

PRELIMINARY STATEMENT

(Continued)

9. POST-TEST YEAR ADJUSTMENT MECHANISM (PTAM)

A. Purpose

The purpose of this mechanism is to revise Base Rates in any year in which new Base Rates do not become effective as result of a Commission decision in response to a Liberty General Rate Case application.

B. Applicability

The PTAM is applicable to all rate schedules.

C. Attrition Rate Factor Component:

The Attrition Rate Factor will be based on the current year's September Global Insight U.S. Economic Outlook forecast for the Consumer Price Index, minus a 0.5% productivity factor (but will not be less than zero).

D. Major Plant Additions Component

For purposes of the PTAM, a "Major Plant Addition" includes any capital project closed to plant-in-service that exceeds \$4 million in a calendar year. The revenue requirement associated with a Major Plant Addition would also include the California portion of operation and maintenance expenses, depreciation and property taxes. Liberty shall file a Tier 1 advice letter providing notice of a planned Major Plant Addition prior to seeking any PTAM adjustment as described in Section F associated with that Major Plant Addition.

E. Effective Date

The PTAM is effective as of January 1, 2013.

F. Revision Date

Liberty shall file a Tier 2 advice letter containing the PTAM adjustment no later than October 15 of the calendar year prior to the calendar year Liberty will be requesting that the new PTAM rates become effective. New PTAM rates will be effective January 1 of each calendar year following such an advice letter filing.

Advice Letter No. 28-E

Issued by

Michael R. Smart

Date Filed July 15, 2013

Name

Decision No. _____

President

Effective July 15, 2013

Title

Resolution No. _____