PRELIMINARY STATEMENTS

I. CEC-RENEWABLE BALANCING ACCOUNT (CEC-RBA)

1. Purpose: The purpose of the Renewables Balancing Account (CEC-RBA) is to record the revenues and expenses associated with Commission authorized payments for CEC Renewable Energy Programs (Renewables). (T)

2. Applicability: The Renewables Balancing Account applies to certain rate schedules and certain special contracts. (T)

3. Definitions:

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

   b. 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. (T)

   c. CEC-RBA Revenue: The monthly CEC-RBA revenue is determined by multiplying the net unbundled PPC-OLI and PPP-LI revenue billed during the month by the appropriate CEC-RBA percentage allocation factors specified in the PPPAM table in this Preliminary Statement. (N)

   d. CEC-RBA Expenses: Cost for the CEC-RBA shall be the expenses authorized by the Commission to pay the CEC pursuant to Resolution E-4160. Resolution E-4160 requires BVES to make annual payments to the CEC totaling $27,160 for Renewable in four (4) equal payments of $6,790.

   e. Total CEC-RBA Revenue Requirement: Total Authorized CEC-RBA Revenue Requirement shall be the current Commission-adopted Budget associated with the CEC's Renewables Program, plus amortization of any CEC-RBA over or under-collection from a previous period authorized by the Commission.

   f. Total 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 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.

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

   a. A credit entry equal to the monthly CEC-RBA Revenue as specified in section 3.c. above.

   b. A debit entry equal to the quarterly CEC-RBA Expenses as specified in section 3.d. above.

   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. Interest will accrue to the Balancing Account by applying the interest Rate specified in section 3.b. to the average of the beginning and ending balances.

(N)

(Continued)

PRELIMINARY STATEMENTS

I. CEC-RENEWABLE BALANCING ACCOUNT (CEC-RBA) (continued)

5. Annual Review of Reasonableness and Revision to the CEC-RBA Revenue Requirement: (N)
Each year by April 1, BVES shall review the CEC's Renewable program, the reasonableness of expenses charged to CEC-RBA, and the balance between CEC-RBA Revenue collected and the CEC-RBA Expenses expected over the following year. In addition:

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

   b. BVES may propose an update of the CEC-RBA component of the PPP Surcharges to amortize any under or over collection of the CEC-RBA based on the balance.

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