



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
TREE TRIMMING BALANCING ACCOUNT (TTBA)

1. Purpose

The purpose of the Tree Trimming Balancing Account (TTBA) is to record certain actual tree trimming costs and associated authorized revenues. This is an interest bearing, one-way balancing account where over-expenditures are not recovered as authorized by Decision 98-12-038, dated December 17, 1998, in the Utility's Distribution Performance-Based Ratemaking (PBR) proceeding (A98-01-014). The TTBA is retained pursuant to D.08-07-046, dated July 31, 2008 in the utility's General Rate Case (GRC) proceeding in A.06-12-009.

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2. Applicability

The TTBA applies to all electric distribution rate schedules.

3. Definitions

a. **Effective Date:** The effective date of this account is January 1, 1999. Pursuant to D.08-07-046, the TTBA is retained effective January 1, 2008.

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b. **Interest Rate:** The annual interest rate will be equal to the average of the applicable monthly interest rates (prime 3-month commercial paper rates) as published in the Federal Reserve Statistical Release, H.15, or its successor publication.

c. **Tree Trimming Revenues/Expenses Included In TTBA:** All revenues/expenses associated with tree trimming necessary to comply with both existing and new state and regulatory rules, less revenues/expenses for brush management approved in D.08-07-046. Tree trimming costs primarily include expenses for crews, tree removals, mulching, and information systems support, among others.

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4. Accounting Treatment

Utility shall maintain the TTBA by making entries to this account as follows:

a. Monthly

(1) A debit entry equal to recorded "Tree Trimming Expenses Included In TTBA" during the month; and

(2) A credit entry equal to one-twelfth of the authorized "Tree Trimming Revenues Included in TTBA".

(3) An entry shall be made to reflect the amount returned to customers due to the amortization of the prior year ending balance pursuant to 5.b.(2) below.

(Continued)



PRELIMINARY STATEMENT

Sheet 2

II. BALANCING ACCOUNTS
TREE TRIMMING BALANCING ACCOUNT (TTBA)

4. Accounting Treatment (Continued)

b. Annually

- (1) A debit or credit entry, as appropriate, equal to interest. The interest shall be calculated by applying the annual interest rate to the average of the beginning balance and the ending balance of the account for the year.
- (2) Evaluate the account for ratemaking purposes as follows:
 - (a) If the year-end account balance (expenses less revenues) equals zero or is a debit, the amount for ratemaking is zero and interest is ignored.
 - (b) If the year-end account balance is a credit, the amount for ratemaking is equal to that balance, plus the annual interest calculated as described in 4.b.(1) above. The resulting amount will be returned to customers on an annual basis.

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