

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

Sheet 1

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)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 5459  
DECISION NO. 19-03-025

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

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED Apr 26, 2019  
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