

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1  
ECONOMIC PRACTICALITY SHORTFALL  
MEMORANDUM ACCOUNT (EPSMA)

1. Purpose

The EPSMA is a memorandum account not recorded on the financial statements. The purpose of this account is to record the shortfall in revenue which occurs in the Core Fixed Cost Account (CFCA) as a result of large core customers being transferred from core service to noncore service by way of economic practicality. Pursuant to D.94-12-052, 20% of the shortfall will be recovered from noncore commercial and industrial customers. D.20-02-045 extends this preliminary statement provision to remain in effect until such time modifications are adopted by the Commission.

2. Applicability

See Disposition Section.

3. Rates

See Disposition Section

4. Accounting Procedures

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

- a. A debit entry equal to 20% of the core revenue shortfall for the month calculated as the product of (1) all service quantities transferred to noncore service by way of economic practicality and (2) the difference between the otherwise applicable core rate and the applicable noncore rate for such quantities.
- b. An entry to amortize the balances; and
- c. 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.

5. Disposition

In its annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end EPSMA balance effective January 1 of the following year. The balance is to be allocated to non-core commercial and industrial customers.

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