

**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.

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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.

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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.

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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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(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  
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CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

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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.

(Continued)

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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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Sheet 4

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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 28<sup>th</sup> 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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Sheet 5

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9. 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 28<sup>th</sup> 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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ISSUED BY

**Dan Skopec**  
Vice President  
Regulatory Affairs

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