



ELECTRIC PRELIMINARY STATEMENT PART HK
DIABLO CANYON RETIREMENT BALANCING ACCOUNT (DCRBA)

Sheet 1

HK. DIABLO CANYON RETIREMENT BALANCING ACCOUNT (DCRBA)

1. **PURPOSE:** The purpose of the Diablo Canyon Retirement Balancing Account (DCRBA) is to track actual expenses and capital revenue requirements based on actual capital expenditures compared to authorized expense budgets and/or capital revenue requirements and to assure recovery of incurred amounts for the following activities: (1) Diablo Canyon Power Plant's (DCPP or Diablo Canyon) full book value by the year current licenses expire, 2025, with the limitation that capital expenditures may not exceed \$18 million during the 2023 GRC funding cycle (2023-2026); (2) PG&E's Employee Retention Program for Diablo Canyon employees; and (3) PG&E's Employee Retraining Program for Diablo Canyon employees.

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

3. **REVISION DATE:** Disposition of the balances in this account shall be determined through an advice letter filing or as otherwise authorized by the Commission, through the Portfolio Allocation Balancing Account (PABA) or Nuclear Distribution Adjustment Mechanism (NDAM), as applicable.

4. **RATES:** The DCRBA does not have a rate component.

5. **ACCOUNTING PROCEDURE:** The DCRBA consists of the following three subaccounts:

The Diablo Canyon Capital Depreciation Subaccount is a two-way subaccount that tracks increases or decreases in capital revenue requirements including: depreciation expense due to rate and GRC forecasted and recorded plant addition and retirement changes, and related return on rate base and taxes, to fully depreciate Diablo Canyon to zero net book value by 2025 for both unit 1 and 2.

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The "Employee Retention Subaccount" is a two-way subaccount that tracks the Employee Retention Program expenses incurred compared to the authorized expenses for the Employee Retention Program¹.

The "Employee Retraining Subaccount" is a two-way subaccount that tracks the Employee Retraining Program expenses incurred compared to the authorized expenses for the Employee Retraining Program.

a. **Diablo Canyon Capital Depreciation Subaccount:**

The following entries will be made to this subaccount each month or as applicable:

1) A debit or credit entry, as appropriate, equal to the increase or decrease in capital revenue requirements including: depreciation expense due to rate and GRC forecasted and recorded plant addition and retirement changes, and related return on rate base and taxes, to fully depreciate Diablo Canyon to zero net book value by 2025 for both units.

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2) A debit or credit entry, as appropriate, to transfer the balance to other accounts for recovery in rates, as approved by the Commission.

¹ The Employee Retention subaccount is capped at the authorized budget of \$352.1 million per D.18-11-024.

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Sheet 2

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5. ACCOUNTING PROCEDURE (Cont'd.)

a. Diablo Canyon Capital Depreciation Subaccount (Cont'd.):

3) An entry each month equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, 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, H.15, or its successor.

b. Employee Retention Subaccount: The following entries will be made to this subaccount each month or as applicable:

- 1) A credit entry equal to one-twelfth of the annual Commission-adopted Employee Retention Program budget for DCPPE employees; an offsetting entry will be recorded to the PABA per preliminary statement HS; (T)
- 2) A debit entry equal to the expenses incurred for the Employee Retention Program for DCPPE employees up to the authorized budget of \$352.1 million;
- 3) A debit or credit entry, as appropriate, to transfer the balance to other accounts for recovery in rates, as approved by the Commission; and
- 4) An entry each month equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, 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, H.15, or its successor.

c. Employee Retraining Subaccount: The following entries will be made to this subaccount each month or as applicable:

- 1) A credit entry equal to one-twelfth of the annual Commission-adopted Employee Retraining Program budget for DCPPE employees; an offsetting entry will be recorded to the NDAM per preliminary statement DB, 5.d, which includes RF&U;
- 2) A debit entry equal to the expenses incurred for the Employee Retraining Program for DCPPE Employees;
- 3) A debit or credit entry, as appropriate, to transfer the balance to other accounts for recovery in rates, as approved by the Commission; and
- 4) An entry each month equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, 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, H.15, or its successor.