



**PRELIMINARY STATEMENT**

Sheet 1

IV. BALANCING ACCOUNTS  
NONCORE FIXED COST ACCOUNT (NFCA)

1. Purpose

The NFCA is an interest bearing balancing account recorded on SDG&E's financial statements. The purpose of this account is to record the difference between the Utility's authorized gas noncore transportation base margin revenue requirement (excluding transmission revenue requirements upon implementation of system integrated rates pursuant to D.06-04-033) and the corresponding recorded base margin revenues from authorized gas transportation rates, in accordance with Commission D.08-07-046.

The NFCA shall also record the difference between recorded expenses and revenues related to the recovery of transportation charges billed by SoCalGas to SDG&E, Unaccounted For (UAF) gas and Company Use (CU) gas. In addition, the NFCA will record administrative costs and uncollected deferred billings associated with implementing the Energy Payment Deferral Plan for qualifying citrus growers and other qualifying affected agricultural growers pursuant to Resolution E-4065.

This account shall be divided into three subaccounts: 1) base margin revenue requirement, 2) SoCalGas transportation costs and 3) other SDG&E costs.

The effective date of this account shall be June 1, 2005.

2. Applicability

The NFCA shall apply to all noncore customers unless otherwise specified by the Commission.

3. Rates

The NFCA will be recovered through the noncore transportation rate.

4. Authorized Gas Base Margin Revenue Requirement

The Utility's authorized gas base margin revenue requirement reflects the revenue requirement adopted in Commission D.08-07-046. The authorized revenue requirement shall be revised annually pursuant to D.08-07-046.

The authorized gas noncore transportation base margin revenue requirement is recorded to the NFCA on a monthly basis to reflect the following seasonality percentage factors:

JAN	8.05	JUL	11.08
FEB	6.37	AUG	11.47
MAR	6.74	SEP	10.65
APR	5.17	OCT	8.72
MAY	6.44	NOV	8.44
JUN	7.82	DEC	9.05

The seasonality percentage factors may be updated, if needed, pursuant to the applicable Biennial Cost Allocation Proceeding (BCAP) or other appropriate proceeding.

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Advice Ltr. No. 1909-G

Decision No. 09-11-006

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Dec 8, 2009

Effective Feb 1, 2010

Resolution No. \_\_\_\_\_

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**PRELIMINARY STATEMENT**

Sheet 2

**IV. BALANCING ACCOUNTS  
NONCORE FIXED COST ACCOUNT (NFCA)**

5. Accounting Procedure – Base Margin Revenue Requirement

The Utility shall maintain this subaccount by making entries at the end of each month, net of franchise fees and uncollectibles (FF&U), as follows:

- a. A debit entry equal to the pro rata allocation of the authorized gas noncore transportation base margin revenue requirement (reflecting the factors in Section 4 above). The noncore portion shall equal the Utility's authorized gas transportation base margin revenue requirement multiplied by its noncore allocation factor specified under Preliminary Statement Section III.C.5, which describes the BCAP.
- b. A credit entry equal to the billed noncore transportation base margin revenue, including the impact from the electric generation Sempra-wide rate.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 5.a and 5.b above, 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 publication.

6. Accounting Procedure – SoCalGas Transportation Costs

The Utility shall maintain this subaccount by making entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded transportation charges billed by SoCalGas to SDG&E during the month for the transportation and delivery of gas volumes to customers and computed as follows:
  - (1) The volumetric charges shall be equal to the recorded gas deliveries multiplied by the SoCalGas volumetric rate
- b. A credit entry equal to the billed noncore transportation revenues, equal to the rate component embedded in rates to recover costs for SoCalGas transportation service, multiplied by the applicable gas deliveries.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 6.a and 6.b above, 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 publication.

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7. Energy Payment Deferral Plan for Citrus and Agricultural Growers

Resolution E-4065 authorizes an energy payment deferral plan to provide relief to growers' whose crops were destroyed by frost damage in January 2007. It permits growers to defer up to 50% of their bills from February 2007 through January 2008 associated with citrus and other qualifying agricultural production without incurring interest charges. Beginning February 2008 growers will be billed the accrued deferral in up to twelve equal monthly installment payments. The Utility is authorized to recover the monthly administrative costs and any uncollected deferred billings. Administrative costs will be allocated to the NFCA based on the percentage of the number of noncore customers in the plan to the total number of customers in the plan.

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8. Accounting Procedure – Other SDG&E Costs

The Utility shall maintain this subaccount by making entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the costs to recover noncore UAF and CU gas.
- b. A debit entry equal to the recorded costs of intervenor compensation payments that are not collected through gas transportation rates.
- c. A credit entry equal to the UAF and CU revenues, equal to the rate component embedded in rates to recover specific costs related to UAF and CU gas, multiplied by the applicable gas deliveries.
- d. A debit entry equal to the incremental administrative costs and any amounts written off as uncollectible as a result of the 2007 citrus and other agricultural growers' Energy Payment Deferral Plan.
- e. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 8.a through 8.d above, 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 publication.

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9. Disposition

The Utility shall file in October of each year its annual update of regulatory account balances by advice letter to amortize the projected year-end balance in the NFCA in the noncore transportation rate effective January 1 of the following year.