

Preliminary Statement BN

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BN. 21GRC Capital One-Way Balancing Account (21GRC COBA)

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1. PURPOSE:

The purpose of the 2021 GRC Capital One-Way Balancing Account ("21GRC COBA") is to ensure unspent forecasted expenditures approved in rates for certain capital projects are refunded to customers. For the capital project groupings identified in Ordering Paragraphs ("OPs") 24, 25, and 28 of D.24-03-042, the revenue requirements associated with the approved projects will be returned to customers if the projects do not become used and useful within the GRC period of 2023-2025.

2. APPLICABILITY:

The 21GRC COBA is effective January 1, 2023 through December 31, 2025, and is applicable to all Class A ratemaking areas ("RMAs"). For each RMA, there will be a separate sub-account for each of the following groups of capital projects:

- a. Control Valve Overhaul and Replacement Program (OP 24) (a common plant category)
- b. Pump and Motor Replacement Program (OP 25) (a common plant category)
- c. Personal computers and related devices (OP 28) (CSS PC Refresh, PIDs 124543, 124544, and 124545)

3. ACCOUNTING PROCEDURE:

Each sub-account will track the revenue requirement associated with the difference between the approved capital projects and the completed capital projects, by ratemaking area, using the following methodology:

Investment Entries

- a. A credit entry equal to the cost of the capital investments adopted in each capital group, 2.a, 2.b, and 2.c;
- b. A debit entry equal to the cost of the capital investments placed in service in each capital group, 2.a, 2.b, and 2.c;

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(To be inserted by utility)	Issued By	(To be inserted by CPUC)
Advice Letter <u>2523</u>	<u>Greg Milleman</u>	Date Filed _____
Decision <u>24-03-042</u>	<u>Vice President</u>	Effective _____
	<u>Rates and Regulatory Affairs</u>	Resolution _____

Preliminary Statement BN

Page 2

(N)

3. ACCOUNTING PROCEDURE: (continued)

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Revenue Requirement Entries

- c. A credit entry equal to the revenue requirement associated with 3.a;
- d. A debit entry equal to the revenue requirement associated with 3.b; and
- e. The difference between 3.c and 3.d will be subject to monthly interest at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 90-day) published in the Federal Reserve Statistical Release.

4. RATEMAKING PROCEDURE:

The revenue requirement associated with unspent amounts tracked in this account shall be refunded in the next general rate case.

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