



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
SONGS O&M BALANCING ACCOUNT (SONGSBA)

1. **Purpose:** Pursuant to Commission Decision (D.) 06-11-026, the SONGSBA is a two-way balancing account that records the difference between 1) The Utility's authorized SONGS operation and maintenance (O&M) revenue requirement for costs billed by Southern California Edison (SCE) to the Utility under the SONGS Operating Agreement⁽¹⁾ including refueling outage O&M and contractual overheads, and 2) The actual costs billed to the Utility by SCE under the SONGS Operating Agreement for SONGS O&M expenses, including refueling outage O&M, and contractual overheads.
2. **Applicability:** The SONGSBA shall apply to bundled customers unless otherwise specified by the Commission.
3. **Effective Date:** January 1, 2007 through the utility's next General Rate Case (GRC) cycle.
4. **Rates:** The SONGSBA balance shall be applied to rates as described in Section 6 below.
5. **Accounting Procedure:** The Utility shall maintain the SONGSBA by making entries at the end of each month as follows:
 - a. A debit entry equal to the actual costs for all operation and maintenance (O & M), including refueling outage O&M and contractual overheads billed to the Utility by Southern California Edison (SCE) under the SONGS Operating Agreement.
 - b. A credit entry equal to one-twelfth of the Utility's authorized SONGS O&M revenue requirement for costs billed by SCE under the SONGS Operating Agreement, including refueling outage O&M and contractual overheads.
 - c. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entry 4.a through b, 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.
6. **Account Disposition:** The balance in the SONGSBA shall be transferred annually to the Non-fuel Generation Balancing Account (NGBA).

⁽¹⁾ The revenue requirement for costs billed by Southern California Edison (SCE) under the SONGS Operating Agreement was authorized in SCE's GRC Decision D. 09-03-025. Other O&M expense not included in this balancing account are authorized in the Utility's general rate case and other proceedings.