

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PENSION BALANCING ACCOUNT (PBA)

Sheet 1

The PBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the forecasted and actual minimum contributions to the Utility's pension fund. Pursuant to D.08-07-046, TY 2008 General Rate Case (GRC), effective January 1, 2008, the PBA will continue for the four-year GRC cycle through December 31, 2011.

The authorized pension revenue requirement and the related actual pension expenses recorded in the PBA are adjusted for related pension costs capitalized in ratebase and inter-company pension costs (i.e., for shared services) billed to and charged from SoCalGas' affiliate companies. In addition, the PBA records an adjustment for the difference in pension costs embedded in authorized and actual depreciation along with the related return.

Consistent with D. 92-12-015 which initially adopted the PBA regulatory mechanism and modified in D. 09-09-011, SoCalGas will maintain the PBA by making entries at the end of each month as follows:

N

O&M Component

- a. A debit/credit entry equal to the difference between:
 - 1. One-twelfth of the Utility's annual pension funding level currently embedded in rates, reduced by the component of authorized pension costs capitalized to utility ratebase and
 - 2. Actual pension expense, reduced by the component of pension costs capitalized to utility ratebase;

Depreciation/Return Component – Current Year

- b. Actual pension expense, reduced by the component of pension costs capitalized to utility ratebase;
 - 1. One-twelfth of the current year's revenue requirement embedded in authorized depreciation, including the return associated with the authorized pension costs capitalized to utility ratebase and
 - 2. The current month's actual pension costs embedded in recorded depreciation, including the return associated with the actual pension costs capitalized to utility ratebase;

Depreciation/Return Component – Prior Year(s) [i.e., beginning with the initial year of the cost of service or GRC period]

- c. A debit/credit entry equal to the difference between:

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4017
 DECISION NO. 09-09-011

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Sep 21, 2009
 EFFECTIVE Sep 21, 2009
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Sheet 2

(Continued)

Depreciation/Return Component – Prior Year(s) (Continued)

1. One-twelfth of the prior years’ revenue requirement embedded in authorized depreciation, including the return associated with the unamortized balance of authorized pension costs capitalized to utility ratebase in prior years and
2. The corresponding pension costs embedded in recorded depreciation, including the return associated with the unamortized balance of actual pension costs capitalized to utility ratebase in prior years;

Other Adjustments

- d. A debit or credit entry for amortization of pension refund /recovery in rates;
- e. An entry equal to the interest on the average of the balance in the account during the month using the interest rate described in Preliminary Statement, Part I, J. herein.

For the period of 2009 through the end of the current GRC cycle, annual pension contributions will be no greater than the ERISA minimum required funding amount. If the ERISA minimum exceeds the DRA estimate of pension expense (as identified in Exhibit DRA-27 in SoCalGas’ GRC application 06-12-010) in any year, SoCalGas will file an advice letter containing the support calculation of the minimum ERISA contribution made. Pursuant to D. 09-09-011, SoCalGas will amortize the PBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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