



PRELIMINARY STATEMENT

Sheet 1

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IV. BALANCING ACCOUNTS INTEGRATED TRANSMISSION BALANCING ACCOUNT (ITBA)

Draft 4/23/09

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 and D.06-12-031. The purpose of the ITBA is to record the difference between the authorized transmission system revenue requirements and the corresponding transmission revenues.

2. Applicability

The ITBA shall apply to all customers.

3. Rates

The balance in the ITBA will be included in gas rates upon Commission approval.

4. Authorized Gas Base Margin Transmission Revenue Requirement

The Utility's authorized gas base margin transmission revenue requirement reflects the revenue requirement adopted in Commission D.08-07-046. The authorized revenue requirement shall be revised annually pursuant to D.08-07-046.

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

| | | | |
|------------|-------------|------------|--------------|
| <u>JAN</u> | <u>9.97</u> | <u>JUL</u> | <u>8.81</u> |
| <u>FEB</u> | <u>8.34</u> | <u>AUG</u> | <u>8.98</u> |
| <u>MAR</u> | <u>8.39</u> | <u>SEP</u> | <u>8.51</u> |
| <u>APR</u> | <u>6.50</u> | <u>OCT</u> | <u>7.61</u> |
| <u>MAY</u> | <u>6.66</u> | <u>NOV</u> | <u>8.61</u> |
| <u>JUN</u> | <u>6.97</u> | <u>DEC</u> | <u>10.65</u> |

4.5. Accounting Procedure

The ITBA shall record entries at the end of the month as follows:

a. A debit entry equal to ~~one-twelfth of~~ the authorized gas transportation base margin transmission revenue requirement (reflecting the factors in Section 4 above);

b. A debit entry equal to the costs to recover transmission company use gas.

~~b.c.~~ A credit entry equal to the recorded transmission revenues;

~~c.d.~~ A credit/debit entry equal to the amortization of the previous year balance; and

~~d.e.~~ An entry equal to interest calculated on the average of the balance at the beginning of the month and the balance after entries 4.a through 4.c 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.

(Continued)



San Diego Gas & Electric Company
San Diego, California

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|-----------|-----------------|-----------------------|----------------|
| | <u>Revised</u> | Cal. P.U.C. Sheet No. | <u>16484-G</u> |
| | Original | | <u>16064-G</u> |
| Canceling | <u>Original</u> | Cal. P.U.C. Sheet No. | <u>16065-G</u> |

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65. Disposition

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

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Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

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