

PRELIMINARY STATEMENT

Sheet 1

PART III  
COST ALLOCATION AND REVENUE REQUIREMENT

A. TRIENNIAL COST ALLOCATION PROCEEDING:

1. In a Triennial Cost Allocation Proceeding (TCAP), the Utility shall file and the Commission shall authorize an allocation of the Utility's revenue requirement and reallocation of balancing account balances among customer classes, the rates for core customers and the rates for noncore customers.
2. Other decisions by the Commission may require rate revisions at times other than those specified herein.

B. REVENUE REQUIREMENT:

The Utility's revenue requirement consists of the sum total of all estimated costs to provide service for the forecast period. Rates will be established to recover all items in the Revenue Requirement. The components of the revenue requirement are as follows:

1. GAS MARGIN

This amount shall be the total annual base revenues authorized by the Commission. The authorized gas margin pursuant to SoCalGas Advice No. 6071, effective January 1, 2024, is \$3,346,358,000. Of the total revenues, \$2,752,001,000 is allocated to the core market, \$490,206,000 is allocated to the noncore market, and \$104,151,000 to the Backbone Transportation Service.

2. REGULATORY ACCOUNTS

Included below are the major balancing accounts. For a complete listing of all regulatory accounts, please refer to Preliminary Statement, Parts V, VI, and VII.

SoCalGas is authorized to submit an annual advice letter on October 15 to update SoCalGas' applicable regulatory accounts for recovery in rates. The purpose is to amortize the projected year-end balances or applicable revenue requirements in rates January 1 of the following year. Ordering Paragraph 21 of Decision (D.) 20-02-045, SoCalGas' 2020 TCAP, authorizes this annual advice letter submittal.

II  
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(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 6237-G  
 DECISION NO. D19-09-051; D20-02-045  
 1C12

ISSUED BY  
**Dan Skopec**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 SUBMITTED Dec 28, 2023  
 EFFECTIVE Jan 1, 2024  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 2

PART III  
COST ALLOCATION AND REVENUE REQUIREMENT

(Continued)

B. REVENUE REQUIREMENT: (Continued)

2. REGULATORY ACCOUNTS (Continued)

a. CORE FIXED COST ACCOUNT (CFCA) BALANCE

The revenue requirement shall include an amortization of the forecasted revision-date balance in the CFCA based on the latest data available. This amortization will be reflected in rates for core customers only. (See Preliminary Statement, Part V for a description of the CFCA.)

b. NONCORE FIXED COST ACCOUNT (NFCA) BALANCE

The revenue requirement is the amortization of the forecasted revision-date balance in the NFCA based on the latest data available. This amortization will be reflected in rates for noncore customers only. (See Preliminary Statement, Part V for a description of the NFCA.)

c. ENHANCED OIL RECOVERY ACCOUNT (EORA) BALANCE

The revenue requirement shall include an amortization of the forecasted revision-date balance in the EORA based on the latest data available. (See Preliminary Statement, Part V for a description of the EORA.)

d. NONCORE STORAGE BALANCING ACCOUNT (NSBA) BALANCE

The revenue requirement shall include an amortization of the forecasted revision-date balance in the NSBA based on the latest data available. (See Preliminary Statement, Part V for a description of the NSBA.)

e. INTEGRATED TRANSMISSION BALANCING ACCOUNT (ITBA) BALANCE

The revenue requirement shall include an amortization of the forecasted revision-date balance in the ITBA based on the latest data available. (See Preliminary Statement, Part V for a description of the ITBA.)

f. BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA) BALANCE

The revenue requirement shall include an amortization of the forecasted revision-date balance in the BTBA based on the latest data available. (See Preliminary Statement, Part V for a description of the BTBA.)

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(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 5609  
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ISSUED BY  
**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED Mar 30, 2020  
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PRELIMINARY STATEMENT

Sheet 3

PART III  
COST ALLOCATION AND REVENUE REQUIREMENT

(Continued)

B. REVENUE REQUIREMENT: (Continued)

3. LOST AND UNACCOUNTED FOR (LUAF) & COMPANY USE (CU)

This cost-of-gas component shall be determined by multiplying the LUAF quantities times the system average cost of gas.

4. FRANCHISE FEES AND UNCOLLECTIBLE ACCOUNTS EXPENSES (F&U)

The amount to be added for F&U shall be determined by multiplying each amount times the most recently authorized F&U factor (Uncollectible accounts expenses do not apply to wholesale customers.)

5. COST AND REVENUE ALLOCATION FACTORS

These factors were determined pursuant to D.20-02-045 and SoCalGas Advice No. 6213-G, effective November 1, 2023, and are used to allocate costs and revenues to the core and noncore customer classes.

	<u>Factor</u>	
<u>Cost Categories:</u>	<u>Core</u>	<u>Noncore (including wholesale)</u>
Unaccounted-for Gas	0.711	0.289
Company Use Gas: Storage	0.379	0.621
Core Fixed Cost Account	1.000	0.000
Noncore Fixed Cost Account	0.000	1.000
Enhanced Oil Recovery Account	0.919	0.081
<u>Revenue Categories:</u>		
Exchange and Interutility Transactions	0.403	0.597
Core Brokerage Fee Adjustment	1.000	0.000
Noncore Brokerage Fee Adjustment	0.000	1.000

(TO BE INSERTED BY UTILITY)

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 DECISION NO. D19-09-051; D20-02-045

3C12

ISSUED BY

**Dan Skopec**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Dec 28, 2023  
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