



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS

COMMUNITY CHOICE AGGREGATION IMPLEMENTATION BALANCING ACCOUNT (CCAIBA)

1. Purpose

The purpose of this account is to record the implementation costs associated with the development of the Community Choice Aggregation (CCA) program and the infrastructure required to maintain and operate it, pursuant to the provisions of Assembly Bill (AB) 117, and authorized by the California Public Utilities Commission (CPUC) in Decision (D.) 04-12-046.

2. Applicability

The CCAIBA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Accounting Procedure:

The Utility shall make the following entries to the account on a monthly basis:

- a. A debit entry to record incremental O&M costs associated with CCA program development and related infrastructure requirements, consistent with the costs indicated in D.04-12-046.
- b. A debit entry to record incremental capital-related costs incurred, including depreciation, return on investment and related taxes.
- c. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after the entries 3.a. through 3.b. above, at a rate equal to one-twelfth of 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 publication.

4. Account Disposition

The balance in the CCAIBA shall be reviewed in the Utility's annual Energy Resource Recovery Account (ERRA) application and transferred to the Utility's Rewards and Penalties Balancing Account (RPBA), or other appropriate account, upon Commission approval. The RPBA is amortized in electric distribution rates on an annual basis. Pursuant to D.04-12-046, costs will not be recorded to the CCAIBA once they are reflected in the Utility's revenue requirement in the next General Rate Case/Cost of Service.

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