



ELECTRIC PRELIMINARY STATEMENT PART HQ
FIRE RISK MITIGATION MEMORANDUM ACCOUNT (FRMMA)

Sheet 1

HQ. Fire Risk Mitigation Memorandum Account (FRMMA)

1. **PURPOSE:** The purpose of the Fire Risk Mitigation Memorandum Account (FRMMA) is to record, pursuant to Senate Bill (SB) 901 (Public Utilities Code Section 8386 (j)), incremental costs of fire risk mitigation work that is not otherwise recovered in PG&E's adopted revenue requirements. Such costs shall include, but are not limited to, expense and capital expenditures for: advanced system hardening and resiliency; expanded automation and protection; improved wildfire detection; enhanced event response capacity, and vegetation management activities. Costs recorded to the FRMMA will not include costs approved for recovery in PG&E General Rate Cases (GRCs) or recovered through PG&E's Catastrophic Event Memorandum Account (CEMA), Fire Hazard Prevention Memorandum Account (FHPMA) or other cost recovery mechanisms including the memorandum account approved as part of PG&E's annual Wildfire Mitigation Plan, as set forth in SB 901 (Public Utilities Code Section 8386 (e)).
2. **APPLICABILITY:** The FRMMA applies to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account will be established by a Commission decision through a subsequent application or through other appropriate filing as otherwise authorized by the Commission.
4. **RATES:** The FRMMA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall maintain the FRMMA by making entries to this account at the end of each month, or as applicable, as follows (these amounts will exclude costs that have already been authorized in PG&E GRCs or recorded in PG&E's CEMA, FHPMA or other cost recovery mechanisms):
 - a. A debit entry equal to the expenses incurred related to fire risk mitigation work.
 - b. A debit or credit entry equal to the revenue requirement based on the recorded capital costs, net of RF&U, associated with the incremental costs of plant related to fire risk mitigation work. Capital revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment.
 - c. A credit entry to transfer all or a portion of the balance in this FRMMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
 - d. A monthly credit entry equal to one-seventeenth (or amortization period approved) of the interim rate relief as authorized by the CPUC in Decision 20-10-026, or future interim rate relief Decisions as authorized by the Commission. (N)
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(N)
 - e. An entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account 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. (T)

(Continued)

<i>Advice</i>	6034-E	<i>Issued by</i>	<i>Submitted</i>	<u>December 22, 2020</u>
<i>Decision</i>	20-10-026	Robert S. Kenney	<i>Effective</i>	<u>December 22, 2020</u>
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	