Preliminary Statement
(continued)

X. OPERATIONAL ENERGY EFFICIENCY PROGRAM MEMORANDUM ACCOUNT (OEEPMA)

1. PURPOSE: The purpose of the Operational Energy Efficiency Program Memorandum Account (OEEPMA) is to track costs incurred by Cal Water and payments from Pacific Gas and Electric Company and Southern California Edison Company associated with Operational Energy Efficiency Programs (OEEPs) approved in Decisions 08-11-057 and 10-04-030.

2. APPLICABILITY: The OEEPMA balance will be recovered from all customer classes within each applicable district with OEEPs approved in Decisions 08-11-057 and 10-04-030.

3. OEEPMA RATES: The OEEPMA does not currently have a rate component.

4. ACCOUNTING PROCEDURE: Cal Water shall maintain the OEEPMA until further order of the Commission authorizes it to be closed or modified. Entries will be made into the OEEPMA at the end of each month. The purpose of the entries described herein is to preserve the full range of regulatory options for the Commission and to coordinate this memorandum account with adopted revenue requirements. Entries shall be tracked separately as follows:

   Investment Entries

   a. A credit or debit entry equal to the amounts recorded in Cal Water's Operations and Maintenance, and Administrative and General Expense Accounts for each district that incurred costs for OEEPs approved in Decisions 08-11-057 and 10-04-030.

   b. A debit or credit entry equal to payments from Pacific Gas and Electric Company and Southern California Edison associated with the OEEPs approved in Decisions 08-11-057 and 10-04-030.

   c. A debit or credit entry equal to the original cost of capital investments placed in service for the OEEPs approved in Decisions 08-11-057 and 10-04-030. Cal Water shall record the capital investment by project and by district.

   Revenue Requirement Entries (Note: These entries are not necessarily cumulative and are recorded in order to preserve the range of potential regulatory outcomes the Commission may elect.)

   d. A debit or credit entry equal to the revenue requirement of each capital investment recorded in (c.) as if it were shareholder-funded (including return on investment, income taxes, ad valorem tax, depreciation, other taxes and fees). Cal Water shall record the revenue requirement by project and by district.

   e. A debit or credit entry equal to the revenue requirement of each capital investment recorded in (c.) as if it were contributed (including only ad valorem tax, other taxes and fees). Cal Water shall record the revenue requirement by project and by district.

   f. A debit or credit entry equal to the amount of revenue requirement for OEEP related plant replacement or water treatment included in Cal Water's adopted revenue requirement. Cal Water shall record the revenue requirement by project and by district.

   Interest

   g. A monthly debit or credit entry equal to the average balance in each segment of the account (as described in paragraphs a through f) multiplied by 1/12th of the most recent month's interest rate on Commercial Paper (prime, 90-day), published in Federal Reserve Statistical Release H-15.