

PRELIMINARY STATEMENT
(Continued)

7. CONSERVATION FINANCING ADJUSTMENT (CFA)

Pursuant to D. 96-05-059, the CFA Balancing Account Mechanism has been temporarily suspended effective June 1, 1996.

A. Purpose:

The purpose of the Conservation Financing Adjustment (CFA) provision is to reflect in rates the changes in costs due to the implementation of plans for financing insulation, conservation measures, and solar installations under plans authorized by the California Public Utilities commission.

B. Applicability:

This CFA provision applies to all rate schedules and contracts for electric service subject to the jurisdiction of the Commission.

C. CFA Rates:

The CFA rate is included in the adjustments set forth in each rate schedule and is additive to the base rates.

D. Revision Dates:

The Utility may file with the California Public Utilities Commission a revised CFA rate to be effective concurrently with the periodic filings for the Energy Cost Adjustment made pursuant to Part B of this preliminary statement. Such filing shall include a component to amortize the balance, if any, either debit or credit, in the Conservation Financing Account. Such a filing shall be accompanied by a report which shows the derivation of the revised CFA Rate and a summary of entries to the conservation Financing Account.

E. Conservation Financing Account:

Effective June 1, 1981, the Utility shall maintain an electric Conservation Financing Account. Entries shall be made to this account in amounts sufficient to equal:

- (1) Revenues received from the CFA rate, less
- (2) The costs incurred by Liberty in administering any conservation incentive plan authorized under this CFA provision, less

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Advice Letter No. 28-E

Issued by
Michael R. Smart

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7. CONSERVATION FINANCING ADJUSTMENT (CFA) (Continued)

E. Conservation Financing Account: (Continued)

- (3) An allowance for franchise and uncollectible amounts expenses equal to the rate derived from the company's most recent general rate proceeding times gross revenues from the CFA rate.
- (4) A debit entry equal to interest on the average of the balance in this account at the beginning of the month and the balance in this account after entries E(1), E(2), E(3), and E(4) above, if average balance is debit (credit entry, if average balance is credit), at a rate equal to 1/12 the interest rate on commercial paper (prime, 3 months) for the previous month as reported in Federal Reserve Statistical Release, H.15, or its successor.

F. Billing Factors:

The following factors have been, or are, in effect for the period shown (ϕ / kWh applicable to all kWh sales)

<u>Effective On and After</u>	<u>Conservation Financing Adjustment \$ / kWh</u>
March 7, 1984	.00093
June 5, 1985	.00059
February 5, 1986	(.00017)
January 1, 1987	.00000
May 1, 1988	.00000
August 1, 1989	.00000

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