balancing and Memorandum Accounts**

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 17-06-015

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL **Not applicable**

Summarize differences between the AL and the prior withdrawn or rejected AL¹: **Not applicable**

Resolution Required? Yes No

Requested effective date: **July 14, 2017**

No. of tariff sheets: 3

Estimated system annual revenue effect (%): **Not applicable**

Estimated system average rate effect (%): **Not applicable**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **Not applicable**

Service affected and changes proposed¹: **See 'Subject of AL' above**

Pending advice letters that revise the same tariff sheets: **Not applicable**

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
E-mail: edtariffunit@cpuc.ca.gov

Utility Info (including e-mail)
Mr. Justin Lee Brown,
Vice-President/Regulation & Public Affairs
Southwest Gas Corporation
P. O. Box 98510
Las Vegas, NV 89193-8510
E-mail: justin.brown@swgas.com
Facsimile: 702-364-3452

¹ Discuss in AL if more space is needed.

PRELIMINARY STATEMENT
(Continued)

26. NEW ENVIRONMENTAL REGULATORY BALANCING ACCOUNT (NERBA)

26A. PURPOSE

The NERBA is a two-way balancing account for the purpose of recording and recovering the revenue requirement associated with the implementation of the Natural Gas Leak Abatement Program best practices. The Company is authorized to establish the NERBA pursuant to Decision 17-06-015.

26B. APPLICABILITY

The NERBA provision applies to all rate schedules, excluding customers served under a Special Contract or any other exclusion provided for by the Commission.

26C. ACCOUNTING

Pursuant to D.17-06-015, the Company will file a Tier 3 Advice Letter to establish the 2018 and 2019 revenue requirement for the NERBA, and proposed allocation methodology, for the implementation of Natural Gas Leak Abatement Program best practices. Upon approval, the Company will begin recording the authorized amounts into the NERBA. Separate accounts will be maintained for each of the Company's three California rate jurisdictions. The Company shall make the following entries to the NERBA account at the end of each month:

1. A debit entry for the revenue requirement associated with Natural Gas Leak Abatement Program expenditures. The revenue requirement is defined as the incremental Operations and Maintenance expenses, the incremental Capital related costs and taxes. The capital related costs include depreciation, taxes and return;
2. A credit entry equal to the amounts recovered through the Commission authorized NERBA rate;
3. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statements.

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PRELIMINARY STATEMENT
(Continued)

26. NEW ENVIRONMENTAL REGULATORY BALANCING ACCOUNT (NERBA)
(Continued)

26D. NERBA ADJUSTMENT RATE

The Company shall annually file a Tier 2 Advice Letter to update the NERBA rate with a requested effective date of January 1 of the following year. The NERBA rate shall be calculated by using the year end NERBA balance divided by the volumes of gas estimated to be delivered during the 12 calendar-month period immediately following the adjustment date. The NERBA rate shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.

27. NATURAL GAS LEAK ABATEMENT PROGRAM MEMORANDUM ACCOUNT (NGLAPMA)

27A. PURPOSE

The purpose of the NGLAPMA is to track the Company's incremental administrative costs associated with the implementation of the Natural Gas Leak Abatement Program. The Company is authorized to establish the NGLAPMA pursuant to Decision 17-06-015.

27B. TRACKING PROCEDURES

The Company shall maintain the NGLAPMA by tracking the incremental administrative costs associated with the Natural Gas Leak Abatement Program. Separate accounts will be maintained for each of the Company's three California rate jurisdictions. Interest on the tracked balance will be calculated as set forth in Section 12B of this Preliminary Statement.

27C. DISPOSITION

Incremental administrative costs tracked in the NGLAPMA may be recovered in rates only after a request by the Company and approval by the Commission.

PRELIMINARY STATEMENT
(Continued)

28. NATURAL GAS LEAK ABATEMENT PROGRAM BALANCING ACCOUNT
(NGLAPBA)

28A. PURPOSE

The NGLAPBA is a one-way balancing account for the purpose of recording and recovering costs related to the Company's authorized Natural Gas Leak Abatement Program Pilot Projects and Research and Development (R&D) activities. The Company is authorized to establish the NGLAPBA pursuant to Decision 17-06-015.

28B. APPLICABILITY

The NGLAPBA provision applies to all rate schedules, excluding customers served under a Special Contract or any other exclusion provided for by the Commission.

28C. ACCOUNTING PROCEDURE

Pursuant to D.17-06-015, the Company will file a Tier 3 Advice Letter to establish the 2018 and 2019 revenue requirement for the NGLAPBA, and proposed allocation methodology, for the implementation of Natural Gas Leak Abatement Program Pilot Projects and R&D activities. Upon approval, the Company will begin recording the authorized amounts into the NGLAPBA. Separate accounts will be maintained for each of the Company's three California rate jurisdictions. The Company shall make the following entries to the NGLAPBA:

- a. A debit entry equal to the Company's actual NGLAPBA program costs;
- b. A credit entry equal to the revenue collected through the NGLAPBA rate;
- c. An entry to record interest on the account calculated as set forth in Section No. 12B of this Preliminary Statement.

28D. NGLAPBA ADJUSTMENT RATE

The Company shall annually file a Tier 2 Advice Letter to update the NGLAPBA rate with a requested effective date of January 1 of the following year. The NGLAPBA rate shall be calculated by using the year end NGLAPBA balance divided by the volumes of gas estimated to be delivered during the 12 calendar-month period immediately following the adjustment date. The NGLAPBA rate shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.



SOUTHWEST GAS CORPORATION

July 14, 2017

ATTN: Tariff Unit, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 1042

Enclosed herewith is an original and one (1) copy of Southwest Gas Corporation's Advice Letter No. 1042, together with California Gas Tariff Sheet Nos. 45.6, 45.7, and 45.8.

Sincerely,

Valerie J. Ontiveroz
Regulatory Manager/California

VJO:jjp
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 1042

July 14, 2017

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas) (U 905 G) tenders herewith for filing the following tariff sheets:

California Gas Tariff

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
4th Revised Sheet No. 45.6	Preliminary Statement (<i>Continued</i>)	3rd Revised Sheet No. 45.6
Original Sheet No. 45.7	Preliminary Statement (<i>Continued</i>)	
Original Sheet No. 45.8	Preliminary Statement (<i>Continued</i>)	

Purpose

The purpose of this filing is to amend the Preliminary Statement of Southwest Gas' California Gas Tariff to establish three new accounts: 1) the New Environmental Regulatory Balancing Account (NERBA); 2) the Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA) and 3) the Natural Gas Leak Abatement Program Balancing Account (NGLAPBA) in accordance with Ordering Paragraphs (OPs) 7, 8 and 9, respectively, in Decision (D.) 17-06-015.

Background

On January 22, 2015, the California Public Utilities Commission (Commission) issued Rulemaking 15-01-008 to implement the provisions of Senate Bill (SB) 1371, which requires, "...the adoption of rules and procedures to minimize natural gas leakage from Commission-regulated natural gas pipeline facilities consistent with Public Utilities [PU] Code Section 961(d), §192.703(c) of Subpart M of Title 49 of the Code of Federal Regulation, the Commission's General Order 112-F, and the state's goal of reducing greenhouse gas emissions."^{1,2} SB 1371 became effective January 1, 2015, and added

¹ Ordering Instituting Rulemaking to Adopt Rules and Procedures Governing Commission-Regulated Natural Gas Pipelines and Facilities to Reduce Natural Gas Leakage Consistent with Senate Bill 1371, effective January 15, 2015, at pg. 1.

² D.15-06-044 adopted General Order 112-F, effective June 25, 2015.



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Background *(Continued)*

Article 3 to the PU Code, which consists of §§ 975, 977, 978. Section 975(e)(4) states in pertinent part that the Commission, in consultation with the California Air Resources Board, shall, “Establish and require the use of best practices for leak surveys, patrols, leak survey technology, leak prevention, and leak reduction...”

Consistent with the directive in § 975 above, the Commission approved D.17-06-015, on June 15, 2017, which, among other things, adopted twenty-six mandatory best practices for its Natural Gas Leak Abatement Program. Additionally, D.17-06-015 directs the natural gas utilities to establish the following accounts: 1) a two-way balancing account to record costs related to the implementation of the best practices (NERBA); 2) a memorandum account to track incremental administrative costs (NGLAPMA); and 3) a one-way balancing account to record costs of best practice Pilot Projects and Research and Development activities (NGLAPBA).

This Advice Letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

Effective Date

In accordance with OPs 7, 8 and 9 in D.17-06-015, this Advice Letter is classified as Tier 1 (Effective Pending Disposition) and subject to Energy Division disposition. Therefore, Southwest Gas respectfully requests that this Advice Letter be made effective July 14, 2017, which is the date filed.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based with specificity. The protest must be sent no later than 20 days after the date of this Advice Letter filing and shall be sent by letter via U.S. Mail, facsimile, or electronically emailed. The address for mailing or delivering a protest to the Commission is:

Energy Division
California Public Utilities Commission
Attention: Investigation, Monitoring & Compliance Program Manager
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
E-mail: edtariffunit@cpuc.ca.gov
Facsimile: 415-703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the same address as above and mailed or faxed to:



Advice Letter No. 1042
Page 3
July 14, 2017

Protest (Continued)

Mr. Justin Lee Brown
Vice President/Regulation & Public Affairs
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile: 702-364-3452

Notice

Southwest Gas believes it is exempt from the notice requirements set forth in G.O. 96-B, General Rule 4.2, since the tariff revisions proposed herein are being filed in compliance with D.17-06-015 and do not request higher rates or charges, or more restrictive terms or conditions, than what is currently in effect.

Service

In accordance with G.O. 96-B, General Rule 7.2, Southwest Gas is mailing copies of this advice letter and related tariff sheets to the utilities and interested parties shown on the attached list.

Communications regarding this filing should be directed to:

Valerie J. Ontiveroz
Regulatory Manager/California
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510
Telephone: 702-876-7323
E-mail: valerie.ontiveroz@swgas.com

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: 

Justin Lee Brown

Attachments

Distribution List

Advice Letter No. 1042

In Conformance with General Order 96-B, General Rule 4.3

The following individual has been served by regular, first-class mail:

Elizabeth Echols, Director
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94105

The following individuals or entities have been served by electronic mail (e-mail):

Pacific Gas & Electric Company
PG&ETariffs@pge.com

Southern California Gas Company
ROrtiz@SempraUtilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
rmp@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nws@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
pzs@cpuc.ca.gov

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Southwest Gas Corporation (U 905G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: **Valerie J. Ontiveroz**

Phone #: **(702) 876-7323**

E-mail: **valerie.ontiveroz@swgas.com**

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **1042**

Subject of AL: **Amend the Preliminary Statement of Southwest Gas' California Gas Tariff to add NERBA, NGLAPMA and NGLAPBA in compliance with D.17-06-015.**

Keywords (choose from CPUC listing): **Balancing and Memorandum Accounts**

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 17-06-015

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL **Not applicable**

Summarize differences between the AL and the prior withdrawn or rejected AL¹: **Not applicable**

Resolution Required? Yes No

Requested effective date: **July 14, 2017**

No. of tariff sheets: **3**

Estimated system annual revenue effect (%): **Not applicable**

Estimated system average rate effect (%): **Not applicable**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **Not applicable**

Service affected and changes proposed³: **See 'Subject of AL' above**

Pending advice letters that revise the same tariff sheets: **Not applicable**

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
E-mail: edtariffunit@cpuc.ca.gov

Utility Info (including e-mail)
Mr. Justin Lee Brown,
Vice-President/Regulation & Public Affairs
Southwest Gas Corporation
P. O. Box 98510
Las Vegas, NV 89193-8510
E-mail: justin.brown@swgas.com
Facsimile: 702-364-3452

³ Discuss in AL if more space is needed.

PRELIMINARY STATEMENT
(Continued)

26. NEW ENVIRONMENTAL REGULATORY BALANCING ACCOUNT (NERBA)

26A. PURPOSE

The NERBA is a two-way balancing account for the purpose of recording and recovering the revenue requirement associated with the implementation of the Natural Gas Leak Abatement Program best practices. The Company is authorized to establish the NERBA pursuant to Decision 17-06-015.

26B. APPLICABILITY

The NERBA provision applies to all rate schedules, excluding customers served under a Special Contract or any other exclusion provided for by the Commission.

26C. ACCOUNTING

Separate accounts will be maintained for each of the Company's three California rate jurisdictions. The Company shall make the following entries to the NERBA account at the end of each month:

1. A debit entry for the revenue requirement associated with Natural Gas Leak Abatement Program expenditures. The revenue requirement is defined as the incremental Operations and Maintenance expenses, the incremental Capital related costs and taxes. The capital related costs include depreciation, taxes and return;
2. A credit entry equal to the amounts recovered through the Commission authorized NERBA rate;
3. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statements.

26D. NERBA ADJUSTMENT RATE

The Company shall annually file a Tier 2 Advice Letter to update the NERBA rate with a requested effective date of January 1 of the following year. The NERBA rate shall be calculated by using the year end NERBA balance divided by the volumes of gas estimated to be delivered during the 12 calendar-month period immediately following the adjustment date. The NERBA rate shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.

PRELIMINARY STATEMENT
(Continued)

27. NATURAL GAS LEAK ABATEMENT PROGRAM MEMORANDUM ACCOUNT
(NGLAPMA)

27A. PURPOSE

The purpose of the NGLAPMA is to track the Company's incremental administrative costs associated with the implementation of the Natural Gas Leak Abatement Program. The Company is authorized to establish the NGLAPMA pursuant to Decision 17-06-015.

27B. TRACKING PROCEDURES

The Company shall maintain the NGLAPMA by tracking the incremental administrative costs associated with the Natural Gas Leak Abatement Program. Separate accounts will be maintained for each of the Company's three California rate jurisdictions. Interest on the tracked balance will be calculated as set forth in Section 12B of this Preliminary Statement.

27C. DISPOSITION

Incremental administrative costs tracked in the NGLAPMA may be recovered in rates only after a request by the Company and approval by the Commission.

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PRELIMINARY STATEMENT
(Continued)

28. NATURAL GAS LEAK ABATEMENT PROGRAM BALANCING ACCOUNT (NGLAPBA)

28A. PURPOSE

The NGLAPBA is a one-way balancing account for the purpose of recording and recovering costs related to the Company's authorized Natural Gas Leak Abatement Program Pilot Projects and Research and Development (R&D) activities. The Company is authorized to establish the NGLAPBA pursuant to Decision 17-06-015.

28B. APPLICABILITY

The NGLAPBA provision applies to all rate schedules, excluding customers served under a Special Contract or any other exclusion provided for by the Commission.

28C. ACCOUNTING PROCEDURE

Separate accounts will be maintained for each of the Company's three California rate jurisdictions. The Company shall make the following entries to the NGLAPBA:

- a. A debit entry equal to the Company's actual NGLAPBA program costs;
- b. A credit entry equal to the revenue collected through the NGLAPBA rate;
- c. An entry to record interest on the account calculated as set forth in Section No. 12B of this Preliminary Statement.

28D. NGLAPBA ADJUSTMENT RATE

The Company shall annually file a Tier 2 Advice Letter to update the NGLAPBA rate with a requested effective date of January 1 of the following year. The NGLAPBA rate shall be calculated by using the year end NGLAPBA balance divided by the volumes of gas estimated to be delivered during the 12 calendar-month period immediately following the adjustment date. The NGLAPBA rate shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.