



ELECTRIC PRELIMINARY STATEMENT PART JR
DIABLO CANYON EXTENDED OPERATIONS BALANCING ACCOUNT
(DCEOBA)

Sheet 1

JR. DIABLO CANYON EXTENDED OPERATIONS BALANCING ACCOUNT (DCEOBA)

1. **PURPOSE:** The purpose of the Diablo Canyon Extended Operations Balancing Account (DCEOBA) is to record and recover expenses related to the operation of Diablo Canyon Power Plant (DCPP) Units 1 and 2 beyond the current license expiration dates of November 2, 2024, and August 26, 2025, respectively, that are not eligible for government funding pursuant to Senate Bill 846, Assembly Bill 180, or the United States Department of Energy's (DOE) Civil Nuclear Credit Program.¹ Costs that are eligible for government funding are tracked and recorded in the Diablo Canyon Transition and Relicensing Memorandum Account (DCTRMA). Expenses recorded to the DCEOBA include costs related to the following activities: extended operations, incremental decommissioning planning, liquidated damages, replacement power (if incurred), and performance and management fees. Pursuant to Senate Bill 846, expenses related to extended operations, incremental decommissioning planning, liquidated damages, replacement power and certain performance and management fees will be funded by customers of all load-serving entities (LSE) subject to the Commission's jurisdiction. (T)

The DCEOBA consists of three types of subaccounts:

The Extended Operations Subaccount (three subaccounts) will be funded by a nonbypassable charge from electric retail customers of all LSEs subject to the Commission's jurisdiction. Note that each of the large electric investor-owned utility (IOU) (i.e. PG&E, SCE, and SDG&E), service territories will have its own subaccount. Amounts are assigned to the IOU specific subaccount based on allocated 12-month coincident peak load share, or as otherwise authorized by the Commission. The PG&E subaccount will also include an annual entry to reflect the \$10,000 from each of the three small multijurisdictional utilities (SMJUs), (i.e. Bear Valley Electric Services, Inc., Liberty Utilities, and PacifiCorp dba Pacific Power). Amounts recorded to the Extended Operations Subaccount will include the authorized funding for liquidated damages and actual expenses related to the following: replacement power costs or capacity costs (if incurred), extended operations costs, including the operations of the Diablo Canyon Independent Safety Committee (DCISC), any incremental decommissioning planning costs, and certain performance and management costs. Extended operations costs will include operations and maintenance costs, plant equipment and improvement costs, incremental future spent fuel storage capacity, fuel purchasing, pension, taxes, benefits and standard PG&E overheads, employee retention costs, an adopted adjustment for working cash, and regulatory compliance items. Performance and management costs will include a fixed fee of \$50 million, in 2022 dollars, per unit per year and a volumetric fee of \$6.50, in 2022 dollars, per megawatt-hour generated by the Diablo Canyon Power Plant during the period of extended operations. These amounts will be adjusted annually by the Commission using Commission-approved escalation methodologies and adjustment factors. During the period of extended operations, revenues from the sale of electricity into the CAISO market will be used to offset costs recorded in the Extended Operations Subaccount. Any excess revenues remaining after offsetting costs (in the Extended Operations Subaccount), if any, will be credited to PG&E's Extended Operations Subaccount. Disposition of the balances in the Extended Operations Subaccount will be through the Annual Electric True-Up advice letter process, as authorized by the Commission in the new annual DCPP continued operations ratemaking proceeding, or as otherwise determined by the Commission. (T)

¹ While the current licenses expire in 2024 and 2025, employee retention costs recorded to the Extended Operations Subaccount are effective September 1, 2023 in accordance with Senate Bill 846 and some planning costs are effective in 2024 prior to the November 3, 2024 start of Unit 1 extended operations. (T)

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Sheet 2

1. PURPOSE: (Cont'd)

The Liquidated Damages Subaccount (one subaccount) will be funded by a nonbypassable charge from customers of all LSEs subject to the Commission's jurisdiction. The authorized funding is \$12.5 million per month per unit until the Subaccount reaches a balance of \$300 million, in total. The balance in the Subaccount will be used to purchase replacement power, if incurred, when a unit is out of service due to an extended and unplanned outage and the reasonable manager standard has not been met as determined by the Commission. If replacement power is purchased from this Subaccount, the Liquidated Damages Subaccount will be replenished by authorized funding of \$12.5 million per month per unit until the Subaccount reaches a balance of \$300 million. Any funds remaining in the Liquidated Damages Subaccount at the conclusion of extended operations will be refunded to customers in PG&E's service territory as determined by the Commission. (L)

The Volumetric Performance Fee Subaccount (one subaccount) will be funded by (1) \$6.50 (in 2022 dollars) per MWh generated by DCPD Units 1 and 2 during extended operations from all Commission-jurisdictional electric retail customers within the large IOUs' service territories and (2) an additional \$6.50 (in 2022 dollars) per MWh generated by DCPD Units 1 and 2 during extended operations from PG&E-only electric retail customers. The revenue amounts will be adjusted annually using Commission-approved escalation methodologies and adjustment factors. The revenues recorded to the Volumetric Performance Fee Subaccount will be used to offset any DCPD extended operations costs in excess of 15 percent above PG&E's approved annual DCPD Extended Operations Forecast Application that are approved by the Commission, before these funds can be used for the critical public purpose priorities in Public Utilities Code §712.8(s)(1). To the extent that these revenues are not needed for this offset, expense amounts recorded to the Volumetric Performance Fee Subaccount upon approval by the Commission will be for critical public purpose priorities identified in Public Utilities Code §712.8(s)(1): (A) accelerating customer and generator interconnections; (B) accelerating actions needed to bring renewable and zero-carbon energy online and modernize the electrical grid; (C) accelerating building decarbonization; (D) workforce and customer safety; (E) communications and education; (F) increasing resiliency and reducing operational and system risk. (T)
2. APPLICABILITY: The DCEOBA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. REVISION DATE: Disposition of the balances in this account will be through the Annual Electric True-Up advice letter process, as authorized by the Commission in the new annual DCPD continued operations ratemaking proceeding, or as otherwise determined by the Commission. Following the final year of extended operations, if market revenues exceed costs and expenses, after truing up, the remaining funds will be used to repay any outstanding balance of the loan agreement between PG&E and the California Department of Water Resources (DWR), subject to any instructions by the Commission. Any excess funds remaining after loan repayment shall be returned in full to customers in a manner to be determined by the Commission, except that any funds remaining in the Liquidated Damages Subaccount shall be returned to customers in PG&E's service territory in a manner to be determined by the Commission. (T)
4. RATES: DCEOBA rates are included in the effective rates set forth in each rate schedule or as otherwise determined in the Order Instituting Rulemaking 23-01-007. If the DCEOBA rate results in overcollections from customers, that overcollection will be returned to customers the following year as an offset to the following year's rate. (T)

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Oakland, California

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Sheet 3

5. EXTENDED OPERATIONS SUBACCOUNT (Three Subaccounts) (T)
- ACCOUNTING PROCEDURE: The following entries will be made to this subaccount each month or as applicable: (L)/(T)
(L)
- a. A credit entry equal to revenues from the Diablo Canyon extended operations rates; (L)
 - b. A credit entry equal to net revenues and charges received in the CAISO market related to the extended operations of the Diablo Canyon Power Plant; (L)
 - c. An annual credit entry from the three small multi-jurisdictional utilities (SMJUs), Bear Valley Electric Service, Inc., Liberty Utilities, and PacifiCorp dba Pacific Power, at a rate of \$10,000 per year, from each SMJU (PG&E subaccount only); as offset by an annual debit entry of \$10,000 to each of the SMJUs in consideration of the resource adequacy attributes the SMJUs would have received for DCPD extended operations (PG&E subaccount only); (N)/(L)
(N)/(L)
 - d. A debit entry equal to authorized funding for liquidated damages allocated to each IOU. A corresponding credit entry is recorded in the Liquidated Damages Balancing Subaccount; (L)/(T)
(L)
(L)
 - e. A debit entry equal to the portion of (1) CPUC-jurisdictional statewide customers and (2) PG&E-only customers rate revenue associated with the Diablo Canyon Volumetric Performance. A corresponding credit entry is recorded in the Volumetric Performance Fee Subaccount; (T)
(T)
 - f. An annual credit or debit "true-up" entry equal to the difference between actual DCPD generation MWh and forecast DCPD generation MWh times (1) the \$6.50 per MWh (in 2022 dollars) for CPUC-jurisdictional statewide electric retail customers and (2) the \$6.50 per MWh (in 2022 dollars) for PG&E-only electric retail customers rate revenue associated with the Diablo Canyon Volumetric Performance. A corresponding debit or credit entry is recorded in the Volumetric Performance Fee Subaccount; (T)
(T)
 - g. A credit entry for the amount of expenses which exceed 115 percent of the forecasted extended operations costs approved by the Commission in PG&E's approved annual Diablo Canyon Power Extended Operations Cost Forecast Application. A corresponding debit entry is recorded in the Volumetric Performance Fee Subaccount; (T)
(T)
 - h. A debit or credit entry equal to incurred power and capacity costs (administrative and or transaction costs) as directed by the Commission; (L)/(T)
(L)
 - i. A debit entry equal to operations and maintenance costs (O&M) including but not limited to pension, taxes, benefits and standard overheads, and regulatory compliance items; (L)/(T)
(L)
 - j. A debit entry equal to plant equipment and improvement costs; (T)
 - k. A debit entry equal to the monthly portion of the adopted nuclear fuel straight-line amortization for DCPD nuclear fuel expense and short-term debt financing, as authorized by the Commission; (T)
 - l. A debit entry equal to spent fuel storage capacity costs; (T)
- (L)
(L)

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Advice 7531-E-A
Decision D.25-01-043Issued by
Shilpa Ramaiya
Vice PresidentSubmitted
Effective
ResolutionAugust 5, 2025
March 10, 2025



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Sheet 4

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| 5. EXTENDED OPERATIONS SUBACCOUNT (Three Subaccounts) (Cont'd) | (T) |
| ACCOUNTING PROCEDURE: (Cont'd) | (T) |
| m. A credit entry for reimbursements received from the DOE of spent fuel management costs; | (T) |
| n. A debit entry equal to employee retention costs as approved by the Commission; | (L)/(T) |
| o. A debit entry equal to DCISC operations costs; | (L)/(T) |
| p. A debit entry equal to incremental decommissioning planning costs resulting from the license renewal; | (L)/(T)
(L) |
| q. A debit entry equal to the monthly portion of the fixed management fee allocated to each IOU (\$50 million, in 2022 dollars, per unit per year in total); | (L)/(T)
(L) |
| r. An annual debit entry equal to net revenues and charges received in the CAISO market related to the extended operation of the Diablo Canyon Power Plant, to the extent such net revenue and charges are in excess of the amount recorded to the Extended Operations Subaccounts. (SCE and SDG&E subaccount only). | (T)

(T) |
| s. An annual credit entry equal to net revenues and charges received in the CAISO market related to the extended operation of the Diablo Canyon Power Plant, to the extent such net revenue and charges are in excess of the amount recorded to the Extended Operations Subaccounts. (PG&E subaccount only) | (T)

(T) |
| t. A debit entry equal to the monthly portion of the adopted Working Cash adjustment as authorized by the Commission | (L)/(T)
(L) |
| u. A debit entry equal to any other costs associated with the extension of operations at DCPD as approved by the Commission; | (T)
(T)
(D) |
| v. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the CPUC; and | (L)/(T)
(L) |
| w. An entry equal to 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. | (L)/(T)
(L)

(L) |
| 6. LIQUIDATED DAMAGES SUBACCOUNT (One Subaccount): | (L)/(T) |
| ACCOUNTING PROCEDURE: The following entries will be made to this subaccount each month or as applicable: | (T) |
| a. A credit entry equal to the monthly authorized funding of \$12.5 million per unit per month until the Subaccount reaches a balance of \$300 million. A corresponding debit entry is recorded in the Extended Operations Balancing Account; | (L) |
| b. A debit entry equal to incurred replacement power costs as directed by the Commission; | |
| c. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the CPUC; and | |
| d. An entry equal to 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. |
(L) |



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Sheet 5

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| 7. VOLUMETRIC PERFORMANCE FEE SUBACCOUNT | (L)/(T) |
| ACCOUNTING PROCEDURE: The following entries will be made to this subaccount each month or as applicable: | (L)/(T)
(T) |
| a. A credit entry equal to the portion of revenues from the Diablo Canyon statewide rates associated with volumetric performance fee for each IOU and the portion of revenues from PG&E's Diablo Canyon rate associated with PG&E's volumetric performance fee. A corresponding debit entry is recorded in the Extended Operations Subaccount; | (L)/(T)

(T) |
| b. An annual debit or credit "true-up" entry equal to the difference between actual DCPP generation MWh and forecast DCPP generation MWh times (1) the \$6.50 per MWh (in 2022 dollars) for CPUC-jurisdictional statewide electric retail customers and (2) the \$6.50 per MWh (in 2022 dollars) for PG&E-only electric retail customers rate revenue associated with the Diablo Canyon Volumetric Performance. A corresponding credit or debit entry is recorded in the Extended Operations Subaccount; | (N)

(N) |
| c. A debit entry equal to incremental expenses associated with accelerating customer and generator interconnections; | (N) |
| d. A debit entry equal to incremental expenses associated with accelerating actions needed to bring renewable and zero-carbon energy online and modernize the electrical grid; | |
| e. A debit entry equal to incremental expenses associated with accelerating building decarbonization; | |
| f. A debit entry equal to incremental expenses associated with workforce and customer safety; | |
| g. A debit entry equal to incremental expenses associated with communications and education; | |
| h. A debit entry equal to incremental expenses associated with Increasing resiliency and reducing operational and system risk; | (N) |
| i. An annual debit for the amount equal to expenses which exceed 115 percent of the forecasted extended operations costs approved by the Commission in PG&E's approved annual Diablo Canyon Power Extended Operations Cost Forecast Application. A corresponding credit entry is recorded in the Extended Operations Subaccount; | (N)

(N) |
| j. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the CPUC; and | (L)/(T)
(L) |
| k. An entry equal to 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. | (L)/(T)

(L) |

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Advice 7204-E-A
Decision D.23-12-036

Issued by
Shilpa Ramaiya
Vice President

Regulatory Proceedings and Rates

Submitted
Effective
Resolution

February 12, 2025
April 13, 2024