PRELIMINARY STATEMENTS

H. ENERGY SAVINGS ASSISTANCE BALANCING ACCOUNT (ESABA) (T)

1. Purpose: The purpose of the ESABA is to track the Public Purpose Program Surcharge (PPP Surcharge) funds allocable to the Energy Savings Assistance (ESA) Program and ESA Program costs. This is an interest bearing one-way account where over-expenditures are not recovered. (T) (T)

2. Applicability: The ESABA applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission. (T)

3. Definitions:

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

   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 (T)

   c. Interest Rate: The Interest Rate shall be 1/12 of the most recent interest 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.

   d. ESABA Revenue: The monthly ESABA revenue is determined by multiplying the net unbundled PPC-OLI and PPC-LI revenue billed during the month by the appropriate ESA percentage allocation factors specified in the PPPAM table in this Preliminary Statement. (T) (T)

   e. ESABA Expenses: ESABA expenses are to be authorized by the Commission and expenses recorded to the ESABA shall be in compliance with the guidelines and ESA budgets authorized by the Commission. (T) (T)

   f. Total Authorized ESABA Revenue Requirement: The total Authorized ESABA Revenue Requirement shall be the current Commission-adopted Revenue Requirement associated with ESA Program and its goals, plus amortization of any ESA over or under collection from a previous period authorized by the Commission. (T) (T) (T)

   g. 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.

(Continued)

PRELIMINARY STATEMENTS

H. ENERGY SAVINGS ASSISTANCE BALANCING ACCOUNT (ESABA) (continued) (T)

4. **Accounting Procedure:** The Utility shall make the following entries to the account as follows:

   a. A credit entry equal to the monthly ESABA Revenue as specified in section 3.d. (T)

   b. A debit entry equal to the monthly ESABA Expenses as specified in section 3.e. (T)

   c. A debit entry equal to the ESA Program performance incentives, as approved by the Commission, if any. (T)

   d. A debit entry equal to the FF&U specified in section 3.b. above times ESABA Revenue. (T)

   e. An entry equal to the monthly interest as specified in section 3.c applied to the average of the beginning and ending balances in the ESABA. (T)

   If the above calculations produce a negative amount (under-collection), 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. While the ESABA is a one-way (T) balancing account, any PPP Surcharge revenues recorded in the ESABA exceeding authorized program (T) costs expended shall be carried forward to supplement the subsequent year's program.

5. **Annual Review of Reasonableness and Revision to the ESABA Revenue Requirement:** (T) Each year by April 1, BVES shall review the ESA program, the reasonableness of costs charged to ESABA, (T) and the balance between ESABA Revenue collected and the ESABA Expenses expected over the following (T) year. In addition:

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

   b. BVES may propose an update of the ESABA component of the PPP Surcharges to amortize (T) any under or over collection of the ESABA based on the balance. (T)

   c. Should BVES propose to update the ESABA Revenue Requirement, it must also update the (T) Total PPP Revenue Requirement to reflect such changes it proposes in the ESABA Revenue (T) Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor for determining the ESABA's share of the Total PPP (T) 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.