

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of SOUTHERN CALIFORNIA GAS  
COMPANY (U 904 G) to Establish a Demand  
Response Program

Application 18-11-\_\_\_\_  
(Filed November 6, 2018)

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)  
TO ESTABLISH A DEMAND RESPONSE PROGRAM**

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Date: November 6, 2018

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**I. INTRODUCTION**

Pursuant to Article 2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) Southern California Gas Company (SoCalGas) files this application to establish a Demand Response (DR) Program (Application) from winter 2019 through 2022.<sup>1</sup> This Application seeks to establish a SoCalGas DR Program and a foundational energy data sharing platform (EDSP) to support and facilitate the DR Program. This Application also seeks recovery for costs associated with the implementation of DR programs for the 2016-2017 and 2017-2018 winter seasons and upcoming 2018-2019 winter season, as well as the upcoming 2018-2019 winter notification marketing campaign.

SoCalGas is one of the first natural gas utilities in the nation to develop and implement DR programs for natural gas use during times of anticipated system stress.<sup>2</sup> During the 2016-2017 winter season, SoCalGas implemented DR programs including notification campaigns to core and noncore customers and a smart thermostat load control program with rebate-based

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<sup>1</sup> This Application comports with the April 12, 2018 letter received from the Director of the Energy Division, Edward Randolph, in which SoCalGas was requested to file “an application for a long-term winter demand response program by November 2018.”

<sup>2</sup> On August 9, 2018, the New York State Public Service Commission approved a \$5 million program for Consolidated Edison Company of New York, Inc. to reduce residential and commercial customer demand for natural gas.

incentives, the latter of which continued into winter 2017-2018. SoCalGas' DR Program learns from and seeks to move beyond these previous efforts with a focus on providing SoCalGas the ability to develop the data, experience, and infrastructure necessary to inform potential long-term natural gas DR programs in its service territory. SoCalGas' DR Program has three main components:

- DR Pilots – These four DR pilots are focused on several areas, specifically, load control programs for space and water heating for residential customers and non-residential customers, a commercial and industrial load reduction program, and a behavioral messaging program.
- Gas DR Emerging Technologies Program – This program tests new technologies for gas equipment to support potential future gas DR efforts.
- Winter Notification Marketing Campaign – This campaign incorporates an overarching communication campaign throughout the winter season and a notification component to support reducing gas usage in response to DR events that are called or during periods of anticipated system stress.

The Application also seeks to establish an energy data sharing platform to enable and support DR programs facilitated by third-party vendors under contract to SoCalGas and facilitate data transfers to evaluate DR activities such as the proposed DR Pilots.

## **II. BACKGROUND**

### Previous Winter Season DR Programs

The 2016-2017 winter season DR programs were proposed and implemented in conformance to a request from the Director of the Commission's Energy Division for SoCalGas to develop and submit to the Commission a proposal for DR programs in its service territory for

the winter of 2016-2017.<sup>3</sup> The 2016-2017 winter season DR programs ran from December 1, 2016 through March 31, 2017 and consisted of the first three DR programs offered by SoCalGas, which included two conservation notification campaigns and a natural gas conservation pilot rebate program with a smart thermostat element.<sup>4</sup>

The 2017-2018 winter season DR programs were similarly proposed and implemented in conformance with a request from the Director of the Commission's Energy Division for SoCalGas to file a proposal for a device-based DR program and a technology assessment for hot water heaters.<sup>5</sup> SoCalGas' 2017-2018 winter season DR programs were comprised of an expanded smart thermostat load control program focused on reducing natural gas usage during peak periods by adjusting temperature settings on customers' smart thermostats.<sup>6</sup> The 2017-2018 winter season DR programs also included a technological assessment of emerging DR technologies for natural gas water heaters and also DR program development activities for the 2018-2019 winter season.<sup>7</sup>

#### Proposed SoCalGas DR Program and Energy Data Sharing Platform (EDSP)

On April 12, 2018, the Director of the Commission's Energy Division issued a letter requesting SoCalGas to submit a Tier 2 advice letter to continue its smart thermostat device-

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<sup>3</sup> Letter from Energy Division Director to SoCalGas directing SoCalGas to file winter demand response programs for the winter of 2016, [http://cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/News\\_Room/9-13-016%20Letter%20from%20Energy%20Division%20to%20SCG%20on%20Winter%20Demand%20Response%20Programs.pdf](http://cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/9-13-016%20Letter%20from%20Energy%20Division%20to%20SCG%20on%20Winter%20Demand%20Response%20Programs.pdf).

<sup>4</sup> AL 5035.

<sup>5</sup> On November 16, 2017, the Director of the Commission's Energy Division issued a letter directing SoCalGas to submit an expedited Tier 2 advice letter proposing a device-based DR program by November 28, 2017. On November 28, 2017, SoCalGas submitted AL 5223.

<sup>6</sup> AL 5223.

<sup>7</sup> AL 5223.

based DR program and to file an application for DR programs.<sup>8</sup> This Application responds to the request from the ED and also to the potential for long-term natural gas-based DR programs by providing SoCalGas the opportunity to test and analyze program and incentive designs, gather additional and more detailed data on DR program impact on reducing natural gas usage during DR events, and establish an EDSP to support these activities.

### **III. SUMMARY OF APPLICATION**

SoCalGas provides, and incorporates by reference, four chapters of testimony that support the Application as follows:

#### **A. Chapter 1 (Darren Hanway)**

Chapter 1 is sponsored by Darren Hanway and describes SoCalGas' overall proposal for the DR Program including a detailed description of four residential and non-residential pilots and their respective incentive structures and budgets, the Gas DR Emerging Technologies Program, and Evaluation, Measurement, and Verification (EM&V) studies, and the overall DR Program budget. This Chapter also supports the request for cost recovery for the 2016-2017 and 2017-2018 winter DR programs and the upcoming 2018-2019 winter season DR programs.

#### **B. Chapter 2 (Nancy Carrell Lawrence)**

Chapter 2 is sponsored by Nancy Carrell Lawrence and describes the proposed EDSP that will enable and support future winter DR programs facilitated by third-party vendors under contract to SoCalGas. The purpose of the EDSP is to provide a standardized, automated and secure approach for sending customer energy usage data to third-parties. SoCalGas' EDSP will facilitate the Behavioral Messaging Pilot described in Chapter 1 and will also facilitate the data

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<sup>8</sup> In response to this direction, SoCalGas submitted AL 5303 on May 31, 2018 requesting a budget for a 2018-2019 winter season demand response program. The Commission approved AL 5303 through Resolution G-3541 on October 25, 2018.

transfers to DR program evaluators required to conduct the EM&V activities outlined in Chapter 1, including load impact evaluations.

**C. Chapter 3: (Toni Mathews)**

Chapter 3 is sponsored by Toni Mathews and describes SoCalGas' Winter Notification Marketing Campaign which is an integral part of SoCalGas' DR Program that will complement the DR Program pilots proposed in Chapter 1, Direct Testimony of Darren Hanway, through customer education and awareness surrounding the need to reduce natural gas when the gas system is stressed and prompting of customers to reduce natural gas during periods when the gas system is stressed. Messaging will be targeted to customers in the SoCalGas service territory with a focus on educating customers about the winter notification and stimulating voluntary reductions in natural gas usage on forecasted gas system stressed days when a winter notification is issued. This Chapter also supports the request for cost recovery for the upcoming 2018-2019 Winter Notification Marketing Campaign.

**D. Chapter 4: Cost Recovery & Gas Rates (Reginald M. Austria and Michael Foster)**

Chapter 4 is sponsored by Reginald M. Austria and Michael Foster and describes SoCalGas' proposal for regulatory accounting treatment, recovery of costs, and gas rate impacts associated with the proposals, activities, and requests described in the Application.

**IV. STATUTORY AND PROCEDURAL REQUIREMENTS**

**A. Rule 2.1(a) - (c)**

This application is made pursuant to Sections 451, 454, 489, 491, 701, 728, and 729 of the Public Utilities Code of the State of California, the Commission's Rules of Practice and Procedure, and relevant decisions, orders, and resolutions of the Commission. In accordance

with Rule 2.1 (a) - (c) of the Commission's Rules of Practice and Procedure, SoCalGas provides the following information.

**1. Rule 2.1(a) - Legal Name**

SoCalGas is a public utility corporation organized and existing under the laws of the State of California. SoCalGas' principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California 90013.

**2. Rule 2.1(b) - Correspondence**

All correspondence and communications to SoCalGas regarding this application should be addressed to:

Rafaela Diaz and Corinne Sierzant  
Regulatory Case Managers for  
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A copy should also be sent to:

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**3. Rule 2.1(c)**

**a. Proposed Category of Proceeding**

SoCalGas proposes that this proceeding be categorized as "ratesetting" under Rule 1.3(e).



**b. Need for Hearings**

SoCalGas does not anticipate that evidentiary hearings will be necessary. In the event hearings do become necessary, SoCalGas proposes dates in the procedural schedule below.

**c. Issues to be Considered and Relevant Safety Considerations**

The principal issue to be considered in this proceeding is whether SoCalGas’ proposed Demand Response Program should be adopted as filed. This Application does not identify any safety consideration associated with its requested relief.

**d. Proposed Schedule**

SoCalGas proposes the following schedule for this application:

<b>EVENT</b>	<b>DATE</b>
Application	November 5, 2018
Responses/Protests (est.)	December 10, 2018
SoCalGas Reply to Responses/Protests (est.)	December 20, 2018
Prehearing Conference	January 3, 2019
Intervenor Testimony	February 1, 2019
Rebuttal Testimony	March 4, 2019
Evidentiary Hearings (if needed)	April 1-4, 2019
Opening Briefs	April 30, 2019
Reply Briefs	May 30, 2019
Proposed Decision	July 2019
Commission Decision	August 2019

**B. Rule 2.2 – Articles of Incorporation**

A copy of SoCalGas’ Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission in connection with application (“A.”) 98-10-012 and is incorporated herein by reference.

**C. Rule 2.3 – Financial Statements and Balance Sheets**

SoCalGas' Financial Statements and Balance Sheets for the period ending September 30, 2016 are included with this application as Attachment A.

**D. Rule 3.2(a) - (d)**

Rule 3.2 of the Commission's Rules of Practice and Procedure applies to applications "for authority to increase rates, or to implement changes that would result in increased rates." In accordance with Rule 3.2 (a) - (d) of the Commission's Rules of Practice and Procedure, SoCalGas provides the following information.

**1. Rule 3.2(a)(1) – Balance Sheet and Income Statement**

The most recent updated Balance Sheet and Income Statements for SoCalGas are attached to this application as Attachment A.

**2. Rule 3.2(a)(2) and (3) – Statement of Present and Proposed Rates**

The rate changes that will result from this application are described in Attachment B.

**3. Rule 3.2(a)(4) – Description of Applicant's Property and Equipment**

A general description of SoCalGas' property and equipment was previously filed with the Commission on May 3, 2004 in connection with SoCalGas' Application 04-05-008, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve as of June 30, 2017 is attached as Attachment C.

**4. Rules 3.2(a)(5) and (6) – Summary of Earnings**

The Summary of Earnings for SoCalGas is included herein as Attachment D.

**5. Rule 3.2(a)(7) – Depreciation**

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SoCalGas generally computes depreciation using the

straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, “flow through accounting” has been adopted for such properties. For tax property additions in years 1981 through 1986, SoCalGas has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas has computed its tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

**6. Rule 3.2(a)(8) – Proxy Statement**

A copy of SoCalGas’ most recent proxy statement, dated April 26, 2017, was mailed to the Commission on April 26, 2017, and is incorporated herein by reference.

**7. Rule 3.2(b) – Notice to State, Cities and Counties**

SoCalGas will, within twenty days after filing this Application, mail a notice to the State of California and to the cities and counties in its service territory.

**8. Rule 3.2(c) – Newspaper Publication**

SoCalGas will, within twenty days after the filing of this Application, publish in newspapers of general circulation in each county in its service territory notice of this Application.

**9. Rule 3.2(d) – Bill Insert Notice**

SoCalGas will, within 45 days after the filing of this Application, provide notice of this Application to its customers along with the regular bills sent to those customers that will generally describe the proposed rate changes addressed in this Application.

**E. Service**

This is a new application and no service list has been established; however, the application will be served on the electric DR rulemaking and application service lists, Rulemaking (R.)13-09-011 and A.17-01-012 et. al.

**V. CONCLUSION**

SoCalGas respectfully requests the Commission to authorize the establishment of SoCalGas' DR Program and EDSP along with the related requests as proposed in the Application.

Respectfully submitted,

**SOUTHERN CALIFORNIA GAS COMPANY**

By:   /s/ Sharon Tomkins    
**SHARON TOMKINS**

Vice President  
Customer Solutions and Strategy

Signed in Los Angeles, CA on November 6, 2018

By:   /s/ Edward L. Hsu    
**EDWARD L. HSU**

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Signed in Los Angeles, CA on November 6, 2018



ATTACHMENT A

FINANCIAL STATEMENTS

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
JUNE 30, 2018**

	<b>1. UTILITY PLANT</b>	2018
101	UTILITY PLANT IN SERVICE	\$16,367,871,342
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	915,456,838
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(5,548,946,495)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(53,611,450)
117	GAS STORED-UNDERGROUND	61,422,045
	TOTAL NET UTILITY PLANT	11,742,192,280
<b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	32,412,945
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(13,465,900)
123	INVESTMENTS IN SUBSIDIARY COMPANIES NONCURRENT PORTION OF ALLOWANCES	-
124	OTHER INVESTMENTS	15,330
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	3,000,000
175	LONG TERM PORTION OF DERIVATIVE ASSETS	605,656
	TOTAL OTHER PROPERTY AND INVESTMENTS	22,568,031

Data from SPL as of August 24, 2018.

**SOUTHERN CALIFORNIA GAS COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**JUNE 30, 2018**

<b>3. CURRENT AND ACCRUED ASSETS</b>		2018
131	CASH	82,565,521
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	126,455
136	TEMPORARY CASH INVESTMENTS	(1,783,474)
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	372,694,611
143	OTHER ACCOUNTS RECEIVABLE	34,050,611
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(4,768,739)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	1
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	(11,289,992)
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	55,406,963
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
158	GHG ALLOWANCE	252,393,254
	(LESS) NONCURRENT PORTION OF ALLOWANCES	-
163	STORES EXPENSE UNDISTRIBUTED	1,727,964
164	GAS STORED	40,431,494
165	PREPAYMENTS	22,330,433
171	INTEREST AND DIVIDENDS RECEIVABLE	809,564
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	22,067,101
175	DERIVATIVE INSTRUMENT ASSETS	3,891,842
176	LONG TERM PORTION OF DERIVATIVE ASSETS	(605,656)
	TOTAL CURRENT AND ACCRUED ASSETS	870,047,952
 <b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	20,610,323
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	2,845,951,760
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	3,096,194
184	CLEARING ACCOUNTS	(1,532,554)
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	839,818,274
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	5,565,692
190	ACCUMULATED DEFERRED INCOME TAXES	372,947,908
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	4,086,457,597
	TOTAL ASSETS AND OTHER DEBITS	\$ 16,721,265,861

Data from SPL as of August 24, 2018.



**SOUTHERN CALIFORNIA GAS COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**JUNE 30, 2018**

<b>5. PROPRIETARY CAPITAL</b>		2018
201	COMMON STOCK ISSUED	(834,888,907)
204	PREFERRED STOCK ISSUED	(21,551,075)
207	PREMIUM ON CAPITAL STOCK	-
208	OTHER PAID-IN CAPITAL	-
210	GAIN ON RETIRED CAPITAL STOCK	(9,722)
211	MISCELLANEOUS PAID-IN CAPITAL	(31,306,680)
214	CAPITAL STOCK EXPENSE	143,261
216	UNAPPROPRIATED RETAINED EARNINGS	(3,298,394,275)
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	19,858,995
TOTAL PROPRIETARY CAPITAL		(4,166,148,403)

<b>6. LONG-TERM DEBT</b>		
221	BONDS	(2,900,000,000)
224	OTHER LONG-TERM DEBT	(9,338,770)
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	7,032,788
TOTAL LONG-TERM DEBT		(2,902,305,982)

<b>7. OTHER NONCURRENT LIABILITIES</b>		
227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(1,203,249)
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(133,534,082)
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(871,828,083)
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
245	NONCURRENT DERIVATIVE INSTRUMENT LIABILITIES	-
230	ASSET RETIREMENT OBLIGATIONS	(1,988,454,380)
TOTAL OTHER NONCURRENT LIABILITIES		(2,995,019,793)

Data from SPL as of August 24, 2018.

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
JUNE 30, 2018**

<b>8. CURRENT AND ACCRUED LIABILITIES</b>		2018
231	NOTES PAYABLE	(326,037,980)
232	ACCOUNTS PAYABLE	(514,734,464)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(35,991,792)
235	CUSTOMER DEPOSITS	(103,136,439)
236	TAXES ACCRUED	(1,071,546)
237	INTEREST ACCRUED	(20,105,638)
238	DIVIDENDS DECLARED	(323,265)
241	TAX COLLECTIONS PAYABLE	(16,276,546)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(341,223,391)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(4,024,801)
244	DERIVATIVE INSTRUMENT LIABILITIES	(2,778,579)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
TOTAL CURRENT AND ACCRUED LIABILITIES		(1,365,704,440)
<b>9. DEFERRED CREDITS</b>		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(79,242,818)
	OTHER DEFERRED CREDITS	(157,966,283)
254	OTHER REGULATORY LIABILITIES	(3,534,743,293)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(9,042,757)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,191,800,699)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(319,291,392)
TOTAL DEFERRED CREDITS		(5,292,087,242)
TOTAL LIABILITIES AND OTHER CREDITS		\$ (16,721,265,861)

Data from SPL as of August 24, 2018.

**SOUTHERN CALIFORNIA GAS COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**SIX MONTHS ENDED JUNE 30, 2018**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		1,899,273,534
401	OPERATING EXPENSES	1,074,924,116	
402	MAINTENANCE EXPENSES	127,961,908	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	272,767,380	
408.1	TAXES OTHER THAN INCOME TAXES	49,071,846	
409.1	INCOME TAXES	(21,854,220)	
410.1	PROVISION FOR DEFERRED INCOME TAXES	127,973,557	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(48,120,351)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(885,330)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	(247,776)	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		1,581,591,128
	NET OPERATING INCOME		317,682,406

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(170,384)	
418	NONOPERATING RENTAL INCOME	233,053	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	190,065	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	22,124,872	
421	MISCELLANEOUS NONOPERATING INCOME	(234,696)	
421.1	GAIN ON DISPOSITION OF PROPERTY	0	
	TOTAL OTHER INCOME	22,142,910	
421.2	LOSS ON DISPOSITION OF PROPERTY	(98,241)	
425	MISCELLANEOUS AMORTIZATION	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(2,694,317)	
		(2,792,558)	
408.2	TAXES OTHER THAN INCOME TAXES	(110,152)	
409.2	INCOME TAXES	(22,884,062)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(27,769,134)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	25,754,487	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(25,008,861)	
	TOTAL OTHER INCOME AND DEDUCTIONS		(5,658,508)
	INCOME BEFORE INTEREST CHARGES		312,023,898
	NET INTEREST CHARGES*		53,632,672
	NET INCOME		\$258,391,226

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$6,247,922)

Data from SPL as of August 24, 2018.

**STATEMENT OF INCOME AND RETAINED EARNINGS  
SIX MONTHS ENDED JUNE 30, 2018**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$3,040,649,581
NET INCOME (FROM PRECEDING PAGE)	258,391,226
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(646,532)
OTHER RETAINED EARNINGS ADJUSTMENT	-
RETAINED EARNINGS AT END OF PERIOD	<u>\$3,298,394,275</u>

ATTACHMENT B

STATEMENT OF PRESENT AND PROPOSED RATES

**Southern California Gas  
Demand Response Program – Gas  
Illustrative estimated Bundled Rate increase for Years 2020-2022**

Customer Class		Current Rates	2020		2021		2022	
Core-CARE		\$/th	\$/th	% change	\$/th	% change	\$/th	% change
	Residential	0.98319	0.99274	1%	0.98916	0%	0.98919	0%
	Commercial/ Industrial	0.61400	0.61772	1%	0.61633	0%	0.61634	0%
	Gas AC	0.51041	0.51177	0%	0.51126	0%	0.51127	0%
Core-Non CARE								
	Residential	1.15720	1.16675	1%	1.16318	0%	1.16320	0%
	Commercial/ Industrial	0.70318	0.70690	1%	0.70551	0%	0.70552	0%
	Gas AC	0.56554	0.56690	0%	0.56639	0%	0.56639	0%
	Gas Engine	0.53729	0.54024	1%	0.53913	0%	0.53914	0%
	Natural Gas Vehicle	0.46579	0.46579	0%	0.46579	0%	0.46579	0%
Noncore			-	-		-		-
	Commercial/ Industrial	0.08243	0.08298	1%	0.08277	0%	0.08278	0%

ATTACHMENT C

ORIGINAL COST AND DEPRECIATION RESERVE

## SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of June 30, 2018

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
<b>INTANGIBLE ASSETS</b>				
301	Organization	\$ 76,457	\$ -	\$ 76,457
302	Franchise and Consents	\$ 582,060	\$ -	\$ 582,060
	Total Intangible Assets	<u>\$ 658,517</u>	<u>0</u>	<u>\$ 658,517</u>
<b>PRODUCTION:</b>				
325	Other Land Rights	\$ 15,321	\$ -	\$ 15,321
330	Prd Gas Wells Const	\$ 5,557,139	\$ (1,415)	\$ 5,555,724
331	Prd Gas Wells Eqp	\$ 454,718	\$ (55)	\$ 454,663
332	Field Lines	\$ 1,731,111	\$ -	\$ 1,731,111
334	FldMeas&RegStnEquip	\$ 536,249	\$ -	\$ 536,249
336	Prf Eqpt	\$ 485,415	\$ -	\$ 485,415
	Total Production	<u>\$ 8,779,952</u>	<u>(1,470)</u>	<u>\$ 8,778,482</u>
<b>UNDERGROUND STORAGE:</b>				
350	Land	\$ 4,539,484	\$ -	\$ 4,539,484
350SR	Storage Rights	\$ 17,935,798	\$ (17,512,717)	\$ 423,081
350RW	Rights-of-Way	\$ 25,354	\$ (17,221)	\$ 8,133
351	Structures and Improvements	\$ 91,362,025	\$ (23,602,833)	\$ 67,759,192
352	Wells	\$ 463,735,141	\$ (93,448,217)	\$ 370,286,924
353	Lines	\$ 135,670,324	\$ (96,481,174)	\$ 39,189,151
354	Compressor Station and Equipment	\$ 428,755,202	\$ (66,322,490)	\$ 362,432,712
355	Measuring And Regulator Equipment	\$ 8,091,161	\$ (2,700,788)	\$ 5,390,372
356	Purification Equipment	\$ 153,428,790	\$ (79,058,159)	\$ 74,370,631
357	Other Equipment	\$ 65,369,969	\$ (16,417,626)	\$ 48,952,344
	Total Underground Storage	<u>\$ 1,368,913,248</u>	<u>(395,561,225)</u>	<u>\$ 973,352,024</u>
<b>TRANSMISSION PLANT- OTHER:</b>				
365	Land	\$ 6,676,669	\$ -	\$ 6,676,669
365LRTS	Land Rights	\$ 22,250,791	\$ (15,343,092)	\$ 6,907,700
366	Structures and Improvements	\$ 59,188,078	\$ (21,034,982)	\$ 38,153,097
367	Mains	\$ 1,975,657,525	\$ (680,601,051)	\$ 1,295,056,474
368	Compressor Station and Equipment	\$ 242,699,198	\$ (105,955,846)	\$ 136,743,352
369	Measuring And Regulator Equipment	\$ 151,531,755	\$ (32,086,356)	\$ 119,445,399
370	Communication Equipment	\$ 30,420,452	\$ (2,687,569)	\$ 27,732,883
371	Other Equipment	\$ 6,782,418	\$ (3,852,705)	\$ 2,929,714
	Total Transmission Plant	<u>\$ 2,495,206,886</u>	<u>(861,561,600)</u>	<u>\$ 1,633,645,286</u>
<b>DISTRIBUTION PLANT:</b>				
374	Land	\$ 29,928,292	\$ -	\$ 29,928,292
374LRTS	Land Rights	\$ 2,807,813	\$ (2,073,716)	\$ 734,097
375	Structures and Improvements	\$ 280,422,332	\$ (83,522,905)	\$ 196,899,428
376	Mains	\$ 4,880,083,821	\$ (2,390,544,252)	\$ 2,489,539,570
378	Measuring And Regulator Equipment	\$ 113,861,913	\$ (76,011,546)	\$ 37,850,367
380	Services	\$ 2,785,453,463	\$ (2,066,766,513)	\$ 718,686,951
381	Meters	\$ 910,836,190	\$ (203,532,772)	\$ 707,303,419
382	Meter Installation	\$ 573,720,805	\$ (166,339,699)	\$ 407,381,106
383	House Regulators	\$ 166,258,918	\$ (70,661,602)	\$ 95,597,315
387	Other Equipment	\$ 50,329,775	\$ (24,483,275)	\$ 25,846,500
	Total Distribution Plant	<u>\$ 9,793,703,323</u>	<u>(5,083,936,278)</u>	<u>\$ 4,709,767,044</u>



# SOUTHERN CALIFORNIA GAS COMPANY

## Plant Investment and Accumulated Depreciation

As of June 30, 2018

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
<b>GENERAL PLANT:</b>				
389	Land	\$ 1,342,839	\$ -	1,342,839
389LRTS	Land Rights	\$ 74,300	\$ (37,437)	36,863
390	Structures and Improvements	\$ 208,442,746	\$ (187,302,060)	21,140,685
391	Office Furniture and Equipment	\$ 1,244,679,714	\$ (766,276,576)	478,403,138
392	Transportation Equipment	\$ 220,220	\$ (217,595)	2,625
393	Stores Equipment	\$ 99,134	\$ (71,171)	27,963
394	Shop and Garage Equipment	\$ 81,725,702	\$ (25,949,707)	55,775,996
395	Laboratory Equipment	\$ 4,464,937	\$ (1,556,103)	2,908,834
396	Construction Equipment	\$ 11,957	\$ (3,508)	8,449
397	Communication Equipments	\$ 184,293,638	\$ (48,655,634)	135,638,004
398	Miscellaneous Equipment	\$ 3,228,862	\$ (1,517,213)	1,711,649
	Total General Plant	<u>\$ 1,728,584,049</u>	<u>\$ (1,031,587,004)</u>	<u>\$ 696,997,045</u>
	Subtotal	<u><b>\$ 15,395,845,975</b></u>	<u><b>(7,372,647,577)</b></u>	<u><b>\$ 8,023,198,398</b></u>

ATTACHMENT D

SUMMARY OF EARNINGS

**SOUTHERN CALIFORNIA GAS COMPANY  
SUMMARY OF EARNINGS  
SIX MONTHS ENDED JUNE 30, 2018  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$1,899
2	Operating Expenses	<u>1,582</u>
3	Net Operating Income	<u>\$318</u>
4	Weighted Average Rate Base	\$6,095
5	Rate of Return*	7.34%

\*Authorized Cost of Capital