

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS  
BALANCING ACCOUNT (PBOPBA)

Sheet 1

1. Purpose

The PBOPBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the annual PBOP costs embedded in authorized rates and the actual tax-deductible contributions to the PBOP Trust. Pursuant to Decision (D.) 19-09-051, TY 2019 General Rate Case (GRC), effective January 1, 2019, the PBOPBA will continue for the three-year GRC cycle through December 31, 2021, or until the effective implementation date of SoCalGas' next GRC. Pursuant to Advice No. 5233, the PBOPBA was modified effective January 1, 2018, to follow new accounting guidance under Generally Accepted Accounting Principles for the treatment of the non-service cost component of PBOP costs.

The authorized PBOP revenue requirement and the related actual PBOP expenses recorded in the PBOPBA are adjusted for related PBOP costs capitalized in ratebase and for inter-company PBOP costs (i.e., for shared services) billed to and charged from SoCalGas' affiliate companies. In addition, the PBOPBA records an adjustment for the difference between PBOP costs embedded in authorized depreciation along with the related return and the corresponding actual PBOP costs embedded in recorded depreciation, along with the related return.

2. Applicability

The PBOPBA shall apply to gas customers.

3. Rates

The PBOPBA balance will be included in gas transportation rates.

4. Accounting Procedures

Consistent with D.92-12-015 which initially adopted the PBOP regulatory mechanism, modified in D.09-09-011, authorized to be continued per D.19-09-051 and modified per Advice No. 5233, SoCalGas will maintain the PBOPBA by making entries at the end of each month as follows:

O&M/Other Expense/Other Income Component

a. A debit/credit entry equal to the difference between:

1. One-twelfth of the Utility's annual PBOP funding level currently embedded in rates, reduced by the component of authorized PBOP costs capitalized to utility ratebase and
2. Actual tax-deductible PBOP contributions to the PBOP Trust, reduced by the component of PBOP costs capitalized to utility ratebase;

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 5539  
DECISION NO. 19-09-051

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

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED Oct 31, 2019  
EFFECTIVE Jan 1, 2020  
RESOLUTION NO. \_\_\_\_\_

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POST-RETIREMENT BENEFITS OTHER THAN PENSIONS  
BALANCING ACCOUNT (PBOPBA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

Depreciation/Return Component – Current Year

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

1. One-twelfth of the revenue requirement associated with the authorized PBOP costs, capitalized to utility ratebase in the current year, including PBOP costs embedded in authorized depreciation, and the related return, and
2. The current month's capital-related costs associated with the actual PBOP costs capitalized to utility ratebase in the current year, including PBOP costs embedded in recorded depreciation, and the related return;

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

Other Adjustments

d. An entry to amortize the balance; 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

Pursuant to D.19-09-051, SoCalGas will amortize the projected year-end PBOPBA balance in connection with its annual regulatory account balance update submittal for rates effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis.

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