

PRELIMINARY STATEMENT - BALANCING
PURCHASED GAS ACCOUNT

Sheet 1

PURCHASED GAS ACCOUNT (PGA)

The PGA is a balancing account. The purpose of this account is to balance the recorded cost of gas bought for the Single Gas Utility Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas. The Single Gas Portfolio is comprised of all gas purchases to serve the combined needs of SoCalGas and SDG&E as described in entry 1 below.

~~a. The PGA consists of six subaccounts. They are:~~

- ~~1. The Core Subaccount which tracks the cost of gas procured for core customers and revenues from the sale of that gas.~~
- ~~2. The Core Subscription Subaccount which tracks the cost of gas procured for core-subscription customers and revenues from the sale of that gas.~~
- ~~3. The Noncore Standby Service Subaccount which tracks the cost of gas purchases and the revenues from the sale of gas procured to provide standby procurement service for noncore customers.~~
- ~~4. The Excess Core Supply Subaccount which tracks the cost of gas purchases and the revenues from the sale of excess core supplies.~~
- ~~5. The Take or Pay Subaccount which tracks revenue from take or pay charges that core-subscription customers incur.~~
- ~~6. The Core Brokerage Fee Subaccount which tracks revenues from the core brokerage fee and the authorized core brokerage fee.~~

~~b. The Utility shall maintain the PGA by making entries at the end of each month as follows:~~

- ~~1. A debit entry equal to the recorded gas cost in the Single Gas Utility Portfolio Account during the month, which includes all gas purchased for SoCalGas and SDG&E's procurement customers, including costs associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate/intrastate pipeline capacity costs, carrying cost of storage inventory and financial transactions, net of proceeds from core parking and loaning activities, off-system sales, capacity release and exchange transactions.~~
- ~~2. Credit entries equal to the procurement revenue from the sale of gas delivered to SoCalGas and SDG&E customers, including revenues associated with noncore standby and buyback services during the month and amortization of the forecasted revision date PGA balance,~~

(TO BE INSERTED BY UTILITY)
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DECISION NO.

ISSUED BY
Lee Schavrien
Vice President
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excluding the allowance for F&U.

3. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U.

3.4. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.

5. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.

5.6. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation transportation (CAT) customers.

6.7. A credit entry equal to the FERC settlement proceeds associated with the 2000-2001 energy crisis. The settlement proceeds received shall be reduced by the amount allocable to core subscription, ~~and~~ CAT customers and SDG&E's noncore procurement customers.

7.8. An entry equal to the interest on the average of the balance in the account during the month, ~~excluding the core subscription subaccount,~~ calculated in the manner described in Preliminary Statement, Part I, J.

Pursuant to Decision XX-XX-XXX, the balance in SDG&E's PGA prior to the consolidation of the gas portfolio will be transferred to SoCalGas' PGA. The resulting balance will be amortized pursuant to the method adopted in Decision 98-07-068.

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