

**ORA DATA REQUEST
ORA-SCG-029-JOH
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: DECEMBER 5, 2017
DATE RESPONDED: DECEMBER 18, 2017**

Exhibit Reference: SCG-37-WP
SCG Witness: Ragan G. Reeves
Subject: Payroll Taxes

Please provide the following:

1. Exhibit SCG-37-WP, page 17 shows Southern California Gas Company 2019 GRC –APP Tax Workpapers for Ad Valorem Tax for Tax Year 2016 to 2019. In the same format, please provide the recorded 2012 to 2015 ad valorem taxes.

SoCalGas Response 1:

Please see the table below, which is in the same format as Exhibit SCG-37-WP, page 17. The table includes the recorded average ad valorem tax rates for 2012 through 2015. Note, however, that recorded amounts for the other inputs in the table (besides the ad valorem tax rates) are not available in this format; therefore, the other input amounts have been taken from the final Results of Operations (RO) model for the applicable year.

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	Tax Year 2012	Tax Year 2013	Tax Year 2014	Tax Year 2015
Gas Plant in Service	9,583,561	9,975,051	10,487,515	10,995,436
Materials & Supplies	16,953	24,108	26,817	24,550
Plant in Service per Books	9,600,514	9,999,160	10,514,332	11,019,986
Taxable Percentage (Note 1)	99.74%	98.72%	99.70%	99.70%
Taxable Plant in Service	9,575,691	9,871,266	10,483,301	10,987,463
Reserve for Depreciation per Books	5,538,806	5,756,846	6,025,658	6,303,276
Total Reserve for Depreciation	5,538,806	5,756,846	6,025,658	6,303,276
Taxable Percentage (Note 1)	96.43%	95.88%	95.27%	95.27%
Taxable Reserve for Depreciation	5,341,139	5,519,654	5,740,638	6,005,125
Historical Cost less Depreciation	4,234,553	4,351,612	4,742,663	4,982,338
Deferred Income Taxes	671,948	943,700	1,005,265	1,080,141
Taxable Percentage (Note 2)	96.94%	85.28%	85.91%	85.91%
100% Deferred Tax Reserve	651,385	804,795	863,577	927,899
HCLD Less 100% of DTR	3,583,168	3,546,817	3,879,086	4,054,439
Adjustment for Income Approach Valuation (Note 3)	102.67%	97.64%	102.01%	102.01%
Assessed Value - Unitary	3,678,800	3,463,200	3,956,900	4,135,770
Non-Unitary Percentage	2.23%	1.40%	1.40%	1.40%
Assessed Value - Non-Unitary	82,088	48,645	55,580	58,092
Total Assessed Value	3,760,888	3,511,845	4,012,480	4,193,862
Net Assessed Value	3,760,888	3,511,845	4,012,480	4,193,862
Average Tax Rate (Note 4)	1.235050%	1.244080%	1.251573%	1.265273%
Fiscal Year Ad Valorem Taxes	46,449	43,690	50,219	53,064
Misc. Ad Valorem Taxes (Note 5)	5	7	7	7
Total Fiscal Year Ad Valorem Taxes	46,454	43,697	50,226	53,071
Less:				
Non-Operating Taxes	83	170	170	170
Tax on Montebello Storage Facility (Non-Utility)	373	392	392	392
Other Than Tax Exp.	162	170	170	170
Fiscal Year Capitalized Tax on CWIP (Note 6)	855	1,654	2,544	3,217
Fiscal Year Ad Valorem Tax Expense - Operating	44,981	41,311	46,950	49,122
2nd Installment of Prior Year Tax Billed (April)	21,486	21,273	21,183	24,447
1st Installment of Current Year Tax Billed (December)	23,218	21,783	25,047	26,469
Less: Calendar Year Capitalized Tax on CWIP (Note 6)	690	1,019	2,288	2,799
Calendar Year Ad Valorem Tax Exp - Operating	44,013	42,037	43,941	48,117
Income Tax Adjustment	(968)	725	(3,009)	(1,005)

Note 1 - Includes adjustments for Inventory, Possessory Interests, Software, and Leased Equipment, etc. either added or deducted from Historical Cost and Depreciation Reserve.

Note 2 - Eliminates deferred taxes on non-taxable items from book deferred taxes.

Note 3 - In 2013, SBE used 25% of Income Approach to arrive at SCG's assessed value.

Note 4 - Recorded ad valorem average tax rates.

Note 5 - Taxes paid directly to special districts.

Note 6 - Beginning with calendar year 2012, property tax on CWIP will be capitalized. This adjustment removes that tax from expense.

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2. At the bottom of Exhibit SCG-37-WP, page 17, there is a line item “Income Tax Adjustment.” Please explain what this line item is, and how the number is derived. Also provide an active Excel spreadsheet showing how the number is calculated.

SoCalGas Response 2:

The “Income Tax Adjustment” line item is the difference between the book and tax amounts of ad valorem taxes for each year. The amount is a temporary timing difference and is reflected as a Schedule M adjustment on SoCalGas’ income tax returns. The adjustment is derived by subtracting the amount for “Fiscal Year Ad Valorem Tax Expense – Operating” (the tax amount) from the amount for “Total Calendar Year Ad Valorem Tax Exp – Operating” (the book amount).

Because the calculation is simply the difference between two line items (as explained above), SoCalGas does not believe that an Excel spreadsheet showing the calculation is necessary. However, if ORA believes an Excel spreadsheet showing the calculation would still be helpful, please let us know and we will provide an Excel spreadsheet that shows the calculation.

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3. Please provide the actual ad valorem taxes paid out for years 2012 to 2016

SoCalGas Response 3:

<u>Fiscal Year</u>	<u>Ad Valorem Taxes Paid</u>
2012/2013	\$ 44,553,285
2013/2014	\$ 43,303,682
2014/2015	\$ 50,214,276
2015/2016	\$ 56,134,194
2016/2017	\$ 65,652,908