

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
POST-2011 DISTRIBUTION INTEGRITY MANAGEMENT
PROGRAM BALANCING ACCOUNT (Post-2011 DIMPBA)

Sheet 1

1. Purpose

The DIMPBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 19-09-051, TY 2019 General Rate Case (GRC), effective January 1, 2019, the DIMPBA is a two-way balancing account which will record the difference between actual operating and maintenance (O&M) and capital-related costs and authorized costs associated with SoCalGas' Distribution Integrity Management Program (DIMP). Per D.19-09-051, the DIMPBA is authorized for the three-year GRC period ending December 31, 2021, or until the effective implementation date of SoCalGas' next GRC.

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2. Applicability

See Disposition section.

3. Rates

The balance in the DIMPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

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

- a) A debit entry to record actual O&M costs related to SoCalGas' DIMP,
- b) A debit entry to record capital-related costs (depreciation, return, and income taxes) related to SoCalGas' DIMP,
- c) A credit entry equal to one-twelfth of the cost authorized in rates related to SoCalGas' DIMP,
- d) An entry to amortize the DIMPBA as approved by the Commission, 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.

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5. Disposition

For any over- or under-collected balance at the end of each year within the GRC cycle will be carried over to the following year. For any DIMP undercollections as a result of overspending up to 35% of the total authorized O&M and capital expenditures, SoCalGas will submit a Tier 3 advice letter seeking recovery of the undercollected amount. For undercollections due to overspending greater than 35% of the total authorized O&M and capital expenditures, SoCalGas will seek recovery through a separate application. If SoCalGas has not overspent in excess of the total authorized O&M and capital expenditures for the current GRC cycle, but an undercollection exists in the DIMPBA due to compounding of actual capital revenue requirement recorded in the DIMPBA, SoCalGas will incorporate the undercollected balance in its annual regulatory account balance update submittal for recovery in the subsequent year's rates. For any unspent DIMP funds at the end of the current GRC cycle, SoCalGas will propose in its next GRC proceeding to return the unspent funds in rates to customers.

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(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. _____