

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

Application of Southern California Gas Company  
(U 904 G), to Establish Gas Demand Response  
Pilot Programs.

Application 12-01-XXX  
(Filed January 06, 2023)

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) TO  
ESTABLISH GAS DEMAND RESPONSE PILOT PROGRAMS**

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**I. INTRODUCTION**

Pursuant to Article 2 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Southern California Gas Company (“SoCalGas” or “Applicant”) respectfully submits this Application for the creation of SoCalGas’s Gas Demand Response (“DR”) Pilot Programs. This Application also seeks recovery of costs associated with the implementation of DR Pilot Programs for years 2023-2025.

**II. PROCEDURAL BACKGROUND**

SoCalGas implemented residential DR response pilots during the 2016-2019 winter seasons due to capacity constraints at the Aliso Canyon gas storage facility and ongoing maintenance on transmission pipelines. These initial pilots were limited to voluntary conservation signals and residential thermostat controls, which remotely lowered the temperature set point for four hours during a gas DR event with participating customers.<sup>1</sup>

In 2018, SoCalGas submitted an application to the Commission to fund and implement a \$50 million gas DR program beginning 2019 through 2022.<sup>2</sup> Decision (D.) 20-02-043 denied, without prejudice, SoCalGas’s Application seeking authority to establish the gas DR programs citing a lack of evidence that the proposed DR programs would provide significant ratepayer

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<sup>1</sup> SoCalGas Advice Letter (AL) No. 5035, dated September 27, 2016, available at: [https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/submittals/GAS\\_5035.pdf](https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/submittals/GAS_5035.pdf).

<sup>2</sup> Application (A.) 18-11-005, Application of Southern California Gas Company (U904G) to Establish a Demand Response Program.

benefits.<sup>3</sup> The Commission ordered SoCalGas to hold a public workshop on the need for a gas DR program and consider other alternatives that could be more effective in addressing the natural gas curtailments and reliability issues that those proposed DR programs aimed to address.<sup>4</sup> The Commission also directed SoCalGas to hold at least one public workshop seeking public input and participation and to develop needed information on the design and implementation of a Commercial and Industrial (C&I) Load Reduction Pilot before refiling an application for such a pilot.

In compliance with these directives, on October 16, 2022, SoCalGas held a public workshop seeking public input on a potential C&I pilot and other potential demand response pilots.

### **III. PURPOSE OF APPLICATION AND RELIEF SOUGHT**

The purpose of this Application is to propose the Gas DR Pilot Programs to help inform the establishment of future demand response programs. The Application seeks approval of these Pilot Programs along with a revenue requirement required to implement the Pilot Programs in SoCalGas's service territories.

### **IV. SUMMARY OF TESTIMONY**

Support for the Applicant's requests is provided in the accompanying prepared direct testimony and attachments. The direct testimony consists of the three following chapters: (1) Policy (Darren Hanway), (2) Technical Presentation – SoCalGas's Gas Demand Response Pilot Programs (Darren Hanway), and (3) Regulatory Accounting, Cost Recovery, Revenue Requirement, and Rates (Nasim Ahmed and Marjorie Schmidt-Pines).

#### **a. Chapter 1: Policy**

The Policy Chapter, the direct testimony of Darren Hanway, provides the policy justifications and context for why the Commission should support the gas DR Pilot Programs. Specifically, this chapter: (1) explains how the DR Pilots can inform the price signals needed for gas load shedding to support system reliability and emissions reductions; (2) provides an overview of the current role of gas DR in California; (3) describes the \$2.5 million U.S. Department of Energy grant awarded to SoCalGas in May 2022 to investigate potential benefits

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<sup>3</sup> D.20-02-043 at 2, 55-56, Ordering Paragraphs (OP) 1-4.

<sup>4</sup> *Id.* at 57, OP 7.

of a DR program; and (4) addresses the Commission’s prior directives by describing potential outcomes of the DR Pilots, such as load reduction forecasts, potential emission reductions, system benefits, cost-benefit analysis, snapback effect mitigation, and Aliso Canyon usage reduction.

**b. Chapter 2: Technical Presentation – SoCalGas’s Gas Demand Response Pilot Programs**

Chapter 2, the direct testimony of Darren Hanway, outlines the technical, operational, and cost details for SoCalGas’s proposed Gas Demand Response Pilot Programs. The Pilot Programs’ purpose is to test the effectiveness of reducing commercial, industrial, and low-income residential customers in disadvantaged communities gas usage during system peak demand periods, as well as a research initiative (Technology Evaluation Program) to identify gas DR equipment for commercial, industrial, and low-income residential customers to further support their participation in future DR programs. The Pilot Programs will look to further identify the most effective program designs, incentive structures, event durations, measurement and evaluations techniques, and locational targeting approaches for different customer segments and how each of these segments participate in and respond to a gas DR program. Most importantly, the Pilot Programs plan to identify the customer groups with the greatest propensity to participate and produce consistent demand reductions. This information will assist in determining the appropriate mix of future DR programs. Another objective is to learn about any snapback effects happening after DR events across the different customer segments and how to mitigate them in future programs.

Specifically, this chapter: (1) provides an overview of the Pilot Programs; (2) describes the enrollment, participation, and incentive structures for the industrial load reduction pilot, the FLEXmarket pilot, the direct load control pilot, and the residential smart control pilot; (3) explains how SoCalGas proposes to establish a technology evaluation program to test new gas equipment that could complement future gas DR programs; (4) provides an overview of how SoCalGas will evaluate, measure, and verify the Pilot Programs; and (5) describes the proposed budget for the Pilot Programs and program-by-program activities.

**c. Chapter 3: Regulatory Accounting, Cost Recovery, Revenue Requirement, and Rates**

Chapter 3, the direct testimony of Nasim Ahmed and Marjorie Schmidt-Pines, presents SoCalGas's request to establish a Demand Response Pilot Programs Balancing Account (DRPPBA) and presents the estimated costs and revenue requirements for its proposed Pilot Programs (see Chapter 2). SoCalGas's anticipated DRPPBA would be an interest-bearing, two-way balancing account recorded on its financial statements.

SoCalGas proposes to recover its costs recorded in the DRPPBA in Public Purpose Program (PPP) rates using Equal Percent of Authorized Margin (EPAM) method. The EPAM is the cost allocation methodology used for public interest research and development.

**V. STATUTORY AND PROCEDURE REQUIREMENTS**

This Application is made pursuant to California Public Utilities Code Sections 451, 454, 489, 491, 701, 728, and 729, the Commission's Rules of Practice and Procedure, and relevant decisions, orders, and resolutions of the Commission. In accordance with Rule 2.1(a)-(c) of the Commission's Rules of Practice and Procedure, SoCalGas provides the following information:

**a. Rule 2.1(a) – Legal Name**

SoCalGas is a public utility corporation organized and existing under the laws of the State of California. SoCalGas's principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California, 90013.

**b. Rule 2.1(b) – Correspondence**

All correspondence and communications to SoCalGas regarding this Application should be addressed to:

Evelyn M. Loya

*Regulatory Case Manager for:*  
**SOUTHERN CALIFORNIA GAS COMPANY**  
555 West Fifth Street, GT-14D6  
Los Angeles, California 90013  
Tel: (213) 231-5979  
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A copy should also be sent to:

JOHNNY Q. TRAN

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**c. Rule 2.1(c) – Category, Hearings, Issues, Schedule**

**i. Proposed Category of Proceeding**

SoCalGas proposes that this phase of the proceeding be categorized as “Ratesetting” under Rule 1.3(g) and 7.1(e)(2) because the Application could eventually lead to a potential future effect on the proposed rates if the requested balancing accounts and costs are approved, and because the proceeding does not otherwise clearly fit into another category under Rule 1.3.

**ii. Need for Hearings**

SoCalGas anticipates that evidentiary hearings will not be necessary.

**iii. Issues to be Considered and Relevant Safety Considerations**

The principal issues to be considered in this Application are whether the Commission should approve the Pilot Programs and whether it should therefore grant the relief requested as summarized in Section VI below. There do not appear to be relevant safety concerns with respect to this Application.

**iv. Proposed Schedule**

SoCalGas proposes the following schedule for this Application:

<b>EVENT</b>	<b>DATE</b>
Application	January 06, 2023
Responses/Protests (est.)	within 30 days Daily Calendar notice
SoCalGas Reply to Responses/Protests (est.)	within 10 days (see Rule 2.6)

Prehearing Conference	March 2023
Scoping Memo	April 2023
Intervenor Testimony	May 2023
Rebuttal Testimony	June 2023
Opening Briefs	July 2023
Reply Briefs	August 2023
Proposed Decision	September 2023
Commission Decision	October 2023

**d. Rule 2.2 – Articles of Incorporation**

A copy of SoCalGas’s Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on October 1, 1998, in connection with A.98-10-012, and is incorporated herein by reference.

**e. Rule 3.2 Compliance Based on Category**

In accordance with Rule 3.2(a)–(d) of the Commission’s Rules of Practice and Procedure, SoCalGas provides the following information.

**i. Rule 3.2(a)(1) – Balance Sheet and Income Statement**

The most recent updated Balance Sheet and Income Statement for SoCalGas is attached to this Application as Attachment 1.

**ii. Rule 3.2(a)(2) – Statement of Present Rates**

A statement of all of SoCalGas’s presently effective rates can be viewed electronically on SoCalGas’s website: <https://tariff.socalgas.com/regulatory/tariffs/tariffs-rates.shtml>.

**iii. Rule 3.2(a)(3) – Statement of Proposed Rates**

The rate changes that will result from this Application is described in Attachment 2.

**iv. Rule 3.2(a)(4) – Description of Applicant’s Property and Equipment**

A general description of SoCalGas’s property and equipment was previously filed with the Commission on May 3, 2004, in connection with SoCalGas’s Application 04-05-008, and is

incorporated herein by reference. SoCalGas's most recent statement of Original Cost and Depreciation Reserve is attached as Attachment 3.

**v. Rules 3.2(a)(5) and (6) – Summary of Earnings**

A summary of earnings for SoCalGas is included herein as Attachment 4.

**vi. Rule 3.2(a)(7) – Depreciation**

For financial statement purposes, SoCalGas computes depreciation of utility plant 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 has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas has computed its 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.

**vii. Rule 3.2(a)(8) – Proxy Statement**

A copy of SoCalGas's most recent proxy statement sent to all shareholders of SoCalGas's parent company, Sempra, dated March 29, 2022, was provided to the Commission on April 13, 2022, and is incorporated herein by reference.

**viii. Rule 3.2(a)(10) – Statement re Pass Through to Customers**

Any rate increase resulting from approval of the balancing accounts requested herein will not solely reflect pass through to customers of increased costs to the Applicants for the services or commodities furnished by them.

**ix. Rule 3.2(b) – Notice to State, Cities, and Counties**

SoCalGas will, within 20 days after filing this Application, mail a notice to the State of California and to the cities and counties in its service territories.

**x. Rule 3.2(c) – Newspaper Publication**

SoCalGas will, within 20 days after filing this Application, publish in newspapers of general circulation in each county in its service territories notice of this Application.

**xi. Rule 3.2(d) – Bill Insert Notice**

SoCalGas will, within 45 days after filing this Application, provide notice of this Application to its customers along with the regular bills sent to those customers that will generally describe the proposed rate changes addressed in this Application.

**f. Rule 1.9 – Service**

SoCalGas is serving this Application on all parties to A.18-11-005 (SoCalGas’s 2018 Application to Establish Demand Response Program), I.17-02-002 (Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region), and R.20-01-007 (Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in CA & perform Long-Term Gas System Planning).

**VI. CONCLUSION**

For the reasons described above and, in the testimonies supporting this Application, SoCalGas respectfully requests that the Commission:

- Authorize SoCalGas to establish and implement each of its proposed Pilot Programs; and
- Authorize the creation of two-way balancing accounts for the estimated costs to implement each Pilot Program.

Respectfully submitted,

SOUTHERN CALIFORNIA GAS COMPANY

By: /s/ Don Widjaja  
DON WIDJAJA

Vice President  
Customer Solutions

Signed in Los Angeles, CA on January 06, 2023





**Attachment 1**

Southern California Gas Company  
Balance Sheet and Income Statement

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
SEPTEMBER 30, 2022**

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<b>1. UTILITY PLANT</b>		<u>2022</u>
101	UTILITY PLANT IN SERVICE	\$23,024,515,870
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	1,454,209,620
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(7,327,303,112)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(148,468,770)
117	GAS STORED-UNDERGROUND	61,422,045
	<b>TOTAL NET UTILITY PLANT</b>	<b><u>17,064,375,653</u></b>
 <b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	49,818,825
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(16,334,888)
123	INVESTMENTS IN SUBSIDIARY COMPANIES NONCURRENT PORTION OF ALLOWANCES	-
124	OTHER INVESTMENTS	15,190
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	250,000
	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<b><u>33,749,127</u></b>

Data from SPL as of November 9, 2022

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
SEPTEMBER 30, 2022**

<b>3. CURRENT AND ACCRUED ASSETS</b>		2022
131	CASH	52,673,085
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	124,273
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	858,400,086
143	OTHER ACCOUNTS RECEIVABLE	39,991,523
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(84,682,077)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	(430,894)
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	19,593,232
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	86,945,071
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
158	GHG ALLOWANCE	656,934,269
	(LESS) NONCURRENT PORTION OF ALLOWANCES	-
163	STORES EXPENSE UNDISTRIBUTED	485,801
164	GAS STORED	214,277,282
165	PREPAYMENTS	96,215,035
171	INTEREST AND DIVIDENDS RECEIVABLE	841,390
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	14,122,081
175	DERIVATIVE INSTRUMENT ASSETS	3,233,346
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>1,958,723,503</b>
<b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	31,746,716
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	3,435,307,673
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	297,370
184	CLEARING ACCOUNTS	(512,894)
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	540,166,139
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	223,680
190	ACCUMULATED DEFERRED INCOME TAXES	1,335,353,207
191	UNRECOVERED PURCHASED GAS COSTS	-
	<b>TOTAL DEFERRED DEBITS</b>	<b>5,342,581,891</b>
	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 24,399,430,174</b>

Data from SPL as of November 9, 2022

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
SEPTEMBER 30, 2022**

**5. PROPRIETARY CAPITAL**

	2022
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	(1,481,306,680)
214 CAPITAL STOCK EXPENSE	143,261
216 UNAPPROPRIATED RETAINED EARNINGS	(4,123,939,783)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	28,401,963
	<b>(6,433,150,943)</b>
TOTAL PROPRIETARY CAPITAL	<b>(6,433,150,943)</b>

**6. LONG-TERM DEBT**

221 BONDS	(5,150,000,000)
224 OTHER LONG-TERM DEBT	(309,338,770)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	9,676,414
	<b>(5,449,662,356)</b>
TOTAL LONG-TERM DEBT	<b>(5,449,662,356)</b>

**7. OTHER NONCURRENT LIABILITIES**

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(88,435,167)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(106,564,753)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(505,322,357)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
245 NONCURRENT DERIVATIVE INSTRUMENT LIABILITIES	-
230 ASSET RETIREMENT OBLIGATIONS	(2,703,365,456)
	<b>(3,403,687,733)</b>
TOTAL OTHER NONCURRENT LIABILITIES	<b>(3,403,687,733)</b>

Data from SPL as of November 9, 2022

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
SEPTEMBER 30, 2022**

<b>8. CURRENT AND ACCRUED LIABILITES</b>		2022
231	NOTES PAYABLE	(1,226,794,600)
232	ACCOUNTS PAYABLE	(891,304,619)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(36,972,498)
235	CUSTOMER DEPOSITS	(17,291,308)
236	TAXES ACCRUED	(56,084,078)
237	INTEREST ACCRUED	(47,921,409)
238	DIVIDENDS DECLARED	(323,266)
241	TAX COLLECTIONS PAYABLE	(22,540,651)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(369,962,656)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(27,226,143)
244	DERIVATIVE INSTRUMENT LIABILITIES	(17,750,837)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>		<b>(2,714,172,065)</b>
<b>9. DEFERRED CREDITS</b>		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(137,513,845)
253	OTHER DEFERRED CREDITS	(632,780,684)
254	OTHER REGULATORY LIABILITIES	(3,073,710,418)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(6,152,441)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,541,931,066)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(1,006,668,623)
<b>TOTAL DEFERRED CREDITS</b>		<b>(6,398,757,077)</b>
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>		<b>\$ (24,399,430,174)</b>

Data from SPL as of November 9, 2022

**SOUTHERN CALIFORNIA GAS COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		4,875,591,790
401	OPERATING EXPENSES	3,339,685,047	
402	MAINTENANCE EXPENSES	304,491,999	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	564,975,273	
408.1	TAXES OTHER THAN INCOME TAXES	133,395,433	
409.1	INCOME TAXES	295,692,150	
410.1	PROVISION FOR DEFERRED INCOME TAXES	125,084,921	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(328,994,332)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(655,748)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		<u>4,433,674,743</u>
	NET OPERATING INCOME		441,917,047

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(9,048,754)	
418	NONOPERATING RENTAL INCOME	436,072	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	7,273,334	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	40,600,392	
421	MISCELLANEOUS NONOPERATING INCOME	(1,599,916)	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	<u>37,661,128</u>	
421.2	LOSS ON DISPOSITION OF PROPERTY	214,608	
425	MISCELLANEOUS AMORTIZATION	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(20,897,720)	
		<u>(20,683,112)</u>	
408.2	TAXES OTHER THAN INCOME TAXES	(270,786)	
409.2	INCOME TAXES	298,383,556	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(457,712,188)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	175,851,228	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>16,251,810</u>	
	TOTAL OTHER INCOME AND DEDUCTIONS		<u>33,229,826</u>
	INCOME BEFORE INTEREST CHARGES		475,146,873
	NET INTEREST CHARGES*		<u>134,744,869</u>
	NET INCOME		<u><u>\$340,402,004</u></u>

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$40,600,392)

**STATEMENT OF INCOME AND RETAINED EARNINGS  
NINE MONTHS ENDED SEPTEMBER 30, 2022**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	3,784,507,577
NET INCOME (FROM PRECEDING PAGE)	340,402,004
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(969,798)
OTHER RETAINED EARNINGS ADJUSTMENT	-
RETAINED EARNINGS AT END OF PERIOD	<u><u>4,123,939,783</u></u>

**Attachment 2**

Southern California Gas Company

Statement of Proposed Rates

**Southern California Gas Company  
Demand Response Program – Gas  
Illustrative Estimated Bundled Rate Increase for Years 2024-2026**

Customer Class		Current Rates	2024		2025		2026	
		\$/th	\$/th	% change	\$/th	% change	\$/th	% change
<b>Core-CARE</b>								
	Residential	\$1.54592	\$1.54644	0.03%	\$1.54777	0.09%	\$1.54760	-0.01%
	Commercial/ Industrial	\$1.15852	\$1.15877	0.02%	\$1.15940	0.05%	\$1.15932	-0.01%
	Gas AC	\$1.09854	\$1.09862	0.01%	\$1.09881	0.02%	\$1.09879	0.00%
<b>Core-Non CARE</b>								
	Residential	\$1.96190	\$1.96242	0.03%	\$1.96375	0.07%	\$1.96359	-0.01%
	Commercial/ Industrial	\$1.47195	\$1.47219	0.02%	\$1.47282	0.04%	\$1.47274	-0.01%
	Gas AC	\$1.34459	\$1.34467	0.01%	\$1.34486	0.01%	\$1.34484	0.00%
	Gas Engine	\$1.02505	\$1.02537	0.03%	\$1.02620	0.08%	\$1.02610	-0.01%
	Natural Gas Vehicle	\$1.04410	\$1.04410	0.00%	\$1.04410	0.00%	\$1.04410	0.00%
<b>Noncore</b>								
	Commercial/ Industrial	\$0.19262	\$0.19266	0.02%	\$0.19275	0.05%	\$0.19274	-0.01%

**Attachment 3**

Southern California Gas Company

Statement of Original Cost and Depreciation Reserve

**SOUTHERN CALIFORNIA GAS COMPANY**  
Plant Investment and Accumulated Depreciation  
As of September 30, 2022

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
<b>INTANGIBLE ASSETS</b>				
301	Organization	76,457	-	76,457
302	Franchise and Consents	587,060	-	587,060
303	Cloud Compute	4,530,741	(227,470)	4,303,271
	Total Intangible Assets	<u>5,194,258</u>	<u>(227,470)</u>	<u>4,966,788</u>
<b>PRODUCTION:</b>				
325	Other Land Rights	-	-	-
330	Prd Gas Wells Const	-	-	-
331	Prd Gas Wells Eqp	-	-	-
332	Field Lines	-	-	-
334	FldMeas&RegStnEquip	-	-	-
336	Prf Eqpt	-	-	-
	Total Production	<u>-</u>	<u>-</u>	<u>-</u>
<b>UNDERGROUND STORAGE:</b>				
350	Land	4,539,484	-	4,539,484
350SR	Storage Rights	19,069,515	(17,612,817)	1,456,697
350RW	Rights-of-Way	25,354	(19,125)	6,230
351	Structures and Improvements	145,535,110	(37,935,280)	107,599,830
352	Wells	627,905,731	168,613,107	796,518,838
353	Lines	194,014,630	(50,127,240)	143,887,390
354	Compressor Station and Equipment	477,699,116	(102,551,216)	375,147,900
355	Measuring And Regulator Equipment	18,271,464	(4,858,566)	13,412,899
356	Purification Equipment	173,035,785	(96,102,399)	76,933,387
357	Other Equipment	102,860,548	(33,403,208)	69,457,341
	Total Underground Storage	<u>1,762,956,738</u>	<u>(173,996,743)</u>	<u>1,588,959,994</u>
<b>TRANSMISSION PLANT- OTHER:</b>				
365	Land	9,539,550	-	9,539,550
365LRTS	Land Rights	129,194,889	(23,470,877)	105,724,012
366	Structures and Improvements	160,231,229	(24,391,089)	135,840,140
367	Mains	3,167,750,541	(812,609,422)	2,355,141,119
368	Compressor Station and Equipment	560,692,754	(112,878,042)	447,814,712
369	Measuring And Regulator Equipment	365,201,926	(54,831,198)	310,370,728
370	Communication Equipment	86,322,828	(21,147,047)	65,175,781
371	Other Equipment	22,252,120	(5,144,613)	17,107,508
	Total Transmission Plant	<u>4,501,185,837</u>	<u>(1,054,472,287)</u>	<u>3,446,713,550</u>
<b>DISTRIBUTION PLANT:</b>				
374	Land	29,737,007	-	29,737,007
374LRTS	Land Rights	3,426,147	(2,278,186)	1,147,961
375	Structures and Improvements	392,864,659	(100,706,037)	292,158,622
376	Mains	6,389,220,103	(2,926,973,861)	3,462,246,242
378	Measuring And Regulator Equipment	164,861,651	(92,318,907)	72,542,745
380	Services	3,753,002,994	(2,324,397,066)	1,428,605,928

**SOUTHERN CALIFORNIA GAS COMPANY**  
Plant Investment and Accumulated Depreciation  
As of September 30, 2022

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
381	Meters	1,004,757,033	(344,730,620)	660,026,412
382	Meter Installation	666,494,652	(245,866,589)	420,628,063
383	House Regulators	194,242,543	(88,515,694)	105,726,850
387	Other Equipment	77,248,310	(32,366,278)	44,882,032
	Total Distribution Plant	<u>12,675,855,099</u>	<u>(6,158,153,238)</u>	<u>6,517,701,861</u>
<b>GENERAL PLANT:</b>				
389	Land	1,342,839	-	1,342,839
389LRTS	Land Rights	74,300	(45,315)	28,985
390	Structures and Improvements	263,433,902	(201,060,685)	62,373,217
391	Office Furniture and Equipment	1,765,812,671	(1,293,144,435)	472,668,236
392	Transportation Equipment	143,785	(84,222)	59,563
393	Stores Equipment	112,635	(83,263)	29,372
394	Shop and Garage Equipment	154,767,976	(37,278,920)	117,489,055
395	Laboratory Equipment	9,742,584	(2,059,972)	7,682,612
396	Construction Equipment	-	-	-
397	Communication Equipments	248,928,436	(102,154,567)	146,773,869
398	Miscellaneous Equipment	1,645,168	(316,287)	1,328,881
	Total General Plant	<u>2,446,004,295</u>	<u>(1,636,227,666)</u>	<u>809,776,629</u>
	Subtotal	<u><b>21,391,196,226</b></u>	<u><b>(9,023,077,404)</b></u>	<u><b>12,368,118,822</b></u>
121	Non-Utility Plant	32,335,315	(14,359,192)	17,976,124
117GSUNC	Gas Stored Underground - NonCurrent	61,422,045	-	61,422,045
GCL	GCT - Capital Lease	-	-	-
	Total Other - Non-Utility Plant	<u>93,757,360</u>	<u>(14,359,192)</u>	<u>79,398,168</u>
	Total-Reconciliation to Asset History Totals	<u>21,484,953,586</u>	<u>(9,037,436,596)</u>	<u>12,447,516,990</u>
	September 2022 Asset 1020 Report	<u>21,484,953,586</u>	<u>(9,037,436,596)</u>	<u>12,447,516,990</u>
	Difference	<u>-</u>	<u>(0)</u>	<u>(0)</u>

**Attachment 4**

Southern California Gas Company

Summary of Earnings

**SOUTHERN CALIFORNIA GAS COMPANY  
SUMMARY OF EARNINGS  
NINE MONTHS ENDED SEPTEMBER 30, 2022  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$4,876
2	Operating Expenses	<u>4,434</u>
3	Net Operating Income	<u><u>\$442</u></u>
4	Weighted Average Rate Base	\$10,375
5	Rate of Return*	7.30%

\*Authorized Cost of Capital