PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1 T
GAS COST REWARDS AND PENALTIES ACCOUNT (GCRPA) T

The GCRPA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the shareholders' allocation of the award/penalty under its Gas Cost Incentive Mechanism (GCIM) as modified pursuant to the Settlement Agreement approved by Decision 02-06-023 and the corresponding revenues based on rates established under the Utility's core monthly pricing program. The Utility maintains the GCRPA by making entries at the end of the month as follows: L

a. A debit/credit entry equal to the shareholders' allocation of the gas cost reward/penalty based on the Utility's most recent GCIM monthly report.

b. A credit/debit entry equal to the actual award/penalty revenues collected from/returned to gas procurement customers.

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

The balance of the GCRPA shall be allocated in the Utility's core monthly pricing mechanism to applicable gas procurement customers. L