



PRELIMINARY STATEMENT

Sheet 1

**III. MEMORANDUM ACCOUNTS
DISCONNECT MEMORANDUM ACCOUNT (DMA)**

1. Purpose: The purpose of the DMA is to record the residential uncollectible expenses that are in excess of the residential uncollectible expense associated with the period August 1, 2009 through July 31, 2010 in compliance with Decision (D.) 10-12-051. Excess residential uncollectible expenses are capped at \$300,000.
2. Applicability: This account shall apply to all customers except those specifically excluded by the Commission.
3. Rates: The DMA does not have a separate rate component.
4. Accounting Procedure: The Utility shall maintain the DMA by making entries at the end of each month as follows:
 - a. A debit entry equal to the residential uncollectible expenses that are in excess of the residential uncollectible expenses for the period August 1, 2009 through July 31, 2010 as approved in the Settlement Agreement adopted by D.10-12-051; and
 - b. An entry to amortize the previous year's balance; and;
 - c. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries in 4.a – 4.b. at a rate equal to one-twelfth of the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.
5. Disposition: The disposition of the DMA balances will be recovered in connection with SDG&E's Annual Regulatory Account Balance Update filing for rates effective January 1 of the following year.

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Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

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