

Application of SOUTHERN CALIFORNIA GAS)
COMPANY for authority to update its gas revenue)
requirement and base rates)
effective January 1, 2019 (U 904-G))

Application No. 17-10-____

Exhibit No.: (SCG-40-WP)

WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF SCOTT R. WILDER
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

OCTOBER 2017



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Escalation Factors: Utility Cost Indexes, set to 2016=1.0000; for 2019 GRC Application filing												
Data based on Global Insight 1st Quarter 2017 utility cost forecast, released May 2017.												
Shared Services and nonlabor O&M weightings are from "GRC_USS_NSS by FERC 2016 for Esc Weights 3-24-17.xls"												
Includes actual SoCalGas union contract escalations of 3.5% per year in 2009, 2010, and 2011; 2.75% in 2012, 2.75% in 2013, 2.5% in 2014, 2.5% in 2015, 2.75% in 2016, 2.75% in 2017, 3.0% in 2018.												
	Series Name	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SoCalGas Escalators												
Shared Services	SHSVC_SD	0.9434	0.9614	0.9782	0.9876	1.0000	1.0223	1.0443	1.0695	1.0968	1.1234	1.1499
Operations & Maintenance												
Labor O&M Index	LABOR	0.9106	0.9326	0.9536	0.9761	1.0000	1.0260	1.0562	1.0894	1.1225	1.1558	1.1890
Gas Nonlabor O&M Index	JGTOTALMSX_SD	0.9719	0.9877	1.0033	0.9974	1.0000	1.0204	1.0355	1.0548	1.0784	1.1006	1.1233
Post-Test-Year GOM/PI		0.9371	0.9564	0.9751	0.9853	1.0000	1.0236	1.0472	1.0744	1.1035	1.1319	1.1606
Capital-Related												
Total Gas Plant	JUG@PCF	1.0168	1.0108	1.0219	1.0076	1.0000	1.0362	1.0697	1.1015	1.1319	1.1588	1.1878
Components from Global Insight												
Labor O&M												
Util Svc Wkrs (with SoCalGas union %'s from 2009 through 2018)	CEU4422000008 (adjusted)	0.9015	0.9263	0.9495	0.9732	1.0000	1.0275	1.0583	1.0941	1.1288	1.1624	1.1953
Mgrs & Adminstrs	ECIPWMBFNS	0.9102	0.9305	0.9520	0.9756	1.0000	1.0276	1.0562	1.0866	1.1189	1.1527	1.1874
Profssnl & Techncl	ECIPWPARNS	0.9266	0.9448	0.9619	0.9813	1.0000	1.0222	1.0524	1.0832	1.1142	1.1463	1.1792
Nonlabor O&M gas												
Underground Storage	JGUSOMMS	0.9866	1.0016	1.0145	1.0032	1.0000	1.0219	1.0335	1.0505	1.0731	1.0936	1.1136
Gas Transmission	JGTOMMS	0.9717	0.9863	1.0036	0.9972	1.0000	1.0249	1.0405	1.0607	1.0864	1.1108	1.1365
Gas Distribution	JGDOMMS	0.9707	0.9887	1.0095	0.9970	1.0000	1.0272	1.0431	1.0646	1.0914	1.1164	1.1441
Customer Accounts	JGCAOMS	0.9459	0.9684	0.9895	0.9886	1.0000	1.0116	1.0320	1.0556	1.0814	1.1059	1.1316
Customer Svc & Info	JGCSIOMS	0.9753	0.9877	1.0008	0.9946	1.0000	1.0080	1.0224	1.0402	1.0604	1.0800	1.0995
Admin & General except 926	JGADGOMMS_X926	0.9517	0.9649	0.9766	0.9906	1.0000	1.0150	1.0341	1.0537	1.0742	1.0947	1.1148
Utility Plant Construction Cost Indexes, Pacific Region												
Total Gas Plant	JUG@PCF	1.0168	1.0108	1.0219	1.0076	1.0000	1.0362	1.0697	1.1015	1.1319	1.1588	1.1878

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Removing Pensions & Benefits Component from Non-Labor O&M Cost Indexes			
from IHS/Markit Global Insight 2017q1 Utility Cost Forecast (published May 2017)			
JE[G]ADG926MS=	O&M Cost Index, Pensions and Benefits (same for gas and electric)		
JGADGOMMS=	A&G Non-Labor O&M cost index, gas utilities (_X926=without P&B costs)		
0.188 weight is per IHS/Markit Global Insight's John Bauman 5-2-17 email.			
		JE[G]ADG926MS wt.=.188	w/o JE[G]ADG926MS
<u>2016=1.0000</u>	<u>JE[G]ADG926MS</u>	<u>JGADGOMMS</u>	<u>JGADGOMMS_X926</u>
2012	0.9023	0.9424	0.9517
2013	0.9266	0.9577	0.9649
2014	0.9491	0.9714	0.9766
2015	0.9740	0.9875	0.9906
2016	1.0000	1.0000	1.0000
2017	1.0319	1.0182	1.0150
2018	1.0688	1.0407	1.0341
2019	1.1091	1.0641	1.0537
2020	1.1511	1.0886	1.0742
2021	1.1934	1.1133	1.0947
2022	1.2377	1.1379	1.1148

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SoCalGas Escalation Component Weightings (from actual 2016 O&M expenses)					
GOMPI	<u>SoCalGas Non-Shared Services: Non-Labor O&M</u>				Global Insight-based
Wts w/ Labor	Weighting	\$	FERC Accts	Description	Series Name
56.76%		\$429,504,496		<u>Labor</u>	
				<u>Non-Labor</u>	
	38.18%	\$124,911,560	814-837	Underground Storage	JGUSOMMS
	12.23%	\$40,048,523	850-867	Gas Transmission	JGTOMMS
	19.00%	\$62,128,816	870-894	Gas Distribution	JGDOMMS
	9.53%	\$31,169,612	901-905	Gas Customer Accounts	JGCAOMS
	5.86%	\$19,156,650	907-910	Gas Customer Svc & Info	JGCSIOMS
	<u>15.20%</u>	<u>\$49,735,855</u>	920-935 x926	Gas Admin & General except 926	JGADGOMMS_X926
43.24%	100.00%	\$327,151,016		Non-Labor TOTAL	
	<u>SoCalGas Shared Services O&M</u>				Global Insight-based
	Weighting	\$	FERC Accts	Description	Series Name
	46.40%	\$48,764,570		Labor	---
				<u>Non-Labor</u>	
	28.21%	\$29,638,189	814-837	Underground Storage	JGUSOMMS
	0.93%	\$975,937	850-867	Gas Transmission	JGTOMMS
	2.42%	\$2,537,868	870-894	Gas Distribution	JGDOMMS
	1.62%	\$1,703,366	901-905	Gas Customer Accounts	JGCAOMS
	1.35%	\$1,418,535	907-910	Gas Customer Svc & Info	JGCSIOMS
	19.07%	\$20,034,147	920-935 x926	Gas Admin & General except 926	JGADGOMMS_X926
	100.00%	\$105,072,611		TOTAL	
Source: file "GRC_USS_NSS by FERC 2016 for Esc Weights 03-24-17.xlsx"; from GRC and Revenue Requirements Dept.					

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O&M Labor Component Weightings: based on actual 2016 SoCalGas labor earnings					
<u>Job Area</u>	<u>SoCalGas Categories</u>	<u>Weights</u>	<u>SoCalGas 2016 \$</u>	<u>Global Insight Description</u>	<u>Global Insight series</u>
Union	Union	50.619%	\$ 400,257,935.15	(Utility Svc Wkrs)	CEU4422000008
Supervisory	Exec & MgmtSup	20.179%	\$ 159,559,342.60	(Mgrs & Adminstrs)	ECIPWMBFNS
NonUnion NonSup	Mgmt & Associate	29.202%	\$ 230,912,886.67	(Profssnl & Techncl)	ECIPWPARNS
Source: Compensation & Benefits Dept. (2016 earnings by job function)					