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Cal. P.U.C. Sheet No. Cal. P.U.C. Sheet No.

Sheet 1

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ELECTRIC PRELIMINARY STATEMENT PART GL HYDRO LICENSING BALANCING ACCOUNT (HLBA)

GL. Hydro Licensing Balancing Account (HLBA)

1. PURPOSE: The purpose of the HLBA is to recover actual expenses and capital revenue requirements based on actual capital expenditures related to Federal Energy Regulatory Commission (FERC) hydro licensing activities, which include, but are not limited to, renewing, amending, surrendering, decommissioning, compliance requirements, FERC and California Division of Safety of Dams (DSOD) regulatory fees, costs associated with implementation of the Crane Valley Recreation Settlement Agreement, and costs associated with work required as a result of the 2017 Oroville Dam incident. Specifically, the HLBA tracks and adjusts for the difference in actual and adopted expenses and capital revenue requirements associated with relicensing and amending/modifying licenses issued on or after January 1, 2012, including costs associated with implementing and complying with new license conditions or requirements resulting from renewed, modified, or amended licenses.

This account is comprised of two subaccounts:

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The Main Account tracks adopted expenses and capital revenue requirements compared to actual expenses and capital revenue requirements based on actual capital costs up to 120% of adopted amounts (total actual expenses and capital revenues requirements, recorded pursuant to accounting procedures 5. b-d will not exceed 120% of adopted amounts). Disposition of the balance in this subaccount will be determined at the end of each two-year period, 2024 and 2026, through the Annual Electric True-Up advice filing, through the Portfolio Allocation Balancing Account (PABA) or through another Tier 2 advice letter as authorized by the Commission.

The Reasonableness Review Subaccount tracks actual expenses and capital revenue requirements based on actual capital costs above 120% of adopted amounts. Disposition of amounts recorded in this subaccount will be determined at the end of each two-year period, 2024 and 2026, and are subject to reasonableness review and approval by the Commission through a Tier 3 advice letter. Upon approval, the balance will be transferred to the PABA for disposition in rates.

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- 2. APPLICABILITY: The HLBA shall apply to all customer classes, except for those schedules or contracts specifically excluded by the Commission.
- 3. REVISION DATE: Disposition of the balances in the subaccounts are included in the above descriptions of the subaccounts.

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- 4. RATES: The HLBA does not have a rate component.
- 5. ACCOUNTING PROCEDURE: PG&E shall maintain the HLBA by making entries to this account at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense, as follows:

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MAIN ACCOUNT:

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a) A credit entry equal to one-twelfth of the adopted annual revenue requirements;

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ELECTRIC PRELIMINARY STATEMENT PART GL HYDRO LICENSING BALANCING ACCOUNT (HLBA)

Sheet 2

GL. Hydro Licensing Balancing Account (HLBA) (Cont'd)

- 5. ACCOUNTING PROCEDURE (Cont'd):
 - b) A debit entry equal to actual expenses, including but not limited to, renewing, amending, surrendering licenses, decommissioning, compliance requirements, FERC and DSOD regulatory fees, costs associated with the Crane Valley Recreation Settlement Agreement, and dam spillway inspection and repair activities;
 - c) A debit entry equal to license surrender related revenue requirement, including amortization expense, return on investment and federal and state income taxes associated with the unamortized license surrender balance;
 - d) A debit entry equal to the capital-related revenue requirement, related to the actual capital costs incurred. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs;
 - e) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and,
 - An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries 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.

REASONABLENESS REVIEW SUBACCOUNT:

a) A debit entry equal to actual expenses, including but not limited to, renewing, amending, surrendering licenses, decommissioning, compliance requirements, FERC and DSOD regulatory fees, costs associated with the Crane Valley Recreation Settlement Agreement, implementing and complying with new license conditions or requirements, costs to implement settlement agreements, and dam spillway inspection and repair activities:

- b) A debit or credit entry equal to license surrender related revenue requirement, including amortization expense, return on investment and federal and state income taxes associated with the unamortized license surrender balance;
- c) A debit or credit entry equal to the capital-related revenue requirement, related to the actual capital costs incurred. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs:
- d) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and,
- An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries 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.