PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1 **RESEARCH DEVELOPMENT AND** DEMONSTRATION EXPENSE ACCOUNT (RDDEA) The RDDEA is an interest-bearing memorandum account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between authorized costs in rates, and actual costs associated with non-public purpose research, development, and demonstration (RD&D) programs. Decision (D.) 97-07-054 (PBR) authorized SoCalGas to continue using this account through the fiveyear PBR period, December 31, 2002. D.01-10-030 extended the account through December 31, 2003. In D.04-12–015, D.08-07-046, and D.13-05-010, SoCalGas was authorized to continue using this account through the four-year Cost of Service and General Rate Case (GRC) periods ending December 31, 2007, December 31, 2011, and December 31, 2015, respectively. Pursuant to D.16-06-054, TY 2016 GRC, effective January 1, 2016, SoCalGas is authorized to continue using this account through the three-year GRC cycle ending December 31, 2018, or until the effective implementation date of SoCalGas' next GRC. Pursuant to D.19-09-051, TY 2019 GRC, effective January 1, 2019, SoCalGas is authorized to continue using this account through the three-year GRC cycle ending December 31, 2021 or until the effective implementation date of SoCalGas' next GRC.

2. Applicability

1. Purpose

See Disposition section.

3. Rates

The RDDEA balance will be included in gas transportation rates.

4. Accounting Procedures

SoCalGas maintains the RDDEA by making monthly entries, net of FF&U, as follows:

- a) A debit entry for actual RD&D expenses,
- b) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' RD&D program,
- c) An entry to amortize the prior program cycle's balance, and
- d) An entry equal to interest on the average of the balance in this account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

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

(TO BE INSERTED BY CAL. PUC)			
SUBMITTED	Oct 31, 2019		
EFFECTIVE	Jan 1, 2020		
RESOLUTION NO.			

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	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 2 <u>RESEARCH DEVELOPMENT AND</u> <u>DEMONSTRATION EXPENSE ACCOUNT (RDDEA)</u> (Continued)	
5.	Disposition	
5.	For the current GRC cycle (2019-2021), any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any unspent RD&D funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers. Overspent funds may not be recovered from ratepayers and shareholders will absorb the balance in the event actual expenses exceed authorized levels.	T,L L L
	Will absorb the balance in the event actual expenses exceed authorized revels. For the prior GRC cycles (2012-2015 and 2016-2018), SoCalGas is authorized to amortize any overcollection in gas transportation rates on an Equal Percent of Authorized Margin (EPAM) basis and transfer any residual balance at the end of the amortization period to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA).	T
<u>(</u> т	O BE INSERTED BY UTILITY) ISSUED BY (TO BE INSERTED BY CAL. PUC)	

ISSUED BY Dan Skopec Vice President Regulatory Affairs