LOS ANGELES, CALIFORNIA CANCELING

#### 56238-G CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

# Sheet 1 Ν Ν Ν Ν

#### PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS SAFETY ENHANCEMENT CAPITAL COST BALANCING ACCOUNT - PHASE 2 (SECCBA-P2)

#### 1. Purpose

The SECCBA-P2 is an interest-bearing, one-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 19-03-025, the SECCBA-P2 will record the capital-related costs associated with Phase 2 of SoCalGas' Pipeline Safety Enhancement Plan (PSEP).

#### 2. Applicability

See Disposition section.

3. Rates

The balance in the SECCBA-P2 will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas shall maintain the SECCBA-P2 by recording entries at the end of each month, net of applicable FF&U, as follows:

- a) A debit entry equal to the capital-related costs (depreciation, return, and income and property taxes) related to SoCalGas' PSEP; the basis of the capital asset will be reduced in accordance with D.14-06-007 and D.15-12-020 by the system average cost of actual pressure testing when replacement of the pipeline installed after 1955 is planned rather than testing existing pipelines "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- b) A credit entry for the revenue requirement associated with the remaining undepreciated book value of any post-1955 pipeline that is abandoned and replaced "where pressure test records are not available that provide the minimum information to demonstrate compliance with the industry or regulatory strength testing and record keeping requirements then applicable" (See D.15-12-020, at 24; Ordering Paragraph 1);
- c) A debit entry equal to the transfer of capital-related costs (depreciation, return, and income and property taxes) from the PSEP-P2 Memorandum Account associated with allocated, capitalized planning and engineering design costs for Phase 2 PSEP replacement projects;
- d) A credit entry equal to the authorized PSEP revenues adopted in D.19-03-025;
- e) An entry equal to the amortization of the SECCBA-P2 balance as authorized by the Commission; and
- f) 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)

ISSUED BY **Dan Skopec** Vice President **Regulatory Affairs**  LOS ANGELES, CALIFORNIA CANCELING

CAL. P.U.C. SHEET NO. 56239-G CAL. P.U.C. SHEET NO.

## PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2 SAFETY ENHANCEMENT CAPITAL COST Sheet 2

### BALANCING ACCOUNT - PHASE 2 (SECCBA-P2)

(Continued)

#### 5. Disposition

Pursuant to D.19-03-025, SECCBA-P2 will be amortized, as necessary, in connection with SoCalGas' Annual Regulatory Account Balance Update submittal for rates effective January 1st of the following year.

One-way balancing account treatment will be applied on an aggregate basis where the total combined O&M and capital costs will be compared to the corresponding forecasted amounts approved in D.19-03-025. To the extent there is an overspending in the actual, aggregate costs incurred relative to the PSEP aggregate costs authorized at completion of the PSEP projects forecasted in Application 17-03-021, the revenue requirements associated with the overall cost overrun will not be subject to balancing account treatment and appropriate adjustments will be made to the applicable PSEP balancing accounts to ensure ratepayers do not pay for these costs. To the extent there is an underspending of actual PSEP costs relative authorized costs, any overcollection of the associated revenue requirements, if any, will be refunded to ratepayers.

ISSUED BY Dan Skopec Vice President Regulatory Affairs (TO BE INSERTED BY CAL. PUC) SUBMITTED <u>Apr 26, 2019</u> EFFECTIVE <u>May 1, 2019</u> RESOLUTION NO. Ν