

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1  
GAIN/LOSS ON SALE MEMORANDUM ACCOUNT (GLOSMA)

The GLOSMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of the GLOSMA (formerly known as the Gain on Sale Memorandum Account - GOSMA) was to initially record the gain-on-sale associated with the sale of the 36 lots at Playa del Rey (PdR) and Marina del Rey (MdR), pursuant to Decision (D.) 06-04-032 dated April 13, 2006, pending the outcome of the Gain on Sale Rulemaking (R.) 04-09-003. Pursuant to Advice No. 3642-A, the GLOSMA was modified to record only the ratepayers' allocation of the after tax gains or losses associated with the sale of utility assets pursuant to the mechanism adopted by D. 06-05-041 dated May 25, 2006 and modified by D.06-12-043 dated December 14, 2006, and Resolution G-3399 dated July 26, 2007.

SoCalGas shall maintain the GLOSMA by making entries at the end of each month as follows:

- a. A credit entry equal to the ratepayers' allocation of any after tax gains associated with the sale of utility assets.
- b. A debit entry equal to the ratepayers' allocation of any after tax losses associated with the sale of utility assets.
- c. An entry equal to amortization as authorized by the Commission.
- d. 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.

The ratepayers' allocation of the after tax gains or losses described in entries a. and b. shall be grossed-up for income taxes as described in Preliminary Statement, Part XII, Gain/Loss on Sale Mechanism. The balance in the GLOSMA will be amortized into SoCalGas' transportation rates on an equal percent of marginal cost (EPMC) basis in connection with SoCalGas' annual regulatory account balance update filing.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3642-A  
 DECISION NO. 06-05-041, 06-12-043

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Aug 6, 2007  
 EFFECTIVE Jul 26, 2007  
 RESOLUTION NO. G-3399