PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT Sheet 1

FIRM ACCESS AND STORAGE RIGHTS MEMORANDUM ACCOUNT (FASRMA)

The FASRMA is an interest bearing memorandum account that is recorded on SoCalGas' financial statements. The FASRMA shall record costs incurred by SoCalGas to implement a firm, tradable access and storage rights structure to provide customers with an opportunity to obtain firm access into the utility system at a specific receipt point and storage capacity throughout the year and off-system and pooling services. In addition, the FASRMA shall record the reasonable costs of establishing and maintaining new postings on the Electronic Bulletin Board (EBB), a new fifth nomination cycle, new optional enhanced balancing services, and system expansion studies (plus any related third-party review). In addition, pursuant to Decision (D.) 11-03-029, the FASRMA will record system modification costs in providing interruptible and firm Off-System Delivery (OSD) services and any related OSD revenues to recover these costs. N | | N

The Utility shall maintain the FASRMA by making entries to the account at the end of each month, as follows:

a. A debit entry to record incremental O&M (Operating and Maintenance) and capital-related costs (i.e., depreciation, return on investment and related taxes) associated with expenditures incurred that are directly related to implementing new or enhanced computer systems to comply with D.06-12-031 and D. 07-12-019.

b. A debit entry to record incremental O&M and capital-related costs (i.e., depreciation, return on investment, and related taxes) for system modification costs related to OSD services. N N

c. A credit entry equal to OSD revenues to recover up to the maximum amount of system modification costs as described in entry b. Any excess OSD revenues are recorded to the Backbone Transmission Balancing Account (BTBA). N | N

d. An entry to amortize the previous year's balance, and T

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

The costs for implementing a citygate pooling service is limited to a maximum $0.5 million, to the extent the costs of pooling services are not included in SoCalGas' $3.5 million estimate of the FAR system implementation costs.

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance (excluding transactions identified in entries b. and c.) effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis. N