

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

In the Matter of the Application of )  
Southern California Gas Company (U 904 G) )  
Regarding Year 21 (2014-2015) of Its )  
Gas Cost Incentive Mechanism )  
\_\_\_\_\_ )

A. 15-06- \_\_\_\_\_  
(Filed on June 15, 2015)

**APPLICATION OF  
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)  
REGARDING YEAR 21 (2014-2015)  
OF ITS GAS COST INCENTIVE MECHANISM**

MICHAEL R. THORP  
Attorney for  
SOUTHERN CALIFORNIA GAS COMPANY  
555 West Fifth Street, 14<sup>TH</sup> Floor  
Los Angeles, California 90013-1011  
Telephone: (213) 244-2981  
Facsimile: (213) 629-9620  
E-mail: [mthorp@semprautilities.com](mailto:mthorp@semprautilities.com)

June 15, 2015

## TABLE OF CONTENTS

	Page
I. BACKGROUND .....	2
A. Establishment of the GCIM .....	2
B. GCIM Year 1 .....	3
C. GCIM Year 2 .....	3
D. GCIM Year 3 .....	4
E. GCIM Year 4 .....	4
F. GCIM Year 5 .....	4
G. GCIM Year 6 .....	5
H. GCIM Year 7 .....	6
I. GCIM Year 8 .....	6
J. GCIM Year 9 .....	7
K. GCIM Year 10 .....	7
L. GCIM Year 11 .....	7
M. GCIM Year 12 .....	9
N. GCIM Year 13 .....	9
O. GCIM Year 14 .....	9
P. GCIM Year 15 .....	10
Q. GCIM Year 16 .....	10
R. GCIM Year 17 .....	10
S. GCIM Year 18 .....	11
T. GCIM Year 19 .....	11
U. GCIM Year 20 .....	11
II. PURPOSE OF APPLICATION AND RELIEF SOUGHT .....	12
III. STATUTORY AND PROCEDURAL REQUIREMENTS. ....	12
A. Category, Need for Hearing, Issues, and Schedule – Rule 2.1(c) .....	12
B. Authority – Rule 2.1 .....	13
C. Corporate Information and Correspondence – Rule 2.1(a) and (b) .....	13
D. Request for Ex Parte Approval – Rule 2.1 (c) .....	14
E. Articles of Incorporation – Rule 2.2 .....	14
F. Balance Sheet and Income Statement – Rule 3.2(a)(1) .....	14
G. Rates – Rule 3.2(a)(2) and (3) .....	14
H. Property and Equipment – Rule 3.2(a)(4) .....	14
I. Summary of Earnings – Rules 3.2(a) (5) and (6) .....	15
J. Exhibits and Readiness – Rule 3.2 .....	15
K. Depreciation – Rule 3.2(a)(7) .....	15
L. Proxy Statement - Rule 3.2 (a) (8) .....	16
M. Pass Through of Costs – Rule 3.2(a) (10) .....	16
N. Service and Notice – Rule 1.9 .....	16
IV. CONCLUSION .....	17

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

In the Matter of the Application of	)	
Southern California Gas Company (U 904 G)	)	A. 15-06- _____
Regarding Year 21 (2014-2015) of Its	)	(Filed on June 15, 2015)
Gas Cost Incentive Mechanism	)	
_____	)	

**APPLICATION OF  
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)  
REGARDING YEAR 21 (2014-2015)  
OF ITS GAS COST INCENTIVE MECHANISM**

Southern California Gas Company (SoCalGas) hereby submits its twenty-first annual application (Application) under the Gas Cost Incentive Mechanism (GCIM). The Commission established the GCIM in Decision (D.) 94-03-076, modified and extended it in D.97-06-061, extended it on an annual basis beginning with Year 6 in D.98-12-057, and further modified and extended it on an annual basis beginning in Year 8 in D.02-06-023.<sup>1</sup> Pursuant to these decisions and SoCalGas’ Tariff Preliminary Statement Part VIII, “Gas Cost Incentive Mechanism,” SoCalGas is to file an application and report in June of each year to address its performance under the GCIM for the previous April 1- March 31 period (GCIM Year).

In this Application, SoCalGas provides its report on gas supply and storage operations for the 12-month GCIM year ending March 31, 2015 (Year 21), and submits its request for Commission approval of a shareholder reward of \$7,249,855 for its Year 21 performance. SoCalGas’ Year 21 Annual Report is Attachment A to this Application.

---

<sup>1</sup> Pursuant to D.02-06-023, the GCIM will continue on an annual basis until the Commission modifies or terminates it after giving interested parties notice and an opportunity to be heard. See D.02-06-023, mimeo., at 16, 21-22, and p. 1 of Attachment A.

## **I. BACKGROUND**

### **A. Establishment of the GCIM**

On March 16, 1994, the Commission approved SoCalGas' A.93-10-034 implementing a new method by which the Commission oversees the reasonableness of gas purchases and gas storage decisions made by SoCalGas on behalf of core sales customers (D.94-03-076). The Commission initially established a three-year experimental GCIM program beginning April 1, 1994. As stated in D.94-03-076, the GCIM program originally consisted of two separate elements, one that measured performance for gas procurement efforts and the other that measures performance for efficient gas storage operations for the core class. The original GCIM affected approximately 75 percent of SoCalGas' total gas purchases.

The original GCIM established a benchmark against which to measure the price SoCalGas pays for core and core subscription gas supply. The benchmark was based on a combination of monthly gas price indices published in Natural Gas Intelligence, Inside FERC Gas Market Report, and a New York Mercantile Exchange (NYMEX) component for gas futures. The GCIM proposal included a "tolerance band" to allow SoCalGas to meet objectives related to service reliability and supply security. The approved tolerance band was initially established at four and one-half percent during the first year of the GCIM and four percent for the subsequent two years.

In establishing the GCIM in D.94-03-076, the Commission ordered the Commission Advisory and Compliance Division (CACD) to conduct an evaluation of the GCIM by August 1, 1996, to provide the Commission with guidance regarding the success or failure of the program prior to its three-year completion. The Office of Ratepayer Advocates (ORA) was given the task of auditing SoCalGas' annual reports on the GCIM.<sup>2</sup>

---

<sup>2</sup> At the time of the original GCIM decision, ORA was known as the Division of Ratepayer Advocates (DRA). Over the ensuing GCIM years, the name of this organization changed from DRA to ORA, back to

In D.02-06-023, the Commission approved a Settlement Agreement executed in July of 2001 by SoCalGas, ORA, and The Utility Reform Network (TURN). The Settlement Agreement extends the GCIM on an annual basis into Year 8 and beyond, until such time as the Commission approves -- after giving the parties notice and an opportunity to be heard -- a request for modification to or termination of the GCIM.

**B. GCIM Year 1**

Consistent with D.94-03-076, SoCalGas filed its first annual GCIM report on June 22, 1995 (A.95-06-043). A.95-06-043 outlined the performance for SoCalGas during GCIM Year 1 and proposed six modifications to the GCIM. ORA conducted its audit of SoCalGas' report opposing only two of the proposed modifications. SoCalGas settled with ORA in agreeing on four of the six proposed modifications, and the Commission granted SoCalGas its requested shareholder reward.

**C. GCIM Year 2**

On June 17, 1996, SoCalGas filed A.96-06-029 reporting on its gas supply and storage operations during Year 2. The deadline set in D.94-03-076 for the Commission Advisory & Compliance Division (CACD), or its successor the Energy Division, to file an evaluation report passed on August 1, 1996.

On February 13, 1997, SoCalGas and ORA filed a *Joint Motion for order adopting Stipulation and Agreement, Suspending Procedural Schedule, Waiving Oral hearings, Limited Consolidation of Indicated Docket, and for Other Relief*. Among other things, the Stipulation and Agreement resolved all issues related to the Year 2 application, proposed to replace the four percent tolerance band with a tolerance band of two percent above and one-half percent below the benchmark, and provided for revisions to, and extension of, the GCIM program on an annual

---

DRA, and then again to ORA. To avoid confusion, this Application will simply refer to ORA throughout since that is the current name of this organization.

basis beyond the original expiration date of March 31, 1997.

In D.97-06-061, the Commission adopted the joint recommendation of ORA and SoCalGas with one modification. The sole modification was to limit the current extension of the GCIM to a two-year term ending March 31, 1999, “in order for the Commission to revisit this program, if it chooses, as part of its gas strategy.”<sup>3</sup>

**D. GCIM Year 3**

On June 16, 1997, SoCalGas filed its Year 3 report. That filing was reviewed and accepted without modification by ORA on December 5, 1997, and approved without hearings, by the Commission in D.98-06-024.

**E. GCIM Year 4**

On June 18, 1998, SoCalGas filed its Year 4 report. That filing was also reviewed and accepted without modification by ORA and approved by the Commission, without hearings, in D.98-12-057. The Commission stated in Ordering Paragraph 2 of D.98-12-057 that:

SoCalGas’ GCIM is extended on an annual basis for 12-month cycles, beginning in Year 6, the period April 1, 1999 through March 31, 2000, unless the mechanism is modified or discontinued by order of the Commission.

**F. GCIM Year 5**

On June 15, 1999, SoCalGas filed its Year 5 report in A. 99-06-027, which was reviewed and approved without modification by ORA and was approved, without hearings, in D.00-06-039. In D.00-06-039, the Commission did not order modifications to or termination of the GCIM, but did order the Energy Division to conduct an evaluation of the GCIM before the Commission would consider modifications to the GCIM, including whether to extend or terminate the mechanism.

---

<sup>3</sup> D.97-06-061, mimeo., at 1.

## **G. GCIM Year 6**

On June 15, 2000, SoCalGas filed its Year 6 report in A.00-06-023. On October 30, 2000, ORA issued its Monitoring and Evaluation Report of A.00-06-023, which “verified that the Commission approved sharing mechanism results in a \$14.4 million benefit to ratepayers and a shareholder reward of \$9.8 million.” In its report, ORA supported the continuation of the GCIM into Year 7 and recommended the continuation of the GCIM program into Year 8 with two refinements to the mechanism.<sup>4</sup> Pursuant to D.00-06-039, on January 4, 2001, the Energy Division issued a comprehensive 37-page analysis of the history, function, and results of the GCIM. In its analysis, the Energy Division concluded that gas purchases made by SoCalGas under the GCIM “are definitely far more favorable to ratepayers than those made when reasonableness reviews were in effect.”<sup>5</sup> The Energy Division noted that “the GCIM has achieved the Commission’s goals for the GCIM,” and recommended that the GCIM be continued, explaining that “the GCIM is superior to various alternatives, such as traditional reasonableness reviews, elimination of SoCalGas from the gas procurement function, or inclusion of gas procurement costs in an overall performance-based ratemaking mechanism.”<sup>6</sup> In D.01-05-002, the Commission approved, without hearings, SoCalGas’ GCIM reward for its Year 6 performance and opened Phase 2 of A.00-06-023 to address whether the GCIM should be extended with or without modification.

In D.02-06-023 the Commission approved a settlement agreement among SoCalGas, ORA, and TURN, which extended and made the following changes to SoCalGas’ GCIM:

---

<sup>4</sup> The two refinements to the GCIM for Year 8 were: 1) modification of the lower tolerance band from the current 0.5% to 1.0%, and 2) replacement of the NYMEX benchmark with published (daily or weekly) indices with a set 25% weighting. ORA GCIM Year 6 Monitoring and Evaluation Report, pp. 1-4 dated October 30, 2000.

<sup>5</sup> Energy Division Analysis at 20; *see also* D.02-06-023, mimeo., at 5 referencing the analysis.

<sup>6</sup> Energy Division Evaluation Report of the SoCalGas GCIM, p. 1, dated January 4, 2001.

1. Elimination of the NYMEX Program as a benchmark index, beginning in Year 8.
2. Shareholder rewards will be capped at 1.5 percent of the actual annual gas commodity cost.
3. The sharing bands below the benchmark will be:

<b>Sharing Band</b>	<b>Ratepayer%</b>	<b>Shareholder%</b>
0.0%-1.00%	100%	0%
1.00%-5.00%	75%	25%
5.00% & Above	90%	10%

Pursuant to D.02-06-023, SoCalGas' GCIM will continue on an annual basis until further modified or terminated upon Commission order.<sup>7</sup>

#### **H. GCIM Year 7**

On June 15, 2001, SoCalGas filed its Year 7 GCIM report in A.01-06-027, seeking a shareholder reward of \$106.1 million. Year 7 represented an extremely volatile year in gas prices, compounded by unusually cold weather, higher wholesale electric prices, lower hydroelectric generation in the Pacific Northwest, higher electric generation demand, and lower throughput on the El Paso Natural Gas Company interstate pipeline system due to a system rupture. Despite all of these factors, SoCalGas was able to effectively manage its assets to the benefit of core ratepayers, resulting in gas for the core being purchased at an average price of \$5.16 per MMBtu -- well below the benchmark of \$5.72 per MMBtu.

Pursuant to the Settlement Agreement adopted in D.02-06-023, SoCalGas retroactively applied its new 1.5% commodity cost cap, and reduced its proposed GCIM Year 7 shareholder reward from \$106.1 million to \$30.8 million. The Commission approved SoCalGas' revised \$30.8 million GCIM Year 7 shareholder reward request in D.03-08-065.

#### **I. GCIM Year 8**

SoCalGas filed A.02-06-035 on June 17, 2002, requesting an authorized shareholder reward of \$17.4 million for GCIM Year 8, an amount that also reflected the retroactive application of the new 1.5% commodity cost cap on shareholder rewards. In GCIM Year 8,

<sup>7</sup> D.02-06-023, mimeo, at 25-26 and page 1 of Attachment A (the settlement agreement).



California continued to experience a volatile natural gas market. Despite this volatility, the GCIM continued to provide SoCalGas' core customers with reliable natural gas supplies at below market cost. SoCalGas realized an average gas cost of \$3.13 per MMBtu, \$0.51 per MMBtu below the benchmark price of \$3.64 per MMBtu. The Commission approved SoCalGas' \$17.4 million GCIM Year 8 shareholder reward request in D.03-08-064.

**J. GCIM Year 9**

SoCalGas filed A.03-06-021 on June 16, 2003 summarizing its GCIM Year 9 activities and requesting an authorized shareholder reward of \$6.3 million. While Year 9 provided more stability to the gas market than in the two preceding years, California's natural gas market continued to be very dynamic. Despite these changing conditions, SoCalGas' core customers continued to receive reliable natural gas supplies at \$39 million below market cost. The Commission approved SoCalGas' \$6.3 million GCIM Year 9 shareholder reward request in D.04- 02-060.

**K. GCIM Year 10**

SoCalGas filed A.04-06-025 on June 15, 2004, summarizing its GCIM Year 10 activities and requesting a GCIM Year 10 shareholder reward of \$2.4 million. During GCIM Year 10, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$27 million below market cost.<sup>8</sup> The Commission approved SoCalGas' \$2.4 million GCIM Year 10 shareholder reward request in D.05-04-003.

**L. GCIM Year 11**

A.05-06-030 was filed on June 15, 2005, which requested a GCIM shareholder reward of \$2.5 million for Year 11. SoCalGas provided natural gas supplies to its core customers at \$31.4 million below the benchmark during GCIM Year 11. On November 30, 2005, ORA issued its GCIM Year 11 Monitoring and Evaluation Report which concurred with SoCalGas' proposed

---

<sup>8</sup> D.05-04-003, page 3.

shareholder reward of \$2.5 million, but also recommended two modifications to the GCIM mechanism.<sup>9</sup>

1. SoCalGas should inject gas into storage on a uniform ratable basis during the injection months.
2. SoCalGas should meet a strict minimum of 70 Bcf inventory level in storage by November 1.

On February 17, 2006, ORA, TURN, and SoCalGas filed a Joint Recommendation which resolved the concerns raised by ORA in its Monitoring and Evaluation Report. Specifically, the Joint Recommendation proposed the following changes to the GCIM:

- The core's October 31 physical inventory storage target will change from 70 Bcf +5/-5 Bcf to 70 Bcf +5/-2 Bcf. This core physical inventory does not include any net park and net loan positions.
- If additional storage inventory capacity is allocated to SoCalGas' core beyond 70 Bcf, core's October 31 physical inventory storage target will be increased by that amount.
- SoCalGas must obtain the consent of ORA and TURN to rely upon its existing secondary storage target.
- Unless otherwise agreed to by ORA and TURN, SoCalGas must have a minimum core-purchased inventory of 49 Bcf on July 31, 2006. This target may include net loan positions.
- For the years beyond 2006, SoCalGas will obtain agreement from ORA and TURN for mid-season core-purchased inventory target(s) which must be met unless otherwise agreed to by ORA and TURN. Each of these changes would be reflected in SoCalGas' GCIM tariff.

The Joint Recommendation of ORA, TURN and SoCalGas was adopted by the Commission in D.06-10-029 along with SoCalGas' requested shareholder reward for Year 11 of \$2.5M.<sup>10</sup>

---

<sup>9</sup> ORA GCIM Year 11 Monitoring and Evaluation Report, pp. 1-2.

<sup>10</sup> As with GCIM Year 7, Year 8, Year 9, and Year 10 shareholder rewards granted by the Commission, this GCIM Year 11 reward was made subject to refund or adjustment, as may be determined in I.02-11-040. However, in D.06-12-034, the Commission closed I.02-11-040 with prejudice and terminated the conditions imposed upon these GCIM shareholder rewards.

**M. GCIM Year 12**

SoCalGas filed A.06-06-017 on June 15, 2006 and requested a GCIM shareholder reward of \$9.8 million for Year 12. During GCIM Year 12, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$69.1 million below market cost. In October 2006, ORA issued its Monitoring and Evaluation Report for GCIM Year 12 and recommended approval of SoCalGas' requested shareholder reward. The Commission approved SoCalGas' \$9.8 million GCIM Year 12 shareholder reward request in D.07-11-005.

**N. GCIM Year 13**

SoCalGas filed A.07-06-021 on June 15, 2007, and requested a GCIM shareholder reward of \$8.9 million for Year 13. During GCIM Year 13, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$57.7 million below benchmark cost. In October 2007, ORA issued its Monitoring and Evaluation Report for GCIM Year 13 and recommended approval of SoCalGas' requested shareholder reward. A.07-06-021 was approved by the Commission on January 31, 2008 (D.08-01-035), finding that SoCalGas reasonably managed its gas acquisition and operations in Year 13 within the context of the GCIM that existed at the time, and that the calculation and amount of the shareholder reward is correct pursuant to the GCIM modifications adopted in D.02-06-023.

**O. GCIM Year 14**

SoCalGas filed A.08-06-016 on June 16, 2008, requesting a GCIM shareholder reward of \$6.5 million for Year 14. During GCIM Year 14, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$50.1 million below benchmark cost. In November 2008, ORA issued its Monitoring and Evaluation Report for GCIM Year 14 and recommended approval of SoCalGas' requested shareholder reward. In February 2009 the Commission issued D.09-02-005, approving A.08-06-016 and SoCalGas' requested shareholder reward of \$6.5 million.

**P. GCIM Year 15**

SoCalGas filed A.09-06-014 on June 15, 2009, requesting a GCIM shareholder reward of \$12 million for Year 15. During GCIM Year 15, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$75.6 million below benchmark cost. In October 2009, ORA issued its Monitoring and Evaluation Report for GCIM Year 15 and recommended approval of SoCalGas' requested shareholder reward. In January 2010 the Commission issued D.10-01-018, approving A.09-06-014 and SoCalGas' requested shareholder reward of \$12 million.

**Q. GCIM Year 16**

SoCalGas filed A.10-06-006 on June 14, 2010, requesting a GCIM shareholder reward of \$6.0 million for Year 16. During GCIM Year 16, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$39.9 million below benchmark cost. In May 2011, ORA issued its Monitoring and Evaluation Report for GCIM Year 16 and recommended approval of SoCalGas' requested shareholder reward. In September 2011, the Commission issued D.11-09-011, approving A.10-06-006 and SoCalGas' requested shareholder reward of \$6 million.

**R. GCIM Year 17**

SoCalGas filed A.11-06-017 on June 15, 2011, requesting a GCIM shareholder reward of \$6.2 million for Year 17. During GCIM Year 17, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$40.9 million below benchmark cost. In November 2011, ORA issued its Monitoring and Evaluation Report for GCIM Year 17 and recommended approval of SoCalGas' requested shareholder reward. In March 2012 the Commission issued D.12-03-016, approving A.11-06-017 and SoCalGas' requested shareholder reward of \$6.2 million.

**S. GCIM Year 18**

SoCalGas filed A.12-06-005 on June 15, 2012, requesting a GCIM shareholder reward of \$5.4 million for Year 18. During GCIM Year 18, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$37.5 million below benchmark cost. On January 18, 2013, O RA issued its Monitoring and Evaluation Report for GCIM Year 18 and recommended approval of SoCalGas' requested shareholder reward. In July 2013 the Commission issued D.13-07-037, approving A.12-06-005 and SoCalGas' requested shareholder reward of \$6.2 million.

**T. GCIM Year 19**

SoCalGas filed A.13-06-013 on June 14, 2013, requesting a GCIM shareholder reward of \$5.8 million for Year 19. During GCIM Year 19, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$34.7 million below benchmark cost. On October 25, 2013, O RA issued its Monitoring and Evaluation Report for GCIM Year 19 and recommended approval of SoCalGas' requested shareholder reward. In August 2014 the Commission issued D. 14-08-017, approving A.13-06-013 and SoCalGas' requested shareholder reward of \$5.8 million. .

**U. GCIM Year 20**

SoCalGas filed A.14-06-009 on June 13, 2014, requesting a GCIM shareholder reward of \$13.7 million for Year 20. During GCIM Year 20, SoCalGas continued to provide its core customers with reliable natural gas supplies, at \$70.4 million below benchmark cost. On November 14, 2014, O RA issued its Monitoring and Evaluation Report for GCIM Year 20 and recommended approval of SoCalGas' requested shareholder reward. In February 2015 the Commission issued D. 15-02-008, approving A. 14-06-009 and SoCalGas' requested shareholder reward of \$13.7 million.

## **II. PURPOSE OF APPLICATION AND RELIEF SOUGHT**

The purpose of this Application is to request a GCIM shareholder reward of \$7,249,855 for SoCalGas' performance in Year 21 pursuant to the revised GCIM established by D.02-06-023. As documented in Attachment A, in GCIM Year 21 SoCalGas was able to purchase gas at \$43.1 million below the GCIM benchmark. The actual cost of all purchases by SoCalGas subject to the GCIM was \$1,555,377,080., while the benchmark cost was \$1,598,485,093. Pursuant to the revisions to the GCIM adopted in D.02-06-023, if the Commission determines that these figures are accurate, SoCalGas will be entitled to a shareholder reward of \$7,249,855.

The relief sought by SoCalGas in this Application is a GCIM Year 21 shareholder reward of \$7,249,855.

## **III. STATUTORY AND PROCEDURAL REQUIREMENTS**

### **A. Category, Need for Hearing, Issues, and Schedule – Rule 2.1(c)**

SoCalGas proposes that this proceeding be categorized as “ratesetting” because SoCalGas' proposals will have a future effect on rates. SoCalGas does not believe that a hearing is necessary. Given the record that has already been developed in other Commission proceedings, and given the GCIM settlement adopted by the Commission in D.02-06-023, SoCalGas does not believe that its proposals in this proceeding will raise any issues of fact that will require a hearing.

The issue to be considered in this proceeding is whether SoCalGas should be awarded the GCIM Year 21 shareholder reward of \$7,249,855., it has requested.

SoCalGas proposes the following schedule for this Application:

<b><u>EVENT</u></b>	<b><u>DATE</u></b>
SoCalGas files Application	June 15, 2015
Deadline for responses to Application	July 15, 2015
Prehearing Conference	August 17, 2015
ORA Report	October 15, 2015 <sup>11</sup>
Proposed Decision	January 2016
Commission Decision	February 2016

**B. Authority – Rule 2.1**

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, including D.02-06-023.

**C. Corporate Information and Correspondence – Rule 2.1(a) and (b)**

SoCalGas is a public utility 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. All correspondence and communications regarding this Application should be addressed to:

Jeffery Salazar  
Regulatory Business Manager  
Southern California Gas Company  
555 West Fifth Street, GT14D6  
Los Angeles, California 90013-1011  
Telephone: (213) 244-5916  
Fax: (213) 244-4957  
E-mail: [jlsalazar@semprautilities.com](mailto:jlsalazar@semprautilities.com)

---

<sup>11</sup> Pursuant to D.02-06-023, ORA’s Report on SoCalGas’ annual GCIM application is to be issued by October 15 each year, though this deadline has been extended by the Commission on a number of occasions to accommodate ORA scheduling issues.

A copy should also be sent to:

Michael R. Thorp  
Southern California Gas Company  
Law Department  
555 West Fifth Street, GT14E7  
Los Angeles, California 90013-1011  
Telephone: (213) 244-2981  
Fax: (213) 629-9620  
E-mail: mthorp@semprautilities.com

**D. Request for Ex Parte Approval – Rule 2.1 (c)**

The Commission is familiar with SoCalGas' GCIM and the limited issues presented by this Application. SoCalGas believes that the information provided by this Application and accompanying Year 21 Report will be a sufficient basis for the Commission to reach a decision without hearings. Accordingly, SoCalGas respectfully requests that the Commission approve this Application expeditiously, and without evidentiary hearings.

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

SoCalGas previously filed a certified copy of its Restated Articles of Incorporation with Application No. 98-10-012, and these articles are incorporated herein by reference.

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

Attachment B to this Application is SoCalGas' Balance Sheet as of December 31, 2014. Attachment C to this Application is SoCalGas' Income Statement for the three-month period ended December 31, 2014.

**G. Rates – Rule 3.2(a)(2) and (3)**

The rate changes that will result from this Application are described in Attachment D.

**H. Property and Equipment – Rule 3.2(a)(4)**

SoCalGas owns natural gas transmission pipelines, compressor plants, distribution pipelines, services and appurtenant meters, regulators, metering and regulating stations, general office buildings, regional and district office buildings, general shops, laboratory buildings, warehouses and other storage facilities, supplies and equipment necessary for the operation of its business. In addition, SoCalGas owns underground gas storage at Playa del Rey, Honor Rancho,



Aliso Canyon, Goleta and Montebello. SoCalGas' gas distribution system includes, as of December 31, 2014, 2,960 miles of transmission pipelines, 50,001 miles of distribution mains, and 47,517 miles of service lines.

Applicant's original cost of utility plant, together with the related reserves for depreciation and amortization for three-month period ending March 31, 2015, is shown on the balance sheet included in Attachment E.

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

Attachment F to this Application is a Summary of Earnings for the 12 months ended December 31, 2014.

**J. Exhibits and Readiness – Rule 3.2**

SoCalGas' GCIM Year 21 Annual Report accompanies this Application. SoCalGas is now ready to proceed with its showing.

**K. Depreciation – Rule 3.2(a)(7)**

For financial statement purposes, SoCalGas has computed depreciation of utility plants 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 property additions after 1954 and prior to 1981. For financial reporting and rate purposes, "flow through accounting" has been adopted for such properties.

For property additions in years 1981 through 1986, SoCalGas has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, the Company 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.

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

A copy of SoCalGas' most recent proxy statement was mailed to the Commission on April 30, 2015 and is incorporated herein by reference.

**M. Pass Through of Costs – Rule 3.2(a)(10)**

The shareholder reward sought by SoCalGas in this Application would not simply pass through to customers costs to SoCalGas for services and commodities furnished by it.

**N. Service and Notice – Rule 1.9**

SoCalGas is serving this Application on all parties to A. 14-06-009. Within twenty days of filing, SoCalGas will mail notice of this Application to the State of California and to cities and counties served by SoCalGas, and SoCalGas will post the notice in its offices and publish the notice in newspapers of general circulation in each county in its service territory. In addition, SoCalGas will include notices with the regular bills mailed to all customers affected by the proposed rate change.

/

/

/



## VERIFICATION

I, Paul M. Goldstein, am an officer of Southern California Gas Company, and I am authorized to make this verification on its behalf. The content of this Application is true, except as to matters that are stated on information and belief. As to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 15, 2015, at Los Angeles, California.

*/s/ Paul M. Goldstein*

---

Paul M. Goldstein  
Vice President Gas Acquisition

# **Attachment A**

**Southern California Gas Company**  
**Annual Report on the Gas Cost Incentive Mechanism**  
**April 1, 2014 through March 31, 2015**

**I. Summary of Year 21 GCIM Results**

This report summarizes the results of the Gas Acquisition Department's activities on behalf of the core procurement customers of Southern California Gas Company (SoCalGas) and San Diego Gas and Electric (SDG&E)<sup>1</sup> under the Gas Cost Incentive Mechanism (GCIM) during the period April 1, 2014 through March 31, 2015 (Year 21). This report also requests a shareholder reward under the GCIM for Year 21. The reward is based on the current GCIM set forth in SoCalGas' GCIM Preliminary Statement.

In GCIM Year 21, market prices were somewhat supported during the injection season in response to extremely low storage levels across the U.S. Due to a significant increase in U.S. gas production, the yearly storage deficit concerns decreased over time and gas prices fell accordingly. While the winter weather across the U.S. was colder than normal, it was milder than the prior winter. There were no significant weather related price increases at the locations where SoCalGas buys gas for its portfolio. Under these market conditions, SoCalGas' and SDG&E's core customers continued to receive reliable natural gas supplies at below-market cost. These results were achieved with no curtailments of core service and in compliance with all requirements and guidelines established by the California Public Utilities Commission (CPUC). Table 1 summarizes performance under the GCIM during the last 21 years, highlighting the fact that ratepayers have realized the benefit of gas purchases below the GCIM benchmark (Benchmark) in twenty of the past 21 years. Additionally, a GCIM Summary for the past 21 years delineating the various GCIM components is included in Appendix A.

---

<sup>1</sup> D.07-12-019 authorized the consolidation of the core portfolio for SoCalGas and SDG&E into one single portfolio managed by SoCalGas. This consolidation became effective on April 1, 2008.

**TABLE 1**  
**GCIM PERFORMANCE**  
**YEAR ENDED MARCH 31**

Year	GCIM	Net Purchases (Border Volumes)		Net Gas Cost		Benchmark Gas Commodity Cost		Comparison to Benchmark (\$Millions)		
		Year	Million MMBtu/d	Million MMBtu	Total (\$ Millions)	Unit Cost (\$/MMBtu)	Total (\$ Millions)	Unit Cost (\$/MMBtu)	Customer Savings	Shareholder Award
1995	1	0.76	277	\$445	\$1.61	\$441	\$1.59	(\$1.1)	\$0.0	(\$1.1)
1996	2	0.66	243	\$322	\$1.33	326	\$1.35	\$3.2	\$3.2	\$6.4
1997	3	0.66	243	\$530	\$2.18	550	\$2.27	\$10.6	\$10.6	\$21.2
1998	4	0.66	241	\$542	\$2.25	549	\$2.28	\$4.8	\$2.0	\$6.8
1999	5	0.75	275	\$520	\$1.89	538	\$1.95	\$10.4	\$7.7	\$18.1
2000	6	1.06	385	\$902	\$2.34	926	\$2.40	\$14.4	\$9.8	\$24.2
2001	7	1.09	398	\$2,055	\$5.16	2,279	\$5.72	\$192.8	\$30.8	\$223.6
2002	8	1.01	370	\$1,159	\$3.13	1,349	\$3.64	\$172.4	\$17.4	\$189.8
2003	9	1.03	376	\$1,333	\$3.55	1,373	\$3.65	\$32.7	\$6.3	\$39.0
2004	10	1.02	374	\$1,730	\$4.63	1,757	\$4.70	\$24.6	\$2.4	\$27.0
2005	11	1.03	375	\$2,103	\$5.61	2,134	\$5.69	\$28.9	\$2.5	\$31.4
2006	12	1.06	387	\$2,923	\$7.54	2,992	\$7.72	\$59.3	\$9.8	\$69.1
2007	13	1.02	372	\$2,135	\$5.74	2,192	\$5.89	\$48.8	\$8.9	\$57.7
2008	14	1.03	376	\$2,349	\$6.25	2,399	\$6.38	\$43.6	\$6.5	\$50.1
2009	15	1.15	418	\$2,661	\$6.36	2,737	\$6.54	\$63.6	\$12.0	\$75.6
2010	16	1.11	406	\$1,548	\$3.82	1,588	\$3.91	\$33.9	\$6.0	\$39.9
2011	17	1.11	406	\$1,559	\$3.84	1,600	\$3.94	\$34.7	\$6.2	\$40.9
2012	18	1.18	432	\$1,547	\$3.58	1,585	\$3.67	\$32.1	\$5.4	\$37.5
2013	19	1.06	387	\$1,107	\$2.86	1,141	\$2.95	\$28.9	\$5.8	\$34.7
2014	20	1.05	382	\$1,485	\$3.88	1,556	\$4.07	\$56.7	\$13.7	\$70.4
2015	21	0.99	361	\$1,368	\$3.79	1,411	\$3.91	\$35.9	\$7.2	\$43.1
Total		0.976	7,484	\$30,323	\$4.05	\$31,424	\$4.20	\$931.2	\$174.2	\$1,105.5

\* Years 1- 3 exclude benefits related to Storage Incentive Mechanism (“SIM”), which was eliminated in Year 4. The SIM shareholder rewards for Years 1, 2, 3 were \$103,364, \$67,645, and \$171,106 respectively.

As indicated in Table 1, Gas Acquisition acquired gas at \$43.1 million below the Benchmark in Year 21. The Benchmark consists of a volume-weighted average of published indices for the locations where Gas Acquisition buys gas for the core customers. Gas Acquisition’s average cost was \$3.79 per MMBtu, or \$0.12 per MMBtu below the Benchmark price of \$3.91 per MMBtu.

During GCIM Year 21, Gas Acquisition purchased a net 361 million MMBtus for its retail core load. Gas Acquisition’s interstate capacity rights primarily on El Paso, Transwestern, and Kern River pipeline systems enabled the core’s requirements to be met largely through basin purchases rather than purchases at the California border/citygate.

## **II. Description of Gas Procurement Activities**

SoCalGas' Gas Acquisition personnel have a high level of expertise in fundamental analysis, gas trading, gas transportation, risk management, and back office operations. This expertise has continually been developed over the past twenty years of operation under the GCIM. As a result, Gas Acquisition has been able to effectively manage gas procurement in the gas markets during Year 21, ultimately lowering its gas costs. The GCIM encourages Gas Acquisition to proactively lower gas costs and protect core customers from price volatility through physical and financial trades, storage, and interstate pipeline capacity.

As in the previous 20 years of the GCIM, Year 21 results continue to show that the GCIM program is successful in meeting its objectives originally established in D.90-07-065 and R.90-02-008:

- Improve the utility's incentives to operate efficiently;
- Reduce the burden of regulatory oversight, both for the regulators and the utility;
- Provide a more stable and predictable regulatory environment;
- Implement a system that is readily understandable;
- Fairly balance risk and reward for the utility, and provide positive as well as negative incentives;
- Implement a regulatory structure that allows management to focus primarily on costs and markets, rather than on CPUC proceedings; and
- Align the interests of utility shareholders with those of utility customers.

Over the past 21 years, the GCIM has increased the efficiency of regulation by reducing the burden of regulatory oversight and providing a structure that enables SoCalGas to focus on securing reliable, low-cost gas for its core customers.

Gas Acquisition's procurement activities were conducted to achieve the primary objectives of supply security and service reliability at a low cost. SoCalGas accomplished these objectives in Year 21 by:

- Ensuring that firm long-term contracts, together with readily available monthly supplies and core storage, were adequate to meet core requirements during the peak demand season (November to March). In GCIM Year 21, SoCalGas maintained a gas supply



portfolio weighted toward long-term supply agreements (62%) and month-to-month baseload agreements (37%). Daily transactions only accounted for 1% of the total portfolio.

- Reaching its minimum core-purchased inventory of 47 Bcf on July 31, 2014,<sup>2</sup> and its October 31 core physical storage inventory target of 83 Bcf +0/-2 Bcf, in compliance with D.06-10-029, D.07-12-019 and D.08-12-020.<sup>3</sup> SoCalGas' core-purchased inventory on July 31, 2014 was 63.9 Bcf; its core physical inventory on October 31, 2014 was 82.6 Bcf (which excluded 3.4 Bcf of SMS loan volumes, but included 2.7 Bcf of Core Aggregation Transportation (CAT) volumes).<sup>4</sup>
- Managing the use of the rights and assets assigned to the retail core including storage inventory, injection and withdrawal rights, and flowing supply through the use of Secondary Market Services (SMS). SMS transactions and fees are based on existing market conditions and are completed on a non-discriminatory basis. SMS transactions continued to contribute to the overall lower gas costs achieved by Gas Acquisition by using assets not directly needed for reliability.
- Making physical and financial trades on behalf of core customers to reduce retail core gas costs.
- Utilizing Gas Acquisition's interstate and Backbone Transmission Service (BTS) capacity rights to provide portfolio diversification and lower the cost of gas.

---

<sup>2</sup> D.06-10-029 adopted a joint recommendation of the Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN) and SoCalGas, establishing a minimum core purchase inventory target on July 31, 2006. For subsequent years, SoCalGas must obtain agreement from ORA and TURN for mid-season inventory target which must be met unless otherwise agreed to by ORA and TURN. SoCalGas obtained agreement from ORA for a mid-season minimum storage target of 47 Bcf as of July 31, 2014, and filed Advice Letter 4645 to reflect this target in its GCIM tariffs. TURN was unable to participate in the review process due to time constraints. Advice Letter 4645 was approved by the Commission on June 12, 2014.

<sup>3</sup> D.06-10-029 changed the core physical storage target as of October 31 from 70 Bcf +5/-5 Bcf to 70 Bcf +5/-2 Bcf. Also, "if additional storage inventory is allocated to SoCalGas' core beyond 70 Bcf, the core's October 31 physical inventory storage target will be increased by that amount". D.07-12-019 approved storage capacity for the combined core portfolio at 79 Bcf. D.08-12-020 adopted the Settlement Agreement (SA) dated August 22, 2008, allocating 1 Bcf of the storage expansion capacity to the combined core's storage inventory in each of the four years 2010-2013. Therefore, the core storage capacity has increased by 4 Bcf to its current level of 83 Bcf. SoCalGas filed Advice Letter 4499 on May 29, 2013 to update the core inventory capacity in its GCIM tariffs. D.08-12-020 also effectively eliminated the upper tolerance of the core storage capacity by requiring that the "combined core customers of SDG&E/SoCalGas... balance within the storage inventory capacity allocated to them under this SA."

<sup>4</sup> Effective April 1, 2009, SoCalGas implemented the remaining provisions of D.07-12-019, subjecting the core to new balancing requirements. No imbalance charges were incurred by the core during the reporting period.

- In summary, the GCIM provides an incentive for SoCalGas to efficiently use retail core's interstate pipeline and storage rights to deliver reliable, low-cost gas supplies to its retail core customers. Reliability is achieved by constructing a portfolio of natural gas supplies that is diversified by contract type, geographic region, and supplier. SoCalGas uses tools available to a typical trading organization, including purchases, sales, loans, parks, wheels, derivatives, and transportation contracts. These tools enhance SoCalGas' ability to make economic use of core assets, when not directly needed for reliability, to lower overall gas costs to its core customers.

### **Interstate Capacity**

Pursuant to D.04-09-022 and Advice Letter 3969, SoCalGas filed Advice Letter 4402 on September 12, 2012, to update the capacity planning range for the combined portfolio of SoCalGas and SDG&E for GCIM Year 20 and 21 based on the 2012 California Gas Report. The minimum firm capacity required for the period April to October 2014 was established at 941.9 MDthd, while the minimum required for November 2014 to March 2015 was 1046.6 MDthd. Appendix C to this report shows that SoCalGas' capacity holding during each month of Year 21 met the minimum capacity requirement for the combined portfolio.

### **Financial Derivatives and Winter Hedging**

In compliance with D.10-01-023 issued on January 25, 2010, adopting an incentive framework to motivate optimal use of natural gas hedging for California utilities, and modifying the treatment of financial gains and losses for SoCalGas and SDG&E, in Year 21, SoCalGas continued to include 25% gains and losses and transaction costs from Gas Acquisition's winter hedging activities in the calculation of GCIM total actual costs. This year, SoCalGas' winter hedge activities resulted in a loss of \$2.03 million, of which \$0.5 million was included in GCIM.

The ORA and TURN staffs were kept apprised of SoCalGas' winter hedge positions via weekly position reports and bi-weekly conference calls throughout the period.

### **III. GCIM Monitoring and Evaluation**

Throughout the GCIM program, SoCalGas has worked closely with the ORA to establish an efficient monitoring and timely reporting system to keep the ORA and Energy Division informed of Gas Acquisition activities. Pursuant to the provisions of General Order 66-C and Section 583 of the

Public Utilities Code, SoCalGas provides a monthly report, 60 days after the end of each month, to the ORA and Energy Division on a confidential basis. This report includes details of:

- All gas purchases and sale transactions
- All SMS transactions
- All financial transactions
- Capacity Holding Report
- Capacity Utilization Report
- Calculations of the GCIM benefit

SoCalGas has also communicated frequently with the ORA and the Energy Division on all important Gas Acquisition issues during GCIM Year 21, including its winter hedging activities. Finally, SoCalGas has at all times operated within the CPUC's Affiliate Transaction Rules and related Remedial Measures.

#### **IV. Recommendations**

SoCalGas concludes from its Year 21 results that the GCIM continues to be a successful program that provides measurable benefits to SoCalGas' core customers. During Year 21, each of the CPUC established objectives for incentive regulation were met, in addition to SoCalGas' primary objectives of supply security and reliable service at low cost. SoCalGas therefore recommends that the Commission approve a GCIM Year 21 shareholder reward of \$7,249,855 on an expedited and ex parte basis.

# Appendix A

**SOUTHERN CALIFORNIA GAS COMPANY**  
**APPENDIX A**  
**Summary of GCIM Results to Date**

GCIM Year	Benchmark Dollars	Actual Dollars	(Over)/Under Benchmark	Upper Tolerance Dollars *	Lower Tolerance Dollars 0.5%	Lower Tolerance Dollars 1.0%	Lower Tolerance Dollars 5.0%	Subject to Sharing**
1	\$567,448,362.30	\$568,566,019.81	\$ (1,117,657.51)	\$17,089,530.26	N/A			\$ -
2	448,713,458.73	442,313,458.73	6,400,000.00	13,058,694.40	N/A			6,400,000.00
3	680,061,509.12	658,875,669.99	21,185,839.13	22,014,553.98	N/A			21,185,839.13
4	672,131,591.15	665,307,357.07	6,824,234.08	10,977,634.41	2,744,408.60			4,079,825.48
5	649,294,620.31	631,138,278.30	18,156,342.01	10,761,347.94	2,690,337.00			15,466,005.01
6	1,061,264,614.31	1,037,113,228.11	24,151,386.20	18,527,591.62	4,631,897.91			19,519,488.29
7	2,411,105,910.49	2,187,533,957.27	223,571,953.22	45,580,915.01	N/A	22,790,457.52	113,952,287.60	200,781,495.70
8	1,480,091,362.36	1,290,296,697.89	189,794,664.47	26,979,669.81	N/A	13,489,834.90	67,449,174.52	176,304,829.57
9	1,506,037,786.25	1,467,033,460.42	39,004,325.83	27,458,163.89	N/A	13,729,081.94	68,645,409.70	25,275,243.89
10	1,892,688,525.92	1,865,659,815.59	27,028,710.33	35,140,805.34	N/A	17,570,402.67	87,852,013.34	9,458,307.66
11	2,277,899,575.12	2,246,521,572.99	31,378,002.13	42,689,291.43	N/A	21,344,645.73	106,723,228.59	10,033,356.40
12	3,126,842,589.57	3,057,709,956.84	69,132,632.73	59,836,551.77	N/A	29,918,275.86	149,591,379.39	39,214,356.87
13	2,308,210,816.08	2,250,470,332.65	57,740,483.43	43,849,019.93	N/A	21,924,509.96	109,622,549.83	35,815,973.47
14	2,513,802,466.59	2,463,728,945.05	50,073,521.54	47,972,531.01	N/A	23,986,265.50	119,931,327.53	26,087,256.04
15	2,894,131,586.73	2,818,571,495.70	75,560,091.03	54,736,538.80	N/A	27,368,269.40	136,841,347.00	48,191,821.63
16	1,753,539,090.12	1,713,612,055.95	39,927,034.17	31,756,473.48	N/A	15,878,236.76	79,391,183.73	24,048,797.41
17	1,750,392,489.96	1,709,500,858.03	40,891,631.93	32,006,773.38	N/A	16,003,386.68	80,016,933.40	24,888,245.25
18	1,742,334,581.64	1,704,835,266.55	37,499,315.09	31,696,187.25	N/A	15,848,093.62	79,240,468.13	21,651,221.47
19	1,308,126,350.96	1,273,387,819.47	34,738,531.49	22,829,340.06	N/A	11,414,670.05	57,073,350.18	23,323,861.44
20	1,737,216,795.01	1,666,818,834.18	70,397,960.83	31,115,452.65	N/A	15,557,726.33	77,788,631.63	54,840,234.50
21	1,598,485,093.22	1,555,377,080.06	43,108,013.16	28,217,181.98	N/A	14,108,591.01	70,542,954.97	28,999,422.15
	<b>\$34,379,819,175.94</b>	<b>\$33,274,372,160.65</b>	<b>\$1,105,447,015.29</b>	<b>\$654,294,248.40</b>	<b>\$10,066,643.51</b>	<b>\$280,932,447.93</b>	<b>\$1,404,662,239.54</b>	<b>\$815,565,581.36</b>

\* Upper Tolerance band of 4.5% for GCIM Year 1, 4% for Years 2 - 3, and 2% for Years 4 - 21.

\*\* For Years 4-6, GCIM Gain/(Loss) subject to sharing is the Amount Under Benchmark less the 0.5% Lower Tolerance Band. For Years 7-21, the Gain/(Loss) subject to sharing is the Amount Under Benchmark less the 1% Lower Tolerance Band, pursuant to D.02-06-023

Note: Benchmark and Actual Dollars are inclusive of all transportation costs for delivery of gas to SoCalGas' system.

# Appendix B



# Southern California Gas Company

## Annual Report on Affiliate Transactions

Section C: Utility Provision of Goods  
and Services to Its Affiliated Entities

**SOUTHERN CALIFORNIA GAS COMPANY**

**Affiliate Transactions Annual Report**

**2014**

Response to Affiliate Transaction Reporting Requirements Section:

**C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES**

**Request No. 1-7:**

1. Using the format of Table II-C-1, each utility shall report any goods and/or services that the utility provided to any of its affiliated entities during the period covered by the annual report. All goods and/or services shall be reported regardless of whether or not the utility was reimbursed.
2. For purposes of this section, and section II-D, "Goods" are defined as any tangible item having economic value. Examples of "goods" include office supplies, office computers, and personal automobiles. No item shall qualify as a good if it has:
  - a) A depreciable life, for federal tax purposes, of more than 3 years, except for cars, personal computers, and office machinery<sup>1</sup>; and
  - b) A value of greater than \$20,000.

The transfer of an item of tangible property described in (a) or (b) above shall be reported under Section E ("Transfer of Tangible Asset").

3. For purposes of this section, "Services" includes any activity of economic value provided by the utility, or a company under contract to the utility, to any affiliated entity. Examples of "services" include, but are not limited to the provision of professional expertise (e.g., legal, consulting, engineering), administrative support, (e.g., data and payroll processing, arranging travel, transportation services, etc.) and general corporate management and support activities (e.g., time spent by corporate executives and employees on affiliated entity issues, investor relations, shareholder services, etc.).
4. The cost of each good and/or service that the utility provided to any of its affiliated entities shall be assigned to an appropriate Uniform System of Accounts (USOA).
5. Using the format shown, each utility shall create a table entitled (Table II-C-1), containing:
  - A set of columns by listing horizontally across the top each affiliated entity of the utility excluding, however, any affiliated entities to which the utility provided no goods and/or services during the calendar year;
  - A set of rows by listing vertically down the left side of Table II-C-1 each USOA account (listed in ascending order) for which the utility had incurred a cost (whether or not reimbursed) for providing any good or service to an affiliated entity.

---

<sup>1</sup> See Section 1240, "Classes of Depreciable Property", 1992 U.S. Master Tax Guide (Commerce Clearing House) discussing Internal Revenue Code sections 1245 and\*1250.



**SOUTHERN CALIFORNIA GAS COMPANY**

**Affiliate Transactions Annual Report**

**2014**

Response to Affiliate Transaction Reporting Requirements Section:

**C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES**

**Request No. 1-7 (Cont'd):**

- The middle portions of Table II-C-1 corresponding to each horizontal column and vertical row will be called cells.
6. For each cell in Table II-C-1 the utility shall aggregate all transactions for goods and/or services it provided to each affiliated entity under:
- a) The appropriate column heading for that affiliated entity; and,
  - b) The row corresponding to the appropriate USOA account category.
7. The following information shall be reported in the corresponding cells of Table II-C-1:
- The total transfer price assigned to this USOA account for any goods or services provided by the utility to the affiliated entity;
  - The allocated cost, if different from the transfer price, for any goods or services provided by the utility to the affiliated entity;
  - Allocated costs as a percentage of total recorded costs for the USOA account;
  - The ratio for each USOA account of the actual total recorded expenses versus total expenses authorized in the utility's most recent General Rate Case (expressed as a percentage).

**Response:**

See attached Table II-C-1 for charges to affiliates.

**SOUTHERN CALIFORNIA GAS COMPANY**

**Affiliate Transactions Annual Report**

**2014**

Response to Affiliate Transaction Reporting Requirements Section:

**C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES**

**Request No. 8:**

8. Briefly list the applicable cost allocation methodology and transfer pricing method used to determine the corresponding dollar volumes listed on the previous table.

**Response:**

All dollar values in Table II-C-1 represent fully loaded costs. SoCalGas considers “fully loaded/allocated costs” to mean the same as “transfer pricing” as referred to in this requirement. Therefore, the information that is requested relative to transfer pricing differences is not applicable. Following is a description of the costing methodologies that are referenced in Table II-C-1:

- (A) All services provided by SoCalGas are billed at fully loaded cost. In the case of labor charges, “fully loaded” costs include all associated labor, indirect overheads and, where applicable, a labor premium. For the shared service labor billed to the unregulated affiliates, a 5% premium is applied to fully loaded labor costs. For non-shared services to unregulated, energy-related affiliates, a 10% premium is applied to direct non-executive labor and a 15% premium is applied to direct executive labor. The Enova/Pacific Enterprises Merger Decision (D.98-03-073) requires these additional labor premiums.
- (B) In most circumstances where a SoCalGas employee transfers to an affiliate company, the Enova/Pacific Enterprises Merger Decision (D.98-03-073) requires that Employee Transfer fees be charged to the affiliate. These costs are included under Human Resources and do not require overhead loadings or add-on-costs.
- (C) SoCalGas sold natural gas supplies to Sempra Generation during the reporting period:

All gas sales transactions reported under USOA 803 were the results of “arms-length” transactions through brokerage firms. Neither party had knowledge of the counterparty’s identity until after commitment to the broker was made, in accordance with Affiliate Transaction Rules. Revenues from these gas sales are recorded as a reduction to cost of gas purchased.

# SOUTHERN CALIFORNIA GAS COMPANY

## Affiliate Transactions Annual Report

2014

Response to Affiliate Transaction Reporting Requirements Section:

### **C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES**

#### **Request No. 9:**

9. In addition to the information requested in Table II-C-1, each utility shall provide, as a separate document, a brief narrative description for any affiliated entity that had over \$10,000 of transfer price recorded in any USOA account. This narrative description will describe in greater detail the types of goods and services provided, as well as the methodologies used to calculate their transfer price and allocated cost.

#### **Response:**

Individual "Internal Orders" have been established for charging to each affiliate company for services performed. Generally, one internal order is created for each project or type of work done. All services are billed on a monthly basis.

#### **USOA Account 146**

This account is used by SoCalGas for amounts due from affiliated companies for services provided. These amounts are billed at fully loaded cost plus appropriate labor premiums.

The nature of services billed in account 146 is as follows:

#### **Accounting & Finance**

This category includes services such as affiliate billing and costing, accounts payable, claims, business planning and budgets, and affiliate compliance.

#### **Depreciation**

This category contains charges for depreciation, usage, and return on shared assets.

#### **External Relations**

This category contains charges for community relations and corporate events.

#### **Gas Engineering**

This category includes services such as gas operations, gas technical services, pipeline integrity inspection, gas engineering and its associated project management and construction.

#### **Fleet Services**

This category includes charges for the lease, maintenance, and overhead costs of vehicles being used by SoCalGas employees for affiliate-related work, as well as charges for the use of SoCalGas fleet vehicles by affiliate employees.

#### **Human Resources**

# SOUTHERN CALIFORNIA GAS COMPANY

## Affiliate Transactions Annual Report

2014

Response to Affiliate Transaction Reporting Requirements Section:

### **C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES**

This category includes the reimbursements from Sempra Energy for SoCalGas executive long-term incentive plan. It also contains human resources, disability management services, diversity, employee development, wellness, and incentive compensation billing for employees that transferred from SoCalGas to affiliates.

#### **Request No. 9 (Cont'd):**

##### **Information Technology**

This category includes service charges for IT budgeting, service management, server engineering, mainframe, internet engineering, information protection, disaster recovery, network engineering, LAN/WAN, hardware and software maintenance, production control operations, operation control and telecom.

##### **Oil/Gas Assessment & Extraction**

This category includes billings to Pacific Enterprises Oil Company (PEOC) for lifting costs provided at the Aliso Canyon underground storage facility.

##### **Operations Support**

This category includes services such as real estate and planning, facilities and capital programs, SoCalGas support services, and SoCalGas and SDG&E environmental services.

##### **Real Estate & Facilities**

This category includes services such as real estate management, rent management, capital facilities, operational/maintenance programs.

##### **Supply Management**

This category supports all enterprise systems and services used by the portfolio group for procurement activities.

##### **USOA Account 803**

This account is used by the SoCalGas core procurement group for amounts related to natural gas sales and purchases transactions, and associated financial derivatives gains and losses. In this report, gas sales are recorded in Schedule C, and gas purchases are recorded in Schedule D.

Revenues from gas sales are recorded as a reduction to Cost of Gas Purchased. All sales to affiliates were the result of "arms-length" transactions through brokerage firms. Neither party had knowledge of the counterparty's identity until after commitment to the broker was made, in accordance with Affiliate Transactions Rules.

Table II-C-1  
**SOUTHERN CALIFORNIA GAS COMPANY**  
 Provision of Goods and Services  
 From the Utility to its Affiliated Entities  
 For the Year Ended December 31, 2014

USOA Acct	Item/Services Description	Cost Allocation Methodology	Sempra										Total
			Sempra Energy	Sempra Energy	Sempra Energy	SE International	Sempra International, LLC	Sempra Gas & Power LLC	US G&P - Renewables	Sempra Generation			
146	Accounting & Finance	A	\$ 119,412	\$	(20)	\$	8,521	\$	14,278	\$	193	\$	147,756
	Depreciation	A	1,537,312	5,371	618		2,199		6,527		6,089		1,555,832
	External Relations	A	54,380	3,088									54,380
	Gas Engineering	A											12,099
	Fleet Services	A	(262)					12,099					(262)
	Human Resources	A & B	6,284,162	1,102	469		240		7,560		1,145		6,294,678
	Information Technology	A	784,484	7,540		19,941		43,359			63,430		918,753
	Oil/Gas Assessment & Extraction	A				267,592							267,592
	Operations Support	A	8,271	494	309		309		1,111		741		11,234
	Real Estate & Facilities	A	301,360	544									301,904
	Supply Management	A		98									98
803	Gas Sales	C										829,800	829,800
	<b>Total</b>		<b>\$ 9,089,119</b>	<b>\$ 18,237</b>	<b>\$ 1,374</b>	<b>\$ 267,592</b>	<b>\$ 31,209</b>	<b>\$ 84,935</b>	<b>\$ 71,598</b>	<b>\$ 829,800</b>	<b>\$ 10,393,863</b>		



# Southern California Gas Company

## Annual Report on Affiliate Transactions

Section D: Affiliated Entities Provision  
of Goods and Services to the Utility

# SOUTHERN CALIFORNIA GAS COMPANY

## Affiliate Transactions Annual Report

2014

Response to Affiliate Transaction Reporting Requirements Section:

### **D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY**

#### **Request No. 1-9:**

1. Section C required each utility to report goods and/or services that it provided to its affiliated entities. This section (Section D), requires the reporting of all goods and/or services that the affiliated entities provided to the utility.
2. Each utility shall report any goods and/or services that were provided to it by any of its affiliated entities during the period covered by the annual report. All goods and/or services shall be reported regardless of whether or not the affiliated entity was reimbursed.
3. For purposes of this section, "Goods" has the same meaning as used in Section C above.
4. For purposes of this section, "Services" includes any activity of economic value provided by the affiliated entity, or any company under contract to the affiliated entity, to the utility. The examples of the types of services listed in #3 of Section II-C above are applicable to this section as well. Purchases of natural gas or electric energy from any affiliated entity should be reported in this section.
5. The cost of each good and/or service that the affiliated entity provided to the utility shall be assigned by the utility to an appropriate USOA Account of the utility.
6. Using the format shown, each utility shall create a table (entitled Table II-D-1), containing:
  - A set of columns by listing horizontally across the top of Table II-D-1 each affiliated entity listed in Table II-A-1, excluding, however, any affiliated entities which provided no goods and/or services to the utility during the calendar year.
  - A set of rows by listing vertically down the left side of Table II-D-1 each USOA account (listed in ascending order) for which the utility had incurred a cost for goods and/or services provided by the affiliated entity.
  - The middle portions of Table II-D-1, corresponding to each horizontal column and vertical row, will be called cells.
7. For each cell in Table II-D-1, the utility shall aggregate all transactions for goods and/or services provided by the affiliated entity under:
  - 1) The-appropriate column heading for that affiliated entity; and,
  - 2) The row corresponding to the appropriate USOA account category.

**SOUTHERN CALIFORNIA GAS COMPANY**

**Affiliate Transactions Annual Report**

**2014**

Response to Affiliate Transaction Reporting Requirements Section:

**D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY**

**Request No. 1-9 (Cont'd):**

8. The following information shall be reported in the corresponding cells of Table II-D-1;
  - The total transfer price assigned to this USOA account for any goods or services provided by the affiliated entity to the utility;
  - The allocated cost, if different from the transfer price, as calculated by the affiliated entity as the cost for any goods or services provided to the utility;
  - The fair market value of the goods and service provided, if determined;
  - Allocated costs as a percentage of total recorded costs for the USOA account.
9. At the end of each row, each utility shall briefly list the applicable methodology used to determine allocated cost and transfer price as well as any calculations and reviews utilized to determine fair market value.

**Response:**

Using the format provided for Table II-D-1 (attached), the costs of all goods and services provided to Southern California Gas Company by affiliated entities during the reporting period have been presented. The costs have been accumulated by USOA account and by affiliated entity.

In accordance with the Affiliate Compliance Guidelines (see Section II-B-VII), the “transfer price” for goods and services provided to Southern California Gas Company by Sempra Energy is recorded at fully loaded costs.



# SOUTHERN CALIFORNIA GAS COMPANY

## Affiliate Transactions Annual Report

2014

Response to Affiliate Transaction Reporting Requirements Section:

### **D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY**

#### **Request No. 10:**

10. In addition to the information requested in Table II-D-1, each utility shall provide, as a separate document, a brief narrative description for any USOA account that had recorded over \$10,000 in goods and services provided by an affiliated entity. This narrative description will describe in greater detail the types of goods and services provided, as well as the methodologies used to calculate their transfer price and a summary of all methodologies and calculations used to determine fair market value.

#### **Response:**

All values in Table II-D-1 related to purchased goods and services from Sempra Energy are at fully loaded cost as required by the Affiliate Compliance Guidelines (see Section II-B-VII). Goods or services directly requested by Southern California Gas Company are recorded in the appropriate USOA account. Shared services costs are allocated to Southern California Gas Company on a causal or beneficial relationship when identifiable; otherwise the shared services costs are allocated using an approved multifactor allocation method. Shared services costs received by Southern California Gas Company from Sempra Energy are analyzed and recorded to the appropriate USOA account.

All values in Table II-D-1 related to purchases/sales of energy between Sempra Generation and Southern California Gas Company are at fair market value.

#### **USOA Account 107: Construction Work in Progress (CWIP)**

This account includes gas construction work in progress assets and allocations for services provided by affiliates that support capital activities at Southern California Gas Company.

#### **USOA Account 143: Other Accounts Receivable**

This account includes amounts due to the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing and contract work.

#### **USOA Account 165: Prepayments**

This account includes prepayments for taxes, insurance, interest, and disbursements made prior to the period to which they apply. The costs in this account are related to insurance premiums.

# SOUTHERN CALIFORNIA GAS COMPANY

## Affiliate Transactions Annual Report

2014

Response to Affiliate Transaction Reporting Requirements Section:

### **D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY**

#### **Request No. 10 (Cont'd):**

##### **USOA Account 174: Miscellaneous Current and Accrued Assets**

This account includes the cost of all other current and accrued assets not specifically provided for in other accounts. In 2014, the costs in this account are related to prepayment of insurance premiums and easement renewal.

##### **USOA Account 181: Unamortized Debt Expenses**

This account includes expenses related to the issuance or assumption of debt securities. Amounts shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security.

##### **USOA Account 184: Clearing Accounts**

This account includes undistributed balances in clearing accounts at the date of the balance sheet. When services are provided to Southern California Gas Company, a portion of the cost of this service is charged to a clearing account. These are administrative and general costs related to affiliate and third-party transactions. Balances in this clearing account shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a further period.

##### **USOA Account 188: RD&D Expenditures**

This account includes expenditures for Research, Development, and Demonstration (R.D.&D.), except those expenditures properly chargeable to Account 107, Construction Work in Progress. In 2014, the costs in this account are related to technology development.

##### **USOA Account 803: Natural Gas Transmission Line Purchases**

During the reporting period, the affiliates supplied natural gas to Southern California Gas Company under contract terms in USOA Account 803.

All purchase transactions were the results of "arms-length" transactions through brokerage firms. Neither party had knowledge of the counterparty's identity until after commitment to the broker was made, in accordance with Affiliate Transactions Rules.

During the reporting period, Southern California Gas Company did not enter into any over-the-counter financial swap transactions with its affiliates.

##### **USOA Account 910: Miscellaneous Customer Service and Informational Expenses**

This account includes the cost of labor, materials utilized, and expenses incurred in providing customer service and informational activities, which are not includible in other customer information expense accounts.

##### **USOA Account 921: Office Supplies and Expenses**

This account includes office supplies, expenses, and service costs incurred in connection with the general administration of the utility's operations that are assignable to specific administrative or general departments and are not specifically provided for in other accounts.

# SOUTHERN CALIFORNIA GAS COMPANY

## Affiliate Transactions Annual Report

2014

Response to Affiliate Transaction Reporting Requirements Section:

### **D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY**

#### **Request No. 10 (Cont'd):**

##### **USOA Account 923: Outside Services Employed**

This account includes the fees and expenses of professional consultants (such as lawyers, auditors, appraisers, expert witnesses, or management, accounting, and engineering consultants) and others for general services that are not applicable to a particular operation function or to other accounts. This account includes the salaries and wages expenses of affiliate administrative and general departments that provide service to Southern California Gas Company. In addition, this account includes office supplies and expenses incurred in connection with this general administration.

##### **USOA Account 924: Property Insurance**

This account includes the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It also includes the cost of labor and related supplies and expenses incurred in property insurance activities.

##### **USOA Account 925: Injuries and Damages**

This account includes the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. It also includes the cost of labor and related supplies and expenses incurred in injuries and damages activities.

##### **USOA Account 926: Employee Pensions and Benefits**

This account includes stock option expenses, pension accruals or actual payments made on behalf of current employees or retired employees, payments for the purchase of annuities relating to pensions, education reimbursements, and audit fees.

##### **USOA Account 928: Regulatory Commission Expenses**

This account includes all expenses properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees.

##### **USOA Account 930: Miscellaneous General Expenses**

This account includes the cost of labor and expenses incurred in connection with the general management of the Southern California Gas Company not provided for elsewhere.

##### **USOA Account 931: Rents**

This account includes rents properly includible in utility operating expenses for the property of other used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility.

**SOUTHERN CALIFORNIA GAS COMPANY**

**Affiliate Transactions Annual Report**

**2014**

Response to Affiliate Transaction Reporting Requirements Section:

**D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY**

**Request No. 11 :**

1. For any USOA account classification containing greater than \$25,000 in reported transactions, the utility shall provide as an addendum to Table II-D-1 any comparisons performed by the utility of the cost of goods or services provided by the affiliated entities with other providers not affiliated with the utility.

**Response:**

During 2014, the utility did not conduct any studies for the purpose of comparing the cost of goods or services provided during the year by affiliated entities with the costs provided by unaffiliated providers.

TABLE II-D-I  
SOUTHERN CALIFORNIA GAS COMPANY  
Provision of Goods And Services  
from Affiliated Entities To The Utility  
For The Year Ended December 31, 2014

USOA Account	Account Description	Sempra Energy	Sempra Generation	Total	% of USOA Account
107	Construction Work In Progress	4,987,023		4,987,023	N/A
165	Prepayments	3,015,455		3,015,455	N/A
174	Miscellaneous Current and Accrued Assets	1,947,730		1,947,730	N/A
181	Unamortized Debt Expenses	1,070,688		1,070,688	N/A
184	Clearing Accounts	2,134,583		2,134,583	N/A
188	RD&D Expenditures	(10,245)		(10,245)	N/A
803	Natural Gas Transmission Line Purchases	-	30,150	30,150	<1.00%
910	Miscellaneous Customer Serv And Informational Expe	440,034		440,034	24.12%
921	Office Supplies And Expenses	38,027		38,027	<1.00%
923	Outside Services Employed	56,729,560		56,729,560	49.23%
924	Property Insurance	312,735		312,735	13.52%
925	Injuries And Damages	11,176,152		11,176,152	41.56%
926	Employee Pensions And Benefits	1,452,910		1,452,910	1.30%
928	Regulatory Commission Expenses	82,473		82,473	1.19%
930	Miscellaneous General Expenses	39,596		39,596	<1.00%
931	Rents	(76,904)		(76,904)	<1.00%
	<b>Total:</b>	<b>83,339,817</b>	<b>30,150</b>	<b>83,369,967</b>	

# Appendix C

**APPENDIX C**  
**Southern California Gas Company**  
**Core Firm Transportation Capacity Holdings**  
**as of 3/31/15**  
**(in MDth/d)**

Pipeline	Region	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
EPNG	San Juan	411.2	411.2	411.2	411.2	411.2	411.2	411.2	484.5	484.5	484.5	484.5	484.5
	Permian	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
	<b>Total</b>	<b>506.2</b>	<b>506.2</b>	<b>506.2</b>	<b>506.2</b>	<b>506.2</b>	<b>506.2</b>	<b>506.2</b>	<b>579.5</b>	<b>579.5</b>	<b>579.5</b>	<b>579.5</b>	<b>579.5</b>
TWPL	San Juan	160.0	160.0	160.0	160.0	160.0	160.0	160.0	191.0	191.0	191.0	191.0	191.0
	<b>Total</b>	<b>160.0</b>	<b>160.0</b>	<b>160.0</b>	<b>160.0</b>	<b>160.0</b>	<b>160.0</b>	<b>160.0</b>	<b>191.0</b>	<b>191.0</b>	<b>191.0</b>	<b>191.0</b>	<b>191.0</b>
KERN	Rockies	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4
	<b>Total</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>	<b>224.4</b>
NOVA	Canadian Path	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3
	<b>Total</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>	<b>54.3</b>
FTHLS	Canadian Path	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
	<b>Total</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>	<b>53.8</b>
GTN	Canadian Path	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5
	<b>Total</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>	<b>52.5</b>
PG&E	Canadian Path	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9
	<b>Total</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>	<b>51.9</b>

**Summary of Capacity by Region**

San Juan	571.2	571.2	571.2	571.2	571.2	571.2	571.2	571.2	675.5	675.5	675.5	675.5	675.5
Permian	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
Rockies	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4
Canadian Path	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9	51.9
<b>Grand Total</b>	<b>942.6</b>	<b>942.6</b>	<b>942.6</b>	<b>942.6</b>	<b>942.6</b>	<b>942.6</b>	<b>942.6</b>	<b>942.6</b>	<b>1,046.8</b>	<b>1,046.8</b>	<b>1,046.8</b>	<b>1,046.8</b>	<b>1,046.8</b>

<b>Minimum Required</b>	<b>941.9</b>	<b>941.9</b>	<b>941.9</b>	<b>941.9</b>	<b>941.9</b>	<b>941.9</b>	<b>941.9</b>	<b>941.9</b>	<b>1,046.6</b>	<b>1,046.6</b>	<b>1,046.6</b>	<b>1,046.6</b>	<b>1,046.6</b>
-------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	----------------	----------------	----------------	----------------	----------------

**Notes:**

The capacity data in this table is grouped by source of supply (i.e. receipt locations), and not displayed for each receipt/delivery point combination.

For the purpose of calculating the capacity planning range pursuant to D.04-09-022, only the PG&E capacity is included from the Canadian path.

# **Attachment B**



**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
DECEMBER 31, 2014**

---

<b>1. UTILITY PLANT</b>		<u>2014</u>
101	UTILITY PLANT IN SERVICE	\$12,049,758,290
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	668,346,256
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,674,207,977)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(44,244,476)
117	GAS STORED-UNDERGROUND	<u>60,484,878</u>
	TOTAL NET UTILITY PLANT	<u>8,060,136,971</u>
 <b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	119,749,773
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(86,178,509)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	122
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>3,000,000</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>36,571,386</u>

Data from SPL as of April 23, 2015.

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
DECEMBER 31, 2014**

<b>3. CURRENT AND ACCRUED ASSETS</b>		2014
131	CASH	24,919,462
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	92,976
136	TEMPORARY CASH INVESTMENTS	60,450,000
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	615,527,120
143	OTHER ACCOUNTS RECEIVABLE	35,481,901
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(5,806,338)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	6
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	4,088,143
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	26,363,080
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
158	GHG ALLOWANCE	4,266,108
163	STORES EXPENSE UNDISTRIBUTED	553,419
164	GAS STORED	155,391,580
165	PREPAYMENTS	25,925,967
171	INTEREST AND DIVIDENDS RECEIVABLE	3,643,722
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	29,793,558
175	DERIVATIVE INSTRUMENT ASSETS	2,813,079
176	LONG TERM PORTION OF DERIVATIVE ASSETS - HEDGES	-
	TOTAL CURRENT AND ACCRUED ASSETS	983,503,783
<b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	14,556,508
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,710,645,365
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	-
184	CLEARING ACCOUNTS	908,811
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	107,498,496
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	10,926,699
190	ACCUMULATED DEFERRED INCOME TAXES	154,416,517
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	1,998,952,396
	TOTAL ASSETS AND OTHER DEBITS	\$ 11,079,164,536

Data from SPL as of April 23, 2015.

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
DECEMBER 31, 2014**

**5. PROPRIETARY CAPITAL**

	2014
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	(1,912,496,300)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	17,974,594
	(2,782,134,829)

**6. LONG-TERM DEBT**

221 BONDS	(1,900,000,000)
224 OTHER LONG-TERM DEBT	(12,475,533)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	6,665,945
	(1,905,809,588)

**7. OTHER NONCURRENT LIABILITIES**

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(232,055)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(200,337,870)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(681,557,376)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	(1,275,675,535)
	(2,157,802,836)

Data from SPL as of April 23, 2015.

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
DECEMBER 31, 2014**

<b>8. CURRENT AND ACCRUED LIABILITES</b>		2014
231	NOTES PAYABLE	(49,997,222)
232	ACCOUNTS PAYABLE	(563,866,285)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(13,186,835)
235	CUSTOMER DEPOSITS	(74,916,750)
236	TAXES ACCRUED	(5,552,498)
237	INTEREST ACCRUED	(18,129,224)
238	DIVIDENDS DECLARED	(323,265)
241	TAX COLLECTIONS PAYABLE	(17,672,346)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(220,587,243)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(361,655)
244	DERIVATIVE INSTRUMENT LIABILITIES	(519,786)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
TOTAL CURRENT AND ACCRUED LIABILITIES		(965,113,109)

**9. DEFERRED CREDITS**

252	CUSTOMER ADVANCES FOR CONSTRUCTION	(80,670,241)
253	OTHER DEFERRED CREDITS	(140,088,540)
254	OTHER REGULATORY LIABILITIES	(1,616,153,662)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(15,819,512)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,180,701,739)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(234,870,480)
TOTAL DEFERRED CREDITS		(3,268,304,174)

TOTAL LIABILITIES AND OTHER CREDITS	\$ (11,079,164,536)
-------------------------------------	---------------------

Data from SPL as of April 23, 2015.

# **Attachment C**

**SOUTHERN CALIFORNIA GAS COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		3,848,870,363
401	OPERATING EXPENSES	2,594,936,417	
402	MAINTENANCE EXPENSES	216,123,504	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	430,691,537	
408.1	TAXES OTHER THAN INCOME TAXES	85,595,815	
409.1	INCOME TAXES	8,313,704	
410.1	PROVISION FOR DEFERRED INCOME TAXES	602,860,870	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(473,788,573)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,198,849)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		3,462,534,425
	NET OPERATING INCOME		386,335,938

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(204,935)	
418	NONOPERATING RENTAL INCOME	436,040	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	584,691	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	25,807,110	
421	MISCELLANEOUS NONOPERATING INCOME	71,001	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	26,693,907	
425	MISCELLANEOUS AMORTIZATION	(16,892)	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(6,402,263)	
		(6,419,155)	
408.2	TAXES OTHER THAN INCOME TAXES	(131,079)	
409.2	INCOME TAXES	629,114	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(7,325,647)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	3,143,412	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(3,684,200)	
	TOTAL OTHER INCOME AND DEDUCTIONS		16,590,552
	INCOME BEFORE INTEREST CHARGES		402,926,490
	NET INTEREST CHARGES*		69,426,544
	NET INCOME		\$333,499,946

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$8,025,804)

Data from SPL as of April 23, 2015.

**STATEMENT OF INCOME AND RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2014**

---

**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$1,680,289,418
NET INCOME (FROM PRECEDING PAGE)	333,499,946
DIVIDEND TO PARENT COMPANY	(100,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	(1,293,064)
OTHER RETAINED EARNINGS ADJUSTMENT	<u>-</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$1,912,496,300</u></u>

# **Attachment D**



## Rate Tables

### Impact of GCIM Reward on Gas Rate over Last 12 Months v6/10/2015

#### Calculation of GCIM Reward \$/therm:

GCIM Reward \$000	\$7,200
Core Sales per 2013TCAP Mth/yr	3,849,871
<b>GCIM Reward \$/th</b>	<b>\$0.00187</b>

#### Impact of GCIM Reward on Average Gas Rate over Last 12 Months:

	Actual Gas Rate last 12 months	Reward \$/th	Gas Rate with Reward \$/th
Apr, 2014	\$0.49262	\$0.00187	\$0.49449
May, 2014	\$0.52800	\$0.00187	\$0.52987
Jun, 2014	\$0.51185	\$0.00187	\$0.51372
Jul, 2014	\$0.54641	\$0.00187	\$0.54828
Aug, 2014	\$0.46504	\$0.00187	\$0.46691
Sep, 2014	\$0.45956	\$0.00187	\$0.46143
Oct, 2014	\$0.44500	\$0.00187	\$0.44687
Nov, 2014	\$0.41899	\$0.00187	\$0.42086
Dec, 2014	\$0.48676	\$0.00187	\$0.48863
Jan, 2015	\$0.34124	\$0.00187	\$0.34311
Feb, 2015	\$0.33656	\$0.00187	\$0.33843
Mar, 2015	\$0.33244	\$0.00187	\$0.33431
<b>average \$/th</b>	<b>\$0.44704</b>	<b>\$0.00187</b>	<b>\$0.44891</b>

#### Notes

Actual gas rates are the tariffed core procurement rate schedule G-CP during the latest GCIM program period.

# **Attachment E**

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**COST OF PROPERTY AND**  
**DEPRECIATION RESERVE APPLICABLE THERETO**  
**AS OF MARCH 31, 2015**

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
<b>ELECTRIC DEPARTMENT</b>			
302	Franchises and Consents	222,841.36	202,900.30
303	Misc. Intangible Plant	<u>130,750,032.14</u>	<u>44,123,923.34</u>
	TOTAL INTANGIBLE PLANT	<u>130,972,873.50</u>	<u>44,326,823.64</u>
310.1	Land	14,526,518.29	46,518.29
310.2	Land Rights	0.00	0.00
311	Structures and Improvements	94,373,291.24	36,558,156.06
312	Boiler Plant Equipment	166,496,015.17	62,428,319.39
314	Turbogenerator Units	131,184,022.25	41,460,062.21
315	Accessory Electric Equipment	85,658,938.03	29,923,835.25
316	Miscellaneous Power Plant Equipment	41,272,941.25	7,853,102.40
	Steam Production Decommissioning	<u>0.00</u>	<u>0.00</u>
	TOTAL STEAM PRODUCTION	<u>533,511,726.23</u>	<u>178,269,993.60</u>
320.1	Land	0.00	0.00
320.2	Land Rights	283,677.11	283,677.11
321	Structures and Improvements	277,056,869.05	271,035,015.47
322	Boiler Plant Equipment	591,918,694.87	414,486,820.04
323	Turbogenerator Units	144,904,264.99	137,460,463.10
324	Accessory Electric Equipment	173,367,620.53	168,082,213.69
325	Miscellaneous Power Plant Equipment	316,952,221.59	243,619,477.31
101	SONGS PLANT CLOSURE GROSS PLANT-	<u>(340,525,292.74)</u>	<u>(71,009,611.29)</u>
	TOTAL NUCLEAR PRODUCTION	<u>1,163,958,055.40</u>	<u>1,163,958,055.43</u>
340.1	Land	143,475.87	0.00
340.2	Land Rights	56,032.61	5,380.39
341	Structures and Improvements	22,703,423.92	5,518,875.81
342	Fuel Holders, Producers & Accessories	20,348,101.38	6,106,067.96
343	Prime Movers	85,663,135.71	27,626,417.85
344	Generators	341,381,604.65	110,916,508.39
345	Accessory Electric Equipment	32,506,374.56	10,216,465.20
346	Miscellaneous Power Plant Equipment	<u>26,202,255.74</u>	<u>11,384,098.55</u>
	TOTAL OTHER PRODUCTION	<u>529,004,404.44</u>	<u>171,773,814.15</u>
	TOTAL ELECTRIC PRODUCTION	<u>2,226,474,186.07</u>	<u>1,514,001,863.18</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	68,244,923.80	0.00
350.2	Land Rights	155,798,711.10	17,063,880.94
352	Structures and Improvements	382,472,816.08	51,239,619.90
353	Station Equipment	1,170,893,458.56	215,758,902.71
354	Towers and Fixtures	895,569,559.18	133,217,984.87
355	Poles and Fixtures	368,894,949.26	71,554,679.30
356	Overhead Conductors and Devices	514,229,156.93	201,687,115.41
357	Underground Conduit	331,712,940.31	39,958,824.13
358	Underground Conductors and Devices	353,266,375.08	40,986,206.59
359	Roads and Trails	305,809,689.05	19,330,074.79
101	SONGS PLANT CLOSURE GROSS PLANT-	(5,943,752.68)	(5,943,752.68)
	TOTAL TRANSMISSION	4,540,948,826.67	784,853,535.96
360.1	Land	16,176,227.80	0.00
360.2	Land Rights	82,330,177.09	37,427,330.56
361	Structures and Improvements	3,995,243.29	1,786,368.30
362	Station Equipment	469,255,160.23	130,401,112.93
363	Storage Battery Equipment	12,025,421.12	997,809.71
364	Poles, Towers and Fixtures	600,508,389.13	253,241,254.43
365	Overhead Conductors and Devices	477,508,481.33	183,559,955.49
366	Underground Conduit	1,066,629,378.30	424,034,465.89
367	Underground Conductors and Devices	1,382,191,806.27	829,622,471.36
368.1	Line Transformers	546,175,383.93	110,931,674.86
368.2	Protective Devices and Capacitors	22,765,556.57	(3,647,500.75)
369.1	Services Overhead	131,499,649.39	121,066,305.84
369.2	Services Underground	325,976,182.18	230,410,189.15
370.1	Meters	190,865,818.58	56,925,241.96
370.2	Meter Installations	55,670,470.16	14,189,379.17
371	Installations on Customers' Premises	7,898,830.34	10,791,007.41
373.1	St. Lighting & Signal Sys.-Transformers	0.00	0.00
373.2	Street Lighting & Signal Systems	26,593,201.69	19,356,966.47
	TOTAL DISTRIBUTION PLANT	5,418,065,377.40	2,421,094,032.78
389.1	Land	7,312,142.54	0.00
389.2	Land Rights	0.00	0.00
390	Structures and Improvements	32,300,384.48	23,115,761.04
392.1	Transportation Equipment - Autos	0.00	49,884.21
392.2	Transportation Equipment - Trailers	58,145.67	9,033.58
393	Stores Equipment	15,720.46	15,307.68
394.1	Portable Tools	22,720,448.31	7,334,000.50
394.2	Shop Equipment	341,135.67	231,299.92
395	Laboratory Equipment	2,145,336.65	133,688.42
396	Power Operated Equipment	60,528.93	117,501.67
397	Communication Equipment	237,155,596.48	84,603,439.90
398	Miscellaneous Equipment	2,991,920.73	445,861.22
	TOTAL GENERAL PLANT	305,101,359.92	116,055,778.14
101	TOTAL ELECTRIC PLANT	12,621,562,623.56	4,880,332,033.70

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
<b>GAS PLANT</b>			
302	Franchises and Consents	86,104.20	86,104.20
303	Miscellaneous Intangible Plant	0.00	0.00
	<b>TOTAL INTANGIBLE PLANT</b>	<b>86,104.20</b>	<b>86,104.20</b>
360.1	Land	0.00	0.00
361	Structures and Improvements	43,992.02	43,992.02
362.1	Gas Holders	0.00	0.00
362.2	Liquefied Natural Gas Holders	0.00	0.00
363	Purification Equipment	0.00	0.00
363.1	Liquefaction Equipment	0.00	0.00
363.2	Vaporizing Equipment	0.00	0.00
363.3	Compressor Equipment	0.00	0.00
363.4	Measuring and Regulating Equipment	0.00	0.00
363.5	Other Equipment	0.00	0.00
363.6	LNG Distribution Storage Equipment	2,052,614.24	924,950.70
	<b>TOTAL STORAGE PLANT</b>	<b>2,096,606.26</b>	<b>968,942.72</b>
365.1	Land	4,649,143.75	0.00
365.2	Land Rights	2,232,343.80	1,317,475.09
366	Structures and Improvements	11,981,697.11	9,846,121.89
367	Mains	183,519,677.29	66,281,952.41
368	Compressor Station Equipment	84,133,772.55	67,175,328.79
369	Measuring and Regulating Equipment	20,941,863.45	15,965,808.80
371	Other Equipment	0.00	0.00
	<b>TOTAL TRANSMISSION PLANT</b>	<b>307,458,497.95</b>	<b>160,586,686.98</b>
374.1	Land	102,187.24	0.00
374.2	Land Rights	8,226,459.55	6,559,126.52
375	Structures and Improvements	43,446.91	61,253.10
376	Mains	640,411,868.46	346,684,467.27
378	Measuring & Regulating Station Equipment	17,808,313.53	7,350,535.44
380	Distribution Services	250,795,634.14	290,824,938.85
381	Meters and Regulators	155,192,999.65	49,554,738.62
382	Meter and Regulator Installations	91,239,969.20	33,010,128.27
385	Ind. Measuring & Regulating Station Equipment	1,516,810.70	1,135,235.66
386	Other Property On Customers' Premises	0.00	0.00
387	Other Equipment	5,223,271.51	4,852,912.81
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>1,170,560,960.89</b>	<b>740,033,336.54</b>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	0.00	25,503.00
392.2	Transportation Equipment - Trailers	74,500.55	74,500.68
394.1	Portable Tools	7,930,780.12	3,676,032.33
394.2	Shop Equipment	76,864.06	44,629.09
395	Laboratory Equipment	283,093.66	269,762.45
396	Power Operated Equipment	162,284.40	145,690.25
397	Communication Equipment	2,457,947.16	764,265.71
398	Miscellaneous Equipment	157,056.49	51,413.55
	TOTAL GENERAL PLANT	11,142,526.44	5,051,797.06
101	TOTAL GAS PLANT	1,491,344,695.74	906,726,867.50
<b>COMMON PLANT</b>			
303	Miscellaneous Intangible Plant	269,212,641.70	178,500,724.82
350.1	Land	0.00	0.00
360.1	Land	0.00	0.00
389.1	Land	7,168,914.56	0.00
389.2	Land Rights	1,080,961.15	27,776.34
390	Structures and Improvements	305,448,479.24	130,296,623.18
391.1	Office Furniture and Equipment - Other	26,321,488.32	12,574,340.36
391.2	Office Furniture and Equipment - Computer E	51,159,665.33	28,002,688.31
392.1	Transportation Equipment - Autos	33,942.29	(338,930.17)
392.2	Transportation Equipment - Trailers	33,369.38	24,278.83
393	Stores Equipment	79,141.34	59,194.74
394.1	Portable Tools	1,232,026.51	272,448.83
394.2	Shop Equipment	213,047.56	132,248.69
394.3	Garage Equipment	1,094,037.06	113,985.85
395	Laboratory Equipment	1,997,982.48	856,558.56
396	Power Operated Equipment	0.00	(192,979.10)
397	Communication Equipment	175,055,442.60	60,688,034.19
398	Miscellaneous Equipment	2,287,818.69	1,310,728.31
118.1	TOTAL COMMON PLANT	842,418,958.21	412,327,721.74
	TOTAL ELECTRIC PLANT	12,621,562,623.56	4,880,332,033.70
	TOTAL GAS PLANT	1,491,344,695.74	906,726,867.50
	TOTAL COMMON PLANT	842,418,958.21	412,327,721.74
101 & 118.1	TOTAL	14,955,326,277.51	6,199,386,622.94
101	PLANT IN SERV-SONGS FULLY RECOVER	(1,163,958,055.43)	(1,163,958,055.43)
101	PLANT IN SERV-ELECTRIC NON-RECON Electric	(2,540,241.64)	0.00

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	PLANT IN SERV-ASSETS HELD FOR SALE		
	Electric	0.00	0.00
	Common	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-LEGACY METER RECLASS		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-SUNRISE FIRE MITIGATION		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
118	PLANT IN SERV-COMMON NON-RECON		
	Common - Transferred Asset Adjustment	(1,652,471.31)	(1,652,471.31)
		<u>(1,652,471.31)</u>	<u>(1,652,471.31)</u>
101	Accrual for Retirements		
	Electric	(3,582,874.22)	(3,582,874.22)
	Gas	(122,174.11)	(122,174.11)
		<u>(3,705,048.33)</u>	<u>(3,705,048.33)</u>
	TOTAL PLANT IN SERV-ACCRUAL FOR RE		
		<u>(3,705,048.33)</u>	<u>(3,705,048.33)</u>
102	Electric	0.00	0.00
	Gas	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
	TOTAL PLANT PURCHASED OR SOLD	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
104	Electric	85,194,000.02	9,264,542.12
	Gas	0.00	0.00
		<u>85,194,000.02</u>	<u>9,264,542.12</u>
	TOTAL PLANT LEASED TO OTHERS	85,194,000.02	9,264,542.12
		<u>85,194,000.02</u>	<u>9,264,542.12</u>
105	Plant Held for Future Use		
	Electric	11,307,727.50	0.00
	Gas	0.00	0.00
		<u>11,307,727.50</u>	<u>0.00</u>
	TOTAL PLANT HELD FOR FUTURE USE	11,307,727.50	0.00
		<u>11,307,727.50</u>	<u>0.00</u>
107	Construction Work in Progress		
	Electric	623,130,934.78	
	Gas	122,268,270.58	
	Common	115,005,306.22	
		<u>860,404,511.58</u>	<u>0.00</u>
	TOTAL CONSTRUCTION WORK IN PROGRESS	860,404,511.58	0.00
		<u>860,404,511.58</u>	<u>0.00</u>
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
108.5	Accumulated Nuclear Decommissioning Electric	0.00	999,116,107.65
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	<u>0.00</u>	<u>999,116,107.65</u>
101.1	ELECTRIC CAPITAL LEASES	837,939,281.00	154,695,369.00
118.1	COMMON CAPITAL LEASE	19,634,004.78	18,308,057.38
		<u>857,573,285.78</u>	<u>173,003,426.38</u>
120	NUCLEAR FUEL FABRICATION	62,963,775.37	40,861,208.00
120	SONGS PLANT CLOSURE-NUCLEAR FUEL	<u>(62,963,775.37)</u>	<u>(40,861,208.00)</u>
143	FAS 143 ASSETS - Legal Obligation	271,718,404.13	(933,420,294.69)
	SONGS Plant Closure - FAS 143 contra	(270,338,553.03)	(61,166,058.00)
	FIN 47 ASSETS - Non-Legal Obligation	69,819,775.07	28,560,831.60
143	FAS 143 ASSETS - Legal Obligation	<u>0.00</u>	<u>(1,342,317,463.35)</u>
	TOTAL FAS 143	71,199,626.17	(2,308,342,984.44)
	UTILITY PLANT TOTAL	<u>15,669,149,611.85</u>	<u>3,903,112,139.58</u>



# **Attachment F**

**SOUTHERN CALIFORNIA GAS COMPANY  
SUMMARY OF EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2014  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,849
2	Operating Expenses	<u>3,463</u>
3	Net Operating Income	<u><u>\$386</u></u>
4	Weighted Average Rate Base	\$4,009
5	Rate of Return*	8.02%

\*Authorized Cost of Capital