

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
TAX MEMORANDUM ACCOUNT (TMA)

1. Purpose

The TMA is an interest-bearing memorandum account that is not recorded on SoCalGas' financial statements. The TMA was established pursuant to Decision (D.) 16-06-054 and continued in D.19-09-051 to track revenue differences resulting from (1) the income tax expense approved in SoCalGas' General Rate Case (GRC) proceedings and (2) the tax expense incurred during the GRC period.

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Separate line items will be tracked detailing the differences between tax expenses forecasted and tax expenses incurred that are caused by changes in tax law, tax accounting methods, tax procedures, or tax policy, consistent with D.19-09-051. The line items will reflect differences resulting from (1) net revenue changes, (2) mandatory tax law changes, tax accounting changes, tax procedural changes, or tax policy changes, and (3) elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes. The TMA will track both positive and negative differences between forecasted and actual amounts, including adjustments arising from audits.

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N

2. Applicability

See Disposition section.

3. Rates

See Disposition section.

4. Accounting Procedures

SoCalGas maintains this account by making monthly entries (annual entries where applicable and monthly data is not available) to reflect the balance of the tracked amounts as of December 31 of each year as follows:

- a) An entry equal to the revenue requirement impact of each net revenue change caused by changes in tax law, tax accounting methods, tax procedures, or tax policy and resulting from differences between forecasted federal and state tax adjustments and tax credits to incurred federal and state tax adjustments and tax credits;
- b) An entry equal to the revenue requirement adjustments resulting from higher or lower tax expense or benefits due to completion of audits by federal and state taxing authorities;
- c) An entry equal to the change in authorized revenue requirement as a result of implementation of any IRS private letter ruling regarding compliance with IRS normalization regulations;
- d) An entry to reflect the disposition of the TMA balance as authorized by the Commission when applicable in accordance with Section 5 below; 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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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5546
 DECISION NO. 19-09-051

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Nov 12, 2019
 EFFECTIVE Dec 12, 2019
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
TAX MEMORANDUM ACCOUNT (TMA)

Sheet 2

N
N

(Continued)

5. Disposition

N
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N

The TMA shall be reviewed in every subsequent GRC proceeding until a Commission decision closes the account. Any recovery from or return to ratepayers of the TMA balance will be based on Commission approval.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4994-A
DECISION NO. 16-06-054

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Sep 16, 2016
EFFECTIVE Oct 17, 2016

RESOLUTION NO. _____