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

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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. <u>Rates</u>

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;

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

ISSUED BY Dan Skopec Sr Vice President Regulatory Affairs

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4. <u>Accounting Procedures – Continued</u>

- 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 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;
- 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.

ISSUED BY Dan Skopec Sr Vice President Regulatory Affairs