

**PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS**  
**REWARDS AND PENALTIES BALANCING ACCOUNT (RPBA)**

1. Purpose

The RPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. Pursuant to D.08-07-046, TY 2008 General Rate Case (GRC), the RPBA will record the Utility's rewards and penalties associated with the performance indicators adopted in the GRC's post-test year (PTY) mechanism. In addition, the RPBA will record rewards and penalties based on incentive mechanisms associated with SoCalGas' energy efficiency programs. The RPBA also records the ratepayers' share of net revenues associated with SoCalGas' Mover Services Program (MSP) approved in Advice No. 4124.

The RPBA shall be divided into two subaccounts: 1) Rewards and Penalties (R&P) and 2) Non-Tariffed Products & Services (NTP&S).

2. Applicability

This account shall apply to gas customers.

3. Rates

The projected year-end RPBA balance will be applied to gas rates as described in item 6 below.

4. Accounting Procedures – R&P Subaccount

SoCalGas maintains this account by making monthly entries as follows:

- a) A debit entry for rewards associated with performance indicators on the PTY mechanism as addressed in Preliminary Statement, Part XI, PBR,
- b) A debit entry for rewards based on the incentive mechanism associated with SoCalGas' energy efficiency programs,
- c) A credit entry for penalties associated with performance indicators on the PTY mechanism as addressed in Preliminary Statement, Part XI, PBR,
- d) A credit entry for penalties based on the incentive mechanism associated with SoCalGas' energy efficiency programs,
- e) An entry to amortize the previous year's balance, and
- f) 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.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO.    4124  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED    Jun 16, 2010  
 EFFECTIVE    Oct 6, 2011  
 RESOLUTION NO. \_\_\_\_\_

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REWARDS AND PENALTIES BALANCING ACCOUNT (RPBA)

(Continued)

5. Accounting Procedures – NTP&S Subaccount

SoCalGas maintains this account by making monthly entries as follows:

- a) A credit entry for the ratepayers' 10% allocation of gross revenues associated with the MSP,
- b) An entry to amortize the previous year's balance, and
- 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.

6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the year-end overcollected or undercollected balance in the R&P Subaccount and any overcollected balance in the NTP&S Subaccount effective January 1 of the following year. The disposition of both subaccounts in the RPBA will be allocated on an Equal Percent of Marginal Cost (EPMC) basis.

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ISSUED BY  
**Lee Schavrien**  
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