



ELECTRIC PRELIMINARY STATEMENT PART CZ
DISTRIBUTION REVENUE ADJUSTMENT MECHANISM

Sheet 1

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM)

- 1. **PURPOSE:** The purpose of the DRAM is to record and recover the authorized distribution revenue requirements and certain other distribution-related authorized costs. The DRAM will ensure dollar-for-dollar recovery of these Commission-authorized distribution amounts.

Upon issuance of securitized debt under AB 1054 to fund capital expenditures related to spending during the period from August through December 2019, ongoing capital revenue requirements related to these capital expenditures will be modified to exclude depreciation expense, the return on investment, and taxes, with the exception of property taxes.

(N)
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(N)

- 2. **APPLICABILITY:** The DRAM shall apply to all customer bills for service under all rate schedules and contracts for electric distribution service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission.
- 3. **REVISION DATE:** Disposition of the balance in this account shall be determined through the advice letter process.
- 4. **DISTRIBUTION RATES:** The distribution rates are included in the effective rates set forth in each rate schedule.
- 5. **ACCOUNTING PROCEDURES:** The following entries shall be made each month, or as applicable. Note that all debits and credits described below, except for item 5.v., include an allowance for Revenue Fees and Uncollectible (RF&U) account expense.
 - a. A debit entry equal to the annual authorized distribution revenue requirements divided by twelve.
 - b. A debit or credit entry to adjust capital revenue requirements related to securitized capital expenditures to exclude depreciation expense, the return on investment, and taxes excluding property taxes.
 - c. A debit or credit entry equal to the total of the distribution-related regulatory account balances at the rates authorized in PG&E's most recent GRC, transferred to the DRAM, as authorized in the Electric Annual True-up Proceeding or other proceeding expressly authorized by the Commission.
 - d. A debit entry equal to the costs of the remaining customer education efforts associated with the Electric Education Trust (EET) per Decision 01-05-091, up to the amount authorized for PG&E by the Commission at the rates authorized in PG&E's most recent GRC.
 - e. A credit entry equal to the revenue from the distribution rates less the recorded California Public Utilities Commission Reimbursement Fee revenue (defined in Part E of PG&E's electric Preliminary Statement), the Demand Response Revenue Balancing Account revenue (defined in Part I of PG&E's electric Preliminary Statement), and the SmartMeter Balancing Account revenue (defined in Part I of PG&E's electric Preliminary Statement).

(N)
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(N)

(T)

(T)

(T)

(Continued)

Advice 7181-E
Decision D.24-02-011

Issued by
Shilpa Ramaiya
Vice President

Submitted
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March 1, 2024
March 31, 2024



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Sheet 2

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- f. A credit entry equal to the debit entry in the California Alternate Rates for Energy Account (CAREA) that corresponds to the actual CARE revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part M, Item 5a. (T)
- g. A credit entry equal to the debit entry in the Family Electric Rate Assistance Balancing Account (FERABA) that corresponds to the actual FERA revenue shortfall for the California Solar Initiative. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part DX, Item 5.b. (T)
- h. A credit entry equal to the recorded amount of revenue cycle services credits given to customers for revenue cycle services provided by entities other than PG&E. (T)
- i. A credit entry equal to the amount of Shareholder Participation, as defined in Section 6 below. (T)
- j. A debit entry equal to the payment to fund PG&E Environmental Enhancement Corporation, pursuant to the Chapter 11 Settlement Agreement Paragraph 17c adopted in Decision 03-12-035. (T)
- k. A debit entry equal to one-twelfth of the current-year California Solar Initiative (CSI) revenue requirement authorized by the CPUC. (T)
- l. A debit entry equal to one-twelfth of the electric portion of the Demand Response revenue requirement, as authorized by the CPUC. (T)
- m. A credit or debit entry, as appropriate, to record any net activities resulting from bidding PG&E's Demand Response Programs into the CAISO. (T)
- n. A debit or credit entry, as appropriate, to record any shareholder rewards or penalties under the Reliability Incentive Mechanism adopted in D.04-10-034. (T)
- o. A debit entry equal to the amounts paid to the Commission for reimbursement of rate case expenses billed to the Utility pursuant to Public Utilities Code Section 631, plus an allowance for RF&U account expense. (T)
- p. A debit entry equal to the intervenor compensation payments authorized by the Commission, recorded during the month. (T)

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CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- g. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric distribution non-depreciable asset, as approved by the Commission. (T)
- r. A debit entry equal to the electric portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065 at the rates authorized in PG&E's most recent GRC for the incremental administrative costs. (T)
- s. A debit entry equal to the costs that PG&E will reimburse the Division of Ratepayer Advocates (DRA) for work performed by the retained IT consultant(s) in Application (A.) 10-02-028 as authorized by the Commission, recorded during the month. The costs that PG&E will reimburse DRA shall not exceed \$240,000 (excluding an allowance for RF&U), subject to revision by the Commission. (T)
- t. A debit or credit entry, as appropriate, to record the aggregate net revenues collected from the Conservation Incentive Adjustment unbundled rate component of residential electric rates. (T)
- u. A credit entry equal to the Family Electric Rate Assistance (FERA) revenue shortfall from paying residential Tier 2 rates for Tier 3 usage. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part DX, Item 5.a. (T)
- v. A debit entry equal to one-twelfth of the authorized amount recorded in the California Energy Systems for 21st Century Balancing Account – Electric (CES21BA-E). (T)
- w. A debit entry equal to one-twelfth of the annual revenue requirements recorded in the Smart Grid Line Sensor subaccount, Volt/VAR Optimization subaccount, and Detect & Locate Faults subaccount of the Smart Grid Pilot Deployment Project Balancing Account (SGPDPBA). (T)
- x. A credit entry equal to the amount of employee transfer fees allocated to PG&E's electric ratepayers. (T)
- y. A debit entry equal to one-twelfth of the authorized revenue requirement for the Residential Rate Reform Program. The corresponding credit entry is defined in PG&E's Electric Preliminary Statement Part GS, Residential Rate Reform Memorandum Account. (T)

(Continued)

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CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- z. A debit entry equal to the billed revenue for Schedule LS-1 decorative street light conversion to LED lights.
- aa. A debit entry to record one-twelfth of the authorized annual revenue requirement, for the Transportation Electrification Balancing Account subaccounts associated with (1) the Charge Smart and Save Program, authorized in Decision (D.)16-12-065, (2) four Priority Review Projects and one evaluation expense subaccount, authorized in D.18-01-024, (3) the Direct Current Fast Charger (Fast Charge) Make-Ready Program, the Medium and Heavy-Duty Vehicle Charging (Fleet Ready) Program, and Program Evaluation expenditures approved in D.18-05-040, (4) the Empower Electric Vehicle Charger Incentive and Education Program, authorized in D.19-09-006, (5) the EV Charge Parks and EV Charge Schools Pilot Programs, authorized in D.19-11-01, (6) the three vehicle-grid integration pilots authorized in Resolution E-5192, (7) PG&E's portion of the third-party administered statewide transportation electrification infrastructure rebate program approved in D.22-11-040; and (8) the Transportation Electrification Advisory Services (TEAS) program, the proposal of which was authorized in D.21-07-028 and approved in Advice 6883-E, 6883-E-A, and 6883-E-B, by Resolution E-5314. (T)
- bb. A debit entry to record PG&E's prorata portion of the authorized Essential Usage Study (EUS) related revenue requirements, exclusive of the Enhanced Web Tool portion and inclusive of RF&U, over the period from when the revenue requirements begins and the completion of the schedule of activities. A corresponding entry is included in the EUSEBA, which excludes an allowance for RF&U.
- cc. A debit entry to record PG&E's prorata portion of the authorized Enhanced Web Tool portion of the EUS related revenue requirements, inclusive of RF&U, over the period from when the revenue requirements begins and the completion of the schedule of activities. A corresponding entry is included in the EUSEBA, which excludes an allowance for RF&U.
- dd. A debit entry equal to one-twelfth (or amortization period approved) of the electric distribution portion of the interim rate relief as authorized by the CPUC in D.19-04-039, D.20-10-026, or future interim rate relief Decisions as authorized by the Commission.
- ee. A debit entry equal to the costs to charge the battery associated with the Llagas Energy Storage Project.
- ff. A credit entry equal to the CAISO market revenues received, net of any related charges, for the Llagas Energy Storage Project.
- gg. A debit entry to record one-twelfth (or amortization period approved) of the adopted Critical Peak Pricing related revenue requirement for the implementation of the new event hours, inclusive of RF&U, over the period from when the adopted revenue requirement begins and the completion of the schedule of activities. A corresponding entry is included in DREBA, which excludes an allowance for RF&U.
- hh. A debit entry to record the delivery component of the customer bill savings from the Valley Clean Energy (VCE) Dynamic Rate Pilot.
- ii. A debit entry to record one-twelfth of the authorized annual revenue requirement, inclusive of RF&U, for the Microgrids Balancing Account subaccounts associated with (1) the Make-Ready subaccount and (2) the Utility-Owned Generation subaccount. Corresponding entries are included in MGBA, which excludes an allowance for RF&U.



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CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- jj. A debit entry to record the distribution component of the customer bill savings from PG&E's Expanded Pilots. (T)
- kk. An entry equal to 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. (T)