

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1
BIOMETHANE PROCUREMENT AND PILOT COSTS BALANCING ACCOUNT (BPPCBA)

1. Purpose

The BPPCBA is an interest-bearing two-way balancing account recorded on SoCalGas' financial statements. Decision (D.) 22-02-025 authorizes the implementation of Senate Bill (SB) 1440 by establishing biomethane (i.e., renewable natural gas and/or bio-synthetic natural gas) procurement program targets to reduce short-lived climate pollution emissions. In addition, SoCalGas shall file an application no later than July 31, 2023 to propose woody biomass gasification pilot projects focused on methanation. The purpose of the pilot projects is to convert woody biomass into bio-synthetic natural gas (bio-SNG).

Ordering Paragraph (OP) 54 of D.22-02-025 authorizes SoCalGas to establish the BPPCBA which will consist of the following 2 subaccounts:

- Biomethane Commodity Cost Subaccount – The purpose of Biomethane Commodity Cost Subaccount is to record 1) the above-market Biomethane commodity cost and 2) the corresponding revenues from the sale of the biomethane commodity gas. The above-market Biomethane commodity cost is defined as the difference in the cost of Biomethane purchases (including the cost of any renewable attributes or credits that are bundled with the purchased Biomethane supply) and the monthly weighted average cost of traditional natural gas purchases.
- Program Administrative Cost Subaccount – The purpose of the Program Administrative Cost Subaccount is to record program administrative costs to support both the biomethane procurement program and the biomass gasification pilot projects.

2. Applicability

This account shall apply to all gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5965
DECISION NO. 22-02-025

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Apr 11, 2022
EFFECTIVE May 11, 2022
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
BIOMETHANE PROCUREMENT AND PILOT COSTS BALANCING ACCOUNT (BPPCBA)

(Continued)

4. Accounting Procedures – Biomethane Commodity Cost 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 above-market Biomethane commodity cost;
- b) An entry to amortize the Biomethane Commodity Cost Subaccount; and
- c) 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. Accounting Procedures – Program Administrative Costs 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 program administrative costs for the biomethane procurement program and the biomass gasification pilot projects;
- b) An entry to amortize the Program Administrative Costs Subaccount; and
- c) 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.

6. Disposition

SoCalGas will amortize the balance in the BPPCBA in customers' gas transportation rates in connection with its annual regulatory account balance update advice letter submittal. The Biomethane Commodity Cost Subaccount will be recovered from bundled core customers using the Equal Cents Per Therm (ECPT) allocation methodology. The Program Administrative Costs Subaccount will be recovered from all customers using the Equal Percent of Authorized Margin (EPAM) allocation methodology.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5965
DECISION NO. 22-02-025

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Apr 11, 2022
EFFECTIVE May 11, 2022
RESOLUTION NO. _____