



**PRELIMINARY STATEMENT**

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IV. BALANCING ACCOUNTS

DISTRIBUTION INTEGRITY MANAGEMENT PROGRAM BALANCING ACCOUNT (DIMPBA)

1. Purpose

The Distribution Integrity Management Program Balancing Account is a one-way balancing account that records the difference between actual and authorized operating and maintenance costs associated with SDG&E's Distribution Integrity Management Program (DIMP), pursuant to D.08-07-046 in SDG&E's Test Year 2008 General Rate Case (GRC). The DIMPBA is effective for the GRC cycle of 2008 through 2011.

2. Applicability

This account shall apply to all gas services that are within the jurisdiction of the Commission.

3. Rates

The balance in the DIMPBA will be applied to gas rates as described in item 5 below.

4. Accounting Procedure

The DIMPBA shall record entries at the end of the month as follows:

- a. A debit entry equal to the actual costs related to SDG&E's DIMP;
- b. A credit entry equal to one-twelfth of the authorized DIMP revenue requirement; and
- c. An entry equal to interest calculated on the average of the balance at the beginning of the month and the balance after entries 4.a and 4.b above, at a rate equal to one-twelfth of the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H:15, or its successor publication.

5. Account Disposition

The DIMPBA is a one-way balancing account and any over- or uncollected balance at the end of each year within the GRC cycle will be carried over to the following year. Any unspent DIMP funds at the end of the current GRC cycle will be returned to gas customers in rates in the next GRC cycle.

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