PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ENHANCED OIL RECOVERY ACCOUNT (EORA)

1. Purpose

This EORA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized revenue requirement (excluding the transmission revenue requirement and firm access rights (FAR) revenue requirement) and other non-gas costs as detailed below allocated to the Enhanced Oil Recovery (EOR) market with revenue intended to recover these costs.~~recorded EOR revenue with forecasted EOR revenues. The Utility shall maintain the EORA by making entries at the end of each month as follows:~~

2. Applicability

The EORA shall apply to all EOR gas customers. N
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3. Rates

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

4. Accounting Procedures

SoCalGas shall maintain the EORA by recording entries at the end of each month, net of FF&U, as follows:

a. A debit entry equal to one-twelfth of the authorized EOR revenue requirement;
b. A debit entry equal to the recorded cost for the EOR portion of company-use fuel (excluding transmission company-use fuel);
c. A debit entry equal to the recorded cost for the EOR portion of unaccounted for gas;
d. A credit entry equal to the recorded EOR revenues;
e. An entry to amortize the previous year's balance; and
f. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory 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 Percent of Authorized ~~Base~~ Margin (EPA~~B~~M) basis excluding EOR.

~~a. A debit entry equal to one-twelfth of the forecasted EOR revenue amount used to offset the revenue requirement in the most recent annual cost-allocation proceeding;~~

~~b. A debit entry equal to the amortization of the forecasted revision date EORA balance~~;

~~c. A credit entry equal to 3.0 cents per therm plus 75 percent of EOR non-gas revenue under contracts signed on or before December 3, 1986, and an amount equal to the short-run marginal cost plus 95~~

~~percent of EOR non-gas revenue under contracts signed subsequent to December 3, 1986. EOR non-gas revenue shall equal revenue from EOR customers, including any firm or interruptible access revenues, and excluding the following:~~

1. ~~A floor rate of 3.0¢ per therm for contracts signed on or before December 3, 1986, and a floor rate equal to the short-run marginal cost for contracts signed subsequent to December 3, 1986,~~
2. ~~Gas procurement costs, and~~
3. ~~Interutility transportation costs; and~~
4. ~~LUAF, CU and CCSI.~~

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