

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
SAFETY ENHANCEMENT EXPENSE BALANCING ACCOUNT (SEEBA)

Sheet 1

1. Purpose

The SEEBA is an interest-bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 14-06-007, SoCalGas' 2013 Triennial Cost Allocation Proceeding (TCAP), and modified by D.15-12-020, the SEEBA will record incremental operating & maintenance (O&M) costs associated with SoCalGas' Pipeline Safety Enhancement Plan (PSEP). SoCalGas will begin recording costs effective June 12, 2014, the date of the 2013 TCAP decision. Pursuant to D.19-03-025, the SEEBA consists of two subaccounts for PSEP costs subject to reasonableness review/50% interim recovery and recovery on a forecast basis:

- PSEP Phase 1A Subaccount – records PSEP activity associated with Phase 1A
- PSEP Phase 1B Subaccount – records PSEP activity associated with Phase 1B

The PSEP Phase 1A Subaccount is a two-way balancing account mechanism subject to reasonableness review and 50% interim recovery; PSEP Phase 1B Subaccount is a one-way balancing account mechanism.

2. Applicability

See Disposition section.

3. Rates

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

4. Accounting Procedures – PSEP Phase 1A Subaccount

SoCalGas shall maintain the PSEP Phase 1A Subaccount 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) An entry equal to the amortization of the PSEP Phase 1A Subaccount balance as authorized by the Commission; and
- c) 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)
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ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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