

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;

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 6194-G
 DECISION NO.

ISSUED BY
Dan Skopec
 Sr Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Sep 26, 2023
 EFFECTIVE Oct 26, 2023
 RESOLUTION NO. _____

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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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