



ELECTRIC PRELIMINARY STATEMENT PART CD
KERN RESTORATION AND OPERATION MEMORANDUM ACCOUNT

Sheet 1

CD. KERN RESTORATION AND OPERATION MEMORANDUM ACCOUNT (KROMA)

1. PURPOSE: The purpose of the KROMA is to track the costs associated with restoring, operating and maintaining the Kern Facility electric generation plant. (N)

Descriptions of the terms and definitions used in this section are found in Rule 1.

2. APPLICABILITY: The KROMA balance will be recovered from all customer classes, except those specifically excluded by the CPUC.
3. REVISION DATE: Disposition of amounts in this account shall be determined in the Revenue Allocation Proceeding, or other proceeding as authorized by the Commission.
4. RATES: The KROMA does not currently have a rate component.
5. ACCOUNTING PROCEDURE: Upon recognition of any capital or non-capital expenses incurred by Pacific Gas and Electric Company to restore the Kern Facility, PG&E shall maintain the KROMA from the date of the expense by making entries to this account at the end of each month as follows:
 - a. A debit entry equal to the capital expenses incurred to restore the Kern Facility to operating status and to keep it operating.
 - b. A debit entry equal to the operating and maintenance expenses, including administrative and general expenses, incurred to restore, operate and maintain the Kern Facility.
 - c. A credit entry to transfer all or a portion of the balance in this KROMA to other accounts for future rate recovery, as may be approved by the CPUC.
 - d. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from CD.5.a through CD.5.c, above, 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, G.13, or its successor.
6. FINANCIAL REPORTING: PG&E may, at its discretion, record the balance in the KROMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary. (N)