



ELECTRIC PRELIMINARY STATEMENT PART KH Sheet 1
ELECTRIC CAPACITY AND NEW BUSINESS INTERIM MEMORANDUM ACCOUNT (ECNBIMA)

KH. Electric Capacity and New Business Interim Memorandum Account (ECNBIMA) (N)

1. **PURPOSE:** The purpose of the ECNBIMA is to record revenue requirements based on actual capital additions for eligible Maintenance Activity Types (MATs) within PG&E’s Electric Capacity Programs (Major Work Categories (MWCs) 06 and 46), Electric New Business Program (MWC 16), and energization-related Work Requested by Others (WRO) Program (energization portion of MWC 10) associated with capital expenditures and expenses incremental to PG&E’s adopted 2023 General Rate Case (GRC) capital expenditures and expenses for the MWCs/MATs shown in Table 1 and Table 1A below. These programs are collectively referred to as ‘Eligible Energization Projects/Activity.’ Only costs placed into service after January 1, 2024, and by January 1, 2027, are eligible to be recorded in the account. Additionally, the incremental capital costs¹ associated with revenue requirements recorded to the account are capped, as shown in Table 2, and described below. This account is effective January 1, 2024.

Eligible Cost Categories:

Capital

Revenue requirements associated with Eligible Energization Projects/Activity cost categories or MATs may be recorded in this account for projects placed in service after January 1, 2024, that exceed the capital expenditure amounts adopted in D. 23-11-069, which are shown below in Table 1.

¹ Capital costs refer to capital expenditures or capital additions.

(N)

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ELECTRIC PRELIMINARY STATEMENT PART KH Sheet 2
ELECTRIC CAPACITY AND NEW BUSINESS INTERIM MEMORANDUM ACCOUNT (ECNBIMA)

KH. Electric Capacity and New Business Interim Memorandum Account (ECNBIMA) (N)
 (Cont'd.)

1. PURPOSE (Cont'd.):

Eligible Cost Categories (Cont'd.):

Capital (Cont'd.)

| D.23-11-069 Adopted Capital Expenditure (CapEx) | | | | | |
|--|------------|--|-------------|-------------|-------------|
| (000's) | | | | | |
| | MWC | Eligible Maintenance Activity Type (MAT) | 2024 | 2025 | 2026 |
| CapEx | 10 [a] | Energization Related WRO | \$34,711 | \$35,699 | \$36,267 |
| | 46 | 46A - Normal Capacity | \$17,149 | \$17,637 | \$17,918 |
| | | 46H - New Business Related Capacity | \$45,059 | \$46,340 | \$47,077 |
| | | 46N - New Substation Land Purchase [c] | \$ - | \$ - | \$ - |
| | 6 | 06A - Feeder Projects Associated with Substation Work | \$10,965 | \$11,277 | \$11,456 |
| | | 06B - Overloaded Transformers | \$8,902 | \$9,155 | \$9,301 |
| | | 06D - DP Managed Circuit Reinforcement | \$4,882 | \$5,021 | \$5,101 |
| | | 06E - PS Managed Circuit Reinforcement | \$26,137 | \$26,880 | \$27,308 |
| | | 06H - New Business Related Capacity and Emergent | \$78,294 | \$80,521 | \$81,803 |
| | 16 | Residential Connects | \$284,851 | \$292,954 | \$297,618 |
| | | Nonresidential Connects | \$210,014 | \$215,988 | \$219,427 |
| | | PEV Rule 15 & 16 [d] | \$ - | \$ - | \$ - |
| | | Transformer Purchases [b] | \$182,365 | \$187,552 | \$190,538 |
| | | Transformer Scrapping | \$5,498 | \$5,654 | \$5,744 |
| | | "AB 50 Projects" - Forecasting and Escalation Adjustment | \$ - | \$ - | \$ - |

(N)

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ELECTRIC PRELIMINARY STATEMENT PART KH Sheet 3
ELECTRIC CAPACITY AND NEW BUSINESS INTERIM MEMORANDUM ACCOUNT (ECNBIMA)

KH. Electric Capacity and New Business Interim Memorandum Account (ECNBIMA) (N)
(Cont'd.)

1. PURPOSE (Cont'd.):

Eligible Cost Categories (Cont'd.):

Capital (Cont'd.)

Additionally, the following MWC's or MAT's eligibility for recovery is based on the conditions described below:

[a] MWC 10: Revenue requirements associated with incremental energization spending above the GRC adopted amounts are eligible to be recorded to this account once the following three conditions have been satisfied:

- 1) Costs must be related to New Business- or Government- related line items as those are the only energization activities within MWC 10;
- 2) The total MWC 10 annual CapEx amounts authorized in D. 23-11-069, which include both energization and non-energization amounts, must have been expended prior to recording any amounts under the MWC 10 lines in the ratemaking mechanism to meet the requirement that general rate case authorized costs be exhausted; and,
- 3) At least 24 percent of the MWC 10 costs used to satisfy the second condition must have been expended on new business- or government-related energization projects.

[b] MWC 16: Transformer costs may be included in the ratemaking mechanism authorized by this decision once the following three conditions are satisfied:

- 1) Costs must be related to the installation of transformers that increase capacity in response to an actual or projected increase in load;
- 2) The full D. 23-11-069 authorized MWC 16 capital expenditure amounts, which include both energization and non-energization amounts, for the transformer purchasing and scrapping lines must have been expended prior to recording any amounts under the MWC 16 transformer purchasing or transformer scrapping lines in the ratemaking mechanism; and

(N)

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ELECTRIC PRELIMINARY STATEMENT PART KH Sheet 4
ELECTRIC CAPACITY AND NEW BUSINESS INTERIM MEMORANDUM ACCOUNT (ECNBIMA)

KH. Electric Capacity and New Business Interim Memorandum Account (ECNBIMA) (N)
(Cont'd.)

1. PURPOSE (Cont'd.):

Eligible Cost Categories (Cont'd.):

Capital (Cont'd.)

[b] MWC 16 (Cont'd.):

3) 30 percent of the MWC 16 line item amounts used to satisfy the second condition must have been expended for MWC 16 transformer purchase or transformer scrapping energization projects.

[c] MWC 46, MAT 46N: No recovery is permitted for these costs until the substation constructed on such land has energized significant customer load.

[d] No funding was adopted for Rule 15 & 16 program costs. Only Rule 15 and 16 PEV costs are eligible for recovery.

Expense

Actual expenses supporting energization projects for MAT EVB incurred on or after January 1, 2024, that exceed the expense amounts adopted in D. 23-11-069, shown below in Table 1A, may be recorded to this account.

Table 1A

| | Millions | | |
|---------------------------------|----------|--------|--------|
| | 2024 | 2025 | 2026 |
| MAT EVB Adopted Expenses | \$9.25 | \$9.59 | \$9.95 |

(N)

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ELECTRIC PRELIMINARY STATEMENT PART KH Sheet 5
ELECTRIC CAPACITY AND NEW BUSINESS INTERIM MEMORANDUM ACCOUNT (ECNBIMA)

KH. Electric Capacity and New Business Interim Memorandum Account (ECNBIMA) (N)
(Cont'd.)

1. PURPOSE (Cont'd.):

Caps:

The Commission capped the incremental capital costs associated revenue requirements and expenses recorded to the ECNBIMA as shown in Table 2 below.

Table 2

| | Millions | | | Total or Maximum |
|--|----------|---------|---------|------------------|
| | 2024 | 2025 | 2026 | |
| Total Incremental Capital Cost Cap | \$975 | \$618 | \$669 | \$2,262 |
| Maximum Incremental Revenue Requirement² | \$144.31 | \$91.57 | \$99.07 | \$715.14 |

Actual incremental CapEx and expenses are limited to the total annual caps. There is no limit to the annual amount that can be applied to a particular MWC as long as the total Eligible Cost Categories amounts do not exceed the annual caps.

CapEx incurred during 2024-2026 may be counted toward the cap in the year incurred or the year when placed into service. In all cases, PG&E may only recover revenue requirements associated with CapEx through the ECNBIMA once the expenditures are placed into service, become capital additions. Only capital costs incurred for projects placed in service by January 1, 2027, are eligible for recovery through the ECNBIMA.

2. APPLICABILITY: The ECNBIMA will apply to all customer classes, except for those specifically excluded by the Commission.

² The maximum 2024-2026 revenue requirement of \$715.14 includes the annual 2024-2026 incremental revenue requirements shown in Table 2 plus the ongoing revenue requirements associated with prior year capital additions. Assuming PG&E spends all the approved incremental funding, the recoverable RRQ associated with that spending is \$144.3 million in 2024; \$235.9 million in 2025, and \$335.0 million in 2026, for a combined \$715M RRQ over 2024-2026. (N)

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ELECTRIC PRELIMINARY STATEMENT PART KH Sheet 6
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(Cont'd.)

- 3. **REVISION DATE:** PG&E will incorporate an amount equal to the costs recorded to this account into electric distribution rates as part of the Annual Electric True-Up (AET) advice letter process annually or other Tier 2 rate change advice letter. The advice letter must include the capital expenditures, capital additions, revenue requirements, and any interest for each MAT in an appropriate discussion section. Amounts recorded to this account through December 31, 2026, are subject to reasonableness review in PG&E's 2027 GRC. This account will remain open to continue recording the ongoing revenue requirements beginning 1/1/2027 associated with eligible costs through 12/31/2026 until subsumed into a future GRC and are not subject to additional reasonableness reviews.
- 4. **RATES:** The ECNBIMA does not have a separate rate component.
- 5. **ACCOUNTING PROCEDURE:**

The following entries, net of Revenue Fees and Uncollectibles (RF&U), will be recorded at the end of each month, or as applicable:

- a) A credit entry equal to one-twelfth of the annual interim rate relief funding amounts incorporated into rates;
- b) A credit entry equal to 1) costs moved to other accounts for recovery through non-ratepayer sources of funding or 2) non-ratepayer sources of funding moved to this account;
- c) A debit or credit entry equal to capital-related revenue requirements based on actual Eligible Energization Project capital additions. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs and, if applicable, customer advances;
- d) A debit entry equal to actual incremental expenses related to MAT EVB that support eligible energization activities;
- 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,
- f) 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 entries, at a rate equal to one-twelfth of 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.

(N)