Attachment A

Southern California Gas Company

Annual Report on the Gas Cost Incentive Mechanism

April 1, 2010 through March 31, 2011

I. Summary of Year 17 GCIM Results

This report summarizes the results of the Gas Acquisition Department's activities on behalf of Southern California Gas Company's (SoCalGas) and San Diego Gas and Electric's (SDG&E)[1] core customers under the Gas Cost Incentive Mechanism (GCIM) during the period April 1, 2010 through March 31, 2011 (Year 17). This report also requests a shareholder award under the GCIM for Year 17. The award is based on the GCIM as amended through D.02-06-023.

In GCIM Year 17, California continued to experience a dynamic natural gas market, although much less volatile than seen three to four years ago. Despite changing market conditions, SoCalGas' and SDG&E's core customers continued to receive reliable natural gas supplies at below-market cost. These results were achieved with no curtailments of core service and in compliance with all requirements and guidelines established by the California Public Utilities Commission (CPUC or Commission). Table 1 below summarizes performance under the GCIM during the last 17 years, highlighting the fact that ratepayers have realized the benefit of gas purchases below the GCIM benchmark (Benchmark) in sixteen of the past 17 years. Additionally, a GCIM Summary Report for the past 17 years delineating the various GCIM components is included in Appendix A.

[1] D.07-12-019 authorized the consolidation of the core portfolio for SoCalGas and SDG&E into one single portfolio managed by SoCalGas.

TABLE 1
GCIM PERFORMANCE
YEAR ENDED MARCH 31

Year	Net Purchases (Border Volumes)		Net Gas Cost		Benchmark Gas Commodity Cost		Comparison to Benchmark ($Millions)		
	Million MMBtu/d	Million MMBtu	Total ($ Millions)	Unit Cost ($/MMBtu)	Total ($ Millions)	Unit Cost ($/MMBtu)	Customer Savings	Shareholder Award	Total
1995	0.76	277	$445	$1.61	$441	$1.59	($1.1)	$0.0	($1.1)
1996	0.66	243	$322	$1.33	326	$1.35	$3.2	$3.2	$6.4
1997	0.66	243	$530	$2.18	550	$2.27	$10.6	$10.6	$21.2
1998	0.66	241	$542	$2.25	549	$2.28	$4.8	$2.0	$6.8
1999	0.75	275	$520	$1.89	538	$1.95	$10.4	$7.7	$18.1
2000	1.06	385	$902	$2.34	926	$2.40	$14.4	$9.8	$24.2
2001	1.09	398	$2,055	$5.16	2,279	$5.72	$192.8	$30.8	$223.6
2002	1.01	370	$1,159	$3.13	1,349	$3.64	$172.4	$17.4	$189.8
2003	1.03	376	$1,333	$3.55	1,373	$3.65	$32.7	$6.3	$39.0
2004	1.02	374	$1,730	$4.63	1,757	$4.70	$24.6	$2.4	$27.0
2005	1.03	375	$2,103	$5.61	2,134	$5.69	$28.9	$2.5	$31.4
2006	1.06	387	$2,923	$7.54	2,990	$7.72	$59.3	$9.8	$69.1
2007	1.02	372	$2,135	$5.74	2,192	$5.89	$48.8	$8.9	$57.7
2008	1.03	376	$2,349	$6.25	2,399	$6.38	$43.6	$6.5	$50.1
2009	1.15	418	$2,661	$6.36	2,737	$6.54	$63.5	$12.1	$75.6
2010	1.11	406	$1,548	$3.82	1,588	$3.91	$33.9	$6.0	$39.9
2011	1.11	406	$1,559	$3.84	1,600	$3.94	$34.7	$6.2	$40.9
Total	0.953	5,922	$24,816	$4.19	$24,128	$4.07	$777.5	$142.2	$919.7

* Years 1- 3 exclude benefits related to Storage Incentive Mechanism ("SIM"), which was eliminated in Year 4. The SIM shareholder awards for Years 1, 2, 3 were $103,364, $67,645, and $171,106 respectively.

As indicated in Table 1, Gas Acquisition acquired gas at $40.9 million below the Benchmark in Year 17. The Benchmark consists of a volume-weighted average of published indices for the locations where Gas Acquisition buys gas for the core customers. Gas Acquisition's average cost was $3.84 per MMBtu, or $0.10 per MMBtu below the Benchmark price of $3.94 per MMBtu.

During GCIM Year 17, Gas Acquisition purchased a net 406 million MMBtus for its retail core load. Gas Acquisition's interstate capacity rights primarily on El Paso, Transwestern, and Kern River pipeline systems enabled the core's requirements to be met largely through basin purchases rather than purchases at the California border/citygate.

II. Description of Gas Procurement Activities

SoCalGas' Gas Acquisition personnel have a high level of expertise in fundamental analysis, gas trading, gas transportation, risk management, and back office operations. This expertise has continually been developed over the past sixteen years of operation under the GCIM. As a result, Gas Acquisition has been able to effectively manage gas procurement in the gas markets during Year 17, and ultimately lowering their gas costs. The GCIM encourages Gas Acquisition to proactively lower gas costs and protect core customers from price volatility through physical and financial trades, storage, and interstate pipeline capacity.

As in the previous 16 years of the GCIM, Year 17 results continue to show that the GCIM program is successful in meeting its objectives originally established in D.90-07-065 and R.90-02-008:

- Improve the utility's incentives to operate efficiently;
- Reduce the burden of regulatory oversight, both for the regulators and the utility;
- Provide a more stable and predictable regulatory environment;
- Implement a system that is readily understandable;
- Fairly balance risk and reward for the utility, and provide positive as well as negative incentives;
- Implement a regulatory structure that allows management to focus primarily on costs and markets, rather than on CPUC proceedings; and
- Align the interests of utility shareholders with those of utility customers.

Over the past 17 years, the GCIM has increased the efficiency of regulation by reducing the burden of regulatory oversight and providing a structure that enables SoCalGas to focus on securing reliable, low-cost gas for its core customers.

Gas Acquisition's procurement activities were conducted to achieve the primary objectives of supply security and service reliability at a low cost. SoCalGas accomplished these objectives in Year 17 by:

- Ensuring that firm long-term contracts, together with readily available monthly supplies and core storage, are adequate to meet core requirements during the peak demand season (November to March). In GCIM Year 17, SoCalGas maintained a gas supply portfolio primarily weighted toward long-term supply agreements (55%). Month-to-month and daily gas purchases, net of sales, accounted for 45% of the portfolio.

- Reaching its minimum core-purchased inventory of 51 Bcf on July 31, 2010,[2] and its October 31 core physical storage inventory target of 80 Bcf +0/-2 Bcf, in compliance with D.06-10-029, D.07-12-019 and D.08-12-020.[3] SoCalGas' core-purchased inventory on July 31, 2010 was 54.9 Bcf; its core physical inventory on October 31, 2010 was 78.2 Bcf (excluding 0.2 Bcf of Secondary Market Services (SMS) loan volumes, and including 1.4 Bcf of Core Aggregation Transportation (CAT) volumes).[4]
- Managing the use of the rights and assets assigned to the retail core including storage inventory, injection and withdrawal rights, and flowing supply through the use of SMS. SMS transactions and fees are based on existing market conditions and are completed on a non-discriminatory basis. SMS transactions continued to contribute to the overall lower gas costs achieved by Gas Acquisition by using assets not directly needed for reliability.
- Making physical and financial trades on behalf of core customers to reduce retail core gas costs.
- Utilizing Gas Acquisition's interstate and Firm Access Rights (FAR) capacity rights to provide portfolio diversification and lower the cost of gas.

In summary, the GCIM provides an incentive for SoCalGas to efficiently use retail core's interstate pipeline and storage rights to deliver reliable, low-cost gas supplies to its retail core customers. Reliability is achieved by constructing a portfolio of natural gas supplies that is diversified by contract type, geographic region, and supplier. SoCalGas uses tools available to a typical trading

---

[2] D.06-10-029 adopted a joint recommendation of DRA, TURN and SoCalGas, establishing a minimum core purchase inventory target on July 31, 2006. For subsequent years, SoCalGas must obtain agreement from DRA and TURN for mid-season inventory target which must be met unless otherwise agreed to by DRA and TURN. SoCalGas obtained agreement from DRA and TURN for a mid-season minimum storage target of 51 Bcf as of July 31, 2010, and filed Advice Letter 4116 to reflect this target in its GCIM tariffs.

[3] D.06-10-029 changed the core physical storage target as of October 31 from 70 Bcf +5/-5 Bcf to 70 Bcf +5/-2 Bcf. Also, "if additional storage inventory is allocated to SoCalGas' core beyond 70 Bcf, the core's October 31 physical inventory storage target will be increased by that amount". D.07-12-019 approved storage capacity for the combined core portfolio at 79 Bcf. D.08-12-020 adopted the Settlement Agreement (SA) dated August 22, 2008, allocating 1 Bcf of the storage expansion capacity to the combined core's storage inventory in each of the four years 2010-2013. Therefore, the core storage capacity in Year 17 was increased to 80 Bcf. D.08-12-020 also effectively eliminated the upper tolerance of the core storage capacity by requiring that the "combined core customers of SDG&E/SoCalGas… balance within the storage inventory capacity allocated to them under this SA."

[4] Effective April 1, 2009, SoCalGas implemented the remaining provisions of D.07-12-019, subjecting the core to new balancing requirements. No imbalance charges were incurred by the core during the reporting period.

organization, including purchases, sales, loans, parks, wheels, derivatives, and transportation contracts. These tools enhance SoCalGas' ability to make economic use of core assets, when not directly needed for reliability, to lower overall gas costs to its core customers.

A. Interstate Capacity

Pursuant to Advice Letter 3929, approved by the Commission in December 2008, the capacity planning range for the combined portfolio of SoCalGas and SDG&E during GCIM Year 17 was established at 1,108 MDthd – 1,330 MDthd, which represented 100% to 120% of the forecasted core procurement annual average daily load. On March 2, 2009, SoCalGas and SDG&E filed Advice Letter 3969, requesting the continuation of the interstate pipeline contract approval procedures adopted in D.04-09-022, with one minor modification, that on a go forward basis, SoCalGas and SDG&E be required to hold firm interstate pipeline capacity that is no less than 90% of their forecasted core procurement annual average daily load during spring and summer months and no less than 100% of their forecasted core procurement annual average daily load during fall and winter months.[5] The minimum firm capacity required for the period April to October 2010 was thus established at 997 MDthd, while the minimum required for November 2010 to March 2011 was 1,108 MDthd. On March 4, 2010, SoCalGas' System Operator issued an ENVOY notice informing shippers that the Topock receipt point with El Paso would not be available from August 30, 2010 through October 24, 2010 due to a planned retrofit of Line 3000. In order to avoid stranded capacity that would otherwise result from this project, SoCalGas and SDG&E filed Advice Letter 4093 on March 29, 2010, requesting a temporary reduction of the minimum firm interstate capacity requirement for the months of September and October 2010 from 997 MDthd to 800 MDthd. Appendix C to this report, shows that SoCalGas' capacity holding during each month of Year 17 met the minimum capacity requirement for the combined portfolio.

B. Winter Hedging

During the previous five GCIM years (Years 12 to 16), financial gains and losses and associated transaction costs from winter hedge programs were excluded from the GCIM.[6] In D.10-01-023, issued on January 25, 2010, the Commission adopted an incentive framework to motivate optimal

---

[5] Spring and summer months are the seven-month period April to October; winter months are November through March.

[6] D.05-10-043 approved SoCalGas' and SDG&E' petition to allocate all costs and benefits of winter hedging transactions directly to their core gas customers for GCIM Year 12. Subsequent decisions D.06-08-027, D.07-06-027, D.08-09-005 and D.09-08-008 approved the continued exclusion of gains and losses from winter hedging transactions for GCIM Year 13 through 16 respectively.

use of natural gas hedging for California utilities, modifying the treatment of financial gains and losses for SoCalGas and SDG&E to include 25% of gains and losses attributable to the winter hedging program within the GCIM,[7] SoCalGas/SDG&E is no longer required to seek Commission approval of an annual hedging plan or file an annual report on its winter hedge transactions, but must continue to follow existing requirement to apprise the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN) and the Energy Division of its hedging activities. Pursuant to D.10-01-023, this Year 17 GCIM report includes 25% gains and losses and transaction costs from Gas Acquisition's winter hedging activities in total actual costs. In addition, 25% of option premiums and related transactions costs incurred in March 2010 (the last month of Year 16), for Year 17 winter hedging activities have also been recognized in this report. Total net costs from Year 17 winter hedge activities amounted to $4.15 million, of which $1.04 million was included in GCIM.

The DRA and TURN staff were kept apprised of SoCalGas' winter hedge positions via weekly position reports and bi-weekly conference calls throughout the period.

C. System Reliability

D.07-12-019 transferred the responsibility for maintaining SoCalGas' Southern System Reliability from Gas Acquisition to the System Operator, specifically the Operational Hub. However, Gas Acquisition remains the "provider of last resort" on a best efforts basis.[8] On February 2 and 3, 2011, as the result of severe weather conditions in the producing basins causing deliveries to the Southern System to be significantly cut, SoCalGas Operational Hub requested Gas Acquisition to acquire additional supplies as the provider of last resort. Gas Acquisition purchased approximately 71,000 Dth of net incremental supplies on behalf of the Operational Hub, and redirected approximately 28,000 Dth of core portfolio supply to Blythe from other system receipt points. Pursuant to SoCalGas Tariff Rule 41, Gas Acquisition charged the System Operator the actual incremental costs incurred to provide the additional supplies and rerouting supplies to Blythe. Consequently, these incremental costs have been excluded from GCIM.

III. GCIM Monitoring and Evaluation

Throughout the GCIM program, SoCalGas has worked closely with the DRA to establish an efficient monitoring and timely reporting system to keep the DRA and Energy Division informed of

[7] D.10-01-023, mimeo., at 70 (Ordering Paragraph No.4).
[8] SoCalGas Tariff Rule No. 41, section 12.

Gas Acquisition activities. Pursuant to the provisions of General Order 66-C and Section 583 of the Public Utilities Code, SoCalGas provides a monthly report, 60 days after the end of each month, to the DRA and Energy Division on a confidential basis. This report includes details of:

- All gas purchases and sale transactions;
- All SMS transactions;
- All financial transactions;
- Capacity Holding Report;
- Capacity Utilization Report; and
- Calculations of the GCIM benefit.

SoCalGas has also communicated frequently with the DRA and the Energy Division on all important Gas Acquisition issues during GCIM Year 17, including its winter hedging activities and Southern System Reliability issues. Finally, SoCalGas has at all times operated within the CPUC's Affiliate Transaction Rules and related Remedial Measures.

IV. Recommendations

SoCalGas concludes from its Year 17 results that the GCIM continues to be a successful program that provides measurable benefits to SoCalGas' core customers. During Year 17, each of the CPUC-established objectives for incentive regulation were met, in addition to SoCalGas' primary objectives of supply security and reliable service at low cost. SoCalGas therefore recommends that the Commission approve a GCIM Year 17 shareholder award of $6,222,061 on an expedited and ex parte basis.

SOUTHERN CALIFORNIA GAS COMPANY
APPENDIX A
Summary of GCIM Results to Date

GCIM Year	Benchmark Dollars	Actual Dollars	(Over)/Under Benchmark	Upper Tolerance Dollars *	Lower Tolerance Dollars 0.5%	Lower Tolerance Dollars 1.0%	Lower Tolerance Dollars 5.0%	Subject to Sharing**
1	$567,448,362.30	$568,566,019.81	$ (1,117,657.51)	$17,089,530.26	N/A			$ -
2	448,713,458.73	442,313,458.73	6,400,000.00	13,058,694.40	N/A			6,400,000.00
3	680,061,509.12	658,875,669.99	21,185,839.13	22,014,553.98	N/A			21,185,839.13
4	672,131,591.15	665,307,357.07	6,824,234.08	10,977,634.41	2,744,408.60			4,079,825.48
5	649,294,620.31	631,138,278.30	18,156,342.01	10,761,347.94	2,690,337.00			15,466,005.01
6	1,061,264,614.31	1,037,113,228.11	24,151,386.20	18,527,591.62	4,631,897.91			19,519,488.29
7	2,411,105,910.49	2,187,533,957.27	223,571,953.22	45,580,915.01	N/A	22,790,457.52	113,952,287.60	200,781,495.70
8	1,480,091,362.36	1,290,296,697.89	189,794,664.47	26,979,669.81	N/A	13,489,834.90	67,449,174.52	176,304,829.57
9	1,506,037,786.25	1,467,033,460.42	39,004,325.83	27,458,163.89	N/A	13,729,081.94	68,645,409.70	25,275,243.89
10	1,892,688,525.92	1,865,659,815.59	27,028,710.33	35,140,805.34	N/A	17,570,402.67	87,852,013.34	9,458,307.66
11	2,277,899,575.12	2,246,521,572.99	31,378,002.13	42,689,291.43	N/A	21,344,645.73	106,723,228.59	10,033,356.40
12	3,126,842,589.57	3,057,709,956.84	69,132,632.73	59,836,551.77	N/A	29,918,275.86	149,591,379.39	39,214,356.87
13	2,308,210,816.08	2,250,470,332.65	57,740,483.43	43,849,019.93	N/A	21,924,509.96	109,622,549.83	35,815,973.47
14	2,513,802,466.59	2,463,728,945.05	50,073,521.54	47,972,531.01	N/A	23,986,265.50	119,931,327.53	26,087,256.04
15	2,894,131,586.73	2,818,571,495.70	75,560,091.03	54,736,538.80	N/A	27,368,269.40	136,841,347.00	48,191,821.63
16	1,753,539,090.12	1,713,612,055.95	39,927,034.17	31,756,473.48	N/A	15,878,236.76	79,391,183.73	24,048,797.41
17	1,750,392,489.96	1,709,500,858.03	40,891,631.93	32,006,773.38	N/A	16,003,386.68	80,016,933.40	24,888,245.25
	$27,993,656,355.11	$27,073,953,160.39	$919,703,194.72	$540,436,086.46	$10,066,643.51	$224,003,366.92	$1,120,016,834.63	$686,750,841.80

* Upper Tolerance band of 4.5% for GCIM Year 1, 4% for Years 2 - 3, and 2% for Years 4 - 17.

** For Years 4-6, GCIM Gain/(Loss) subject to sharing is the Amount Under Benchmark less the 0.5% Lower Tolerance Band. For Years 7-17, the Gain/(Loss) subject to sharing is the Amount Under Benchmark less the 1% Lower Tolerance Band, pursuant to D.02-06-023

Note: Benchmark and Actual Dollars are inclusive of all transportation costs for delivery of gas to SoCalGas' system.

Southern California Gas Company

A Sempra Energy utility®

Southern California Gas Company

Annual Report on Affiliate Transactions

Section C: Utility Provision of Goods and Services to Its Affiliated Entities

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report (DRAFT)

2010

Response to Affiliate Transaction Reporting Requirements Section:

C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES

Request No. 1-7:

1. Using the format of Table II-C-1, each utility shall report any goods and/or services that the utility provided to any of its affiliated entities during the period covered by the annual report. All goods and/or services shall be reported regardless of whether or not the utility was reimbursed.

2. For purposes of this section, and section II-D, "Goods" are defined as any tangible item having economic value. Examples of "goods" include office supplies, office computers, and personal automobiles. No item shall qualify as a good if it has:

   a) A depreciable life, for federal tax purposes, of more than 3 years, except for cars, personal computers, and office machinery[1]; and
   b) A value of greater than $20,000.

   The transfer of an item of tangible property described in (a) or (b) above shall be reported under Section E ("Transfer of Tangible Asset").

3. For purposes of this section, "Services" includes any activity of economic value provided by the utility, or a company under contract to the utility, to any affiliated entity. Examples of "services" include, but are not limited to the provision of professional expertise (e.g., legal, consulting, engineering), administrative support, (e.g., data and payroll processing, arranging travel, transportation services, etc.) and general corporate management and support activities (e.g., time spent by corporate executives and employees on affiliated entity issues, investor relations, shareholder services, etc.).

4. The cost of each good and/or service that the utility provided to any of its affiliated entities shall be assigned to an appropriate Uniform System of Accounts (USOA).

5. Using the format shown, each utility shall create a table entitled (Table II-C-1), containing:

   - A set of columns by listing horizontally across the top each affiliated entity of the utility excluding, however, any affiliated entities to which the utility provided no goods and/or services during the calendar year;
   - A set of rows by listing vertically down the left side of Table II-C-1 each USOA account (listed in ascending order) for which the utility had incurred a cost (whether or not reimbursed) for providing any good or service to an affiliated entity.

[1] See Section 1240, "Classes of Depreciable Property", 1992 U.S. Master Tax Guide (Commerce Clearing House) discussing Internal Revenue Code sections 1245 and*1250.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report (DRAFT)

2010

Response to Affiliate Transaction Reporting Requirements Section:

C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES

Request No. 1-7 (Cont'd):

- The middle portions of Table II-C-1 corresponding to each horizontal column and vertical row will be called cells.

6. For each cell in Table II-C-1 the utility shall aggregate all transactions for goods and/or services it provided to each affiliated entity under:

   a) The appropriate column heading for that affiliated entity; and,
   b) The row corresponding to the appropriate USOA account category.

7. The following information shall be reported in the corresponding cells of Table II-C-1:

   - The total transfer price assigned to this USOA account for any goods or services provided by the utility to the affiliated entity;
   - The allocated cost, if different from the transfer price, for any goods or services provided by the utility to the affiliated entity;
   - Allocated costs as a percentage of total recorded costs for the USOA account;
   - The ratio for each USOA account of the actual total recorded expenses versus total expenses authorized in the utility's most recent General Rate Case (expressed as a percentage).

Response:

See attached Table II-C-1 for charges to affiliates.

Request No. 8:

8. Briefly list the applicable cost allocation methodology and transfer pricing method used to determine the corresponding dollar volumes listed on the previous table.

Response:

All dollar values in Table II-C-1, with the exception of those noted in "B" below represent fully loaded costs. SoCalGas considers "fully loaded/allocated costs" to mean the same as "transfer pricing" as referred to in this requirement. Therefore, the information that is requested relative to transfer pricing differences is not applicable. Following is a description of the costing methodologies that are referenced in Table II-C-1:

(A) All services provided by SoCalGas are billed at fully loaded cost. In the case of labor charges, "fully loaded" costs include all associated labor, indirect overheads and, where

Response to Affiliate Transaction Reporting Requirements Section:

C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES

Response No. 8 (Cont'd):

applicable, a labor premium. For the shared service labor billed to the unregulated affiliates, a 5% premium is applied to fully loaded labor costs. For non-shared services to unregulated, energy-related affiliates, a 10% premium is applied to direct non-executive labor and a 15% premium is applied to direct executive labor. The Enova/Pacific Enterprises Merger Decision (D.98-03-073) requires these additional labor premiums.

(B) SoCalGas sold natural gas supplies to Sempra Energy Trading during the reporting period. All gas sales transactions were the results of "arms-length" transactions through electronic trading platform Intercontinental Exchange "ICE". Neither party had knowledge of the counterparty's identity until after deal was executed via ICE, in accordance with remedial measures. Revenues from gas sales by the Gas Acquisition department are recorded as a reduction to cost of gas purchased. Revenues from gas sales to support closure of Montebello storage filed are recorded as miscellaneous revenue under USOA Account 495.

Request No. 9:

9. In addition to the information requested in Table II-C-1, each utility shall provide, as a separate document, a brief narrative description for any affiliated entity that had over $10,000 of transfer price recorded in any USOA account. This narrative description will describe in greater detail the types of goods and services provided, as well as the methodologies used to calculate their transfer price and allocated cost.

Response:

Individual "Internal Orders" have been established for charging to each affiliate company for services performed. Generally, one internal order is created for each project or type of work done. All services are billed on a monthly basis.

USOA Account 146

This account is used by SoCalGas for amounts and interest due from affiliated companies for services provided. These amounts are billed at fully loaded cost plus appropriate labor premiums.

The nature of services billed in account 146 is as follows:

Accounting & Finance

This category includes services such as affiliate billing and costing, accounts payable, claims, business planning and budgets, internal audit, and investor relations.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report (DRAFT)

2010

Response to Affiliate Transaction Reporting Requirements Section:

C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES

Response No. 9 (Cont'd):

Depreciation
This category contains charges for depreciation, usage, and return on shared assets.

Fleet Services
This category includes charges for the lease, maintenance, and overhead costs of vehicles being used by SoCalGas employees for affiliate-related work, as well as charges for the use of SoCalGas fleet vehicles by affiliate employees.

Gas Engineering
This category includes billings to Sempra Pipelines & Storage for the support to integrate the Algodones Meter Station into SCADA system, and general measurement consulting, as well as billings to Sempra Broadband for gas engineering consulting.

Human Resources
This category includes the reimbursements from Sempra Energy for SoCalGas executive long-term incentive plan. It also contains human resources, disability management services, employee development, and wellness.

Information Technology
This category includes service charges for IT budgeting, service management, server engineering, mainframe, internet engineering, information protection, disaster recovery, network engineering, LAN/WAN, hardware and software maintenance, production control operations, operation control and telecom.

Oil/Gas Assessment & Extraction
This category includes billings to Pacific Enterprises Oil Company (PEOC) for lifting costs provided at the Aliso Canyon underground storage facility.

Real Estate & Facilities
This category includes services such as real estate management, rent management, capital facilities, operational/maintenance programs.

Supply Management
This category supports all enterprise systems and services used by the portfolio group for procurement activities.

USOA Account 495
This account includes gas sales supporting the closure of Montebello storage field in pursuant to CPUC decision D.01-06-081.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report (DRAFT)

2010

Response to Affiliate Transaction Reporting Requirements Section:

C. UTILITY PROVISION OF GOODS AND SERVICES TO ITS AFFILIATED ENTITIES

Response No. 8 (Cont'd):

USOA Account 803

This account is used by SoCalGas for amounts related to natural gas sales and purchases transactions, and associated financial derivatives gains and losses. In this report, gas sales are recorded in Schedule C, and gas purchases are recorded in Schedule D.

Table II-C-1
SOUTHERN CALIFORNIA GAS COMPANY
Provision of Goods and Services
From the Utility to its Affiliated Entities
For the Year Ended December 31, 2010

USOA Acct	Item/Services Description	Cost Allocation Methodology	Sempra Energy	Sempra Broadband	Sempra Energy Trading, LLC	Sempra Global	Sempra LNG	Sempra Pipelines & Storage	Sempra Generation	Pacific Enterprises Oil Company	Total
146	Accounting & Finance	A	54,778			3,571	11,193	12,212	11,303		93,058
	Depreciation	A	2,587,308			4,608	124	171	87		2,592,299
	Fleet Services	A	55,166								55,166
	Gas Engineering	A		3,159				55,293			58,452
	Human Resources	A/B	2,465,590			5,023	2,221	6,661	3,404		2,482,899
	Information Technology	A	83,405			1,827					85,231
	Oil/ Gas Assessment & Extraction	A								335,085	335,085
	Real Estate & Facilities	A	1,671,600	14,596		5,518	7,014	7,371	7,101		1,713,201
	Supply Management		10,464								10,464
495	Other Gas Revenues	C			275,400						275,400
803	Gas Sales	C			13,533,610						13,533,610
	Total		6,928,312	17,755	13,809,010	20,546	20,552	81,709	21,896	335,085	21,234,866

Southern California Gas Company

A Sempra Energy utility®

Southern California Gas Company

Annual Report on Affiliate Transactions

Section D: Affiliated Entities Provision of Goods and Services to the Utility

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 1-9:

1. Section C required each utility to report goods and/or services that it provided to its affiliated entities. This section (Section D), requires the reporting of all goods and/or services that the affiliated entities provided to the utility.

2. Each utility shall report any goods and/or services that were provided to it by any of its affiliated entities during the period covered by the annual report. All goods and/or services shall be reported regardless of whether or not the affiliated entity was reimbursed.

3. For purposes of this section, "Goods" has the same meaning as used in Section C above.

4. For purposes of this section, "Services" includes any activity of economic value provided by the affiliated entity, or any company under contract to the affiliated entity, to the utility. The examples of the types of services listed in #3 of Section II-C above are applicable to this section as well. Purchases of natural gas or electric energy from any affiliated entity should be reported in this section.

5. The cost of each good and/or service that the affiliated entity provided to the utility shall be assigned by the utility to an appropriate USOA Account of the utility.

6. Using the format shown, each utility shall create a table (entitled Table II-D-l), containing:

   - A set of columns by listing horizontally across the top of Table II-D-1 each affiliated entity listed in Table II-A-1, excluding, however, any affiliated entities which provided no goods and/or services to the utility during the calendar year.
   - A set of rows by listing vertically down the left side of Table II-D-1 each USOA account (listed in ascending order) for which the utility had incurred a cost for goods and/or services provided by the affiliated entity.
   - The middle portions of Table II-D-1, corresponding to each horizontal column and vertical row, will be called cells.

7. For each cell in Table II-D-1, the utility shall aggregate all transactions for goods and/or services it provided to each affiliated entity under:

   1) The-appropriate column heading for that affiliated entity; and,

   2) The row corresponding to the appropriate USOA account category.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 1-9 (Cont'd):

8. The following information shall be reported in the corresponding cells of Table II-D-1;

   - The total transfer price assigned to this USOA account for any goods or services provided by the affiliated entity to the utility;
   - The allocated cost, if different from the transfer price, as calculated by the affiliated entity as the cost for any goods or services provided to the utility;
   - The fair market value of the goods and service provided, if determined;
   - Allocated costs as a percentage of total recorded costs for the USOA account.

9. At the end of each row, each utility shall briefly list the applicable methodology used to determine allocated cost and transfer price as well as any calculations and reviews utilized to determine fair market value.

Response:

Using the format provided for Table II-D-1 (attached), the costs of all goods and services provided to SoCalGas by affiliated entities during the reporting period have been presented. The costs have been accumulated by USOA account and by affiliated entity.

In accordance with the Affiliate Compliance Guidelines (see Section II-B-VII), the "transfer price" for goods and services provided to SoCalGas by Sempra Energy is recorded at fully loaded costs. However, all values in Table II-D-1 related to purchases of natural gas from Sempra Energy Trading by SoCalGas are at contractual value. In accordance with the Remedial Measures (see Appendices to Section II B), these transactions were "arms length" transactions through brokerage firms. Neither party had knowledge of the other party's identity until after the commitment to the broker was made.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 10:

10. In addition to the information requested in Table II-D-1, each utility shall provide, as a separate document, a brief narrative description for any USOA account that had recorded over $10,000 in goods and services provided by an affiliated entity. This narrative description will describe in greater detail the types of goods and services provided, as well as the methodologies used to calculate their transfer price and a summary of all methodologies and calculations used to determine fair market value.

Response:

All values in Table II-D-1 related to purchased goods and services from Sempra Energy are at fully loaded cost as required by the Affiliate Compliance Guidelines (see Section II-B-VII). Goods or services directly requested by SoCalGas are recorded in the appropriate USOA account. Shared services costs are allocated to SoCalGas on a causal or beneficial relationship when identifiable; otherwise the shared services costs are allocated using an approved multifactor allocation method. Shared services costs received by SoCalGas from Sempra Energy are analyzed and recorded to the appropriate USOA account.

All values in Table II-D-1 related to purchases/sales of energy between Sempra Energy Trading and SoCalGas are at fair market value. In accordance with the Remedial Measures (see Appendices to Section II B), these transactions are carried out through an independent broker and neither party had knowledge of the others identity until the contractual commitment had been consummated. These values represent the amount that was charged at the time of the transaction and not the end of year balance.

USOA Account 107: Construction Work in Progress (CWIP)

This account includes gas construction work in progress assets and allocations for services provided by affiliates that support capital activities at SoCalGas.

USOA Account 143: Other Accounts Receivable

This account includes amounts due to the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing and contract work.

USOA Account 146: Accounts Receivable from Associated Companies

This account includes notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from the date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. In 2010, these charges include Sempra Corporate departments that moved down to the utilities. At the time, these departments remained on Sempra's payroll; however to reflect the costs on SCG management reports, SECC settled the costs to SCG and then SCG billed the affiliates back via the Corporate reallocation process.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 10 (Cont'd):

USOA Account 165: Prepayments
This account includes prepayments for taxes, insurance, interest, and disbursements made prior to the period to which they apply. The cost in this account is related to insurance premiums.

USOA Account 181: Unamortized Debt Expense
This account includes expenses related to the issuance or assumption of debt securities. Amounts shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security.

USOA Account 184: Clearing Accounts
This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. When services are provided to SoCalGas, a portion of the cost of this service is charged to a clearing account. These are Administrative & General Costs related to affiliate and third-party transactions. Balances in this clearing account shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a further period.

USOA Account 803: Natural Gas Transmission Line Purchases
During the reporting period, the affiliates supplied natural gas to SoCalGas under contract terms in USOA Account 803.

All purchase transactions were the results of "arms-length" transactions through brokerage firms. Neither party had knowledge of the counterparty's identity until after commitment to the broker was made, in accordance with Affiliate Transactions Rules.

During the reporting period, SoCalGas did not enter into any over-the-counter financial swap transactions with its affiliates.

USOA Account 819: Compressor Station Fuel and Power
During the reporting period, the affiliates supplied natural gas to SoCalGas under contract terms in USOA Account 819.

All purchase transactions were the results of "arms-length" transactions through electronic trading platform Intercontinental Exchange "ICE". Neither party had knowledge of the counterparty's identity until after deal was executed via ICE, in accordance with Affiliate Transactions Rules.

During the reporting period, SoCalGas did not enter into any over-the-counter financial swap transactions with its affiliates.

USOA Account 901: Supervision
This account includes the cost of postage incurred in the general direction and supervision of customer accounts.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 10 (Cont'd):

USOA Account 908: Customer assistance expenses
This account includes the cost of labor, materials and expenses incurred in providing instructions or assistance to customers, the object of which is to promote safe, efficient and economical use of the service. In 2010, this account primarily consisted of payments for postage.

USOA Account 909: Informational and Instructional Advertising Expenses
This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing gas service to protect health and safety, to encourage environmental protection, to utilize their gas equipment safely and economically, or to conserve natural gas. In 2010, this account primarily consisted of payments for postage.

USOA Account 910: Miscellaneous Customer Service and Informational Expenses
This account includes the cost of labor, materials utilized, and expenses incurred in providing customer service and informational activities, which are not includible in other customer information expense accounts.

USOA Account 921: Office Supplies and Expenses
This account includes office supplies and expenses incurred in connection with the general administration of the utility's operations that are assignable to specific administrative or general departments and are not specifically provided for in other accounts.

USOA Account 923: Outside Services Employed
This account includes the fees and expenses of professional consultants (such as lawyers, auditors, appraisers, expert witnesses, or management, accounting, and engineering consultants) and others for general services that are not applicable to a particular operation function or to other accounts. This account includes the salaries and wages expenses of affiliate administrative and general departments that provide service to the Southern California Gas Company. In addition, this account includes office supplies and expenses incurred in connection with this general administration.

USOA Account 924: Property Insurance
This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

USOA Account 925: Injuries and Damages
This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. It shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 10 (Cont'd):

USOA Account 926: Employee Pensions and Benefits
This account includes stock option expenses, pension accruals or actual payments made on behalf of current employees or retired employees and payments for the purchase of annuities relating to pensions.

USOA Account 928: Regulatory Commission Expenses
This account shall include all expenses properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees.

USOA Account 930: Miscellaneous General Expenses
This account includes the cost of labor and expenses incurred in connection with the general management of the Southern California Gas Company not provided for elsewhere.

USOA Account 931: Rents
This account includes rents properly includible in utility operating expenses for the property of other used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility.

USOA: VAR
USOA accounts with a balance under $10,000 were grouped together and reported under "VAR". Details behind what makes up this balance are available upon request.

SOUTHERN CALIFORNIA GAS COMPANY

Affiliate Transactions Annual Report

2010

Response to Affiliate Transaction Reporting Requirements Section:

D. AFFILIATED ENTITIES PROVISION OF GOODS AND SERVICES TO THE UTILITY

Request No. 11 :

1. For any USOA account classification containing greater than $25,000 in reported transactions, the utility shall provide as an addendum to Table II-D-1 any comparisons performed by the utility of the cost of goods or services provided by the affiliated entities with other providers not affiliated with the utility.

Response:

During 2010, the utility did not conduct any studies for the purpose of comparing the cost of goods or services provided during the year by affiliated entities with the costs provided by unaffiliated providers.

TABLE II-D-I
SOUTHERN CALIFORNIA GAS COMPANY
Provision of Goods And Services
from Affiliated Entities To The Utility
For The Year Ended December 31, 2010

USOA Account	Account Description	Sempra Energy	Sempra Energy Trading	Total	% of USOA Account
107	Construction Work In Progress	4,078,976		4,078,976	N/A
143	Other Accounts Receivable	(1,903,836)		(1,903,836)	N/A
146	A/R From Associated Co	56,501		56,501	N/A
165	Prepayments	2,537,702		2,537,702	N/A
181	Unamortized Debt Expense	29,000		29,000	N/A
184	Clearing Accounts	2,707,267		2,707,267	N/A
803	Natural Gas Transmission Line Purchases	-	35,962,547	35,962,547	2.07%
819	Compressor Station Fuel and Power	-	22,300	22,300	<1.00%
901	Supervision	707,854		707,854	11.51%
908	Customer Assistance Expenses	208,172		208,172	<1.00%
909	Informational And Instructional Advertising Expenses	149,615		149,615	6.97%
910	Miscellaneous Customer Serv And Informational Expe	503,371		503,371	24.56%
921	Office Supplies And Expenses	298,659		298,659	3.64%
923	Outside Services Employed	60,146,505		60,146,505	66.14%
924	Property Insurance	1,846,278		1,846,278	61.88%
925	Injuries And Damages	10,759,689		10,759,689	27.18%
926	Employee Pensions And Benefits	8,748,082		8,748,082	5.85%
928	Regulatory Commission Expenses	276,164		276,164	4.66%
930	Miscellaneous General Expenses	103,223		103,223	1.01%
931	Rents	60,931		60,931	<1.00%
VAR	Various	6,907		6,907	<1.00%
	Total:	91,321,059	35,984,847	127,305,906	

Appendix C
Southern California Gas Company
Current Core Firm Transportation
Capacity Holdings
(in MDth/d)

	2010-2011											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
El Paso												
San Juan	673	673	673	673	673	403	403	505	505	505	505	505
Permian	-	-	-	-	-	-	-	122	122	122	122	122
Total El Paso	673	673	673	673	673	403	403	627	627	627	627	627
Transwestern												
San Juan	200	200	200	200	200	240	240	300	300	300	300	300
Permian	-	-	-	-	-	-	-	-	-	-	-	-
Total Transwestern	200	200	200	200	200	240	240	300	300	300	300	300
Kern												
Rockies	105	105	105	105	105	105	105	129	129	129	129	129
Total Kern	105	105	105	105	105	105	105	129	129	129	129	129
Canadian Path (1)												
NOVA	54	54	54	54	54	54	54	54	54	54	54	54
Foothills	54	54	54	54	54	54	54	54	54	54	54	54
GTN	53	53	53	53	53	53	53	53	53	53	53	53
PG&E	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	1,030	1,030	1,030	1,030	1,030	800	800	1,108	1,108	1,108	1,108	1,108
San Juan	873	873	873	873	873	643	643	805	805	805	805	805
Permian	-	-	-	-	-	-	-	122	122	122	122	122
Rockies	105	105	105	105	105	105	105	129	129	129	129	129
Canadian Path (1)	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	1,030	1,030	1,030	1,030	1,030	800	800	1,108	1,108	1,108	1,108	1,108
Minimum Required	997	997	997	997	997	800	800	1,108	1,108	1,108	1,108	1,108

Notes:

The capacity data in this table is grouped by source of supply (i.e. receipt locations), and not displayed for each receipt/delivery point combination

(1) For the purpose of calculating the capacity planning range pursuant to D.04-09-022, only the PG&E capacity is included from the Canadian path.

(2) AL3929 established a capacity range for GCIM Year 17 of 1,108 MDthd - 1,330 MDthd. AL 3969 modified the minimum requirement to 90% of forecasted core procurement annual average daily load during spring and summer months (April to October) and 100% of the daily load during winter months (November to March). AL 4093 was filed to reduce interstate capacity minimums for September and October 2010 from 997 MDthd to 800 MDthd.

Appendix C
Southern California Gas Company
Current Core Firm Transportation
Capacity Holdings
(in MDth/d)

	2011-2012											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
El Paso												
San Juan	497	497	497	497	497	274	274	282	282	282	282	282
Permian	50	50	50	50	50	135	135	157	157	157	157	157
Total El Paso	547	547	547	547	547	409	409	439	439	439	439	439
Transwestern												
San Juan	220	220	220	220	220	220	220	270	270	270	270	270
Permian	-	-	-	-	-	-	-	-	-	-	-	-
Total Transwestern	220	220	220	220	220	220	220	270	270	270	270	270
Kern												
Rockies	129	129	129	129	129	129	129	129	129	129	129	129
Total Kern	129	129	129	129	129	129	129	129	129	129	129	129
Canadian Path (1)												
NOVA	54	54	54	54	54	54	54	54	54	54	54	54
Foothills	54	54	54	54	54	54	54	54	54	54	54	54
GTN	53	53	53	53	53	53	53	53	53	53	53	53
PG&E	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	948	948	948	948	948	810	810	890	890	890	890	890
San Juan	717	717	717	717	717	494	494	552	552	552	552	552
Permian	50	50	50	50	50	135	135	157	157	157	157	157
Rockies	129	129	129	129	129	129	129	129	129	129	129	129
Canadian Path (1)	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	948	948	948	948	948	810	810	890	890	890	890	890

Appendix C
Southern California Gas Company
Current Core Firm Transportation
Capacity Holdings
(in MDth/d)

	2012-2013											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
El Paso												
San Juan	254	254	254	254	254	254	254	121	121	121	121	121
Permian	135	135	135	135	135	135	135	85	85	85	85	85
Total El Paso	389	389	389	389	389	389	389	206	206	206	206	206
Transwestern												
San Juan	210	210	210	210	210	210	210	210	210	210	210	210
Permian	-	-	-	-	-	-	-	-	-	-	-	-
Total Transwestern	210	210	210	210	210	210	210	210	210	210	210	210
Kern												
Rockies	129	129	129	129	129	129	129	129	129	129	129	129
Total Kern	129	129	129	129	129	129	129	129	129	129	129	129
Canadian Path (1)												
NOVA	54	54	54	54	54	54	54	54	54	54	54	54
Foothills	54	54	54	54	54	54	54	-	-	-	-	-
GTN	53	53	53	53	53	53	53	53	53	53	53	53
PG&E	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	780	780	780	780	780	780	780	597	597	597	597	597
San Juan	464	464	464	464	464	464	464	331	331	331	331	331
Permian	135	135	135	135	135	135	135	85	85	85	85	85
Rockies	129	129	129	129	129	129	129	129	129	129	129	129
Canadian Path (1)	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	780	780	780	780	780	780	780	597	597	597	597	597

Appendix C
Southern California Gas Company
Current Core Firm Transportation
Capacity Holdings
(in MDth/d)

	2013-2014											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
El Paso												
San Juan	98	98	98	98	98	98	98	21	21	21	21	21
Permian	85	85	85	85	85	85	85	-	-	-	-	-
Total El Paso	183	183	183	183	183	183	183	21	21	21	21	21
Transwestern												
San Juan	210	210	210	210	210	210	210	210	210	210	210	210
Permian	-	-	-	-	-	-	-	-	-	-	-	-
Total Transwestern	210	210	210	210	210	210	210	210	210	210	210	210
Kern												
Rockies	129	121	121	121	121	121	121	121	121	121	121	121
Total Kern	129	121	121	121	121	121	121	121	121	121	121	121
Canadian Path (1)												
NOVA	54	54	54	54	54	54	54	54	54	54	54	54
Foothills	-	-	-	-	-	-	-	-	-	-	-	-
GTN	53	53	53	53	53	53	53	53	53	53	53	53
PG&E	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	574	566	566	566	566	566	566	404	404	404	404	404
San Juan	308	308	308	308	308	308	308	231	231	231	231	231
Permian	85	85	85	85	85	85	85	-	-	-	-	-
Rockies	129	121	121	121	121	121	121	121	121	121	121	121
Canadian Path (1)	52	52	52	52	52	52	52	52	52	52	52	52
Total Transport (1)	574	566	566	566	566	566	566	404	404	404	404	404

Attachment B

SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
MARCH 31, 2011

	1. UTILITY PLANT	2010
101	UTILITY PLANT IN SERVICE	$9,474,236,317
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	285,282,772
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,910,649,790)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(32,664,707)
117	GAS STORED-UNDERGROUND	55,520,014
	TOTAL NET UTILITY PLANT	5,871,724,606

	2. OTHER PROPERTY AND INVESTMENTS	
121	NONUTILITY PROPERTY	125,539,808
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(100,225,627)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	122
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	4,000,000
	TOTAL OTHER PROPERTY AND INVESTMENTS	29,314,303

Data from SPL as of June 01, 2011.

SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
MARCH 31, 2011

3. CURRENT AND ACCRUED ASSETS

		2010
131	CASH	16,876,996
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	91,775
136	TEMPORARY CASH INVESTMENTS	16,430,000
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	550,156,438
143	OTHER ACCOUNTS RECEIVABLE	29,731,165
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(4,917,505)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	366,283,560
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	25,430,617
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	24,023,532
155	MERCHANDISE	(37)
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	(1,581,206)
164	GAS STORED	8,060,917
165	PREPAYMENTS	28,863,309
171	INTEREST AND DIVIDENDS RECEIVABLE	25,218
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	19,095,735
175	DERIVATIVE INSTRUMENT ASSETS	6,284,832
176	LONG TERM PORTION OF DERIVATIVE ASSETS - HEDGES	-
	TOTAL CURRENT AND ACCRUED ASSETS	1,084,855,346

4. DEFERRED DEBITS

181	UNAMORTIZED DEBT EXPENSE	7,002,897
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	944,539,134
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	-
184	CLEARING ACCOUNTS	1,860,355
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	838,202
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	19,151,414
190	ACCUMULATED DEFERRED INCOME TAXES	276,379,844
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	1,249,771,846
	TOTAL ASSETS AND OTHER DEBITS	$ 8,235,666,101

Data from SPL as of June 01, 2011.

SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
MARCH 31, 2011

5. PROPRIETARY CAPITAL

		2010
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	(1,107,432,619)
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	21,791,529
	TOTAL PROPRIETARY CAPITAL	(1,973,254,213)

6. LONG-TERM DEBT

221	BONDS	(1,300,000,000)
224	OTHER LONG-TERM DEBT	(12,475,533)
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	2,455,940
	TOTAL LONG-TERM DEBT	(1,310,019,593)

7. OTHER NONCURRENT LIABILITIES

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(8,222,460)
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(109,019,491)
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(683,776,091)
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230	ASSET RETIREMENT OBLIGATIONS	(811,735,970)
	TOTAL OTHER NONCURRENT LIABILITIES	(1,612,754,012)

Data from SPL as of June 01, 2011.

SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
MARCH 31, 2011

8. CURRENT AND ACCRUED LIABILITES

		2010
231	NOTES PAYABLE	-
232	ACCOUNTS PAYABLE	(316,596,578)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(13,328,909)
235	CUSTOMER DEPOSITS	(73,461,518)
236	TAXES ACCRUED	(21,367,344)
237	INTEREST ACCRUED	(23,281,838)
238	DIVIDENDS DECLARED	(323,265)
241	TAX COLLECTIONS PAYABLE	(25,851,976)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(188,215,975)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(8,725,941)
244	DERIVATIVE INSTRUMENT LIABILITIES	(547,167)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	(671,700,511)

9. DEFERRED CREDITS

252	CUSTOMER ADVANCES FOR CONSTRUCTION	(87,253,930)
253	OTHER DEFERRED CREDITS	(98,649,593)
254	OTHER REGULATORY LIABILITIES	(1,695,519,625)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(24,643,313)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(502,843,183)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(259,028,128)
	TOTAL DEFERRED CREDITS	(2,667,937,772)
	TOTAL LIABILITIES AND OTHER CREDITS	$ (8,235,666,101)

Data from SPL as of June 01, 2011.

Attachment C

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
THREE MONTHS ENDED MARCH 31, 2011

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		$1,055,534,701
401	OPERATING EXPENSES	$803,113,557	
402	MAINTENANCE EXPENSES	31,031,985	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	80,523,867	
408.1	TAXES OTHER THAN INCOME TAXES	21,403,446	
409.1	INCOME TAXES	(13,471,214)	
410.1	PROVISION FOR DEFERRED INCOME TAXES	52,482,348	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(4,338,124)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(627,454)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		970,118,411
	NET OPERATING INCOME		85,416,290

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(32,058)	
418	NONOPERATING RENTAL INCOME	97,043	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	62,191	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	4,139,154	
421	MISCELLANEOUS NONOPERATING INCOME	95,690	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	4,362,020	
425	MISCELLANEOUS AMORTIZATION	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(1,161,392)	
		(1,161,392)	
408.2	TAXES OTHER THAN INCOME TAXES	(32,559)	
409.2	INCOME TAXES	(2,920,764)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(1,047,248)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	874,246	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(3,126,325)	
	TOTAL OTHER INCOME AND DEDUCTIONS		74,303
	INCOME BEFORE INTEREST CHARGES		85,490,593
	NET INTEREST CHARGES*		17,336,644
	NET INCOME		$68,153,949

**NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. ($1,777,720)*

Data from SPL as of June 01, 2011.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
THREE MONTHS ENDED MARCH 31, 2011

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	$1,089,601,936
NET INCOME (FROM PRECEDING PAGE)	68,153,949
DIVIDEND TO PARENT COMPANY	(50,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	(323,266)
OTHER RETAINED EARNINGS ADJUSTMENT	-
RETAINED EARNINGS AT END OF PERIOD	$1,107,432,619

Attachment D

TABLE 1

Natural Gas Transportation Rate Revenues

Southern California Gas Company

		Present Rates			Proposed Rates			Changes		
		1/1/2011 Volumes Mth	Average Rate $/therm	1/1/2011 Revenues $000's	Jan-1-11 Volumes Mth	Proposed Rate $/therm	Jan-1-11 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	2,470,671	$0.53611	$1,324,915	2,470,671	$0.53786	$1,329,232	$4,318	$0.00175	0.3%
3	Residential Core Aggregation Transport (CAT)	13,319	$0.50974	$6,789	13,319	$0.50974	$6,789	$0	$0.00000	0%
4	Total Residential	2,483,989	$0.53611	$1,331,703	2,483,989	$0.53786	$1,336,021	$4,318	$0.00175	0.3%
5										
6	Commercial & Industrial	953,031	$0.31579	$300,959	953,031	$0.31754	$302,625	$1,666	$0.00175	0.6%
7	C/I Core Aggregation Transport (CAT)	17,488	$0.28941	$5,061	17,488	$0.28941	$5,061	$0	$0.00000	0%
8	Total Commercial & Industrial	970,519	$0.31532	$306,021	970,519	$0.31706	$307,686	$1,666	$0.00175	0.6%
9										
10	NGV - Pre SempraWide	117,231	$0.09109	$10,678	117,231	$0.09283	$10,883	$205	$0.00175	1.9%
11	SempraWide Adjustment	117,231	($0.00215)	($252)	117,231	($0.00215)	($252)	$0	$0.00000	0.0%
12	NGV - Post SempraWide	117,231	$0.08894	$10,426	117,231	$0.09069	$10,631	$205	$0.00175	2.0%
13										
14	Gas A/C	1,210	$0.08353	$101	1,210	$0.08528	$103	$2	$0.00175	2.1%
15	Gas Engine	18,080	$0.10407	$1,882	18,080	$0.10582	$1,913	$32	$0.00175	1.7%
16	Total Core	3,591,030	$0.45952	$1,650,133	3,560,223	$0.46524	$1,656,355	$6,222	$0.00572	1.2%
17										
18	NONCORE COMMERCIAL & INDUSTRIAL									
19	Distribution Level Service	982,465	$0.07408	$72,776	982,465	$0.07408	$72,776	$0	$0.00000	0.0%
20	Transmission Level Service (2)	457,697	$0.02517	$11,520	457,697	$0.02517	$11,520	$0	$0.00000	0.0%
21	Total Noncore C&I	1,440,163	$0.05853	$84,297	1,440,163	$0.05853	$84,297	$0	$0.00000	0.0%
22										
23	NONCORE ELECTRIC GENERATION									
24	Distribution Level Service									
25	Pre Sempra Wide	353,995	$0.03674	$13,006	353,995	$0.03674	$13,006	$0	$0.00000	0.0%
26	Sempra Wide Adjustment	353,995	$0.00200	$709	353,995	$0.00200	$709	$0	$0.00000	0.0%
27	Distribution Level Post Sempra Wide	353,995	$0.03874	$13,715	353,995	$0.03874	$13,715	$0	$0.00000	0.0%
28	Transmission Level Service (2)	2,472,969	$0.02517	$62,246	2,472,969	$0.02517	$62,246	$0	$0.00000	0.0%
29	Total Electric Generation	2,826,964	$0.02687	$75,961	2,826,964	$0.02687	$75,961	$0	$0.00000	0.0%
30										
31	TOTAL RETAIL NONCORE	4,267,127	$0.03756	$160,257	4,267,127	$0.03756	$160,257	$0	$0.00000	0.0%
32										
33	WHOLESALE & INTERNATIONAL									
34	Wholesale Long Beach (2)	117,093	$0.02517	$2,947	117,093	$0.02517	$2,947	$0	$0.00000	0.0%
35	SDGE Wholesale	1,230,285	$0.00769	$9,464	1,230,285	$0.00769	$9,464	$0	$0.00000	0.0%
36	Wholesale SWG (2)	81,737	$0.02517	$2,057	81,737	$0.02517	$2,057	$0	$0.00000	0.0%
37	Wholesale Vernon (2)	116,135	$0.02517	$2,923	116,135	$0.02517	$2,923	$0	$0.00000	0.0%
38	International (2)	53,990	$0.02517	$1,359	53,990	$0.02517	$1,359	$0	$0.00000	0.0%
39	Total Wholesale & International & SDGE	1,599,240	$0.01172	$18,750	1,599,240	$0.01172	$18,750	$0	$0.00000	0.0%
40										
41	TOTAL NONCORE	5,866,366	$0.03051	$179,008	5,866,366	$0.03051	$179,008	$0	$0.00000	0.0%
42										
43	Unbundled Storage			$26,470			$26,470	$0		
44										
45	Total (excluding FAR)	9,457,396	$0.19621	$1,855,611	9,426,589	$0.19751	$1,861,833	$6,222	$0.00130	0.7%
46										
47	Firm Access Rights FAR $/dth/day (3)	2,866	$0.03802	$39,773	2,866	$0.03802	$39,773	$0	$0.00000	0.0%
48	SYSTEM TOTALw/SI,FAR,TLS,SW	9,457,396	$0.20041	$1,895,384	9,426,589	$0.20173	$1,901,606	$6,222	$0.00132	0.7%
49										
50	EOR Revenues	156,187	$0.03220	$5,029	156,187	$0.03220	$5,029	$0	$0.00000	0.0%
51	Total Throughput w/EOR Mth/yr	9,613,583			9,582,776					

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The FAR rate is for service from Receipt Point to Citygate.

2) These Transmission Level Service "TLS" amounts represent the average transmission rate, see Table 5 or detail list of TLS rates.

3) FAR charge is as a separate rate. Core will pay through procurement rate, noncore as a separate charge. See Table 5 for actual FAR rates.

Attachment E

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation
As of March 31, 2011

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
INTANGIBLE ASSETS				
301	Organization	$ 76,457	$ -	$ 76,457
302	Franchise and Consents	$ 550,693	$ -	550,693
	Total Intangible Assets	$ 627,150	0	$ 627,150
PRODUCTION:				
325	Other Land Rights	$ 15,321	$ -	$ 15,321
330	Prd Gas Wells Const	$ 5,461,473	$ -	5,461,473
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	$ 482,615	$ -	482,615
	Total Production	$ 8,681,486	(55)	$ 8,681,431
UNDERGROUND STORAGE:				
350	Land	$ 5,110,287	$ (570,804)	$ 4,539,484
350SR	Storage Rights	$ 25,354	$ (13,598)	11,756
350RW	Rights-of-Way	$ 17,259,951	$ (16,413,354)	846,598
351	Structures and Improvements	$ 37,399,591	$ (19,106,857)	18,292,733
352	Wells	$ 235,688,577	$ (148,334,183)	87,354,394
353	Lines	$ 86,744,598	$ (92,732,869)	(5,988,271)
354	Compressor Station and Equipment	$ 115,016,156	$ (66,028,323)	48,987,833
355	Measuring And Regulator Equipment	$ 5,808,046	$ (1,522,860)	4,285,186
356	Purification Equipment	$ 112,226,956	$ (60,546,666)	51,680,291
357	Other Equipment	$ 23,433,071	$ (4,714,338)	18,718,733
	Total Underground Storage	$ 638,712,588	(409,983,851)	$ 228,728,737
TRANSMISSION PLANT- OTHER:				
365	Land	$ 2,786,000	$ -	$ 2,786,000
365LRTS	Land Rights	$ 20,614,437	$ (13,859,413)	6,755,024
366	Structures and Improvements	$ 32,909,300	$ (20,198,492)	12,710,808
367	Mains	$ 1,121,968,187	$ (519,654,106)	602,314,082
368	Compressor Station and Equipment	$ 176,809,482	$ (100,283,731)	76,525,750
369	Measuring And Regulator Equipment	$ 47,529,485	$ (24,399,846)	23,129,639
371	Other Equipment	$ 4,048,503	$ (2,345,454)	1,703,050
	Total Transmission Plant	$ 1,406,665,394	(680,741,042)	$ 725,924,352
DISTRIBUTION PLANT:				
374	Land	$ 28,254,507	$ -	$ 28,254,507
374LRTS	Land Rights	$ 2,708,129	$ (12,264)	2,695,865
375	Structures and Improvements	$ 220,014,191	$ (56,826,252)	163,187,939
376	Mains	$ 3,024,357,227	$ (1,761,304,344)	1,263,052,882
378	Measuring And Regulator Equipment	$ 68,830,011	$ (48,732,282)	20,097,729
380	Services	$ 2,055,556,425	$ (1,671,555,358)	384,001,068
381	Meters	$ 425,438,804	$ (116,336,163)	309,102,641
382	Meter Installation	$ 269,811,383	$ (151,227,208)	118,584,175
383	House Regulators	$ 118,452,893	$ (49,260,432)	69,192,462
387	Other Equipment	$ 26,203,729	$ (19,863,492)	6,340,237
	Total Distribution Plant	$ 6,239,627,299	$ (3,875,117,795)	$ 2,364,509,504
GENERAL PLANT:				
389	Land	$ 1,342,839	$ -	1,342,839
389LRTS	Land Rights	$ 74,300	$ -	74,300
390	Structures and Improvements	$ 126,028,961	$ (8,569,133)	117,459,827
391	Office Furniture and Equipment	$ 537,419,551	$ (138,749,158)	398,670,393
392	Transportation Equipment	$ 698,304	$ 90,132	788,436
393	Stores Equipment	$ 93,665	$ (16,479)	77,185
394	Shop and Garage Equipment	$ 52,812,047	$ (24,323,808)	28,488,240
395	Laboratory Equipment	$ 6,263,600	$ (3,888,616)	2,374,984
396	Construction Equipment	$ 36,226	$ (4,233)	31,993
397	Communication Equipments	$ 70,554,883	$ (23,991,129)	46,563,755
398	Miscellaneous Equipment	$ 3,716,887	$ 727,749	4,444,636
	Total General Plant	$ 799,041,263	(198,724,674)	$ 600,316,589
	Grand Total	**$ 9,093,355,180**	**$ (5,164,567,417)**	**$ 3,928,787,763**

Attachment F

SOUTHERN CALIFORNIA GAS COMPANY
SUMMARY OF EARNINGS
THREE MONTHS ENDED MARCH 31, 2011
(DOLLARS IN MILLIONS)

Line No.	Item	Amount
1	Operating Revenue	$1,056
2	Operating Expenses	970
3	Net Operating Income	$85
4	Weighted Average Rate Base	$2,925
5	Rate of Return*	8.68%

*Authorized Cost of Capital