

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1
SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT – PHASE 2 (SEEBA-P2)

1. Purpose

The SEEBA-P2 is an interest-bearing, one-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 19-03-025, the SEEBA-P2 will record incremental operating and maintenance (O&M) costs associated with Phase 2 of SoCalGas' Pipeline Safety Enhancement Plan (PSEP).

2. Applicability

See Disposition section.

3. Rates

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

4. Accounting Procedures

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

- a) A debit entry equal to the incremental O&M costs related to SoCalGas' PSEP excluding the cost for pressure testing of pipeline segments installed after 1955 "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 debit entry equal to the transfer of planning and engineering costs from the PSEP-P2 Memorandum Account allocated to Phase 2 PSEP hydro test O&M projects;
- c) A credit entry equal to the authorized revenues adopted in D.19-03-025;
- d) An entry equal to the amortization of the SEEBA-P2 balance as authorized 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.

(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
EFFECTIVE May 1, 2019
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT – PHASE 2 (SEEBA-P2)

(Continued)

5. Disposition

Pursuant to D.19-03-025, SEEBA-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.

(TO BE INSERTED BY UTILITY)

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