

**ORA DATA REQUEST  
ORA-SCG-023-JOH  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: NOVEMBER 30, 2017  
DATE RESPONDED: DECEMBER 19, 2017**

**Exhibit Reference:** SCG-37  
**SCG Witness:** Ragan G. Reeves  
**Subject:** Taxes

**Please provide the following:**

1. Exhibit SCG-37-WP, page 19 shows the Southern California Gas Company 2019 GRCAApp Tax Workpapers for payroll taxes for years 2016 to 2019.
  - a. Please confirm that the year 2016 payroll tax number is a recorded number and not a forecast.
  - b. In the same format, please provide the recorded payroll taxes for years 2012 to 2015, and for 2016 if SCG's response to 1.a indicates that the 2016 payroll tax number is a forecast.

**SoCalGas Response 1:**

- a. Yes, the 2016 payroll tax number is a recorded number and not a forecast.
- b. Please see the table below, which is in the same format as Exhibit SCG-37-WP, page 19. The table includes the recorded composite payroll tax rates for 2012 through 2015. Note, however, that the recorded amounts for the other inputs in the table (besides the composite payroll tax rates) are not available; therefore, the other input amounts have been taken from the final Results of Operations (RO) model for the applicable year. Note also that Capital Payroll Taxes information for 2013 is not available, which is consistent with the RO model.

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<b>SoCalGas O&amp;M Payroll Taxes</b>			
			Nominal\$
2012 O&M Labor Excl. Reassignment			399,248
2012 Shared O&M Labor			47,959
2012 Ratio			7.66%
2012 O&M Payroll Taxes			34,927
2013 O&M Payroll			507,056
2013 Ratio (Payroll tax/Payroll)			7.63%
2013 O&M Payroll Taxes			38,688
2014 O&M Labor Excl. Reassignment			493,409
2014 Shared O&M Labor			43,669
2014 Ratio			7.59%
2014 O&M Payroll Taxes			40,764
2015 O&M Labor Excl. Reassignment			527,481
2015 Shared O&M Labor			48,421
2015 Ratio			7.66%
2015 O&M Payroll Taxes			44,114
<b>SoCalGas Capital Payroll Taxes</b>			
			Nominal\$
2012 Capital Labor			75,450
2012 Non-Shared Labor O&M Reassigned to Capital			12,049
2012 Shared Labor O&M Reassigned to Capital			2,455
Total 2012 Capital Labor			89,954
2012 Ratio			7.66%
2012 Capital Payroll Taxes			7,025
2013 Capital Payroll Taxes			N/A
2014 Capital Labor			107,995
2014 Non-Shared Labor O&M Reassigned to Capital			21,501
2014 Shared Labor O&M Reassigned to Capital			939
Total 2014 Capital Labor			130,435
2014 Ratio			7.59%
2014 Capital Payroll Taxes			9,900
2015 Capital Labor			116,926
2015 Non-Shared Labor O&M Reassigned to Capital			22,470
2015 Shared Labor O&M Reassigned to Capital			1,065
Total 2015 Capital Labor			140,461
2015 Ratio			7.66%
2015 Capital Payroll Taxes			10,759

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2. Exhibit SCG-37-WP, page 20 shows the Southern California Gas Company 2019 GRCA App Tax Workpapers for Composite payroll tax rate for years 2016 to 2019.
- a. Please confirm that the year 2016 composite payroll tax rate is based on recorded numbers.
  - b. In the same format, please provide the recorded composite payroll tax rate for years 2012 to 2015, and for 2016 if SCG's response to 2.a indicates that the 2016 composite payroll tax rate is a forecast.

**SoCalGas Response 2:**

- a. Yes, the 2016 composite payroll tax rate is based on recorded numbers.
- b. Please see the table below, which is in the same format as Exhibit SCG-37-WP, page 20. The table shows the computation of the recorded composite payroll tax rates for 2012 through 2015.

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Composite Payroll Tax Rate				
	2012	2013	2014	2015
<b>Social Security Tax</b>				
SS Wage Base	110,100	113,700	117,000	118,500
SS Wages	564,207,104	639,732,774	675,145,432	703,907,207
SS Tax Rate	6.20%	6.20%	6.20%	6.20%
SS Taxes	34,980,840	39,663,432	41,859,017	43,642,247
<b>Medicare Wage Base</b>				
Medicare Wage Base	N/A	N/A	N/A	N/A
Medicare Wages	613,001,812	695,447,161	738,552,884	762,783,737
Medicare Tax Rate	1.45%	1.45%	1.45%	1.45%
Medicare Taxes	8,888,526	10,083,984	10,709,017	11,060,364
<b>FUI Wage Base</b>				
FUI Wage Base	7,000	7,000	7,000	7,000
FUI Wages	57,747,958	61,801,121	63,368,355	64,470,113
FUI Tax Rate	1.20%	1.50%	1.80%	2.10%
FUI Taxes	692,975	927,017	1,140,630	1,353,872
<b>CA-SUI Wage Base</b>				
CA-SUI Wage Base	7,000	7,000	7,000	7,000
CA-SUI Wages	57,706,384	61,750,848	63,316,032	64,412,797
CA-SUI Tax Rate	4.00%	3.80%	3.60%	3.60%
CA-SUI Taxes	2,308,255	2,346,532	2,279,377	2,318,861
<b>CA-SUI ETT Tax Rate</b>				
CA-SUI ETT Tax Rate	0.10%	0.10%	0.10%	0.10%
CA-SUI ETT Taxes	57,706	61,751	63,316	64,413
<b>Total Employer Payroll Tax</b>				
Total Employer Payroll Tax	46,928,302	53,082,716	56,051,357	58,439,757
Medicare Wages	613,001,812	695,447,161	738,552,884	762,783,737
Composite Rate	7.66%	7.63%	7.59%	7.66%

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3. Exhibit SCG-37, page RGR-6, Table SCG-RGR-2 shows Southern California Gas Company Summary of Estimated Ad Valorem Tax Expenses for 2016 recorded and years 2017 to 2019 estimated. In the same format, please provide the recorded Ad Valorem taxes for years 2012 to 2015.

**SoCalGas Response 3:**

Please see the table, below, which is in the same format as Exhibit SCG-37, page RGR-6, Table SCG-RGR-2. The table includes the recorded average ad valorem tax rates for 2012 through 2015. Note, however, that recorded amounts for the other inputs in the table (besides the ad valorem tax rates) are not available in this format; therefore, the other input amounts have been taken from the final RO model for the applicable year.

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<i>Line No.</i>	<i>Description</i>	<i>2012 Recorded</i>	<i>2013 Recorded</i>	<i>2014 Recorded</i>	<i>2015 Recorded</i>
1	Taxable Plant in Service	9,575,691	9,871,266	10,483,301	10,987,463
2	Taxable Reserve for Depreciation	(5,341,139)	(5,519,654)	(5,740,638)	(6,005,125)
3	Taxable Net Plant	4,234,553	4,351,612	4,742,663	4,982,338
4	Taxable Reserve for Def. Inc. Tax	(651,385)	(804,795)	(863,577)	(927,899)
5	Adjustment for Income Approach	95,632	(83,617)	77,814	81,332
6	Assessed Value - Non-Unitary	82,088	48,645	55,580	58,092
7	Net Assessable Value	3,760,888	3,511,845	4,012,480	4,193,862
8	Ad Valorem Tax Rate	1.2350499%	1.2440800%	1.2515726%	1.2652732%
9	Ad Valorem Tax - Fiscal Year	46,449	43,690	50,219	53,064
10	Other Adjustments	5	7	7	7
<u>Fiscal Year</u>					
11	Total Operating Ad Valorem Tax	46,454	43,697	50,226	53,071
12	Capitalized Ad Valorem Tax	(1,473)	(2,386)	(3,276)	(3,949)
13	Net Operating Ad Valorem Tax	44,981	41,311	46,950	49,122
<u>Calendar Year (Note 1)</u>					
14	Total Operating Ad Valorem Tax	44,704	43,056	46,230	50,916
15	Capitalized Ad Valorem Tax	(690)	(1,019)	(2,288)	(2,799)
16	Net Operating Ad Valorem Tax	44,013	42,037	43,941	48,117

(Note 1) - Calendar year total operating ad valorem tax = ½ of the current fiscal year total ad valorem tax plus ½ of the prior fiscal year total ad valorem tax.

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4. Exhibit SCG-37, page RGR-15, Table SCG-RGR-3-1 shows Southern California Gas Company Calculation of Federal & State Income Taxes for 2016 recorded and years 2017 to 2019 estimated. In the same format, please provide the recorded Federal & State income taxes for years 2012 to 2015.

**SoCalGas Response 4:**

Please see the table below, which is in the same format as Exhibit SCG-37, page RGR-15, Table SCG-RGR-3-1. Note that recorded amounts for lines 1 and 2 in the below table are not available; therefore, the amounts shown on lines 1 and 2 have been taken from the final RO model for the applicable year.

<i>Line No.</i>	<i>Description</i>	<i>2012 Recorded</i>	<i>2013 Recorded</i>	<i>2014 Recorded</i>	<i>2015 Recorded</i>
1	Total Operating Revenue	1,958,745	1,825,375	1,979,635	2,066,149
2	O&M Expenses	(1,088,419)	(1,078,974)	(1,125,617)	(1,175,795)
3	Taxes Other than Income Taxes	(78,809)	(81,992)	(90,978)	(101,133)
4	Book Income Before Depr. & Income Taxes	791,517	664,409	763,040	789,221
5	State Tax Adjustments	(668,036)	(651,782)	(677,237)	(739,828)
6	Taxable Income	123,481	12,627	85,802	49,393
7	CCFT Rate	8.84%	8.84%	8.84%	8.84%
8	California Corporate Franchise Tax Before Credits	10,916	1,116	7,585	4,366
9	Other	(887)	(2,543)	(3,666)	(1,932)
10	<b>California Corporate Franchise Tax</b>	<b>10,029</b>	<b>(1,427)</b>	<b>3,919</b>	<b>2,434</b>
11	Book Income Before Depr. & Income Taxes (Line 4, above)	791,517	664,409	763,040	789,221
12	Federal Tax Adjustments	(647,777)	(610,951)	(628,732)	(664,772)
13	Taxable Income	143,740	53,458	134,307	124,449
14	Federal Income Tax Rate	35%	35%	35%	35%
15	Federal Income Tax Before Credits	50,309	18,710	47,007	43,557
16	Investment Tax Credit Amortization	(2,426)	(2,316)	(2,199)	(2,133)
17	Average Rate Assumption Method (ARAM)	(195)	(626)	(729)	(721)
18	Other	(534)	(1,665)	(3,391)	(2,144)
19	<b>Total Federal Income Tax</b>	<b>47,154</b>	<b>14,103</b>	<b>40,688</b>	<b>38,559</b>