

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
INTEGRATED TRANSMISSION BALANCING ACCOUNT (ITBA)

1. Purpose

The ITBA is an interest-bearing balancing account that is recorded on the Utility's financial statements pursuant to D.06-04-033, D.06-12-031 and Resolution G-3407. ~~The ITBA consists of two subaccounts: System Integration (SI) Subaccount and the Firm Access Rights (FAR) Subaccount.~~ The purpose of the ~~ITBA SI Subaccount~~ is to record the difference between the authorized transmission system revenue requirements and the corresponding transmission revenues that are not reflected in the Firm Access Rights Balancing Account (FARBA). The ~~ITBA will also FAR Subaccount will~~ record ~~the difference between the authorized FAR revenue requirement and the actual FAR revenues received from firm and interruptible access charges and~~ revenues from interruptible off-system delivery service to the Pacific Gas and Electric Company (PG&E) system. ~~The authorized FAR revenue requirements will be determined after completion of the Open Season for firm access rights using the higher of contracting results of the open season or SoCalGas' cold year throughput multiplied by the initial rate of \$0.05 per Dth.~~

2. Applicability

The ITBA shall apply to all gas customers.

3. Rates

The projected year-end ITBA balance will be applied to gas rates as described in item 5. below.

4. Accounting Procedures

SoCalGas shall maintain the ITBA by recording~~The Utility shall record~~ entries at the end of each month, net of FF&U, at the end of the month as follows:

SI Subaccount

- a. A debit entry equal to the seasonalized monthly amount~~one twelfth~~ of the authorized transmission revenue requirement which excludes the FAR revenue requirement and the authorized transmission company-use fuel cost;
- b. A debit entry equal to the recorded cost for transmission company-use fuel;
- c. A credit entry equal to the recorded ~~actual~~ transmission revenues;
- d. An entry to amortize the previous year's balance ~~in the SI Subaccount;~~
- e. A credit equal to 100% of the recorded revenues from interruptible off-system delivery service to the PG&E system; and
- f. An entry equal ~~to~~ interest on the average of the balance in the ~~SI Sub~~account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

FAR Subaccount

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3706-B  
 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 Nov 7, 2007  
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 RESOLUTION NO. G-3407

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- a. ~~A debit entry equal to one twelfth of the FAR revenue requirement;~~
- b. ~~A credit entry equal to the actual FAR revenues received;~~
- c. ~~A credit entry equal to 100% of interruptible access charges; and~~
- d. ~~An entry equal to interest on the average of the balance in the FAR Subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.~~

~~Under~~ Upon System Integration, the projected year-end balance in the ITBA ~~—SI Subaccount~~ shall be combined with the projected year-end balance in SDG&E's ITBA ~~—SI Subaccount~~ and re-allocated between the utilities based on cold year throughput. SoCalGas' allocation of the ITBA ~~SI Subaccount~~ and the FAR Subaccount balances shall ~~then~~ be amortized in the following year's ~~end-use customer rates and FAR reservation charges, respectively, as proposed~~ in SoCalGas' annual October regulatory account balance update filing.

(TO BE INSERTED BY UTILITY)

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