



**PRELIMINARY STATEMENT**

Sheet 1

IV. BALANCING ACCOUNT  
REWARDS AND PENALTIES BALANCING ACCOUNT (RPBA)

1. Purpose

The purpose of the Rewards and Penalties Balancing Account is to record the Utility's rewards, penalties and PBR revenue sharing.

2. Applicability

This account shall apply to all gas services that are within the jurisdiction of the Commission.

3. Rates

The projected year-end account balance will be applied to gas rates as described in item 5. below.

4. Accounting Procedure

This account shall reflect the following periodic entries:

a. A debit entry equal to the gas authorized amounts for each of the following items:

- (1) Rewards allocated to the Gas Department as a result of the PBR Base Rates Mechanism and its successor, the Distribution PBR;
- (2) Rewards allocated to the Gas Department as a result of the Utility's Annual Earnings Assessment Proceeding ("AEAP"), net of the rewards included in current gas rates.
- (3) Rewards allocated to the Gas Department as a result of the sharing mechanism for under-expenditures in the Advanced Metering Infrastructure (AMI) project pursuant to the settlement adopted in D.07-04-043.

N  
N  
N

b. A credit entry equal to the gas authorized amounts for each of the following items:

- (1) Penalties allocated to the Gas Department as a result of the PBR Base Rates Mechanism and its successor, the Distribution PBR;
- (2) Penalties allocated to the Gas Department as a result of the Utility's AEAP, net of the penalties included in current gas rates; and
- (3) Revenue allocated to the Gas Department from the revenue sharing portion of the PBR Base Rates Mechanism and its successor, the Distribution PBR.
- (4) Costs allocated to the Gas Department as a result of the sharing mechanism for over-expenditures in the Advanced Metering Infrastructure (AMI) project pursuant to the settlement adopted in D.07-04-043.

N  
N  
N

c. An entry shall be made to reflect the amount collected from/returned to customers due to the amortization of the prior year ending balance, pursuant to item 5, below.

d. The current month balance shall equal the expenses in 4.a. above less the revenues in 4.b. above, plus or minus any adjustment from 4.c.

(Continued)

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Issued by

Date Filed

May 14, 2007

Advice Ltr. No. 1693-G

**Lee Schavrien**

Effective May 14, 2007

Decision No. 07-04-043

Senior Vice President  
Regulatory Affairs

Resolution No.



**PRELIMINARY STATEMENT**

Sheet 2

IV. BALANCING ACCOUNT  
REWARDS AND PENALTIES BALANCING ACCOUNT (RPBA)

4. Accounting Procedure (Continued)

e. The accumulated month ending balance shall equal the sum of:

- (1) the current month's entries from 4.d.;
- (2) the account balance at the beginning of the month;
- (3) the Monthly Interest Rate multiplied by one-half of the sum of the account balance at the beginning of the month plus the account balance at the end of the month.

5. Account Disposition

The utility shall file in October of each year an advice letter requesting to apply the projected year-end balance as a twelve-month amortization to gas rates effective January 1 of the following year.

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