



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

Sheet 1

(N)  
(N)  
(N)

JR. DIABLO CANYON EXTENDED OPERATIONS BALANCING ACCOUNT (DCEOBA)

(N)

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 Civil Nuclear Credit Program. 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.

(N)

The DCEOBA consists of three types of subaccounts:

The Extended Operations Subaccount (six subaccounts) will be funded by a nonbypassable charge from customers of all LSEs subject to the Commission's jurisdiction. Note that each of the electric investor-owned utility (IOU) service territories will have its own subaccount. Amounts are assigned to the IOU specific subaccount based on allocated load share, or as otherwise authorized by the Commission. 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 (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, 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) will be credited to the Volumetric Performance Fee Subaccount.

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 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.

(N)

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Advice 6870-E  
Decision 22-12-005

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

March 1, 2023  
May 10, 2024



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**(DCEOBA)**

Sheet 2

1. PURPOSE: (Cont'd) (N)  
 The Volumetric Performance Fee Subaccount (one subaccount) will be funded by Commission-jurisdictional customers within PG&E's territory. The Volumetric Performance Fee Subaccount will consist of a volumetric fee of \$6.50, in 2022 dollars, for each MWh generated by the Diablo Canyon Power Plant during the period of extended operations. This amount will be adjusted annually by the Commission using Commission-approved escalation methodologies and adjustment factors. To the extent that there are excess CAISO market revenues remaining after recovering all costs in the Extended Operations Subaccount, the remaining CAISO market revenues will be recorded in the Volumetric Performance Fee Subaccount. Disposition of the balance in the account will be through the Annual Electric True-Up advice letter process as authorized by the Commission. Following the final year of extended operations, any overcollected balance in the Volumetric Performance Fee Subaccount will be used to repay any outstanding balance of the loan agreement between PG&E and the California Department of Water Resources (DWR).
  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.
  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.
  5. ACCOUNTING PROCEDURE: The following entries will be made to this subaccount each month or as applicable.
- EXTENDED OPERATIONS SUBACCOUNT ( Six Sub-Accounts):
- a. A credit entry equal to revenues from the Diablo Canyon extended operations rates;
  - 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;
  - c. 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;
  - d. A debit or credit entry equal to incurred replacement power costs as directed by the Commission;
  - e. 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; (N)

(Continued)

<i>Advice</i>	6870-E-A	<i>Issued by</i>	<i>Submitted</i>	April 12, 2023
<i>Decision</i>	D.22-12-005	<b><i>Meredith Allen</i></b>	<i>Effective</i>	May 10, 2024
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



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Sheet 3

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5. ACCOUNTING PROCEDURE: (Cont'd)

(N)

EXTENDED OPERATIONS SUBACCOUNT ( Six Sub-Accounts) (Cont'd):

- f. A debit entry equal to plant equipment and improvement costs;
- g. A debit entry equal to nuclear fuel costs;
- h. A debit entry equal to spent fuel storage capacity costs;
- i. A debit entry equal to employee retention costs as approved by the Commission;
- j. A debit entry equal to DCISC operations costs;
- k. A debit entry equal to incremental decommissioning planning costs resulting from the license renewal;
- l. 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);
- m. A debit entry equal to the volumetric performance fee of \$6.50/MWh, in 2022 dollars, allocated to each IOU;
- n. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the CPUC; and
- o. 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.

LIQUIDATED DAMAGES SUBACCOUNT (One Subaccount):

- 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;
- 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.

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5. ACCOUNTING PROCEDURE: (Cont'd)

(N)

VOLUMETRIC PERFORMANCE FEE SUBACCOUNT (One Subaccount):

- a. A credit entry equal to revenues from the Diablo Canyon rates associated with volumetric performance;
- b. A 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 Subaccount;
- c. A debit entry equal to the volumetric performance fee of \$6.50/MWh, in 2022 dollars;
- d. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the CPUC; and
- e. 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.

(N)