



PRELIMINARY STATEMENT

Sheet 1

IV. BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

DRAFT 4/23/09

1. Purpose

The CFCA is an interest bearing balancing account recorded on SDG&E's financial statements. The purpose of this account is to record the difference between the Utility's authorized gas core transportation base margin revenue requirement (excluding transmission revenue requirements upon implementation of system integrated rates pursuant to D.06-04-033) and the corresponding recorded base margin revenues from authorized gas transportation rates, in accordance with Commission D.08-07-046. Also included in the base margin revenue requirement is the authorized revenue requirement for gas storage.

The CFCA shall also record the difference between recorded expenses and revenues related to the recovery of transportation charges billed by SoCalGas to SDG&E, Unaccounted For (UAF) gas and Company Use (CU) gas. In addition, the CFCA will record administrative costs and uncollected deferred billings associated with implementing the Energy Payment Deferral Plan for qualifying citrus growers and other qualifying affected agricultural growers pursuant to Resolution E-4065.

This account shall be divided into three subaccounts: 1) base margin revenue requirement, 2) SoCalGas transportation costs and 3) other SDG&E costs.

The effective date of this account shall be June 1, 2005.

2. Applicability

The CFCA shall apply to all core customers unless otherwise specified by the Commission.

3. Rates

The CFCA will be recovered through the core transportation rate.

4. Authorized Gas Base Margin Revenue Requirement

The Utility's authorized gas base margin revenue requirement reflects the revenue requirement adopted in Commission D.08-07-046. The authorized revenue requirement shall be revised annually pursuant to in D.08-07-046. Also included in the base margin revenue requirement is the authorized revenue requirement for gas storage as approved in the Biennial Cost Allocation Proceeding (BCAP) D.09-XX-XXX.

The authorized gas core transportation base margin revenue requirement is recorded to the CFCA on a monthly basis to reflect the following seasonality percentage factors:

JAN	<u>12.7244.32</u>	JUL	<u>5.575.64</u>
FEB	<u>11.1842.87</u>	AUG	<u>5.414.92</u>
MAR	<u>10.7444.17</u>	SEP	<u>5.445.04</u>
APR	<u>8.428.65</u>	OCT	<u>6.05.551</u>
MAY	<u>6.976.76</u>	NOV	<u>8.847.05</u>
JUN	<u>5.766.40</u>	DEC	<u>12.9444.69</u>

The seasonality percentage factors may be updated, if needed, pursuant to the applicable Biennial Cost

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PRELIMINARY STATEMENT

Sheet 2

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CORE FIXED COST ACCOUNT (CFCA)

5. Accounting Procedure – Base Margin Revenue Requirement

The Utility shall maintain this subaccount by making entries at the end of each month, net of franchise fees and uncollectibles (FF&U), as follows:

- a. A debit entry equal to the pro rata allocation of the authorized core transportation base margin revenue requirement (reflecting the factors in Section 4 above). The core portion shall equal the Utility's authorized gas transportation base margin revenue requirement multiplied by its core allocation factor specified under Preliminary Statement Section III.C.5, which describes the BCAP.
- b. A credit entry equal to the billed core transportation base margin revenue.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 5.a and 5.b above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

6. Accounting Procedure – SoCalGas Transportation Costs

The Utility shall maintain this subaccount by making entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded transportation charges billed by SoCalGas to SDG&E during the month for the transportation and delivery of gas volumes to customers and computed as follows:
 - (1) The volumetric charges shall be equal to the recorded gas deliveries multiplied by the SoCalGas volumetric rate, ~~less~~.
 - ~~(2) ITCS charges paid by SDG&E.~~
- b. A credit entry equal to the billed core transportation revenues, equal to the rate component embedded in rates to recover costs for SoCalGas transportation service, ~~less ITCS~~, multiplied by the applicable gas deliveries.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 6.a and 6.b above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

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