



**ELECTRIC PRELIMINARY STATEMENT PART AE**  
**GENERATION DIVESTITURE TRANSACTION COSTS MEMO ACCOUNT**

Sheet 1

AE. GENERATION DIVESTITURE TRANSACTION COSTS MEMORANDUM ACCOUNT (GDTCA)

1. **PURPOSE:** The purpose of the GDTCA is to record transaction costs incurred by PG&E associated with the divestiture of its generation facilities. The divestiture is being undertaken in accordance with Decision 95-12-063, as modified by Decision 96-01-009, Assembly Bill 1890, and Decision 03-02-028. Costs recorded in the GDTCA include all transaction costs including, but not limited to, investment banker fees and commissions, environmental impact reports and audits, outside legal support for regulatory proceedings and sales negotiations. Costs recorded in the GDTCA shall exclude any PG&E labor expenses.

2. **APPLICABILITY:** The GDTCA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. **GDTCA RATES:** The GDTCA does not currently have a rate component.

4. **ACCOUNTING PROCEDURE:** The GDTCA consists of the following two Subaccounts:

Unreviewed Costs Subaccount: to record all transition costs incurred by PG&E associated with divestiture of its generations facilities, and not yet approved by the Commission for recovery.

Costs Deemed Reasonable Subaccount: to record transition costs associated with divestiture of its generation facilities, approved as reasonable by the Commission for recovery.

PG&E shall maintain this GDTCA by making entries to each subaccount as follows:

a. Unreviewed Costs Subaccounts:

- 1) A debit entry equal to PG&E's recorded transaction costs associated with the divestiture of generation facilities.
- 2) A credit entry to transfer any authorized balance plus interest at the 90-day commercial paper rate from the GDTCA to the Modified Transition Cost Balancing Account (MTCBA). (N)  
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(N)
- 3) A debit 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.

b. Costs Deemed Reasonable Subaccounts:

- 1) A debit entry equal to the amount associated with the divestiture of generation facilities approved by the Commission as reasonable in Decision 03-02-028, but deferred for recovery.
- 2) A debit 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 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.

5. **FINANCIAL REPORTING:** PG&E may, at its discretion, record the balance in the GDTCA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary.

PG&E may request recovery of the balance in the GDTCA by separate application to the Commission, or by any other means deemed appropriate by the Commission.