

PRELIMINARY STATEMENT

Sheet 1

VV. Medical Programs Balancing Account

1. Purpose:

The purpose of the Medical Programs Balancing Account (MPBA) is to record the difference between: 1) Medical, Dental and Vision expenses authorized by the Commission, and 2) recorded Medical, Dental and Vision Service Plan expenses. The MPBA is established in accordance with D.09-03-025.

2. Definitions:

a. Authorized Medical Programs Expense:

The authorized Medical Program Expense is the annual amount of CPUC Authorized expenses adopted in D.12-11-051 for medical, dental and vision expenses. Such amount shall exclude Franchise Fees and Uncollectible Expense (FF&U). The 2013 and 2014 amount shall be determined in the annual Post Test Year Ratemaking advice letter to be submitted to the Commission by November 1st. (T)

Effective Date	Expense	(\$000)				
		Distribution Authorized Level	Generation Authorized Level	Total Authorized Level		
	Medical	\$74,937	\$49,368	\$124,305		(C)
	Dental	\$10,911	\$ 7,188	\$ 18,099		
	Vision	\$ 2,162	\$ 1,424	\$ 3,586		
January 1, 2012	Total	\$88,010	\$57,980	\$145,990	Before Capitalization	
January 1, 2012	Total	\$54,830	\$36,122	\$ 90,952	After Capitalization	
January 1, 2013	Total	\$90,718	\$59,764	\$150,483	Before Capitalization	
January 1, 2013	Total	\$56,517	\$37,233	\$ 93,751	After Capitalization	(C)

b. Effective Date:

The Effective Date of the MPBA is January 1, 2009

c. Interest Rate:

The Interest Rate shall be the most recent annual interest rate on three months Financial or Non-financial Commercial Paper, (prime, three months) published in the Federal Reserve Statistical Release, H.15, whichever is available on the first day of the month.

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(To be inserted by utility)
Advice 2826-E
Decision 12-11-051

Issued by
Akbar Jazayeri
Vice President

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Resolution _____

PRELIMINARY STATEMENT

Sheet 2

(Continued)

VV. Medical Programs Balancing Account (Continued)

2. Definitions: (Continued)

d. Monthly Distribution Percentages:

The Monthly Distribution Percentages (MDPs) applicable to the distribution and generation related authorized MPBA expenses shall be the MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account (BRRBA)

e. Capitalization Rate:

The MPBA Capitalization Rate is 37.7% as adopted in D.12-11-051. (T)

3. Operation of MPBA:

The MPBA consists of the Distribution Sub-Account and the Generation Sub-Account. Entries shall be made on a monthly basis as described below in each sub-account and each sub-accounts ending balance shall be summed together to determine the MPBA balance.

a. Distribution Sub-Account:

- i. Recorded CPUC-jurisdictional distribution-related medical, dental and vision expense (before capitalization);
- ii. Less: an entry equal to the result of multiplying the distribution authorized medical, dental and vision expense (before capitalization) by the applicable distribution MDP's;
- iii. Equals: Distribution medical, dental and vision expense (over)/undercollection before capitalization.
- iv. Less: the amount capitalized determined by multiplying (iii) above by the Capitalization Rate.
- v. Equals: Distribution medical, dental and vision expense (over)/undercollection after capitalization.

Interest shall accrue monthly to the distribution sub-account of the MPBA by applying the Interest Rate to the average of the beginning-of-month and end-of-month balances in the distribution sub-account of the MPBA. (D)

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