

Preliminary Statement

L. Purchased Power Incremental Cost Balancing Account (PP ICBA)

(N)

1. **Purpose**

The purpose of this Purchased Power Incremental Cost Balancing Account (PP ICBA) is to record the difference between the actual costs of purchased power and the adopted costs reflected in rates each month so that these differences can be trued-up after Commission review and approval.

2. **Applicability**

All GSWC ratemaking areas with applicable purchased power expense.

3. **Accounting Procedure**

The following entries will be made monthly to the PP ICBA in all applicable ratemaking areas:

- a. Adopted \$/KWH - Adopted purchased power \$/KWH per General Rate Case (GRC) Decision or updated via an approved Supply Offset Advice Letter.
- b. Actual \$/KWH - Current power supply prices applied to the power supply mix adopted in GRC Decision.
- c. Incremental Difference - 3b minus 3a.
- d. Monthly Net PP ICBA - Actual power used (KWH) multiplied by 3c.
- e. A negative balance in the balancing account represents a utility over collection to be refunded, while a positive balance reflects a utility under-collection to be recovered through the implementation of surcharges.
- f. GSWC shall record the accumulated PP ICBA Balance monthly, by adding its entry in section 3d to the prior accumulated month balance.
- g. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and end-of-month balances.

4. **Effective Date**

The PP ICBA is effective January 1, 2025.

5. **Disposition**

The balance in the PP ICBA may be amortized by Tier 1 advice letter annually or requested through a GRC. Recovery of under-collections will be passed through as a surcharge on volumetric charges; over-collections will be passed through as surcredits on the monthly service charges.

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(Continued)

(To be inserted by utility)

Advice Letter No. 1988-W
Decision No. 25-01-036

Issued By
R. J. Sprowls
President

(To be inserted by P.U.C.)

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