



PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
LIABILITY INSURANCE PREMIUM BALANCING ACCOUNT (LIPBA)

Sheet 2

N  
N

(Continued)

4. Accounting Procedures (Continued)

N

Depreciation/Return/Tax Component – Current Year (Continued)

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

2. The current month's capital-related costs associated with the actual LIP costs capitalized to utility ratebase in the current year, including LIP costs embedded in recorded depreciation, and the related return and taxes.

Depreciation/Return/Tax 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 LIP costs capitalized to utility rate base in prior years, including LIP costs embedded in authorized depreciation, and the related return and taxes, and
2. The current month's capital-related costs associated with the unamortized balance of actual LIP costs capitalized to utility rate base in prior years, including LIP costs embedded in recorded depreciation, and the related return and taxes.

Other Adjustments

d. An entry to amortize the LIPBA balance as authorized by the Commission; 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

SoCalGas will amortize the balance in the LIPBA in customers' gas transportation rates in connection with its annual regulatory account update advice letter submittal. However, SoCalGas shall submit a separate Tier 2 advice letter when it seeks recovery of costs for additional liability insurance coverage that were not requested in this GRC.

The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis.

N