

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA 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 firm access rights (FAR) revenue requirement) ~~upon implementation of system integrated rates and the FAR system, respectively); and transition, and~~ other non-gas ~~fixed~~ costs as detailed below, including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065, allocated to the core market with revenues intended to recover these costs.

2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the CFCA by recording  
~~On a monthly basis, SoCalGas maintains this account~~ entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized margin;
  - b. A debit entry equal to the recorded cost for the core portion of company-use fuel (excluding transmission and load balancing company-use fuel);
  - c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas;
  - d. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks;
  - e. A debit entry equal to incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan related to core customers;
  - f. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program; and other revenues that the Commission has directed SoCalGas to allocate to the core market;
  - g. An entry to amortize the previous year's balance; and
  - h. 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.
- ~~SoCalGas debits this account with the core portion of the following costs: gas margin costs, transition costs, other non-gas operating costs, and incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan.~~

~~SoCalGas credits this account with the core portion of the following revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues~~

(TO BE INSERTED BY UTILITY)  
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 DECISION NO. 06-12-031, 07-06-003

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Sep 17, 2007  
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~~that would have been collected from customers absent the core pricing flexibility program; and other revenues that the Commission has directed SoCalGas to allocate to the core market. Pursuant to D.03-10-017, revenues also include core's allocation of the capital component of FIG (fiber optic cable in gas pipelines) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027).~~

~~In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances, after adjustment for the portion allocable to the NGV customer class, to reflect payment to, or recovery from, ratepayers. Pursuant to Resolution G-3380, on an annual basis, SoCalGas shall transfer a portion of the CFCA over or under collection balance that is allocable to the NGV customer class to the Natural Gas Vehicle Account (NGVA). SoCalGas also adjusts this account to reflect volumetric differences associated with the core amortization recorded in other regulatory accounts.~~

5. 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. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

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