

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
VERNON NEGOTIATED CORE CONTRACT MEMORANDUM ACCOUNT (VNCCMA)

The VNCCMA was established pursuant to the SoCalGas-Vernon Stipulation and Settlement Agreement approved in D. 96-09-104. Pursuant to the Agreement, the Utility shall be at risk for any core negotiated contracts with customers in the City of Vernon. Any revenue shortfall resulting from the new Vernon GN-10 or GT-10 rates and the negotiated contract rate will not be applied against the \$2.5 million balance in the VRSMA. Utility shall record monthly the net difference between the revenue the Utility receives from the G-10/G-20 customers in Vernon that are served under a negotiated contract and the revenue the Utility would have received at the otherwise applicable tariff rates in Vernon. A corresponding adjustment shall be made to the CFCA (see Preliminary Statement, Part V, C) so that Utility's core customers are not affected by the negotiated core contracts with customers in Vernon.

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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
 EFFECTIVE Sep 14, 2006
 RESOLUTION NO. _____