

Application of SOUTHERN CALIFORNIA GAS)
COMPANY for authority to update its gas and electric)
revenue requirement and base rates)
effective January 1, 2016 (U 904-G) _____)


Application No. 14-11-_____
Exhibit No.: (SCG-38-WP)

WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF JEFF STEIN
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

NOVEMBER 2014



A  Sempra Energy utility®

SOUTHERN CALIFORNIA GAS COMPANY

TY2016 GRC – Exhibit Number SCG-38-WP

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SOUTHERN CALIFORNIA GAS COMPANY
Summary of 2014 – 2016 GRC Percentages of Reassignment to Capital
Test Year 2016 General Rate Case

| Line # | Account | Description | Basis of Costs used to derive the Reassignment rates | Costs allocated to Capital (A) | Total Costs (B) | GRC Reassignment to Capital Rate (C) = (A) / (B) | Worksheet Tab Reference |
|--------|--|--|--|--------------------------------|-----------------|--|---------------------------------------|
| | | LABOR OVERHEADS | | | | | |
| 1 | | | | | | | |
| 2 | 920.4 | 1) Incentive Compensation Plan (ICP) | Labor costs from 2013 FERC Form 2 | 142,953,241 | 707,126,049 | 20.2% | (2) Labor |
| 4 | 925.0 | 3) Public Liability and Property Damage (PLPD) | Labor costs from 2013 FERC Form 2 | 142,953,241 | 707,126,049 | 20.2% | (2) Labor |
| 3 | 925.1 | 2) Workers' Compensation (WC) | Labor costs from 2013 FERC Form 2 | 142,953,241 | 707,126,049 | 20.2% | (2) Labor |
| 5 | 926.0-926.5 | 4) Pension and Benefits (P&B) | Labor costs from 2013 FERC Form 2 | 142,953,241 | 707,126,049 | 20.2% | (2) Labor |
| 6 | | | | | | | |
| | 920.0-920.2, 920.5, 921.0, 921.2, 921.5, 921.6, 923.0-923.2. | | | | | | |
| 7 | | ADMINISTRATIVE AND GENERAL EXPENSES | 2013 A&G costs allocated to capital activities | 10,675,551 | 195,326,645 | 5.5% | (3) Capital A&G |
| 8 | | | | | | | |
| 9 | 163.1 | WAREHOUSING | 2013 Warehousing costs allocated to capital activities | 4,530,130 | 5,465,476 | 82.9% | (4) Non-Labor - Line 5 |
| 10 | | | | | | | |
| 11 | 163.2 | PURCHASING | 2013 Purchasing costs allocated to capital activities | 3,058,774 | 5,939,668 | 51.5% | (4) Non-Labor - Line 7 |
| 12 | | | | | | | |
| 13 | 184.2 | FLEET | 2013 Fleet utilization charges allocated to capital activities | 7,280,676 | 42,451,820 | 17.2% | (4) Non-Labor - Line 3 |
| 14 | | | | | | | |
| 15 | 184.3 | SHOP | 2013 Shop costs allocated to capital activities | 290,039 | 2,407,447 | 12.0% | (4) Non-Labor - Line 13 |
| 16 | | | | | | | |
| 17 | 184.6 | EXEMPT MATERIAL-MPM | 2013 MPM costs allocated to capital activities | 667,361 | 773,693 | 86.3% | (4) Non-Labor - Line 9 |
| 18 | | | | | | | |
| 19 | 184.7 | SMALL TOOLS | 2013 Small Tools costs allocated to capital activities | 1,315,783 | 10,900,787 | 12.1% | (4) Non-Labor - Line 11 |
| 20 | | | | | | | |
| 21 | 892.4 | PIPE FITTINGS | Data were provided by Gas Distribution Division | 90,772,185 | 183,177,117 | 49.6% | (5) Precharged Pipe Fittings - Line 9 |

REASSIGNMENT RATES

SOUTHERN CALIFORNIA GAS COMPANY

Derivation of 2013 Percentages of Reassignment to Capital for Labor Overheads

FERC Accounts: 920.4, 925.0-925.1, 926.0-926.5

Test Year 2016 General Rate Case

| Line # | Description | FERC Form 2 Column E (2013 \$) (A) | FERC Form 2 Column C (2013 \$) (B) | Total (2013 \$) (C)=(A)-(B) | Worksheet Tab Reference |
|--------|---|---|---|-----------------------------------|--|
| 1) | | | | | |
| 2) | | | | | |
| 3) | SALARY AND WAGES FOR CAPITAL JOBS | | | | |
| 4) | Salary and Wages for Plant | 150,955,978 | 13,163,491 | 137,792,487 | (6) FERC Form 2, pp 354 & 355 - Line 67 |
| 5) | Salary and Wages for Plant Removal | 5,214,367 | 53,613 | 5,160,754 | (6) FERC Form 2, pp 354 & 355 - Line 72 |
| 6) | Total Salary and Wages for Capital Jobs | <u>156,170,345</u> | <u>13,217,104</u> | <u>142,953,241</u> | |
| 7) | | | | | |
| 8) | COMPANY SALARY AND WAGES | | | | |
| 9) | Salary and Wages for Capital Jobs | 156,170,345 | 13,217,104 | 142,953,241 | (6) FERC Form 2, pp 354 & 355 - Line 67 and 72 |
| 10) | Salary and Wages for Operation and Maintenance | 573,767,174 | 38,556,034 | 535,211,140 | (6) FERC Form 2, pp 354 & 355 - Line 60 |
| 11) | Salary and Wages for Other Accounts | 29,881,779 | 920,111 | 28,961,668 | (6) FERC Form 2, pp 354 & 355 - Line 75 |
| 12) | Total Company Salary and Wages | <u>759,819,298</u> | <u>52,693,249</u> | <u>707,126,049</u> | (6) FERC Form 2, pp 354 & 355 - Line 77 |
| 13) | | | | | |
| 14) | GRC Labor Overhead Reassignment to Capital Rate Ln 6 / Ln 12 | | | 20.2% | [Calculated] |

Notes:

- (A) Column (A) reflects Total salaries and Wages including payroll billed by affiliated companies to SCG and payroll charged to clearing accounts.
- (B) Column (B) reflects payroll billed by affiliated companies to SCG.
- (C) Column (C) reflects SCG's payroll excluding payroll billed by affiliated companies to SCG.

Southern California Gas Company
2016 GRC – APP
Non-Shared Service Workpapers

SOUTHERN CALIFORNIA GAS COMPANY

**Derivation of 2013 Percentages of Reassignment to Capital
for Administrative and General (A&G) Costs**

FERC Accounts: 920.0-920.2, 920.5, 921.0, 921.2, 921.5, 921.6, 923.0-923.2

Test Year 2016 General Rate Case

| Line # | Descriptions | A&G Costs Allocated to Capital Jobs (2013 \$) (A) | A&G Costs (2013 \$) (B) | GRC A&G Reassignment to Capital Rate (C) = (A) / (B) |
|--------|-------------------------------|--|----------------------------|---|
| 1) | | | | |
| 2) | Sempra Energy A&G Departments | 3,997,597 | 51,103,921 | |
| 3) | SDG&E A&G Departments | 372,885 | 30,550,112 | |
| 4) | SCG A&G Departments | 6,305,069 | 113,672,612 | |
| 5) | | | | |
| 6) | Total | <u>10,675,551</u> | <u>195,326,645</u> | 5.5% |

Notes:

The A&G Reassignment to Capital Rate is a weighted average rate. It is derived by dividing the 2013 recorded A&G costs allocated to the SCG construction jobs (Column A) by the 2013 SCG A&G Costs (Column B).

(B) Costs subject to capitalization include FERC 920, 921, and 923.

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SOUTHERN CALIFORNIA GAS COMPANY

**Derivation of 2013 Percentages of Reassignment to Capital
for Non-Labor Overheads**

FERC Accounts: 163.1-163.2, 184.2-184.3, 184.6-184.7
Test Year 2016 General Rate Case

| Line # | Descriptions | Overhead allocated to | | | Total Overhead (2013 \$) (C)=(A)+(B) | GRC Non-Labor Overhead Reassignment to Capital Rate (D) = (A) / (C) |
|--------|---|---------------------------------------|-------------------------------------|--|--|---|
| | | Construction Jobs (2013 \$) (A) | Others (Note 1) (2013 \$) (B) | Operation and Maintenance, and Others (Note 1) (2013 \$) (C) | | |
| 1) | | | | | | |
| 2) | | | | | | |
| 3) | Fleet | 7,280,676 | 35,171,144 | 42,451,820 | 17.2% | |
| 4) | | | | | | |
| 5) | Warehousing | 4,530,130 | 935,347 | 5,465,476 | 82.9% | |
| 6) | | | | | | |
| 7) | Purchasing | 3,058,774 | 2,880,894 | 5,939,668 | 51.5% | |
| 8) | | | | | | |
| 9) | Exempt Material-MPM | 667,361 | 106,332 | 773,693 | 86.3% | |
| 10) | | | | | | |
| 11) | Small Tools | 1,315,783 | 9,585,004 | 10,900,787 | 12.1% | |
| 12) | | | | | | |
| 13) | Shop | 290,039 | 2,117,408 | 2,407,447.20 | 12.0% | |
| 14) | | | | | | |
| 15) | Notes: | | | | | |
| 16) | 1) Others include affiliate billings and refundables. | | | | | |

SOUTHERN CALIFORNIA GAS COMPANY

**Derivation of 2013 Percentages of Reassignment to Capital
 for Pipe Fitting**

FERC Account: 892.4

Test Year 2016 General Rate Case

| Line # | Descriptions | (2009 - 2013 \$) |
|--------|--|--------------------------------------|
| 1) | Field Work Costs | |
| 2) | | |
| 3) | Costs applicable to Construction Jobs | \$90,772,185 (A) |
| 4) | | |
| 5) | Costs applicable to O&M | \$92,404,932 (B) |
| 6) | | |
| 7) | Total Field Work Costs | <u>\$183,177,117</u> (C) = (A) + (B) |
| 8) | | |
| 9) | Pipe Fitting Reassignment to Capital Rate | 49.6% (D) = (A) / (C) |

Notes:

Pipe Fitting Reassignment Percentage was provided by Business Planning & Budgets/Operations Department. It was derived by dividing the Costs for Capital activities (A) by the Costs for total Capital and O&M activities which require Pipe Fittings (C).

(A) Costs applicable to Construction Jobs represent the 5 year historical expenditures associated with Capital activities.

(C) Total field work costs represent the 5 year historical cost for applicable construction and O&M work.

2013 FERC FORM 2

PAGES 354-355

2012 SCG FERC Form 2 Page 354-355

| FERC Account | Direct Labor | Payroll Billed by Affiliated Companies | Clearing | Total | Form 2 Line # |
|--|----------------------|--|----------------------|----------------------|------------------|
| Other Gas Supply | 3,590,288 | 422 | 1,348,741 | 4,939,451 | 30 |
| Gas Storage Ops | 12,029,557 | 371,872 | 3,580,155 | 15,981,584 | 31 |
| Gas Trans Ops | 22,090,268 | 861,920 | 7,394,396 | 30,346,584 | 32 |
| Gas Dist Ops | 167,966,327 | 6,811,631 | 43,589,192 | 218,367,150 | 33 |
| Cust Accts | 104,127,847 | 5,982,832 | 25,733,871 | 135,844,550 | 34 |
| Cust Svc. Info | 25,499,164 | 1,179,012 | 11,006,444 | 37,684,620 | 35 |
| A&G Ops | 38,531,141 | 22,685,217 | 4,240,475 | 65,456,833 | 37 |
| Total Operation (Total Line 28 thru 37) | 373,834,592 | 37,893,906 | 96,893,274 | 508,620,772 | 38 |
| Gas Stor Maint | 3,791,191 | 15,613 | 889,036 | 4,695,840 | 43 |
| Gas Trans Maint | 9,464,184 | 49,904 | 3,331,279 | 12,845,367 | 44 |
| Gas Dist Maint | 31,156,406 | 110,501 | 9,948,216 | 41,215,123 | 45 |
| A&G Maint | 4,819,831 | 487,110 | 1,083,131 | 6,390,072 | 46 |
| Total Maintenance (Total Line 40 thru 46) | 49,231,612 | 663,128 | 15,251,662 | 65,146,402 | 47 |
| Other Gas Supply (Line 30 + 42) | 3,590,288 | 422 | 1,348,741 | 4,939,451 | 52 |
| Storage LNG Terminaling (Line 31 + 43) | 15,820,748 | 387,485 | 4,469,191 | 20,677,424 | 53 |
| Transmission (Total Line 32 + 44) | 31,554,452 | 911,824 | 10,725,675 | 43,191,951 | 54 |
| Distribution (Line 33 + 46) | 199,122,733 | 6,922,132 | 53,537,408 | 259,582,273 | 55 |
| Customer Accounts (Line 34) | 104,127,847 | 5,982,832 | 25,733,871 | 135,844,550 | 56 |
| Customer Service and Informational (Line 35) | 25,499,164 | 1,179,012 | 11,006,444 | 37,684,620 | 57 |
| Admin and General (Line 37 + 46) | 43,350,972 | 23,172,327 | 5,323,606 | 71,846,905 | 59 |
| Total Operation and Maintenance | 423,066,204 | 38,556,034 | 112,144,936 | 573,767,174 | 60 |
| Gas Plant | 56,166,777 | 13,163,491 | 81,625,710 | 150,955,978 | 67 |
| Plant Removal | 2,040,668 | 53,613 | 3,120,086 | 5,214,367 | 72 |
| Other - CIAC | | | | 0 | |
| 3rd Party Billings, Gas | | 383,409 | 5,205,247 | 5,588,656 | Footnote Data |
| Affiliate Billings, Gas | | 536,702 | 23,756,421 | 24,293,123 | Footnote Data |
| Total Other Accounts | 0 | 920,111 | 28,961,668 | 29,881,779 | 75 |
| Total Salaries and Wages | \$481,273,649 | \$52,693,249 | \$225,852,400 | \$759,819,298 | 77 |

| | | | |
|---|---|---------------------------------------|---|
| Name of Respondent Southern California Gas Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2013/Q4 |
|---|---|---------------------------------------|---|

Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Payroll Billed by Affiliated Companies (c) | Allocation of Payroll Charged for Clearing Accounts (d) | Total (e) |
|----------|---|------------------------------------|---|--|--------------|
| 1 | Electric | | | | |
| 2 | Operation | | | | |
| 3 | Production | | | | |
| 4 | Transmission | | | | |
| 5 | Distribution | | | | |
| 6 | Customer Accounts | | | | |
| 7 | Customer Service and Informational | | | | |
| 8 | Sales | | | | |
| 9 | Administrative and General | | | | |
| 10 | TOTAL Operation (Total of lines 3 thru 9) | | | | |
| 11 | Maintenance | | | | |
| 12 | Production | | | | |
| 13 | Transmission | | | | |
| 14 | Distribution | | | | |
| 15 | Administrative and General | | | | |
| 16 | TOTAL Maintenance (Total of lines 12 thru 15) | | | | |
| 17 | Total Operation and Maintenance | | | | |
| 18 | Production (Total of lines 3 and 12) | | | | |
| 19 | Transmission (Total of lines 4 and 13) | | | | |
| 20 | Distribution (Total of lines 5 and 14) | | | | |
| 21 | Customer Accounts (line 6) | | | | |
| 22 | Customer Service and Informational (line 7) | | | | |
| 23 | Sales (line 8) | | | | |
| 24 | Administrative and General (Total of lines 9 and 15) | | | | |
| 25 | TOTAL Operation and Maintenance (Total of lines 10 thru 24) | | | | |
| 26 | Gas | | | | |
| 27 | Operation | | | | |
| 28 | Production - Manufactured Gas | | | | |
| 29 | Production - Natural Gas(Including Exploration and Development) | | | | |
| 30 | Other Gas Supply | 3,590,288 | 422 | 1,340,741 | 4,939,451 |
| 31 | Storage, LNG Terminating and Processing | 12,029,557 | 371,872 | 3,580,165 | 15,981,584 |
| 32 | Transmission | 22,090,268 | 861,920 | 7,394,396 | 30,346,584 |
| 33 | Distribution | 167,966,327 | 6,011,631 | 43,509,192 | 218,367,150 |
| 34 | Customer Accounts | 104,127,847 | 6,982,832 | 25,733,871 | 135,844,550 |
| 35 | Customer Service and Informational | 25,499,164 | 1,179,012 | 11,006,444 | 37,684,620 |
| 36 | Sales | | | | |
| 37 | Administrative and General | 30,531,141 | 22,685,217 | 4,240,475 | 65,456,833 |
| 38 | TOTAL Operation (Total of lines 28 thru 37) | 373,834,592 | 37,892,906 | 96,893,274 | 508,620,772 |
| 39 | Maintenance | | | | |
| 40 | Production - Manufactured Gas | | | | |
| 41 | Production - Natural Gas(Including Exploration and Development) | | | | |
| 42 | Other Gas Supply | | | | |
| 43 | Storage, LNG Terminating and Processing | 3,791,191 | 15,613 | 889,036 | 4,695,840 |
| 44 | Transmission | 9,464,184 | 49,904 | 3,331,279 | 12,845,367 |
| 45 | Distribution | 31,156,406 | 110,501 | 9,946,216 | 41,215,123 |

| | | | |
|---|---|---------------------------------------|---|
| Name of Respondent Southern California Gas Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2013/Q4 |
|---|---|---------------------------------------|---|

Distribution of Salaries and Wages (continued)

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Payroll Billed by Affiliated Companies (c) | Allocation of Payroll Charged for Clearing Accounts (d) | Total (e) |
|----------|---|------------------------------------|---|--|--------------|
| 46 | Administrative and General | 4,019,831 | 487,110 | 1,083,131 | 6,390,072 |
| 47 | TOTAL Maintenance (Total of lines 40 thru 46) | 49,231,812 | 683,128 | 15,251,662 | 65,146,402 |
| 48 | Gas (Continued) | | | | |
| 49 | Total Operation and Maintenance | | | | |
| 50 | Production - Manufactured Gas (Total of lines 28 and 40) | | | | |
| 51 | Production - Natural Gas (Including Expl. and Dev.) (ll. 29 and 41) | | | | |
| 52 | Other Gas Supply (Total of lines 30 and 42) | 3,590,288 | 422 | 1,348,741 | 4,939,451 |
| 53 | Storage, LNG Terminalling and Processing (Total of ll. 31 and 43) | 16,820,748 | 387,485 | 4,460,191 | 20,677,424 |
| 54 | Transmission (Total of lines 32 and 44) | 31,554,462 | 911,024 | 10,725,675 | 43,191,961 |
| 55 | Distribution (Total of lines 33 and 45) | 199,122,733 | 6,922,132 | 53,537,408 | 259,582,273 |
| 56 | Customer Accounts (Total of line 34) | 104,127,847 | 5,982,832 | 25,733,071 | 135,844,550 |
| 57 | Customer Service and Informational (Total of line 35) | 25,499,164 | 1,179,012 | 11,006,444 | 37,684,620 |
| 58 | Sales (Total of line 38) | | | | |
| 59 | Administrative and General (Total of lines 37 and 46) | 43,350,972 | 23,172,327 | 6,323,006 | 71,046,905 |
| 60 | Total Operation and Maintenance (Total of lines 50 thru 59) | 423,088,204 | 38,556,034 | 112,144,936 | 573,787,174 |
| 61 | Other Utility Departments | | | | |
| 62 | Operation and Maintenance | | | | |
| 63 | TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62) | 423,088,204 | 38,556,034 | 112,144,936 | 573,787,174 |
| 64 | Utility Plant | | | | |
| 65 | Construction (By Utility Departments) | | | | |
| 66 | Electric Plant | | | | |
| 67 | Gas Plant | 56,166,777 | 13,163,491 | 81,625,710 | 160,955,978 |
| 68 | Other | | | | |
| 69 | TOTAL Construction (Total of lines 66 thru 68) | 56,166,777 | 13,163,491 | 81,625,710 | 150,955,978 |
| 70 | Plant Removal (By Utility Departments) | | | | |
| 71 | Electric Plant | | | | |
| 72 | Gas Plant | 2,040,668 | 53,613 | 3,120,088 | 5,214,367 |
| 73 | Other | | | | |
| 74 | TOTAL Plant Removal (Total of lines 71 thru 73) | 2,040,668 | 53,613 | 3,120,088 | 5,214,367 |
| 75 | Other Accounts (Specify) (footnote details) | | 920,111 | 28,961,680 | 29,881,779 |
| 76 | TOTAL Other Accounts | | 920,111 | 28,961,680 | 29,881,779 |
| 77 | TOTAL SALARIES AND WAGES | 481,273,649 | 62,693,249 | 225,052,400 | 769,019,298 |