

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1  
RESEARCH ROYALTY MEMORANDUM ACCOUNT (RRMA)

1. Purpose

The RRMA is an interest-bearing memorandum account recorded on SoCalGas' financial statements. Decision (D.) 93-12-043, SoCalGas' Test Year (TY) 1994 General Rate Case (GRC) authorized SoCalGas to establish this account to track actual revenues from ratepayer-funded research programs. D.97-07-054 (PBR) added the following revenue sharing program: a) ratepayers get 100% of revenues from projects underway or completed prior to 1/1/98, and b) ratepayers and shareholders equally split the revenues from projects that start after 1/1/98. Pursuant to D.08-07-046, TY 2008 GRC, revenues associated with projects commencing on and after January 1, 2008 are subject to a revenue sharing mechanism which allocates 60% of revenues to ratepayers and the remaining 40% to shareholders. Pursuant to D.13-05-010, TY 2012 GRC, revenues associated with projects commencing on or after January 1, 2012 are subject to a revenue sharing mechanism which allocates 75% of revenues to ratepayers and the remaining 25% to shareholders. D.16-06-054, TY 2016 GRC, approves the continuation of the sharing mechanism authorized in D.13-05-010 for the period commencing on or after January 1, 2016. Pursuant to D.19-09-051, SoCalGas' TY 2019 GRC, SoCalGas will continue the sharing mechanism authorized in D.16-06-054 for projects for the period commencing on or after January 1, 2019.

2. Applicability

The RRMA shall apply to gas customers.

3. Rates

The RRMA balance will be included in gas transportation rates.

4. Accounting Procedures

SoCalGas maintains the RRMA by making entries at the end of each month, net of applicable FF&U, as follows:

- a. A credit entry for ratepayers' portions of actual research royalties, licensing fees, and other revenues;
- b. An entry to amortize the balance; 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 each annual October regulatory account balance update submittal, SoCalGas will amortize the projected year-end RRMA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis.

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5539  
 DECISION NO. 19-09-051

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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