



ELECTRIC PRELIMINARY STATEMENT PART HC
RULE 20 BALANCING ACCOUNT

Sheet 1

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HC. Rule 20 Balancing Account (RBA)

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1. **PURPOSE:** The purpose of the RBA is to record the difference between the Rule 20 program revenue requirement adopted in PG&E's General Rate Case (GRC) proceeding and PG&E's actual expenses and capital revenue requirements required to complete overhead to underground conversion projects consistent with the Rule 20 program. The RBA will also record the expense costs associated with the Rule 20 audit ordered in Ordering Paragraph 9 of Decision 17-05-013. The RBA is a one-way balancing account.

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2. **APPLICABILITY:** The RBA applies to all customer classes, except for those specifically excluded by the Commission.

3. **REVISION DATE:** Overcollected balances in the account will remain available to fund future Rule 20 projects. Disposition of the balances in this account will be determined in the next GRC, or as otherwise authorized by the Commission, through the Distribution Revenue Adjustment Mechanism (DRAM).

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4. **RATES:** The current RBA does not have a rate component.

5. **ACCOUNTING PROCEDURE:** PG&E will maintain the RBA by making entries to this account at the end of each month, as applicable:

5.1 Rule 20A Sub-account:

(N)

a. A credit entry equal to one-twelfth of the adopted annual revenue requirements, excluding the allowance for Revenue Fees and Uncollectible (RF&U);

b. A debit entry equal to the capital revenue requirement based on incurred capital costs, excluding RF&U. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;

c. A debit entry equal to recorded program expenses incurred, including cancelled project expenses;

d. A debit entry equal to recorded audit expenses;

e. A debit entry equal to recorded expenses for development of the Rule 20 Guidebook;

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f. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and

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g. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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**ELECTRIC PRELIMINARY STATEMENT PART HC
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Sheet 2

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5. ACCOUNTING PROCEDURE: (Cont'd)

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5.2 Rule 20B Sub-account:

Beginning January 1, 2023:

- a. A credit entry equal to one-twelfth of the adopted annual revenue requirements, excluding the allowance for Revenue Fees and Uncollectible (RF&U);
- b. A debit entry equal to the capital revenue requirement based on incurred capital costs, excluding RF&U. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
- c. A debit entry equal to recorded program expenses incurred, including cancelled project expenses;
- 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
- e. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

5.2 Rule 20C Sub-account:

Beginning January 1, 2023:

- a. A credit entry equal to one-twelfth of the adopted annual revenue requirements, excluding the allowance for Revenue Fees and Uncollectible (RF&U);
- b. A debit entry equal to the capital revenue requirement based on incurred capital costs, excluding RF&U. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
- c. A debit entry equal to recorded program expenses incurred, including cancelled project expenses;
- 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
- e. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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Vice President, Regulatory Affairs

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