

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1  
RESEARCH ROYALTY MEMORANDUM ACCOUNT (RRMA)

The RRMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. D.93-12-043 (TY94 GRC) authorized SoCalGas to establish this account to track actual revenues from ratepayer-funded research programs. D.97-07-054 (PBR) added the following revenue sharing program: a) ratepayers get 100% of revenues from projects underway or completed prior to 1/1/98, and b) ratepayers and shareholders equally split the revenues from projects that start after 1/1/98. Pursuant to D.08-07-046, TY 2008 GRC, revenues associated with projects commencing on and after January 1, 2008 are subject to a revenue sharing mechanism which allocates 60% of revenues to ratepayers and the remaining 40% to shareholders.

SoCalGas maintains this account by making monthly entries as follows: a) debit entries for funds returned to ratepayers in rates, b) credit entries for ratepayer's portions of actual research royalties, licensing fees, and other revenues, and c) 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.

For each annual October regulatory account balance update filing, SoCalGas will reconcile this account and adjust rates as needed. If there is a balance due to ratepayers, SoCalGas will decrease rates to return the balance plus interest to ratepayers.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3890  
 DECISION NO. 08-07-046

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Aug 11, 2008  
 EFFECTIVE Jan 1, 2008  
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