



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
RENEWABLES BALANCING ACCOUNT (RBA)

1. Purpose

Pursuant to California Public Utilities Commission (Commission) Decisions 97-08-056, 97-12-109 and Resolution E-3792 of December 17, 2002, the purpose of the Renewables Balancing Account is to record the revenues and expenses associated with Renewable Resource Energy Technologies (Renewables). Resolution E-4160, which implements the requirements of SB 1036, eliminates the CEC's authorization to allocate and award supplemental energy payments to cover above-market costs of Renewables Portfolio Standard (RPS) contracts. As a result, the Utility is directed to reduce the money collected for the renewable program portion of the public goods charge (PGC) by 51.5 percent effective January 1, 2008.

2. Applicability

The Renewables Balancing Account applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission.

3. Definitions

- a. Effective Date: The effective date of this account shall be January 1, 1998.
- b. Interest Rate: The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication.
- c. Renewables Revenue: Monthly Renewables revenue equals the percentage of authorized Public Purpose Program (PPP) revenue pertaining to the Renewables program multiplied by the unbundled PPP revenue billed during the month.
- d. Renewables Expenses: Expenses authorized by the Commission associated with the electric Renewables program, which primarily include the quarterly payments to the California Energy Commission (CEC). Pursuant to Resolution E-3792, the Utility shall make four (4) payments to the CEC at the end of each quarter that total the annual authorized amount for RD&D as described in the Public Purpose Adjustment Mechanism (PPPAM). The payments to the CEC, if not submitted by the end of each quarter, shall include interest earned on collected funds consistent with the treatment of these funds in PU Code § 381. Consistent with Resolutions E-3769 and E-3792, the interest rate shall be the State Pooled Money Investment Account Earnings Yield Rate.

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PRELIMINARY STATEMENT

Sheet 2

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4. Renewables Account

The Utility shall maintain the electric Renewables Balancing Account by making entries to this account at the end of each month as follows:

- a. A debit entry equal to recorded Renewables expenses during the month;
- b. A credit entry equal to the monthly Renewables revenue; and
- c. An entry equal to monthly interest calculated by applying the Interest Rate to the average of the beginning balance and the ending balance.

5. Account Disposition:

Pursuant to Commission D.03-04-027, the Utility shall file by October 1 of each year an advice letter requesting to apply to the electric PPP rate¹ effective January 1 of the following year 1) the net amortization component of electric PPP account balances and 2) the Commission's currently authorized program budget revenue requirements for the PPPs.

¹ Public Utilities Code Section 399.8 addresses the non-low-income energy efficiency, renewable energy, and research, development and demonstration programs. Section 399.8 requires a separate rate component to collect revenues to fund these programs and that the rate component "may not exceed" the level of the rate component that was used to recover funds authorized pursuant to Section 381 on January 1, 2000.