

Preliminary Statement BM

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BM. Palos Verdes Memorandum Account (PV MA)

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1. Purpose:

The purpose of the Palos Verdes Memorandum Account (PV MA) is to track the incremental costs associated with the Palos Verdes Peninsula Water Reliability Project (PVPWRP) that exceed the amount already authorized in rates, including legal or other costs incurred to bring the matter to resolution.

2. Applicability:

The PV MA is applicable only to customers in the Palos Verdes area of the Los Angeles County Region.

3. Accounting Procedure:

The PV MA will track the following items:

- a. Incremental capital expenditures above the amount authorized in rates.
- b. Amounts equal to the revenue requirement from the incremental capital expenditures (including return on investment, income taxes, ad valorem tax, depreciation, other taxes and fees).
- c. Legal or other costs incurred to bring any disputed matters to resolution.
- d. Interest shall accrue to the PV MA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. Disposition:

Charges made to the PV MA are subject to a reasonableness review in a General Rate Case, or in an appropriate advice letter filing consistent with General Order 96-B and Standard Practices.

5. Effective Date

The PV MA shall go into effect on January 1, 2023.

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