ORA DATA REQUEST
ORA-SCG-127-CL8
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 7, 2018
DATE RESPONDED: FEBRUARY 20, 2018

Exhibit Reference: SCG-38-WP-R
SCG Witness: Karen Chan
Subject: Working Cash

Please provide the following:

1. Schedule H-9 (Pension) of Ex. SCG-38-WP-R indicates that pension payments were made in the third and fourth quarters of 2016.
    a. Please explain why the payments include no amounts that are ascribed to service periods for the first or second quarter of 2016.
    b. If the amounts of the third and fourth quarter payments include any amounts, including true-up amounts, that reflect first or second quarter service periods, please identify these amounts and their corresponding service periods.
    c. Please explain whether SoCalGas expects that 2019 payments will be made upon a similar schedule, in which no first and second quarter service periods will be recognized.

SoCalGas Response 1:

a. The current funding policy is based upon ERISA and the IRS' minimum required contribution. In addition to determining the amount of funding required, those rules also define timing requirements for such contributions. Under those rules, the minimum required contribution for a given plan year must typically be satisfied by September 15th of the following year (for example, contributions for the 2016 plan year are due by September 15, 2017). However, quarterly contributions are required for a given plan year if the plan had a funding shortfall in the preceding year, in which case installments are due by April 15th, July 15th and October 15th of the plan year plus January 15th of the following year. These quarterly installments count towards the minimum required contribution for the year, the balance of which must then be satisfied by September 15th of the following year. That said, the Company always strives to make all contributions before the end of the year, typically with a final contribution around December 15th.

   For example, the Southern California Gas Company Pension Plan did not have a funding shortfall as of January 1, 2015 and therefore there were no quarterlies due for the 2016 Plan Year. The Company could have satisfied the minimum required contribution for 2016 at any time through September 15, 2017.

   When no quarterly contributions are required, the Company must wait until the plan's actuary completes the annual actuarial valuation, as until then, it won't be known whether contributions will be required at all. Once the actuary finalizes the actuarial valuation, typically some time in the 3rd quarter, the Company typically makes a contribution around October 15th equal to ¾ of the minimum required contribution for the year (to make whole for the first three quarters). Any remaining contribution will be made by December 15th.

SoCalGas Response 1 Continued:

For 2016, no quarterly contributions were required, and therefore no contributions were made in April or July. Once the actuarial valuation was finalized in the third quarter, it was determined that the 2016 minimum required contribution was $67,044,977. As a result, the Company made a true up contribution of ¾ of that amount in October (rounded up to $50,300,000). The final amount, adjusted for interest, was then contributed in December.

b. See response to a) above for details.

c. Under the new proposed pension plan funding policy, this will not be an issue. The new funding policy will determine contribution amounts in advance, and will allow the Company to fund those amounts in equal quarterly instalments throughout the year. Therefore, the Company will be able to make contributions in Q1 and Q2 each year, even if the actuarial valuation is not yet completed. In the rare situation where the actuarial valuation would find the funding policy amount to be insufficient to meet minimum requirements, a true up contribution would still take place in Q3.