

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

Application of SOUTHERN CALIFORNIA GAS  
COMPANY (U 904 G) for Review of its Safety Model  
Assessment Proceeding Pursuant To Decision 14-12-025.

Application No. 15-05-\_\_\_\_  
(Filed May 1, 2015)

**APPLICATION OF  
SOUTHERN CALIFORNIA GAS COMPANY  
SAFETY MODEL ASSESSMENT PROCEEDING**

Keith W. Melville  
101 Ash Street, HQ-12  
San Diego, CA 92101-3017  
Telephone: (619) 699-5039  
Facsimile: (619) 699-5027  
E mail: Kmelville@semprautilities.com  
Attorney for  
SOUTHERN CALIFORNIA GAS COMPANY

May 1, 2015

**TABLE OF CONTENTS**

**I. INTRODUCTION..... 1**

**II. OVERVIEW OF SOCALGAS’ S-MAP ..... 2**

**III. PLANNING FOR RISK IN THE CONTEXT OF GRC PROCEEDINGS..... 2**

**IV. EVALUATION OF MODELS..... 2**

**V. REVIEW PROCESS – WORKSHOPS ARE THE PREFERRED VEHICLE ..... 3**

**VI. SUMMARY OF TESTIMONY ..... 3**

**VII. STATUTORY AND PROCEDURAL REQUIREMENTS..... 3**

**A. Compliance with Rule 2.1 ..... 3**

**1. Proposed Category of Proceeding..... 4**

**2. Need for Hearing and Proposed Schedule ..... 4**

**B. Statutory Authority - Rule 2.1 ..... 6**

**C. Legal Name and Correspondence ..... 6**

**D. Articles of Incorporation - Rule 2.2 ..... 6**

**E. Financial Statement and Balance Sheet – Rule 2.3..... 7**

**F. Service..... 7**

**VIII. ATTACHMENTS AND APPENDICES ..... 7**

**IX. CONCLUSION ..... 8**

**VERIFICATION..... 1**

**Attachment A - Balance Sheet, Income Statement, Financial Statement and  
Summary of Earnings**

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

Application of SOUTHERN CALIFORNIA GAS  
COMPANY (U 904 G) for Review of its Safety Model  
Assessment Proceeding Pursuant To Decision 14-12-025.

Application No. 15-05-\_\_\_\_  
(Filed May 1, 2015)

**APPLICATION OF  
SOUTHERN CALIFORNIA GAS COMPANY  
SAFETY MODEL ASSESSMENT PROCEEDING**

Pursuant to Sections 750 *et seq.* of the California Public Utilities Code (“P.U. Code”) and Rules 2.1 *et seq.* of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Southern California Gas Company (“SoCalGas”) hereby files its Application for review of its Safety Model Assessment Proceeding (“S-MAP”) Framework and Program. This Application is in response to, and consistent with the direction provided in Commission Decision (“D.”) 14-12-025 (“Risk Framework Decision”).

**I. INTRODUCTION**

On November 14, 2013, the Commission opened Rulemaking (“R.”) 13-11-006 to determine how to incorporate risk-informed decision making into the Commission’s General Rate Case (“GRC”) process. In that Rulemaking the Commission ordered the four large energy investor-owned utilities (“IOUs”) to file applications for Safety Model Assessment Proceedings, and noted that the four applications would be consolidated.<sup>1</sup>

SoCalGas has made a commitment to continuously improving risk management practices with a focus on safety. This commitment to continuous improvement will lead to enhanced models, processes and methodologies. These tools will, as the Commission has anticipated, continue to evolve and, therefore, they will not look exactly the same in the next Risk Assessment Mitigation Phase (RAMP) and GRC filings. In fact SoCalGas’ testimony in its current GRC shows our expected trajectory and discusses our evolution and commitment to enhancing models, processes and methodologies.

---

<sup>1</sup> D.14-12-025, page 27.

## **II. OVERVIEW OF SOCALGAS' S-MAP**

In this Application and accompanying prepared direct testimony, SoCalGas complies with the directive in D.14-12-025 (at 30) to “file [its] separate S-MAP applications and serve prepared testimony which set forth and describe the approaches, models, and methodologies they plan to use to assess the risks in their utility operations and systems that pose a safety risk to the public and the utility employees, and how they plan to manage, mitigate, and minimize such safety risks in the context of their GRC proceedings.”

## **III. PLANNING FOR RISK IN THE CONTEXT OF GRC PROCEEDINGS**

SoCalGas is presently in the midst of its TY2016 GRC. Diana Day’s GRC Policy Testimony describes SoCalGas and San Diego Gas & Electric Company’s (SDG&E) commitment to continued development of our Enterprise Risk Management (ERM) governance, which will continue to facilitate the review and discussion of safety and security risks, mitigation strategies, and related investments while maintaining successful risk mitigation processes already in place. This ERM governance will improve consistency for SoCalGas and SDG&E in risk identification, analysis, evaluation and prioritization, to focus on the risks that are most critical to our businesses. The framework will be refined, as needed, to reflect ongoing changes in the risk environment of business unit operations, industry practices, Commission priorities, and new regulations. The approaches we use to identify, prioritize and mitigate risks will conform to the stated and emerging expectations of the Commission. In addition to Diana Day’s testimony which sponsors the risk management and policy testimony introducing SoCalGas and SDG&E’s risk management, Doug Schneider (representing the gas commodity at both utilities) and Dave Geier (representing the electric commodity at SDG&E) describe the past and current safety culture and risk management practices for gas and electric operations. Doug Schneider and Dave Geier provide an overview of funding requests to address risk in the current GRC. It is important to note that this S-MAP application is not the place to litigate funding. It is intended to review models used in the risk assessment framework.

## **IV. EVALUATION OF MODELS**

Safety Model Assessment models to be examined include SoCalGas’ overall risk framework (similar to the Cycla process) as well as models used in Transmission Integrity Management Program for risk assessment and those used by SoCalGas for cybersecurity.

Models presented by SoCalGas in this application are illustrative and are provided to show how SoCalGas examines key risks.

## **V. REVIEW PROCESS – WORKSHOPS ARE THE PREFERRED VEHICLE**

SoCalGas believes that the overall S-MAP process will prove more useful and more educational by using workshops rather than evidentiary hearings. Accordingly SoCalGas recommends a series of workshops be scheduled to address the relevant topics in the consolidated S-MAPs, including development of a lexicon and discussion of the models presented in all four S-MAP applications once they are consolidated. A more technical working subgroup is also a logical step for discussion of, e.g., algorithms utilized in various risk assessment models.

## **VI. SUMMARY OF TESTIMONY**

This Application is supported by the prepared testimonies of SoCalGas witnesses listed below, which are being separately served concurrently with the filing of this Application.

- The Prepared Direct Testimony of Jorge Da Silva provides information concerning SoCalGas' policy and Enterprise Risk Management, an overview of SoCalGas' testimony and existing models, SoCalGas' Risk Taxonomy, and proposed Risk Lexicon.
- The Prepared Direct Testimony of Mari Shironishi provides information concerning the Transmission Integrity Management Program risk analysis model used by SoCalGas.
- The Prepared Direct Testimony of Scott King provides information concerning SoCalGas cybersecurity modeling.

Note that electric risk modeling issues will be addressed in SDG&E's S-MAP application, which will be consolidated with SoCalGas' S-MAP application, and are thus not included here.

## **VII. STATUTORY AND PROCEDURAL REQUIREMENTS**

### **A. Compliance with Rule 2.1**

In accordance with Rule 2.1 of the Commission's Rules of Practice and Procedure, SoCalGas provides the following information concerning the proposed category for the proceeding,

the need for hearing, the issues to be considered, and a proposed schedule.

**1. Proposed Category of Proceeding**

SoCalGas proposes to categorize this Application as a “quasi-legislative” proceeding within the meaning of Commission Rules 1.3(e) and 7.1.

**2. Need for Hearing and Proposed Schedule**

SoCalGas does not believe that approval of this Application will require evidentiary hearings and respectfully requests that the Commission find that no hearing is necessary in respect of this Application. D.14-12-025 (at 30) suggests “possible workshops or the formation of a working group to better understand the S-MAP filings” and SoCalGas supports using both of those options. SoCalGas’ recommendations for workshops are contained in the proposed schedule below, and of course additional workshops might be beneficial. If, however, the Commission finds that an evidentiary hearing is necessary, SoCalGas requests that such hearing be conducted as briefly as practicable. SoCalGas proposes the following procedural schedule, which includes hearings only in the event hearings are deemed to be necessary to resolve disputed material facts at issue.

<u><b>ACTION</b></u>	<u><b>DATE</b></u>
Application filed	May 1, 2015
Responses/Protests filed, if any	30 days after notice of filing in Daily Calendar
Reply to Responses/Protests	June 5, 2015 (approx.)
Prehearing Conference	by June 30, 2015
Scoping Memo Issues	July 10, 2015
Workshops (and suggested topics)	by July 30, 2015
First workshop – overview, benchmarking; lexicon; Utility model presentations; addressing the need for subject matter expertise where data is limited and ways to capture/calibrate	July 14-16
Second workshop – risk modeling; Quantification in risk modeling; Inter-relations of risk mitigation Initiatives; remaining issues	July 28-30
Opening Testimony	by September 28, 2015
Rebuttal Testimony	by October 28, 2015
Hearings	by November 17, 2015 (only if needed)
Concurrent Opening Briefs	December 15, 2015
Concurrent Reply Briefs	January 15, 2016
ALJ Proposed Decision	March 1, 2016
Comments on Proposed Decision	(20 Days after PD) March 21, 2016
Final Commission Decision	April 2016

The issues in this proceeding are: review of the current SoCalGas Safety Model Assessment Framework pursuant to and consistent with D.14-12-025, with the features described in this Application and supporting documents and 2) whether SoCalGas' other proposals should be

authorized. At this time SoCalGas is unaware of any specific objections any party might raise to any of these issues.

**B. Statutory Authority - Rule 2.1**

This Application is filed pursuant to D.14-12-025 and complies with the applicable orders of the Commission and the Commission's Rules of Practice and Procedure.

**C. Legal Name and Correspondence**

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

The attorney representing SoCalGas in this matter is Keith W. Melville.

Correspondence or communications regarding this Application should be addressed to:

Greg Healy  
Regulatory Case Manager  
SOUTHERN CALIFORNIA GAS Company  
555 West Fifth Street, Los Angeles, California 90013  
Telephone: (213) 244-3314  
Facsimile: (213) 244-8449  
[GHealy@semprautilities.com](mailto:GHealy@semprautilities.com)

with copies to:

Keith W. Melville  
Senior Counsel  
SOUTHERN CALIFORNIA GAS Company  
101 Ash Street, HQ-12  
San Diego, CA 92101-3017  
Telephone: (619) 699-5039  
Facsimile: (619) 699-5027  
[KMelville@semprautilities.com](mailto:KMelville@semprautilities.com)

**D. Articles of Incorporation - Rule 2.2**

A copy of SoCalGas' Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission in SoCalGas Application No. 98-10-012, and is incorporated herein by reference.

**E. Financial Statement and Balance Sheet – Rule 2.3**

SoCalGas' Financial Statement and Balance Sheet for the twelve-month period ending December 31, 2014 are included with this Application as Attachment A. Although SoCalGas is not seeking any rate change in this Application, and therefore Commission Rule 3.2 is not applicable, SoCalGas also provides in Attachment A its Income Statement and Summary of Earnings for the twelve-month period ending December 31, 2014 for informational purposes only.

**F. Service**

This is a new application and no service list has been established. Accordingly, SoCalGas will serve this Application on the parties to the service list for R.13-11-006. Hard copies will be sent by overnight mail to the Assigned Commissioner in R.13-11-006, Carla Peterman, the Assigned Administrative Law Judge in R.13-11-006, John Wong, and Chief Administrative Law Judge, Karen V. Clopton.

**VIII. ATTACHMENTS AND APPENDICES**

Attachment A is a part of, and incorporated into, this Application:

Attachment A – SoCalGas' Balance Sheet, Income Statement,  
Financial Statement and Summary of Earnings

**IX. CONCLUSION**

WHEREFORE, SoCalGas respectfully requests that the Commission issue its Order herein, after review of SoCalGas' safety modeling framework, models, and proposals as set forth in this Application and supporting documents (including testimony, appendices and attachments) and take all necessary and related actions, including granting such additional authorizations as this Commission may deem appropriate.

DATED at San Diego, California, this 1st day of May 2015

Respectfully submitted,

*/s/ Keith W. Melville* \_\_\_\_\_

Keith W. Melville  
101 Ash Street, HQ-12  
San Diego, CA 92101-3017  
Telephone: (619) 699-5039  
Facsimile: (619) 699-5027  
E mail: Kmelville@semprautilities.com

Attorney for  
SOUTHERN CALIFORNIA GAS COMPANY

*/s/ Diana L. Day* \_\_\_\_\_

Diana L. Day  
Vice President - Enterprise Risk  
Management & Compliance  
SOUTHERN CALIFORNIA GAS COMPANY

## VERIFICATION

I am Diana L. Day, Vice President – Enterprise Risk Management & Compliance for SOUTHERN CALIFORNIA GAS COMPANY. I am an officer of SoCalGas and am authorized to make this verification for and on behalf of said corporation. The content of this document 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 under the laws of the State of California that the foregoing is true and correct.

Executed this 1st day of May, 2015 in San Diego, California.

By: /s/ Diana L. Day

Diana L. Day  
Vice President - Enterprise Risk  
Management & Compliance  
SOUTHERN CALIFORNIA GAS COMPANY

**Attachment A**  
(Balance Sheet, Income Statement,  
Financial Statement and  
Summary of Earnings)

**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>		<b>2014</b>
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	-
<b>TOTAL CURRENT AND ACCRUED ASSETS</b>		<b>983,503,783</b>
<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	-
<b>TOTAL DEFERRED DEBITS</b>		<b>1,998,952,396</b>
<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>\$ 11,079,164,536</b>

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	-
	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<b>(965,113,109)</b>
<b>9. DEFERRED CREDITS</b>		
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)
	<b>TOTAL DEFERRED CREDITS</b>	<b>(3,268,304,174)</b>
	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>\$ (11,079,164,536)</b>

Data from SPL as of April 23, 2015.

**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>

**SOUTHERN CALIFORNIA GAS COMPANY**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2014**

(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
------------	--------	-------------

(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application No. 96-09-046, to which references are hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application No. 09-09-046 to which reference is hereby made.

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

	Nominal Date of Issue	Par Value		Interest Paid in 2014
		Authorized and Issued	Outstanding	
<u>First Mortgage Bonds:</u>				
5.45% Series HH, due 2018	10-14-03	250,000,000	250,000,000	13,625,000
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	13,750,000
5.125% Series MM, due 2040	11-18-10	300,000,000	300,000,000	15,375,000
3.750% Series NN, due 2042	09-21-12	350,000,000	350,000,000	13,125,000
4.450% Series OO, due 2044	03-13-14	250,000,000	250,000,000	11,125,000
3.150% Series PP, due 2024	09-11-14	500,000,000	500,000,000	15,750,000
<u>Other Long-Term Debt</u>				
4.750% SFr. Foreign Interest Payment Securities	05-14-06	7,475,533	7,475,533	355,088
5.67% Medium-Term Note, due 2028	01-15-03	5,000,000	5,000,000	283,500

**SOUTHERN CALIFORNIA GAS COMPANY**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2014**

<u>Other Indebtedness:</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>	<u>Interest Paid 2014</u>
Commercial Paper & ST Bank Loans	12/14	01/15	Various	50,000,000	\$40,748

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 @ 12-31-13</u>	<u>Dividends Declared</u>				
		2010	2011	2012	2013	2014
6.0%	79,011	\$118,517	\$118,517	\$118,517	\$118,517	\$118,517
6.0%	783,032	1,174,548	1,174,548	1,174,548	1,174,548	1,174,548
	862,043	\$1,293,065	\$1,293,065	\$1,293,065	\$1,293,065	\$1,293,065

Common Stock

Amount	\$100,000,000	\$50,000,000	\$250,000,000	\$50,000,000	\$100,000,000	[1]
--------	---------------	--------------	---------------	--------------	---------------	-----

A balance sheet and a statement of income and retained earnings of Applicant for the twelve months ended December 31, 2014 are attached hereto.

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

**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