

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

Application of Southern California Gas Company  
(U-904-G) for Approval of Palm Desert Partnership  
Program Funding Levels for 2010-2012

Application 10-07-\_\_\_\_\_

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904-G) FOR  
APPROVAL OF PALM DESERT PARTNERSHIP PROGRAM FUNDING LEVELS  
FOR 2010-2012**

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July 2, 2010

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**I.  
INTRODUCTION**

In compliance with the California Public Utilities Commission (“Commission” or “CPUC”) Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas”) hereby files its application for approval of its Palm Desert Partnership Project (“Partnership”), as proposed herein.

**II.  
BACKGROUND**

In this Application and supporting Testimony and Exhibits, Southern California Gas Company (“SoCalGas”) requests approval to continue its Palm Desert Demonstration Partnership with the City of Palm Desert and the Southern California Edison Company (“SCE”) (collectively the “Partnership”) through the Commission’s 2010-2012 energy efficiency program cycle. This Application seeks approval to spend \$2.1 million in funding to generate 457,073 gross therms during the 2010-2012 Program Cycle. The Partnership has diligently worked to prepare a new portfolio of projects that will enable the program to reach its full capacity and opportunity for replication.

SoCalGas requests approval to fund the Partnership by shifting \$2.1 in funds from the 2010-2012 budgets authorized in Decision (D.) 09-09-047. Specifically, SoCalGas requests authority to utilize \$2.1 million unspent uncommitted monies from the 2004—2005 Energy Efficiency program cycles recorded in its Conservation Expense Account (“CEA”) to fund the Partnership. Since these funds have already been collected from customers, this request will not require a rate increase.

Further, on June 24, 2010, the Commission issued D.10-06-039 that authorizes continuation of the SoCalGas’ component of the Partnership and month-to-month funding until the Commission issues a decision on this application or until December 31, 2010, whichever comes first.

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

SoCalGas requests the Commission to:

1. Approve SoCalGas’ Application which would authorize SoCalGas to participate in and continue to fund its portion of the Partnership as requested and further described in the testimony of Mr. Frank Spasaro attached hereto as Chapter I; and,
2. Grant other such relief as the Commission deems necessary and prudent.

SoCalGas’ Application is supported by the testimony of one witness, Mr. Frank Spasaro. In Chapter I, Mr. Frank Spasaro, testifies to SoCalGas’ goals for the Partnership, its history and accomplishments to date, the reasons for continuing the Partnership and the requested sources of funding.

Mr. Spasaro’s prepared direct testimony is served concurrently herewith and incorporated in the Application by reference.

**IV.  
STATUTORY AND PROCEDURAL REQUIREMENTS**

**A. Proposed Category, Issues to be Considered, Need for Hearings and Proposed Schedule**

SoCalGas proposes to categorize this Application as a “ratesetting” proceeding within the meaning of Rules 1.3(e) and 7.1. SoCalGas further submits that hearings are unnecessary in this proceeding. As shown in its testimony, Commission policy supports the continuation of the Partnership. SoCalGas submits that any differences among parties which may arise as to the facts presented by SoCalGas in its testimony can and should be resolved without hearing.

In the event, however, hearings are required, SoCalGas proposes the following schedule:

**Schedule**

Filing of Application	July 2, 2010
Protests/Testimony of Interested Parties	August 6, 2010
Rebuttal Testimony Due	August 16, 2010
Pre-Hearing Conference	August 19, 2010
Hearings	August 25- 27, 2010
Concurrent Opening and Closing Briefs	September 17, 2010
Commission Issues Proposed Decision	October 18, 2010
Comments on Proposed Decision	November 8, 2010
Replies to Comments on Proposed Decision	November 15, 2010
Commission Issues Final Decision	November 19, 2010

**B. Statutory Authority – Rule 2.1**

This Application is made pursuant to Sections 451, 701, 702 , 728, and 729 of the Public Utilities Code of the State of California; the Commission’s Rule of Practice and Procedure; and the other relevant prior decisions, orders, and resolutions of the Commission.

**C. Legal Name, Place of Business/Incorporation – Rule 2.1(a)**

Applicant’s legal name is Southern California Gas Company. SoCalGas is a public utility corporation organized and existing under the laws of the State of California, with its principal place of business at 555 West Fifth Street, Los Angeles California 90013.

**D. Correspondence – Rule 2.1(b)**

Correspondence or communications regarding this application should be addressed to:

Joy Yamagata  
Regulatory Manager For:  
Southern California Gas Company  
8330 Century Park Ct,  
San Diego California 92123  
Telephone: (858) 654-1755  
Facsimile: (858) 654-1788  
E-Mail: [jyamagata@semprautilities.com](mailto:jyamagata@semprautilities.com)

With a copy to:

Steven D. Patrick  
Attorney For:  
Southern California Gas Company  
555 West 5<sup>th</sup> Street, Suite 1400  
Los Angeles, CA 90013  
Telephone: (213) 244-2954  
Facsimile: (213) 629-9620  
E-Mail: [SDPatrick@semprautilities.com](mailto:SDPatrick@semprautilities.com)

**E. Articles of Incorporation - Rule 16**

SoCalGas is incorporated under the laws of the State of California. A certified copy of the restated Articles of Incorporation, as last amended, currently in effect and certified by the

California Secretary of State, was filed with the Commission on October 1, 1998 in connection with SDG&E Application No. 98-10-012, and is incorporated herein by reference.

**F. Financial Statement, Balance Sheet, and Income Statement - Rule 3.2(a)(4)**

Appendix A to this Application is SoCalGas' Financial Statement, Balance Sheet and Income Statement as of March 31, 2010.

**G. Rates – Rules 3.2(a)(2) and 3.2(a)(3)**

Not applicable

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

A general description of SoCalGas' property and equipment was previously filed with the Commission on May 3, 2004 in connection with SoCalGas Application 04-05-058, and is incorporated herein by reference. Appendix B to this Application is a statement of SoCalGas' Costs of Property and Depreciation Reserve applicable thereto as of March 31, 2010.

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

Appendix C to this Application is a Summary of Earnings for SoCalGas for the 3 months ended March 31, 2010.

**J. Depreciation – Rule 3.2(7)**

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SoCalGas generally computes depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, "flow through accounting" has been adopted for such properties. For tax property additions in years 1981 through 1986, SoCalGas has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas has computed its tax depreciation using the Modified Accelerated

Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

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

A copy of SoCalGas' most recent proxy statement, dated April 29, 2010, as sent to all shareholders of SoCalGas' Parent Company, Sempra Energy, was mailed to the California Public Utilities Commission on May 13, 2010 and is incorporated herein by reference.

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

The changes that SoCalGas seeks in this Application reflect estimated costs to SoCalGas, and SoCalGas proposes to pass through to customers only costs that SoCalGas incurs for the services and commodities it furnishes.

**M. Service and Notice – Rule 3.2(b)**

SoCalGas is serving this Application on all parties to A.08-07-021, A.08-07-022, A08-07-023 and A.08-07-031.

**VI.  
RELIEF REQUESTED**

For the reasons set forth in this Application and accompanying testimony, SoCalGas respectfully asks the Commission to:

- 1) Consider this Application and grant all the relief requested herein; and
- 2) Find that SoCalGas' Partnership proposal will benefit its customers and are in conformance with State and Commission directives and policies; and
- 3) Grant other such relief as the Commission may deem necessary.

WHEREFORE, SoCalGas respectfully requests the Commission grant its Application as filed.

Dated this 2<sup>nd</sup> day of July, 2010.

Respectfully submitted,

*/s/ Hal Snyder*

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**Hal Snyder**  
Vice President  
Southern California Gas Company

*/s/ Steve D. Patrick*

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**Steven D. Patrick**  
Attorney for  
Southern California Gas Company

## VERIFICATION

I am an officer of Southern California Gas Company, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing Application are true and to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed this July 2, 2010 at Los Angeles, California.

*/s/ Hal Snyder*

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**Hal Snyder**  
Vice President  
Southern California Gas Company

# APPENDIX A

**SOUTHERN CALIFORNIA GAS COMPANY**  
**FINANCIAL STATEMENT**  
**MARCH 31, 2010**

(a) Amounts and Kinds of Stock Authorized:

Preferred Stock	160,000	shares	Par Value \$4,000,000
Preferred Stock	840,000	shares	Par Value \$21,000,000
Preferred Stock	5,000,000	shares	Without Par Value
Preference Stock	5,000,000	shares	Without Par Value
Common Stock	100,000,000	shares	Without Par Value

Amounts and Kinds of Stock Outstanding:

**PREFERRED STOCK**

6.0%	79,011	shares	\$1,975,275
6.0%	783,032	shares	19,575,800

**COMMON STOCK**

91,300,000	shares	834,888,907
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(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application Nos. 96-09-036 and 06-07-012, to which references are hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application Nos. 06-07-012 and 09-09-046 to which references are hereby made.

(d) Number and Amount of Bonds Authorized and Issued:

	Nominal Date of Issue	Par Value		Interest Paid in 2009
		Authorized and Issued	Outstanding	
<u>First Mortgage Bonds:</u>				
4.80% Series GG, due 2012	10-02-02	250,000,000	250,000,000	12,000,000
5.45% Series HH, due 2018	10-14-03	250,000,000	250,000,000	13,625,000
Var % Series II, due 2011	12-15-03	250,000,000	250,000,000	10,937,500
Var% Series JJ, due 2009	12-10-04	100,000,000	0	6,775,798
5.75% Series KK, due 2035	11-18-05	250,000,000	250,000,000	14,375,000
5.50% Series LL, due 2014	11-21-08	250,000,000	250,000,000	11,229,167
<u>Other Long-Term Debt</u>				
4.750% SFr. Foreign Interest Payment Securities	05-14-06	7,877,038	7,475,533	355,091
5.67% Medium-Term Note, due 2028	01-15-98	5,000,000	5,000,000	283,500

**SOUTHERN CALIFORNIA GAS COMPANY  
FINANCIAL STATEMENT  
MARCH 31, 2010**

<u>Other Indebtedness:</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>	<u>Interest Paid 2009</u>
Commercial Paper & ST Bank Loans	11/01/04	08/15/11	Various	0	\$0

Amounts and Rates of Dividends Declared:

The amounts and rates of dividends during the past five fiscal years are as follows:

<u>Preferred Stock</u>	<u>Shares Outstanding @ 12-31-09</u>	<u>Dividends Declared</u>				
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
6.0%	79,011	\$118,516	\$118,516	\$118,516	\$118,516	\$118,517
6.0%	783,032	1,174,548	1,174,548	1,174,548	1,174,548	1,174,548
	<u>862,043</u>	<u>\$1,293,064</u>	<u>\$1,293,064</u>	<u>\$1,293,064</u>	<u>\$1,293,064</u>	<u>\$1,293,065</u>

Common Stock

<u>Amount</u>	\$200,000,000	\$150,000,000	\$250,000,000	\$200,000,000	\$0 [1]
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A balance sheet and a statement of income and retained earnings of Applicant for the twelve months ended December 31, 2009, are attached hereto.

[1] [Southern California Gas Company dividend to parent company, Sempra Energy.](#)

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
MARCH 31, 2010**

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<b>1. UTILITY PLANT</b>		<u>2010</u>
101	UTILITY PLANT IN SERVICE	\$8,910,069,552
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	286,437,055
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,728,261,897)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(22,004,419)
117	GAS STORED-UNDERGROUND	<u>55,520,014</u>
	TOTAL NET UTILITY PLANT	<u>5,501,760,305</u>
 <b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	126,390,518
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(98,976,780)
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>30,413,860</u>

Data from SPL as of March 26, 2010

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
MARCH 31, 2010**

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**3. CURRENT AND ACCRUED ASSETS**

	<u>2010</u>
131 CASH	23,144,427
132 INTEREST SPECIAL DEPOSITS	-
134 OTHER SPECIAL DEPOSITS	-
135 WORKING FUNDS	92,775
136 TEMPORARY CASH INVESTMENTS	157,100,000
141 NOTES RECEIVABLE	-
142 CUSTOMER ACCOUNTS RECEIVABLE	500,457,599
143 OTHER ACCOUNTS RECEIVABLE	18,715,632
144 ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(4,409,398)
145 NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	172,662,636
146 ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	(9,113,888)
151 FUEL STOCK	-
152 FUEL STOCK EXPENSE UNDISTRIBUTED	-
154 PLANT MATERIALS AND OPERATING SUPPLIES	28,571,835
155 MERCHANDISE	8,104
156 OTHER MATERIALS AND SUPPLIES	-
163 STORES EXPENSE UNDISTRIBUTED	59,253
164 GAS STORED	21,638,821
165 PREPAYMENTS	6,668,576
171 INTEREST AND DIVIDENDS RECEIVABLE	16,794
173 ACCRUED UTILITY REVENUES	-
174 MISCELLANEOUS CURRENT AND ACCRUED ASSETS	25,855,456
175 DERIVATIVE INSTRUMENT ASSETS	7,323,404
176 LONG TERM PORTION OF DERIVATIVE ASSETS - HEDGES	5,384,169
	<hr/>
TOTAL CURRENT AND ACCRUED ASSETS	954,176,193

**4. DEFERRED DEBITS**

181 UNAMORTIZED DEBT EXPENSE	5,084,711
182 UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	933,681,278
183 PRELIMINARY SURVEY & INVESTIGATION CHARGES	42,933
184 CLEARING ACCOUNTS	(17,564)
185 TEMPORARY FACILITIES	-
186 MISCELLANEOUS DEFERRED DEBITS	5,980,570

**SOUTHERN CALIFORNIA GAS COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**MARCH 31, 2010**

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**5. PROPRIETARY CAPITAL**

	<u>2010</u>
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	(868,473,477)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	<u>24,855,788</u>
 TOTAL PROPRIETARY CAPITAL	 <u>(1,731,230,812)</u>

**6. LONG-TERM DEBT**

221 BONDS	(1,255,384,169)
224 OTHER LONG-TERM DEBT	(12,475,533)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	<u>1,925,491</u>
 TOTAL LONG-TERM DEBT	 <u>(1,265,934,211)</u>

**7. OTHER NONCURRENT LIABILITIES**

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(13,276,394)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(120,147,671)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(707,743,745)

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
MARCH 31, 2010**

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**8. CURRENT AND ACCRUED LIABILITES**

	<u>2010</u>
231 NOTES PAYABLE	-
232 ACCOUNTS PAYABLE	(305,494,817)
233 NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(13,297,235)
235 CUSTOMER DEPOSITS	(84,668,941)
236 TAXES ACCRUED	(38,875,239)
237 INTEREST ACCRUED	(19,276,991)
238 DIVIDENDS DECLARED	(323,265)
241 TAX COLLECTIONS PAYABLE	(24,860,972)
242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(157,194,739)
243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(10,144,330)
244 DERIVATIVE INSTRUMENT LIABILITIES	(956,806)
245 DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	<hr/>
TOTAL CURRENT AND ACCRUED LIABILITIES	(655,093,335)

**9. DEFERRED CREDITS**

252 CUSTOMER ADVANCES FOR CONSTRUCTION	(85,479,445)
253 OTHER DEFERRED CREDITS	(112,907,129)
254 OTHER REGULATORY LIABILITIES	(1,732,357,204)
255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(27,153,128)
257 UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(324,127,318)
283 ACCUMULATED DEFERRED INCOME TAXES - OTHER	(275,985,001)
	<hr/>
TOTAL DEFERRED CREDITS	(2,558,009,224)

**SOUTHERN CALIFORNIA GAS COMPANY  
STATEMENT OF INCOME AND RETAINED EARNINGS  
THREE MONTHS ENDED MARCH 31, 2010**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		\$1,183,636,041
401	OPERATING EXPENSES	\$927,188,901	
402	MAINTENANCE EXPENSES	27,029,946	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	75,267,253	
408.1	TAXES OTHER THAN INCOME TAXES	19,646,864	
409.1	INCOME TAXES	39,874,667	
410.1	PROVISION FOR DEFERRED INCOME TAXES	22,610,691	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(5,582,175)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(627,454)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		1,105,408,693
	NET OPERATING INCOME		78,227,347

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	32,153	
418	NONOPERATING RENTAL INCOME	(91,813)	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	(124,864)	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	(4,108,673)	
421	MISCELLANEOUS NONOPERATING INCOME	(52,501)	
421.1	GAIN ON DISPOSITION OF PROPERTY	0	
	TOTAL OTHER INCOME	(4,345,698)	
425	MISCELLANEOUS AMORTIZATION	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	889,699	
		889,699	
408.2	TAXES OTHER THAN INCOME TAXES	20,685	
409.2	INCOME TAXES	198,780	
410.2	PROVISION FOR DEFERRED INCOME TAXES	750,871	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(751,933)	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	218,403	

**SOUTHERN CALIFORNIA GAS COMPANY  
STATEMENT OF INCOME AND RETAINED EARNINGS  
THREE MONTHS ENDED MARCH 31, 2010**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$903,797,710
NET INCOME (FROM PRECEDING PAGE)	64,999,033
DIVIDEND TO PARENT COMPANY	(100,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	(323,266)
OTHER RETAINED EARNINGS ADJUSTMENT	<u>-</u>
RETAINED EARNINGS AT END OF PERIOD	<u>\$868,473,477</u>

# APPENDIX B

## SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of March 31, 2010

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
<b>INTANGIBLE ASSETS</b>				
301	Organization	\$ 76,457	\$ -	76,457
302	Franchise and Consents	\$ 550,693	\$ -	550,693
	Total Intangible Assets	\$ 627,150	\$ -	\$ 627,150
<b>PRODUCTION:</b>				
325	Other Land Rights	\$ 15,321	\$ -	15,321
330	Prd Gas Wells Const	\$ 4,092,459	\$ (62,922)	4,029,538
331	Prd Gas Wells Eqp	\$ 454,718	\$ (6,991)	447,726
332	Field LInes	\$ 7,157	\$ -	7,157
	Total Production	\$ 4,569,655	\$ (69,913)	\$ 4,499,742
<b>UNDERGROUND STORAGE:</b>				
350	Land	\$ 4,539,484	\$ -	4,539,484
350	Storage Rights	17,830,755	(16,757,671)	1,073,084
350	Rights-of-Way	25,354	(13,004)	12,350
351	Structures and Improvements	\$ 35,197,031	\$ (17,819,719)	17,377,312
352	Wells	\$ 212,365,923	\$ (140,533,203)	71,832,720
353	Lines	\$ 84,911,655	\$ (91,859,040)	(6,947,386)
354	Compressor Station and Equipment	\$ 112,929,494	\$ (65,503,730)	47,425,764
355	Measuring And Regulator Equipment	\$ 6,590,192	\$ (1,720,760)	4,869,432
356	Purification Equipment	\$ 85,299,210	\$ (58,496,388)	26,802,822
357	Other Equipment	\$ 18,869,045	\$ (3,440,008)	15,429,037
	Total Underground Storage	\$ 578,558,143	\$ (396,143,525)	\$ 182,414,618
<b>TRANSMISSION PLANT- OTHER:</b>				
365	Land	\$ 2,786,000	\$ -	2,786,000
365	Land Rights	20,456,148	(13,428,372)	7,027,776
366	Structures and Improvements	\$ 30,601,479	\$ (20,361,262)	10,240,217
367	Mains	\$ 1,040,538,171	\$ (503,090,129)	537,448,042
368	Compressor Station and Equipment	\$ 176,385,000	\$ (98,172,452)	78,212,547
369	Measuring And Regulator Equipment	\$ 46,489,485	\$ (25,302,227)	21,187,257
371	Other Equipment	\$ 4,019,343	\$ (2,178,930)	1,840,413
	Total Transmission Plant	\$ 1,321,275,626	\$ (662,533,372)	\$ 658,742,253
<b>DISTRIBUTION PLANT:</b>				
374	Land	\$ 28,254,507	\$ -	28,254,507
374	Land Rights	2,646,609	(12,264)	2,634,345
375	Structures and Improvements	\$ 211,344,730	\$ (53,601,746)	157,742,985
376	Mains	\$ 2,917,818,230	\$ (1,680,925,668)	1,236,892,562
378	Measuring And Regulator Equipment	\$ 64,160,283	\$ (45,631,533)	18,528,750
380	Services	\$ 2,004,809,631	\$ (1,617,198,087)	387,611,544
381	Meters	\$ 418,234,143	\$ (122,966,110)	295,268,033
382	Meter Installation	\$ 264,261,070	\$ (150,544,407)	113,716,663
383	House Regulators	\$ 114,350,545	\$ (47,111,507)	67,239,039
387	Other Equipment	\$ 25,090,999	\$ (18,974,556)	6,116,443
	Total Distribution Plant	\$ 6,050,970,748	\$ (3,736,965,878)	\$ 2,314,004,870
<b>GENERAL PLANT:</b>				
389	Land	\$ 1,243,021	\$ -	1,243,021
389	Land Rights	74,300	-	74,300
390	Structures and Improvements	\$ 118,472,318	\$ (107,428,151)	11,044,167
391	Office Furniture and Equipment	\$ 407,666,419	\$ (241,572,419)	166,094,000
392	Transportation Equipment	\$ 546,328	\$ 30,188	576,516
393	Stores Equipment	\$ 95,361	\$ (17,379)	77,982
394	Shop and Garage Equipment	\$ 52,001,404	\$ (23,867,655)	28,133,748
395	Laboratory Equipment	\$ 6,720,477	\$ (4,064,984)	2,655,493
396	Construction Equipment	\$ 106,465	\$ (72,639)	33,825
397	Communication Equipments	\$ 54,135,332	\$ (22,890,539)	31,244,793
398	Miscellaneous Equipment	\$ 3,744,074	\$ 1,204,667	4,948,741
	Total General Plant	\$ 644,805,498	\$ (398,678,911)	\$ 246,126,587
	Grand Total	\$ 8,600,806,820	\$ (5,194,391,599)	\$ 3,406,415,222

Asset Balance March 2010

Class	Description	Acq.value	Accum.dep.	Book Val
351		35,197,030.64	(17,819,718.74)	17,377,311.90
352		212,365,922.51	(140,533,202.78)	71,832,719.73
353		84,911,654.65	(91,859,040.28)	(6,947,385.63)
354		112,929,494.40	(65,503,730.47)	47,425,763.93
355		6,590,192.47	(1,720,760.38)	4,869,432.09
356		85,299,210.03	(58,496,388.18)	26,802,821.85
357		18,869,044.94	(3,440,008.37)	15,429,036.57
366		30,601,479.31	(20,361,262.44)	10,240,216.87
367		1,040,538,171.32	(503,090,129.24)	537,448,042.08
368		176,384,999.63	(98,172,452.44)	78,212,547.19
369		46,489,485.17	(25,302,226.58)	21,187,258.59
371		4,019,342.96	(2,178,929.94)	1,840,413.02
375		211,344,730.33	(53,601,745.58)	157,742,984.75
376		2,917,818,230.35	(1,680,925,668.37)	1,236,892,561.98
378		64,160,282.75	(45,631,532.64)	18,528,750.11
380		2,004,809,631.01	(1,617,198,086.74)	387,611,544.27
381		418,234,143.37	(122,966,110.36)	295,268,033.01
382		264,261,069.97	(150,544,407.29)	113,716,662.68
383		114,350,545.29	(47,111,506.71)	67,239,038.58
386		0.00	0.00	0.00
387		25,090,999.02	(18,974,556.11)	6,116,442.91
390		118,472,317.82	(107,428,150.96)	11,044,166.86
391		407,666,418.72	(241,572,418.65)	166,094,000.07
392		546,328.20	30,187.82	576,516.02
393		95,361.10	(17,378.63)	77,982.47
394		52,001,403.88	(23,867,655.39)	28,133,748.49
395		6,720,477.40	(4,064,984.08)	2,655,493.32
396		106,464.53	(72,639.05)	33,825.48
397		54,135,331.88	(22,890,539.22)	31,244,792.66
398		3,744,073.78	1,204,667.14	4,948,740.92
<b>Sub-Total</b>		<b>8,517,753,837.43</b>	<b>(5,164,110,374.66)</b>	<b>3,353,643,462.77</b>
301	Organization	76,456.94	0.00	76,456.94
302	Franchis. & Consents	550,693.45	0.00	550,693.45
325	Other Land Rights	15,321.01	0.00	15,321.01
330	Prd Gas Wells Const	4,092,459.29	(62,921.56)	4,029,537.73
331	Prd Gass Wells Eqp	454,717.70	(6,991.28)	447,726.42
332	Field LInes	7,157.27	0.00	7,157.27
G0135010	UGS-Land Ownd in Fee	4,539,483.87	0.00	4,539,483.87
350	UGS - Storage Rights	17,259,951.31	(16,186,867.75)	1,073,083.56
350	UGS-Recoverable Oil	570,803.61	(570,803.61)	0.00
G0135040	UGS - Rights of Way	25,354.32	(13,004.04)	12,350.28
365	Land	2,628,756.01	0.00	2,628,756.01
365	Land - Kern Mojave	157,243.62	0.00	157,243.62
G0136529	Land Rights (SCG)	20,456,147.65	(13,428,371.62)	7,027,776.03
G0137410	Land	28,254,506.82	0.00	28,254,506.82
G0137420	Land Rights	2,646,609.19	(12,264.07)	2,634,345.12
G0138910	Land Owned in Fee	1,243,021.06	0.00	1,243,021.06
G0138920	Land Rights	74,299.86	0.00	74,299.86
<b>Sub-Total</b>		<b>83,052,982.98</b>	<b>(30,281,223.93)</b>	<b>52,771,759.05</b>
<b>Grand Total</b>		<b>8,600,806,820.41</b>	<b>(5,194,391,598.59)</b>	<b>3,406,415,221.82</b>

# APPENDIX C

**SOUTHERN CALIFORNIA GAS COMPANY  
SUMMARY OF EARNINGS  
THREE MONTHS ENDED MARCH 31, 2010  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$1,184
2	Operating Expenses	<u>1,105</u>
3	Net Operating Income	<u><u>\$78</u></u>
4	Weighted Average Rate Base	\$2,810
5	Rate of Return*	8.68%

\*Authorized Cost of Capital

# **APPENDIX**

## **Service List of Potential Interested Parties**

**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
**Service Lists: A.08-07-021,022,023 and 031– Last Changed: June 30, 2010**

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **NOTICE OF AVAILABILITY** of the foregoing **APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904-G) FOR APPROVAL OF PALM DESERT PARTNERSHIP PROGRAM FUNDING LEVELS FOR 2010-2012** has been electronically mailed to each party of record of the service list in **A.08-07-021, A.08-07-022, A.08-07-023 and A.08-07-031**. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to Chief Administrative Law Judge Angela Minkin

Executed 2<sup>nd</sup> day of July, 2010 at Los Angeles, California.

*/s/ Marivel Munoz*

Marivel Munoz