PRELIMINARY STATEMENTS

G. CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT (T)

1. Purpose: The purpose of the CARE Balancing Account (CBA) is to track the Public Purpose Program Surcharge (PPP Surcharge) funds produced by the PPC-OLI Tariff allocable to CARE, and CARE programs costs. The CARE Program provides a discounted rate for eligible CARE ratepayers and non-profit group living facilities. (N)

2. Applicability: The CARE Balancing Account applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission. Eligibility for the CARE Program is defined in Form Nos. 16 and 19 of the BVES tariffs. (T)

3. Definitions:

   a. Effective Date: Implementation of the CARE component of the PPP Surcharge to recover the Total Authorized CBA Revenue Requirement shall be effective as of April 1, 2009. (N)

   b. FF&U: The applicable Franchise and Uncollectible (FF&U) percentages will be those specified in the Commission's Decision in BVES' most recent Base Rate Case. (N)

   c. CBA Expenses: CBA Expenses are the sum of: (1) CARE Benefits, which are equal to the amount of discount granted to Low Income customer rates: and (2) the allocated administrative and general expenses and direct expenses associated with the CARE Program, consistent with the Commission-adopted CBA Budget. (T)

   d. CBA Revenue: The monthly CBA Revenue is determined by multiplying the net unbundled PPC-OLI surcharge revenue billed during the month by the appropriate PPC-OLI percentages as specified in the PPPAM table in this Preliminary Statement. (T)

   e. Total Authorized CBA Revenue Requirement: Total Authorized CBA Revenue Requirement shall be the current Commission-adopted Revenue Requirement associated with CBA Expenses and CARE goals, plus amortization of any CARE over or under collection from a previous period authorized by the Commission. (T)

   f. Total Authorized BVES Public Purpose Programs Revenue Requirement: The total authorized BVES PPP Revenue Requirement shall be the sum of the Commission-adopted Revenue Requirement associated with all of BVES' Public Purpose Programs, including both Public Goods Programs (legislatively mandated) and all other Commission-authorized Public Purpose Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAM) described in this Preliminary Statement. (T)

   g. Interest Rate: The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months) published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication. (T)

(Continued)

G. CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT (continued) (N)

4. Accounting Procedure: The Company shall maintain a CBA commencing as of 8/28/89. Entries to be made to this account at the end of each month will be based on the following:

   a. A credit entry equal to the amount of PPP Surcharge revenue associated with the CBA as specified in section 3.d.

   b. A debit entry equal to the amount of CBA Expenses as specified in section 3.c.

   c. A debit entry equal to the FF&U specified in section 3.b. above times CBA Revenue.

   If the above calculations produce a negative amount (undercollection), such amount will be debited to the Balancing Account. If the above calculation produces a positive amount (over collection), such amount will be credited to the Balancing Account. Interest will accrue to the Balancing Account by applying the interest Rate specified in section 3.g. to the average of the beginning and ending balances. (N)

5. Annual Review of Reasonableness and Revision to the CARE Program Revenue Requirement: (N)
   Each year by April 1, BVES shall review the CARE Program, the reasonableness of costs charged to CARE, and the balance between CBA Revenues collected and the CBA Expenses expected over the following year. In addition:

   a. BVES may propose an update of the CBA Revenue Requirement if there is a need to achieve a closer balance between CARE Revenue and CARE Expenses as long as this proposal is within guidelines provided by the Commission.

   b. BVES may propose an update of the CBA Revenue Requirement to amortize any under or over collection of the CBA based on the balance.

   c. Should BVES propose to update the CBA Revenue Requirement, it must also update the Total PPP Revenue Requirement to reflect such changes it proposes in the CBA Revenue Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor for determining the CBA's share of the Total PPP Revenue Requirement.

   d. If BVES has no updates or changes to propose, BVES will take no action. If BVES has any updates or changes to propose, it will do so through the Advice Letter process. (N)