

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

Application of SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G) for Authority to Establish
Its Authorized Cost of Capital for Utility
Operations for 2020 and to Reset the Annual
Cost of Capital Mechanism.

A.19-04-018

(Filed April 22, 2019)

**SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
RESPONSE TO EMAIL RULING OF ADMINISTRATIVE LAW JUDGE
BRIAN STEVENS DATED JUNE 12, 2019**

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June 13, 2019

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Pursuant to the Email Ruling of Administrative Law Judge Brian Stevens dated
June 12, 2019, Southern California Gas Company attaches hereto the “corrected”
PDF/A-1b version of the Application.

Respectfully submitted,

By: /s/ Johnny J. Pong

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**TEST YEAR 2020 COST OF CAPITAL APPLICATION OF
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April 22, 2019

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	BACKGROUND	1
III.	LEGAL STANDARDS	4
IV.	SUMMARY OF PROPOSALS	5
	A. Test Year 2020 Cost of Capital and Rate of Return	5
	B. Authorized Capital Structure	6
	C. Return on Equity	8
	D. Cost of Capital Mechanism.....	8
V.	SUPPORTING TESTIMONY	10
	A. Overview.....	10
	B. Additional Questions Pursuant to D.17-07-005 (Ordering Paragraph 3).....	12
VI.	RELIEF REQUESTED.....	14
VII.	STATUTORY AND PROCEDURAL REQUIREMENTS.....	15
	A. Rule 2.1	15
	1. Rule 2.1 (a) – Legal Name	15
	2. Rule 2.1 (b) – Correspondence	15
	3. Rule 2.1 (c).....	15
	B. Rule 2.2 – Articles of Incorporation	17
	C. Rule 3.2.....	17
	1. Rule 3.2(a)(1) – Balance Sheet and Income Statement	17
	2. Rule 3.2(a)(2) and (3) – Statement of Present and Proposed Rates.....	17
	3. Rule 3.2(a)(4) – Description of Applicant’s Property and Equipment.....	17
	4. Rules 3.2(a) (5) and (6) – Summary of Earnings.....	18
	5. Rule 3.2(a)(7) – Depreciation	18
	6. Rule 3.2(a)(8) – Proxy Statement	18
	7. Rule 3.2(a)(10) – Pass Through of Cost	18
	8. Rule 3.2(b) - (d) – Service and Notice.....	19
VIII.	CONCLUSION.....	19

OFFICER VERIFICATION

ATTACHMENTS A THROUGH D

**BEFORE THE PUBLIC UTILITIES COMMISSION
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A.19-04-_____
(Filed April 22, 2019)

**TEST YEAR 2020 COST OF APPLICATION OF
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

I. INTRODUCTION

In accordance with the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, and Commission decisions (D.) 12-12-034 and D.13-03-015 (as modified by D.16-02-019, D.17-07-005, and D.18-01-001), Southern California Gas Company (SoCalGas) hereby submits its Cost of Capital application to establish its authorized Cost of Capital for Test Year 2020, and to revise its gas rates accordingly. SoCalGas also requests that the Commission reset its currently authorized Cost of Capital Mechanism, with proposed modifications.

II. BACKGROUND

In Application (A.) 12-04-016, SoCalGas filed its last Cost of Capital application for Test Year 2013. The Commission consolidated the filed Cost of Capital applications filed by the four major California gas/electric utilities: Southern California Edison Company (A.12-04-015), San Diego Gas & Electric Company (A.12-04-016), SoCalGas (A.12-04-017), and Pacific Gas and Electric Company (A.12-04-018) (collectively, California IOUs).

The case was bifurcated into two phases. Phase 1 addressed the Test Year 2013 authorized Cost of Capital proposals. Phase 2 addressed the Cost of Capital Mechanism proposals. In Phase 1, the Commission issued D.12-12-034, whereby the Commission adopted and authorized SoCalGas' Cost of Capital for 2013:¹

Test Year 2013			
Component	Capital Ratio	Cost	Weighted Cost
Long-Term Debt	45.60%	5.77%	2.63%
Preferred Equity	2.40%	6.00%	0.14%
Common Equity	52.00%	10.10%	5.25%
Rate of Return (ROR)	100.00%		8.02%

The Commission subsequently adopted Cost of Capital Mechanisms for the California IOUs in its Phase 2 decision (D.13-03-015), through adoption of an unopposed stipulated agreement among the California IOUs and Division of Ratepayer Advocates.² In that decision, the Commission directed the California IOUs to file their next Cost of Capital applications on April 15, 2015 for a Test Year 2016.³

Subsequently, the California IOUs sought two separate one-year extensions of the application filing date. By letter dated December 24, 2014, the Commission's Executive Director extended the application filing data by one year, to April 20, 2016. By letter dated November 25, 2015, the Executive Director granted another one-year extension (to April 2017).

On February 7, 2017, the California IOUs (jointly with Office of Ratepayer Advocates and The Utility Reform Network) filed a petition for modification of D.12-12-034 and D.13-03-

¹ See D.12-12-034 *mimeo*, p. 53 (Ordering Paragraph 3).

² California Public Advocates was formerly named Office of Ratepayer Advocates and Division of Ratepayer Advocates.

³ See D.13-03-015, *mimeo*, p. 10 (Conclusion of Law 5).

015 for purposes of requesting (1) reduction of the authorized Return on Equity for each utility, (2) a reset of each utility’s authorized cost of Long-Term Debt and cost of Preferred Equity (*i.e.*, Preferred Stock) in 2018, and (3) an extension of the next Cost of Capital application filing date to April 22, 2019.⁴ In D.17-07-005, the Commission granted the petition for modification, including a two-year deferral of the next Cost of Capital proceeding. In D.17-07-005 and D.18-01-001, the Commission directed (and confirmed) that the California IOUs were to file their next Cost of Capital applications by April 22, 2019 for a Test Year 2020.⁵ As a result of the granting of the petition for modification, SoCalGas adjusted its authorized Cost of Capital for January 1, 2018:⁶

2018 – Current			
Component	Capital Ratio	Cost	Weighted Cost
Long-Term Debt	45.60%	4.33%	1.97%
Preferred Equity	2.40%	6.00%	0.14%
Common Equity	52.00%	10.05%	5.23%
Rate of Return (ROR)	100.00%		7.34%

The Cost of Capital Mechanisms remained operational in 2018 to change the Cost of Capital for 2019 in the event the mechanism for any of the California IOUs triggered.⁷

SoCalGas’ Cost of Capital Mechanism has not triggered since it was adopted in D.13-03-015.

⁴ See Pacific Gas and Electric Company (U 39-M), San Diego Gas & Electric Company (U 902-M), Southern California Edison Company (U 338-E), and Southern California Gas Company (U 904-G), Office of Ratepayer Advocates, and The Utility Reform Network Joint Petition for Modification of Decisions 12-12-034 and 13-03-015 (February 27, 2017), p. 2.

⁵ See D.17-07-005, *mimeo*, p. 11. See also D.18-01-001, *mimeo*, p. 2 (Ordering Paragraph 1).

⁶ SoCalGas updated its authorized Cost of Capital for 2018 through the filing of Advice Letter No. 5192-G. This document presented the calculation of the revised Rate of Return, as depicted in the table.

⁷ See D.17-07-005, *mimeo*, p. 5.

III. LEGAL STANDARDS

The legal standard for setting a fair rate of return has been established by the United States Supreme Court in the Bluefield and Hope cases.⁸ According to the Bluefield decision:

A public utility is entitled to such rates as will permit it to earn a return upon the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties . . . The return should be reasonably sufficient to assure confidence in the financial soundness of the utility, and should be adequate, under efficient and economical management, to maintain and support its credit, and enable it to raise the money necessary for the proper discharge of its public duties.⁹

The Hope decision reinforces principles articulated in the Bluefield decision:

From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock . . . By that standard the return to the equity owner should be commensurate with the returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and attract capital.¹⁰

The Commission stated, “in applying these parameters, we must not lose sight of our duty to utility ratepayers to protect them from unreasonable risks including risks of imprudent management.”¹¹ In addition to Bluefield and Hope, the Duquesne decision stands for the guiding principle that the Constitution protect utilities from being limited to a charge for their property serving the public which is so unjust as to be confiscatory.¹² If “the rate does not afford

⁸ See D.12-12-034 at 17.

⁹ Bluefield Water Works Co. v. Public Serv. Comm’n, 262 U.S. 679, 692 (1923).

¹⁰ Federal Power Comm’n v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944).

¹¹ See D.12-12-034 at 17.

¹² See Duquesne Light Co. v. Barasch, 488 U.S. 299, 307 (1989).

sufficient compensation, the State has taken the use of utility property without paying just compensation and so violated the Fifth and Fourteenth Amendments.”¹³

IV. SUMMARY OF PROPOSALS

A. Test Year 2020 Cost of Capital and Rate of Return

In this application, SoCalGas is requesting the Commission adopt a Test Year 2020 Cost of Capital, as shown below.

Test Year 2020			
Component	Capital Ratio	Cost	Weighted Cost
Long-Term Debt	43.60%	4.23%	1.84%
Preferred Equity	0.40%	6.00%	0.02%
Common Equity	56.00%	10.70%	5.99%
Rate of Return (ROR)	100.00%		7.85%

SoCalGas’ proposed Cost of Capital, if adopted, would result in a decrease in the Long-Term Debt ratio (minus 200 basis points¹⁴), a decrease in the Preferred Equity ratio (minus 200 basis points), and commensurate increase in the Common Equity ratio (plus 400 basis points). In addition, SoCalGas is requesting (1) a decrease of embedded costs for Long-Term Debt from 4.33% to 4.23%, (2) to maintain its embedded costs for Preferred Equity of 6.00%, and (3) an increase in its currently authorized Return on Equity from 10.05% to 10.70%. On a weighted cost basis, SoCalGas’ proposed Cost of Capital structure would result in a Rate of Return of 7.85%, which represents a 51 basis point increase from its currently authorized 7.34%.

¹³ Id. at 308.

¹⁴ One basis point = 0.01%. Ten basis points = 0.10%. A hundred basis points = 1.0%.

This increase in Rate of Return, if adopted, would equate to an increase in overall transportation revenues of \$40.14 million for 2020 (or 1.3%). A typical residential customer using 34 therms of gas per month will see a \$0.46 monthly bill increase in 2020 (or 1.1%).

B. Authorized Capital Structure

The Long-Term Debt ratio of a utility's authorized ratemaking capital structure represents a measurement of a company's financial leverage. A high Long-Term Debt ratio increases the risk of debt repayment to lenders and, all other things being equal, will result in higher costs of capital over the long-term since the utility will not be as competitive in issuing new Long-Term Debt at low costs. Conversely, a low Long-Term Debt ratio is not preferred as it does not take advantage of a tax-deductible source of financing, resulting in lower cost than equity.

Preferred Equity is a source of capital that is issued in shares and pays dividends, like Common Equity, but Preferred Equity dividends are paid at an agreed upon amount at regular intervals. Preferred Equity generally has a lower cost than Common Equity, but higher cost than Long-Term Debt. Credit rating agencies generally treat Preferred Equity as a hybrid of debt and equity, assigning a percentage of equity content in accordance with the security's features.

The Common Equity component represents the amount of capital funded by shareholders. The Common Equity ratio reflects how a company is financing its cash needs and shows the percentage of assets on which the shareholders have a claim. A high Common Equity ratio lowers financial risk by reducing the reliance on Long-Term Debt.

SoCalGas is proposing to revise its authorized capital ratios to more closely align with its actual capital structure experience since 2013, as shown below.¹⁵

Recorded	2013	2014	2015	2016	2017	2018	2013-2018 Average	Proposed 2020
Long-Term Debt	35.52%	40.61%	44.31%	46.11%	43.47%	44.80%	42.47%	43.60%
Preferred Equity	0.55%	0.46%	0.38%	0.33%	0.31%	0.28%	0.38%	0.40%
Common Equity	63.94%	58.93%	55.31%	53.56%	56.22%	54.92%	57.15%	56.00%

In prior decisions, the Commission adopted authorized capital structures which closely aligned with a utility’s actual capital structures. In the California IOUs’ last Cost of Capital case (A.12-04-015 et al.), the Commission approved San Diego Gas & Electric Company’s (SDG&E) requested Common Equity ratio because it was consistent with their actual Common Equity ratio.¹⁶ In addition, in the 2017 proceeding for large California water utilities,¹⁷ the utilities requested capital structures that were slightly higher than their average historical capital structures. Ultimately, the Commission adopted the utilities’ proposals, stating that their request was not materially different than the recent historical actual capital structures proposed by the Office of Ratepayer Advocates (now identified as California Public Advocates).¹⁸

SoCalGas’ comprehensive authorized capital structure proposal more closely aligns with SoCalGas’ actual capital structure levels, and is one the company can manage and maintain for the next Cost of Capital cycle. The Commission’s adoption of this capital structure will support SoCalGas’ ability to maintain a solid credit rating, and its ability to moderate financial risk.

¹⁵ See Exhibit SCG-02 (Gonzalez), pp. 5, 12, 13, and Appendix C (figures are rounded to the hundredth decimal point. If percentages do not sum to 100.00%, it is due to rounding).

¹⁶ See D.12-12-034 at 11.

¹⁷ A.17-04-001 et al.

¹⁸ See D.17-04-001, *mimeo*, p. 21.

C. Return on Equity (ROE)

Dr. Morin sponsors SoCalGas' authorized ROE proposal of 10.70%. He examined the company's risks and concluded that its risk environment exceeds the natural gas utility industry average. Dr. Morin employed the traditional Cost of Capital estimating methodologies which assume business-as-usual circumstances, and then performed a risk adjustment in order to account for SoCalGas' higher than average investment risks. His ROE recommendation is derived from Cost of Capital studies that he performed using the financial models (*i.e.*, Discounted Cash Flow, Risk Premium, and Capital Asset Pricing Model), as well as his application of professional judgment to the results, to a group of investment-grade natural gas distribution utilities and a group of investment-grade combination gas and electric utilities. He also surveyed and analyzed the historical risk premiums in the utility industry and risk premiums allowed by regulators as indicators of the appropriate risk premium for the utility industry. Dr. Morin added an additional risk premium to the results obtained from the various methodologies in order to account for SoCalGas' higher than average investment risk compared to other natural gas utilities.

Dr. Morin concludes that his recommended ROE of 10.70% is required in order for SoCalGas to: (i) attract capital on reasonable terms, (ii) maintain its financial integrity, and (iii) earn a return commensurate with returns on comparable risk investments.

D. Cost of Capital Mechanism (CCM)

SoCalGas is also requesting that the Commission extend its current CCM, which functions to automatically adjust the authorized Cost of Capital based on material bond rate fluctuations. The current CCM is fundamentally simple in its construction and consists of (i) a benchmark interest rate (based on Moody's "A" Utility Bond Index) and (ii) a 100 basis point

dead band from that benchmark, which determines whether the CCM will trigger. If bond rates fluctuate in either direction beyond the dead band, the CCM will automatically trigger, thereby causing several components of the authorized Cost of Capital to become adjusted (*i.e.*, the ROE, embedded costs of Long-Term Debt and Preferred Equity), and an updated Cost of Capital (and Rate of Return) will become effective on January 1 of the following year.

The Commission recognized the benefits of the CCM when it adopted it for the California energy IOUs in the last Cost of Capital (Phase 2) proceeding:

This CCM streamlines the major energy utilities' COC process while providing greater predictability of the utilities' COC by eliminating the use of interest rate forecasts and disputes concerning interest rate levels and trends, as well as uncertainties associated with conflicting perceptions of financial markets and the return requirements of investors. Hence, shareholders and ratepayers alike share the burden and benefits of market changes, while eliminating the burden of annual COC applications. The CCM also enables the utilities, interested parties, and Commission staff to reduce and reallocate their respective workload requirements for litigating annual COC proceedings.¹⁹

In addition, credit rating agencies and banks have indicated their preference for the automatic rate-setting mechanism, since it provides greater clarity and transparency in understanding changes to a utility's ROE compared to the uncertainty of trying to predict the outcome of litigation. This in turn promotes a degree of stability; and, financial markets generally respond favorably to stability.

However, based on the assessment of recent rating agency information and actions, SoCalGas proposes that the dead band be narrowed from 100 basis points to 50 basis points. In the current environment, the CCM should be modified to be more receptive to fluctuations in bond rate as well as movement in a utility's credit ratings (which set the benchmark), so that the

¹⁹ See D.13-03-015, *mimeo*, p. 7.

mechanism can more appropriately and effectively regulate SoCalGas' Cost of Capital until the next application is filed and approved.

V. SUPPORTING TESTIMONY

A. Overview

SoCalGas' Cost of Capital application is accompanied by prepared direct testimonies from five witnesses, as summarized below:

- **Exhibit SCG-01, Policy Overview (witness: Bruce Folkmann).** This testimony provides an overview of SoCalGas' Cost of Capital proposals for the Test Year 2020 and the period until the Cost of Capital is next updated by application.
- **Exhibit SCG-02, Authorized Capital Structure (witness: Ricardo Gonzalez).** This testimony presents SoCalGas' authorized capital structure proposal. Mr. Gonzalez presents evidence of SoCalGas' actual capital structure levels since the last Cost of Capital was adopted for Test Year 2013. As he shows, SoCalGas has relied increasingly on Common Equity relative to Long-Term Debt and Preferred Equity, which has helped SoCalGas manage the financial risk of being over-leveraged. SoCalGas is proposing an updated authorized capital structure comprised of 43.50% Long-Term Debt, 0.40% Preferred Equity, and 56.00% Common Equity. Mr. Gonzalez also performs and presents an embedded cost analysis for Long-Term Debt and Preferred Equity, which gets applied to the capital ratios to yield a weighted cost of Long-Term Debt and Preferred Equity. Finally, this testimony addresses an issue that was litigated in the pending SoCalGas Test Year 2019 General Rate Case (A.17-10-008) regarding the ratemaking treatment of customer deposits, but which may become an issue in this Cost of Capital proceeding.

- **Exhibit SCG-03, Company Risk (witness: Jesse Aragon).** This testimony describes SoCalGas’ business, financial, and regulatory risk, operating as a regulated, gas-only utility in California. Mr. Aragon provides justification and additional qualitative support for SoCalGas’ Return on Equity proposal presented in Exhibit SCG-04 (Morin), and authorized capital structure proposal presented in Exhibit SCG-02 (Gonzalez). Mr. Aragon supports his analysis with official company disclosures and information from three prominent rating agencies: Moody’s, Standard and Poor’s, and Fitch. SoCalGas faces increased risk as a California energy IOU, due in large part to the market’s reaction to the negative outcomes for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and SDG&E with respect to California’s application of inverse condemnation, and its impact on wildfire cost recovery. Further, SoCalGas faces unique risks as a gas-only utility operating in today’s political and regulatory climate, in which some lawmakers, policymakers, and constituents are signaling for the end of natural gas as an energy resource. Mr. Aragon explains that these risks should be appropriately reflected in SoCalGas’ authorized Cost of Capital.
- **Exhibit SCG-04, Return on Equity (witness: Dr. Roger Morin).** This testimony presents SoCalGas’ authorized ROE proposal of 10.70%, as discussed earlier. He also addresses why flotation costs should be factored into a utility company’s authorized ROE.²⁰

²⁰ Flotation costs are very similar to the closing costs on a home mortgage. In the case of issues of new equity, flotation costs represent the discounts that must be provided to place the new securities. *See* Exhibit SCG-04 (Morin), p. 53.

- **Exhibit SCG-05, Cost of Capital Mechanism (witness: Bruce MacNeil).** This testimony presents SoCalGas' CCM analysis and proposal. Mr. MacNeil describes how the CCM works, how it has performed since being adopted, and the benefits of continuing the mechanism for the upcoming Cost of Capital cycle. His testimony also presents the history of SoCalGas' credit ratings since the last Cost of Capital was decided, the factors that have led to recent ratings actions, and the proposed modifications to the current CCM to make the mechanism more appropriate and functional based on the changing credit ratings landscape. He describes four modifications/clarifications to the current CCM that would achieve that result: (1) narrowing of the current dead band from 100 basis points to 50 basis points, (2) clarifying the selection of the CCM's benchmark index when the utility has split ratings, (3) clarify the approach that should be taken in the event SoCalGas' current credit rating changes during the CCM years, and (4) clarification of guidance with respect to utilities with non-investment grade ratings.

B. Additional Questions Pursuant to D.17-07-005 (Ordering Paragraph 3)

In D.17-07-005, the Commission directed the California IOUs to answer eight questions as part of testimony. SoCalGas witnesses have attempted to answer these questions by researching and providing available market data (to the extent possible), and analyzing that data to draw certain conclusions, or to explain why conclusions cannot be made. In some instances, SoCalGas identified foundational challenges associated with the call of certain questions themselves. The following table lists the Commission's eight questions, and maps where in supporting testimony those questions are addressed.

Question	Exhibit
1. How does the utility's level of business risk compare to other utilities nationally and to other California utilities, and to non-utility benchmarks? Include separate comparisons for vertically integrated and non-vertically integrated utilities. How has this level changed since the test year 2013 Cost of Capital application?	SCG-03, Sec. II.G <i>SCG-04, Sec. II-III</i>
2. How does the utility's level of financial risk compare to other utilities nationally, to other California utilities, and to non-utility benchmarks? Include separate comparisons for vertically integrated and non-vertically integrated utilities. How has this level changed since the test year 2013 Cost of Capital application?	SCG-03, Sec. III.B <i>SCG-02, Sec. II.B</i> <i>SCG-04, Sec. IV-V</i>
3. How does the utility's level of regulatory risk compare to other utilities nationally, to other California utilities, and to non-utility benchmarks? Include separate comparisons for vertically integrated and non-vertically integrated utilities. How has this level changed since the test year 2013 Cost of Capital application?	SCG-03, Sec. IV.B
4. How has the utility's recorded capital structure changed since the 2013 Cost of Capital application? How has the recorded capital structure [changed] compared to authorized capital structure over this time period?	SCG-02, Sec. VI
5. How does the utility's current capital structure compare to other utilities nationally and to other California utilities? Include separate comparisons for vertically integrated and non-vertically integrated utilities.	SCG-02, Sec. VI <i>SCG-04, Sec. IV-V</i>
6. How does the utility's authorized ROE compare to the authorized ROE of other utilities nationally, to other California utilities, and to non-utility benchmarks? Include separate comparisons for vertically and non-vertically integrated utilities.	<i>SCG-04, Sec. II</i>
7. What, if any, regulatory, tax, policy, legal, technological, or accounting changes since the Test Year 2013 Cost of Capital applications have occurred that impact the level of risk facing the utility? Provide a qualitative discussion of the impacts of these changes, as support that discussion with quantitative analysis and data to the extent practicable. Please include changes in any relevant jurisdiction.	SCG-03, Sec. IV.B <i>SCG-02, Sec. IV.B.3</i>

<p>8. What additional types of information or comparisons should inform the Commission’s consideration of Cost of Capital? Testimony shall include comparisons to non-utility benchmarks for level of business risk, level of financial risk, level of regulatory risk, or capital structure, as well as market expectations of returns on investment for utilities and non-utilities such as corporations and pension funds. Testimony may also include other relevant information and comparisons.</p>	<p>Relevant, comparative, and responsive information provided in testimony. No additional information was identified.</p>
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VI. RELIEF REQUESTED

SoCalGas respectfully requests that the Commission take the following actions:

1. adopt the proposed Test Year 2020 comprehensive Cost of Capital structure, which yields an updated Rate of Return of 7.85%;
2. adopt an authorized capital structure with the following ratios: Long-Term Debt of 43.60%, Preferred Equity of 0.40%, and Common Equity of 56.00%;
3. adopt an authorized ROE of 10.70%;
4. adopt the embedded cost calculations for Long-Term Debt and Preferred Equity, as presented in this application (to be updated during the course of this proceeding);
5. authorize the extension of SoCalGas’ current Cost of Capital Mechanism, maintaining the benchmark set against the Moody’s “A” Utilities Bond Index, but with a modified dead band of plus/minus 50 basis points (and with other proposed clarifications); and
6. confirm that customer deposits should be treated in a manner consistent with the Commission’s Standard Practice U-16 (subject to issue being scoped).

VII. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1

This application is made pursuant to Sections 451, 454, 489, 491, 701, 728, and 729 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.

1. Rule 2.1 (a) – Legal Name

SOUTHERN CALIFORNIA GAS COMPANY 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, CA 90013.

2. Rule 2.1 (b) – Correspondence

Correspondence and communications should be addressed to:

Jamie K. York
Regulatory Case Manager
c/o SOUTHERN CALIFORNIA GAS COMPANY
8330 Century Park Court
San Diego, CA 92123
Telephone: (858) 654-1739
E-mail: jjork@semprautilities.com

A copy should also be sent to:

Johnny J. Pong
Southern California Gas Company
555 West Fifth Street, Ste. 1400
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Email: jpong@semprautilities.com

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 they propose to modify or establish customer cost allocations and to modify the rates charged for these services.

b. Need for Hearings

SoCalGas expect hearings will be necessary in this proceeding and have proposed dates in the procedural schedule below.

c. Issues to be Considered and Relevant Safety Considerations

The scoping memo and ruling from the prior consolidated Cost of Capital proceeding²¹ provides a helpful framework for listing the primary issues to be considered in this application:

- the appropriate authorized capital structure;
- the appropriate cost of Long-Term Debt;
- the appropriate cost of Preferred Equity;
- the appropriate cost of Common Equity;
- appropriateness of continuing the Cost of Capital Mechanism, and whether SoCalGas’ proposed modification is reasonable.
- In addition to the aforementioned issues, the Commission may consider addressing the ratemaking treatment of customer deposits, which for SoCalGas is also being considered in its pending 2019 General Rate Case.

SoCalGas does not expect there to be specific safety-related issues or considerations that will need to be addressed by the Commission in this proceeding.

d. Proposed Schedule

SoCalGas proposes the following schedule for this application:

<u>EVENT</u>	<u>DATE</u>
Application/Testimony	April 22, 2019
Responses/Protests	within 30 days of Daily Calendar notice
Reply to Responses/Protests	within 10 days (see Rule 2.6)

²¹ See A.12-04-015 et al., Assigned Commissioner’s Scoping Memo and Ruling (June 15, 2012), p. 3.

Prehearing Conference	May 20, 2019
Intervenor testimony	July 15, 2019
Rebuttal testimony	August 19, 2019
Evidentiary hearings	August 26-30, 2019
Embedded Cost Update	September 13, 2019
Opening briefs	September 20, 2019
Reply briefs	September 30, 2019
Proposed Decision	November 1, 2019
Commission Decision	December 5, 2019

B. Rule 2.2 – Articles of Incorporation

SoCalGas previously filed a certified copy of its Restated Articles of Incorporation with the Commission on October 1, 1998, in connection with A.98-10-012, and these articles are incorporated herein by reference.

C. Rule 3.2

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

General descriptions of SoCalGas’ property and equipment were previously filed with the Commission on May 3, 2004 in connection with A.04-05-008, and are incorporated herein by reference. Statements of Original Cost and Depreciation Reserve as of are included 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 and SDG&E have computed their tax depreciation using the Accelerated Cost Recovery System. For the years after 1986, SoCalGas has computed their tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, have 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, 2018, was provided to the Commission on April 27, 2018, and is incorporated herein by reference.

7. Rule 3.2(a)(10) – Pass Through of Cost

This application both reallocates costs among customer classes as well as passes through to customers of SoCalGas the costs for the services provided as authorized by the Commission.

8. Rule 3.2(b) - (d) – Service and Notice

SoCalGas is serving this application and testimony (via filed and served notice of availability) on all parties to A.12-04-015, as well as A.17-10-007/008. Within 20 days of filing, SoCalGas will mail notice of this application to the State of California and to cities and counties served by SoCalGas, and will post the notice in their offices and publish the notice in newspapers of general circulation in each county in their service territories. In addition, SoCalGas will, within 45 days after filing this application, include notices with the regular bills mailed to all customers affected by the proposed rate changes.

VIII. CONCLUSION

SoCalGas respectfully requests that the Commission grant the relief requested in this application.

Respectfully submitted,

By: /s/ Bruce A. Folkmann

Bruce A. Folkmann
Vice President, Controller, and Chief Financial Officer
SOUTHERN CALIFORNIA GAS COMPANY

By: /s/ Johnny J. Pong

Johnny J. Pong
Attorney for:
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April 22, 2019

VERIFICATION

I am an officer of Southern California Gas Company and San Diego Gas & Electric Company, and am authorized to make this verification on behalf of Southern California Gas Company. The matters stated in the foregoing application are true to my own knowledge, except as to matters that are stated therein 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 22nd day of April, 2019, at San Diego, California.

By: /s/ Bruce A. Folkmann
 BRUCE A. FOLKMANN

Bruce A. Folkmann
Vice President, Controller, and Chief Financial Officer
SOUTHERN CALIFORNIA GAS COMPANY

ATTACHMENT A

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2018**

1. UTILITY PLANT		<u>2018</u>
101	UTILITY PLANT IN SERVICE	\$17,218,956,066
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	835,820,541
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(5,784,144,775)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(53,992,324)
117	GAS STORED-UNDERGROUND	<u>61,422,045</u>
	TOTAL NET UTILITY PLANT	<u>12,278,061,553</u>
2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	33,742,207
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(14,010,873)
123	INVESTMENTS IN SUBSIDIARY COMPANIES NONCURRENT PORTION OF ALLOWANCES	-
124	OTHER INVESTMENTS	14,034
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	216,526
175	LONG TERM PORTION OF DERIVATIVE ASSETS	<u>86,185</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>20,048,079</u>

Data from SPL as of April 16, 2019.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2018**

3. CURRENT AND ACCRUED ASSETS		2018
131	CASH	18,100,061
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	123,691
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	652,056,703
143	OTHER ACCOUNTS RECEIVABLE	52,638,011
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,084,471)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	6,826,672
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	51,474,883
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
158	GHG ALLOWANCE	152,715,556
	(LESS) NONCURRENT PORTION OF ALLOWANCES	-
163	STORES EXPENSE UNDISTRIBUTED	(635,093)
164	GAS STORED	91,656,499
165	PREPAYMENTS	24,397,030
171	INTEREST AND DIVIDENDS RECEIVABLE	813,778
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	28,715,342
175	DERIVATIVE INSTRUMENT ASSETS	9,403,634
176	LONG TERM PORTION OF DERIVATIVE ASSETS	(86,185)
	TOTAL CURRENT AND ACCRUED ASSETS	1,085,116,111
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	25,537,794
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	3,046,848,655
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	3,281,248
184	CLEARING ACCOUNTS	595,951
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	799,874,283
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	4,799,834
190	ACCUMULATED DEFERRED INCOME TAXES	339,028,735
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	4,219,966,500
	TOTAL ASSETS AND OTHER DEBITS	\$ 17,603,192,245

Data from SPL as of April 16, 2019.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2018**

5. PROPRIETARY CAPITAL

	2018
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	(3,390,376,239)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	19,783,750
TOTAL PROPRIETARY CAPITAL	(4,258,205,612)

6. LONG-TERM DEBT

221 BONDS	(3,450,000,000)
224 OTHER LONG-TERM DEBT	(9,338,770)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	6,997,350
TOTAL LONG-TERM DEBT	(3,452,341,420)

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(455,718)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(127,999,919)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(809,023,508)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
245 NONCURRENT DERIVATIVE INSTRUMENT LIABILITIES	-
230 ASSET RETIREMENT OBLIGATIONS	(2,062,402,697)
TOTAL OTHER NONCURRENT LIABILITIES	(2,999,881,842)

Data from SPL as of April 16, 2019.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2018**

8. CURRENT AND ACCRUED LIABILITES		2018
231	NOTES PAYABLE	(255,694,603)
232	ACCOUNTS PAYABLE	(791,151,245)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(33,852,953)
235	CUSTOMER DEPOSITS	(100,503,114)
236	TAXES ACCRUED	(8,689,516)
237	INTEREST ACCRUED	(26,025,618)
238	DIVIDENDS DECLARED	(323,265)
241	TAX COLLECTIONS PAYABLE	(22,202,926)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(288,723,927)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(3,096,562)
244	DERIVATIVE INSTRUMENT LIABILITIES	(4,651,528)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	(1,534,915,256)
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(87,215,559)
	OTHER DEFERRED CREDITS	(228,603,027)
254	OTHER REGULATORY LIABILITIES	(3,512,137,080)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(8,462,835)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,211,300,132)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(310,129,482)
	TOTAL DEFERRED CREDITS	(5,357,848,115)
	TOTAL LIABILITIES AND OTHER CREDITS	\$ (17,603,192,245)

Data from SPL as of April 16, 2019.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2018

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		3,959,191,254
401	OPERATING EXPENSES	2,456,026,885	
402	MAINTENANCE EXPENSES	258,392,672	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	556,208,560	
408.1	TAXES OTHER THAN INCOME TAXES	107,511,178	
409.1	INCOME TAXES	(5,976,012)	
410.1	PROVISION FOR DEFERRED INCOME TAXES	232,194,936	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(155,441,923)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(1,465,253)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	(921,523)	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		3,446,529,519
	NET OPERATING INCOME		512,661,735

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(340,069)	
418	NONOPERATING RENTAL INCOME	743,300	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	15,079,687	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	36,359,213	
421	MISCELLANEOUS NONOPERATING INCOME	(1,415,159)	
421.1	GAIN ON DISPOSITION OF PROPERTY	0	
	TOTAL OTHER INCOME	50,426,972	
421.2	LOSS ON DISPOSITION OF PROPERTY	(297,056)	
425	MISCELLANEOUS AMORTIZATION	(3,255)	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(7,572,600)	
		(7,872,911)	
408.2	TAXES OTHER THAN INCOME TAXES	(198,022)	
409.2	INCOME TAXES	(19,877,673)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(46,830,480)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	43,641,829	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(23,264,346)	
	TOTAL OTHER INCOME AND DEDUCTIONS		19,289,717
	INCOME BEFORE INTEREST CHARGES		531,951,452
	NET INTEREST CHARGES*		130,931,728
	NET INCOME		\$401,019,723

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$10,943,379)

Data from SPL as of April 16, 2019.

STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2018

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$2,990,649,581
NET INCOME (FROM PRECEDING PAGE)	401,019,723
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(1,293,065)
OTHER RETAINED EARNINGS ADJUSTMENT	<u>-</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$3,390,376,239</u></u>

ATTACHMENT B

**STATEMENT OF PRESENT AND PROPOSED RATES
SOUTHERN CALIFORNIA GAS COMPANY**

Estimated Increase in Class Average Rates Due to
Proposed Authorized Cost of Capital Effective January 1, 2020

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates for 2020</u>	<u>¢/therm Change</u>	<u>% Change Rates</u>
	<u>(¢/therm)</u>	<u>(¢/therm)</u>	<u>(¢/therm)</u>	<u>%</u>
Residential (Core)*	87.7 ¢/therm	89.0 ¢/therm	1.4 ¢/therm	1.6%
Average Residential bill (\$/month)	\$42.87	\$43.33	\$0.46	1.1%
Commercial/Industrial (Core)*	43.7 ¢/therm	44.2 ¢/therm	0.5 ¢/therm	1.1%
(Noncore Distribution Level Service)** Commercial/Industrial	12.5 ¢/therm	12.6 ¢/therm	0.1 ¢/therm	0.8%
Electric Generation	3.3 ¢/therm	3.3 ¢/therm	0.0 ¢/therm	0.6%
(Transmission Level Service) *** Commercial/Industrial	3.1 ¢/therm	3.1 ¢/therm	0.0 ¢/therm	0.1%
Backbone Transmission Service****	27.8 ¢/dth/day	27.8 ¢/dth/day	0.0 ¢/dth/day	0.1%
System Total	33.4 ¢/therm	33.8 ¢/therm	0.4 ¢/therm	1.3%

* Core customers generally use smaller quantities of gas and the utility purchases their gas.

** Noncore customers are generally large gas users who purchase their own natural gas supplies for SoCalGas to transport.

*** Transmission Level Service is for noncore service on the Local Transmission System from the SoCalGas Citygate.

**** Backbone Transmission Service are rights that customers may purchase to transport gas over the SoCalGas backbone system to the SoCalGas Citygate. Core customers who purchase gas supplies from SoCalGas will have this charge included in the gas commodity rate. Customers that do not purchase gas supplies from SoCalGas may purchase these rights directly from SoCalGas.

TABLE 1
Natural Gas Transportation Rates
Southern California Gas Company
April, 2019 Rates

		Cost of Capital								
		Present Rates			Proposed Rates			Changes		
		Apr-1-19 Volumes Mth	Proposed Rate \$/therm	Apr-1-19 Revenues \$000's	Apr-1-19 Volumes Mth	Proposed Rate \$/therm	Apr-1-19 Revenues \$000's	Revenue Change \$000's	Rate Change \$/therm	% Rate change
		A	B	C	D	E	F	G	H	I
1	CORE									
2	Residential	2,435,160	\$0.87657	\$2,134,586	2,435,160	\$0.89033	\$2,168,097	\$33,512	\$0.01376	1.6%
3	Commercial & Industrial	1,023,186	\$0.43715	\$447,282	1,023,186	\$0.44176	\$451,999	\$4,717	\$0.00461	1.1%
4										
5	NGV - Pre Sempra-Wide	157,095	\$0.21248	\$33,380	157,095	\$0.21387	\$33,599	\$218	\$0.00139	0.7%
6	Sempra-Wide Adjustment	157,095	(\$0.00637)	(\$1,000)	157,095	(\$0.00616)	(\$968)	\$32	\$0.00020	-3.2%
7	NGV - Post Sempra-Wide	157,095	\$0.20612	\$32,380	157,095	\$0.20771	\$32,630	\$250	\$0.00159	0.8%
8										
9	Gas A/C	772	\$0.25640	\$198	772	\$0.25794	\$199	\$1	\$0.00155	0.6%
10	Gas Engine	20,699	\$0.22193	\$4,594	20,699	\$0.22193	\$4,594	\$0	\$0.00000	0.0%
11	Total Core	3,636,911	\$0.72013	\$2,619,039	3,636,911	\$0.73071	\$2,657,520	\$38,480	\$0.01058	1.5%
12										
13	NONCORE COMMERCIAL & INDUSTRIAL									
14	Distribution Level Service	865,102	\$0.12541	\$108,494	865,102	\$0.12640	\$109,347	\$852	\$0.00099	0.8%
15	Transmission Level Service (2)	660,238	\$0.03129	\$20,660	660,238	\$0.03133	\$20,686	\$25	\$0.00004	0.1%
16	Total Noncore C&I	1,525,339	\$0.08467	\$129,155	1,525,339	\$0.08525	\$130,032	\$877	\$0.00058	0.7%
17										
18	NONCORE ELECTRIC GENERATION									
19	Distribution Level Service									
20	Pre Sempra-Wide	285,096	\$0.11841	\$33,758	285,096	\$0.11955	\$34,084	\$326	\$0.00115	1.0%
21	Sempra-Wide Adjustment	285,096	(\$0.00766)	(\$2,184)	285,096	(\$0.00733)	(\$2,090)	\$95	\$0.00033	-4.3%
22	Distribution Post Sempra Wide	285,096	\$0.11075	\$31,573	285,096	\$0.11222	\$31,995	\$421	\$0.00148	1.3%
23	Transmission Level Service (2)	2,392,699	\$0.02390	\$57,196	2,392,699	\$0.02394	\$57,287	\$91	\$0.00004	0.2%
24	Total Electric Generation	2,677,795	\$0.03315	\$88,769	2,677,795	\$0.03334	\$89,281	\$512	\$0.00019	0.6%
25										
26	TOTAL RETAIL NONCORE	4,203,134	\$0.05185	\$217,924	4,203,134	\$0.05218	\$219,314	\$1,389	\$0.00033	0.6%
27										
28	WHOLESALE									
29	Wholesale Long Beach (2)	73,520	\$0.02274	\$1,672	73,520	\$0.02278	\$1,675	\$3	\$0.00004	0.2%
30	Wholesale SWG (2)	65,367	\$0.02274	\$1,486	65,367	\$0.02278	\$1,489	\$2	\$0.00004	0.2%
31	Wholesale Vernon (2)	95,137	\$0.02274	\$2,163	95,137	\$0.02278	\$2,167	\$4	\$0.00004	0.2%
32	International (2)	91,378	\$0.02274	\$2,078	91,378	\$0.02278	\$2,081	\$3	\$0.00004	0.2%
33	Total Wholesale & International	325,403	\$0.02274	\$7,400	325,403	\$0.02278	\$7,412	\$12	\$0.00004	0.2%
34	SDG&E Wholesale	1,251,556	\$0.01637	\$20,484	1,251,556	\$0.01637	\$20,492	\$8	\$0.00001	0.0%
35	Total Wholesale Incl SDG&E	1,576,959	\$0.01768	\$27,883	1,576,959	\$0.01769	\$27,904	\$21	\$0.00001	0.1%
36										
37	TOTAL NONCORE	5,780,093	\$0.04253	\$245,807	5,780,093	\$0.04277	\$247,218	\$1,410	\$0.00024	0.6%
38										
39	Unbundled Storage (4)			\$23,695			\$23,695	\$0		
40	System Total (w/o BTS)	9,417,004	\$0.30674	\$2,888,542	9,417,004	\$0.31097	\$2,928,433	\$39,891	\$0.00424	1.4%
41	Backbone Transportation Service BTS (3)	2,493	\$0.27794	\$252,917	2,493	\$0.27822	\$253,170	\$253	\$0.00028	0.1%
42	SYSTEM TOTAL w/BTS	9,417,004	\$0.33359	\$3,141,459	9,417,004	\$0.33786	\$3,181,603	\$40,144	\$0.00426	1.3%
43										
44	EOR Revenues	231,570	\$0.06014	\$13,926	231,570	\$0.06103	\$14,133	\$207	\$0.00089	1.5%
45	Total Throughput w/EOR Mth/yr	9,648,574			9,648,574					

- 1) These rates are for Natural Gas Transportation Service from "Citygate to Meter." The Backbone Transportation Service (BTS) rate is for service from Receipt Point to Citygate.
- 2) These Transmission Level Service (TLS) amounts represent the average transmission rate, see Table 7 for detailed list of TLS rates.
- 3) BTS charge (\$/dth/day) is proposed as a separate rate. Core will pay through procurement rate, noncore as a separate charge. Charge is for both core and noncore customers
- 4) Unbundled Storage costs are not part of the Core Storage or Load Balancing functions (those are included in transport rates).
- 5) All rates include Franchise Fees & Uncollectible charges.

TABLE 2
Residential Transportation Rates
Southern California Gas Company

	Cost of Capital									
	Present Rates			Proposed Rates			Changes			
	Apr-1-19	Average	Apr-1-19	Apr-1-19	Apr-1-19	Apr-1-19	Revenue	Rate	% Rate	
	Volumes	Rate	Revenue	Volumes	Rate	Revenue	Change	Change	change	
Mth	\$/th	\$000's	Mth	\$/th	\$000's	\$000's	\$/th	%		
	A	B	C	D	E	F	G	H	I	
1	RESIDENTIAL SERVICE									
2	Customer Charge									
3	3,750,414	\$5.00	\$225,025	3,750,414	\$5.00	\$225,025	\$0	\$0.00000	0.0%	
4	1,743,024	\$5.00	\$104,581	1,743,024	\$5.00	\$104,581	\$0	\$0.00000	0.0%	
5	124,314	\$5.00	\$7,459	124,314	\$5.00	\$7,459	\$0	\$0.00000	0.0%	
6	148,373	(\$0.27386)	(\$14,831)	148,373	(\$0.27386)	(\$14,831)	\$0	\$0.00000	0.0%	
7	Volumetric Transportation Rate Exclude CSITMA and CAT:									
8	1,839,570	\$0.59026	\$1,085,833	1,839,570	\$0.60357	\$1,110,316	\$24,483	\$0.01331	2.3%	
9	584,298	\$0.92374	\$539,742	584,298	\$0.93905	\$548,686	\$8,943	\$0.01531	1.7%	
10	2,423,869	\$0.80360	\$1,947,809	2,423,869	\$0.81739	\$1,981,235	\$33,427	\$0.01379	1.7%	
11	NBL/BL Ratio:									
12		\$1.05541			\$1.06872			\$0.01331	1.3%	
13		\$0.28998			\$0.28998			\$0.00000	0.0%	
14		1.15			1.15					
15		0.33348			0.33548			\$0.00200	0.6%	
16										
17	Large Master Meter Rate (Excludes Rate Adders for CAT):									
18	57	\$452.29	\$308	57	\$452.29	\$308	\$0	\$0.00	0.0%	
19	9,428	\$0.24789	\$2,337	9,428	\$0.25514	\$2,406	\$68	\$0.00725	2.9%	
20	1,863	\$0.38795	\$723	1,863	\$0.39696	\$739	\$17	\$0.00901	2.3%	
21	11,291	\$0.29830	\$3,368	11,291	\$0.30584	\$3,453	\$85	\$0.00754	2.5%	
22										
23	Residential Rates Include CSITMA, CARB and GHG Excludes CAT:									
24	1,830,638	\$0.00562	\$10,296	1,830,638	\$0.00562	\$10,296	\$0	\$0.00000	0.0%	
25	2,435,160	\$0.00137	\$3,342	2,435,160	\$0.00137	\$3,342	\$0			
26	2,435,160	\$0.06972	\$169,771	2,435,160	\$0.06972	\$169,771	\$0			
27	Residential:									
28		\$5.00			\$5.00			\$0.00000	0.0%	
29		\$0.66698			\$0.68029			\$0.01331	2.0%	
30		\$1.00046			\$1.01576			\$0.01531	1.5%	
31		\$0.88031			\$0.89410			\$0.01379	1.6%	
32	Large Master Meter:									
33		\$452.29			\$452.29			\$0.00	0.0%	
34		\$0.32461			\$0.33186			\$0.00725	2.2%	
35		\$0.46466			\$0.47367			\$0.00901	1.9%	
36		\$0.37501			\$0.38256			\$0.00754	2.0%	
37	Residential Rates Include CSITMA & CAT:									
38	49,671	\$0.00000	\$0	49,671	\$0.00000	\$0	\$0	\$0.00000		
39	Residential:									
40		\$5.00			\$5.00			\$0.00000	0.0%	
41		\$0.66698			\$0.68029			\$0.01331	2.0%	
42		\$1.00046			\$1.01576			\$0.01531	1.5%	
43	Large Master Meter:									
44		\$452.29			\$452.29			\$0.00000	0.0%	
45		\$0.32461			\$0.33186			\$0.00725	2.2%	
46		\$0.46466			\$0.47367			\$0.00901	1.9%	
47	Other Adjustments:									
48		(\$0.00562)			(\$0.00562)			\$0.00000	0.0%	
49		(\$50.23)			(\$50.23)					
50	TOTAL RESIDENTIAL	2,435,160	\$0.87657	\$2,134,586	2,435,160	\$0.89033	\$2,168,097	\$33,512	\$0.01376	1.6%

See footnotes, Table 1.

TABLE 3
Core Nonresidential Transportation Rates
Southern California Gas Company

	Cost of Capital									
	Present Rates			Proposed Rates			Changes			
	Apr-1-19	Average	Apr-1-19	Apr-1-19	Apr-1-19	Apr-1-19	Revenue	Rate	% Rate	
	Volumes	Rate	Revenue	Volumes	Rate	Revenue	Change	Change	change	
Mth	\$/th	\$000's	Mth	\$/th	\$000's	\$000's	\$/th	%		
	A	B	C	D	E	F	G	H	I	
1										
2	CORE COMMERCIAL & INDUSTRIAL									
3	Customer Charge 1	146,202	\$15.00	\$26,316	146,202	\$15.00	\$26,316	\$0	\$0.00	0.0%
4	Customer Charge 2	61,115	\$15.00	\$11,001	61,115	\$15.00	\$11,001	\$0	\$0.00	0.0%
5	Volumetric Transportation Rate Exclude CSITMA & CAT:									
6	Tier 1 = 250th/mo	203,321	\$0.59511	\$120,999	203,321	\$0.60500	\$123,010	\$2,010	\$0.00989	1.7%
7	Tier 2 = next 4167 th/mo	453,170	\$0.33614	\$152,330	453,170	\$0.34096	\$154,514	\$2,185	\$0.00482	1.4%
8	Tier 3 = over 4167 th/mo	366,694	\$0.16250	\$59,589	366,694	\$0.16393	\$60,111	\$522	\$0.00142	0.9%
9		1,023,186	\$0.36185	\$370,235	1,023,186	\$0.36646	\$374,952	\$4,717	\$0.00461	1.3%
10										
11	Volumetric Transportation Rate Include CSITMA & GHG, Exclude CAT:									
12	CSITMA Adder to Volumetric Rate	1,015,986	\$0.00562	\$5,714	1,015,986	\$0.00562	\$5,714	\$0	\$0.00000	0.0%
13	GHG Adder to Volumetric Rate	1,023,186	\$0.06972	\$71,333	1,023,186	\$0.06972	\$71,333			
14	Tier 1 = 250th/mo		\$0.67045			\$0.68034			\$0.00989	1.5%
15	Tier 2 = next 4167 th/mo		\$0.41148			\$0.41630			\$0.00482	1.2%
16	Tier 3 = over 4167 th/mo		\$0.23784			\$0.23927			\$0.00142	0.6%
17			\$0.43719			\$0.44180			\$0.00461	
18	Volumetric Transportation Rate Include CSITMA & CAT:									
19	CAT Adder to Volumetric Rate	137,753	\$0.00000	\$0	137,753	\$0.00000	\$0	\$0	\$0.00000	
20	Tier 1 = 250th/mo		\$0.67045			\$0.68034			\$0.00989	1.5%
21	Tier 2 = next 4167 th/mo		\$0.41148			\$0.41630			\$0.00482	1.2%
22	Tier 3 = over 4167 th/mo		\$0.23784			\$0.23927			\$0.00142	0.6%
23			\$0.43719			\$0.44180			\$0.00461	1.1%
24	Other Adjustments:									
25	TCA for CSITMA exempt customers		(\$0.00562)			(\$0.00562)			\$0.00000	0.0%
26	GHG Fee Credit \$/th		(\$0.06972)			(\$0.06972)				
27	TOTAL CORE C&I	1,023,186	\$0.43715	\$447,282	1,023,186	\$0.44176	\$451,999	\$4,717	\$0.00461	1.1%
28										
29	NATURAL GAS VEHICLES (a sempra-wide rate)									
30	Customer Charge, P-1	229	\$13.00	\$36	229	\$13.00	\$36	\$0	\$0.00000	0.0%
31	Customer Charge, P-2A	130	\$65.00	\$101	130	\$65.00	\$101	\$0	\$0.00000	0.0%
32	Uncompressed Rate Exclude CSITMA, GHG & CAT	157,095	\$0.11476	\$18,028	157,095	\$0.11635	\$18,278	\$250	\$0.00159	1.4%
33	Total Uncompressed NGV	157,095	\$0.11563	\$18,164	157,095	\$0.11722	\$18,415	\$250	\$0.00159	1.4%
34	Compressed Rate Adder	2,099	\$1.03136	\$2,164	2,099	\$1.03136	\$2,164	\$0	\$0.00000	0.0%
35	Low Carbon Fuel Standard (LCFS) Credit		(\$0.19554)			(\$0.19554)			\$0.00000	
36	Uncompressed Rate Include CSITMA, CARB and GHG Exclude CAT									
37	CSITMA Adder to Volumetric Rate	157,095	\$0.00562	\$884	157,095	\$0.00562	\$884	\$0	\$0.00000	0.0%
38	CARB Adder to Volumetric Rate	157,095	\$0.00137	\$216	157,095	\$0.00137	\$216			
39	GHG End User Adder to Volumetric Rate	157,095	\$0.06972	\$10,952	157,095	\$0.06972	\$10,952			
40	Uncompressed Rate \$/therm		\$0.19147			\$0.19306			\$0.00159	0.8%
41	Combined transport & compressor adder & LCFS Credit \$/th		\$1.02729			\$1.02888			(\$0.15194)	-12.7%
42	Other Adjustments:									
43	TCA for CSITMA exempt customers		(\$0.00562)			(\$0.00562)			\$0.00000	0.0%
44	TOTAL NGV SERVICE	157,095	\$0.20612	\$32,380	157,095	\$0.20771	\$32,630	\$250	\$0.00159	0.8%
45										
46	RESIDENTIAL NATURAL GAS VEHICLES (optional rate)									
47	Customer Charge	5,618	\$10.00	\$674	5,618	\$10.00	\$674	\$0	\$0.00000	0.0%
48	Uncompressed Rate Exclude CSITMA & CAT	5,501	\$0.22293	\$1,226	5,501	\$0.22803	\$1,254	\$28	\$0.00511	2.3%
49		5,501	\$0.34548	\$1,900	5,501	\$0.35058	\$1,929	\$28	\$0.00511	1.5%
50	Uncompressed Rate Include CSITMA, Exclude CAT									
51	CSITMA Adder to Volumetric Rate	5,501	\$0.00562	\$31	5,501	\$0.00562	\$31		\$0.00000	0.0%
52	CARB Adder to Volumetric Rate	5,501	\$0.00137	\$8	5,501	\$0.00137	\$8			
53	GHG End User Adder to Volumetric Rate	5,501	\$0.06972	\$384	5,501	\$0.06972	\$384			
54	Uncompressed Rate \$/therm		\$0.29964			\$0.30475			\$0.00511	1.7%
55										
56	Uncompressed Rate Include CSITMA & CAT									
57	CAT Adder to Volumetric Rate	0	\$0.00000	\$0	0	\$0.00000	\$0	\$0	\$0.00000	
58	Uncompressed Rate		\$0.29964			\$0.30475			\$0.00511	1.7%
59	Other Adjustments:									
60	TCA for CSITMA exempt customers		(\$0.00562)			(\$0.00562)			\$0.00000	0.0%
61										
62	TOTAL RESIDENTIAL NATURAL GAS VEHICLES	5,501	\$0.42219	\$2,322	5,501	\$0.42730	\$2,351	\$28	\$0.00511	1.2%

TABLE 5
Noncore Commercial & Industrial Rates
Southern California Gas Company

Cost of Capital										
	Present Rates			Proposed Rates			Changes			
	Apr-1-19 Volumes Mth	Average Rate \$/th	Apr-1-19 Revenue \$000's	Apr-1-19 Volumes Mth	Rate \$/th	Apr-1-19 Revenue \$000's	Revenue Change \$000's	Rate Change \$/th	% Rate change %	
	A	B	C	D	E	F	G	H	I	
1	NonCore Commercial & Industrial Distribution Level									
2	Customer Charge	584	\$350.00	\$2,452	584	\$350.00	\$2,452	\$0	\$0.00000	0.0%
3										
4	Volumetric Rates Include CARB Fee, Exclude GHG, and CSITMA									
5	Tier 1 = 250kth/yr	121,573	\$0.17781	\$21,616	121,573	\$0.18028	\$21,917	\$301	\$0.00247	1.4%
6	Tier 2 = 250k to 1000k	205,061	\$0.11396	\$23,369	205,061	\$0.11543	\$23,671	\$302	\$0.00147	1.3%
7	Tier 3 = 1 to 2 million th/yr	109,960	\$0.07312	\$8,041	109,960	\$0.07395	\$8,132	\$91	\$0.00083	1.1%
8	Tier 4 = over 2 million th/yr	428,508	\$0.04394	\$18,829	428,508	\$0.04431	\$18,987	\$159	\$0.00037	0.8%
9	Volumetric totals (excl itcs)	865,102	\$0.08306	\$71,855	865,102	\$0.08404	\$72,707	\$852	\$0.00099	1.2%
10										
11	Volumetric Rates Include CARB, GHG, CSITMA									
12	CSITMA Adder to Volumetric Rate		\$0.00562	\$4,809		\$0.00562	\$4,809	\$0	\$0.00000	0.0%
13	GHG Adder to Volumetric Rate		\$0.06972	\$29,379		\$0.06972	\$29,379	\$0	\$0.00000	
14	Tier 1 = 250kth/yr		\$0.25315			\$0.25562		\$0.00247	1.0%	
15	Tier 2 = 250k to 1000k		\$0.18930			\$0.19077		\$0.00147	0.8%	
16	Tier 3 = 1 to 2 million th/yr		\$0.14846			\$0.14929		\$0.00083	0.6%	
17	Tier 4 = over 2 million th/yr		\$0.11928			\$0.11965		\$0.00037	0.3%	
18	Other Adjustments:									
19	TCA for CSITMA exempt customers		(\$0.00562)			(\$0.00562)		\$0.00000	0.0%	
20	CARB Fee Credit \$/th		(\$0.00137)			(\$0.00137)		\$0.00000	0.0%	
21	GHG Fee Credit \$/th		(\$0.06972)			(\$0.06972)		\$0.00000		
22	NCCI - DISTRIBUTION LEVEL	865,102	\$0.12541	\$108,494	865,102	\$0.12640	\$109,347	\$852	\$0.00099	0.8%
23										
24	NCCI-TRANSMISSION LEVEL Incl CARB & GHG Fee Excl CSITMA (1)	7,700	\$0.02411	\$186	7,700	\$0.02415	\$186	\$0	\$0.00004	0.2%
25	NCCI-TRANSMISSION LEVEL Incl CARB & GHG Fee and CSITMA (1)	652,537	\$0.02974	\$20,475	652,537	\$0.02977	\$20,500	\$25	\$0.00004	0.1%
26	NCCI-TRANSMISSION LEVEL (2)	660,238	\$0.03129	\$20,660	660,238	\$0.03133	\$20,686	\$25	\$0.00004	0.1%
27										
28	TOTAL NONCORE C&I	1,525,339	\$0.08467	\$129,155	1,525,339	\$0.08525	\$130,032	\$877	\$0.00058	0.7%

TABLE 6
Noncore Electric Generation Rates and Enhanced Oil Recovery Rates
Southern California Gas Company

	Cost of Capital									
	Present Rates			Proposed Rates			Changes			
	Apr-1-19 Volumes	Average Rate	Apr-1-19 Revenue	Apr-1-19 Volumes	Rate	Apr-1-19 Revenue	Revenue Change	Rate Change	% Rate change	
	Mth A	\$/th B	\$000's C	Mth D	\$/th E	\$000's F	\$000's G	\$/th H	% I	
1	<u>ELECTRIC GENERATION</u>									
2										
3										
4										
5	Small EG Distribution Level Service (a Sempra-Wide rate) Exclude CARB & GHG Fee & CSITMA:									
6	Customer Charge	201	\$50.00	\$121	201	\$50.00	\$121	\$0	\$0.00000	0.0%
7	Volumetric Rate	77,207	\$0.14115	\$10,898	77,207	\$0.14421	\$11,134	\$236	\$0.00306	2.2%
8	Small EG Distribution Level Service	77,207	\$0.14272	\$11,019	77,207	\$0.14577	\$11,255	\$236	\$0.00306	2.1%
9										
10	Large EG Distribution Level Service (a Sempra-Wide rate) Exclude CARB & GHG Fee & CSITMA									
11	Customer Charge	28	\$0.00	\$0	28	\$0.00	\$0	\$0	\$0.00000	
12	Volumetric Rate	207,889	\$0.06448	\$13,404	207,889	\$0.06537	\$13,589	\$185	\$0.00089	1.4%
13	Large EG Distribution Level Service	207,889	\$0.06448	\$13,404	207,889	\$0.06537	\$13,589	\$185	\$0.00089	1.4%
14										
15	EG Distribution excl CARB Fee & CSITMA	285,096	\$0.08567	\$24,423	285,096	\$0.08714	\$24,844	\$421	\$0.00148	1.7%
16										
17	<u>Volumetric Rates Include CARB & GHG Fee, Exclude CSITMA</u>									
18	CARB Fee Cost Adder	283,261	\$0.00137	\$389	283,261	\$0.00137	\$389	\$0	\$0.00000	0.0%
19	GHG Cost Adder	96,992	\$0.06972	\$6,762	96,992	\$0.06972	\$6,762	\$0	\$0.00000	
20	EG-Distribution Tier 1 w/CARB Fee		\$0.21224			\$0.21530		\$0.00306	1.4%	
21	EG-Distribution Tier 2 w/CARB Fee		\$0.13557			\$0.13646		\$0.00089	0.7%	
22	Total - EG Distribution Level	285,096	\$0.11075	\$31,573	285,096	\$0.11222	\$31,995	\$421	\$0.00148	1.3%
23	CARB Fee Credit \$/th		(\$0.00137)			(\$0.00137)		\$0.00000	0.0%	
24	GHG Fee Credit \$/th		(\$0.06972)			(\$0.06972)		\$0.00000		
25										
26	EG Transmission Level Service Excl CARB & GHG Fee & CSITMA (1)	2,392,699	\$0.02274	\$54,410	2,392,699	\$0.02278	\$54,501	\$91	\$0.00004	0.2%
27	EG Transmission Level CARB Fee	677,930	\$0.00137	\$930	677,930	\$0.00137	\$930	\$0	\$0.00000	
28	EG Transmission Level Service - GHG End User Fee	26,617	\$0.06972	\$1,856	26,617	\$0.06972	\$1,856			
29	EG Transmission Level Service Incl CARB & GHG Fee, Exclude CSITMA (1)									
30	EG Transmission Level (2)	2,392,699	\$0.02390	\$57,196	2,392,699	\$0.02394	\$57,287	\$91	\$0.00004	0.2%
31										
32	TOTAL ELECTRIC GENERATION	2,677,795	\$0.03315	\$88,769	2,677,795	\$0.03334	\$89,281	\$512	\$0.00019	0.6%
33										
34	<u>EOR Rates & revenue Exclude CARB Fee & CSITMA:</u>									
35	Distribution Level EOR:									
36	Customer Charge	17	\$500.00	\$102	17	\$500.00	\$102	\$0	\$0.00000	0.0%
37	Volumetric Rate Excl CARB & GHG Fee & CSITMA	137,620	\$0.08492	\$11,687	137,620	\$0.08640	\$11,891	\$203	\$0.00148	1.7%
38										
39	<u>Volumetric Rates Include CARB & GHG Fee, Exclude CSITMA</u>									
40	CARB Fee		\$0.00137			\$0.00137				
41	GHG Fee		\$0.06972			\$0.06972				
42	Volumetric Rate Incl CARB Fee & Excl CSITMA		\$0.15601			\$0.15749		\$0.00148	0.9%	
43	Distribution Level EOR	137,620	\$0.08567	\$11,789	137,620	\$0.08714	\$11,993	\$203	\$0.00148	1.7%
44	CARB Fee Credit \$/th		(\$0.00137)			(\$0.00137)		\$0.00000	0.0%	
45	GHG Fee Credit \$/th		(\$0.06972)			(\$0.06972)		\$0.00000		
46	Transmission Level EOR Exclude CARB & GHG Fee & CSITMA	93,950	\$0.02274	\$2,136	93,950	\$0.02278	\$2,140	\$4	\$0.00004	0.2%
47	Total EOR	231,570	\$0.06014	\$13,926	231,570	\$0.06103	\$14,133	\$207	\$0.00089	1.5%

1) CSITMA - Noncore C&I D Tariff rate Include CSITMA. Customers exempt, including Constitutionally Exempt, receive Transportation Charge Adjustment (TCA).
EG Tariff Rate Exclude CSITMA, since EG customers are exempt.

2) CARB & GHG Fees - EG-D and NCCI-D rates include CARB & GHG Fees.

3) EOR customers tariff Include CARB & GHG Fees and Excludes CSITMA; since EOR customers are exempt from CSITMA and get a credit for CARB & GHG Fees.

See footnotes, Table 1.

TABLE 7
Transmission Level Service Transportation Rates
Southern California Gas Company

	Present Rates			Proposed Rates			Changes			
	Apr-1-19	Average	Apr-1-19	Apr-1-19	Rate	Apr-1-19	Revenue	Rate	% Rate	
	Volumes	Rate	Revenue	Volumes	Rate	Revenue	Change	Change	change	
	Mth	\$/th	\$000's	Mth	\$/th	\$000's	\$000's	\$/th	%	
	A	B	C	D	E	F	G	H	I	
1	Rate Excluding CSITMA & CARB Fee:									
2	Reservation Service Option (RS):									
3		\$0.00711			\$0.00714			\$0.00002	0.3%	
4		\$0.01219			\$0.01219			\$0.00000	0.0%	
5	Class Average Volumetric Rate (CA)									
6		\$0.01054			\$0.01058			\$0.00004	0.3%	
7		\$0.01219			\$0.01219			\$0.00000	0.0%	
8		\$0.02273			\$0.02277			\$0.00004	0.2%	
9										
10		\$0.02614			\$0.02618			\$0.00004	0.2%	
11		\$0.03068			\$0.03074			\$0.00005	0.2%	
12	Total Transmission Level Service (NCCI, EOR, EG)	3,052,937	\$0.02274	\$69,424	3,052,937	\$0.02278	\$69,540	\$116	\$0.00004	0.2%
13										
14	C&I Rate Including CSITMA & CARB & GHG Fee:									
15	CSITMA Adder to Usage Charge	652,537	\$0.00562	\$3,670	652,537	\$0.00562	\$3,670	\$0	\$0.00000	
16	CARB Fee Adder	1,338,168	\$0.00137	\$1,837	1,338,168	\$0.00137	\$1,837	\$0	\$0.00000	
17	GHG Fee Adder	41,973	\$0.06972	\$2,926	41,973	\$0.06972	\$2,926	\$0	\$0.00000	
18	Reservation Service Option (RS):									
19		\$0.00711			\$0.00714			\$0	\$0.00002	0.3%
20		\$0.08890			\$0.08890			\$0	\$0.00000	0.0%
21	Class Average Volumetric Rate (CA)									
22		\$0.01054			\$0.01058			\$0	\$0.00004	0.3%
23		\$0.08890			\$0.08890			\$0	\$0.00000	0.0%
24		\$0.09944			\$0.09948			\$0	\$0.00004	0.0%
25										
26		\$0.10285			\$0.10290			\$0	\$0.00004	0.0%
27		\$0.10740			\$0.10745			\$0	\$0.00005	0.0%
28	Other Adjustments:									
29	Transportation Charge Adj. (TCA) for CSITMA exempt customers		(\$0.00562)		(\$0.00562)			\$0.00000		
30	California Air Resources Board (CARB) Fee Credit \$/th		(\$0.00137)		(\$0.00137)			\$0.00000		
31	GHG Fee Credit		(\$0.06972)		(\$0.06972)			\$0.00000		
32	Total Transmission Level Service Include CSITMA & CARB Fee	3,052,937	\$0.02550	\$77,856	3,052,937	\$0.02554	\$77,972	\$116	\$0.00004	0.1%
33										
34	EG & EOR Rate Including CARB Fee & GHG, excluding CSITMA:									
35		\$0.00137			\$0.00137			\$0.00000		
36		\$0.06972			\$0.06972			\$0.00000		
37	Reservation Service Option (RS):									
38		\$0.00711			\$0.00714			\$0	\$0.00002	0.3%
39		\$0.08328			\$0.08328			\$0	\$0.00000	0.0%
40	Class Average Volumetric Rate (CA)									
41		\$0.01054			\$0.01058			\$0	\$0.00004	0.3%
42		\$0.08328			\$0.08328			\$0	\$0.00000	0.0%
43		\$0.09382			\$0.09386			\$0	\$0.00004	0.0%
44										
45		\$0.09723			\$0.09727			\$0	\$0.00004	0.0%
46		\$0.10177			\$0.10182			\$0	\$0.00005	0.1%
47										
48	Other Adjustments:									
49	California Air Resources Board (CARB) Fee Credit \$/th		(\$0.00137)		(\$0.00137)			\$0.00000	0.0%	
50	Greenhouse Gas (GHG) Fee Credit \$/th		(\$0.06972)		(\$0.06972)			\$0.00000		
51										
52	Rate Excluding CSITMA, CARB, GHG Fee, & Uncollectibles (applicable to Wholesale & International):									
53	Reservation Service Option (RS):									
54		\$0.00709			\$0.00711			\$0.00002	0.3%	
55		\$0.01215			\$0.01216			\$0.00000	0.0%	
56	Class Average Volumetric Rate (CA)									
57		\$0.01051			\$0.01054			\$0.00003	0.3%	
58		\$0.01215			\$0.01216			\$0.00000	0.0%	
59		\$0.02266			\$0.02270			\$0.00004	0.2%	
60										
61		\$0.02606			\$0.02610			\$0.00004	0.2%	
62		\$0.03059			\$0.03064			\$0.00005	0.2%	
63	Total Transmission Level Service (WS & Int'l)	325,403	\$0.02274	\$7,400	325,403	\$0.02278	\$7,412	\$12	\$0.00004	0.2%
64										
65	Average Transmission Level Service	3,378,340	\$0.02524	\$85,256	3,378,340	\$0.02527	\$85,384	\$128	\$0.00004	0.2%

TABLE 8
Backbone Transmission Service and Storage Rates
Southern California Gas Company

	Present Rates			Proposed Rates			Changes			
	Apr-1-19 Volumes Mth	Average Rate \$/th	Apr-1-19 Revenue \$000's	Apr-1-19 Volumes Mth, Mdth	Rate \$/th	Apr-1-19 Revenue \$000's	Revenue Change \$000's	Rate Change \$/th	% Rate change %	
	A	B	C	D	E	F	G	H	I	
1	Backbone Transmission Service BTS									
2	BTS SFV Reservation Charge \$/dth/day	2,493	\$0.27794	\$252,917	2,493	\$0.27822	\$253,170	\$253	\$0.00028	0.1%
3	BTS MFV Reservation Charge \$/dth/day		\$0.22235			\$0.22258				
4	BTS MFV Volumetric Charge \$/dth		\$0.05559			\$0.05564				
5	BTS Interruptible Volumetric Charge \$/dth		\$0.27794			\$0.27822		\$0.00028	0.1%	
6										
7										
8	Storage Costs: (incl. HRSMA)									
9	Core \$000		\$60,984			\$60,984	\$0			
10	Load Balancing \$000		\$27,828			\$27,828	\$0			
11	Unbundled Storage \$000		\$23,695			\$23,695	\$0			
12			\$112,507			\$112,507	\$0			

See footnotes, Table 1.

- 1) CSITMA - NCCI and EG TLS Tariff rates include CSITMA. Customers exempt (Constitutional Exempt and EG) receive Transportation Charge Adjustment (TCA).
- 2) CARB Fee - TLS NCCI, EOR and EG Tariff rates include CSITMA. TLS NCCI, EOR and EG customers exempt as they pay CARB Fees directly receive credit.
- 3) Wholesale Customers excludes CSITMA and CARB Fee since these customers are exempt.

ATTACHMENT C

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of December 31, 2018

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
INTANGIBLE ASSETS				
301	Organization	\$ 76,457	\$ -	\$ 76,457
302	Franchise and Consents	\$ 587,060	\$ -	\$ 587,060
	Total Intangible Assets	<u>\$ 663,517</u>	<u>0</u>	<u>\$ 663,517</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	\$ (17,514,610)	\$ 421,188
350RW	Rights-of-Way	\$ 25,354	\$ (17,445)	\$ 7,909
351	Structures and Improvements	\$ 99,008,789	\$ (25,102,923)	\$ 73,905,866
352	Wells	\$ 484,290,266	\$ (57,290,533)	\$ 426,999,733
353	Lines	\$ 148,575,305	\$ (95,559,121)	\$ 53,016,184
354	Compressor Station and Equipment	\$ 435,569,083	\$ (70,137,069)	\$ 365,432,013
355	Measuring And Regulator Equipment	\$ 8,358,472	\$ (2,839,291)	\$ 5,519,181
356	Purification Equipment	\$ 154,310,192	\$ (80,968,731)	\$ 73,341,461
357	Other Equipment	\$ 67,318,368	\$ (17,795,841)	\$ 49,522,527
	Total Underground Storage	<u>\$ 1,419,931,109</u>	<u>(367,225,564)</u>	<u>\$ 1,052,705,545</u>
TRANSMISSION PLANT- OTHER:				
365	Land	\$ 7,588,651	\$ -	\$ 7,588,651
365LRTS	Land Rights	\$ 22,659,094	\$ (15,549,176)	\$ 7,109,918
366	Structures and Improvements	\$ 61,979,483	\$ (21,432,868)	\$ 40,546,615
367	Mains	\$ 2,267,448,285	\$ (686,088,474)	\$ 1,581,359,811
368	Compressor Station and Equipment	\$ 242,632,687	\$ (103,845,230)	\$ 138,787,457
369	Measuring And Regulator Equipment	\$ 165,639,657	\$ (34,004,389)	\$ 131,635,268
370	Communication Equipment	\$ 37,900,362	\$ (3,899,056)	\$ 34,001,306
371	Other Equipment	\$ 6,962,203	\$ (3,809,444)	\$ 3,152,759
	Total Transmission Plant	<u>\$ 2,812,810,421</u>	<u>(868,628,636)</u>	<u>\$ 1,944,181,785</u>
DISTRIBUTION PLANT:				
374	Land	\$ 29,790,559	\$ -	\$ 29,790,559
374LRTS	Land Rights	\$ 2,850,529	\$ (2,096,410)	\$ 754,119
375	Structures and Improvements	\$ 292,270,827	\$ (86,231,304)	\$ 206,039,523
376	Mains	\$ 5,036,678,211	\$ (2,447,855,925)	\$ 2,588,822,286
378	Measuring And Regulator Equipment	\$ 117,394,002	\$ (77,390,134)	\$ 40,003,868
380	Services	\$ 2,890,528,234	\$ (2,091,728,730)	\$ 798,799,504
381	Meters	\$ 920,341,430	\$ (214,515,326)	\$ 705,826,104
382	Meter Installation	\$ 582,905,103	\$ (172,514,500)	\$ 410,390,603
383	House Regulators	\$ 168,121,076	\$ (72,518,863)	\$ 95,602,213
387	Other Equipment	\$ 55,611,779	\$ (24,391,852)	\$ 31,219,927
	Total Distribution Plant	<u>\$ 10,096,491,751</u>	<u>(5,189,243,043)</u>	<u>\$ 4,907,248,708</u>

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of December 31, 2018

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	\$ (38,364)	35,936
390	Structures and Improvements	\$ 214,275,358	\$ (189,225,078)	25,050,280
391	Office Furniture and Equipment	\$ 1,303,867,782	\$ (825,291,361)	478,576,421
392	Transportation Equipment	\$ 151,892	\$ (149,267)	2,625
393	Stores Equipment	\$ 99,134	\$ (72,275)	26,859
394	Shop and Garage Equipment	\$ 87,018,798	\$ (27,717,921)	59,300,877
395	Laboratory Equipment	\$ 5,091,401	\$ (1,660,149)	3,431,252
396	Construction Equipment	\$ 11,957	\$ (4,855)	7,102
397	Communication Equipments	\$ 197,934,026	\$ (57,245,994)	140,688,033
398	Miscellaneous Equipment	\$ 3,226,160	\$ (1,707,480)	1,518,680
	Total General Plant	\$ 1,813,093,646	(1,103,112,743)	\$ 709,980,903
	Subtotal	\$ 16,151,770,397	(7,528,211,456)	\$ 8,623,558,940

ATTACHMENT D

**SOUTHERN CALIFORNIA GAS COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,959
2	Operating Expenses	<u>3,447</u>
3	Net Operating Income	<u><u>\$513</u></u>
4	Weighted Average Rate Base	\$6,413
5	Rate of Return*	7.34%

*Authorized Cost of Capital