

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
OFFICER COMPENSATION MEMORANDUM ACCOUNT 2019 (OCMA2019)

Sheet 1

1. Purpose

The OCMA2019 is created as a tracking account and does not post to SoCalGas' financial statements. The OCMA2019 is established pursuant to Public Utilities Code Section 706, as enacted by Senate Bill 901 (2018, Dodd). Public Utilities Code Section 706 requires, among other things, that all forms of compensation for officers of electrical or gas corporations shall be paid solely by shareholders. The purpose of the OCMA2019 is to track the difference between (1) compensation for officers of the utility that is authorized in General Rate Cases (GRC) or resolutions and; (2) all compensation as defined by Public Utilities Code Section 706. The term "officer" shall be defined as those employees of the investor owned utilities in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act. The OCMA2019 is effective January 1, 2019 until closed at the direction of the Commission.

The OCMA2019 consists of two sub-accounts:

- a. Authorized Compensation Sub-Account tracks GRC authorized salaries, bonuses, benefits, and all other consideration of any value paid to officers.
- b. Total Compensation Sub-Account tracks actual salaries, bonuses, benefits, and all other consideration of any value to officers.

2. Applicability

See Disposition section.

3. 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. Authorized Compensation Sub-Account
 - 1. A credit entry equal to the GRC authorized salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its officers as authorized in SoCalGas' 2019 GRC effective January 1, 2019.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5399
DECISION NO.

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Dec 21, 2018
EFFECTIVE Jan 1, 2019
RESOLUTION NO. E-4963

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Sheet 2

(Continued)

3. Accounting Procedures (Continued)

b. Total Compensation Sub-Account

1. A debit entry equal to the actual salaries, bonuses, benefits, and all other consideration of any value paid to its officers.

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.

4. Disposition

The OCMA2019 balance may be addressed in SoCalGas' GRC or other appropriate Commission proceeding to determine whether the balance should be refunded to customers in rates.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5399
DECISION NO.

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Dec 21, 2018
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