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July 29, 2016

Advice No. 5000
(U 904 G)

Public Utilities Commission of the State of California

Subject: Modification of the Regulatory Accounts in Compliance with Decision (D.) 16-06-054

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment A.

Purpose

In compliance with D.16-06-054, SoCalGas' Test-Year (TY) 2016 General Rate Case (GRC), this filing revises existing balancing and memorandum accounts in Preliminary Statement, Part V, Description of Regulatory Accounts – Balancing, and Preliminary Statement, Part VI, Description of Regulatory Accounts – Memorandum, respectively, and establishes the new Storage Integrity Management Program Balancing Account (SIMPBA) as described below.

On July 22, 2016, SoCalGas filed Advice No. 4994 to establish the Tax Memorandum Account (TMA), with the requested effective date of August 21, 2016, pursuant to Ordering Paragraph (OP) 4 of D.16-06-054. Additionally, OP 9 of D.16-06-054 requires SoCalGas to file a separate advice letter to establish the executive compensation memorandum account, which will be filed early August.

The Commission issued D.16-06-054 adopting, among other things, SoCalGas' revenue requirements for its TY 2016 GRC and post-test year ratemaking. The decision also finds the effective date for the change in the revenue requirement, and accordingly all regulatory accounts associated with this GRC, is January 1, 2016.

Regulatory Account Mechanisms

The following regulatory account mechanisms are being modified or established:

Part V, Description of Regulatory Accounts - Balancing

- **Pension Balancing Account (PBA)** – The purpose of the PBA is to record the difference between the forecasted and actual minimum contributions to the SoCalGas pension fund. Pursuant to OP 8 of D.16-06-054, effective with the 2016 GRC cycle, SoCalGas is updating the PBA to continue the two-way balancing account treatment for pension costs recorded in the PBA and annual amortization of the PBA balance in rates and to reflect adjustments of future funding amounts for pension benefits based on the greater of minimum required contribution or the amount necessary to maintain an 85% funding level.
- **Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA)** – The purpose of the PBOPBA is to record the actual annual PBOP costs embedded in authorized rates with the actual tax-deductible contribution to the PBOP Trust. Pursuant to OP 8 of D.16-06-054, SoCalGas is updating the PBOPBA to continue the two-way balancing account treatment for PBOP costs recorded in the PBOPBA and annual amortization of the PBOPBA balance in rates effective with the 2016 GRC cycle.
- **Post-2011 Distribution Integrity Management Program Balancing Account (Post-2011 DIMPBA)** – The purpose of the Post-2011 DIMPBA is to record the difference between actual and authorized costs associated with SoCalGas' Distribution Integrity Management Program (DIMP). Pursuant to OP 8 of D.16-06-054, SoCalGas is updating the post-2011 DIMPBA to continue the two-way balancing account treatment for DIMP costs effective with the 2016 GRC cycle. In addition, as approved in Attachment 5 of the decision, SoCalGas is also updating the Post-2011 DIMPBA for SoCalGas to file a Tier 3 advice letter for recovery of any DIMP undercollections up to 35% of the 2016 GRC cycle total revenue requirement. Any amount above 35% will be subject to recovery through a separate application.
- **Transmission Integrity Management Program Balancing Account (TIMPBA)** – The purpose of the TIMPBA is to record the difference between actual and authorized costs associated with SoCalGas' Transmission Integrity Management Program (TIMP). Pursuant to OP 8 of D.16-06-054, SoCalGas is updating the TIMPBA to continue the two-way balancing account treatment for TIMP costs effective with the 2016 GRC cycle. In addition, as approved in Attachment 5 of the decision, SoCalGas is also updating the TIMPBA for SoCalGas to file a Tier 3 advice letter for recovery of any TIMP undercollections up to 35% of the 2016 GRC cycle total revenue requirement. Any amount above 35% will be subject to recovery through a separate application.

- Storage Integrity Management Program Balancing Account (SIMPBA) – Pursuant to OP 8 of D.16-06-054, SoCalGas establishes the SIMPBA to record the difference between actual and authorized costs associated with SoCalGas' Storage Integrity Management Program (SIMP) effective with the 2016 GRC cycle. The SIMPBA is authorized for the three-year GRC period ending on December 31, 2018 or until the effective implementation date of SoCalGas next GRC. Any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any unspent funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers. However, for any costs in excess of the authorized SIMP O&M and capital-related costs, the costs shall be subject to recovery through a Tier 3 advice letter filing for amounts up to 35% of the GRC cycle total revenue requirement for SIMP. Any amounts above the 35% threshold will be subject to recovery through a separate application.
- Compressor Station Fuel & Power Balancing Account (CFPBA) – The purpose of the CFPBA is to record costs for electricity used in the operation of SoCalGas' compressor stations. In its application for the 2016 GRC proceeding, SoCalGas proposed to expand the scope of the CFPBA to also record costs for electricity used in storage operations.¹ The proposal was not contested. Therefore, SoCalGas is updating its CFPBA to record the costs of electricity used in storage operations effective with the 2016 GRC cycle.²
- New Environmental Regulation Balancing Account (NERBA) – The purpose of the NERBA is to record the difference between actual costs and authorized costs in rates associated with new greenhouse gas (GHG) requirements. In its application for the 2016 GRC proceeding, SoCalGas proposed to expand the NERBA to record differences between actual costs and authorized costs in rates associated with the Municipal Separate Storm Sewer Systems (MS4) compliance requirements and leak detection and repair (LDAR) compliance requirements under Senate Bill 1371. In addition, for the costs recorded in the NERBA including any new environmental costs proposed for MS4 and LDAR compliance requirements, SoCalGas proposed the continuation of its currently authorized ratemaking treatment and current allocation method.³ These proposals were not contested. Therefore, SoCalGas is updating the NERBA to establish separate subaccounts to record actual costs and authorized costs in rates associated with the MS4 and LDAR compliance requirements and to continue its authorized ratemaking treatment and allocation method effective with the 2016 GRC cycle.

¹ Exhibit SCG-33, Direct Testimony of Mr. Reginald M. Austria, page RMA-8.

² On July 25, 2016, SoCalGas filed AL 4996 to update the CFPBA preliminary statement pursuant to D.16-06-039, Phase 1 of SoCalGas' 2017 TCAP. The updates to the CFPBA addressed in this AL are in addition to the updates in AL 4996.

³ Exhibit SCG-33, Direct Testimony of Mr. Reginald M. Austria, page RMA-8.

- Green House Gas Balancing Account (GHGBA) – Pursuant to D.14-12-040, SoCalGas established the GHGBA to record costs incurred to comply with the California Cap and GHG Emissions and Market-Based Compliance mechanisms (Cap-and-Trade Program) regulations imposed by the Air Resources Board. Originally, as authorized in D.13-05-010, the NERBA recorded Cap-and-Trade (C&T) Program costs associated with SoCalGas' facilities and end users, but the balancing of these costs was transferred to the GHGBA per D.14-12-040. D.13-05-010 approved an authorized cost in rates to recover C&T Program costs associated with SoCalGas' facilities, and with the transfer of C&T costs to the GHGBA, SoCalGas also transferred the balancing of this authorized cost to the GHGBA. In its application for the 2016 GRC proceeding, SoCalGas proposed to remove from its rates the authorized cost for the C&T Program, and as a result, the authorized cost would no longer be balanced in the GHGBA.⁴ The proposal was not contested. Therefore, SoCalGas is updating the GHGBA to remove the balancing of the authorized cost for the C&T Program.

Part VI, Description of Regulatory Accounts - Memorandum

- General Rate Case Memorandum Account (GRCMA) – This account was established as part of the 2012 GRC to record the shortfall or overcollection resulting from the difference between the then-current rates in effect for utility service and the final rates adopted by the Commission in the event of a GRC decision beyond the start of the 2012 Test Year. Pursuant to D.13-05-010, the GRCMA balance was amortized over a 31-month period beginning June 2013 through December 2015, the end of the 2012 GRC cycle. In its application for the 2016 GRC proceeding, SoCalGas proposed to transfer any residual balance in the GRCMA to the CFCA and NFCA and eliminate the GRCMA.⁵ The proposal was not contested. Therefore, SoCalGas will eliminate the GRCMA after the transfer of the residual balance to the CFCA and NFCA.
- Research Development & Demonstration Expense Account (RDDEA) – The purpose of the RDDEA is to record the difference between authorized RD&D funding recovered in base margin rates and actual costs associated with non-public purpose RD&D programs. In its application for the 2016 GRC proceeding, SoCalGas proposed to continue the current ratemaking treatment for RD&D program costs. In addition, SoCalGas proposed to transfer any residual balance for the 2012-2015 program cycle at the end of the amortization period to the CFCA and NFCA.⁶ These proposals were not contested. Therefore, SoCalGas is updating the RDDEA to continue the current ratemaking treatment effective with the 2016 GRC cycle and to transfer any residual balance for the 2012-2015 program cycle to the CFCA and NFCA after the amortization period.

⁴ Exhibit SCG-33, Direct Testimony of Mr. Reginald M. Austria, page RMA-8.

⁵ Exhibit SCG-33, Direct Testimony of Mr. Reginald M. Austria, page RMA-4.

⁶ Exhibit SCG-33, Direct Testimony of Mr. Reginald M. Austria, pages RMA-3 and RMA-4.

- Research Royalty Memorandum Account (RRMA) – The purpose of the RRMA is to record actual revenues from ratepayer funded research programs in which ratepayers receive, pursuant to D.97-07-054, 100% of revenues from projects underway or completed prior to January 1, 1998 or 50% of revenues from projects that start on or after January 1, 1998. Pursuant to D.08-07-046, revenues are split 60%/40% between ratepayers and shareholders, respectively, from projects that start on or after January 1, 2008. Pursuant to D.13-05-010, revenues are split 75%/25% between ratepayers and shareholders, respectively. In its application for the 2016 GRC proceeding, SoCalGas proposed to continue the sharing mechanism approved in D.13-05-010 for projects that start on or after January 1, 2016.⁷ The proposal was not contested. Therefore, SoCalGas is updating its RRMA to continue the sharing mechanism approved in D.13-05-010, effective with the 2016 GRC cycle.
- Natural Gas Appliance Testing Memorandum Account (NGATMA) – Pursuant to D.10-12-002, the purpose of the NGATMA was to record the difference between low-income energy efficiency (LIEE)-related natural gas appliance testing costs and the corresponding authorized costs embedded in base rates. D.13-05-010 authorized an increase in base rates for these costs, so the NGATMA no longer recorded the cost differential effective January 1, 2012. In its application for the 2016 GRC proceeding, SoCalGas proposed to amortize the NGATMA balance in transportation rates on an Equal Percent of Authorized Margin (EPAM) basis, and transfer any residual balance at the end of the amortization period to the CFCA and NFCA and eliminate the account.⁸ These proposals were not contested. Therefore, SoCalGas is updating the NGATMA to amortize the balance in rates on an EPAM basis. Once amortized, any residual balance will be transferred to the CFCA and NFCA and the NGATMA will be eliminated.

Protest

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this advice letter, which is August 18, 2016. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

⁷ Exhibit SCG-13-R, Revised Direct Testimony of Mr. Jeffrey G. Reed, page JGR-9.

⁸ Exhibit SCG-33, Direct Testimony of Mr. Reginald M. Austria, page RMA-4.

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved August 28, 2016, which is 30 calendar days after the date filed.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in A.14-11-004, SoCalGas' TY 2016 GRC. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-3387. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director - Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5000

Subject of AL: Modification of the Regulatory Accounts in Compliance with Decision (D.) 16-06-054

Keywords (choose from CPUC listing): Memorandum Account; Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.16-06-054

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 8/28/16

No. of tariff sheets: 20

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Part V, Description of Regulatory Accounts – Balancing, Preliminary Statement, Part VI, Description of Regulatory Accounts – Memorandum, and TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Sid Newsom
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com
Tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A
Advice No. 5000

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 52939-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 1	Revised 51893-G
Revised 52940-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PENSION BALANCING ACCOUNT (PBA), Sheet 1	Revised 49309-G
Revised 52941-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PENSION BALANCING ACCOUNG (PBA), Sheet 2	Revised 49310-G
Revised 52942-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, POST- RETIREMENT BENEFITS OTHER THAN PENSIONS, BALANCING ACCOUNT (PBOPBA), Sheet 1	Revised 49311-G
Revised 52943-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, POST- RETIREMENT BENEFITS OTHER THAN PENSIONS, BALANCING ACCOUNT (PBOPBA), Sheet 2	Revised 49312-G
Revised 52944-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, COMPRESSOR STATION FUEL AND POWER BALANCING ACCOUNT (CFPBA)	Revised 50452-G
Revised 52945-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA), Sheet 1	Revised 51131-G
Revised 52946-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA), Sheet 2	Revised 51132-G
Original 52947-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA), Sheet 3	Revised 51132-G
Revised 52948-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, TRANSMISSION INTEGRITY MANAGEMENT PROGRAM , BALANCING ACCOUNT (TIMPBA), Sheet 1	Original 49348-G
Revised 52949-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, POST-2011	Original 49349-G

ATTACHMENT A
Advice No. 5000

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
	DISTRIBUTION INTEGRITY MANAGEMENT, PROGRAM BALANCING ACCOUNT (Post-2011 DIMPBA), Sheet 1	
Revised 52950-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 2	Revised 52050-G
Original 52951-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, STORAGE INTEGRITY MANAGEMENT PROGRAM , BALANCING ACCOUNT (SIMPBA)	
Revised 52952-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, RESEARCH DEVELOPMENT AND , DEMONSTRATION EXPENSE ACCOUNT (RDDEA), Sheet 1	Revised 49318-G
Original 52953-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, RESEARCH DEVELOPMENT AND , DEMONSTRATION EXPENSE ACCOUNT (RDDEA), Sheet 2	Revised 49318-G
Revised 52954-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, RESEARCH ROYALTY MEMORANDUM ACCOUNT (RRMA), Sheet 1	Revised 49319-G
Revised 52955-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA)	Revised 49323-G
Revised 52956-G	TABLE OF CONTENTS	Revised 52938-G
Revised 52957-G	TABLE OF CONTENTS	Revised 52773-G
Revised 52958-G	TABLE OF CONTENTS	Revised 52737-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DESCRIPTION AND LISTING OF BALANCING ACCOUNTS

Sheet 1

A. GENERAL

Balancing accounts are those regulatory accounts where authorized expenses are compared with revenues from rates designed to recover those expenses. The resulting under or overcollection, plus interest calculated in the manner described in Preliminary Statement, Part I, is recorded on the Utility's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts are to be amortized in rates.

B. LISTING OF BALANCING ACCOUNTS

- Purchased Gas Account (PGA)
- Core Fixed Cost Account (CFCA)
- Noncore Fixed Cost Account (NFCA)
- Enhanced Oil Recovery Account (EORA)
- Noncore Storage Balancing Account (NSBA)
- California Alternate Rates for Energy Account (CAREA)
- Hazardous Substance Cost Recovery Account (HSCRA)
- Gas Cost Rewards and Penalties Account (GCRPA)
- Pension Balancing Account (PBA)
- Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA)
- Research Development and Demonstration Gas Surcharge Account (RDDGSA)
- Demand Side Management Balancing Account (DSMBA)
- Direct Assistance Program Balancing Account (DAPBA)
- Integrated Transmission Balancing Account (ITBA)
- Compressor Station Fuel and Power Balancing Account (CFPBA)
- Distribution Integrity Management Program Balancing Account (DIMPBA)
- Rewards and Penalties Balancing Account (RPBA)
- On-Bill Financing Balancing Account (OBFBA)
- Company Use Fuel for Load Balancing Account (CUFLBA)
- Backbone Transmission Balancing Account (BTBA)
- Advanced Metering Infrastructure Balancing Account (AMIBA)
- New Environmental Regulation Balancing Account (NERBA)
- Transmission Integrity Management Program Balancing Account (TIMPBA)
- Post-2011 Distribution Integrity Management Program Balancing Account (POST-2011 DIMPBA)
- Compression Services Balancing Account (CSBA)
- Biogas Conditioning/Upgrading Services Balancing Account (BCSBA)
- Master Meter Balancing Account (MMBA)
- Safety Enhancement Capital Cost Balancing Account (SECCBA)
- Safety Enhancement Expense Balancing Account (SEEBA)
- Greenhouse Gas Balancing Account (GHGBA)
- Advanced Meter Opt-Out Program Balancing Account (AMOPBA)
- Low-Carbon Fuel Standard Balancing Account (LCFSBA)
- Biomethane Cost Incentive Program Balancing Account (BCIPBA)

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5000
DECISION NO. 16-06-054

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Jul 29, 2016
EFFECTIVE Aug 28, 2016
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DESCRIPTION AND LISTING OF BALANCING ACCOUNTS

Sheet 2

N

(Continued)

B. LISTING OF BALANCING ACCOUNTS (Continued)

N

Distributed Energy Resources Services Balancing Account (DERSBA)
Storage Integrity Management Program Balancing Account (SIMPBA)

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5000
DECISION NO. 16-06-054

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 29, 2016
EFFECTIVE Aug 28, 2016

RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PENSION BALANCING ACCOUNT (PBA)

Sheet 1

1. Purpose

The PBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the forecasted and actual minimum contributions to the Utility's pension fund. Pursuant to Decision (D.) 16-06-054, TY 2016 General Rate Case (GRC), effective January 1, 2016, the PBA will continue for the three-year GRC cycle through December 31, 2018 or until the effective implementation date of SoCalGas' next GRC.

The authorized pension revenue requirement and the related actual pension expenses recorded in the PBA are adjusted for related pension costs capitalized in ratebase and for inter-company pension costs (i.e., for shared services) billed to and charged from SoCalGas' affiliate companies. In addition, the PBA records an adjustment for the difference between pension costs embedded in authorized depreciation along with the related return and the corresponding actual pension costs embedded in recorded depreciation along with the related return.

2. Applicability

The PBA shall apply to gas customers.

3. Rates

The PBA balance will be included in gas transportation rates.

4. Accounting Procedures

Consistent with D. 92-12-015 which initially adopted the PBA regulatory mechanism modified in D. 09-09-011, and authorized to be continued per D.16-06-054, SoCalGas will maintain the PBA by making entries at the end of each month as follows:

O&M Component

a. A debit/credit entry equal to the difference between:

1. One-twelfth of the Utility's annual pension funding level currently embedded in rates, reduced by the component of authorized pension costs capitalized to utility ratebase and
2. Actual pension expense, reduced by the component of pension costs capitalized to utility ratebase;

(Continued)

(TO BE INSERTED BY UTILITY)
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PENSION BALANCING ACCOUNG (PBA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

Depreciation/Return Component – Current Year

b. A debit/credit entry equal to the difference between:

1. One-twelfth of the revenue requirement associated with the authorized pension costs capitalized to utility ratebase in the current year, including pension costs embedded in authorized depreciation, and the related return, and
2. The current month's capital-related costs associated with the actual pension costs capitalized to utility ratebase in the current year, including pension costs embedded in recorded depreciation, and the related return;

Depreciation/Return Component – Prior Year(s) [beginning with the initial year of the GRC period]

c. A debit/credit entry equal to the difference between:

1. One-twelfth of the revenue requirement associated with the unamortized balance of authorized pension costs capitalized to utility rate base in prior years, including pension costs embedded in authorized depreciation, and the related return, and
2. The current month's capital-related costs associated with the unamortized balance of actual pension costs capitalized to utility rate base in prior years, including pension costs embedded in recorded depreciation, and the related return;

Other Adjustments

d. An entry to amortize the PBA balance; and

e. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

Pursuant to D.16-06-054, SoCalGas will continue to adjust its future funding amounts for pension benefits based on the greater of the ERISA minimum required contribution or the amount necessary to maintain an 85% funding level.

Pursuant to D.16-06-054, SoCalGas will amortize the projected year-end PBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS
BALANCING ACCOUNT (PBOPBA)

Sheet 1

1. Purpose

The PBOPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the annual PBOP costs embedded in authorized rates and the actual tax-deductible contributions to the PBOP Trust. Pursuant to Decision (D.) 16-06-054, TY 2016 General Rate Case (GRC), effective January 1, 2016, the PBOPBA will continue for the three-year GRC cycle through December 31, 2018 or until the effective implementation date of SoCalGas' next GRC.

The authorized PBOP revenue requirement and the related actual PBOP expenses recorded in the PBOPBA are adjusted for related PBOP costs capitalized in ratebase and for inter-company PBOP costs (i.e., for shared services) billed to and charged from SoCalGas' affiliate companies. In addition, the PBOPBA records an adjustment for the difference between PBOP costs embedded in authorized depreciation along with the related return and the corresponding actual PBOP costs embedded in recorded depreciation, along with the related return.

2. Applicability

The PBOPBA shall apply to gas customers.

3. Rates

The PBOPBA balance will be included in gas transportation rates.

4. Accounting Procedures

Consistent with D.92-12-015 which initially adopted the PBOP regulatory mechanism, modified in D.09-09-011, and authorized to be continued per D.16-06-054, SoCalGas will maintain the PBOPBA by making entries at the end of each month as follows:

O&M Component

a. A debit/credit entry equal to the difference between:

1. One-twelfth of the Utility's annual PBOP funding level currently embedded in rates, reduced by the component of authorized PBOP costs capitalized to utility ratebase and
2. Actual tax-deductible PBOP contributions to the PBOP Trust, reduced by the component of PBOP costs capitalized to utility ratebase;

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(TO BE INSERTED BY UTILITY)
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS
BALANCING ACCOUNT (PBOPBA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

Depreciation/Return Component – Current Year

b. A debit/credit entry equal to the difference between:

1. One-twelfth of the revenue requirement associated with the authorized PBOP costs, capitalized to utility ratebase in the current year, including PBOP costs embedded in authorized depreciation, and the related return, and
2. The current month's capital-related costs associated with the actual PBOP costs capitalized to utility ratebase in the current year, including PBOP costs embedded in recorded depreciation, and the related return;

Depreciation/Return Component – Prior Year(s) [beginning with the initial year of the GRC period]

c. A debit/credit entry equal to the difference between:

1. One-twelfth of the revenue requirement associated with the unamortized balance of authorized PBOP costs capitalized to utility rate base in prior years, including PBOP costs embedded in authorized depreciation, and the related return, and
2. The current month's capital-related costs associated with the unamortized balance of actual PBOP costs capitalized to utility rate base in prior years, including PBOP costs embedded in recorded depreciation, and the related return;

Other Adjustments

d. An entry to amortize the balance; and

e. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

Pursuant to D.16-06-054, SoCalGas will amortize the projected year-end PBOPBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
COMPRESSOR STATION FUEL AND POWER BALANCING ACCOUNT (CFPBA)

1. Purpose

The CFPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 08-07-046, Test Year (TY) 2008 General Rate Case (GRC), effective January 1, 2008, the CFPBA will record actual costs for electricity used in the operation of SoCalGas' compressor stations. Pursuant to D.16-06-054, TY 2016 GRC, the CFPBA was extended to record costs for electricity used in storage operations.

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2. Applicability

See Disposition section.

3. Rates

The balance in the CFPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas maintains this account by making monthly entries as follows:

- a) A debit entry equal to compressor station electricity expenses;
- b) A debit entry equal to the cost of electricity used in storage operations;
- c) An entry to amortize the CFPBA; and
- d) 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.

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5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFPBA balance effective January 1 of the following year. The projected year-end balance will be allocated in rates on a Cold-Year Throughput (CYTP) basis.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA)

Sheet 1

1. Purpose

The NERBA is an interest bearing two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 13-05-010, Test-Year (TY) 2012 General Rate Case (GRC), effective January 1, 2012, the NERBA will record the difference between actual costs and authorized costs in rates associated with new greenhouse gas (GHG) requirements. Per D.16-06-054, TY 2016 GRC, the NERBA is authorized for the three-year GRC period ending December 31, 2018 or until the effective implementation date of SoCalGas' next GRC. In addition, pursuant to D.16-06-054, the NERBA is expanded to record costs associated with the Municipal Separate Storm Systems compliance requirements and Leak Detection and Repair as detailed below.

The NERBA shall consist of four subaccounts:

- 1) AB 32 Admin Fees Subaccount records actual administrative fees paid to the California Air Resources Board (CARB) and the associated authorized cost in base rates;
- 2) Subpart W Subaccount records operating and maintenance (O&M) and capital-related costs associated with the monitoring and reporting requirements of Subpart W to the GHG Mandatory Reporting Rule issued by the US Environmental Protection Agency and the associated authorized costs in base rates;
- 3) Municipal Separate Storm Sewer Systems (MS4) Compliance Subaccount records costs associated with compliance with MS4 local ordinance requirements which addresses the cleanliness of SoCalGas' parking lots and potential storm water runoff and discharge from company facilities; and
- 4) Leak Detection and Repair (LDAR) Subaccount records costs associated with compliance with the rules and procedures under Senate Bill 1371 which governs the natural gas leakage abatement for commission-regulated gas pipeline facilities that are intrastate transmission and distribution lines in order to reduce emissions of natural gas pursuant to the California Global Warming Solutions Act of 2006.

2. Applicability

The NERBA shall apply to gas customers.

3. Rates

The balance in the NERBA will be included in gas transportation rates.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA)

(Continued)

4. AB 32 Admin Fees Subaccount - Accounting Procedures

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

- a) A debit entry to record actual O&M costs related to AB 32 admin fees paid to the CARB,
- b) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' AB 32 administrative fees,
- c) An entry to amortize the prior year's balance, and
- d) 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. Subpart W Subaccount - Accounting Procedures

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

- a) A debit entry to record O&M costs related to complying with mandatory Subpart W monitoring and reporting regulations,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to compliance with Subpart W monitoring and reporting regulations,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' Subpart W compliance costs,
- d) An entry to amortize the prior year's balance, and
- e) 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.

6. MS4 Compliance Subaccount - Accounting Procedures

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

- a) A debit entry to record O&M costs related to complying with MS4 requirements,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to compliance with MS4 requirements,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' MS4 compliance requirement costs,
- d) An entry to amortize the prior year's balance, and
- e) 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.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 3
NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA)

(Continued)

7. LDAR Subaccount - Accounting Procedures

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

- a) A debit entry to record O&M costs related to complying with LDAR regulations,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to compliance with LDAR regulations,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' LDAR compliance costs,
- d) An entry to amortize the prior year's balance, and
- e) 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.

8. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. The projected year-end balance in the AB 32 Admin Fees Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis consistent with the allocation for the CARB fee cost recovery. The projected year-end balance in the remaining subaccounts will be allocated on an Equal Percent of Authorized Margin (EPAM) basis consistent with the allocation of current base margin pursuant to D.13-05-010.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM
BALANCING ACCOUNT (TIMPBA)

Sheet 1

1. Purpose

The TIMPBA is an interest bearing, two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 16-06-054, SoCalGas' TY 2016 General Rate Case (GRC), effective January 1, 2016, the TIMPBA will record the difference between the authorized and actual operating and maintenance (O&M) and capital-related costs associated with SoCalGas' Transmission Integrity Management Program (TIMP). Per D.16-06-054, the TIMPBA is authorized for the three-year GRC period ending December 31, 2018 or until the effective implementation date of SoCalGas' next GRC.

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2. Applicability

See Disposition section.

3. Rates

The balance in the TIMPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas shall maintain the TIMPBA by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry to record actual O&M costs related to SoCalGas' TIMP,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to SoCalGas' TIMP,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' TIMP, and
- d) 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.

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5. Disposition

Any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any unspent TIMP funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers. However, for any costs in excess of the authorized TIMP O&M and capital-related costs, the costs shall be subject to recovery through a Tier 3 advice letter for amounts up to 35% of the 2016 GRC cycle total revenue requirement for TIMP. Any amount above the 35% threshold will be subject to recovery through a separate application.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
POST-2011 DISTRIBUTION INTEGRITY MANAGEMENT
PROGRAM BALANCING ACCOUNT (Post-2011 DIMPBA)

Sheet 1

1. Purpose

The DIMPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 16-06-054, TY 2016 General Rate Case (GRC), effective January 1, 2016, the DIMPBA is a two-way balancing account which will record the difference between actual operating and maintenance (O&M) and capital-related costs and authorized costs associated with SoCalGas' Distribution Integrity Management Program (DIMP). Per D.16-06-054, the DIMPBA is authorized for the three-year GRC period ending December 31, 2018 or until the effective implementation date of SoCalGas' next GRC.

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2. Applicability

See Disposition section.

3. Rates

The balance in the DIMPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

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

- a) A debit entry to record actual O&M costs related to SoCalGas' DIMP,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to SoCalGas' DIMP,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' DIMP, and
- d) 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

For any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any unspent DIMP funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers. However, for any costs in excess of the authorized DIMP O&M and capital-related costs, the costs will be subject to recovery through a Tier 3 advice letter for amounts up to 35% of the 2016 GRC cycle total revenue requirement for DIMP. Any amounts above the 35% threshold will be subject to recovery through a separate application.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 2

(Continued)

4. End Users GHG Compliance Cost Subaccount - Accounting Procedures (Continued)

- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for natural gas deliveries to end users;
- c) An entry to amortize the prior year's balance; and
- d) 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. Company Facilities GHG Compliance Cost Subaccount - Accounting Procedures

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

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' covered facilities to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for SoCalGas' covered facilities;
- c) An entry to amortize the prior year's balance; and
- d) 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.

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6. LUAF GHG Compliance Cost Subaccount - Accounting Procedures

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

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with LUAF gas to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs associated with LUAF;
- c) An entry to amortize the prior year's balance; and
- d) 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. Consignment Revenues Subaccount - Accounting Procedures

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

- a) A credit entry equal to the revenues received from the consignment of natural gas supplier allowances for auction under the Cap-and-Trade Program;
- b) A debit entry equal to the portion of GHG revenues returned to customers;

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
STORAGE INTEGRITY MANAGEMENT PROGRAM
BALANCING ACCOUNT (SIMPBA)

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1. Purpose

The SIMPBA is an interest bearing, two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 16-06-054, SoCalGas' Test Year (TY) 2016 General Rate Case (GRC), effective January 1, 2016, the SIMPBA will record the difference between the authorized and actual operating and maintenance (O&M) and capital-related costs associated with SoCalGas' Storage Integrity Management Program (SIMP). Per D.16-06-054, the SIMPBA is authorized for the three-year GRC period ending December 31, 2018 or until the effective implementation date of SoCalGas' next GRC.

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2. Applicability

See Disposition section.

3. Rates

The balance in the SIMPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas shall maintain the SIMPBA by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry to record actual O&M costs related to SoCalGas' SIMP,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to SoCalGas' SIMP,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' SIMP, and
- d) 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

Any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any unspent SIMP funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers. However, for any costs in excess of the authorized SIMP O&M and capital-related costs, the costs shall be subject to recovery through a Tier 3 advice letter for amounts up to 35% of the 2016 GRC cycle total revenue requirement for SIMP. Any amount above the 35% threshold will be subject to recovery through a separate application.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
RESEARCH DEVELOPMENT AND
DEMONSTRATION EXPENSE ACCOUNT (RDDEA)

1. Purpose

The RDDEA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between authorized costs in rates, and actual costs associated with non-public purpose research, development, and demonstration (RD&D) programs. Decision (D.) 97-07-054 (PBR) authorized SoCalGas to continue using this account through the five-year PBR period, December 31, 2002. D.01-10-030 extended the account through December 31, 2003. In D.04-12-015, D.08-07-046, and D.13-05-010, SoCalGas was authorized to continue using this account through the four-year Cost of Service and General Rate Case (GRC) periods ending December 31, 2007, December 31, 2011, and December 31, 2015, respectively. Pursuant to D.16-06-054, TY 2016 GRC, effective January 1, 2016, SoCalGas is authorized to continue using this account through the three-year GRC cycle ending December 31, 2018 or until the effective implementation date of SoCalGas' next GRC.

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2. Applicability

See Disposition section.

3. Rates

The RDDEA balance will be included in gas transportation rates.

4. Accounting Procedures

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

- a) A debit entry for actual RD&D expenses,
- b) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' RD&D program,
- c) An entry to amortize the prior program cycle's balance, and
- d) An entry equal to interest on the average of the balance in this account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

For the current GRC cycle (2016-2018), any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any unspent RD&D funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers. Overspent funds may not be recovered from ratepayers and shareholders will absorb the balance in the event actual expenses exceed authorized levels.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
RESEARCH DEVELOPMENT AND
DEMONSTRATION EXPENSE ACCOUNT (RDDEA)

Sheet 2

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5. Disposition (Continued)

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For the prior GRC cycle (2012-2015), SoCalGas is authorized to amortize any overcollection in gas transportation rates on an Equal Percent of Authorized Margin (EPAM) basis and transfer any residual balance at the end of the amortization period to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA).

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

1. Purpose

The RRMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. Decision (D.) 93-12-043, SoCalGas' Test Year (TY) 1994 General Rate Case (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. Pursuant to D.13-05-010, TY 2012 GRC, revenues associated with projects commencing on or after January 1, 2012 are subject to a revenue sharing mechanism which allocates 75% of revenues to ratepayers and the remaining 25% to shareholders. D.16-06-054, TY 2016 GRC, approves the continuation of the sharing mechanism authorized in D.13-05-010 for the period commencing on or after January 1, 2016.

2. Applicability

The RRMA shall apply to gas customers.

3. Rates

The RRMA balance will be included in gas transportation rates.

4. Accounting Procedures

SoCalGas maintains the RRMA by making entries at the end of each month, net of applicable FF&U, as follows:

- a. A credit entry for ratepayers' portions of actual research royalties, licensing fees, and other revenues;
- b. An entry to amortize the balance; and
- c. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end RRMA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA)

1. Purpose

The NGATMA is an interest bearing memorandum account that is recorded on the Utility's financial statements. Per Decision (D.) 10-12-002, the NGATMA tracks the difference between recorded Low-Income Energy Efficiency (LIEE)-related NGAT costs and the corresponding authorized costs embedded in base rates. The cost differential is a result of D. 08-11-031 which set aggressive goals for the number of homes to be treated through the LIEE program in order to meet the Commission's programmatic initiative which represents a significant increase from the goals established in SoCalGas' last General Rate Case (GRC). D.13-05-010, SoCalGas' Test-Year 2012 GRC, authorized an increase in base rates for NGAT costs, so effective January 1, 2012 the NGATMA will no longer record this cost differential.

2. Applicability

See disposition section.

3. Rates

The balance in the NGATMA will be included in gas transportation rates upon Commission approval.

4. Accounting Procedure

The Utility shall maintain the NGATMA by making entries at the end of each month as follows:

- a. An entry to amortize the NGATMA balance; and
- b. 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

Pursuant to D.16-06-054, SoCalGas' 2016 GRC, the NGATMA will be amortized in gas transportation rates on an Equal Percent of Authorized Margin (EPAM) basis. Any residual balance at the end of the amortization period will be transferred to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) and the NGATMA will be eliminated.

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 Hazardous Substance Cost Recovery Account (HSCRA) 40875-G, 40876-G,40877-G
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 Pension Balancing Account (PBA)52940-G,52941-G
 Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) . 52942-G,52943-G
 Research Development and Demonstration Surcharge Account (RDDGSA).....40888-G
 Demand Side Management Balancing Account (DSMBA).....45194-G,41153-G
 Direct Assistance Program Balancing Account (DAPBA)52583-G,52584-G
 Integrated Transmission Balancing Account (ITBA)49313-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 5000
 DECISION NO. 16-06-054

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 29, 2016
 EFFECTIVE Aug 28, 2016
 RESOLUTION NO. _____