

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS  
BALANCING ACCOUNT (PBOPBA)

Sheet 1

The PBOPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the actual annual PBOP costs embedded in authorized rates with the actual tax-deductible contributions to the PBOP Trust. Pursuant to D-08-07-046, TY 2008 General Rate Case (GRC), effective January 1, 2008, the PBOPBA will continue for the 4-year GRC cycle through December 31, 2011.

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

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

O&M Component

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

Depreciation/Return Component – Current Year

- b. A debit/credit entry equal to the difference, prorated for the year, between:
1. One-twelfth of the current year's revenue requirement embedded in authorized depreciation, including the return associated with the authorized PBOP costs capitalized to utility ratebase and
  2. The current month's actual PBOP costs embedded in recorded depreciation, including the return associated with the actual PBOP 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]

(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  
RESOLUTION NO. \_\_\_\_\_

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POST-RETIREMENT BENEFITS OTHER THAN PENSIONS  
BALANCING ACCOUNT (PBOPBA)

Sheet 2

(Continued)

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

- c. A debit/credit entry equal to the difference between:
1. One-twelfth of the prior years' revenue requirement embedded in authorized depreciation, including the return associated with the unamortized balance of authorized PBOP costs capitalized to utility ratebase in prior years and
  2. The corresponding PBOP costs embedded in recorded depreciation, including the return associated with the unamortized balance of actual PBOP costs capitalized to utility ratebase in prior years;

Other Adjustments

- d. A debit or credit entry for amortization of PBOP refund/recovery in rates; and
- 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.

Pursuant to D. 09-09-011, SoCalGas will amortize the PBOPBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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