

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 6, 2019

**Advice Letter 5459-G**

Ronald van der Leeden  
Director, Regulatory Affairs  
Southern California Gas Company  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**SUBJECT: Modification and Establishment of Balancing Accounts Associated with Certain Pipeline Safety Enhancement Plan (PSEP) Projects and Associated Rate Recovery Pursuant to Decision (D.) 19-03-025.**

Dear Mr. van der Leeden:

Advice Letter 5459-G is effective as of May 1, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division



Ronald van der Leeden

Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

Tel: 213.244.2009

Fax: 213.244.4957

[RvanderLeeden@semprautilities.com](mailto:RvanderLeeden@semprautilities.com)

April 26, 2019

Advice No. 5459  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Modification and Establishment of Balancing Accounts Associated with Certain Pipeline Safety Enhancement Plan (PSEP) Projects and Associated Rate Recovery Pursuant to Decision (D.) 19-03-025**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission) revisions to its tariff schedules for the modification and establishment of certain balancing accounts approved by D.19-03-025, applicable throughout its service territory, as shown in Attachment A.

**Purpose**

This submittal complies with Ordering Paragraphs (OP) 12 through 16 of D.19-03-025, which authorizes SoCalGas to modify or establish certain balancing accounts as follows:

12. Southern California Gas Company and San Diego Gas & Electric Company shall receive one-way balancing account treatment of forecasted and actual costs associated with the twelve projects, on an aggregate basis, as presented in this Application in order to require Southern California Gas Company and San Diego Gas & Electric Company to refund ratepayers any over-collection in the revenue requirements authorized herein. One-way balancing account treatment will be applied on an aggregate basis where the total combined O&M and capital costs will be compared to the corresponding forecasted amounts approved in this decision. To the extent there is an overspending in the actual, aggregate costs incurred relative to the PSEP aggregate costs authorized at completion of the PSEP projects forecasted herein, the revenue requirements associated with the overall cost overrun will not be subject to balancing account treatment and appropriate adjustments will be made to the applicable PSEP balancing accounts to ensure ratepayers do not pay for these costs.

13. Southern California Gas Company and San Diego Gas & Electric Company shall file with the Commission their proposed preliminary statements submitted with the prepared direct testimony of Reginal[d] Austria for the authorized balancing accounts, as specifically authorized herein.

14. Southern California Gas Company and San Diego Gas & Electric Company shall subdivide the existing Safety Enhancement Capital Cost Balancing Accounts into the two subaccounts (i.e. SECCBA Phase 1A Subaccount and SECCBA Phase 1B Subaccount), as proposed in the Application.

15. Southern California Gas Company and San Diego Gas & Electric Company shall subdivide the existing Safety Enhancement Expense Balancing Accounts into the two subaccounts (i.e. SEEBA Phase 1A Subaccount and SEEBA Phase 1B Subaccount), as proposed in the Application.

16. Southern California Gas Company and San Diego Gas & Electric Company shall create two new one-way balancing accounts for Phase 2 PSEP projects, namely, the Safety Enhancement Expense Balancing Account – Phase 2 (SEEBA-P2); and the Safety Enhancement Capital Cost Balancing Account (SECCBA-P2), and are authorized to transfer costs tracked in the Pipeline Safety Enhancement Memorandum Accounts into these new SECCBA-P2 and SEEBA-P2 balancing accounts.

### **Background**

On March 30, 2017, SoCalGas and San Diego Gas and Electric Company (SDG&E) filed a joint Application (A.) 17-03-021 requesting, among other things, modification and creation of certain balancing accounts to record the actual and authorized revenue requirements associated with the twelve PSEP projects identified as part of Phases 1B and 2A. Effective March 28, 2019, D.19-03-025 authorized SoCalGas and SDG&E to: 1) recover the cumulative forecasted 2019 revenue requirements associated with completion of the twelve projects in the amounts of approximately \$44.6 million for SoCalGas and \$562,000 for SDG&E<sup>1</sup>; and 2) implement in transportation rates the authorized revenue requirements associated with the twelve projects effective in its next scheduled rate change or January 1 of the year following this decision on A.17-03-021 via a Tier 1 Advice Letter (AL).<sup>2</sup> The estimated revenue requirements through 2019 associated with the forecasted expenditures for the twelve safety projects are submitted in a separate Tier 1 AL, Advice No. 5458.

Additionally, OPs 13 through 16 of D.19-03-025 authorized SoCalGas to submit its proposed preliminary statements in accordance with the direct testimony in A.17-03-021. Included with this submittal, as shown in Attachment A, are: 1) revisions to

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<sup>1</sup> See D.19-03-025, OP 9 at 83.

<sup>2</sup> See D.19-03-025, OP 18 at 85.

SoCalGas' Preliminary Statements for the modification of its existing Safety Enhancement Expense Balancing Account (SEEBA) and Safety Enhancement Capital Cost Balancing Account (SECCBA), which were subdivided for Phase 1A and Phase 1B PSEP projects; and 2) for Phase 2 PSEP projects, new preliminary statements created to establish the SEEBA-P2 and SECCBA-P2. Consistent with OP 16, Phase 2 costs previously balanced in the PSEP Phase 2 Memorandum Account (PSEP-P2MA) will be transferred to the newly established SEEBA-P2 and SECCBA-P2 accounts.

Pursuant to OP 12, the PSEP Phase 1B and Phase 2-related balancing accounts will receive one-way balancing account treatment associated with the twelve projects, on an aggregate basis where the total combined actual Operating and Maintenance (O&M) and capital costs will be compared to the corresponding forecasted amounts approved in the decision. To the extent there is an overspending in the actual, aggregate costs incurred relative to the PSEP aggregate costs authorized at completion of the PSEP projects forecasted herein, the revenue requirements associated with the overall cost overrun will not be subject to balancing account treatment and appropriate adjustments will be made to the applicable PSEP balancing accounts to ensure ratepayers do not pay for these costs. To the extent there is an underspending of actual PSEP costs relative to authorized costs, any overcollection of associated revenue requirements will be refunded to ratepayers.

### **Protest**

Anyone may protest this AL 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 of this AL, which is May 16, 2019. The address for mailing or delivering a protest to the Commission is:

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

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto: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: Ray B. Ortiz  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-mail: [ROrtiz@SempraUtilities.com](mailto:ROrtiz@SempraUtilities.com)

**Effective Date**

SoCalGas believes this AL is subject to Energy Division disposition, and accordingly should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. This submittal is in compliance with D.19-03-025. Accordingly, SoCalGas respectfully requests that this AL become effective for service on May 1, 2019 to coincide with the revenue requirement rate change described above.

**Notice**

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list for A.17-03-021. Address change requests to the GO 96-B service list should be directed via e-mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com) or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at [process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov).

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Ronald van der Leeden  
Director - Regulatory Affairs

Attachments



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly     Quarterly     Annual     One-Time     Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes     No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes     No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

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

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
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Title:  
Utility Name:  
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City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

ATTACHMENT A  
Advice No. 5459

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 56230-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 2	Revised 56060-G
Revised 56231-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT CAPITAL COST, BALANCING ACCOUNT (SECCBA), Sheet 1	Revised 52332-G
Revised 56232-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT CAPITAL COST, BALANCING ACCOUNT (SECCBA), Sheet 2	Revised 53087-G
Original 56233-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT CAPITAL COST, BALANCING ACCOUNT (SECCBA), Sheet 3	
Revised 56234-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT (SEEBA), Sheet 1	Revised 53088-G
Original 56235-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT (SEEBA), Sheet 2	
Original 56236-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT – PHASE 2 (SEEBA-P2), Sheet 1	
Original 56237-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT – PHASE 2 (SEEBA-P2), Sheet 2	
Original 56238-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT CAPITAL COST , BALANCING ACCOUNT - PHASE 2 (SECCBA-P2), Sheet 1	
Original 56239-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAFETY ENHANCEMENT CAPITAL COST , BALANCING ACCOUNT - PHASE 2 (SECCBA-P2), Sheet 2	
Revised 56240-G	TABLE OF CONTENTS	Revised 56190-G



ATTACHMENT A  
Advice No. 5459

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 56241-G	TABLE OF CONTENTS	Revised 56157-G

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

Sheet 2

(Continued)

B. LISTING OF BALANCING ACCOUNTS (Continued)

Distributed Energy Resources Services Balancing Account (DERSBA)  
Storage Integrity Management Program Balancing Account (SIMPBA)  
Natural Gas Leak Abatement Program Balancing Account (NGLAPBA)  
Statewide Energy Efficiency Balancing Account (SWEEBA)  
Dairy Biomethane Project Memorandum Account (DBPBA)  
San Joaquin Valley Disadvantaged Communities Balancing Account (SJVDACBA)  
Safety Enhancement Expense Balancing Account – Phase 2 (SEEBA-P2)  
Safety Enhancement Capital Cost Balancing Account – Phase 2 (SECCBA-P2)

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5459  
DECISION NO. 19-03-025

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ISSUED BY

**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Apr 26, 2019  
EFFECTIVE May 1, 2019  
RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
SAFETY ENHANCEMENT CAPITAL COST  
BALANCING ACCOUNT (SECCBA)

Sheet 1

1. Purpose

The SECCBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 14-06-007, SoCalGas' 2013 Triennial Cost Allocation Proceeding (TCAP), and modified by D.15-12-020, the SECCBA will record the capital-related costs on capital assets associated with SoCalGas' Pipeline Safety Enhancement Plan (PSEP). SoCalGas will begin recording costs effective June 12, 2014, the date of the 2013 TCAP decision. Pursuant to D.19-03-025, the SECCBA consists of two subaccounts for PSEP costs subject to reasonableness review/50% interim recovery and recovery on a forecast basis:

- PSEP Phase 1A Subaccount – records PSEP activity associated with Phase 1A
- PSEP Phase 1B Subaccount – records PSEP activity associated with Phase 1B

The PSEP Phase 1A Subaccount is a two-way balancing account mechanism subject to reasonableness review and 50% interim recovery; PSEP Phase 1B Subaccount is a one-way balancing account mechanism.

2. Applicability

See Disposition section.

3. Rates

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

4. Accounting Procedures – PSEP Phase 1A Subaccount

SoCalGas shall maintain the PSEP Phase 1A Subaccount by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry equal to the capital-related costs (depreciation, return, and income and property taxes) related to SoCalGas' PSEP; the basis of the capital asset will be reduced in accordance with D.14-06-007 and D.15-12-020 by the system average cost of actual pressure testing when replacement of the pipeline installed after 1955 is planned rather than testing existing pipelines "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- b) A credit entry for the revenue requirement associated with the remaining undepreciated book value of any post-1955 pipeline that is abandoned and replaced "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5459  
 DECISION NO. 19-03-025

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 SUBMITTED Apr 26, 2019  
 EFFECTIVE May 1, 2019  
 RESOLUTION NO. \_\_\_\_\_

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
SAFETY ENHANCEMENT CAPITAL COST  
BALANCING ACCOUNT (SECCBA)

Sheet 2

(Continued)

4. Accounting Procedures – PSEP Phase 1A Subaccount (Continued)

- c) A credit entry equal to the transfer of Phase 1B planning and engineering design costs to PSEP Phase 1B Subaccount;
- d) A debit entry equal to the transfer of the 50% interim recovery of planning and engineering design costs to the PSEP Phase 1B Subaccount;
- e) An entry equal to the amortization of the PSEP Phase 1A Subaccount balance as authorized by the Commission; and
- f) 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. Accounting Procedures – PSEP Phase 1B Subaccount

SoCalGas shall maintain the PSEP Phase 1B Subaccount by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry equal to the capital-related costs (depreciation, return, and income and property taxes) related to SoCalGas' PSEP; the basis of the capital asset will be reduced in accordance with D.14-06-007 and D.15-12-020 by the system average cost of actual pressure testing when replacement of the pipeline installed after 1955 is planned rather than testing existing pipelines "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- b) A credit entry for the revenue requirement associated with the remaining undepreciated book value of any post-1955 pipeline that is abandoned and replaced "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- c) A credit entry equal to the authorized PSEP revenues adopted in D.19-03-025, net of planning and engineering design costs recovered on an interim basis in rates pursuant to D.16-08-003;
- d) A debit entry equal to the transfer of Phase 1B planning and engineering design costs from the PSEP Phase 1A Subaccount;
- e) A credit entry equal to the transfer of the 50% interim recovery of planning and engineering design costs from the PSEP Phase 1A Subaccount;

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5459  
 DECISION NO. 19-03-025

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 SUBMITTED Apr 26, 2019  
 EFFECTIVE May 1, 2019  
 RESOLUTION NO. \_\_\_\_\_

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**PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS**  
**SAFETY ENHANCEMENT CAPITAL COST**  
**BALANCING ACCOUNT (SECCBA)**

Sheet 3

(Continued)

5. Accounting Procedures – PSEP Phase 1B Subaccount (Continued)

- f) An entry equal to the amortization of the PSEP Phase 1B Subaccount balance as authorized by the Commission; and
- g) 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. Disposition

Pursuant to D.14-06-007, SoCalGas is required to file cost recovery applications to review the reasonableness of the completed PSEP capital projects and the capital-related costs recorded in the SECCBA (modified as PSEP Phase 1A Subaccount as noted in Purpose Section). SoCalGas may file annual applications after December 31, 2015 to seek recovery of the PSEP Phase 1A Subaccount balance of the SECCBA. Pursuant to OP 3.a. of D.16-08-003, SoCalGas is authorized interim rate recovery of 50% of the recorded PSEP Phase 1A Subaccount balance, subject to refund. The PSEP Phase 1A Subaccount balance of the SECCBA for determining interim rate recovery shall be reduced by amounts currently under Commission review. Upon Commission approval of the application or advice letter requesting interim rate recovery for the PSEP Phase 1A Subaccount balance, SoCalGas will amortize the PSEP Phase 1A Subaccount balance in rates.

Pursuant to D.19-03-025, the PSEP Phase 1B Subaccount balance will be amortized in connection with SoCalGas' Annual Regulatory Account Balance Update submittal for rates effective January 1st of the following year. The PSEP Phase 1B Subaccount is subject to one-way balancing account treatment, applied on an aggregate basis where the total combined O&M and capital costs will be compared to the corresponding forecasted amounts approved in D.19-03-025. To the extent there is an overspending in the actual, aggregate costs incurred relative to the PSEP aggregate costs authorized at completion of the PSEP projects forecasted in Application 17-03-021, the revenue requirements associated with the overall cost overrun will not be subject to balancing account treatment and appropriate adjustments will be made to the applicable PSEP balancing accounts to ensure ratepayers do not pay for these costs. To the extent there is an underspending of actual PSEP costs relative authorized costs, the overcollection of the associated revenue requirements, if any, will be refunded to ratepayers.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5459  
 DECISION NO. 19-03-025

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 SUBMITTED Apr 26, 2019  
 EFFECTIVE May 1, 2019  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT (SEEBA)

Sheet 1

1. Purpose

The SEEBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 14-06-007, SoCalGas' 2013 Triennial Cost Allocation Proceeding (TCAP), and modified by D.15-12-020, the SEEBA will record incremental operating & maintenance (O&M) costs associated with SoCalGas' Pipeline Safety Enhancement Plan (PSEP). SoCalGas will begin recording costs effective June 12, 2014, the date of the 2013 TCAP decision. Pursuant to D.19-03-025, the SEEBA consists of two subaccounts for PSEP costs subject to reasonableness review/50% interim recovery and recovery on a forecast basis:

- PSEP Phase 1A Subaccount – records PSEP activity associated with Phase 1A
- PSEP Phase 1B Subaccount – records PSEP activity associated with Phase 1B

The PSEP Phase 1A Subaccount is a two-way balancing account mechanism subject to reasonableness review and 50% interim recovery; PSEP Phase 1B Subaccount is a one-way balancing account mechanism.

2. Applicability

See Disposition section.

3. Rates

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

4. Accounting Procedures – PSEP Phase 1A Subaccount

SoCalGas shall maintain the PSEP Phase 1A Subaccount by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry equal to the incremental O&M costs related to SoCalGas' PSEP excluding the cost for pressure testing of pipeline segments installed after 1955 "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- b) An entry equal to the amortization of the PSEP Phase 1A Subaccount balance as authorized by the Commission; 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.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5459  
 DECISION NO. 19-03-025

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Apr 26, 2019  
 EFFECTIVE May 1, 2019  
 RESOLUTION NO. \_\_\_\_\_

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1  
SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT – PHASE 2 (SEEBA-P2)

1. Purpose

The SEEBA-P2 is an interest-bearing, one-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 19-03-025, the SEEBA-P2 will record incremental operating and maintenance (O&M) costs associated with Phase 2 of SoCalGas' Pipeline Safety Enhancement Plan (PSEP).

2. Applicability

See Disposition section.

3. Rates

The balance in the SEEBA-P2 will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas shall maintain the SEEBA-P2 by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry equal to the incremental O&M costs related to SoCalGas' PSEP excluding the cost for pressure testing of pipeline segments installed after 1955 "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- b) A debit entry equal to the transfer of planning and engineering costs from the PSEP-P2 Memorandum Account allocated to Phase 2 PSEP hydro test O&M projects;
- c) A credit entry equal to the authorized revenues adopted in D.19-03-025;
- d) An entry equal to the amortization of the SEEBA-P2 balance as authorized by the Commission; 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.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 5459  
DECISION NO. 19-03-025

ISSUED BY  
**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED Apr 26, 2019  
EFFECTIVE May 1, 2019  
RESOLUTION NO. \_\_\_\_\_



PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2  
SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT – PHASE 2 (SEEBA-P2)

(Continued)

5. Disposition

Pursuant to D.19-03-025, SEEBA-P2 will be amortized, as necessary, in connection with SoCalGas' Annual Regulatory Account Balance Update submittal for rates effective January 1<sup>st</sup> of the following year.

One-way balancing account treatment will be applied on an aggregate basis where the total combined O&M and capital costs will be compared to the corresponding forecasted amounts approved in D.19-03-025. To the extent there is an overspending in the actual, aggregate costs incurred relative to the PSEP aggregate costs authorized at completion of the PSEP projects forecasted in Application 17-03-021, the revenue requirements associated with the overall cost overrun will not be subject to balancing account treatment and appropriate adjustments will be made to the applicable PSEP balancing accounts to ensure ratepayers do not pay for these costs. To the extent there is an underspending of actual PSEP costs relative authorized costs, any overcollection of the associated revenue requirements, if any, will be refunded to ratepayers.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5459  
DECISION NO. 19-03-025

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ISSUED BY

**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Apr 26, 2019  
EFFECTIVE May 1, 2019

RESOLUTION NO. \_\_\_\_\_

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
SAFETY ENHANCEMENT CAPITAL COST  
BALANCING ACCOUNT - PHASE 2 (SECCBA-P2)

Sheet 1

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1. Purpose

The SECCBA-P2 is an interest-bearing, one-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 19-03-025, the SECCBA-P2 will record the capital-related costs associated with Phase 2 of SoCalGas' Pipeline Safety Enhancement Plan (PSEP).

2. Applicability

See Disposition section.

3. Rates

The balance in the SECCBA-P2 will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas shall maintain the SECCBA-P2 by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry equal to the capital-related costs (depreciation, return, and income and property taxes) related to SoCalGas' PSEP; the basis of the capital asset will be reduced in accordance with D.14-06-007 and D.15-12-020 by the system average cost of actual pressure testing when replacement of the pipeline installed after 1955 is planned rather than testing existing pipelines "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- b) A credit entry for the revenue requirement associated with the remaining undepreciated book value of any post-1955 pipeline that is abandoned and replaced "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- c) A debit entry equal to the transfer of capital-related costs (depreciation, return, and income and property taxes) from the PSEP-P2 Memorandum Account associated with allocated, capitalized planning and engineering design costs for Phase 2 PSEP replacement projects;
- d) A credit entry equal to the authorized PSEP revenues adopted in D.19-03-025;
- e) An entry equal to the amortization of the SECCBA-P2 balance as authorized by the Commission; and
- f) 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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(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 5459  
DECISION NO. 19-03-025

ISSUED BY  
**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED Apr 26, 2019  
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
SAFETY ENHANCEMENT CAPITAL COST  
BALANCING ACCOUNT - PHASE 2 (SECCBA-P2)

Sheet 2

(Continued)

5. Disposition

Pursuant to D.19-03-025, SECCBA-P2 will be amortized, as necessary, in connection with SoCalGas' Annual Regulatory Account Balance Update submittal for rates effective January 1st of the following year.

One-way balancing account treatment will be applied on an aggregate basis where the total combined O&M and capital costs will be compared to the corresponding forecasted amounts approved in D.19-03-025. To the extent there is an overspending in the actual, aggregate costs incurred relative to the PSEP aggregate costs authorized at completion of the PSEP projects forecasted in Application 17-03-021, the revenue requirements associated with the overall cost overrun will not be subject to balancing account treatment and appropriate adjustments will be made to the applicable PSEP balancing accounts to ensure ratepayers do not pay for these costs. To the extent there is an underspending of actual PSEP costs relative authorized costs, any overcollection of the associated revenue requirements, if any, will be refunded to ratepayers.

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**Dan Skopec**  
Vice President  
Regulatory Affairs

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