

PRELIMINARY STATEMENT - PART VII - TRACKING ACCOUNTS  
MONTEBELLO TRUE-UP TRACKING ACCOUNT (MTTA)

Sheet 1

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The MTTA is an interest bearing tracking account effective June 28, 2001 recorded on SoCalGas' financial statements pursuant to D.01-06-081. The purpose of the MTTA is to track the difference between the ratepayers' estimated \$30 million net gain associated with the sale of cushion gas, depreciable assets, and real property at the West Montebello storage field refunded in rates and the actual recorded net after-tax gain realized. The net after-tax gain recorded will be based on the calculation methodology shown in Appendix A to the Amended Settlement approved by D.01-06-081. In addition, the MTTA shall be credited for any revenues from the sale of oil produced in association with the recovery of cushion gas on and after the establishment of the account. This credit shall include revenues only from the production of oil under rights owned by SoCalGas at the time oil is produced.

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SoCalGas maintains the MTTA by making entries to the account at the end of each month, as follows:

- a. A debit entry equal to one-twelfth of the ratepayers' authorized \$30 million forecasted net gain on the sale of cushion gas, depreciable assets, and real property at the West Montebello storage field.
- b. A credit entry equal to the ratepayers' share of the recorded net after-tax gain on sale to be calculated using the methodology shown in Appendix A to the Amended Settlement.
- c. A credit entry equal to the revenues from oil produced in association with the recovery of cushion gas in storage from the field on and after the establishment of the account.
- d. A debit entry equal to the maintenance and operating expenses, including depreciation and income taxes, associated with withdrawal and abandonment activities effective August 27, 2001 at the Montebello storage field.
- e. An entry equal to 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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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3653  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Aug 15, 2006  
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