

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1  
NATURAL GAS LEAK ABATEMENT PROGRAM BALANCING ACCOUNT (NGLAPBA)

1. Purpose

The NGLAPBA is an interest bearing one-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 17-06-015, Decision Approving the Natural Gas Leak Abatement Program Consistent with Senate Bill (SB) 1371, the NGLAPBA will record the difference between actual incremental costs and corresponding authorized revenue requirement associated with Pilot Projects and Research and Development (R&D) activities approved by the Commission.

2. Applicability

The NGLAPBA shall apply to gas customers.

3. Rates

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

4. Accounting Procedures

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

- a) A debit entry to record the incremental O&M costs of Pilot Projects and R&D activities approved by the Commission,
- b) A debit entry to record the incremental capital-related costs (depreciation, return, and income taxes) of Pilot Projects and R&D activities approved by the Commission,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to the Pilot Projects and R&D activities approved the Commission,
- 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.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 5166  
DECISION NO. 17-06-015

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

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Jul 17, 2017  
EFFECTIVE Jul 17, 2017  
RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2  
NATURAL GAS LEAK ABATEMENT PROGRAM BALANCING ACCOUNT (NGLAPBA)

(Continued)

5. Disposition

Pursuant to D.17-06-015, SoCalGas will file a Tier 3 advice letter to establish the 2018 and 2019 revenue requirement, and corresponding allocation methodology, for the implementation of the Pilot Projects and R&D activities of the Natural Gas Leak Abatement Program. The revenue requirement will be carried forward in subsequent years until addressed in SoCalGas' next GRC or other applicable proceeding.

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. Pilot Project and R&D expenses are limited to the annual authorized revenue requirement approved by the Commission and any overspending of expenses (i.e., actual revenue requirements) may not be recovered from ratepayers. Shareholders absorb the balance if actual Pilot Project and R&D revenue requirements exceed authorized levels.

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