PRELIMINARY STATEMENTS

DD. Mobile Home Park Balancing Account (MHPBA)

1. Purpose:

The purpose of the Mobile Home Park Balancing Account ("MHPBA") is to record and recover the actual incurred costs of implementing the voluntary Mobilehome Park Utility Conversion Program to convert the electric master meter/sub-meter service at mobile home parks and manufactured housing communities to direct service by BVES, pursuant to Decision No. ("D".) 14-03-021 and as further modified by D. 20-04-004. The costs associated with the entries in the MHPBA shall include incremental incurred expenses for both "to the meter" and "beyond the meter" capitalized costs and ongoing incremental Operation and Maintenance ("O&M") expenses. Actual construction costs for each MHP conversion shall be entered into a balancing account and recovered in the year immediately following service cut over for that MHP. Reasonableness review of "to the meter" cost will occur in BVES General Rate Case ("GRC") proceedings, where these costs are included into the base rates. The review of the "beyond the meter" costs will occur in the first GRC after service cut over. This account will remain open and continue to record the ongoing MHP conversion costs and associated revenue requirements related to all completed projects until those projects are included in a GRC revenue requirement. Pursuant to OP 1 of D. 20-04-004, BVES is offering Mobilehome Park Utility Conversion Program until the earlier date of December 31, 2030 or the issuance of a Commission Decision for the continuation, expansion or modification of the program. (N)

2. Applicability:

The MHPBA shall apply to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. **Rates:**

The MHPBA will be collected through distribution rates or as authorized by the Commission.

4. **Accounting Procedure:**

Entries to the MHPBA shall be made monthly, and shall be determined as follows:

a. A debit entry equal to the recorded incremental O&M expenses, including applicable payroll taxes and benefits on BVES labor;

b. A debit entry equal to the incremental capital-related revenue requirement, excluding associated Franchise Fees and Uncollectible ("FF&U") expenses related to the "to-the meter" capital costs incurred. The capital-related revenue requirement shall include depreciation expense, return on rate base at the current authorized return on rate base, federal and state income taxes, and other associated with the costs of installed equipment, such as property tax and ad valorem.

c. A debit entry equal to the revenue requirement on the regulatory asset, excluding FF&U, related to the "beyond-the meter" costs incurred. The revenue requirement shall include amortization expense, return on investment at the currently authorized rate of return on rate base, and applicable taxes, such as income and ad valorem taxes associated with the costs of installed equipment. The "beyond the meter" costs will be amortized over ten years, with a return on investment at a rate equivalent to BVES's current authorized return on rate base.

d. A debit or credit entry to transfer the December 31st balance to or from any other accounts as approved by the Commission, such as the Base Revenue Requirement Balancing Account ("BRRBA").

e. Interest shall accrue monthly to the MHPBA by applying the interest rate to the average of the beginning-of-month and end-of-month balances recorded in the MHPBA. The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper – Non-Financial, from the Federal Reserve Statistical Release, H.15, or its successor. If in any month a non-financial rate is not published, BVES hall use the Federal Reserve three month Commercial Paper Rate – Financial. (N)

(Continued)

PRELIMINARY STATEMENTS

DD. Mobile Home Park Balancing Account (MHPBA)

5. Disposition: (N)
BVES will file an advice letter annually to recover the recorded balance through rates for completed conversions in the year immediately following the cut over service. (N)

6. **Review:**
BVES is authorized to fully recover in distribution rates the costs of the conversion program, subject to reasonableness review. Review for reasonableness of "to the meter" costs and "beyond the meter" costs will occur in the first General Rate Case (GRC) proceeding where conversion costs are included into the GRC rate base for the MHPs that have service cut over completed.