

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
BLYTHE OPERATIONAL FLOW REQUIREMENT MEMORANDUM ACCOUNT (BOFRMA)

1. Purpose

The BOFRMA is an interest bearing memorandum account that is not recorded on the Utility's financial statements. The purpose of this account is to track certain costs associated with SoCalGas' Gas Acquisition Department's purchase and delivery of gas to sustain operational flows at Blythe.

Pursuant to Advice No. 3863, the BOFRMA was authorized to will track costs related to system reliability at Blythe through the earlier of August 31, 2009, or the date that the Utility System Operator becomes responsible for managing minimum flow requirements for system reliability on SoCalGas/SDG&E gas pipeline system. Effective April 1, 2009, the Utility System Operator is responsible for managing these minimum flow requirements. The costs incurred to maintain minimum flow requirements for system reliability will be recorded in the System Reliability Memorandum Account and no longer tracked in the BOFRMA.

2. Applicability

The BOFRMA shall apply to gas customers.

3. Rates

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

4. Accounting Procedures

SoCalGasUtility shall maintain the BOFRMA by making entries at the end of each month, net of F&U, as follows:

- a. A debit entry equal to The BOFRMA shall be charged for volumes in excess of the Core's commitment of 355 MMcf/d for deliveries at Blythe at a rate equal to the applicable daily basin index price, defined as the Permian Basin Area Midpoint indices as referenced in *Gas Daily*, plus the full transportation rate (including fuel) on EPNG delivered into SoCalGas less the Southern California bidweek border price, defined as the simple average of two published indices reported in *Natural Gas Week* and *Natural Gas Intelligence*, consistent with SoCalGas' Gas Cost Incentive Mechanism (GCIM). The charges will be made only when the System Operator requires Gas Acquisition to purchase supplies to sustain the minimum flow requirements at Blythe. The minimum flow order request by the SoCalGas System Operator in excess of 355 MMcf/d will be posted and recorded per Remedial Measure 16-;

b. An entry to amortize the previous year's balance; and

cb. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

5. Disposition

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3863
DECISION NO.

100

ISSUED BY

Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED May 2, 2008
EFFECTIVE Jun 1, 2008

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In each annual October 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. The disposition of the BOFRMA balance shall be determined in SoCalGas' Biennial Cost Allocation Proceeding (BCAP).

(TO BE INSERTED BY UTILITY)

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