GREENHOUSE GAS MEMORANDUM ACCOUNT (GHGMA)

1. Purpose

The GHGMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 14-12-040, the purpose of the GHGMA is to record administrative expenses and other program support costs incurred to comply with the California Cap and Greenhouse Gas (GHG) Emissions and Market-Based Compliance mechanisms (Cap-and-Trade Program) regulations imposed by the Air Resources Board (ARB). The GHGMA is effective December 18, 2014, the effective date of D.14-12-040. Pursuant to D.15-10-032, the GHGMA also records outreach expenses related to the California Climate Credit, effective October 22, 2015. N N D

2. Applicability

The GHGMA shall apply to gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition section below. D N

4. Accounting Procedures T

SoCalGas maintains the GHGMA by making monthly entries, net of applicable FF&U, as follows: T

a) A debit entry to record actual administrative expenses, outreach expenses, and other program support costs associated with SoCalGas' natural gas deliveries to end users, company facilities, and administration of the California Climate Credit Education Campaign; T T N
b) An annual credit entry to transfer allowance proceeds recorded in the GHG Balancing Account (GHGBA) Consignment Revenues subaccount, as authorized by the Commission; and D,N N
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.

5. Disposition D L D

In each annual October regulatory account balance update filing, SoCalGas will provide actual recorded costs in the GHGMA to the Commission for approval. Pursuant to D.15-10-032, upon approval of the recorded costs, SoCalGas will transfer allowance proceeds recorded in the GHGBA Consignment Revenues subaccount to the GHGMA to offset the approved recorded costs. N | | N

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 2 N
GREENHOUSE GAS MEMORANDUM ACCOUNT (GHGMA) N

(Continued)

6. Consignment Revenues Subaccount - Accounting Procedures N

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

a) A debit entry to record actual administrative expenses and other program support costs associated with the consignment of natural gas supplier allowances for auction;
b) An entry to amortize the prior year's balance; 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.

7. Disposition

Disposition of the balance in the GHGMA shall be addressed in Phase 2 of Rulemaking 14-03-003 or in future Commission proceedings. N