

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

Application of Southern California Gas Company
(U 904-G) for Approval To Extend the
Mobilehome Park Utility Upgrade Program.

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904-G)
FOR APPROVAL TO EXTEND THE MOBILEHOME PARK UTILITY
UPGRADE PROGRAM**

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

Application of Southern California Gas Company
(U 904-G) for Approval To Extend the
Mobilehome Park Utility Upgrade Program.

Application 17-05-____
(Filed on May 5, 2017)

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904-G)
FOR APPROVAL TO EXTEND THE MOBILEHOME PARK UTILITY
UPGRADE PROGRAM**

I. INTRODUCTION

In compliance with the California Public Utilities Commission (“Commission” or “CPUC”) Rules of Practice and Procedure, and Decision (“D.”) 14-03-021, Southern California Gas Company (“SoCalGas”) hereby files its Application for Approval To Extend the Mobilehome Park Utility Upgrade Program (“Application”).

II. BACKGROUND

On March 13, 2014, the Commission approved D.14-03-021, which established the Mobilehome Park (“MHP”) Pilot Program. D.14-03-021 authorized Investor Owned Utilities (“IOUs”)¹ to implement a three-year (2015-2017) Pilot Program to convert 10% of master-metered/submetered services at mobilehome parks to direct utility service. The focus of the MHP Pilot Program was first on safety and then on reliability and capacity improvements.²

¹ The IOUs consisted of SoCalGas, Bear Valley Electric Service, Liberty Utilities, PacifiCorp, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southwest Gas Corporation.

² D.14-03-021 at p. 3.

With regard to continuation of the MHP Pilot Program, Ordering Paragraph (“OP”) 13 of D.14-03-021 allowed the IOUs to file a Tier-2 Advice Letter within 45 days of the second annual status report to request continuation of the MHP Pilot Program “if the actual experience to that point appears to warrant continuation of the program without major modification.” D.14-03-021 also states, “at the end of the pilot any party may request continuation of the program under our Rules and may include recommendations for revisions of any aspect of the program.”³

Based on this direction, SoCalGas filed Advice Letter No. 5106 (“Advice Letter”) on March 17, 2017, in which SoCalGas requests Commission authority to continue the MHP Pilot Program past December 31, 2017 to complete conversion of the ten-percent target MHP spaces within SoCalGas’ service territory. In order to maintain the project and cost efficiencies achieved by avoiding cessation of the program altogether, SoCalGas also requests to continue the MHP Pilot Program past the original target -- up to approximately an additional five percent (5%) -- to serve as a bridge until the MHP Program proposed herein is approved.⁴ SoCalGas now files this formal application to extend the program for an additional six years to convert approximately an additional 26,000 MHP spaces⁵, or approximately twenty percent (20%)⁶, and

³ D.14-03-021 at p. 60.

⁴ The “bridge” conversions will not exceed 6,500 MHP spaces, or approximately 5% of MHP spaces in SoCalGas’ service territory. Approval of the request to extend the MHP Pilot Program in the Advice Letter will allow SoCalGas to continue a limited number of conversions of MHPs selected by the Safety and Enforcement Division in accordance with the programmatic structure of the MHP Pilot Program while the Commission considers SoCalGas’ MHP Program proposal, which recommends certain modifications from the MHP Pilot Program, in this Application. Once a decision on this Application is rendered, the program will be executed in accordance with the terms of the SoCalGas MHP Program approved by the decision on this Application.

⁵ Because SoCalGas will complete conversions of MHPs as prioritized by SED, the number and percentage of spaces sought to be converted by the bridge and SoCalGas MHP Program – as with the MHP Pilot Program – are approximate targets. Actual spaces and percentages will vary depending on the actual MHPs assigned for completion by SED since SoCalGas intends to convert all spaces within each MHP once assigned.

⁶ The approximate 26,000 MHP spaces sought to be converted herein – about twenty percent – is inclusive of the five percent bridge requested in Advice Letter No. 5106. To the extent the bridge sought by the Advice Letter is not approved prior to a decision on this Application, this Application seeks to

recommends certain revisions to improve the program.⁷ As demonstrated in the accompanying prepared direct testimony, good cause warrants extending and revising the program.

III. SUMMARY OF APPLICATION

SoCalGas' Application is supported by the prepared direct testimonies served concurrently with this Application and incorporated herein by reference. Chapter 1 is sponsored by Joe Velasquez and describes SoCalGas' overall proposal for the MHP Program, including the scale and timeframe of SoCalGas' MHP Program. Chapter 2 is sponsored by Dan Meltzer and presents the current structure of SoCalGas' MHP Program as well as proposed enhancements thereto. Hector Moreno sponsors Chapter 3, which discusses the direct capital and operations and maintenance ("O&M") forecasted costs for SoCalGas' MHP Program. Reginald Austria sponsors Chapter 4 and presents the proposed regulatory accounting treatment of costs for SoCalGas' MHP Program. Chapter 5 is jointly sponsored by Karen Chan and Ramon Gonzales; they present the revenue requirements resulting from the capital and O&M forecasts for SoCalGas' proposed MHP Program. Marjorie Schmidt-Pines sponsors Chapter 6 and describes:

- 1) the cost allocation and recovery of natural gas costs associated with the MHP Program; 2) a

obtain approval of that five percent within the scope of the twenty-percent request. To the extent the 5% bridge requested in the Advice Letter has been approved prior to a decision on this Application, SoCalGas' request in this Application will be reduced by the number of spaces converted as part of the bridge. For example, if 2% of the bridge has been converted by the time a decision is rendered on this Application, the scope of this Application shall be deemed to be 18% (i.e., the 20% request in this Application less the 2% bridge that actually has been converted to direct utility service).

⁷ As described in the Chapter 2 prepared direct testimony of Dan Meltzer, SoCalGas proposes the following changes from the MHP Pilot Program: (a) reduce the legacy system service discontinuance period from 90 days to 30 days (in the form of an amendment to the MHP Agreement); (b) clarify which party is responsible for environmental and cultural costs (in the form of an amendment to the MHP Agreement); (c) clarify who is responsible for costs associated with cancellation and discontinuance of the legacy system (in the form of an amendment to the MHP Agreement); (d) update Tariff Rule 44 to encompass the MHP Program; (e) conduct a new FOI submission and prioritization process rather than relying solely on the existing process and prioritization; (f) provide TTM treatment for certain permanent residential buildings such that conversion costs for these structures are covered by the program; and

summary of the gas transportation rate changes; and 3) an estimate of the residential customer bill impact.

SoCalGas requests that the Commission approve the following:

1. SoCalGas' MHP Program proposal to convert approximately an additional 26,000 MHP spaces in SoCalGas' service territory, or about an additional 20% of the eligible MHP spaces, to direct utility service over a six-year period⁸;
2. Certain program modifications to improve the program⁹, which modifications will be implemented following a decision on this Application;
3. The proposed regulatory accounting treatment of costs associated with the MHP Program, including an after-the-fact reasonableness review of costs as authorized in D.14-03-021¹⁰; and
4. Grant other such relief as the Commission deems necessary and prudent.

IV. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1 (a) – (c)

This Application is made pursuant to Sections 451, 454, 489, 491, 701, 728, 729, 957, and 958 of the Public Utilities Code of the State of California, the Commission's Rules of Practice and Procedure, and relevant decisions, orders, and resolutions of the Commission. In

(g) include certain RV spaces in MHPs within the scope of the SoCalGas MHP Program such that conversion costs would be covered by the program.

⁸ This request is inclusive of the request in Advice Letter No. 5106, i.e., the five percent requested in the advice letter is part of the 26,000 spaces, or approximately twenty percent, requested to be approved in this Application. Accordingly, this amount will be reduced by the number of spaces actually converted to direct utility service at the time a decision is rendered on this Application. *See also* fn. 6.

⁹ *See* fn. 8.

¹⁰ D.14-03-021 at p. 77 (Ordering Paragraph 8): "Review for reasonableness of 'to the meter' costs will occur in the general rate case where these costs are put into rate base. Review for reasonableness of 'beyond the meter' costs will occur in the first general rate case after service cut over."

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

1. Rule 2.1 (a) - Legal Name

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

2. Rule 2.1 (b) - Correspondence

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

JOSEPH MOCK

Regulatory Case Manager for:

SOUTHERN CALIFORNIA GAS COMPANY

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A copy should also be sent to:

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3. Rule 2.1 (c)

a. Proposed Category of Proceeding

SoCalGas proposes that this proceeding be categorized as "Ratesetting" under Rule 1.3(e) because the Application will have a potential future effect on SoCalGas rates.

b. Need for Hearings

SoCalGas does not anticipate that evidentiary hearings will be necessary.

c. Issues to be Considered and Relevant Safety Considerations

The principal issues to be considered in this proceeding are (1) whether or not the Commission should extend the Mobilehome Park Utility Upgrade Program, (2) whether or not the Commission should approve the proposed program modifications, and (3) whether or not the Commission should approve the proposed regulatory accounting treatment of costs associated with the MHP Program.

The focus of the MHP Pilot Program is first on safety and then on reliability and capacity improvements.¹¹ Likewise, the SoCalGas MHP Program proposed herein focuses on safety. As with the Pilot Program, these conversions will replace aging, privately installed gas distribution systems which may have had varying degrees of maintenance over the years with new, polyethylene systems that were professionally installed under the current safety standards, thereby enhancing the safety and reliability of gas service in these communities.

d. Proposed Schedule

SoCalGas proposes the following schedule for this Application:

EVENT	DATE
Application	May 5, 2017
Responses/Protests	June 5, 2017
SoCalGas Reply to Responses/Protests	June 19, 2017
Prehearing Conference	June 26, 2017
Intervenor Testimony	July 14, 2017
Rebuttal Testimony	July 31, 2017

¹¹ D.14-03-021 at p. 3.

Evidentiary Hearings (if needed)	August 21, 2017
Opening Briefs	September 22, 2017
Reply Briefs	October 6, 2017
Proposed Decision	December 2017
Commission Decision	January 2018

4. Rule 2.2 – Articles of Incorporation

A copy of SoCalGas’ Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on October 1, 1998, in connection with A.98-10-012, and is incorporated herein by reference.

B. Rule 3.2(a) – (d)

In accordance with Rule 3.2 (a) - (d) of the Commission’s Rules of Practice and Procedure, SoCalGas provides the following information.

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

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

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

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

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

A general description of SoCalGas’ property and equipment was previously filed with the Commission on May 3, 2004 in connection with SoCalGas’ Application 04-05-008, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve as of December 31, 2016 is attached as Attachment C.

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

The summary of earnings for SoCalGas is included herein as Attachment D.

5. Rule 3.2(a)(7) – Depreciation

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SoCalGas generally computes depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, “flow through accounting” has been adopted for such properties. For tax property additions in years 1981 through 1986, SoCalGas has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas has computed its tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

6. Rule 3.2(a)(8) – Proxy Statement

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

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

SoCalGas will, within twenty days after the filing this Application, mail a notice to the State of California and to the cities and counties in its service territory and all parties to R.11-02-018 (Rulemaking into Transfer of Master-Meter/Submeter systems at Mobilehome parks and Manufactured Housing Communities to Electric and Gas Corporations proceeding).

8. Rule 3.2(c) – Newspaper Publication

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

9. Rule 3.2(d) – Bill Insert Notice

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

V. RELIEF REQUESTED

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

1. SoCalGas' MHP Program proposal to convert approximately an additional 26,000 MHP spaces in SoCalGas' service territory, or about an additional 20% of the eligible MHP spaces, to direct utility service over a six-year period;
2. Certain program modifications to improve the program, which modifications will be implemented following a decision on this Application;
3. The proposed regulatory accounting treatment of costs associated with the MHP Program, including an after-the-fact reasonableness review of costs as authorized in D.14-03-021; and
4. Grant other such relief as the Commission deems necessary and prudent.

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

Respectfully submitted,

By: /s/ Gina Orozco-Mejia
 GINA OROZCO-MEJIA

Vice President – Gas Operations for:

SOUTHERN CALIFORNIA GAS COMPANY

By: /s/ Avisha A. Patel
 AVISHA A. PATEL

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May 5, 2017

ATTACHMENT A

Southern California Gas Company
Balance Sheet and Income Statement

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2016**

	1. UTILITY PLANT	<u>2016</u>
101	UTILITY PLANT IN SERVICE	\$14,378,623,921
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	882,711,320
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(5,183,509,007)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(48,816,615)
117	GAS STORED-UNDERGROUND	<u>61,422,045</u>
	TOTAL NET UTILITY PLANT	<u>10,090,431,664</u>
	 2. OTHER PROPERTY AND INVESTMENTS	
121	NONUTILITY PROPERTY	33,971,426
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(13,251,382)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
	NONCURRENT PORTION OF ALLOWANCES	108,856,088
124	OTHER INVESTMENTS	12,538
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	3,000,000
175	LONG TERM PORTION OF DERIVATIVE ASSETS	<u>21,760</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>132,610,430</u>

Data from SPL as of April 13, 2017.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2016**

3. CURRENT AND ACCRUED ASSETS		2016
131	CASH	11,704,951
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	89,641
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	636,370,307
143	OTHER ACCOUNTS RECEIVABLE	25,273,939
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(4,401,513)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	8,356,458
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	64,390,497
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
158	GHG ALLOWANCE	132,578,104
	(LESS) NONCURRENT PORTION OF ALLOWANCES	(108,856,088)
163	STORES EXPENSE UNDISTRIBUTED	301,869
164	GAS STORED	10,923,522
165	PREPAYMENTS	24,245,442
171	INTEREST AND DIVIDENDS RECEIVABLE	2,423,206
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	38,675,911
175	DERIVATIVE INSTRUMENT ASSETS	3,613,007
176	LONG TERM PORTION OF DERIVATIVE ASSETS	(21,760)
	TOTAL CURRENT AND ACCRUED ASSETS	845,667,493
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	19,654,489
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	2,579,059,998
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	16,190,719
184	CLEARING ACCOUNTS	(993,751)
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	861,467,693
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	7,863,267
190	ACCUMULATED DEFERRED INCOME TAXES	632,645,724
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	4,115,888,139
	TOTAL ASSETS AND OTHER DEBITS	\$ 15,184,597,726

Data from SPL as of April 13, 2017.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2016**

5. PROPRIETARY CAPITAL

	2016
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	(2,644,571,969)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	21,757,822
	(3,510,427,270)

6. LONG-TERM DEBT

221 BONDS	(3,000,000,000)
224 OTHER LONG-TERM DEBT	(9,338,770)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	7,483,412
	(3,001,855,358)

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	0
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(150,835,716)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(806,398,025)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
245 NONCURRENT DERIVATIVE INSTRUMENT LIABILITIES	(6,528)
230 ASSET RETIREMENT OBLIGATIONS	(1,658,855,755)
	(2,616,096,024)

Data from SPL as of April 13, 2017.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2016**

8. CURRENT AND ACCRUED LIABILITES		2016
231	NOTES PAYABLE	(61,997,000)
232	ACCOUNTS PAYABLE	(560,876,109)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(27,896,809)
235	CUSTOMER DEPOSITS	(75,806,209)
236	TAXES ACCRUED	(5,984,365)
237	INTEREST ACCRUED	(20,473,784)
238	DIVIDENDS DECLARED	(323,265)
241	TAX COLLECTIONS PAYABLE	(21,550,743)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(234,818,445)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(369,542)
244	DERIVATIVE INSTRUMENT LIABILITIES	(1,350,940)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	6,528
	TOTAL CURRENT AND ACCRUED LIABILITIES	(1,011,440,683)
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(76,909,917)
	OTHER DEFERRED CREDITS	(237,307,241)
254	OTHER REGULATORY LIABILITIES	(2,380,240,672)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(11,741,528)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,624,143,332)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(714,435,701)
	TOTAL DEFERRED CREDITS	(5,044,778,391)
	TOTAL LIABILITIES AND OTHER CREDITS	\$ (15,184,597,726)

Data from SPL as of April 13, 2017.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2016

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		3,470,973,027
401	OPERATING EXPENSES	2,114,428,417	
402	MAINTENANCE EXPENSES	206,158,925	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	475,606,324	
408.1	TAXES OTHER THAN INCOME TAXES	94,727,104	
409.1	INCOME TAXES	45,300,375	
410.1	PROVISION FOR DEFERRED INCOME TAXES	504,468,842	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(405,224,048)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(1,945,017)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	(176,565)	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		3,033,344,357
	NET OPERATING INCOME		437,628,670

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(345,324)	
418	NONOPERATING RENTAL INCOME	505,556	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	4,143,451	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	40,159,809	
421	MISCELLANEOUS NONOPERATING INCOME	(934,094)	
	TOTAL OTHER INCOME	43,529,398	
421.2	LOSS ON DISPOSITION OF PROPERTY	(411,122)	
425	MISCELLANEOUS AMORTIZATION	(3,254)	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(29,839,653)	
		(30,254,029)	
408.2	TAXES OTHER THAN INCOME TAXES	(130,635)	
409.2	INCOME TAXES	5,170,458	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(86,496,090)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	81,006,862	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(449,405)	
	TOTAL OTHER INCOME AND DEDUCTIONS		12,825,964
	INCOME BEFORE INTEREST CHARGES		450,454,634
	NET INTEREST CHARGES*		99,969,057
	NET INCOME		\$350,485,577

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$13,582,516)

Data from SPL as of April 13, 2017.

STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2016

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$2,295,379,456
NET INCOME (FROM PRECEDING PAGE)	350,485,577
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(1,293,064)
OTHER RETAINED EARNINGS ADJUSTMENT	<u>-</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$2,644,571,969</u></u>

ATTACHMENT B

Southern California Gas Company
Statement of Present and Proposed Rates

The Table below presents illustrative class average gas rate impacts (i.e. rate increases) associated with the proposals and related revenue requirements proposed in this Application.¹ Further details regarding the proposed revenue requirements and rate designs can be found in the direct testimony of Karen C. Chan and Ramon Gonzales (Chapter 5) and Marjorie Schmidt-Pines (Chapter 6).

Illustrative Class Average Gas Rate Impacts

Customer Class	Class Average Rates Effective 03/01/2017 (¢/Therm)	2023 Class Average Rates Reflecting Proposed Revenue Increase in this Application (¢/Therm)	Total Rate Increase (¢/Therm)	Percentage Rate Increase (%)
Residential	72.2	73.7	1.5	2.1%
Commercial	29.6	30.2	0.6	2.0%
Natural Gas Vehicles	15.0	15.2	0.2	1.6%
Large Industrial (distribution level service)	7.0	7.1	0.1	1.9%
Large Industrial (transmission level service)	2.0	2.1	0.0	1.3%
Backbone Transmission Service	32.1	32.1	0.0	0.0%
System Total	27.1	27.5	0.5	1.8%

¹ While there will be rate changes between 2018-2023, the chart above provides information for the highest year of the increases (2023). If cost sharing occurs with a partnering utility, the rates reflected may decrease.

ATTACHMENT C

Southern California Gas Company

Statement of Original Cost and Depreciation Reserve

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of December 31, 2016

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
INTANGIBLE ASSETS				
301	Organization	\$ 76,457	\$ -	\$ 76,457
302	Franchise and Consents	\$ 574,560	\$ -	\$ 574,560
	Total Intangible Assets	<u>\$ 651,017</u>	<u>0</u>	<u>\$ 651,017</u>
PRODUCTION:				
325	Other Land Rights	\$ 15,321	\$ -	\$ 15,321
330	Prd Gas Wells Const	\$ 5,557,139	\$ (1,415)	\$ 5,555,724
331	Prd Gas Wells Eqp	\$ 454,718	\$ (55)	\$ 454,663
332	Field Lines	\$ 1,731,111	\$ -	\$ 1,731,111
334	FldMeas&RegStnEquip	\$ 536,249	\$ -	\$ 536,249
336	Prf Eqpt	\$ 485,415	\$ -	\$ 485,415
	Total Production	<u>\$ 8,779,952</u>	<u>(1,470)</u>	<u>\$ 8,778,482</u>
UNDERGROUND STORAGE:				
350	Land	\$ 4,539,484	\$ -	\$ 4,539,484
350SR	Storage Rights	\$ 17,935,798	\$ (17,507,039)	\$ 428,759
350RW	Rights-of-Way	\$ 25,354	\$ (16,549)	\$ 8,805
351	Structures and Improvements	\$ 86,152,949	\$ (20,813,503)	\$ 65,339,446
352	Wells	\$ 387,700,314	\$ (159,163,019)	\$ 228,537,296
353	Lines	\$ 115,563,603	\$ (96,028,334)	\$ 19,535,269
354	Compressor Station and Equipment	\$ 162,905,253	\$ (63,778,057)	\$ 99,127,196
355	Measuring And Regulator Equipment	\$ 7,964,758	\$ (2,542,280)	\$ 5,422,477
356	Purification Equipment	\$ 150,420,143	\$ (73,042,229)	\$ 77,377,915
357	Other Equipment	\$ 49,928,215	\$ (12,627,955)	\$ 37,300,260
	Total Underground Storage	<u>\$ 983,135,872</u>	<u>(445,518,965)</u>	<u>\$ 537,616,907</u>
TRANSMISSION PLANT- OTHER:				
365	Land	\$ 2,204,096	\$ -	\$ 2,204,096
365LRTS	Land Rights	\$ 22,134,243	\$ (14,737,851)	\$ 7,396,392
366	Structures and Improvements	\$ 47,805,609	\$ (21,114,791)	\$ 26,690,818
367	Mains	\$ 1,754,084,223	\$ (648,202,944)	\$ 1,105,881,279
368	Compressor Station and Equipment	\$ 229,721,666	\$ (104,762,766)	\$ 124,958,900
369	Measuring And Regulator Equipment	\$ 119,312,479	\$ (26,320,696)	\$ 92,991,783
370	Communication Equipment	\$ 8,541,080	\$ (675,210)	\$ 7,865,870
371	Other Equipment	\$ 5,958,800	\$ (3,231,716)	\$ 2,727,084
	Total Transmission Plant	<u>\$ 2,189,762,196</u>	<u>(819,045,974)</u>	<u>\$ 1,370,716,222</u>
DISTRIBUTION PLANT:				
374	Land	\$ 28,985,386	\$ -	\$ 28,985,386
374LRTS	Land Rights	\$ 2,805,145	\$ (2,006,683)	\$ 798,462
375	Structures and Improvements	\$ 270,325,474	\$ (81,889,979)	\$ 188,435,495
376	Mains	\$ 4,310,627,875	\$ (2,232,730,181)	\$ 2,077,897,695
378	Measuring And Regulator Equipment	\$ 106,270,293	\$ (71,050,366)	\$ 35,219,927
380	Services	\$ 2,497,395,350	\$ (1,996,926,086)	\$ 500,469,264
381	Meters	\$ 906,078,109	\$ (172,972,597)	\$ 733,105,512
382	Meter Installation	\$ 538,686,488	\$ (156,063,138)	\$ 382,623,350
383	House Regulators	\$ 162,114,289	\$ (64,564,094)	\$ 97,550,194
387	Other Equipment	\$ 44,701,433	\$ (23,297,539)	\$ 21,403,894
	Total Distribution Plant	<u>\$ 8,867,989,844</u>	<u>(4,801,500,663)</u>	<u>\$ 4,066,489,181</u>

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of December 31, 2016

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
GENERAL PLANT:				
389	Land	\$ 1,342,839	\$ -	1,342,839
389LRTS	Land Rights	\$ 74,300	\$ (34,657)	39,643
390	Structures and Improvements	\$ 201,400,950	\$ (186,901,370)	14,499,580
391	Office Furniture and Equipment	\$ 1,115,500,449	\$ (620,948,842)	494,551,607
392	Transportation Equipment	\$ 461,223	\$ (316,470)	144,754
393	Stores Equipment	\$ 99,134	\$ (67,859)	31,275
394	Shop and Garage Equipment	\$ 62,019,641	\$ (24,855,691)	37,163,950
395	Laboratory Equipment	\$ 4,731,500	\$ (2,542,376)	2,189,124
396	Construction Equipment	\$ 11,957	\$ 3,409	15,366
397	Communication Equipments	\$ 158,433,110	\$ (38,746,574)	119,686,536
398	Miscellaneous Equipment	\$ 3,144,659	\$ (975,696)	2,168,963
	Total General Plant	<u>\$ 1,547,219,763</u>	<u>(875,386,126)</u>	<u>\$ 671,833,637</u>
	Subtotal	<u>\$ 13,597,538,644</u>	<u>(6,941,453,198)</u>	<u>\$ 6,656,085,446</u>
121	Non-Utility Plant	\$ 31,248,672	\$ (12,089,196)	19,159,477
117GSUNC	Gas Stored Underground - NonCurrent	\$ 61,422,045	\$ -	61,422,045
GCL	GCT - Capital Lease	\$ -	\$ -	0
	Total Other - Non-Utility Plant	<u>92,670,717</u>	<u>(12,089,196)</u>	<u>80,581,521</u>
	Total-Reconciliation to Asset History Totals	<u>13,690,209,361</u>	<u>(6,953,542,394)</u>	<u>6,736,666,967</u>
	December Asset 1020 Report	<u>13,690,209,361</u>	<u>(6,953,542,394)</u>	
	Difference	0	(0)	

ATTACHMENT D
Southern California Gas Company
Summary of Earnings

**SOUTHERN CALIFORNIA GAS COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2016
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,471
2	Operating Expenses	<u>3,033</u>
3	Net Operating Income	<u><u>\$438</u></u>
4	Weighted Average Rate Base	\$4,775
5	Rate of Return*	8.02%

*Authorized Cost of Capital