

PRELIMINARY STATEMENT
(Continued)

10. CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) SURCHARGE PROVISION

A. Purpose

The purpose of the California Alternate Rates for Energy (CARE) Surcharge Provision is to establish the procedures to be utilized in adjusting the Public Purpose Programs rates, of which the CARE surcharge is a component, in order to recover the costs associated with the CARE program as authorized in Decisions 89-07-062, 89-09-044, 92-04-024, 92-06-060 and 94-12-049.

Pursuant to D. 96-05-059, the CARE Balancing Account Mechanism was suspended effective June 1, 1996. The CARE Balancing Account Mechanism was re-established in accordance with D.03-03-007.

B. Applicability

The CARE Surcharge applies to certain rate schedules and certain special contracts subject to the jurisdiction of the Commission.

C. Definitions

1. CARE Program Costs:

CARE Program Costs are the sum of: (1) CARE benefits, which are equal to the amount of discount granted pursuant to the authorized CARE discounted rates; and (2) allocated incremental administrative and general expenses, including processing, certification and verification of applications and general costs, associated with the CARE program.

2. Effective Date:

The Effective Date for the CARE Surcharge shall be the date that the Commission may authorize. The revised CARE Surcharge shall be applied to sales for service rendered on and after the Effective Date and shall continue thereafter until the next such surcharge becomes effective.

3. Forecast Period:

The Forecast Period for the CARE Surcharge shall be the twelve-calendar-month period commencing with the Revision Date or as otherwise directed by the Commission.

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Issued by
Gregory S. Sorensen
Name

Date Filed December 28, 2016

Decision No. _____

President
Title

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C. Definitions (Continued)

4. Franchise Fees and Uncollectibles (FF&U) Allowance:

The FF&U allowance shall be based on the rate derived from the Utility's most recent general rate decision to provide for FF&U expense.

5. Interest Rate:

Interest Rate: The monthly interest rate will equal one-twelfth of the interest rate on Commercial Paper (3 months) for the previous month as published in the Federal Reserve Statistical Release, H.13 or its successor.

D. CARE Surcharge Balancing Account

The following monthly entries shall be made to this account at the end of each month:

1. A debit entry equal to the discount granted through the authorized CARE Program rates.
2. A debit entry equal to the incremental administrative and general expenses associated with the CARE Program.
3. A credit entry equal to the amount of revenue billed under the CARE Surcharge, less the allowance for FF&U expense.
4. An entry to record interest on the average balance at the Interest Rate described above.

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E. Calculation of CARE Surcharge

The CARE Surcharge shall be determined from the following calculations:

1. The estimated Forecast Period CARE Program Costs;
2. Plus: The estimated balance in the Balancing Account as of the beginning of the Forecast Period;
3. The sum of (1) and (2) above shall be divided by the sales subject to the CARE Surcharge estimated to be sold during the Forecast Period.

The following factor has been, or is, in effect for the period shown:

<u>Effective On and After</u>	<u>CARE Surcharge \$/kWh</u>	
January 1, 2011	.00113	
January 1, 2012	.00113	
March 1, 2014	.00294	
January 1, 2015	.00153	
March 1, 2017	.00200	
January 1, 2019	.00154	
January 1, 2020	.00156	
January 1, 2021	.00153	(R)

F. Reasonableness Review

In conjunction with the appropriate proceeding, the Utility shall file with the Commission a report on the reasonableness of recorded CARE Program costs includable in the CARE Surcharge Balancing Account during the Record Period.