



PRELIMINARY STATEMENT

Sheet 1

III. MEMORANDUM ACCOUNTS

ADVANCED METERING INFRASTRUCTURE MEMORANDUM ACCOUNT (AMIMA)

1. Purpose

The purpose of the Advanced Metering Infrastructure Memorandum Account (AMIMA) is to record and recover the incremental pre-deployment Operating and Maintenance (O&M) expenses up to \$9.3 million as a result of advanced metering infrastructure (AMI) pre-deployment in years 2005, 2006 and 2007 prior to AMI program implementation. The costs recorded to the AMIMA shall be net of any benefits as authorized by the Commission. The AMIMA shall be allocated 76% and 24% between electric distribution and gas, respectively. These percentages are subject to true-up, if necessary, as directed by a final decision in A.05-03-015.

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2. Applicability

The AMIMA applies to all customer classes, except for those specifically excluded by the Commission.

3. Rates

The AMIMA does not have a rate component. However the balance is recovered through electric distribution rates as described in Section 5 below.

4. Accounting Procedure

The Utility shall maintain the AMIMA by making entries to this account at the end of each month as follows:

a. An entry equal to the Utility's incremental costs incurred in pre-deployment in advance of field deployment for O&M expenses including the following areas:

- AMI Sourcing Strategy Development / Refinement / Implementation
- AMI Technology Evaluation and Assessment
- AMI Project Initialization and Setup
- AMI Systems Design and Planning
- AMI Beta Phase Design / Implementation
- AMI Regulatory and Financial Planning Support

b. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries in 4.a. at a rate equal to one-twelfth 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

5. Disposition

At the end of each year, the balance in the AMIMA shall be transferred to the Rewards and Penalties Balancing Account (RPBA), or other balancing account as may be directed by the Commission for rate recovery. For the RPBA, the Utility will file an advice letter in October of each year to dispose of the balance, with rates effective the following January 1st.