

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

1. Purpose

The NFCA 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 requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to SoCalGas' Triennial Cost Allocation Proceeding (TCAP) Decision (D.) 20-02-045, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

The NFCA shall be divided into two subaccounts:

- 1) authorized base margin and
- 2) non-base margin costs and revenues

Pursuant to D.16-07-008, effective November 1, 2016, the NFCA will be credited for revenues for curtailment noncompliance charges billed to customers.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount 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;
- b. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- c. An entry to amortize the previous year's balance; and
- d. 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.

(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)

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

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

- a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
- c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
- d. A credit entry equal to the noncore revenues to recover the costs associated with this subaccount;
- e. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Acquisition Department *excluding any net low Operational Flow Order (OFO) noncompliance charges which are balanced in the CFCA pursuant to the Settlement Agreement approved by D.16-12-015 and modified by D.18-11-009;*
- f. *A credit entry equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by D.16-12-015 and modified by D.17-11-021* (the italicized section of the prior two procedures are temporary and will end when an adopted decision is issued in SoCalGas' next TCAP);
- g. A credit entry for revenues billed to customers for curtailment noncompliance charges excluding G-IMB daily balancing standby charges which are balanced in the PGA;
- h. An entry to amortize the previous year's balance; 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.

6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 6194-G
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ISSUED BY

Dan Skopec
 Sr Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Sep 26, 2023
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 3

(Continued)

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount (Continued)

- g. *A credit entry equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by D.16-12-015 and modified by D.17-11-021 (the italicized section of the prior two procedures are temporary and will end when an adopted decision is issued in SoCalGas’ next TCAP;*
- h. A credit entry for revenues billed to customers for curtailment noncompliance charges excluding G-IMB daily balancing standby charges which are balanced in the PGA;
- i. An entry to amortize the previous year’s balance; and
- j. 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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6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

(TO BE INSERTED BY UTILITY)

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ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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