

Company: Southern California Gas Company (U 904 G)
Proceeding: 2028 General Rate Case
Application: A.26-06-____
Exhibit No: SCG-28-WP

**WORKPAPERS TO
PREPARED DIRECT TESTIMONY OF
RICARDO GONZALEZ
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

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

June 2026



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PROPOSED POST-TEST YEAR RATEMAKING MECHANISM – SCG

A. REVENUE REQUIREMENT

As described in my testimony (Exhibit SCG-28), SoCalGas’s Post-Test Year (PTY) ratemaking mechanism proposes to adjust Test Year (TY) authorized revenue requirement in PTY’s 2029, 2030 and 2031 for:

1. General O&M test-year cost forecast (labor and non-labor) escalated by S&P Global’s utility cost escalation factors forecast (Section B.1);
2. Medical costs forecast escalated by WTW’s actuarial forecast (Section B.2);
3. Test-year capital additions forecast escalated using S&P Global’s utility cost escalation factors (Section C); and
4. An Earnings Sharing Mechanism that shares returns above or below authorized Rate of Return (ROR) with ratepayers and shareholders during the post-test years.

The base margin amounts adopted in SoCalGas’s TY 2028 are from the Summary of Earnings testimony (Exhibit SCG-27) and utilized throughout these workpapers. Table 1 below summarizes the total revenue requirement with SoCalGas’s PTY ratemaking mechanism including Miscellaneous Revenues and Franchise Fees & Uncollectible (FF&U). FF&U is addressed in Section D.

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Table 1

Line No.	Description (\$ in millions)	PTY – 2029	PTY – 2030	PTY – 2031
1	Total O&M Margin (excluding FFU)	1,790.8	1,836.6	1,885.2
2	Medical Expense	106.6	112.8	118.7
3	Depreciation	139.3	141.8	144.4
4	Taxes on Income	(28.7)	(34.4)	(34.8)
5	Taxes Other Than on Income	19.8	20.1	20.5
6	Return	129.4	126.0	122.7
7	Cost of Capital	-	-	-
8	Total Capital-Related Costs (excluding FFU) (Sum L3:L9)	259.8	253.5	252.8
9	Total Base Margin (w/o FF&U)	2,996.3	3,256.1	3,509.7
10	FF&U	117.0	124.0	131.0
11	Total Base Margin (w/ FF&U) (L1 + L2 + L10 + L11 + L12)	5,270.5	5,583.0	5,897.4
12	Miscellaneous Revenues	141.1	141.1	141.1
13	Total Revenue Requirement (L13 + L14)	5,411.6	5,724.0	6,038.4
14	Revenue Requirement Increase \$	315.3	312.5	314.4
15	Revenue Requirement Increase %	6.19%	5.77%	5.49%

B. OPERATION & MAINTENANCE (“O&M”) EXPENSES

The starting base for O&M escalation is the TY 2028 revenue requirement excluding miscellaneous revenues, capital-related margin, medical expense, franchise fees, and uncollectibles (O&M Margin). Medical costs are escalated separately, as described below in Section B2. After the PTY O&M and medical expenses are escalated, these costs will be grossed up for FF&U using the factors authorized in the TY 2028.

- Escalation of O&M (excluding medical): For simplicity in calculating PTY escalation, a single weighted average gas O&M utility input price index (GOMPI) is used to adjust O&M expenses to reflect the expected cost inflation of goods and services that SoCalGas will incur to serve its customers. The calculation of GOMPI is described in the Escalation & Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24). The PTY O&M revenue requirement is calculated below (differences due to rounding) in Table 2.

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Table 2

Line No.	O&M Expense Adjustment (\$ in millions)	TY – 2028	PTY – 2029	PTY – 2030	PTY – 2031
1	Prior Year O&M Margin		\$1,748.4	\$1,790.8	\$1,836.6
2	O&M Escalation Rate		2.42%	2.56%	2.65%
3	Attrition Year O&M Escalation (L1 * L2)		\$42.4	\$45.8	\$48.6
4	O&M Expense (L1 + L3)	\$1,748.4	\$1,790.8	\$1,836.6	\$1,885.2

- Escalation of Medical Costs: Medical costs adopted in SoCalGas’s TY 2028 will be escalated annually using WTW’s medical escalation projections as described in the Compensation & Benefits testimony (Ex. SCG-16/SDGE-20) and the Pension and PBOP testimony (Ex. SCG-17/SDGE-21). The associated revenue requirement prior to FF&U gross up is calculated below (differences due to rounding) in Table 3.

Table 3

Line No.	Medical Cost Adjustment (\$ in millions)	TY – 2028	PTY – 2029	PTY – 2030	PTY – 2031
1	Prior Year Medical Expense (net)		\$100.6	\$106.6	\$112.8
2	Medical Escalation Rate		6.00%	5.75%	5.25%
3	Attrition Year Medical Escalation (L1 * L2)		\$6.0	\$6.1	\$5.9
4	Medical Expense (L1+ L3)	\$100.6	\$106.6	\$112.8	\$118.7

C. CAPITAL-RELATED

- Test-Year Capital Addition: This section describes the development of the PTY plant additions and other PTY rate base changes to determine the capital-related revenue requirement (authorized return, depreciation expense, tax). The forecasted 2028 rate base components, plant additions and plant retirements are from the Rate Base testimony and workpapers (Exhibit SCG-23 and SCG-23-WP). Once each attrition year net plant additions are computed, incremental depreciation reserve, and deferred taxes are calculated in order to determine the rate base for each attrition year. The change in year-over-year rate base is then utilized to calculate the capital costs components of the revenue requirement. The capital-related revenue requirement is calculated below (differences due to rounding) in Table 4.

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Table 4

Line No.	Capital-Related Attrition (\$ in millions)	TY – 2028	PTY – 2029	PTY – 2030	PTY – 2031
1	Prior Year Capital-Related Costs		\$2,996.3	\$3,256.1	\$3,509.7
2	Capital-Related Attrition		259.8	253.5	252.8
3	Capital-Related Costs (L1+L2)	\$2,996.3	\$3,256.1	\$3,509.7	\$3,762.4

The development of the PTY rate base and the derivation of individual revenue requirement components are described in detail below.

2. Weighted Average (WAVG) Rate Base: The starting point in developing rate base for each attrition year is the prior year plant in service. Weighted average net plant additions for the attrition year are added, and current year changes to the net depreciation and accumulated deferred tax reserve are made:
 - a) Weighted Net Plant Additions:
 - 1) The starting point used for the plant additions for the PTY is forecasted 2028 test-year plant additions. The test-year is then escalated to 2029, 2030, and 2031 (Table-6, Line 11) dollars using S&P Global’s indices, as described in the Escalation & Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24).
 - 2) Plant retirements for the PTY are also calculated using forecasted 2028 test-year plant retirements. The test-year is then escalated to 2029, 2030 and 2031 (Table-6, Line 16) dollars using S&P Global’s indices, as described in the Escalation & Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24).
 - 3) WAVG Net Plant Additions: Each PTY's WAVG net plant additions is calculated using the ratio of the prior year WAVG net plant additions balance to the prior year end of year (EOY) net plant additions balance multiplied by the attrition-year’s EOY net plant additions (Table-6, Line 2).
 - b) Change in Accumulated Depreciation Reserve: Each PTY's WAVG net depreciation reserve is calculated using the ratio of the attrition year WAVG plant in service balance to the prior year WAVG plant in service

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balance multiplied by the prior year's net depreciation reserve. Net depreciation reserve includes annual retirements, cost of removal and salvage. (Table-6, Line 5)

- c) Working Capital and Other: SoCalGas is not proposing to change the rate base elements of Materials and Supplies, Working Cash, Customer Advances for Construction, and deferred revenue from the test-year 2028 amounts. (Table 5, Line 4,5,7,8)
- d) Repair Deductions Rate Base Adjustment (2016 – 2038) (Table-5, Line 9): SoCalGas proposes to continue the amortization of this rate base adjustment as ordered in D.16-06-054, page 192, and adjusted for Tax Cuts & Jobs Act (TCJA) as discussed in the testimony and workpapers of witness Ragan Reeves (Exhibit SCG-33/Exhibit SCG-33-WP-Tax).
- e) Accumulated Deferred Taxes: 2017 Tax Cuts & Jobs Act Adj (Table-5, Line 11): SoCalGas calculated this rate base adjustment using the average rate assumption method (ARAM) as explained by the Tax testimony (Exhibit SCG-25/SDGE-30). SoCalGas proposes to continue the amortization of this adjustment into the PTYs.
- f) Change in Accumulated Deferred Taxes – Plant: Each PTY's WAVG accumulated deferred taxes is calculated using the ratio of the test year level of deferred taxes to the test year WAVG plant in service. (Table-5, Line 13)
- g) Change in Accumulated Deferred Taxes – CIAC: Each PTY's WAVG accumulated deferred taxes is calculated using the ratio of the test year level of deferred taxes to the test year WAVG plant in service. (Table 5, Line 14)

The resulting Weighted Average Depreciated Rate Base and supporting calculations are shown in the tables below.

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Table 5

SOUTHERN CALIFORNIA GAS COMPANY
Weighted Average Depreciated Rate Base
(Thousands of Dollars)

2028 RO Model				2029-2031 Attrition Year			
Line No.	Account Description	Recorded Year 2025	Estimated Year 2026 2027	Test Year 2028	AY 2029	AY 2030	AY 2031
<i>Fixed Capital</i>							
1	Plant In Service	25,965,938	27,889,100 29,968,608	32,190,730	34,650,837	37,154,252	39,703,408
2	Work-In-Progress (non-interest bearing)	4,345	124 0	0	0	0	0
3	Total Fixed Capital	25,970,283	27,889,224 29,968,608	32,190,730	34,650,837	37,154,252	39,703,408
<i>Working Capital</i>							
4	Materials & Supplies	141,314	138,258 138,205	138,435	138,435	138,435	138,435
5	Working Cash	53,282	54,880 56,527	348,842	348,842	348,842	348,842
6	Total Working Capital	194,595	193,138 194,731	487,277	487,277	487,277	487,277
<i>Other</i>							
7	Customer Advances For Construction	(129,575)	(117,643) (101,693)	(85,743)	(85,743)	(85,743)	(85,743)
8	Deferred Revenue - ITCC	(93,306)	(97,310) (105,624)	(114,605)	(114,605)	(114,605)	(114,605)
9	Repair Deductions Rate Base Adjustment (2016-2038)	(8,450)	(7,800) (7,150)	(6,500)	(5,850)	(5,200)	(4,550)
10	Total Other	(231,331)	(222,753) (214,467)	(206,848)	(206,198)	(205,548)	(204,898)
<i>Deductions For Reserves</i>							
11	Accumulated Deferred Taxes - 2017 Tax Cuts & Jobs Act Adj	463,202	454,094 444,183	433,470	422,758	412,045	401,332
12	Accumulated Depreciation Reserve	10,616,079	11,401,895 12,310,326	13,214,947	14,263,182	15,389,270	16,594,608
13	Accumulated Deferred Taxes - Plant	1,135,650	1,160,577 1,154,637	1,189,285	1,280,174	1,372,662	1,466,841
14	Accumulated Deferred Taxes - CIAC	(216,523)	(261,014) (280,175)	(299,086)	(321,944)	(345,203)	(368,887)
15	Accumulated Deferred Investment Tax Credits	0	0 0	0	0	0	0
16	Total Deductions For Reserves	11,998,408	12,755,551 13,628,971	14,538,616	15,644,169	16,828,774	18,093,893
17	Weighted Average Depreciated Rate Base	13,935,140	15,104,058 16,319,901	17,932,543	19,287,748	20,607,208	21,891,894

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Table 6

Line No.	2028 RO Model		2029-2031 Attrition Year Calc								
	End of Year	WAVG	End of Year	2029 WAVG	WAVG Increase	End of Year	2030 WAVG	WAVG Increase	End of Year	2031 WAVG	WAVG Increase
1	31,294,437	31,294,437	33,738,872	33,738,872	2,444,435	36,226,050	36,226,050	2,487,177	38,757,511	38,757,511	2,531,462
2	2,444,435	896,293	2,487,177	911,965	15,672	2,531,462	928,203	16,238	2,579,718	945,897	17,694
3	33,738,872	32,190,730	36,226,050	34,650,837	2,460,107	38,757,511	37,154,252	2,503,415	41,337,230	39,703,408	2,549,156
4	12,713,203	12,713,203	13,723,093	13,723,093	1,009,890	14,810,162	14,810,162	1,087,069	15,975,767	15,975,767	1,165,606
5	1,009,890	501,744	1,087,069	540,089	38,345	1,165,606	579,108	39,020	1,245,578	618,841	39,733
6	13,723,093	13,214,947	14,810,162	14,263,182	1,048,235	15,975,767	15,389,270	1,126,088	17,221,345	16,594,608	1,205,338

Line No.	Description	Forecast	PTY		
		2028 (2028\$)	2029	2030	2031
7	Capital Additions	2,708,287			
8	Adj. for Capital Exceptions	-	Escalation Rate		
9	Total Capital Additions	2,708,287	1.75%	1.78%	1.91%
10	Capital Additions (2028\$)	2,708,287			
11	Capital Additions Test-Year	2,708,287	2,755,642	2,804,707	2,858,172
12	Retirements	263,852			
13	Adj. for Capital Exceptions	-			
14	Total Retirements	263,852			
15	Retirements (2028\$)	263,852			
16	Retirements Test-Year	263,852	268,465	273,245	278,454
17	Plant Additions for Ratebase		2,487,177	2,531,462	2,579,718

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Table 7

Southern California Gas Company

Gas Plant in Service Additions

(Thousands of Dollars)

Line No.	Description	2028 Recorded Additions
1	Intangible	-
2	Storage	327,565
3	Transmission	587,216
4	Distribution	1,026,122
5	General Plant	767,384
6	Cushion Gas Purchases	-
7	Total Additions (L1 + L2 + L3 + L4 + L5 + L6)	2,708,287

Table 8

Southern California Gas Company

Gas Plant in Service Retirements

(Thousands of Dollars)

Line No.	Description	2028 Recorded Retirements
1	Intangible	-
2	Storage	83,355
3	Transmission	7,793
4	Distribution	50,400
5	General Plant	122,304
6	Cushion Gas Purchases	-
7	Total Retirements (L1 + L2 + L3 + L4 + L5 + L6)	263,852

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Table 9

Southern California Gas Company
Calculation of Monthly CWIP, Plant and Accumulated Depreciation
(Thousands of Dollars)

Asset Type:	Total Utility Plant	
Line No.		<u>2028</u>
1	Beg Month CWIP Balance	986,809
2	Expenditures	2,764,858
3	Expenditures - AFUDC	118,362
4	Total Expenditures	<u>2,883,220</u>
5	Additions	2,588,261
6	Additions - AFUDC	120,026
7	Total Additions	<u>2,708,287</u>
8	End Month CWIP	1,161,742
9	Interest Bearing CWIP	1,161,742
10	Non-interest Bearing CWIP	-
11	End Month CWIP	<u>1,161,742</u>
12	Beg Month Plant Balance	31,294,437
13	Additions	2,708,287
14	Retirements	263,852
15	Transfers	0
16	End Month Plant Balance	<u>33,738,872</u>
	Depreciation Accrual	
17	Accrual Monthly Rate	1,312,894
18	Beg Month Reserve Balance	12,713,203
19	Provision	1,312,894
20	Retirements	263,852
21	Salvage	1,949
22	Removal Costs	41,101
23	Transfers	0
24	End Month Reserve Balance	<u>13,723,093</u>

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3. Capital-Related Revenue Requirement Calculations: The capital-related revenue requirement components for each attrition-year are calculated using the methodologies described below:
- a) Depreciation Expense: Depreciation expense is calculated by multiplying the current PTY plant-in-service weighted average increase by the test year's system average depreciation rate. (Table-10, Lines 1-7)
 - b) Ad Valorem Tax: Ad Valorem Tax is calculated by multiplying the current attrition year additions by the test year's system ad valorem tax rate. (Table-10, Lines 8-12)
 - c) Payroll Tax: Payroll Tax is calculated by multiplying the prior year payroll taxes by the current attrition year labor escalation rate forecasted by S&P Global. (Table-10, Lines 13-15)
 - d) Long-Term Debt Cost: Long-Term Debt Cost is calculated by multiplying the attrition year change in weighted average rate base by the authorized weighted cost of Long-Term Debt. (Table-11, Lines 4-8)
 - e) Preferred Stock Cost: Preferred Stock Cost is calculated by multiplying the attrition year change in weighted average rate base by the authorized weighted return on Preferred Stock. (Table-11, Lines 9-15)
 - f) Common Equity Cost: Common Equity Cost is calculated by multiplying the attrition year change in weighted average rate base by the authorized weighted return on Common Equity. (Table-11, Lines 16-22)
 - g) Federal Tax Depreciation: Federal Tax Depreciation income tax expense is calculated by multiplying current attrition year additions by the test year's system average federal tax depreciation rate and by the federal income tax rate. (Table-12, Lines 1-9)
 - h) State Tax Depreciation: State Tax Depreciation income tax expense is calculated by multiplying the current attrition year additions by the test year's system average state tax depreciation rate and by the state income tax rate. (Table-12, Lines 10-18)

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- i) California Corporation Franchise Tax (Prior Year): Prior Year's state income tax is a deduction for federal income tax purposes. (Table-13, Lines 1-22)

- j) Gross Ups: All revenue requirement components which are not directly deductible for income taxes are grossed up for income taxes. These are Book Depreciation, State Tax Depreciation, Federal Tax Depreciation, Preferred Stock Cost, Common Equity Cost, and California Corporation Franchise Tax (Prior Year). All revenue requirement components are grossed up for FF&U using the factors referenced in Section D.

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Table 10

Southern California Gas Company
2028 GRC
Calculation of Revenue Requirement Increase
(Thousands of Dollars)

Section-1					
<u>Line</u>	<u>Depreciation Expense</u>	2028	2029	2030	2031
1	2028 Accrual	1,312,894			
2	/ 2028 Wtd Avg Plant in Service	32,190,730			
3	= System Average Depreciation Rate	4.08%	4.08%	4.08%	4.08%
4	x Plant in Service Weighted Average Increase		2,460,107	2,503,415	2,549,156
5	= Increase in Depreciation Expense		100,335	102,101	103,967
6	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726	1.3885726
7	= Increase in Revenue Requirements		139,323	141,775	144,366
<u>Ad Valorem Taxes</u>					
8	2028 Ad Valorem Taxes	243,597			
9	/ 2028 Plant in Service	33,738,872			
10	= System Average Ad Valorem Tax Rate	0.72%	0.72%	0.72%	0.72%
11	x Current Attrition Year Additions		2,487,177	2,531,462	2,579,718
12	= Increase Full Year Additions		17,958	18,277	18,626
<u>Payroll Taxes</u>					
13	Prior Year Payroll Taxes		60,807	62,627	64,462
14	x Current Year Labor Escalation Rate		2.99%	2.93%	2.87%
15	= Increase in Full Year Additions		1,819	1,836	1,848

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Table 11

Southern California Gas Company
2028 GRC
Calculation of Revenue Requirement Increase
(Thousands of Dollars)

Section-2					
Line	Change in Weighed Average Ratebase	2028	2029	2030	2031
1	2028 Test Year Weighted Average Ratebase	17,932,543	17,932,543		
2	Weighted Average Ratebase		19,287,748	20,607,208	21,891,894
3	Change in Weighted Average Ratebase		1,355,204	1,319,460	1,284,686
<u>Long Term Debt</u>					
4	Prior Year Return on Debt	5.02%	5.02%	5.02%	5.02%
5	x Prior Year Debt Capitalization	45.60%	45.60%	45.60%	45.60%
6	= Prior Year Weighted Cost of Debt	2.29%	2.29%	2.29%	2.29%
7	x Change in Weighted Average Ratebase		1,355,204	1,319,460	1,284,686
8	= Increase in Revenue Requirements		31,022	30,204	29,408
<u>Preferred Stock</u>					
9	Prior Year Return on Preferred Stock	6.00%	6.00%	6.00%	6.00%
10	x Prior Year Preferred Stock Capitalization	2.40%	2.40%	2.40%	2.40%
11	= Prior Year Weighted Cost of Preferred Stock	0.14%	0.14%	0.14%	0.14%
12	x Change in Weighted Average Ratebase		1,355,204	1,319,460	1,284,686
13	= Change in Weighted Cost of Preferred Stock		1,951	1,900	1,850
14	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726	1.3885726
15	= Increase in Revenue Requirements		2,710	2,638	2,569
<u>Common Equity</u>					
16	Prior Return on Common Equity	9.78%	9.78%	9.78%	9.78%
17	x Prior Year Common Equity Capitalization	52.00%	52.00%	52.00%	52.00%
18	= Prior Year Weighted Cost of Common Equity	5.09%	5.09%	5.09%	5.09%
19	x Change in Weighted Average Ratebase		1,355,204	1,319,460	1,284,686
20	= Change in Weighted Cost of Common Equity		68,920	67,102	65,334
21	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726	1.3885726
22	= Increase in Revenue Requirements		95,701	93,177	90,721
23	Total Increase in Revenue Requirements		129,433	126,019	122,698

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Table 12

		Section-3			
<u>Line</u>	<u>Federal Tax Depreciation (ACRS/MACRS Basis)</u>	2028	2029	2030	2031
1	2028 Federal Tax Depreciation	953,439			
2	/ 2028 Plant in Service	33,738,872			
3	= System Average Federal Tax Depreciation Rate	2.83%	2.83%	2.83%	2.83%
4	x Current Attrition Year Additions		2,487,177	2,531,462	2,579,718
5	= Increase in Federal Tax Depreciation Expense		70,286	71,537	72,901
6	x -Federal Income Tax Rate	(0.210)	(0.210)	(0.210)	(0.210)
7	= Federal Income Taxes		(14,760)	(15,023)	(15,309)
8	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726	1.3885726
9	= Increase in Revenue Requirements		(20,495)	(20,860)	(21,258)
<u>State Tax Depreciation</u>					
10	2028 State Tax Depreciation	1,092,809			
11	/ 2028 Plant in Service	33,738,872			
12	= System Average State Tax Depreciation Rate	3.24%	3.24%	3.24%	3.24%
13	x Current Attrition Year Additions		2,487,177	2,531,462	2,579,718
14	= Increase in State Tax Depreciation Expense		80,560	81,995	83,558
15	x -State Income Tax Rate		(0.0884)	(0.0884)	(0.0884)
16	= State Income Taxes		(7,122)	(7,248)	(7,386)
17	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726	1.3885726
18	= Increase in Revenue Requirements		(9,889)	(10,065)	(10,257)

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Table 13

Southern California Gas Company
2028 GRC
Calculation of Revenue Requirement Increase
(Thousands of Dollars)

Section-4				
Line	California Corporation Franchise Tax (Prior Year)	2029	2030	2031
1	+ Depreciation		139,323	141,775
2	+ State Tax Depreciation		(9,889)	(10,065)
3	+ Federal Tax Depreciation (ACRS/MACRS)		(20,495)	(20,860)
4	+ Ratebase: Preferred Stock		2,710	2,638
5	+ Ratebase: Common Stock Equity		95,701	93,177
6	+ Financial Component: Preferred Stock		-	-
7	:Common Equity		-	-
8	+ CCFT		1,637	(3,310)
9	+ State & Federal Rate Changes		-	-
10	= Increase in Revenue Requirements		208,986	203,354
12	= Prior Year State Income Tax Increase		18,474	17,977
13	+ Prior Year State Income Tax (State Tax Depreciation Expense)		(7,122)	(7,248)
14	+ Prior Year State Income Tax (State Rate Change)		-	-
15	= Prior Year Total State Income Taxes		11,353	10,728
16	Prior Year Current California Corp Franchise Tax	(2,426)	8,927	19,655
17	- Prior Year CCFT Deductible for Federal Income Taxes	3,188	(2,426)	8,927
18	= Increase CCFT Deduction on Federal Income Taxes	(5,613)	11,353	10,728
19	x -Federal Income Tax Rate	(0.2100)	(0.2100)	(0.2100)
20	= Federal Income Taxes	1,179	(2,384)	(2,253)
21	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726
22	= Increase in Revenue Requirements	1,637	(3,310)	(3,128)

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D. FRANCHISE FEES AND UNCOLLECTIBLE GROSS UP

Franchise Fees and Uncollectible Gross Up: The total resulting O&M will be grossed up for FF&U using the franchise fee factors of 1.1485% and the uncollectible factor of 1.1080%.

The calculation of the gross up factor is shown below:

Table 14

Line No.	Description	2028	2029	2030	2031
1	Revenues	1.000000	1.000000	1.000000	1.000000
2	Uncollectible Tax Rate	0.011080	0.011080	0.011080	0.011080
3	Uncollectible Amount Applied	1.000000	1.000000	1.000000	1.000000
4	Less: Uncollectible (L2 * L3)	0.011080	0.011080	0.011080	0.011080
5	Subtotal (L3 - L4)	0.988920	0.988920	0.988920	0.988920
6	Franchise Fees Tax Rate	0.011485	0.011485	0.011485	0.011485
7	Franchise Fees Amount Applied (L5)	0.988920	0.988920	0.988920	0.988920
8	Less: Franchise Fees (L6 * L7)	0.011358	0.011358	0.011358	0.011358
9	Subtotal (L7 - L8)	0.977562	0.977562	0.977562	0.977562
10	Franchise Fee and Uncollectible Factor (1 / L9)	1.022953	1.022953	1.022953	1.022953