

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA)

Sheet 1

1. Purpose

The BTBA is an interest-bearing balancing account that is recorded on the Utility's financial statements pursuant to D.06-04-033, D.06-12-031, Resolution G-3407, and D.11-04-032. The BTBA consists of two subaccounts: the BTBA Subaccount and IT Cost Subaccount. The purpose of the BTBA Subaccount is to record the difference between the authorized Backbone Transportation Service (BTS) revenue requirement and the actual BTS revenues from firm and interruptible access to SoCalGas' transmission system. Pursuant to D. 11-03-029, the BTBA Subaccount will also record interruptible and firm off-system deliveries in excess of any applicable system reliability costs and system implementation costs associated with providing off-system delivery service. Pursuant to D.11-04-032, SoCalGas establishes the IT Cost Subaccount to record and recover information technology costs incurred to enhance Backbone Transportation Service. Pursuant to D.16-10-004, the costs of providing discounts to interruptible BTS and firm BTS contracts with and without alternate receipt point rights are recovered in the BTBA subaccount. Pursuant to D.16-12-015, D.18-11-009, and D.20-02-045, the incremental costs associated with providing a temporary service for trading scheduled quantities and daily imbalances are recovered in the BTBA, as described in Rule No. 30.

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2. Applicability

The BTBA shall apply to all customers with firm or interruptible Backbone Transportation Service rights.

3. Rates

The projected year-end BTBA balance will be applied as described in item 5 below.

4. Accounting Procedures

BTBA Subaccount

SoCalGas shall maintain the BTBA Subaccount 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 BTS revenue requirement;
- b. A debit entry equal to the incremental costs associated with providing the temporary service for trading scheduled quantities and daily imbalances, as described in Rule No. 30;
- c. A credit entry equal to the recorded BTS revenues;
- d. An entry to amortize the previous year's balance;

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5609
 DECISION NO. 20-02-045

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- e. A credit entry equal to any net revenues from off-system delivery services (i.e., that were made available in the Southern System for the flow days where fixed deliveries were made into the Southern System to maintain system reliability) in excess of system reliability costs for these flow days and system implementation costs associated with providing off-system delivery service;
- f. A credit entry equal to 100% of the recorded revenues from interruptible and firm off-system delivery services not reflected in entry "e" and in excess of system implementation costs associated with providing off-system delivery service; and
- g. An entry equal to interest on the average of the balance in the BTBA Subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

IT Cost Subaccount

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

- a. A debit entry equal to the capital-related costs (such as depreciation, return on investment, and related taxes) associated with information technology costs;
- b. A debit entry equal to incremental O&M expenses associated with information technology enhancements;
- c. An entry to amortize the previous year's balance; and
- d. An entry equal to interest on the average of the balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

The revenue requirement associated with firm and interruptible Backbone Transportation Service is excluded from the revenue requirement underlying the Utility's gas transportation rates and is recovered separately through BTS charges under Schedule No. G-BTS, Backbone Transportation Service. In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end BTBA and IT Cost Subaccount balances in all BTS rates effective January 1 of the following year.

(TO BE INSERTED BY UTILITY)

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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