PRELIMINARY STATEMENT
(Continued)

13. MEMORANDUM ACCOUNTS (Continued)

B.   FIRE HAZARD PREVENTION MEMORANDUM ACCOUNT (FHPMA)

i.   PURPOSE

The purpose of the Fire Hazard Prevention Memorandum Account (FHPMA) is to record the costs incurred related to fire hazard prevention in compliance with Commission Decision No. (D.)09-08-029. These costs may include the following expenses:

(1) Vegetation management activities to reduce risk of fires;
(2) Cost of vegetation maintenance program, inspection, and patrolling requirements;
(3) Costs associated with designing, construction, and maintaining facilities to mitigate fire hazards in high speed wind areas; and
(4) Other costs as required in order to implement D.09-08-029.

ii   PROCEDURE

In Compliance with G.O. 95 and 165. the Utility will:

(1) Record entries to the FHPMA at the end of the month representing the total costs associated with complying with the measures described above. These costs will be limited to those not previously authorized in a general rate case or any other regulatory proceeding.

(2) Maintain support for each amount recorded in this FHPMA

(3) Accrue interest monthly to this memorandum account applying one-twelfth of the interest rate to the average of the beginning and ending balance in the FHPMA. The interest rate shall be the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.

iii   APPLICABILITY

The FHPMA shall apply to all customer classes, except for those specifically excluded by the Commission in future phases on Rulemaking 08-11-005.

iv.   CHANGES IN RATES

Liberty will request recovery of the FHPMA balance as determine by the Commission in Phase 2 of Rulemaking 08-11-005.