

Application of SOUTHERN CALIFORNIA GAS)
COMPANY for authority to update its gas)
revenue requirement and base rates)
effective January 1, 2028 (U 904-G))

Application No.: A.26-06-XXX

Exhibit No.: (SCG-07-WP)

WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF ELSA R. VALAY-PAZ
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

JUNE 2026



2028 General Rate Case - Application

INDEX OF WORKPAPERS

Exhibit SCG-07-WP - GAS ACQUISITION

DOCUMENT	PAGE
Overall Summary For Exhibit No. SCG-07-WP	1
<i>Summary of Non-Shared Services Workpapers</i>	2
Category: A. Gas Acquisition	3
..2SP000.000 - GAS ACQUISITION	4
<i>Appendix A: List of Non-Shared Cost Centers</i>	18

Overall Summary For Exhibit No. SCG-07-WP

Area:	GAS ACQUISITION
Witness:	Elsa R. Valay-Paz

In 2025 \$ (000) Incurred Costs

Description	Adjusted-Recorded	Adjusted-Forecast					
	2025	2026	2027	2028	2029	2030	2031
Non-Shared Services	4,907	5,212	5,270	5,274	5,274	5,274	5,274
Shared Services	0	0	0	0	0	0	0
Total	4,907	5,212	5,270	5,274	5,274	5,274	5,274

Note: Totals may include rounding differences.

Area: GAS ACQUISITION

Witness: Elsa R. Valay-Paz

Summary of Non-Shared Services Workpapers:

In 2025 \$ (000) Incurred Costs

Description	Adjusted-Recorded	Adjusted-Forecast					
	2025	2026	2027	2028	2029	2030	2031
A. Gas Acquisition	4,907	5,212	5,270	5,274	5,274	5,274	5,274
Total	4,907	5,212	5,270	5,274	5,274	5,274	5,274

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Workpaper: 2SP000.000

Summary for Category: A. Gas Acquisition

	In 2025\$ (000) Incurred Costs						
	Adjusted-Recorded	Adjusted-Forecast					
	2025	2026	2027	2028	2029	2030	2031
Labor	4,540	4,501	4,522	4,522	4,522	4,522	4,522
Non-Labor	367	711	748	752	752	752	752
NSE	0	0	0	0	0	0	0
Total	4,907	5,212	5,270	5,274	5,274	5,274	5,274
FTE	30.9	31.4	31.4	31.4	31.4	31.4	31.4

Workpapers belonging to this Category:

2SP000.000 Gas Acquisition

Labor	4,540	4,501	4,522	4,522	4,522	4,522	4,522
Non-Labor	367	711	748	752	752	752	752
NSE	0	0	0	0	0	0	0
Total	4,907	5,212	5,270	5,274	5,274	5,274	5,274
FTE	30.9	31.4	31.4	31.4	31.4	31.4	31.4
Unit Measure: FTEs							
Units	31	32	32	32	32	32	32

Note: Totals may include rounding differences.

Beginning of Workpaper
2SP000.000 - Gas Acquisition

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Activity Description:

The Gas Acquisition Department is organized into three functional groups reporting to the Vice President of Gas Acquisition : Origination, Energy Trading and Transportation (front office); Contract Management, Finance and Information Technology (back office); and Energy Economics and Planning. The department is also supported by a middle office function that provides independent risk oversight . In 2023, this function was transitioned to the SoCalGas Enterprise Risk Management organization, where it continues to support procurement related risk activities.

Gas Acquisition’s core responsibilities include procuring natural gas supplies , including storage gas, for SoCalGas and SDG&E retail core customers. The department also executes physical and financial hedging strategies for the combined core portfolio to help manage price volatility and maintain reliable service. In addition, Gas Acquisition acquires cost effective greenhouse gas compliance instruments for end use customers and for SoCalGas facilities subject to greenhouse gas regulatory requirements.

The department also manages contracts covering gas transactions, transportation capacity, renewable natural gas, and carbon trading, and supports the information technology systems that enable procurement operations, including the Energy Trading and Risk Management platform . Gas Acquisition performs portfolio risk management , conducts market and economic analysis, oversees gas and carbon accounting and settlements, maintains internal business controls, and performs compliance with regulatory obligations, including timely regulatory filings. Operating and maintenance costs are primarily driven by direct labor, measured by the number of full time equivalent employees needed to support these activities.

Forecast Explanations:

Labor - Base YR Rec

The most appropriate methodology for forecasting Gas Acquisition Department labor costs is the base -year recorded cost approach. This method, adjusted for vacancies that primarily occurred in 2025, reflects the most recent recorded labor costs at full staffing levels , with adjustments for positions filled in December 2025 and January 2026. By incorporating these adjustments, this approach provides a reasonable baseline forecast to support full staffing . Maintaining full staffing is necessary to execute the department’s procurement priorities , including securing reliable gas supplies for retail core customers, achieving cost-effective energy procurement with limited price volatility , obtaining greenhouse gas compliance instruments, supporting sustainability initiatives, and ensuring compliance with state and federal regulatory requirements.

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Non-Labor - 5-YR Average

The Gas Acquisition Department's non-labor expenses consist primarily of industry publication subscriptions, online analytical tools, employee training, and participation in relevant industry conferences, including associated travel costs. To mitigate annual fluctuations caused by subscription prepayments—which may span one- to three-year terms—a five-year historical average methodology was used to develop the non-labor expense forecast. This approach provides a reasonable and representative basis for estimating Test Year (TY) 2028 non-labor costs.

The five-year average forecast was adjusted to accommodate the following: 1) Pricing and market research services are transitioning from user-based licensing models to enterprise-wide subscription structures, which have historically resulted in higher overall costs; and 2) Information Technology (IT) supplemental resources are required to support gas trading and back-office operations, maintain the existing Energy Trade and Risk Management (ETRM) system, and perform non-capitalizable activities associated with the implementation of a new ETRM system, including data conversion, training, and ongoing system maintenance.

NSE - Base YR Rec

N/A

Units - Base YR Rec

N/A

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Summary of Results:

Years	In 2025\$ (000) Incurred Costs										
	Adjusted Recorded					Adjusted Forecast					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Labor	5,350	5,150	4,691	4,704	4,540	4,501	4,522	4,522	4,522	4,522	4,522
Non-Labor	578	606	440	440	367	711	748	752	752	752	752
NSE	0	0	0	0	0	0	0	0	0	0	0
Total	5,928	5,756	5,130	5,144	4,907	5,212	5,270	5,274	5,274	5,274	5,274
FTE	35.8	36.1	31.7	32.4	30.9	31.4	31.4	31.4	31.4	31.4	31.4
Units	36	36	32	32	31	32	32	32	32	32	32

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Summary of Adjustments to Forecast:

In 2025 \$(000) Incurred Costs																		
Years	Base Forecast						Forecast Adjustments						Adjusted-Forecast					
	2026	2027	2028	2029	2030	2031	2026	2027	2028	2029	2030	2031	2026	2027	2028	2029	2030	2031
Labor	4,540	4,540	4,540	4,540	4,540	4,540	-39	-18	-18	-18	-18	-18	4,501	4,522	4,522	4,522	4,522	4,522
NLbr	486	486	486	486	486	486	225	262	266	266	266	266	711	748	752	752	752	752
NSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,026	5,026	5,026	5,026	5,026	5,026	186	244	248	248	248	248	5,212	5,270	5,274	5,274	5,274	5,274
FTE	30.9	30.9	30.9	30.9	30.9	30.9	0.5	0.5	0.5	0.5	0.5	0.5	31.4	31.4	31.4	31.4	31.4	31.4
Units	31	31	31	31	31	31	1	1	1	1	1	1	32	32	32	32	32	32

Forecast Adjustment Details:

Year	Labor (Base YR Rec)	NLbr (5-YR Average)	NSE (Base YR Rec)	Total	FTE	Units (Base YR Rec)	Adj_Type
2026	-220	225	0	5	0.5	1	1-Sided Adj

Explanation: Direct labor costs reflect a net decrease of \$220K. This includes a \$500K reduction associated with eight employees departing Gas Acquisition in 2025: five separations through the Voluntary Retirement Enhancement Plan, two positions terminated through a Reduction in Force, and one employee completing a rotation under the Management Accounting/Finance Rotation Program. These decreases are partially offset by a \$280K increase to add three positions needed to support operational workload. The forecast includes hiring a Staff Accountant and Senior Contracts Analyst in the Back Office and a Senior Scheduler in the Front Office, with onboarding assumed in December 2025 and 2026.

Non-labor costs reflect a net increase of \$225K. This includes \$168K for third-party IT supplemental resources to support trading and back-office operations and to maintain the Energy Trade Risk Management System, and \$57K for higher subscription expenses due to a shift from a user-based licensing model to an enterprise subscription model.

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Year	Labor (Base YR Rec)	NLbr (5-YR Average)	NSE (Base YR Rec)	Total	FTE	Units (Base YR Rec)	Adj_Type
2026	181	0	0	181	0.0	0	1-Sided Adj
Explanation: Reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.							
2026 Total	-39	225	0	186	0.5	1	
2027	-199	262	0	63	0.5	1	1-Sided Adj
Explanation: Direct labor costs reflect a net decrease of \$199K. This includes a \$500K reduction associated with eight employees departing Gas Acquisition in 2025: five separations through the Voluntary Retirement Enhancement Plan , two positions terminated through a Reduction in Force, and the full discontinuation of one Management Accounting/Finance Rotation Program position. These decreases are partially offset by a \$301K increase to add three positions needed to support operational workload. The forecast includes hiring a Staff Accountant and Senior Contracts Analyst in the Back Office and a Senior Scheduler in the Front Office , with onboarding assumed in December 2025 and 2026.							
Non labor costs reflect a net increase of \$262K. This includes \$168 K for third party IT supplemental resources to support trading and back office operations and to maintain the Energy Trade Risk Management System , and \$94K for higher subscription expenses due to a shift from a user based licensing model to an enterprise subscription model.							
2027	181	0	0	181	0.0	0	1-Sided Adj
Explanation: Reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.							
2027 Total	-18	262	0	244	0.5	1	
2028	-199	266	0	67	0.5	1	1-Sided Adj

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Year	Labor (Base YR Rec)	NLbr (5-YR Average)	NSE (Base YR Rec)	Total	FTE	Units (Base YR Rec)	Adj_Type
<p>Explanation: Direct labor costs reflect a net decrease of \$199K. This includes a \$500K reduction associated with eight employees departing Gas Acquisition in 2025: five separations through the Voluntary Retirement Enhancement Plan , two positions terminated through a Reduction in Force, and the full discontinuation of one Management Accounting/Finance Rotation Program position. These decreases are partially offset by a \$301K increase to add three positions needed to support operational workload. The forecast includes hiring a Staff Accountant and Senior Contracts Analyst in the Back Office and a Senior Scheduler in the Front Office , with onboarding assumed in December 2025 and 2026.</p> <p>Non labor costs reflect a net increase of \$266K. This includes \$167 K for third party IT supplemental resources to support trading and back office operations and to maintain the Energy Trade Risk Management System , and \$99K for higher subscription expenses due to a shift from a user based licensing model to an enterprise subscription model.</p>							
2028	181	0	0	181	0.0	0	1-Sided Adj
<p>Explanation: Reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.</p>							
2028 Total	-18	266	0	248	0.5	1	
2029	-199	266	0	67	0.5	1	1-Sided Adj

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Year	Labor (Base YR Rec)	NLbr (5-YR Average)	NSE (Base YR Rec)	Total	FTE	Units (Base YR Rec)	Adj_Type
<p>Explanation: Direct labor costs reflect a net decrease of \$199K. This includes a \$500K reduction associated with eight employees departing Gas Acquisition in 2025: five separations through the Voluntary Retirement Enhancement Plan , two positions terminated through a Reduction in Force, and the full discontinuation of one Management Accounting/Finance Rotation Program position. These decreases are partially offset by a \$301K increase to add three positions needed to support operational workload. The forecast includes hiring a Staff Accountant and Senior Contracts Analyst in the Back Office and a Senior Scheduler in the Front Office , with onboarding assumed in December 2025 and 2026.</p> <p>Non labor costs reflect a net increase of \$266K. This includes \$167 K for third party IT supplemental resources to support trading and back office operations and to maintain the Energy Trade Risk Management System , and \$99K for higher subscription expenses due to a shift from a user based licensing model to an enterprise subscription model.</p>							
2029	181	0	0	181	0.0	0	1-Sided Adj
<p>Explanation: Reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.</p>							
2029 Total	-18	266	0	248	0.5	1	
2030	-199	266	0	67	0.5	1	1-Sided Adj

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Year	Labor (Base YR Rec)	NLbr (5-YR Average)	NSE (Base YR Rec)	Total	FTE	Units (Base YR Rec)	Adj_Type
<p>Explanation: Direct labor costs reflect a net decrease of \$199K. This includes a \$500K reduction associated with eight employees departing Gas Acquisition in 2025: five separations through the Voluntary Retirement Enhancement Plan , two positions terminated through a Reduction in Force, and the full discontinuation of one Management Accounting/Finance Rotation Program position. These decreases are partially offset by a \$301K increase to add three positions needed to support operational workload. The forecast includes hiring a Staff Accountant and Senior Contracts Analyst in the Back Office and a Senior Scheduler in the Front Office , with onboarding assumed in December 2025 and 2026.</p> <p>Non labor costs reflect a net increase of \$266K. This includes \$167 K for third party IT supplemental resources to support trading and back office operations and to maintain the Energy Trade Risk Management System , and \$99K for higher subscription expenses due to a shift from a user based licensing model to an enterprise subscription model.</p>							
2030	181	0	0	181	0.0	0	1-Sided Adj
<p>Explanation: Reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.</p>							
2030 Total	-18	266	0	248	0.5	1	
2031	-199	266	0	67	0.5	1	1-Sided Adj

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Year	Labor (Base YR Rec)	NLbr (5-YR Average)	NSE (Base YR Rec)	Total	FTE	Units (Base YR Rec)	Adj_Type
<p>Explanation: Direct labor costs reflect a net decrease of \$199K. This includes a \$500K reduction associated with eight employees departing Gas Acquisition in 2025: five separations through the Voluntary Retirement Enhancement Plan , two positions terminated through a Reduction in Force, and the full discontinuation of one Management Accounting/Finance Rotation Program position. These decreases are partially offset by a \$301K increase to add three positions needed to support operational workload. The forecast includes hiring a Staff Accountant and Senior Contracts Analyst in the Back Office and a Senior Scheduler in the Front Office , with onboarding assumed in December 2025 and 2026.</p> <p>Non labor costs reflect a net increase of \$266K. This includes \$167 K for third party IT supplemental resources to support trading and back office operations and to maintain the Energy Trade Risk Management System , and \$99K for higher subscription expenses due to a shift from a user based licensing model to an enterprise subscription model.</p>							
2031	181	0	0	181	0.0	0	1-Sided Adj
<p>Explanation: Reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.</p>							
2031 Total	-18	266	0	248	0.5	1	

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Determination of Adjusted-Recorded (Incurred Costs in thousands):

	2021	2022	2023	2024	2025
Recorded (Nominal \$)*					
Labor	3,913	3,932	3,748	3,887	3,868
Non-Labor	478	562	440	467	391
NSE	0	0	0	0	0
Total	4,391	4,495	4,189	4,354	4,259
FTE	30.1	30.5	27.1	27.5	25.9
Units	0	0	0	0	0
Adjustments (Nominal \$) **					
Labor	0	0	0	-2	-9
Non-Labor	0	0	-22	-39	-24
NSE	0	0	0	0	0
Total	0	0	-22	-41	-33
FTE	0.0	0.0	0.0	0.1	0.1
Units	36	36	32	32	31
Recorded-Adjusted (Nominal \$)					
Labor	3,913	3,932	3,748	3,885	3,859
Non-Labor	478	562	419	428	367
NSE	0	0	0	0	0
Total	4,391	4,494	4,167	4,313	4,226
FTE	30.1	30.5	27.1	27.6	26.0
Units	36	36	32	32	31
Vacation & Sick (Nominal \$)					
Labor	691	664	595	623	682

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Determination of Adjusted-Recorded (Incurred Costs in thousands):

	2021	2022	2023	2024	2025
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
Total	691	664	595	623	682
FTE	5.7	5.6	4.6	4.8	4.9
Units	0	0	0	0	0
Escalation to 2025\$					
Labor	746	554	348	196	0
Non-Labor	100	44	21	12	0
NSE	0	0	0	0	0
Total	846	598	369	208	0
FTE	0.0	0.0	0.0	0.0	0.0
Units	0	0	0	0	0
Recorded-Adjusted (Constant 2025\$)					
Labor	5,350	5,150	4,691	4,704	4,540
Non-Labor	578	606	440	440	367
NSE	0	0	0	0	0
Total	5,928	5,756	5,130	5,144	4,907
FTE	35.8	36.1	31.7	32.4	30.9
Units	36	36	32	32	31

* After company-wide exclusions of Non-GRC costs

** Refer to "Detail of Adjustments to Recorded" page for line item adjustments

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Summary of Adjustments to Recorded:

In Nominal \$ (000) Incurred Costs						
Years	2021	2022	2023	2024	2025	
Labor	0	0	0	-2	-9	
Non-Labor	0	-0.266	-22	-39	-24	
NSE	0	0	0	0	0	
Total	0	-0.266	-22	-41	-33	
FTE	0.0	0.0	0.0	0.1	0.1	
Units	36	36	32	32	31	

Detail of Adjustments to Recorded in Nominal \$:

Year	Labor	NLbr	NSE	FTE	Units	Adj Type
2021	0	0	0	0.0	36	1-Sided Adj

Explanation: To adjust for Unit Measure and Unit Count.

2021 Total	0	0	0	0.0	36	
-------------------	----------	----------	----------	------------	-----------	--

2022	0	0	0	0.0	36	1-Sided Adj
------	---	---	---	-----	----	-------------

Explanation: Costs associated with the regulatory balancing account BPPCBA, are recovered through a separate application. Accordingly, these costs have been excluded from the General Rate Case (GRC) testimony.

Note: Totals may include rounding differences.

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition
Unit Measure: FTEs

Year	Labor	NLbr	NSE	FTE	Units	Adj Type
2022 Total	0	0	0	0.0	36	
2023	0	-22	0	0.0	32	1-Sided Adj
Explanation:	Costs associated with the regulatory balancing account BPPCBA, are recovered through a separate application. Accordingly, these costs have been excluded from the General Rate Case (GRC) testimony.					
2023 Total	0	-22	0	0.0	32	
2024	-2	-39	0	0.1	32	1-Sided Adj
Explanation:	Costs associated with the regulatory balancing account BPPCBA, are recovered through a separate application. Accordingly, these costs have been excluded from the General Rate Case (GRC) testimony.					
2024 Total	-2	-39	0	0.1	32	
2025	-9	-24	0	0.1	31	1-Sided Adj
Explanation:	Costs associated with the regulatory balancing account BPPCBA, are recovered through a separate application. Accordingly, these costs have been excluded from the General Rate Case (GRC) testimony.					
2025 Total	-9	-24	0	0.1	31	

Note: Totals may include rounding differences.

Southern California Gas Company
2028 GRC - APPLICATION
Non-Shared Service Workpapers

Area: GAS ACQUISITION
Witness: Elsa R. Valay-Paz

Appendix A: List of Non-Shared Cost Centers

<u>Cost Center</u>	<u>Sub</u>	<u>Description</u>
2200-0832	000	GAS ACQUISITION
2200-2580	000	LCFS
2200-2635	000	ENERGY MARKET RISK MANAGEMENT