



PRELIMINARY STATEMENT

Sheet 1

III. MEMORANDUM ACCOUNTS

DIRECT ACCESS COST RESPONSIBILITY SURCHARGE MEMORANDUM ACCOUNT (DACRSMA)

1. Purpose

The purpose of the Direct Access Cost Responsibility Surcharge Memorandum Account (DACRSMA) is to track the difference between the revenues from the establishment of the Direct Access Cost Responsibility Surcharge (DA-CRS) on applicable Direct Access (DA) customers pursuant to Commission D.02-11-022, D.02-12-045, D.03-07-030, and D.06-07-030, and their CRS obligation.

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The DACRSMA will consist of two subaccounts, the Core Subaccount and the Non-Core Subaccount. This account is for tracking purposes only and is not recorded to the Utility's financial statements.

2. Applicability

Pursuant to Commission D.02-11-022, D.02-12-045, D.03-07-030, and D.06-07-030, non-exempt, non-continuous DA customers will be applied a surcharge, as shown on Schedule DA-CRS, to recover the DA customers' obligations for the Power Charge Indifference Adjustment charge (PCIA), DWR Bond Charges and CTCs. The DACRSMA will track the difference between the revenues received from Schedule DA-CRS and actual costs.

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3. Accounting Procedure

The Utility shall maintain the DACRSMA by making entries at the end of each month as follows:

Core Subaccount

The purpose of this subaccount is to track the debt owed by core non-continuous DA customers to bundled core customers. Core customers are defined on Schedule DA-CRS. Monthly accounting entries will be made as follows:

- a. A debit entry representing the CRS obligation of core DA customers.
- b. A credit entry representing the CRS payment by core DA customers.
- c. A credit entry representing the CRS make-up payment made by core DA customers when they return to bundled service.
- d. A debit entry representing the CRS uncollectable from core DA customers that default.
- e. An entry equal to the El Paso Settlement proceeds received pursuant to the Master Agreement allocated to the core DA customers as directed in D.03-10-087.

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Lee Schavrien
Vice President
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PRELIMINARY STATEMENT

Sheet 2

III. MEMORANDUM ACCOUNTS

DIRECT ACCESS COST RESPONSIBILITY SURCHARGE MEMORANDUM ACCOUNT (DACRSMA)

3. Accounting Procedure (Continued)

Core Subaccount (Continued)

f. An entry equal to the Power Charge Indifference Adjustment (PCIA), pursuant to D.06-07-030. The PCIA is the difference between non-exempt core DA customers' share of the indifference amount and their ongoing CTC revenue requirement. If the non-exempt core DA customers' share of the indifference amount exceeds their share of ongoing CTC revenue requirement, then the difference is the share of Utility's above market power costs and is remitted to DWR. This positive adjustment has the effect of decreasing bundled customers DWR remittance rate. If the non-exempt core DA customers' share of the indifference amount is greater than zero and less than their share of ongoing CTC revenue requirement, then the DWR power charge obligation of these customers is zero and PCIA is permitted to be negative. In such instances, non-exempt core DA customers shall be credited an amount equal to the negative PCIA and bundled customers' responsibility for ERRA costs shall increase by an equivalent amount. A negative PCIA has the effect of increasing bundled customers' responsibility for ERRA costs.

If the non-exempt core DA customers' share of the indifference amount is less than or equal to zero then PCIA shall be set equal to zero and there shall be no tracking of negative balances when the indifference rate is negative. Under no circumstances shall the Utility make payment to DA or departing load customers when PCIA is negative.

g. An entry equal to the interest on the average balance in the account at the beginning of the month and the balance after entries 3.a through 3.e above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

Noncore Subaccount

The purpose of this subaccount is to track the debt owed by non-core non-continuous DA customers to bundled non-core customers. Non-core customers are defined on Schedule DA-CRS. Monthly accounting entries will be made as follows:

- a. A debit entry representing the CRS obligation of non-core DA customers.
- b. A credit entry representing the CRS payment by non-core DA customers.
- c. A credit entry representing the CRS make-up payment made by non-core DA customers when they return to bundled service.
- d. A debit entry representing the CRS uncollectable from non-core DA customers that default.
- e. An entry equal to the El Paso Settlement proceeds received pursuant to the Master Agreement allocated to the noncore DA customers as directed in D.03-10-087.

(Continued)

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PRELIMINARY STATEMENT

III. MEMORANDUM ACCOUNTS

DIRECT ACCESS COST RESPONSIBILITY SURCHARGE MEMORANDUM ACCOUNT (DACRSMA)

3. Accounting Procedure (Continued)

Noncore Subaccount (Continued)

f. An entry equal to the Power Charge Indifference Adjustment, pursuant to D.06-07-030. The PCIA is the difference between non-exempt noncore DA customers share of the indifference amount and their ongoing CTC revenue requirement. If the non-exempt noncore DA customers' share of the indifference amount exceeds their share of ongoing CTC revenue requirement, then the difference is their share of the Utility's above market power costs and is remitted to DWR. This positive adjustment has the effect of decreasing bundled customers DWR remittance rate. If the non-exempt noncore DA customers' share of the indifference amount is greater than zero and less than their share of ongoing CTC revenue requirement, then the DWR power charge obligation of these customers is zero and PCIA is permitted to be negative. In such instances, non-exempt noncore DA customers shall be credited an amount equal to the negative PCIA and bundled customers' responsibility for ERRA costs shall increase by an equivalent amount. A negative PCIA has the effect of increasing bundled customers responsibility for ERRA costs.

If the non-exempt noncore DA customers' share of the indifference amount is less than or equal to zero then PCIA shall be set equal to zero and there shall be no tracking of negative balances when the indifference rate is negative. Under no circumstances shall the Utility make a payment to DA or departing load customers when the indifference rate is negative.

g. An entry equal to the interest on the average balance in the account at the beginning of the month and the balance after entries 3.a through 3.e above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

4. Effective Date

The DACRSMA is effective January 1, 2003.

5. Disposition

The disposition of the balances in this account will be determined by the Commission.

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