

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 6194G
As of December 21, 2023

Subject: CLEANUP FILING: Proposed Modifications and Elimination of Regulatory Accounts
Preliminary Statements

Division Assigned: Energy

Date Filed: 09-26-2023

Date to Calendar: 10-02-2023

Authorizing Documents: None

Disposition:	Accepted
Effective Date:	10-26-2023

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

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PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov



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Director
Regulatory Affairs

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September 26, 2023

Advice No. 6194-G
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Proposed Modifications and Elimination of Regulatory Accounts
Preliminary Statements**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its Preliminary Statement, Part V, Description of Regulatory Accounts – Balancing; Part VI, Description of Regulatory Accounts – Memorandum; and Part VII, Description of Regulatory Accounts – Tracking, applicable throughout its service territory, as shown on Attachment A. The redline version is included in Attachment B.

Purpose

SoCalGas proposes to “clean-up” its Preliminary Statement for regulatory accounts or portions thereof that are inactive or no longer required. This will prevent customer confusion regarding these regulatory account mechanisms. SoCalGas proposes that the following regulatory accounts be eliminated or modified and the disposition of any remaining or residual balance, if any, be handled as described below.

Background

SoCalGas’ tariffs reflect and represent the outcome of numerous Commission decisions, resolutions, rulings, general orders, code changes, laws, and policy changes that have occurred over the years. Tariff language and/or conditions of service expire or become obsolete based on several factors. Occasionally, SoCalGas prepares a “clean-up” submittal for Commission approval to revise tariff language to make clarifying changes, correct inadvertent errors, and remove obsolete information.

A/ Clarification of Preliminary Statements

SoCalGas proposes revisions to its Preliminary Statement to clarify and in some cases update the format for the following regulatory accounts:

Biomethane Cost Incentive Program Balancing Account (BCIPBA)

The purpose of this account is to record the incentive costs paid to a biomethane producer that successfully interconnects and operates a biomethane project with SoCalGas' pipeline system under the monetary incentive program adopted by Commission Decision (D.) 15-06-029 and modified in D.16-12-043. Approved in Advice Letter (AL) 5598, pursuant to Ordering Paragraph (OP) 18 of D.19-12-009, the preliminary statement is revised to extend the end date of the Biomethane Monetary Incentive Program from December 3, 2021 to December 31, 2026.

Core Fixed Cost Account (CFCA), Noncore Fixed Cost Account (NFCA) and Enhanced Oil Recovery Account (EORA)

The CFCA, NFCA & EORA are interest-bearing balancing accounts recorded on SoCalGas' financial statements. The purpose of the CFCA, NFCA and EORA are to balance the difference between the authorized margin (excluding the transmission revenue requirements and Backbone Transportation Service revenue requirement) and other non-gas costs allocated to the core, noncore, and Enhanced Oil Recovery markets, respectively, with actual revenues intended to recover these costs for their respective markets. SoCalGas is proposing to update each of the three preliminary statements to remove language related to the Gas Assistance Funding (GAF) program as SoCalGas has not sought to file additional GAF since 2010. SoCalGas also proposes to remove language related to System Modification Fee (SMF) as pursuant to AL 5329, SoCalGas no longer charges a SMF to California Producers as the full authorized revenue requirement has been collected as of July 2018. Lastly, SoCalGas proposes to remove language related to adopted revenue requirements due to IRS private letter ruling as addressed in AL 4777 for a one-time entry.

California Alternate Rates for Energy Account (CAREA)

The CAREA is a balancing account recorded on SoCalGas' financial statements, consisting of two subaccounts. The purpose of the CARE (California Alternate Rates for Energy) subaccount is to balance CARE program expenses incurred against gas surcharge funds reimbursed from the State of California (State). The purpose of the CARE/TANF (Temporary Assistance for Needy Families) Subaccount is to record actual expenses incurred by SoCalGas for implementing the CARE/TANF Leveraging Program as adopted by the Commission in Rulemaking (R.) 10-02-005. Per OP 13 of D.10-02-005, TANF was a one-time program that expired in September 2010. With no costs recorded to the TANF subaccount, SoCalGas proposes to eliminate any wording related to the CARE/TANF subaccount in its CAREA preliminary statement.

Direct Assistance Program Balancing Account (DAPBA)

The DAPBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between low-income energy efficiency program (i.e., "Direct Assistance Program" or DAP) component of the gas surcharge funds reimbursed from the State and the corresponding actual DAP costs. SoCalGas proposes to update the verbiage in the preliminary statement in accordance with D.12-02-026 to refer to the Low-Income Energy Efficiency Program (LIEE) as the Energy Savings Assistance (ESA) Program. SoCalGas will also update the preliminary statement to reflect DAPBA funding for the years 2021-2026 as authorized in D.21-06-015.

Demand Side Management Balancing Account (DSMBA)

The DSMBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between the non-low-income energy efficiency program (i.e., "Demand Side Management" or DSM) component of the gas surcharge funds reimbursed from the State and the corresponding actual DSM program costs. Pursuant to D.21-05-031, SoCalGas proposes to update the verbiage in the preliminary statement to request approval of the funding on a four-year program basis versus a cycle basis.

B/ Reformatting of Preliminary Statements

SoCalGas proposes to re-format the Preliminary Statement for the regulatory accounts listed below for consistency. The proposed reformatted Preliminary Statements will have no substantial changes in content from its original approved format.

- Affiliate Transfer Fee Account (ATFA)
- Catastrophic Event Memorandum Account (CEMA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Gain/Loss on Sale Memorandum Account (GLOSMA)
- Gas Cost Rewards and Penalties Account (GCRPA)
- Hazardous Substance Cost Recovery Account (HSCRA)
- Intervenor Award Memorandum Account (IAMA)
- Purchased Gas Account (PGA)
- Research Development and Demonstration Gas Surcharge Account (RDDGSA)

C/ Proposed Regulatory Accounts to be Eliminated**Aliso Canyon Investigation Memorandum Account (ACIMA)**

The ACIMA is a memorandum account that is not recorded on SoCalGas' financial statements. The ACIMA consists of three subaccounts: 1) California Public Utilities (CPUC) Staff Investigation Costs Subaccount, 2) Direct Blade Payments Subaccount and 3) Indirect Blade Costs Subaccount. The purpose of the CPUC Staff Investigation Costs Subaccount is to track investigation costs incurred by CPUC staff. The Direct

Blade Payment Subaccount tracks costs incurred by and paid directly to Blade Energy Partners' (Blade) for their participation in Investigation (I.) 19-06-016 since October 23, 2015, the start of the Aliso Canyon gas leak incident. The Indirect Blade Costs Subaccount tracks costs of Blade's participation in I.19-06-016 that were not paid directly to Blade.

Pursuant to D.23-09-002, Presiding Officer's Decision (POD) approving the Settlement Agreement filed by SoCalGas and the CPUC's Safety and Enforcement Division (SED) and Public Advocates Office (Cal Advocates), resolving all issues in I.19-06-016, SoCalGas is to close the ACIMA upon Commission approval of the Settlement Agreement.¹ Therefore, SoCalGas proposes that the ACIMA be eliminated effective September 12, 2023, the date of D.23-09-002.

Aliso Canyon Revenue and Cost Memorandum Account (ACRCMA)

The ACRCMA is a memorandum account that is not recorded on SoCalGas' financial statements. The ACRCMA consists of two subaccounts: Revenue Subaccount and Cost Subaccount. The purpose of the Revenue Subaccount is to track authorized revenue requirement and all revenues SoCalGas receives for its normal, business-as-usual costs to own and operate the Aliso Canyon gas storage field. The Cost Subaccount tracks the operating and maintenance (O&M) and capital-related costs SoCalGas incurs for its normal, business-as-usual activities to own and operate the Aliso Canyon gas storage field. Pursuant to D.23-09-002, POD approving the Settlement Agreement filed by SoCalGas, SED, and Cal Advocates, SoCalGas is to close all regulatory accounts tracking Incident-related costs² opened in response to the Incident.³ As a result, the ACRCMA is no longer needed, SoCalGas proposes that the ACRCMA be eliminated effective September 12, 2023, the date of D.23-09-002.

Aliso Canyon True-Up Tracking Account (ACTTA)

The ACTTA consists of two subaccounts: Regional Clean Air Incentives Market Trading Credits (RTC) Subaccount and the O&M/Capital Benefits Subaccount. The purpose of the RTC Subaccount is to record the benefits associated with the sale of the RTCs generated by the Aliso Canyon Turbine Replacement Project ("Project"). The O&M/Capital Benefits Subaccounts records the difference between the estimated benefits included in the Project revenue requirement and the actual O&M and Capital benefits realized. With the implementation of D.19-05-051, SoCalGas' 2019 GRC, the ACTTA no longer records activity other than to amortize the balance in rates. As the ACTTA is no longer needed and has no balance, SoCalGas proposes that the ACTTA be eliminated.

¹ D.23-09-002, Appendix A, Settlement Agreement, Section II.C.2.a.

² D.23-09-002, Appendix A, Settlement Agreement, Section IV.A.7.d.

³ The Incident refers to the uncontrolled release of natural gas from Well SS-25 at the Aliso Canyon facility from October 23, 2015 through February 11, 2016.

Advanced Meter Opt-Out Program Balancing Account (AMOPBA)

The purpose of the AMOPBA is to record the incremental costs to implement SoCalGas' Advanced Meter Opt-Out Program (AMI Program) and the associated revenues from the AMI Program pursuant to D.14-02-019 and D.14-12-078. The AMOPBA also reflects the transfer of the Advanced Meter Opt-Out Memorandum Account (AMOPMA) ending balance, excluding any "exit fee" or "turn off" costs, pursuant to Resolution E-4723. Pursuant to D.19-09-051, the residual balance in AMOPBA was transferred to the CFCA as the account was no longer needed. As such, SoCalGas proposes that the AMOPBA be eliminated.

Advanced Meter Opt-Out Program Memorandum Account (AMOPMA)

The purpose of the AMOPMA is to record the incremental costs to implement SoCalGas' AMI Program and the associated revenues from the AMI Program charges until the cost recovery provisions are addressed in Phase 2 of Application (A.) 11-03-014, et al., pursuant to D.14-02-019. As discussed above, the balance in the AMOPMA was transferred to the AMOPBA, therefore, SoCalGas proposes that the AMOPMA be eliminated as it is no longer needed.

Curtailment Violation Penalty Account (CVPA)

The purpose of this account is to record actual revenues from the assessment of penalties for violation of curtailment, and expenses associated with installation of electronic metering for curtailment monitoring. Pursuant to D.16-07-008, Gas Curtailment Proceeding, effective November 1, 2016, noncompliance charges from customers for violation of curtailment events will no longer be recorded in CVPA. Pursuant to D.16-10-004, SoCalGas refunded the monies collected from curtailment charges and transferred the residual balance to the NFCA. Therefore, SoCalGas proposes that the CVPA be eliminated as it is no longer needed.

Distribution Integrity Management Program Balancing Account (DIMPBA)

Pursuant to D.08-07-046, SoCalGas established the DIMPBA to record the difference between actual and authorized costs associated with SoCalGas' Distribution Integrity Management Program and was effective for the GRC cycle of 2008 through 2011. Per D.13-05-010, SoCalGas amortized the DIMPBA balance in gas transportation rates and transferred the residual balance after the amortization period to the CFCA and NFCA. Pursuant to D.13.05-010, SoCalGas established the Post-2011 DIMPBA to record similar activity for the new GRC cycle effective January 1, 2012. As such, the DIMPBA is no longer needed, so SoCalGas proposes that the DIMPBA be eliminated.

Deductible Tax Repairs Benefits Memorandum Account (DTRBMA)

The DTRBMA is a memorandum account that is not recorded on SoCalGas' financial statements. The purpose of the DTRBMA is to track the difference between the revenue requirement associated with the effect on the utility's income tax expense of using the

authorized revenue requirement based on the percentage repair allowance deduction and the revenue requirement associated with the effect on the utility's income tax expense of using an alternative accounting method allowed by the IRS for computing the repairs deduction for 2015, holding all other 2012 General Rate Case (GRC) parameters equal. Pursuant to D.16-06-054, SoCalGas' 2016 GRC, the balance in the DTRBMA will flow-through to ratepayers. Per D.19-09-051, the residual balance in DTRBMA was transferred to the CFCA and NFCA as the account is no longer needed, so SoCalGas proposes that the DTRBMA be eliminated.

Energy Data Request Memorandum Account (EDRMA)

The purpose of the EDRMA is to record the incremental costs associated in complying with D.14-05-016 which adopts rules that provide access to energy usage and usage-related data to local government entities, researchers, and state and federal agencies by creating a data request and release process. Pursuant to D.19-09-051, the EDRMA no longer recorded cost activity related to the energy usage data request and release process. The EDRMA was amortized in rates with the residual balance transferred to the CFCA and NFCA. As such, SoCalGas proposes that the EDRMA be eliminated as it is no longer needed.

Energy Savings Assistance Programs Memorandum Account (ESAPMA)

The ESAPMA is an interest-bearing memorandum account that is not recorded on SoCalGas' financial statements. Pursuant to D.15-12-024 and D.16-06-018, Bridge Funding for 2016 California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Programs, effective January 1, 2016 and July 1, 2016, respectively, the ESAPMA recorded the difference between the revenue requirement adopted for the applicable bridge funding period and the revenue requirement requested and eventually approved in the 2015-2017 CARE and ESA Programs A.14-11-011. Per the AL 5111-A, pursuant to D.16-11-022, the funds representing an overcollected balance in the ESAPMA were recorded in the SoCalGas DAPBA to be used to offset future authorized funding in rates. As such, SoCalGas proposes ESAPMA be eliminated as it is no longer needed.

FERC Settlement Proceeds Memorandum Account (FSPMA)

The purpose of FSPMA, originally established as the El Paso Settlement Proceeds Memorandum Account, was to track solely the El Paso Settlement proceeds allocable to core aggregation transportation (CAT) customers pursuant to D.03-10-087. The memorandum account was made effective upon receipt of the first settlement proceeds from El Paso Natural Gas Company. The FSPMA also recorded the CAT customers' share of all FERC settlement proceeds received from other companies settling with the State of California for their involvement in the 2000-2001 energy crisis and the Sempra Settlement (Pipeline Cases) and Price Indexing Cases Settlement pursuant to D.10-01-024. Per D.19-09-051, the residual balance was transferred to the CFCA. With the account no longer needed, SoCalGas proposes that the FSPMA be eliminated.

Fire Hazard Prevention Memorandum Account (FHPMA)

The purpose of the FHPMA is to record all incremental costs associated with fire hazard prevention incurred in complying with D.09-08-029. D.13-05-010, SoCalGas' Test-Year (TY) 2012 GRC, authorized an increase in base rates for these costs, so effective January 1, 2012, the FHPMA no longer recorded these costs. As authorized in D.19-09-51, SoCalGas amortized the FHPMA balance with the residual balance in FHPMA transferred to the CFCA and NFCA. With the account no longer needed, SoCalGas proposes that the FHPMA be eliminated.

General Rate Case Memorandum Account (GRCMA)

Pursuant to Resolution G-3460, the purpose of this account is to record the shortfall or overcollection resulting from the difference between the rates currently in effect for utility service and the final rates adopted by the Commission in a decision for A.10-12-006. Per D.13-05-010, SoCalGas amortized the GRCMA balance and transferred the residual balance to the CFCA and NFCA as the account is no longer needed. As such, SoCalGas proposes that the GRCMA be eliminated.

General Rate Case Memorandum Account 2016 (GRCMA 2016)

Pursuant to D.15-05-044, the purpose of this account is to record the shortfall or overcollection resulting from the difference between the revenue requirement and corresponding rates in effect on January 1, 2016 for utility service and the final revenue requirement and corresponding rates adopted by the Commission in a decision for A.14-11-004. Per D.16-06-054, SoCalGas amortized the GRCMA 2016 balance and transferred the residual balance to CFCA and NFCA as the account is no longer needed. As such, SoCalGas proposes that the GRCMA 2016 be eliminated.

Green House Gas Balancing Account (GHGMA)

Pursuant to D.14-12-040, the purpose of the GHGMA is to record administrative expenses and other program support costs incurred to comply with the California Cap and Greenhouse Gas (GHG) Emissions and Market-Based Compliance mechanisms (Cap-and-Trade Program) regulations imposed by the Air Resources Board (ARB). Pursuant to D.15-10-032, the GHGMA also records outreach expenses related to the California Climate Credit, effective October 22, 2015. With the implementation of D.19-09-51, SoCalGas no longer records costs in its GHGMA. With no balance in the account, SoCalGas proposes that the GHGMA be eliminated as it is no longer needed.

Honor Rancho Cost Recovery Memorandum Account (HRCRMA)

The purpose of the HRCRMA is to record the incremental costs associated with the Honor Rancho Storage Expansion Project that are in excess of the \$37.4 million cap approved by D.10-04-034. Per D.14-06-007, the balance was transferred to HRSMA. Since the HRCRMA is no longer needed, SoCalGas proposes that the HRCRMA be eliminated.

Honor Rancho Storage Memorandum Account (HRSMA)

The HRSMA is an interest-bearing memorandum account, consisting of two subaccounts: Project Cost Recovery (PCR) subaccount and Operating and Maintenance (O&M) Expense Subaccount. The original purpose of the HRSMA was to record the incremental costs and revenues associated with the Honor Rancho Storage Expansion Project (HR Project) approved by D.10-04-034. Pursuant to D.14-06-007, SoCalGas' 2013 Triennial Cost Allocation Proceeding (TCAP), SoCalGas was authorized to include in rates a revenue requirement to recover all costs associated with the HR Project. Effective with D.14-06-007, the PCR Subaccount was modified to record the difference between the actual cushion gas cost and projected cushion gas cost in the revenue requirement. Effective with D.14-06-007, the O&M Expense Subaccount was modified to record any incremental oil revenues realized based on the HR Project. D.16-06-039, Phase 1 of SoCalGas' 2016 TCAP, authorized the recovery of the HRSMA balance as of December 31, 2015, so SoCalGas no longer recorded any entries into the HRSMA other than amortization and interest. Pursuant to OP 7 of D.16-06-039, the residual balance in HRSMA was transferred to the CFCA and NFCA as the account was no longer needed. As such, SoCalGas proposes that the HRSMA be eliminated.

Operational Flow Cost Memorandum Account (OFCMA)

Pursuant to D.15-06-004, the purpose of this account is to record costs related to information system modifications to SoCalGas' Envoy and billing systems to implement the new Low Operational Flow Order (OFO) and Emergency Flow Order (EFO) requirements. Pursuant to D.19-09-051, the OFCMA no longer records cost activity for SoCalGas' Envoy and billing systems. The OFCMA was amortized in rates with the residual balance transferred to the CFCA and NFCA as the account was no longer needed. As such, SoCalGas proposes that the OFCMA be eliminated.

Otay Mesa Pipeline Capacity Memorandum Account (OMPCMA)

The purpose of this account is to record all costs incurred by the SoCalGas Gas Acquisition Department associated with the acquisition of incremental, firm pipeline capacity contracted with affiliates to transport supplies to the Otay Mesa receipt point to secure deliveries of natural gas to serve core needs during the months of December 2017 through February 2018. As SoCalGas never used the account, no activity was recorded in the OMPCMA. Since the OMPCMA is no longer needed, SoCalGas proposes that the OMPCMA be eliminated.

Polychlorinated Biphenyls (PCB) Expense Account (PCBEA)

The purpose of this account is to record all past and future costs associated with the Transwestern Pipeline Company's (Transwestern) PCB arbitration proceeding. Pursuant to D.13-05-010, PCB clean-up costs and any related reimbursements paid by Transwestern will no longer be recorded in the PCBEA but be recorded in the Integrated

Transmission Balancing Account (ITBA). In addition, SoCalGas was authorized to amortize the PCBEA balance. D.13-05-010 authorized the transfer of the residual balance to the ITBA as the account was no longer needed. As such, SoCalGas proposes that the PCBEA be eliminated.

Pipeline Safety and Reliability Memorandum Account (PSRMA)

The purpose of the PSRMA is to record the incremental costs associated with compliance with the Commission's directives in Rulemaking 11-02-019. In D.12-04-021, the Commission directed SoCalGas to file an advice letter to create a memorandum account to record the escalated direct and incremental overhead costs of implementing its proposed Pipeline Safety Enhancement Plan (PSEP) as well as the costs associated with the review of records and interim safety measures. Pursuant to D.14-06-007, SoCalGas was authorized to establish the Safety Enhancement Capital Cost Balancing Account and Safety Enhancement Expense Balancing Account to record capital-related costs and O&M expenses related to the PSEP. As a result, the PSRMA only recorded O&M and capital-related costs associated with the period prior to June 12, 2014, the effective date of the 2013 TCAP Decision. Pursuant to D.20-08-034, SoCalGas was authorized to amortize the remaining PSRMA balance in the account. As result, SoCalGas proposes that the PSRMA be eliminated and the remaining residual undercollected balance (currently at \$674 as of May 31, 2023), be transferred to the CFCA and NFCA as the account is no longer needed.

Protests

Anyone may protest this Advice Letter to the 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 submitted electronically and must be received within 20 days after the date of this Advice Letter, which is October 16, 2023. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should also be sent electronically to the attention of:

Attn: Gary Lenart
Regulatory Tariff Manager
E-mail: GLenart@socalgas.com

Effective Date

SoCalGas asserts this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this submittal become effective October 26, 2023, which is 30 calendar days after the date submitted.

Notice

A copy of this Advice Letter is being sent to SoCalGas' General Order (GO) 96-B service list. Address change requests to the GO 96-B service list should be directed via e-mail to Tariffs@socalgas.com or call 213-244-2424. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at Process_office@cpuc.ca.gov.

/s/ Joseph Mock

Joseph Mock
Director – Regulatory Affairs

Attachments



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A
Advice No. 6194-G

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 61110-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PURCHASED GAS ACCOUNT (PGA), Sheet 1	Revised 59133-G
Revised 61111-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PURCHASED GAS ACCOUNT (PGA), Sheet 2	Revised 59134-G
Revised 61112-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 1	Revised 57357-G
Revised 61113-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 2	Revised 57977-G
Revised 61114-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 3	Revised 57637-G
Revised 61115-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 4	Revised 57978-G
Revised 61116-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 1	Revised 57360-G
Revised 61117-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 2	Revised 55693-G
Revised 61118-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ENHANCED OIL RECOVERY ACCOUNT (EORA), Sheet 1	Revised 49712-G
Revised 61119-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY , ACCOUNT (CAREA), Sheet 1	Revised 45882-G
Revised 61120-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY , ACCOUNT (CAREA), Sheet 2	Revised 45883-G*
Revised 61121-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, HAZARDOUS SUBSTANCE , COST RECOVERY ACCOUNT (HSCRA), Sheet 1	Revised 40875-G
Revised 61122-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, HAZARDOUS SUBSTANCE , COST RECOVERY ACCOUNT (HSCRA), Sheet 2	Revised 40876-G

ATTACHMENT A
Advice No. 6194-G

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 61123-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, HAZARDOUS SUBSTANCE, COST RECOVERY ACCOUNT (HSCRA), Sheet 3	Revised 40877-G
Revised 61124-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GAS COST REWARDS AND PENALTIES ACCOUNT (GCRPA), Sheet 1	Revised 40881-G
Revised 61125-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, RESEARCH DEVELOPMENT AND DEMONSTRATION, GAS SURCHARGE ACCOUNT (RDDGSA), Sheet 1	Revised 40888-G
Original 61126-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, RESEARCH DEVELOPMENT AND DEMONSTRATION, GAS SURCHARGE ACCOUNT (RDDGSA) , Sheet 2	
Revised 61127-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA), Sheet 1	Revised 58527-G
Revised 61128-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA), Sheet 2	Revised 58528-G
Revised 61129-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA), Sheet 3	Original 58529-G
Revised 61130-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DIRECT ASSISTANCE PROGRAM BALANCING ACCOUNT (DAPBA), Sheet 1	Revised 52583-G
Revised 61131-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DIRECT ASSISTANCE PROGRAM BALANCING ACCOUNT (DAPBA), Sheet 2	Original 52584-G
Revised 61132-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTSS, BIOMETHANE COST INCENTIVE PROGRAM, BALANCING ACCOUNT (BCIPBA), Sheet 1	Revised 58476-G

ATTACHMENT A
Advice No. 6194-G

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 61133-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, ECONOMIC PRACTICALITY SHORTFALL , MEMORANDUM ACCOUNT (EPSMA), Sheet 1	Revised 40896-G
Revised 61134-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA), Sheet 1	Revised 40897-G
Revised 61135-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA), Sheet 2	Revised 40898-G
Revised 61136-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, INTERVENOR AWARD MEMORANDUM ACCOUNT (IAMA), Sheet 1	Revised 40904-G
Revised 61137-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, GAIN/LOSS ON SALE MEMORANDUM ACCOUNT (GLOSMA), Sheet 1	Revised 42133-G
Revised 61138-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, AFFILIATE TRANSFER FEE ACCOUNT (ATFA), Sheet 1	Revised 40919-G
Revised 61139-G	TABLE OF CONTENTS, Sheet 1	Revised 60952-G
Revised 61140-G	TABLE OF CONTENTS	Revised 60822-G
Revised 61141-G	TABLE OF CONTENTS	Revised 60916-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 1

1. Purpose

The PGA is a balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the recorded cost of gas for the Single Gas Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas effective April 1, 2008. The Single Gas Portfolio, as adopted in Decision (D.) 07-12-019, is comprised of all gas purchases to serve the combined needs of SoCalGas and SDG&E. The PGA also records adjustments associated with the Memorandum In Lieu of Contract (MILC) with the System Operator as approved in Resolutions G-3468, G-3476 and G-3485. The MILC is between the SoCalGas' System Operator and SoCalGas' Utility Gas Procurement Department (Gas Acquisition) for gas supply to support SoCalGas' minimum flow requirements on its Southern System.

2. Applicability

The PGA shall apply to all gas customers who use commodity services.

3. Rates

The projected month-end PGA balance will be applied to gas commodity rates.

4. Accounting Procedures

SoCalGas shall maintain the PGA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded gas cost in the Single Gas Portfolio Account during the month, which includes all gas and backbone transportation services purchased for SoCalGas and SDG&E's procurement customers. Costs associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Procurement Department will be included concurrent with the Utility Gas Procurement Department being relieved of its responsibility for minimum flow requirements. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate and PG&E pipeline capacity costs, carrying cost of storage inventory and financial transactions, net of proceeds from secondary market transactions such as core parking, loaning, and backbone transportation services activities.
- b. Credit entries equal to the procurement revenue, which includes recovery of backbone transportation services, from the sale of gas delivered to SoCalGas and SDG&E customers, including revenues associated with noncore and core aggregator Low OFO and EFO noncompliance charges under Rule No. 30 and Schedule No. G-IMB; and noncore standby and buyback services under Schedule No. G-IMB during the month, excluding the allowance for F&U.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- c. A credit entry for supplier refunds received that are associated with interstate capacity costs previously recovered through core procurement rates pursuant to D.04-09-022.
- d. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U.
- e. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
- f. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
- g. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation transportation (CAT) customers.
- h. A credit entry equal to the settlement proceeds associated with the Sempra Settlement (Pipeline Cases) and the Price Indexing Cases Settlement pursuant to D.10-01-024. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers;
- i. A credit entry equal to the FERC settlement proceeds associated with the 2000-2001 energy crisis. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers;
- j. A credit entry for the assessment of G-IMB daily balancing standby charge as part of the curtailment noncompliance charge billed to customers pursuant to D.16-07-008 effective November 1, 2016;
- k. An adjusting entry for an amount allocated to core customers as calculated per the terms and conditions of the MILCs in AL 4291-A, 4394-B, 4513-A, 4979-A, 5353, and 5867 (an offsetting amount will be recorded in the System Reliability Memorandum Account); and
- l. An entry to amortize the prior month's balance; and
- m. 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.

5. Disposition

SoCalGas will amortize the projected prior month's PGA balance in its monthly Gas Core Procurement Rate update.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below, and storage costs associated with the allocation of storage adopted in D.20-02-045 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs.

As addressed in D.19-09-051, SoCalGas' Test Year 2019 GRC, for its Advanced Meter Infrastructure (AMI) Project, SoCalGas estimated AMI module failures that required SoCalGas to incur costs to replace them, so SoCalGas will record any credits received from the vendor in the CFCA in order to refund these amounts back to core customers.

Pursuant to D.16-10-004, SoCalGas' 2017 Triennial Cost Allocation Proceeding (TCAP), the CFCA is segregated into two subaccounts: NGV Class Subaccount and non-NGV Core Subaccount. The NGV Class Subaccount will balance the difference between the authorized margin (excluding transmission and BTS revenue requirements) and other non-gas costs allocated to the NGV customer class with revenues intended to recover these costs. The non-NGV Core Subaccount will balance the difference between the authorized margin (excluding transmission and BTS revenue requirements) and other non-gas costs allocated to all other core classes (i.e., excluding the NGV class) with revenues intended to recover these costs. In addition, pursuant to D.20-02-045, SoCalGas' 2020 TCAP, the non-NGV Core Subaccount will balance the difference between storage costs allocated to wholesale core customers' storage capacities from the core storage assets along with the revenues intended to recover these costs.

In compliance with the approval of Advice No. 5609-A, SoCalGas establishes the Core CI Class Subaccount within the CFCA to record the undercollection resulting from the rate implementation deferral of the Core Commercial and Industrial, Schedule G-10 customer class. In addition, SoCalGas will true-up its Integrated Transmission Balancing Account (ITBA) for any undercollection attributed to local transmission costs by transferring the undercollection to the Core CI Class Subaccount. In compliance with D.20-08-044, SoCalGas will record activity in the Core CI Class Subaccount for the period beginning May 1, 2020 through December 31, 2020. The Core CI Class Subaccount will be amortized over 24 months starting January 1, 2021, as described in the disposition section below, after which the Core CI Class Subaccount will be closed.

In addition, as described in detail in Section 9. below, D.16-10-004 authorizes SoCalGas to implement a true-up mechanism to amortize in rates the additional unamortized over- or under-collection that remains in the CFCA at the end of each year.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures – NGV Class Subaccount

SoCalGas shall maintain the NGV Class Subaccount within the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin allocated to the NGV customer class;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel) allocated to the NGV customer class;
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas allocated to the NGV customer class;
- d. A debit entry equal to the record cost for the core portion of well incidents and surface leaks allocated to the NGV customer class;
- e. A credit entry equal to the following recorded revenues: transportation revenues from deliveries to NGV customers; revenues from the sale of core storage capacity rights to NGV customers; base revenues that would have been collected from NGV customers absent the core pricing flexibility program, and other revenues that the Commission has directed SoCalGas to allocate to the NGV customer class;
- f. An entry to amortize the previous year's subaccount balance; and
- g. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 3

(Continued)

5. Accounting Procedures – non-NGV Core Subaccount

SoCalGas shall maintain the non-NGV Core Subaccount within the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the core authorized margin including storage costs for wholesale core customers’ storage capacities excluding the allocation for the NGV customer class;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel) excluding the allocation for the NGV customer class;
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas excluding the allocation for the NGV customer class;
- d. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks excluding the allocation for the NGV customer class;
- e. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.20-02-045 that are not currently reflected in current transportation rates;
- f. A credit entry equal to the core portion excluding the NGV customer class of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights and wholesale core customers’ storage capacities; base revenues that would have been collected from customers absent the core pricing flexibility program, *net Low Operational Flow Order (OFO) noncompliance charge revenues from core customers as addressed in the Settlement Agreement approved by D.16-12-015 and modified by D.18-11-009*, and other revenues that the Commission has directed SoCalGas to allocate to the core market; (the italicized section of this procedure is temporary and will end when an adopted decision is issued in SoCalGas’ next Triennial Cost Allocation Proceeding);
- g. An entry to amortize the previous year’s subaccount balance;
- h. A credit entry equal to any refunds received from vendors related to AMI module failures; and
- i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 4

(Continued)

6. Accounting Procedures – Core CI Class Subaccount

- a. A debit entry equal to the seasonalized monthly amount of the annual revenue requirement as authorized in SoCalGas' 2020 TCAP for the Core Commercial and Industrial customer class;
- b. A credit entry equal to the seasonalized monthly amount of the annual revenue requirement in rates effective April 1, 2020 for the Core Commercial and Industrial customer class;
- c. A debit entry to transfer the undercollection from the ITBA associated with local transmission costs;
- d. An entry to amortize the subaccount's balance; and
- e. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

7. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance for the non-NGV Core Subaccount will be allocated to all non-NGV core customer classes on an Equal Cents Per Therm (ECPT) basis. The NGV Class Subaccount will be allocated only to the NGV customer class. The Core CI Class Subaccount will be allocated only to the Core CI customer.

8. True-up Mechanism

D.16-10-004 authorizes SoCalGas the following rate trigger mechanism detailed below to determine whether a true-up of rates will be made for the unamortized portion of the CFCA balance (total of all subaccounts).

- SoCalGas will total the authorized margin recorded in the CFCA for the last four months of the year and compare 10% of the total amount to the unamortized portion of the CFCA balance.
- If the unamortized portion of the CFCA balance is greater than 10% of the total amount SoCalGas will submit an advice letter proposing to update rates for the unamortized portion of the CFCA balance.
- SoCalGas will submit a Tier 2 advice letter by February 28th of the following year requesting the rate update to be effective April 1. Rates will be updated to reflect recovery or refund of the unamortized portion of the CFCA balance over the remaining nine months of the year.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to SoCalGas' Triennial Cost Allocation Proceeding (TCAP) Decision (D.) 20-02-045, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

The NFCA shall be divided into two subaccounts:

- 1) authorized base margin and
- 2) non-base margin costs and revenues

Pursuant to D.16-07-008, effective November 1, 2016, the NFCA will be credited for revenues for curtailment noncompliance charges billed to customers.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- b. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- c. An entry to amortize the previous year's balance; and
- d. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 2

(Continued)

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
- c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
- d. A credit entry equal to the noncore revenues to recover the costs associated with this subaccount;
- e. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Acquisition Department *excluding any net low Operational Flow Order (OFO) noncompliance charges which are balanced in the CFCA pursuant to the Settlement Agreement approved by D.16-12-015 and modified by D.18-11-009;*
- f. *A credit entry equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by D.16-12-015 and modified by D.17-11-021* (the italicized section of the prior two procedures are temporary and will end when an adopted decision is issued in SoCalGas' next TCAP);
- g. A credit entry for revenues billed to customers for curtailment noncompliance charges excluding G-IMB daily balancing standby charges which are balanced in the PGA;
- h. An entry to amortize the previous year's balance; and
- i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ENHANCED OIL RECOVERY ACCOUNT (EORA)

Sheet 1

1. Purpose

The EORA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized revenue requirement (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below allocated to the Enhanced Oil Recovery (EOR) market with revenue intended to recover these costs.

2. Applicability

The EORA shall apply to all EOR gas customers.

3. Rates

The projected year-end EORA balance will be applied to gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the EORA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized EOR revenue requirement;
- b. A debit entry equal to the recorded cost for the EOR portion of company-use fuel (excluding transmission company-use fuel);
- c. A debit entry equal to the recorded cost for the EOR portion of unaccounted for gas;
- d. A credit entry equal to the recorded EOR revenues;
- e. An entry to amortize the previous year's balance; and
- f. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis excluding EOR.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CALIFORNIA ALTERNATE RATES FOR ENERGY
ACCOUNT (CAREA)

Sheet 1

1. Purpose

The CAREA is a balancing account recorded on SoCalGas' financial statements. The purpose of the CAREA is to balance CARE program expenses incurred against gas surcharge funds reimbursed from the State of California (State). The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by the utilities pursuant to the Natural Gas Surcharge Decision (D.) 04-08-010. Pursuant to Commission Decision 02-07-033 effective July 17, 2002, the utility is also authorized to record all costs related to automatic enrollment, which include the CARE rate subsidy costs, utility administrative costs (including start-up and implementation), and the Commission's clearinghouse costs. These costs will be recorded as separate line items.

2. Applicability

CAREA will apply to all non-CARE customers charged the Public Purpose Program Surcharge (PPPS).

3. Rates

See Disposition section below.

4. Accounting Procedures

SoCalGas shall maintain the CAREA by making entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to recorded administrative costs for the CARE program, excluding costs associated with the automatic enrollment process into the CARE Program.
- b. A debit entry equal to the recorded incremental administrative and general expenses, including Commission's allocated incremental clearinghouse costs, associated with the automatic enrollment process into the CARE Program.
- c. A debit entry equal to the recorded CARE program discounts billed for the month to customers who have not been automatically enrolled in the program.
- d. A debit entry equal to the recorded CARE program discounts billed for the month to customers who have been automatically enrolled in the program.
- e. 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.
- f. A debit entry equal to the revenue shortfall associated with the discounted customer charge adopted for CARE program customers.
- g. A credit entry equal to the recorded gas surcharge billed for the month, net of actual bad debt write-offs;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CALIFORNIA ALTERNATE RATES FOR ENERGY
ACCOUNT (CAREA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- h. A debit entry equal to the gas surcharge funds, net of any refunds to exempt customers, remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by State Board of Equalization (BOE) pursuant to Assembly Bill 1002;
- i. A debit entry equal to refunds to customers that are exempt from the surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- j. A credit entry equal to the reimbursement of the gas surcharge funds, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the CDTFA/Commission to offset their administration costs and any refunds paid by the CDTFA to customers that are exempt from the surcharge;
- k. An entry to amortize the previous year's balance; and
- l. 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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5. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances and the Commission's currently authorized program budget revenue requirements for the public purpose programs. However, if a current program year budget for the CARE subsidy costs has not been adopted by the Commission, forecasts of expected CARE subsidy costs based on a reasonable estimate of gas prices (using a credible, published source) and CARE penetration rates may be used.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
HAZARDOUS SUBSTANCE
COST RECOVERY ACCOUNT (HSCRA)

Sheet 1

1. Purpose

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

2. Applicability

The HSCRA shall apply to gas customers.

3. Rates

The projected year-end HSCRA balance will be applied to gas transportation rates.

4. Accounting Procedures

Effective June 3, 1994, SoCalGas shall maintain HSCRA by recording entries at the end of each month, net of FF&U, as follows:

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.
- 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.

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Sr Vice President Regulatory Affairs

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
HAZARDOUS SUBSTANCE
COST RECOVERY ACCOUNT (HSCRA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

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.
- 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.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
HAZARDOUS SUBSTANCE
COST RECOVERY ACCOUNT (HSCRA)

Sheet 3

(Continued)

4. Accounting Procedures (Continued)

Insurance Carrier Recovery (Continued)

- 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.
- 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.

5. Disposition

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. In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end HSCRA balance in Subaccounts A and C effective January 1 of the following year.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GAS COST REWARDS AND PENALTIES ACCOUNT (GCRPA)

Sheet 1

1. Purpose

The GCRPA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the shareholders' allocation of the award/penalty under its Gas Cost Incentive Mechanism (GCIM) as modified pursuant to the Settlement Agreement approved by Decision 02-06-023 and the corresponding revenues based on rates established under the Utility's core monthly pricing program.

2. Applicability

See Disposition Section.

3. Rates

See Disposition Section

4. Accounting Procedures

SoCalGas shall maintain the GCRPA by recording entries at the end of the month, net of FF&U, as follows:

- a. A debit/credit entry equal to the shareholders' allocation of the gas cost reward/penalty based on the Utility's most recent GCIM monthly report.
- b. A credit/debit entry equal to the actual award/penalty revenues collected from/returned to gas procurement customers.
- c. An entry to amortize the balance, and
- d. 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.

5. Disposition

The projected prior month's balance of the GCRPA shall be included in SoCalGas' monthly Gas Core Procurement Rate update applicable to gas procurement customers.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
RESEARCH DEVELOPMENT AND DEMONSTRATION
GAS SURCHARGE ACCOUNT (RDDGSA)

Sheet 1

1. Purpose

The RDDGSA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track the gas surcharge collected from non-exempt customers effective January 1, 2005, that will be remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by State Board of Equalization (BOE) to fund programs administered by the California Energy Commission (CEC) or other non-utility entity designated by the Commission. This account also tracks SoCalGas' allocation of the annual CDTFA and the California Public Utilities Commission (CPUC) administrative costs authorized by the CPUC. The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by the utilities pursuant to the Natural Gas Surcharge Decision (D.) 04-08-010.

2. Applicability

See Disposition Section.

3. Rates

See Disposition Section.

4. Accounting Procedures – “Memo Account”

SoCalGas shall maintain this subaccount of the RDDGSA by recording monthly entries as follows (entries are “memo” only and not recorded on the financial statements):

- a. A credit entry equal to the surcharge for the R&D program and the CDTFA and CPUC administrative costs from the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs and refunds to customers that are exempt from the surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- b. A debit entry equal to the 1/12 of the annual PPP R&D funding authorized by the CPUC;
- c. A debit entry equal to 1/12 of SoCalGas' allocation of the annual CDTFA and CPUC administrative costs authorized by the CPUC;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
RESEARCH DEVELOPMENT AND DEMONSTRATION
GAS SURCHARGE ACCOUNT (RDDGSA)

Sheet 2

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(Continued)

5. Accounting Procedures – RDDGSA Account

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SoCalGas shall also maintain this subaccount of the RDDGSA by recording the following monthly entries, net FF&U, as follows:

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- a. An entry equal to the interest on the average of the billed surcharges in the possession of the Utility at the beginning of the month that have not been remitted to CDTFA, including interest previously recorded in the account, and the billed surcharges after entry a. above, at a rate equal to 1/12 the interest rate described in Preliminary Statement, Part I, J.

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6. Disposition

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Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission's prevailing policy on PPP accounting methods and the Commission's currently authorized program budget revenue requirements for the PPP and authorized CDTFA/CPUC administrative costs. Interest accumulated in the RDDGSA will be excluded from the annual update of PPP rates and held in the RDDGSA until further direction from the CPUC.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA)

Sheet 1

1. Purpose

The DSMBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track, beginning on January 1, 2006 with the implementation of the 2006-2008 cycle approved by Decision (D.) 05-09-043, the difference between the non-low-income energy efficiency program (i.e., "Demand Side Management" or DSM) component of the gas surcharge funds reimbursed from the State and the corresponding actual DSM program costs. In compliance with D.21-05-031, SoCalGas will request for approval of Energy Efficiency budgets on a four-year program portfolio, beginning with program year 2024. The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by utilities pursuant to the Natural Gas Surcharge D.04-08-010. The DSMBA also tracks the costs associated with the On-Bill Financing (OBF) Program adopted in D.05-09-043 and extended by D.09-09-047.

Pursuant to D.21-01-004, the School Energy Efficiency Stimulus Program (SEESP) subaccount is established within the SoCalGas' existing energy efficiency balancing account (i.e., the DSMBA) to record the allocation and transfer of Stimulus Program funds to the California Energy Commission (CEC). Pursuant to Ordering Paragraph 2, Conclusions of Law 2, and Section 4.2 of D.21-01-004, SoCalGas will transfer SEESP funds to the CEC, no later than April 1, 2021, and quarterly thereafter. The CEC will administer the SEESP for its program years of 2021 through 2023.

As authorized in D.21-01-004, SoCalGas shall be required to fund the SEESP for program years 2021, 2022 and 2023. Annual program funding for Program Year 2021 is estimated to be \$5,000,000 and will be paid quarterly to CEC. Estimated amount may be adjusted based on SoCalGas' actual unspent and uncommitted funds from Program Year 2020 in connection with SoCalGas' September 1, 2021 annual budget advice letter. Program funding for subsequent years will be determined based on unspent funds in the prior years.

As a result, the DSMBA consists of the following Subaccounts:

- 1) Energy Efficiency Program (EEP) Subaccount
- 2) SEESP Subaccount

2. Applicability

The DSMBA shall apply to customers charged the Public Purpose Program Surcharge (PPS).

3. Rates

See Disposition section.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA)

Sheet 2

(Continued)

4. Accounting Procedures – EEP Subaccount

SoCalGas shall maintain the EEP Subaccount by making monthly entries, net of FF&U, as follows:

- a. A debit entry equal to actual DSM costs (e.g., conservation costs and other marketing program costs);
- b. A debit entry equal to the cost of funds calculated at the Utility’s authorized weighted average cost of capital rate (8.43%) on the average monthly balance of net funds loaned for the OBF Program
- c. A debit entry equal to the actual cost of defaults associated with the OBF Program;
- d. A debit entry equal to the amount of unspent funds to the SEESP Subaccount to fund the SEESP;
- e. A credit entry equal to the DSM surcharge component of the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs;
- f. A debit entry equal to the DSM surcharge component of the PPP surcharge funds, net of any refunds to exempt customers, remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by the State Board of Equalization (BOE), pursuant to Assembly Bill 1002;
- g. A debit entry equal to DSM surcharge component of the refunds to customers that are exempt from the PPP surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- h. A credit entry equal to the DSM surcharge component of the reimbursement of the gas PPP surcharge funds, which may include surcharge funds from interstate non-exempt pipeline customers, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the CDTFA/Commission to offset their administration costs, the R&D administrator funds, and any refunds paid by the CDTFA to customers that are exempt from the surcharge;
- i. A year-end credit entry, if necessary, equal to the excess of annual expenditures above annual authorized levels (including authorized carry-over funding);
- j. An entry to amortize the prior year’s balance; and
- k. 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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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA)

Sheet 3

(Continued)

5. Accounting Procedures – SEESP Subaccount

SoCalGas shall maintain the SEESP Subaccount by recording monthly entries as follows:

- a. A debit entry equal to the amount of funds transferred quarterly to the CEC;
- b. A credit entry equal to the unspent funds transferred from the EEP Subaccount to fund the SEESP; and
- c. 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.

6. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission’s prevailing policy on PPP accounting methods and the Commission’s currently authorized program budget revenue requirements for the PPP. Program spending for the EEP Subaccount is limited and over-expenditures may not be recovered from ratepayers. Shareholders absorb the balance in the event that actual program expenses exceed authorized levels.

No later than February 1, 2027, SoCalGas will submit an advice letter to the Commission detailing the actual amount of funds remaining in its SEESP Subaccount, seek authorization to close the SEESP Subaccount, and either return any remaining funds to ratepayers or offset future energy efficiency budget collections as soon as practically possible.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DIRECT ASSISTANCE PROGRAM BALANCING ACCOUNT (DAPBA)

Sheet 1

1. Purpose

The DAPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to record the difference between low-income energy efficiency program (i.e., "Direct Assistance Program" or DAP) component of the gas surcharge funds reimbursed from the State and the corresponding actual DAP costs. Per D.12-02-026, utilities shall refer the Low-Income Energy Efficiency Program (LIEE) as Energy Savings Assistance (ESA) Program. Pursuant to D.21-06-015, the funding for DAPBA has been authorized from 2021 to 2026. The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by utilities pursuant to the Natural Gas Surcharge D. 04-08-010. Consistent with D.16-04-040, unspent and underspent funds will be transferred from DAPBA to offset costs recorded in the Emergency Energy Savings Assistance Program Memorandum Account (EESAPMA).

2. Applicability

The DAPBA shall apply to customers charged the Public Purpose Program Surcharge (PPPS).

3. Rates

See Disposition section.

4. Accounting Procedures

SoCalGas shall maintain the DAPBA by recording monthly entries, net of FF&U, as follows:

- a. A debit entry equal to actual ESA costs (e.g., low-income weatherization costs and other marketing program costs);
- b. A debit entry to transfer a portion of the underspending balance from the DAPBA to offset the actual incremental operating and maintenance (O&M) costs recorded in EESAPMA.
- c. A credit entry equal to the ESA surcharge component of the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs;
- d. A debit entry equal to the ESA surcharge component of the gas PPP surcharge funds, net of any refunds to exempt customers, remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by State Board of Equalization (BOE) pursuant to Assembly Bill 1002;
- e. A debit entry equal to ESA surcharge component of the refunds to customers that are exempt from the PPP surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BIOMETHANE COST INCENTIVE PROGRAM
BALANCING ACCOUNT (BCIPBA)

Sheet 1

1. Purpose

The BCIPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of the BCIPBA is to record the incentive costs paid to a biomethane producer that successfully interconnects and operates a biomethane project with SoCalGas' pipeline system under the monetary incentive program adopted by Commission Decision (D.) 15-06-029 and modified in D.16-12-043. Pursuant to D.19-12-009, the incentive program shall remain in effect until December 31, 2026. If there are funds remaining at December 31, 2026, the biomethane projects that have started to inject merchantable biomethane into SoCalGas' pipeline system as of the termination date of this program are eligible for an incentive payment if they otherwise meet the program criteria. The total statewide funding of \$40 million for this monetary incentive includes the cost of the study to be undertaken by the California Council on Science and Technology (CCST) as described in Public Utilities Code Section 784.1.

A successful biomethane project is defined as one that:

- Complies with the standards and protocols adopted in D.14-01-034;
- Successfully interconnects with the utility's pipeline system; and
- Remains in operation for a minimum of 30 days, with a flow of 30 out of 40 days.

The incentive is a one-time payment of 50% of the biomethane project's interconnection costs capped at \$3 million for a non-dairy cluster biomethane project or \$5 million for a dairy cluster biomethane project, which is paid following the 30-day operational period and within 60 days after the 30-day operational period expires.

Pursuant to Ordering Paragraph 5 of D.20-12-031, effective December 17, 2020, SoCalGas establishes a separate subaccount within its BCIPBA to record the Cap-and-Trade allowance proceeds transferred from the Consignment Revenues Subaccount of the Greenhouse Balancing Account (GHGBA) that is set aside for its 49.26% share of the additional \$40 million, or \$19,704,000, made available for the monetary incentive program.

The BCIPBA shall consist of two subaccounts:

- 1) Monetary Incentive Program Subaccount records incentive costs paid and corresponding revenues for statewide funding pursuant to the monetary incentive program adopted by D.05-06-029 and modified in D.16-12-043.
- 2) Cap-and-Trade Funded Monetary Incentive Program Subaccount records SoCalGas' share of incentive revenues from its Cap-and-Trade allowance proceeds (i.e., quarterly payments beginning March 1, 2022, and ending December 1, 2023) and any incentive funding payments made for eligible biomethane projects.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
ECONOMIC PRACTICALITY SHORTFALL
MEMORANDUM ACCOUNT (EPSMA)

1. Purpose

The EPSMA is a memorandum account not recorded on the financial statements. The purpose of this account is to record the shortfall in revenue which occurs in the Core Fixed Cost Account (CFCA) as a result of large core customers being transferred from core service to noncore service by way of economic practicality. Pursuant to D.94-12-052, 20% of the shortfall will be recovered from noncore commercial and industrial customers. D.20-02-045 extends this preliminary statement provision to remain in effect until such time modifications are adopted by the Commission.

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2. Applicability

See Disposition Section.

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3. Rates

See Disposition Section

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4. Accounting Procedures

SoCalGas shall maintain the EPSMA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to 20% of the core revenue shortfall for the month calculated as the product of (1) all service quantities transferred to noncore service by way of economic practicality and (2) the difference between the otherwise applicable core rate and the applicable noncore rate for such quantities.
- b. An entry to amortize the balances; and
- c. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end EPSMA balance effective January 1 of the following year. The balance is to be allocated to non-core commercial and industrial customers.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

1. Purpose

This memorandum account has been established pursuant to CPUC Resolution No. E-3238, dated July 24, 1991. The purpose of CEMA is to allow for the recovery of Utility's costs of restoring Utility services to its customers; repairing, replacing or restoring damaged Utility facilities; and complying with governmental agency orders in connection with events which are officially declared disasters by competent state or federal authorities. The costs recorded in CEMA will be recovered in rates only after request by the Utility and subsequent approval by the Commission as to the reasonableness of such costs.

Should a disaster occur, the Utility shall, if possible, inform the Executive Director of the CPUC by letter within thirty (30) days after the catastrophic event if the Utility has started booking costs in CEMA. Such letter shall specify the declared disaster, date, time, location, service area affected, impact on the Utility's facilities, and an estimate of the extraordinary costs expected to be incurred, with expense and capital items shown separately.

2. Applicability

The CEMA balance will be recovered from all customer classes, except those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. Accounting Procedures

Upon declaration of a disaster or state of emergency, SoCalGas shall maintain subaccounts within the CEMA applicable to each disaster or state of emergency with with entries made to this account at the end of each month, net of FF&U, as follows:

a. A debit entry equal to the amounts recorded in the Utility's Operations and Maintenance and Administrative and General Expense Accounts that were incurred as a result of the disaster and related events.

b. A debit/credit entry equal to:

1. depreciation expense on the average of the beginning and end-of-month balance of plant additions installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth the annual depreciation rates approved by the CPUC for these plant accounts; plus

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 2
CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

(Continued)

4. Accounting Procedure (Continued)

- 2. the return on investment on the average of the beginning and the end-of-month balance of plant additions installed to restore service to customers or replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth of Utility's annual rate of return; plus
- 3. the return on the allowance for working capital using the calculations most recently adopted by the CPUC and the rate of return applicable in b.2 above; plus
- 4. the return on net cost of removal of facilities required as a result of the disaster and related events, using the rate of return applicable in b.2. above; less
- 5. the return on the average of beginning and end-of-month accumulated depreciation, and an average accumulated net deferred taxes on income resulting from the normalization of federal tax depreciation, using the rate of return applicable in b.2. above.
- c. A debit entry equal to federal and state taxes based on income associated with item b. above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments. For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the Utility's most recently adopted percentage of net investment.
- d. A credit entry to transfer all or a portion of the balance in the CEMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- e. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from a. through c. above, at a rate equal to one-twelfth the interest rate on Commercial Paper (prime, 3-month) for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor.

Entries in Items a. and b. above, shall be made net of the appropriate insurance proceeds.

The Utility shall record the balance in the CEMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary.

5. Disposition

The costs recorded in CEMA will be recovered in rates only after request by the Utility and subsequent approval by the Commission as to the reasonableness of such costs.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
INTERVENOR AWARD MEMORANDUM ACCOUNT (IAMA)

Sheet 1

1. Purpose

The IAMA is a memorandum account, which is recorded on the Utility's financial statements. The purpose of the IAMA is to track intervenor compensation payments authorized by the Commission.

2. Applicability

The IAMA shall apply to gas customers.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintain the IAMA account by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to SoCalGas' allocation of the intervenor compensation payments authorized by the Commission and recorded during the month; and
- b. An entry to amortize the balance.

5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end IAMA balance in transportation rates effective January 1 of the following year. The projected year-end balance is allocated to customer classes on an Equal Cents Per Therm (ECPT) basis.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
GAIN/LOSS ON SALE MEMORANDUM ACCOUNT (GLOSMA)

Sheet 1

1. Purpose

The GLOSMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of the GLOSMA was to initially record the gain-on-sale associated with the sale of the 36 lots at Playa del Rey (PdR) and Marina del Rey (MdR), pursuant to Decision (D.) 06-04-032 dated April 13, 2006, pending the outcome of the Gain on Sale Rulemaking (R.) 04-09-003. Pursuant to Advice No. 3642-A, the GLOSMA was modified to record only the ratepayers' allocation of the after tax gains or losses associated with the sale of utility assets pursuant to the mechanism adopted by D. 06-05-041 dated May 25, 2006 and modified by D.06-12-043 dated December 14, 2006, and Resolution G-3399 dated July 26, 2007.

2. Applicability

The GLOSMA shall apply to gas customers.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintain the GLOSMA by making entries at the end of each month, net of FF&U, as follows:

- a. A credit entry equal to the ratepayers' allocation of any after tax gains associated with the sale of utility assets.
- b. A debit entry equal to the ratepayers' allocation of any after tax losses associated with the sale of utility assets.
- c. An entry equal to amortization as authorized by the Commission; and,
- d. An 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.

5. Disposition

The ratepayers' allocation of the after tax gains or losses described in entries a. and b. shall be grossed-up for income taxes as described in Preliminary Statement, Part XII, Gain/Loss on Sale Mechanism. In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance in transportation rates effective January 1 of the subsequent year. The projected year-end balance for the GLOSMA will be allocated to core and non-core customer classes by Equal Percent of Authorized Margin (EPAM) basis.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
AFFILIATE TRANSFER FEE ACCOUNT (ATFA)

Sheet 1

1. Purpose

The ATFA is a memorandum account recorded on SoCalGas' financial statements. The purpose of the ATFA is to record fees received by SoCalGas from covered affiliates when an employee of SoCalGas is transferred, assigned, or otherwise employed by that affiliate. A covered affiliate is one that is engaged in the provision of a product that uses gas or electricity, or the provision of services that relate to the use of gas or electricity, and is not otherwise exempted. This account is authorized by Ordering Paragraph 1 of D.97-12-088, which adopted Appendix A, Rule V.G.2.c.

2. Applicability

The ATFA shall apply to gas customers.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintain the ATFA account by recording monthly entries, net of FF&U, as follows:

- a. A credit entry equal to fees received by SoCalGas from a covered affiliate when an employee of SoCalGas is transferred, assigned, or otherwise employed by the covered affiliate. As described in Rule V.G.2.c., fees do not apply to all employee transfers, e.g., clerical workers, and the transfer of employees during the initial implementation period.
- b. An entry to amortize the balance; and
- c. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end ATFA balance in transportation rates effective January 1 of the following year. The projected year-end balance for the ATFA will be allocated to core and non-core customer classes on an Equal Cents Per Therm (ECPT) basis.

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ATTACHMENT B

Advice No. 6194-G

**Redline Version of Proposed Modifications and Elimination of
Regulatory Accounts
Preliminary Statements**

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 1

1. Purpose

The PGA is a balancing account recorded on SoCalGas' financial statements. Effective April 1, 2008,
~~†~~The purpose of this account is to balance the recorded cost of gas for the Single Gas Portfolio to
 provide procurement service for both SoCalGas and SDG&E customers with the corresponding
 revenue from the sale of that gas. effective April 1, 2008. –The Single Gas Portfolio, as adopted in
 Decision (D.) 07-12-019, is comprised of all gas purchases to serve the combined needs of SoCalGas
 and SDG&E. ~~- In addition, the PGA will record adjustments in compliance with Advice No. (AL)-~~
~~4291 A, 4394 B, 4513 A, 4979 A, 5353, and 5867 and their respective Memorandum In Lieu of~~
~~Contract (MILC) consistent with Resolution G-3468, Resolution G-3476, and Resolution G-3485,~~
~~respectively.~~The PGA also records adjustments associated with the Memorandum In Lieu of Contract
 (MILC) with the System Operator as approved in Resolutions G-3468, G-3476 and G-3485. The MILC
 is between the SoCalGas' System Operator and SoCalGas' Utility Gas Procurement Department (Gas
 Acquisition) for gas supply to support SoCalGas' minimum flow requirements on its Southern System.

2. Applicability

The PGA shall apply to all gas customers who use commodity services.

3. Rates

The projected month-end PGA balance will be applied to gas commodity rates.

4. Accounting Procedures

~~SoCalGas The Utility~~ shall maintain the PGA by making recording entries at the end of each month,
 net of FF&U, as follows:

- ~~1a.~~ A debit entry equal to the recorded gas cost in the Single Gas Portfolio Account during the
 month, which includes all gas and backbone transportation services purchased for SoCalGas
 and SDG&E's procurement customers. Costs associated with the Utility System Operator
 providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the
 Utility Gas Procurement Department will be included concurrent with the Utility Gas
 Procurement Department being relieved of its responsibility for minimum flow requirements.
 Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The
 Single Gas Portfolio also includes interstate and PG&E pipeline capacity costs, carrying cost of
 storage inventory and financial transactions, net of proceeds from secondary market
 transactions such as core parking, loaning, and backbone transportation services activities.
- ~~2b.~~ Credit entries equal to the procurement revenue, which includes recovery of backbone
 transportation services, from the sale of gas delivered to SoCalGas and SDG&E customers,
 including revenues associated with noncore and core aggregator Low OFO and EFO
 noncompliance charges under Rule No. 30 and Schedule No. G-IMB; and noncore standby and
 buyback services under Schedule No. G-IMB during the month, excluding the allowance for
 F&U.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- c3. A credit entry for supplier refunds received that are associated with interstate capacity costs previously recovered through core procurement rates pursuant to D.04-09-022.
- d4. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U.
- e5. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
- f6. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
- g7. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation transportation (CAT) customers.
- h8. A credit entry equal to the settlement proceeds associated with the Sempra Settlement (Pipeline Cases) and the Price Indexing Cases Settlement pursuant to D.10-01-024. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers;
- i9. A credit entry equal to the FERC settlement proceeds associated with the 2000-2001 energy crisis. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers;
- j+0. A credit entry for the assessment of G-IMB daily balancing standby charge as part of the curtailment noncompliance charge billed to customers pursuant to D.16-07-008 effective November 1, 2016;
- k+1. An adjusting entry for an amount allocated to core customers as calculated per the terms and conditions of the MILCs in AL 4291-A, 4394-B, 4513-A, 4979-A, 5353, and 5867 (an offsetting amount will be recorded in the System Reliability Memorandum Account); and
- l. An entry to amortize the prior month's balance; and
- m+2. 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.

5. Disposition

SoCalGas will amortize the projected prior month's PGA balance in its monthly Gas Core Procurement Rate update.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below, ~~including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168,~~ and storage costs associated with the allocation of storage adopted in D.20-02-045 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs. ~~Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program.~~

~~In accordance with Advice No. 4177 A, submitted pursuant to D.07-08-029, D.10-09-001, and Resolution G 3489, the CFCA will be credited for the core's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case (GRC).~~

~~In accordance with Advice No. 4772, submitted pursuant to D.13-05-010, the CFCA will be debited for the core's allocation of the revenue requirement adjustments to comply with the normalization requirements of Internal Revenue Code Section 168(i)(9), as interpreted by the Internal Revenue Service in Private Letter Ruling (PLR) 136851-14. These revenue requirement adjustments are associated with SoCalGas' net operating loss carry forward amounts that should have been used to reduce SoCalGas' accumulated deferred income tax liability balance in determining SoCalGas' authorized rate base in connection with SoCalGas' 2012 GRC.~~

As addressed in D.19-09-051, SoCalGas' Test Year 2019 GRC, for its Advanced Meter Infrastructure (AMI) Project, SoCalGas estimated AMI module failures that required SoCalGas to incur costs to replace them, so SoCalGas will record any credits received from the vendor in the CFCA in order to refund these amounts back to core customers.

Pursuant to D.16-10-004, SoCalGas' 2017 Triennial Cost Allocation Proceeding (TCAP), the CFCA ~~(excluding GAF activity)~~ is segregated into two subaccounts: NGV Class Subaccount and non-NGV Core Subaccount. The NGV Class Subaccount will balance the difference between the authorized margin (excluding transmission and BTS revenue requirements) and other non-gas costs allocated to the NGV customer class with revenues intended to recover these costs. The non-NGV Core Subaccount will balance the difference between the authorized margin (excluding transmission and BTS revenue requirements) and other non-gas costs allocated to all other core classes (i.e., excluding the NGV class) with revenues intended to recover these costs. In addition, pursuant to D.20-02-045, SoCalGas' 2020 TCAP, the non-NGV Core Subaccount will balance the difference between storage costs allocated to wholesale core customers' storage capacities from the core storage assets along with the revenues intended to recover these costs.

In compliance with the approval of Advice No. 5609-A, SoCalGas establishes the Core CI Class

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

Subaccount within the CFCA to record the undercollection resulting from the rate implementation deferral of the Core Commercial and Industrial, Schedule G-10 customer class. In addition, SoCalGas will true-up its Integrated Transmission Balancing Account (ITBA) for any undercollection attributed to local transmission costs by transferring the undercollection to the Core CI Class Subaccount. In compliance with D.20-08-044, SoCalGas will record activity in the Core CI Class Subaccount for the period beginning May 1, 2020 through December 31, 2020. The Core CI Class Subaccount will be amortized over 24 months starting January 1, 2021, as described in the disposition section below, after which the Core CI Class Subaccount will be closed.

In addition, as described in detail in Section 9. below, D.16-10-004 authorizes SoCalGas to implement a true-up mechanism to amortize in rates the additional unamortized over- or under-collection that remains in the CFCA at the end of each year.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures – NGV Class Subaccount

SoCalGas shall maintain the NGV Class Subaccount within the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin allocated to the NGV customer class;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel) allocated to the NGV customer class;
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas allocated to the NGV customer class;
- d. A debit entry equal to the record cost for the core portion of well incidents and surface leaks allocated to the NGV customer class;
- e. A credit entry equal to the following recorded revenues: transportation revenues from deliveries to NGV customers; revenues from the sale of core storage capacity rights to NGV customers; base revenues that would have been collected from NGV customers absent the core pricing flexibility program, and other revenues that the Commission has directed SoCalGas to allocate to the NGV customer class;
- f. An entry to amortize the previous year’s subaccount balance; and
- ~~g. A credit entry equal to the NGV customer class portion of the core’s allocation of the SMF charged to California Producers; and~~
- hg. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 3

(Continued)

5. Accounting Procedures – non-NGV Core Subaccount

SoCalGas shall maintain the non-NGV Core Subaccount within the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the core authorized margin including storage costs for wholesale core customers’ storage capacities excluding the allocation for the NGV customer class;
- ~~b. A one time debit entry equal to the adjustment to the adopted revenue requirements for Test Year 2012 and Attrition Years 2013 through 2014 to comply with the normalization requirements pursuant to PLR 136851-14;~~
- ~~c. A debit entry equal to the adjustment to the adopted revenue requirements for Attrition Year 2015, prorated on a seasonalized basis during the year, to comply with the normalization requirements pursuant to PLR 136851-14;~~
- bd. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel) excluding the allocation for the NGV customer class;
- ce. A debit entry equal to the recorded cost for the core portion of unaccounted for gas excluding the allocation for the NGV customer class;
- df. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks excluding the allocation for the NGV customer class;
- ~~g. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas’ Gas Assistance Fund (GAF) program;~~
- eh. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.20-02-045 that are not currently reflected in current transportation rates;
- fi. A credit entry equal to the core portion excluding the NGV customer class of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights and wholesale core customers’ storage capacities; base revenues that would have been collected from customers absent the core pricing flexibility program, *net Low Operational Flow Order (OFO) noncompliance charge revenues from core customers as addressed in the Settlement Agreement approved by D.16-12-015 and modified by D.18-11-009*, and other revenues that the Commission has directed SoCalGas to allocate to the core market; (the italicized section of this procedure is temporary and will end when an adopted decision is issued in SoCalGas’ next Triennial Cost Allocation Proceeding);
- gj. An entry to amortize the previous year’s subaccount balance;
- ~~k. A credit entry equal to the core’s allocation excluding the NGV customer class of the SMF charged to California Producers;-~~

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 3

(Continued)

- h. A credit entry equal to any refunds received from vendors related to AMI module failures; and
- i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 4

(Continued)

6. Accounting Procedures – Core CI Class Subaccount

- a. A debit entry equal to the seasonalized monthly amount of the annual revenue requirement as authorized in SoCalGas' 2020 TCAP for the Core Commercial and Industrial customer class;
- b. A credit entry equal to the seasonalized monthly amount of the annual revenue requirement in rates effective April 1, 2020 for the Core Commercial and Industrial customer class;
- c. A debit entry to transfer the undercollection from the ITBA associated with local transmission costs;
- d. An entry to amortize the subaccount's balance; and
- e. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

~~7. Accounting Procedures – GAF Subaccount~~

~~SoCalGas shall maintain the GAF Subaccount by recording entries at the end of each month, net of FF&U, as follows:~~

- ~~A debit entry equal to actual funds provided to customers for paying their gas bills;~~
- ~~A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills;~~
- ~~and~~
- ~~An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.~~

~~78. Disposition~~

~~In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance for the non-NGV Core Subaccount will be allocated to all non-NGV core customer classes on an Equal Cents Per Therm (ECPT) basis. The NGV Class Subaccount will be allocated only to the NGV customer class. The Core CI Class Subaccount will be allocated only to the Core CI customer.~~

~~For the GAF Subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.~~

8. True-up Mechanism

D.16-10-004 authorizes SoCalGas the following rate trigger mechanism detailed below to determine whether a true-up of rates will be made for the unamortized portion of the CFCA balance (total of all subaccounts).

- SoCalGas will total the authorized margin recorded in the CFCA for the last four months of

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 4

(Continued)

the year and compare 10% of the total amount to the unamortized portion of the CFCA balance.

- If the unamortized portion of the CFCA balance is greater than 10% of the total amount SoCalGas will submit an advice letter proposing to update rates for the unamortized portion of the CFCA balance.
- SoCalGas will submit a Tier 2 advice letter by February 28th of the following year requesting the rate update to be effective April 1. Rates will be updated to reflect recovery or refund of the unamortized portion of the CFCA balance over the remaining nine months of the year.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore ~~market, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168~~ market, with noncore revenues intended to recover these costs, with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to SoCalGas' Triennial Cost Allocation Proceeding (TCAP) Decision (D.) 20-02-045, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

~~In accordance with Advice No. 4177 A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the NFCA will be credited for the noncore's allocation (excluding Enhanced Oil Recovery) of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.~~

The NFCA shall be divided into two subaccounts:

- 1a) authorized base margin and
- 2b) non-base margin costs and revenues.

~~In accordance with Advice No. 4772 filed pursuant to D.13-05-010, the CFCA will be debited for the noncore's allocation of the revenue requirement adjustments to comply with the normalization requirements of Internal Revenue Code Section 168(i)(9), as interpreted by the Internal Revenue Service in Private Letter Ruling (PLR) 136851-14. These revenue requirement adjustments are associated with SoCalGas' net operating loss carry forward amounts that should have been used to reduce SoCalGas' accumulated deferred income tax liability balance in determining SoCalGas' authorized rate base in connection with SoCalGas' 2012 General Rate Case.~~

Pursuant to D.16-07-008, effective November 1, 2016, the NFCA will be credited for revenues for curtailment noncompliance charges billed to customers.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 2

(Continued)

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- ~~b. A one-time debit entry equal to the adjustment to the adopted revenue requirements for Test Year 2012 and Attrition Years 2013 through 2014 to comply with the normalization requirements pursuant to PLR 136851-14;~~
- ~~c. A debit entry equal to the adjustment to the adopted revenue requirements for Attrition Year 2015, prorated on a seasonalized basis during the year, to comply with the normalization requirements pursuant to PLR 136851-14;~~
- bd. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- ce. An entry to amortize the previous year's balance; and
- ~~f. A credit entry equal to the noncore's allocation of the SMF charged to California Producers; and~~
- dg. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
- c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
- ~~d. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;~~
- de. A credit entry equal to the noncore revenues to recover the costs associated with this subaccount;
- ef. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Acquisition Department *excluding any net low Operational Flow Order (OFO) noncompliance charges which are balanced in the CFCA pursuant to the Settlement Agreement approved by D.16-12-015 and modified by D.18-11-009;*
- fg. A credit entry equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by D.16-12-015 and modified by D.17-11-021 (the italicized section of the prior two procedures are temporary and will end when an adopted decision is issued in SoCalGas' next TCAP;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 2

(Continued)

- g.h. A credit entry for revenues billed to customers for curtailment noncompliance charges excluding G-IMB daily balancing standby charges which are balanced in the PGA;
- h.i. An entry to amortize the previous year's balance; and
- i.j. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ENHANCED OIL RECOVERY ACCOUNT (EORA)

Sheet 1

1. Purpose

The EORA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized revenue requirement (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below allocated to the Enhanced Oil Recovery (EOR) market with revenue intended to recover these costs.

~~In accordance with Advice No. 4177 A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the EORA will be credited for the EOR's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.~~

2. Applicability

The EORA shall apply to all EOR gas customers.

3. Rates

The projected year-end EORA balance will be applied to gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the EORA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized EOR revenue requirement;
- b. A debit entry equal to the recorded cost for the EOR portion of company-use fuel (excluding transmission company-use fuel);
- c. A debit entry equal to the recorded cost for the EOR portion of unaccounted for gas;
- d. A credit entry equal to the recorded EOR revenues;
- e. An entry to amortize the previous year's balance; and
- ~~f. A credit entry equal to the EOR's allocation of the SMF charged to California Producers; and~~
- ~~fg.~~ An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis excluding EOR.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CALIFORNIA ALTERNATE RATES FOR ENERGY
ACCOUNT (CAREA)

Sheet 1

1. Purpose

The CAREA is a balancing account recorded on SoCalGas' financial statements. ~~The CAREA consists of two subaccounts.~~ The purpose of the CAREA (California Alternate Rates for Energy) subaccount is to balance CARE program expenses incurred against gas surcharge funds reimbursed from the State of California (State). The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by the utilities pursuant to the Natural Gas Surcharge Decision (D.) 04-08-010. Pursuant to Commission Decision 02-07-033 effective July 17, 2002, the utility is also authorized to record all costs related to automatic enrollment, which include the CARE rate subsidy costs, utility administrative costs (including start-up and implementation), and the Commission's clearinghouse costs. These costs will be recorded as separate line items in the CARE Subaccount. ~~The CARE/TANF (Temporary Assistance for Needy Families) Subaccount is to record actual expenses incurred by SoCalGas for implementing the CARE/TANF Leveraging Program as adopted by the Commission in Rulemaking (R.) 10-02-005.~~

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

2. Applicability

CAREA will apply to all non-CARE customers charged the Public Purpose Program Surcharge (PPPS).

3. Rates

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See Disposition section below.}

4. Accounting Procedures

SoCalGas shall maintain the CAREA by making entries at the end of each month, net of FF&U, as follows:

CARE Subaccount:

- a. A debit entry equal to recorded administrative costs for the CARE program, excluding costs associated with the automatic enrollment process into the CARE Program.
- b. A debit entry equal to the recorded incremental administrative and general expenses, including Commission's allocated incremental clearinghouse costs, associated with the automatic enrollment process into the CARE Program.
- c. A debit entry equal to the recorded CARE program discounts billed for the month, ~~excluding F&U~~, to customers who have not been automatically enrolled in the program.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CALIFORNIA ALTERNATE RATES FOR ENERGY
ACCOUNT (CAREA)

Sheet 1

- d. A debit entry equal to the recorded CARE program discounts billed for the month ~~excluding F&U~~, to customers who have been automatically enrolled in the program.
- e. 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.
- f. A debit entry equal to the revenue shortfall associated with the discounted customer charge adopted for CARE program customers.
- ~~g. A debit (or credit) entry for the transfer of funds associated with the CARE/TANF Leveraging Program to (from) the CARE/TANF Subaccount;~~
- g. A credit entry equal to the recorded gas surcharge billed for the month, net of actual bad debt write-offs;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CALIFORNIA ALTERNATE RATES FOR ENERGY
ACCOUNT (CAREA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

~~h. A credit entry equal to the recorded gas surcharge billed for the month, net of actual bad debt write-offs;~~

hi. A debit entry equal to the gas surcharge funds, net of any refunds to exempt customers, remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by State Board of Equalization (BOE) pursuant to Assembly Bill 1002;

ij. A debit entry equal to refunds to customers that are exempt from the surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;

jk. A credit entry equal to the reimbursement of the gas surcharge funds, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the CDTFA/BOE/Commission to offset their administration costs and any refunds paid by the BOE/CDTFA to customers that are exempt from the surcharge; ~~and~~

k. An entry to amortize the previous year's balance; and

l. An entry equal to the interest on the average of the balance in the account during the month, calculated~~month, calculated~~ in the manner described in Preliminary Statement, Part I, J.

CARE/TANF (Temporary Assistance for Needy Families) Subaccount:

~~a. A debit entry equal to the recorded incremental administrative and general expenses associated with implementing the CARE/TANF Leveraging Program as authorized in Resolution G 3446;~~

~~b. A debit entry to record payment to the third party administrator (e.g., the United Way of Greater Los Angeles) to fund the CARE/TANF Leveraging Program;~~

~~c. A credit (or debit) entry for the transfer of funds associated with the CARE/TANF Leveraging Program from (to) the CARE Subaccount; and~~

~~d. 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.~~

5. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances and the Commission's currently authorized program budget revenue requirements for the public purpose programs. However, if a current program year budget for the CARE subsidy costs has not been adopted by the Commission, forecasts of

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CALIFORNIA ALTERNATE RATES FOR ENERGY
ACCOUNT (CAREA)

Sheet 2

(Continued)

expected CARE subsidy costs based on a reasonable estimate of gas prices (using a credible, published source) and CARE penetration rates may be used. ~~Any unspent ratepayer funds remaining in the CARE/TANF Subaccount at the conclusion of the program will be returned to ratepayers in connection with the SoCalGas' annual PPP advice letter filing.~~

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
HAZARDOUS SUBSTANCE
COST RECOVERY ACCOUNT (HSCRA)

Sheet 1

1. Purpose

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

2. Applicability

The HSCRA shall apply to gas customers.

3. Rates

The projected year-end HSCRA balance will be applied to gas transportation rates.

4. Accounting Procedures

Effective June 3, 1994, SoCalGas shall maintain HSCRA by recording entries the following entries are recorded to the HSCRA at the end of each month, net of FF&U, as follows::

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.
- 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.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS

Sheet 2

HAZARDOUS SUBSTANCE
COST RECOVERY ACCOUNT (HSCRA)

(Continued)

4. Accounting Procedures (Continued)

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.
- 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.

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 ADVICE LETTER NO. AL 6194-G
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GAS COST REWARDS AND PENALTIES ACCOUNT (GCRPA)

Sheet 1

1. Purpose

The GCRPA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the shareholders' allocation of the award/penalty under its Gas Cost Incentive Mechanism (GCIM) as modified pursuant to the Settlement Agreement approved by Decision 02-06-023 and the corresponding revenues based on rates established under the Utility's core monthly pricing program.

2. Applicability

See Disposition Section.

3. Rates

See Disposition Section

4. Accounting Procedures

~~SoCalGas shall~~ ~~The Utility~~ maintains the GCRPA by ~~recording making e~~ entries at the end of the month, net of FF&U, as follows:

- a. A debit/credit entry equal to the shareholders' allocation of the gas cost reward/penalty based on the Utility's most recent GCIM monthly report.
- b. A credit/debit entry equal to the actual award/penalty revenues collected from/returned to gas procurement customers.
- c. An entry to amortize the balance, and
- d.e. 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.

5. Disposition

The projected prior month's balance of the GCRPA shall be included in SoCalGas' monthly Gas Core Procurement Rate update applicable to gas procurement customers.

~~The balance of the GCRPA shall be allocated in the Utility's core monthly pricing mechanism to applicable gas procurement customers.~~

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
RESEARCH DEVELOPMENT AND DEMONSTRATION
GAS SURCHARGE ACCOUNT (RDDGSA)

Sheet 1

1. Purpose

The RDDGSA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track the gas surcharge collected from non-exempt customers effective January 1, 2005, that will be remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by State Board of Equalization (BOE) to fund programs administered by the California Energy Commission (CEC) or other non-utility entity designated by the Commission. This account also tracks SoCalGas' allocation of the annual CDTFA BOE and the California Public Utilities Commission (CPUC) administrative costs authorized by the CPUC. —The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by the utilities pursuant to the Natural Gas Surcharge Decision (D.) 04-08-010.

2. Applicability

See Disposition Section.

3. Rates

See Disposition Section.

4. Accounting Procedures – “Memo Account”

SoCalGas ~~shall~~ maintains this subaccount of the RDDGSA by recording making monthly entries as follows (entries are “memo” only and not recorded on the financial statements):

- a. A credit entry equal to the surcharge for the R&D program and the CDTFA BOE and CPUC administrative costs from the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs and refunds to customers that are exempt from the surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- b. A debit entry equal to the 1/12 of the annual PPP R&D funding authorized by the CPUC;
- c. A debit entry equal to 1/12 of SoCalGas' allocation of the annual CDTFA BOE and CPUC administrative costs authorized by the CPUC;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS

Sheet 2

RESEARCH DEVELOPMENT AND DEMONSTRATION
GAS SURCHARGE ACCOUNT (RDDGSA)

(Continued)

5. Accounting Procedures – RDDGSA Account

SoCalGas shall also maintain this subaccount of the RDDGSA by recording the following monthly entries, net FF&U, as follows:

a. An entry equal to the interest on the average of the billed surcharges in the possession of the Utility at the beginning of the month that have not been remitted to CDTFABOE, including interest previously recorded in the account, and the billed surcharges after entry a. above, at a rate equal to 1/12 the interest rate described in Preliminary Statement, Part I, J.

6. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission's prevailing policy on PPP accounting methods and the Commission's currently authorized program budget revenue requirements for the PPP and authorized CDTFABOE/CPUC administrative costs. Interest accumulated in the RDDGSA will be excluded from the annual update of PPP rates and held in the RDDGSA until further direction from the CPUC.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA)

Sheet 1

1. Purpose

The DSMBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track, beginning on January 1, 2006 with the implementation of the 2006-2008 cycle approved by Decision (D.) 05-09-043, the difference between the non-low-income energy efficiency program (i.e., "Demand Side Management" or DSM) component of the gas surcharge funds reimbursed from the State and the corresponding actual DSM program costs. ~~Pursuant to D.09-09-047, the DSMBA will track the corresponding activity in the 2009 bridge funding period and the 2010-2012 energy efficiency program cycle. In compliance with D.21-05-031, SoCalGas will request for approval of Energy Efficiency budgets on a four-year program portfolio, beginning with program year 2024.~~ The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by utilities pursuant to the Natural Gas Surcharge D.04-08-010. The DSMBA also tracks the costs associated with the On-Bill Financing (OBF) Program adopted in D.05-09-043 and extended by D.09-09-047.

Pursuant to D.21-01-004, the School Energy Efficiency Stimulus Program (SEESP) subaccount is established within the SoCalGas' existing energy efficiency balancing account (i.e., the DSMBA) to record the allocation and transfer of Stimulus Program funds to the California Energy Commission (CEC). Pursuant to Ordering Paragraph 2, Conclusions of Law 2, and Section 4.2 of D.21-01-004, SoCalGas will transfer SEESP funds to the CEC, no later than April 1, 2021, and quarterly thereafter. The CEC will administer the SEESP for its program years of 2021 through 2023.

As authorized in D.21-01-004, SoCalGas shall be required to fund the SEESP for program years 2021, 2022 and 2023. Annual program funding for Program Year 2021 is estimated to be \$5,000,000 and will be paid quarterly to CEC. Estimated amount may be adjusted based on SoCalGas' actual unspent and uncommitted funds from Program Year 2020 in connection with SoCalGas' September 1, 2021 annual budget advice letter. Program funding for subsequent years will be determined based on unspent funds in the prior years.

As a result, the DSMBA consists of the following Subaccounts:

- 1) ~~Energy Efficiency Program (EEP) Subaccount~~
- 2) ~~SEESP Subaccount~~

2. Applicability

The DSMBA shall apply to customers charged the Public Purpose Program Surcharge (PPS).

3. Rates

See Disposition section.

~~SoCalGas maintains the EEP Subaccount by making monthly entries as follows:~~

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA)

Sheet 2

(Continued)

4. Accounting Procedures – EEP Subaccount

SoCalGas shall maintain the EEP Subaccount by making monthly entries, net of FF&U, as follows:

- a. A debit entry equal to actual DSM costs (e.g., conservation costs and other marketing program costs);
- b. A debit entry equal to the cost of funds calculated at the Utility’s authorized weighted average cost of capital rate (8.43%) on the average monthly balance of net funds loaned for the OBF Program
- c. A debit entry equal to the actual cost of defaults associated with the OBF Program;
- d. A debit entry equal to the amount of unspent funds to the SEESP Subaccount to fund the SEESP;
- e. A credit entry equal to the DSM surcharge component of the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs;
- f. A debit entry equal to the DSM surcharge component of the PPP surcharge funds, net of any refunds to exempt customers, remitted to the California Department of Tax and Fee Administration (CDTFA), ~~previously known as formerly handled by~~ the State Board of Equalization (BOE), pursuant to Assembly Bill 1002;
- g. A debit entry equal to DSM surcharge component of the refunds to customers that are exempt from the PPP surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- h. A credit entry equal to the DSM surcharge component of the reimbursement of the gas PPP surcharge funds, which may include surcharge funds from interstate non-exempt pipeline customers, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the CDTFA/Commission to offset their administration costs, the R&D administrator funds, and any refunds paid by the CDTFA to customers that are exempt from the surcharge;
- i. A year-end credit entry, if necessary, equal to the excess of annual expenditures above annual authorized levels (including authorized carry-over funding); ~~and~~
- j. An entry to amortize the prior year’s balance; and
- kj. 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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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DEMAND SIDE MANAGEMENT BALANCING ACCOUNT (DSMBA)

Sheet 3

(Continued)

5. Accounting Procedures – SEESP Subaccount

SoCalGas shall maintain the SEESP Subaccount by recording monthly entries as follows:

- a. A debit entry equal to the amount of funds transferred quarterly to the CEC;
- b. A credit entry equal to the unspent funds transferred from the EEP Subaccount to fund the SEESP; and
- c. 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.

6. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission’s prevailing policy on PPP accounting methods and the Commission’s currently authorized program budget revenue requirements for the PPP. Program spending for the EEP Subaccount is limited and over-expenditures may not be recovered from ratepayers. Shareholders absorb the balance in the event that actual program expenses exceed authorized levels.

No later than February 1, 2027, SoCalGas will submit an advice letter to the Commission detailing the actual amount of funds remaining in its SEESP Subaccount, seek authorization to close the SEESP Subaccount, and either return any remaining funds to ratepayers or offset future energy efficiency budget collections as soon as practically possible.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DIRECT ASSISTANCE PROGRAM BALANCING ACCOUNT (DAPBA)

Sheet 1

1. Purpose

The DAPBA is an interest bearing balancing account recorded on SoCalGas' financial statements.- The purpose of this account is to ~~track record, beginning on January 1, 2006 with the implementation of the 2006-2007 cycle approved by Decision (D.) 05-12-026,~~ the difference between low-income energy efficiency program (i.e., "Direct Assistance Program" or DAP) component of the gas surcharge funds reimbursed from the State and the corresponding actual DAP costs. Per D.-12-02-026, utilities shall refer the Low-Income Energy Efficiency Program (LIEE) as Energy Savings Assistance (ESA) Program. Pursuant to D.21-06-015, the funding for DAPBA has been authorized from 2021 to 2026. - The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by utilities pursuant to the Natural Gas Surcharge D. 04-08-010. Consistent with D.16-04-040, unspent and underspent funds will be transferred from DAPBA to offset costs recorded in the Emergency Energy Savings Assistance Program Memorandum Account (EESAPMA).

2. Applicability

The DAPBA shall apply to customers charged the Public Purpose Program Surcharge (PPPS).

3. Rates

See Disposition section.

4. Accounting Procedures

SoCalGas ~~shall maintains this account~~ the DAPBA by ~~making recording~~ monthly entries, net of FF&U, as follows:

- a. A debit entry equal to actual ~~ESADAP~~ costs (e.g., low-income weatherization costs and other marketing program costs);
- b. A debit entry to transfer a portion of the underspending balance from the DAPBA to offset the actual incremental operating and maintenance (O&M) costs recorded in EESAPMA.
- c. A credit entry equal to the ~~DAP-ESA~~ surcharge component of the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs;
- d. A debit entry equal to the ~~DAP-ESA~~ surcharge component of the gas PPP surcharge funds, net of any refunds to exempt customers, remitted to the California Department of Tax and Fee Administration (CDTFA), formerly handled by State Board of Equalization (BOE) pursuant to Assembly Bill 1002;
- e. A debit entry equal to ~~DAP-ESA~~ surcharge component of the refunds to customers that are exempt from the PPP surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DIRECT ASSISTANCE PROGRAM BALANCING ACCOUNT (DAPBA)

Sheet 2

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4. Accounting Procedures – Continued

- f. A credit entry equal to the DAP surcharge component of the reimbursement of the gas PPP surcharge funds, which may include surcharge funds from interstate non-exempt pipeline customers, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the CDTFABOE/Commission to offset their administration costs, the R&D administrator funds, and any refunds paid by the CDTFABOE to customers that are exempt from the surcharge;
- g. A year-end credit entry, if necessary, equal to the excess of annual expenditures above annual authorized levels (including authorized carry-over funding);
- h. An entry to amortize the prior year’s balance; and
- i. 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.

5. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission’s prevailing policy on PPP accounting methods and the Commission’s currently authorized program budget revenue requirements for the PPP. Program spending is limited and over-expenditures may not be recovered from ratepayers. Shareholders absorb the balance in the event that actual program expenses exceed authorized levels.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BIOMETHANE COST INCENTIVE PROGRAM
BALANCING ACCOUNT (BCIPBA)

Sheet 1

1. Purpose

The BCIPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of the BCIPBA is to record the incentive costs paid to a biomethane producer that successfully interconnects and operates a biomethane project with SoCalGas' pipeline system under the monetary incentive program adopted by Commission Decision (D.) 15-06-029 and modified in D.16-12-043. Pursuant to D.19-12-009, ~~t~~The incentive program shall remain in effect until December 31, ~~2021~~2026. If there are funds remaining at December 31, ~~2021~~2026, the biomethane projects that have started to inject merchantable biomethane into SoCalGas' pipeline system as of the termination date of this program are eligible for an incentive payment if they otherwise meet the program criteria. The total statewide funding of \$40 million for this monetary incentive includes the cost of the study to be undertaken by the California Council on Science and Technology (CCST) as described in Public Utilities Code Section 784.1.

A successful biomethane project is defined as one that:

- Complies with the standards and protocols adopted in D.14-01-034;
- Successfully interconnects with the utility's pipeline system; and
- Remains in operation for a minimum of 30 days, with a flow of 30 out of 40 days.

The incentive is a one-time payment of 50% of the biomethane project's interconnection costs capped at \$3 million for a non-dairy cluster biomethane project or \$5 million for a dairy cluster biomethane project, which is paid following the 30-day operational period and within 60 days after the 30-day operational period expires.

Pursuant to Ordering Paragraph 5 of D.20-12-031, effective December 17, 2020, SoCalGas establishes a separate subaccount within its BCIPBA to record the Cap-and-Trade allowance proceeds transferred from the Consignment Revenues Subaccount of the Greenhouse Balancing Account (GHGBA) that is set aside for its 49.26% share of the additional \$40 million, or \$19,704,000, made available for the monetary incentive program.

The BCIPBA shall consist of two subaccounts:

- 1) Monetary Incentive Program Subaccount records incentive costs paid and corresponding revenues for statewide funding pursuant to the monetary incentive program adopted by D.05-06-029 and modified in D.16-12-043.
- 2) Cap-and-Trade Funded Monetary Incentive Program Subaccount records SoCalGas' share of incentive revenues from its Cap-and-Trade allowance proceeds (i.e., quarterly payments beginning March 1, 2022, and ending December 1, 2023) and any incentive funding payments made for eligible biomethane projects.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
ECONOMIC PRACTICALITY SHORTFALL
MEMORANDUM ACCOUNT (EPSMA)

1. Purpose

The EPSMA is a memorandum account not recorded on the financial statements. The purpose of this account is to record the shortfall in revenue which occurs in the Core Fixed Cost Account (CFCA) as a result of large core customers being transferred from core service to noncore service by way of economic practicality. during the period January 1, 1994 through the revision date of the Utility's next cost allocation proceeding. Pursuant to D.94-12-052, 20% of the shortfall will be recovered from noncore commercial and industrial customers. D.20-02-045 extends this preliminary statement provision to remain in effect until such time modifications are adopted by the Commission.

2. Applicability

See Disposition Section.

3. Rates

See Disposition Section

4. Accounting Procedures

Utility SoCalGas shall maintain the EPSMA by making recording entries at the end of each month, net of FF&U, as follows:

- a. a.—A debit entry equal to 20% of the core revenue shortfall for the month calculated as the product of (1) all service quantities transferred to noncore service by way of economic practicality during the period of January 1, 1994 and the revision date of the Utility's next cost allocation proceeding and (2) the difference between the otherwise applicable core rate and the applicable noncore rate for such quantities.
- b. An entry to amortize the balances; and
- c. An entry equal to interest on the average balance in the account during the month, calculated in the manner ~~manner~~ described in Preliminary Statement, Part I, J.

5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end EPSMA balance effective January 1 of the following year. The balance is to be allocated to non-core commercial and industrial customers.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

Sheet 1

1. Purpose

This memorandum account has been established pursuant to CPUC Resolution No. E-3238, dated July 24, 1991. The purpose of CEMA is to allow for the recovery of Utility's costs of restoring Utility services to its customers; repairing, replacing or restoring damaged Utility facilities; and complying with governmental agency orders in connection with events which are officially declared disasters by competent state or federal authorities. The costs recorded in CEMA will be recovered in rates only after request by the Utility and subsequent approval by the Commission as to the reasonableness of such costs.

Should a disaster occur, the Utility shall, if possible, inform the Executive Director of the CPUC by letter within thirty (30) days after the catastrophic event if the Utility has started booking costs in CEMA. Such letter shall specify the declared disaster, date, time, location, service area affected, impact on the Utility's facilities, and an estimate of the extraordinary costs expected to be incurred, with expense and capital items shown separately.

2. Applicability

The CEMA balance will be recovered from all customer classes, except those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. Accounting Procedures

Upon declaration of a disaster or state of emergency, Utility-SoCalGas shall maintain subaccounts within the CEMA applicable to each disaster or state of emergency with-by recording entries made to this account at the end of each month, net of FF&U as follows:

- a. A debit entry equal to the amounts recorded in the Utility's Operations and Maintenance and Administrative and General Expense Accounts that were incurred as a result of the disaster and related events.

- b. A debit/credit entry equal to:

- 1. depreciation expense on the average of the beginning and end-of-month balance of plant additions installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth the annual depreciation rates approved by the CPUC for these plant accounts; plus

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

Sheet 1

~~2. the return on investment on the average of the beginning and the end of month balance of plant additions installed to restore service to customers or replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one twelfth of Utility's annual rate of return; plus~~

~~3. the return on the allowance for working capital using the calculations most recently adopted by the CPUC and the rate of return applicable in b.2. above; plus~~

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
INTERVENOR AWARD MEMORANDUM ACCOUNT (IAMA)

Sheet 1

1. Purpose

The IAMA is a memorandum account, ~~the balance of~~ which is recorded on the Utility's financial statements. The purpose of the IAMA is to track intervenor compensation payments authorized by the Commission. ~~The balance in the IAMA will be addressed in the Utility's Biennial Cost Allocation Proceeding (BCAP).~~

~~Each month the Utility will debit the IAMA an amount equal to the intervenor compensation payments authorized by the Commission and recorded during the month.~~

2. Applicability

The IAMA shall apply to gas customers.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintain the IAMA account by recording entries at the end of each month, net of FF&U, as follows:

Aa. A debit entry equal to SoCalGas' allocation of the intervenor compensation payments authorized by the Commission and recorded during the month; and

b. An entry to amortize the balance.

5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end IAMA balance in transportation rates effective January 1 of the following year. The projected year-end balance is allocated to customer classes on an Equal Cents Per Therm (ECPT) basis.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
GAIN/LOSS ON SALE MEMORANDUM ACCOUNT (GLOSMA)

Sheet 1

1. Purpose

The GLOSMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of the GLOSMA (~~formerly known as the Gain on Sale Memorandum Account - GOSMA~~) was to initially record the gain-on-sale associated with the sale of the 36 lots at Playa del Rey (PdR) and Marina del Rey (MdR), pursuant to Decision (D.) 06-04-032 dated April 13, 2006, pending the outcome of the Gain on Sale Rulemaking (R.) 04-09-003. Pursuant to Advice No. 3642-A, the GLOSMA was modified to record only the ratepayers' allocation of the after tax gains or losses associated with the sale of utility assets pursuant to the mechanism adopted by D. 06-05-041 dated May 25, 2006 and modified by D.06-12-043 dated December 14, 2006, and Resolution G-3399 dated July 26, 2007.

2. Applicability

The GLOSMA shall apply to gas customers.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintain the GLOSMA by making entries at the end of each month, net of FF&U, as follows:

- a. A credit entry equal to the ratepayers' allocation of any after tax gains associated with the sale of utility assets.
- b. A debit entry equal to the ratepayers' allocation of any after tax losses associated with the sale of utility assets.
- c. An entry equal to amortization as authorized by the Commission; and,
- d. An 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.

5. Disposition

The ratepayers' allocation of the after tax gains or losses described in entries a. and b. shall be grossed-up for income taxes as described in Preliminary Statement, Part XII, Gain/Loss on Sale Mechanism. In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance in transportation rates effective January 1 of the subsequent year. The projected year-end balance for the GLOSMA will be allocated to core and non-core customer classes by Equal Percent of Authorized Margin (EPAM) basis. The balance in the GLOSMA will be amortized into SoCalGas' transportation rates on an equal percent of marginal cost (EPMC) basis in connection with SoCalGas'

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ADVICE LETTER NO. AL 6194-G
DECISION NO.

ISSUED BY

Dan Skopec
Sr Vice President Regulatory Affairs

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
GAIN/LOSS ON SALE MEMORANDUM ACCOUNT (GLOSMA)

Sheet 1

~~annual regulatory account balance update filing.~~

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
AFFILIATE TRANSFER FEE ACCOUNT (ATFA)

Sheet 1

1. Purpose

The ATFA is a memorandum account recorded on SoCalGas' financial statements. The purpose of the ATFA is to record fees received by SoCalGas from covered affiliates when an employee of SoCalGas is transferred, assigned, or otherwise employed by that affiliate. A covered affiliate is one that is engaged in the provision of a product that uses gas or electricity, or the provision of services that relate to the use of gas or electricity, and is not otherwise exempted. This account is authorized by Ordering Paragraph 1 of D.97-12-088, which adopted Appendix A, Rule V.G.2.c.

2. Applicability

The ATFA shall apply to gas customers.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintains ~~this the ATFA account~~ by account by making recording monthly entries, net of FF&U, as follows:

- a. A credit entry equal to fees received by SoCalGas from a covered affiliate when an employee of SoCalGas is transferred, assigned, or otherwise employed by the covered affiliate. As described in Rule V.G.2.c., fees do not apply to all employee transfers, e.g., clerical workers, and the transfer of employees during the initial implementation period.
- b. An entry to amortize the balance; and
- c. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

~~For each BCAP filing, SoCalGas will reconcile this account and adjust rates as needed.~~

5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end ATFA balance in transportation rates effective January 1 of the following year. The projected year-end balance for the ATFA will be allocated to core and non-core customer classes on an Equal Cents Per Therm (ECPT) basis.

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