

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM
BALANCING ACCOUNT (TIMPBA)

Sheet 1

1. Purpose

The TIMPBA is an interest-bearing, two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 19-09-051, SoCalGas' TY 2019 General Rate Case (GRC), effective January 1, 2019, the TIMPBA will record the difference between the authorized and actual operating and maintenance (O&M) and capital-related costs associated with SoCalGas' Transmission Integrity Management Program (TIMP). Per D.19-09-051, the TIMPBA 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 TIMPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

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

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

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Sheet 2

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5. Disposition

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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 TIMP 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 TIMPBA due to compounding of actual capital revenue requirement recorded in the TIMPBA, 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 TIMP 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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