



ELECTRIC PRELIMINARY STATEMENT PART CE
BASELINE BALANCING ACCOUNT

Sheet 1

CE. BASELINE BALANCING ACCOUNT (BBA)

1. **PURPOSE:** The purpose of the electric BBA is to record the revenue shortfalls resulting from the increases to update baseline allowances as authorized in Decision 02-04-026 from May 1, 2002, as well as Decision 04-02-057 beginning November 1, 2004 to exclude seasonal residences from the recorded usage data used to set baseline allowances. The BBA has five subaccounts consisting of: (1) D.02-04-026 Generation Baseline Revenue Shortfall Subaccount; (2) the D.02-04-026 Non-Generation Baseline Revenue Shortfall Subaccount; and (3) the D.02-04-026 Medical Baseline Program Cost Subaccount; (4) the D.04-02-057 generation revenue shortfalls for the seasonal residence adjustment to baseline quantities, and (5) the D.04-02-057 non-generation revenue shortfalls for the seasonal residence adjustment to baseline quantities. (D)
2. **APPLICABILITY:** The BBA shall apply to all electric customers except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the amounts in this account shall be determined in the Annual Revenue Adjustment Proceeding, or as otherwise ordered by the Commission.
4. **RATES:** This account does not currently have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall make entries to the following subaccounts at the end of each month as follows:
 - a. D.02-04-026 Generation Baseline Revenue Shortfall Subaccount:
 - 1) A debit entry equal to the generation revenue shortfall in residential customer revenue resulting from the increases in updated May 1, 2002 electric baseline allowances. The revenue shortfall is computed by subtracting the residential customers' generation monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
 - 2) A debit entry equal to 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 rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
 - b. D.02-04-026 Non-Generation Baseline Revenue Shortfall Subaccount:
 - 1) A debit entry equal to the non-generation revenue shortfall in residential customer revenue resulting from the updated May 1, 2002 increases in baseline allowances. The revenue shortfall is computed by subtracting the residential customers' monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
 - 2) A debit entry equal to 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 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 CE
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Sheet 2

CE. BASELINE BALANCING ACCOUNT (BBA) (Cont'd.)

5. ACCOUNTING PROCEDURE: (Cont'd.)

c. Medical Baseline Program Cost Subaccount:

- 1) A debit entry equal to the administrative costs associated with the medical baseline program changes.
- 2) A debit entry equal to 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 rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

d. D.04-02-057 Generation Baseline Revenue Shortfall Subaccount (T)

- 1) A debit entry equal to the generation revenue shortfall in residential customer revenue resulting from the increases in November 1, 2004 electric baseline allowances associated with the exclusion of seasonal residences from the recorded usage data used to set baseline allowances. The revenue shortfall is computed by subtracting the residential customers' generation monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
- 2) A debit entry equal to 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 rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

e. D.04-02-057 Non-Generation Baseline Revenue Shortfall Subaccount: (T)

- 1) A debit entry equal to the non-generation revenue shortfall in residential customer revenue resulting from the November 1, 2004 increases in baseline allowances associated with the exclusion of seasonal residences from the recorded usage data used to set baseline allowances. The revenue shortfall is computed by subtracting the residential customers' monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
- 2) A debit entry equal to 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 rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.