

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
OFFICER COMPENSATION MEMORANDUM ACCOUNT (OCMA)

Sheet 1

1. Purpose

The OCMA is created as a memorandum account and does not post to SoCalGas' financial statements. Pursuant to Decision (D.) 16-06-054, SoCalGas' 2016 General Rate Case (GRC), the purpose of the OCMA is to track (1) the amount authorized for compensation to executive officers of the utility and (2) the amount paid to executive officers of the utility. The OCMA is effective January 1, 2016 until closed at the direction of the Commission.

2. Applicability

See Disposition section.

3. Rates

See Disposition section.

4. Accounting Procedures

SoCalGas shall maintain this account by making monthly entries (or annual entries where applicable and monthly data is not available) as follows:

- a) A debit entry equal to the salaries, bonuses, benefits, and all other consideration of any value paid to its executive officers;
- b) A credit entry equal to the salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its executive officers as authorized in D.16-06-054; and
- c) An entry to reflect the disposition of the OCMA balance as authorized by the Commission when applicable in accordance with Section 5 below.

Salaries: Payroll data for Executive Officer base salaries.

Bonuses: Variable Pay/Incentive Compensation Plan (ICP).

Benefits: Employer portion of health and welfare premiums.

Other Consideration: Executive perquisites in payroll data and/or invoices, 401(k) company match, deferred compensation company match.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5010
DECISION NO. 16-06-054

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Aug 8, 2016
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(Continued)

5. Disposition

The OCMA balance may be addressed in SoCalGas' next GRC or other appropriate Commission proceeding subject to the requirements of Public Utilities Code (PUC) Section 706, within 5 years following a "triggering event,"¹ to determine whether "excess compensation"² was paid to an executive officer and should be refunded or allowed to be recovered in rates.

¹ "A 'triggering event' occurs if, after January 1, 2013, an electrical corporation or gas corporation violates a federal or state safety regulation with respect to the plant and facility of the utility and, as a proximate cause of that violation, ratepayers incur a financial responsibility in excess of five million dollars (\$5,000,000)." Cal. P. U. Code § 706(a)(2).

² "'Excess compensation' means any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of an electrical corporation or gas corporation that is in excess of one million dollars (\$1,000,000)." Cal. P. U. Code § 706(a)(1).

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