



March 8, 2002

Advice No. 3061-A  
U-904-G

Public Utilities Commission of the State of California

**Subject: Supplemental Filing - Establishment of the Self-Generation Program  
Memorandum Account**

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

**Purpose**

This Supplemental Advice Letter is being filed in compliance with Ordering Paragraph (OP) 6 of California Public Utilities Commission (Commission) Decision (D.) 02-02-026 dated February 7, 2002. OP 6 requires SoCalGas to revise its Advice Letter filing that established the Self-Generation Program Memorandum Account (SGPMA) in order to comply with the provisions of D.02-02-026. This Supplemental Advice Letter replaces Advice No. 3061 in its entirety.

**Background**

On March 27, 2001, the Commission issued D.01-03-073 adopting new utility programs to reduce demand for electricity through load control and distributed generation initiatives. D.01-03-073 directed the respondent utilities to establish memorandum accounts to provide recovery of the costs incurred to implement D.01-03-073.

On July 12, 2001, the Commission issued D.01-07-028, modifying, in part, D.01-03-073 by replacing the memorandum accounts with balancing accounts. In compliance with D.01-03-073 as modified by D.01-07-028, SoCalGas filed Advice No. 3041 on July 17, 2001 to establish an SGP Balancing Account.

On September 6, 2001, D.01-07-028 was modified by D.01-09-012, which required the utilities to revert back to memorandum account treatment. Accordingly, SoCalGas filed Advice No. 3061 on September 12, 2001 to replace the SGP Balancing Account with an SGP Memorandum Account

On February 7, 2002, the Commission issued D.02-02-026 making certain modifications and clarifications to D.01-03-073. More specifically, the maximum project size and corporate parent limit for self-generation incentives is changed from 1 megawatt to 1.5 megawatts. In addition, D.02-02-026 clarifies that the utilities should carry over any unused funding from one year to the next during the four-year period for each of the programs, and may borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year.

In accordance with D.01-03-073, D.01-09-012, and D.02-02-026 SoCalGas hereby revises Preliminary Statement, Part VI, Description of Regulatory Accounts – Memorandum, to establish the Self-Generation Program Memorandum Account (SGPMA). Consistent with Advice No. 3041, approved by the Energy Division effective July 17, 2001, the amounts recorded in this memorandum account shall be amortized in SoCalGas' rates annually. SoCalGas will seek recovery of the costs recorded in the SGPMA in its routine regulatory account balances update filing made in October of each year with rates effective the following January 1<sup>st</sup>.

This filing also revises SoCalGas' tariffs to delete the Self-Generation Program Balancing Account (SGPBA) as authorized by the Commission in D.01-07-028. This balancing account is no longer needed with the establishment of the memorandum account mentioned above. Existing program costs recorded in the SGPBA will be transferred to the SGPMA.

### **Protest**

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division - IMC Branch  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jrr@cpuc.ca.gov) and Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

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555 West Fifth Street  
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Attn: C. Richard Swanson  
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**Effective Date**

This Advice Letter is being filed in compliance with a Commission order and shall become effective on March 8, 2002, which is the date filed.

**Service List**

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A, which includes the interested parties in R.98-07-037

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**ATTACHMENT A**  
**Advice No. 3061-A**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 3061-A

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 34819-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 1	Revised 33787-G Revised 33994-G
Revised 34820-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 2	Revised 33788-G Revised 33995-G
Revised 34821-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 4	Revised 33790-G Original 33997-G
Revised 34822-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 5	Revised 33791-G Revised 33998-G
Revised 34823-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 6	Revised 33792-G Original 33999-G
Revised 34824-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 7	Revised 33793-G Revised 34000-G
Revised 34825-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 8	Revised 33794-G Revised 34001-G
Revised 34826-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 9	Revised 33795-G Revised 34002-G
Revised 34827-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 10	Revised 33796-G Original 34003-G
Revised 34828-G	PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 1	Revised 34278-G
Revised 34829-G	PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 15	Original 34293-G
Revised 34830-G	PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 16	Original 34294-G
Revised 34831-G	PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 17	Original 34295-G
Original 34832-G	PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 18	Revised 34292-G
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PRELIMINARY STATEMENT

Sheet 1

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

A. GENERAL

Balancing accounts are those regulatory accounts where authorized expenses are compared with revenues from rates designed to recover those expenses. The resulting under- or overcollection, plus interested calculated in the manner described in Preliminary Statement, Part I, is recorded on the Utility's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts are to be amortized in rates.

B. LISTING OF BALANCING ACCOUNTS

Purchased Gas Account (PGA)

Core Fixed Cost Account (CFCA)

Noncore Fixed Cost Account (NFCA)

Enhanced Oil Recovery Account (EORA)

Noncore Storage Balancing Account (NSBA)

California Alternate Rates for Energy Account (CAREA)

Brokerage Fee Account (BFA)

Hazardous Substance Cost Recovery Account (HSCRA)

Natural Gas Vehicle Account (NGVA)

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(Continued)

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ADVICE LETTER NO. 3061-A  
DECISION NO. 02-02-026

ISSUED BY  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Mar 8, 2002  
EFFECTIVE Mar 8, 2002  
RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS

PURCHASED GAS ACCOUNT (PGA)

The PGA is a balancing account. The purpose of this account is to balance the recorded cost of gas bought for the Utility portfolio with revenue from the sale of that gas.

- a. The PGA consists of six subaccounts. They are:
1. The Core Subaccount which tracks the cost of gas procured for core customers and revenues from the sale of that gas.
  2. The Core-Subscription Subaccount which tracks the cost of gas procured for core-subscription customers and revenues from the sale of that gas.
  3. The Noncore Standby Service Subaccount which tracks the cost of gas purchases and the revenues from the sale of gas procured to provide standby procurement service for noncore customers.
  4. The Excess Core Supply Subaccount which tracks the cost of gas purchases and the revenues from the sale of excess core supplies.
  5. The Take-or-Pay Subaccount which tracks revenue from take-or-pay charges that core-subscription customers incur.
  6. The Core Brokerage Fee Subaccount which tracks revenues from the core brokerage fee and the authorized core brokerage fee.
- b. The Utility shall maintain the PGA by making entries at the end of each month as follows:
1. A debit entry equal to the recorded gas cost in the Utility Portfolio Account during the month, which includes all gas purchased for procurement customers.
  2. Credit entries equal to the procurement revenue from the sale of gas delivered during the month and amortization of the forecasted revision date PGA balance, excluding the allowance for F&U.

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (continued)

NONCORE FIXED COST ACCOUNT (NFCA)

The NFCA is an interest-bearing balancing account. The purpose of this account is to record the variance between forecasted and actual noncore and wholesale revenues, excluding Enhanced Oil Recovery (EOR) and unbundled storage revenues. Also excluded are (1) non-tariff contracts for service to DGN, (2) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding, and (3) Competitive Load Growth Opportunities for noncore Rule 38 and Red Team incentive revenues.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with 75% of the seasonally forecasted noncore and wholesale revenues excluding the transactions stated above less F&U.

SoCalGas credits this account with 75% of the actual noncore and wholesale revenues excluding the transactions stated above less F&U.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers.

ENHANCED OIL RECOVERY ACCOUNT (EORA)

This EORA is a balancing account. The purpose of this account is to balance recorded EOR revenue with forecasted EOR revenues.

The Utility shall maintain the EORA by making entries at the end of each month as follows:

- a. A debit entry equal to one-twelfth of the forecasted EOR revenue amount used to offset the revenue requirement in the most recent annual cost-allocation proceeding;
- b. A debit entry equal to the amortization of the forecasted revision date EORA balance;
- c. A credit entry equal to 3.0 cents per therm plus 75 percent of EOR non-gas revenue under contracts signed on or before December 3, 1986, and an amount equal to the short-run marginal cost plus 95 percent of EOR non-gas revenue under contracts signed subsequent to December 3, 1986. EOR non-gas revenue shall equal revenue from EOR customers excluding the following:

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PRELIMINARY STATEMENT

Sheet 5

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

ENHANCED OIL RECOVERY ACCOUNT (EORA) (Continued)

1. A floor rate of 3.0¢ per therm for contracts signed on or before December 3, 1986, and a floor rate equal to the short-run marginal cost for contracts signed subsequent to December 3, 1986,
  2. Gas procurement costs, and
  3. Interutility transportation costs; and
  4. LUAF, CU and CCSI.
- d. An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

NONCORE STORAGE BALANCING ACCOUNT (NSBA)

The NSBA is a balancing account. The purpose of this account is to (1) balance the authorized at-risk non-gas costs for unbundled storage service as authorized in Decision No.00-04-060 and the reservation and in-kind energy charge revenues collected from customers who contract for these unbundled storage services, and (2) record the unallocated fully scaled unbundled noncore storage revenue requirement.

The Utility shall maintain the NSBA by making entries at the end of the month as follows:

- a. A credit entry equal to 50% of all reservation and variable O&M charge revenues less (a) the revenues collected from the reservation charges resulting from the Utility's sale of core storage capacity rights under Schedule No. G-AUC, (b) the allowance for F&U on net revenue, as applicable, and (c) the reservation charge revenues collected for subscribed unbundled storage service from expansion storage facilities;
- b. A debit entry equal to 50% of one-twelfth of the authorized at-risk non-gas costs allocated to unbundled storage service (i.e., \$21 million annually pursuant to D.00-04-060), less the allowance for F&U on net revenue, as applicable;
- c. A debit entry equal to 50% of Company use fuel and well incidents allocated to the unbundled storage programs,
- d. A debit entry equal to the difference between 100% of one-twelfth of the authorized fully scaled unbundled noncore storage revenue requirement and one-twelfth of the \$21 million at-risk unbundled storage level pursuant to D.00-04-060, less the allowance for F&U on net revenue, as applicable;

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PRELIMINARY STATEMENT

Sheet 6

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

NONCORE STORAGE BALANCING ACCOUNT (NSBA) (Continued)

- e. An entry equal to the authorization of the forecasted remaining balance less F&U; and,
- f. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

The balance of the NSBA shall be allocated in the Utility's cost allocation proceedings to all customers.

CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT (CAREA)

The CAREA is a balancing account. The purpose of this account is to balance California Alternate Rates for Energy (CARE) program expenses incurred against revenues received.

Commencing on the effective date of this tariff, Utility shall maintain the CAREA by making entries at the end of each month as follows:

- a. A debit entry equal to recorded administrative costs for the CARE program.
- b. A debit entry equal to the recorded CARE program discounts billed for the month, excluding F&U.
- c. A debit entry equal to revenue shortfalls associated with discounts to the service establishment charge adopted in D.97-04-082 and implemented in D.97-07-054 for CARE customers.
- d. A debit entry equal to the revenue shortfall associated with the discounted customer charge adopted for CARE program customers.
- e. A credit entry equal to recorded CARE program surcharge billed for the month, excluding F&U.
- f. An entry equal to the amortization of the forecasted revision date CAREA balance.
- g. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

BROKERAGE FEE ACCOUNT (BFA)

The BFA is a balancing account. The purpose of the BFA is to balance authorized noncore brokerage fee costs and recorded actual brokerage fee revenues.

Effective January 1, 1995, the Utility shall maintain the BFA by making entries at the end of each month as follows:

Noncore Subaccount

- a. A debit entry equal to one-twelfth of the authorized annual noncore brokerage fee costs;
- b. A credit entry equal to the monthly recorded revenues collected from the noncore brokerage fee surcharge; and,
- c. An entry equal to the interest on the average of the balance in the account during the month using the interest rate described in Preliminary Statement, Part I, J herein.

HAZARDOUS SUBSTANCE COST RECOVERY ACCOUNT (HSCRA)

The HSCRA is a balancing account, which compares covered hazardous substance and insurance litigation costs related to manufacturing gas plant sites, presently identified federal Superfund sites, and other sites identified by the Utility with recoveries from third parties, insurance carriers, and ratepayers as set forth in D. 94-05-020. The HSCRA consists of five subaccounts:

Subaccount A - Hazardous Substance Cost Subaccount - Ratepayer's 90% Share  
Subaccount B - Hazardous Substance Cost Subaccount - Shareholder's 10% Share  
Subaccount C - Insurance Litigation Cost Subaccount - Ratepayer's 70% Share  
Subaccount D - Insurance Litigation Cost Subaccount - Shareholder's 30% Share  
Subaccount E - Insurance Recovery Subaccount

Effective June 3, 1994, the following entries are recorded to the HSCRA at the end of each month:

Hazardous Substance and Insurance Litigation Costs

- a. A debit entry is recorded to Subaccount A equal to 90% of covered hazardous substance costs.
- b. A debit entry is recorded to Subaccount B equal to 10% of covered hazardous substance costs.

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PRELIMINARY STATEMENT

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

HAZARDOUS SUBSTANCE COST RECOVERY ACCOUNT (Continued)

Hazardous Substance and Insurance Litigation Costs (Continued)

- c. A debit entry is recorded to Subaccount C equal to 70% of covered insurance litigation costs.
- d. A debit entry is recorded to Subaccount D equal to 30% of covered insurance litigation costs.

Ratepayer Recovery

- e. A credit entry is recorded to Subaccount A equal to the revenues collected from customers net of franchise fees and uncollectibles.

Third Party Recovery

- f. A credit entry is recorded to Subaccount A equal to 90% of recoveries from third parties.
- g. A credit entry is recorded to Subaccount B equal to 10% of recoveries from third parties.

Insurance Carrier Recovery

- h. A credit entry is recorded to Subaccount E equal to insurance recoveries net of contingency fees, if any. Each insurance recovery will be recorded separately and distributed against covered hazardous substance and insurance litigation costs on a first-in, first-out basis.
- i. A credit entry is recorded to Subaccount C equal to the lesser of 70% of insurance recoveries net of contingency fees paid to outside attorneys to obtain recoveries, if any, or the balance in Subaccount C. Subaccount C cannot have a credit balance.
- j. A credit entry is recorded to Subaccount D equal to the lesser of 30% of insurance recoveries net of contingency fees paid to outside attorneys to obtain recoveries, if any, or the balance in Subaccount D. Subaccount D cannot have a credit balance.
- k. A credit entry is recorded to Subaccount B equal to the lesser of 90% of the remaining insurance recoveries net of contingency fees paid to outside attorneys to obtain recoveries, if any, not applied in entry i. and j. above or the balance in Subaccount B.

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PRELIMINARY STATEMENT

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

HAZARDOUS SUBSTANCE COST RECOVERY ACCOUNT (Continued)

- l. A credit entry is recorded to Subaccount A for the lesser of 10% of the remaining insurance recoveries net of contingency fees paid to outside attorneys to obtain recoveries, if any, not applied in entry i. and j. above or 11.111% of the insurance recoveries net of contingency fees paid to attorneys to obtain recoveries, if any, recorded in Subaccount B.
- m. A debit entry is recorded to Subaccount E equal to the sum of insurance recoveries allocated to Subaccount A through D in entries i. through l. above.
- n. A debit entry is recorded to Subaccount E, 72 months after receiving a specific insurance recovery for one-fifth or 20% of the balance for that specific insurance recovery in Subaccount E. The entry is only recorded if the recovery has not been fully allocated to offset covered hazardous substance and insurance litigation costs.
- o. If an entry is recorded for entry n. above, a credit entry is recorded to Subaccount A for 60% of entry n. to recognize the ratepayer's portion of the insurance recovery. The difference between entries n. and o. or 40% of entry n. is the Utility's share of the insurance recovery.
- p. A debit entry is recorded to Subaccount E, 84 months after receiving a specific insurance recovery for one-fourth or 25% of the balance for that specific insurance recovery in Subaccount E. The entry is only recorded if the recovery has not been fully allocated to offset covered hazardous substance and insurance litigation costs.
- q. If an entry is recorded for entry p. above, a credit entry is recorded to Subaccount A for 60% of entry p. to recognize the ratepayer's portion of the insurance recovery. The difference between entries p. and q. or 40% of entry p. is the Utility's share of the insurance recovery.
- r. A debit entry is recorded to Subaccount E, 96 months after receiving a specific insurance recovery for one-third or 33.333% of the balance for that specific insurance recovery in Subaccount E. The entry is only recorded if the recovery has not been fully allocated to offset covered hazardous substance and insurance litigation costs.
- s. If any entry is recorded for entry r. above, a credit entry is recorded to Subaccount A for 60% of entry r. to recognize the ratepayer's portion of the insurance recovery. The difference between entries r. and s. or 40% of entry r. is the Utility's share of the insurance recovery.

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PRELIMINARY STATEMENT

Sheet 10

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PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

HAZARDOUS SUBSTANCE COST RECOVERY ACCOUNT (Continued)

- t. A debit entry is recorded to Subaccount E, 108 months after receiving a specific insurance recovery for one-half or 50% of the balance for that specific insurance recovery in Subaccount E. The entry is only recorded if the recovery has not been fully allocated to offset covered hazardous substance and insurance litigation costs.
- u. If an entry is recorded for entry t. above, a credit entry is recorded to Subaccount A for 60% of entry t. to recognize the ratepayer's portion of the insurance recovery. The difference between entries t. and u. or 40% of entry t. is the Utility's share of the insurance recovery.
- v. A debit entry is recorded to Subaccount E, 120 months after receiving a specific insurance recovery for any remaining portion of the specific insurance recovery in Subaccount E. The entry is only recorded if the recovery has not been fully allocated to offset covered hazardous substance and insurance litigation costs.
- w. If an entry is recorded for entry v. above, a credit entry is recorded to Subaccount A for 60% of entry v. to recognize the ratepayer's portion of the insurance recovery. The difference between entries v. and w. or 40% of entry v. is the Utility's share of the insurance recovery.
- x. An entry to Subaccounts A through E equal to interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

Upon final disposition of all covered hazardous substance and insurance litigation costs and related recoveries, any balance remaining in Subaccounts B and D will be the responsibility of the Utility.

(Continued)

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PRELIMINARY STATEMENT

Sheet 1

PART VI  
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

- Conservation Expense Account (CEA)
- PCB Expense Account (PCBEA)
- Research Development and Demonstration Expense Account (RDDEA)
- Curtailed Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Interconnect Charge Memorandum Account (ICMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Noncore Cost/Revenue Memorandum Account (NCRMA)
- Interstate Capacity Step Down Account (ICSDA)
- Vernon Rate Savings Memorandum Account (VRSMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Earthquake Valve Installation Service Memorandum Account (EVISMA)
- Research Royalty Memorandum Account (RRMA)
- NGV Research Development & Demonstration Memorandum Account (RDDNGV)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- Tax Interest Account (TIA)
- Energy Efficiency/DSM Memorandum Account (EEDSMMA)
- Applicant Installation Trench Inspection Memorandum Account (AITIMA)
- Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)
- Earthquake Valve Installation Memorandum Account (EVIMA)
- Gas Industry Restructuring Memorandum Account (GIRMA)
- Self-Generation Program Memorandum Account (SGPMA)

C. DESCRIPTION OF ACCOUNTS

CONSERVATION EXPENSE ACCOUNT (CEA)

The CEA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between authorized costs in rates, and actual demand-side management program costs. This account covers regular and low income demand-side management programs.

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PRELIMINARY STATEMENT

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PART VI  
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

GAS INDUSTRY RESTRUCTURING MEMORANDUM ACCOUNT (GIRMA)

The GIRMA is an interest bearing memorandum account, which shall not be recorded in SoCalGas' Financial Statements as directed in D.01-12-018. The GIRMA shall record costs incurred by SoCalGas to implement D.01-12-018, dated December 11, 2001, in I.99-07-003, Investigation on the Commission's Own Motion To Consider the Costs and Benefits of Various Promising Revisions to the Regulatory and Market Structure Governing California's Natural Gas Industry and to Report to the California Legislature on the Commission's Findings. Pursuant to D.01-12-018 the Commission authorizes the recovery of capacity-related costs in rates of an additional \$2 million per year, beginning on December 11, 2001, the effective date of D.01-12-018, to the date of a new SoCalGas PBR that authorizes a new margin for SoCalGas.

Accounting Procedure: The GIRMA consists of four (4) Subaccounts

1. The Capacity Service Trading Systems Cost Subaccount will record the following costs:

a) System to Accommodate Pooling

The Utility will record costs associated with incremental expenditures incurred directly related to implementing new or enhanced computer systems to allow it to establish pooling of gas supplies by customers and marketers on its system and to facilitate the trading of gas supplies in pools on its system.

b) Systems to Accommodate Imbalance Trading

The Utility will record costs associated with incremental expenditures incurred directly related to implementing new or enhanced computer systems to provide an electronic platform for customers or other persons to trade transportation imbalances, for monthly periods and for shorter periods as may be permitted by SoCalGas' tariffs in the future.

c) Systems to Accommodate Trading of Storage Contract Rights and Firm Intrastate Transmission Rights

The Utility will record costs associated with incremental expenditures incurred directly related to implementing new or enhanced computer systems to allow customers or other persons to trade existing storage contracts, or to trade storage or intrastate transmission rights as may be permitted by SoCalGas' tariffs in the future.

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PRELIMINARY STATEMENT

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PART VI  
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

GAS INDUSTRY RESTRUCTURING MEMORANDUM ACCOUNT (GIRMA) (Continued)

2. The Core and Wholesale Storage Costs Subaccount will record the following costs:

- a) Systems to Accommodate Core Transport Agent (CTA) Selections of Core Storage Reservation  
The Utility will record costs associated with incremental expenditures incurred directly related to implementing new or enhanced computer systems to allow CTAs to select option to accept or reject storage reservation for non-reliability, reliability, or balancing purposes.
- b) Systems to Accommodate Wholesale Customers Selection of Storage Capacity  
The Utility will record costs associated with incremental expenditures incurred directly related to implementing new or enhanced computer systems to all Wholesale customers to exercise an option to contract for a specific amount of storage capacity from SoCalGas for to meet reliability/balancing needs of its core load.

3. The Noncore Customer Data Costs Subaccount will record the following costs:

- a) Customers Options to Access Meter Data and Internet Access to Full Automated Meter Reading (AMR)  
The Utility will record costs associated with incremental expenditures incurred directly related to implementing new or enhanced computer systems to allow customers to easily access information such as but not limited to consumption data, and direct access to AMR data.

4. The Customer Education Program Subaccount will record the following costs:

- a) The Utility will record costs associated with incremental expenditures incurred directly related to customer service, Energy Service Providers (ESPs) services, and employee training.

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ADVICE LETTER NO. 3061-A  
DECISION NO. 02-02-026

ISSUED BY  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Mar 8, 2002  
EFFECTIVE Mar 8, 2002  
RESOLUTION NO. \_\_\_\_\_





PRELIMINARY STATEMENT

Sheet 18

PART VI  
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

(Continued)

C. DESCRIPTION OF ACCOUNTS (continued)

SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA) (continued)

SoCalGas shall maintain the SGPMA by making entries at the end of each month as follows:

- a) A debit entry equal to the incremental O&M costs incurred by SoCalGas associated with this program, such as the costs of marketing, contract administration, regulatory reporting, program evaluation, and customer's incentives.
- b) A debit entry equal to the incremental capital costs incurred by SoCalGas associated with this program, such as depreciation, return on investment and related taxes.
- c) A credit entry equal to the revenues from amortization rates as authorized by the Commission.
- d) A debit entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

A separate accounting of costs and benefits, by customer class, will be accomplished.

The total authorized program cost for SoCalGas is \$17 million annually over a four-year period beginning on March 27, 2001, and extending through December 31, 2004 as specified in Ordering Paragraph 1 of D. 01-03-073. Any unused funding can be carried over from one year to the next up to a maximum limit of \$68 million for the four-year period. SoCalGas may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year.

Amounts in the SGPMA shall be amortized into SoCalGas' transportation rates on a uniform cent per therm basis annually. SoCalGas will file an advice letter to make this change in the October Biennial Cost Allocation Proceeding (BCAP) update filing each year with rates effective the following January 1st. Recovery of the undepreciated portion of the capital costs shall be authorized in the utility's next cost of service proceeding.

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(Continued)

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