

**DRA DATA REQUEST  
DRA-SCG-039-MBE  
SOCALGAS RESPONSE**

Data Request No: DRA-SCG-39

Exhibit Ref.: Exh SCG-SDGE-14, Chapter II

Subject: Accounting Operations

Please provide the following items:

- 1) The questions below refer to DRA-SCG-025-MBE, question 1a and the response to that question.
  - a. Please indicate when you started implementation of the Sarbanes-Oxley act.
  - b. In regard to 1a above, please describe the implementation process that was used, and whether or not this involved a public accounting firm.
  - c. Is there a report available regarding Sarbanes-Oxley and Southern California Gas Company put out by the public accounting firm that audits SoCalGas' financial statements? If yes, please provide.
  - d. Please spell out the names of "FIN 47" and "FAS 143" and indicate the origin of these "new accounting pronouncements" and when they went into effect. Has software been developed to "monitor and calculate the potential retirement obligations of assets?" If yes, elaborate and provide supporting documents.

**SoCalGas Response:**

- a. SoCalGas as a participant of a Sempra Energy Corporate Center led team initially started evaluating how to implement the Sarbanes-Oxley act in April 2003. The Securities Exchange Commission required companies like Sempra Energy to be in compliance with Section 404 of the Sarbanes-Oxley act starting with the 2004 10-K filing. Due to this requirement, SoCalGas as a separate 10-K filer continued to implement its requirements to comply with the Sarbanes-Oxley act throughout 2004.
- b. As mentioned in the response to 1)a. above the initial evaluation of how to comply with the Sarbanes-Oxley act was performed by a Sempra Energy Corporate Center led team with representation from SoCalGas. Sempra Energy Corporate Audit Services and Deloitte & Touche did participate in the implementation but primarily played just an advisory role.

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**Response to Question 1 (Continued)**

SoCalGas, in conjunction with San Diego Gas & Electric, put together teams based on identified business cycles from within the business units. The business cycles at SoCalGas were as follows: Energy Procurement, Revenue, Manage Accounting, Inventory Management, Gas Inventory, Regulatory Accounting, Expenditure, Sundry Revenue, Information Technology and Fixed Assets. These business cycle teams included participants from all levels of management. Each of these business cycles was led by a Business Cycle Coordinator, who then assembled a team to help implement all the necessary activities to comply with the Sarbanes-Oxley act. These primary implementation activities were to develop flowcharts of the key processes supporting the business cycle, identify the significant control activities within these processes and develop test plans for these significant control activities to allow management to test their effectiveness.

- c. Yes, please see that attached reports issued by Deloitte & Touche excerpted from SoCalGas' 2005 10-K report.
  
- d. SFAS 143, "Accounting for Asset Retirement Obligations" is spelled out as Statement Financial Accounting Standard 143. This statement was originated by the Financial Accounting Standards Board and issued in July 2001, and was adopted by the company on January 1, 2003.

FIN 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" is spelled out as FASB Interpretation No. 47. This interpretation was originated by the Financial Accounting Standards Board and issued in March 2005 and was effective December 31, 2005 for the company's 2005 annual report.

SoCalGas has not developed new software in order to monitor and calculate the potential retirement obligations of assets.