

Application of SOUTHERN CALIFORNIA GAS)
COMPANY for authority to update its gas revenue)
requirement and base rates)
effective January 1, 2016 (U 904-G))

Application No. 14-11-____
Exhibit No.: (SCG-09-WP)

WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF IBTISSAM T. CHANG
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

NOVEMBER 2014



2016 General Rate Case - APP
INDEX OF WORKPAPERS

Exhibit SCG-09-WP - PROCUREMENT

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Overall Summary For Exhibit No. SCG-09-WP

| | |
|-----------------|--------------------------|
| Area: | PROCUREMENT |
| Witness: | Ibtissam T. Chang |

| Description | In 2013 \$ (000) Incurred Costs | | | |
|----------------------------|---------------------------------|-------------------|--------------|--------------|
| | Adjusted-Recorded | Adjusted-Forecast | | |
| | 2013 | 2014 | 2015 | 2016 |
| <i>Non-Shared Services</i> | 3,722 | 3,639 | 3,863 | 3,993 |
| <i>Shared Services</i> | 0 | 0 | 0 | 0 |
| Total | 3,722 | 3,639 | 3,863 | 3,993 |

Note: Totals may include rounding differences.

Southern California Gas Company
 2016 GRC - APP
 Non-Shared Service Workpapers

Area: PROCUREMENT
 Witness: Ibtissam T. Chang

Summary of Non-Shared Services Workpapers:

| Description | In 2013 \$ (000) Incurred Costs | | | |
|--------------------|---------------------------------|-------------------|--------------|--------------|
| | Adjusted-Recorded | Adjusted-Forecast | | |
| | 2013 | 2014 | 2015 | 2016 |
| A. Gas Acquisition | 3,722 | 3,639 | 3,863 | 3,993 |
| Total | 3,722 | 3,639 | 3,863 | 3,993 |

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
Witness: Ibtissam T. Chang
Category: A. Gas Acquisition
Workpaper: 2SP000.000

Summary for Category: A. Gas Acquisition

| | In 2013\$ (000) Incurred Costs | | | |
|--------------|--------------------------------|-------------------|--------------|--------------|
| | Adjusted-Recorded | Adjusted-Forecast | | |
| | 2013 | 2014 | 2015 | 2016 |
| Labor | 3,306 | 3,174 | 3,398 | 3,528 |
| Non-Labor | 416 | 465 | 465 | 465 |
| NSE | 0 | 0 | 0 | 0 |
| Total | 3,722 | 3,639 | 3,863 | 3,993 |
| FTE | 31.4 | 31.1 | 33.3 | 35.4 |

Workpapers belonging to this Category:

2SP000.000 Gas Acquisition

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| Labor | 3,306 | 3,174 | 3,398 | 3,528 |
| Non-Labor | 416 | 465 | 465 | 465 |
| NSE | 0 | 0 | 0 | 0 |
| Total | 3,722 | 3,639 | 3,863 | 3,993 |
| FTE | 31.4 | 31.1 | 33.3 | 35.4 |

Note: Totals may include rounding differences.

Beginning of Workpaper
2SP000.000 - Gas Acquisition

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
 Witness: Ibtissam T. Chang
 Category: A. Gas Acquisition
 Category-Sub: 1. Gas Acquisition
 Workpaper: 2SP000.000 - Gas Acquisition

Activity Description:

Gas Procurement for core customers of SoCalGas and SDG&E. Includes physical gas trading, scheduling, risk management/financial trading, economic analysis, contract management, settlement, gas accounting and IT support.

Forecast Explanations:

Labor - Base YR Rec

Expect to maintain Base Year staffing level, adjusted for vacancies. Excludes Cap & Trade program related labor cost. Two new scheduler positions required to manage additional workload associated with FERC NOPR on Gas-Electric coordination RM14-2-000.

Non-Labor - 5-YR Average

Five-year average methodology was selected because it reduces anomalies in the basis for the forecast.

NSE - Zero-Based

N/A

Summary of Results:

| | | In 2013\$ (000) Incurred Costs | | | | | | | | |
|--------------|--|---------------------------------------|--------------|--------------|--------------|--------------|--------------------------|--------------|--------------|--|
| | | Adjusted-Recorded | | | | | Adjusted-Forecast | | | |
| Years | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| Labor | | 3,650 | 3,643 | 3,605 | 3,637 | 3,306 | 3,174 | 3,398 | 3,528 | |
| Non-Labor | | 474 | 519 | 463 | 455 | 416 | 465 | 465 | 465 | |
| NSE | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total | | 4,123 | 4,162 | 4,067 | 4,092 | 3,722 | 3,639 | 3,863 | 3,993 | |
| FTE | | 32.8 | 33.7 | 33.5 | 33.8 | 31.4 | 31.1 | 33.3 | 35.4 | |

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
 Witness: Ibtissam T. Chang
 Category: A. Gas Acquisition
 Category-Sub: 1. Gas Acquisition
 Workpaper: 2SP000.000 - Gas Acquisition

Forecast Summary:

| In 2013 \$(000) Incurred Costs | | | | | | | | | | |
|--------------------------------|--------------|---------------|--------------|--------------|----------------------|-----------|------------|-------------------|--------------|--------------|
| Forecast Method | | Base Forecast | | | Forecast Adjustments | | | Adjusted-Forecast | | |
| Years | | 2014 | 2015 | 2016 | 2014 | 2015 | 2016 | 2014 | 2015 | 2016 |
| Labor | Base YR Rec | 3,306 | 3,306 | 3,306 | -132 | 92 | 222 | 3,174 | 3,398 | 3,528 |
| Non-Labor | 5-YR Average | 465 | 465 | 465 | 0 | 0 | 0 | 465 | 465 | 465 |
| NSE | Zero-Based | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 3,771 | 3,771 | 3,771 | -132 | 92 | 222 | 3,639 | 3,863 | 3,993 |
| FTE | Base YR Rec | 31.4 | 31.4 | 31.4 | -0.3 | 1.9 | 4.0 | 31.1 | 33.3 | 35.4 |

Forecast Adjustment Details:

| <u>Year/Expl.</u> | <u>Labor</u> | <u>NLbr</u> | <u>NSE</u> | <u>Total</u> | <u>FTE</u> | <u>Adi Type</u> |
|--|--------------|-------------|------------|--------------|-------------|-----------------|
| 2014 | 73 | 0 | 0 | 73 | 1.6 | 1-Sided Adj |
| Partial filling of 2013 vacancies | | | | | | |
| 2014 | -205 | 0 | 0 | -205 | -1.9 | 1-Sided Adj |
| Decrease Labor Cost by estimated Gas Acquisition staff time charged to NERBA | | | | | | |
| 2014 Total | -132 | 0 | 0 | -132 | -0.3 | |
| 2015 | 232 | 0 | 0 | 232 | 3.1 | 1-Sided Adj |
| Fill all 2013 vacancies to full staffing in 2015 | | | | | | |
| 2015 | -140 | 0 | 0 | -140 | -1.2 | 1-Sided Adj |
| Decrease Labor Cost by estimated Gas Acquisition staff time charged to NERBA | | | | | | |
| 2015 Total | 92 | 0 | 0 | 92 | 1.9 | |
| 2016 | 232 | 0 | 0 | 232 | 3.1 | 1-Sided Adj |
| Fill all 2013 vacancies to full staffing in 2016 | | | | | | |
| 2016 | -130 | 0 | 0 | -130 | -1.1 | 1-Sided Adj |
| Decrease Labor Cost by estimated Gas Acquisition staff time charged to NERBA | | | | | | |
| 2016 | 120 | 0 | 0 | 120 | 2.0 | 1-Sided Adj |
| Add 2 positions in Scheduling area due to FERC NOPR on Gas-Electric coordination | | | | | | |

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
Witness: Ibtissam T. Chang
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition

| <u>Year/Expl.</u> | <u>Labor</u> | <u>NLbr</u> | <u>NSE</u> | <u>Total</u> | <u>FTE</u> | <u>Adi Type</u> |
|-------------------|--------------|-------------|------------|--------------|------------|-----------------|
| 2016 Total | 222 | 0 | 0 | 222 | 4.0 | |

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
Witness: Ibtissam T. Chang
Category: A. Gas Acquisition
Category-Sub: 1. Gas Acquisition
Workpaper: 2SP000.000 - Gas Acquisition

Determination of Adjusted-Recorded (Incurred Costs):

| | 2009 (\$000) | 2010 (\$000) | 2011 (\$000) | 2012 (\$000) | 2013 (\$000) |
|--|--------------|--------------|--------------|--------------|--------------|
| Recorded (Nominal \$)* | | | | | |
| Labor | 2,577 | 2,654 | 2,723 | 3,049 | 2,834 |
| Non-Labor | 431 | 481 | 444 | 448 | 418 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 3,008 | 3,135 | 3,167 | 3,497 | 3,252 |
| FTE | 25.3 | 26.3 | 26.3 | 29.0 | 26.9 |
| Adjustments (Nominal \$) ** | | | | | |
| Labor | 228 | 232 | 229 | 12 | 0 |
| Non-Labor | -3 | -1 | 1 | 0 | -1 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 225 | 231 | 230 | 11 | -1 |
| FTE | 2.3 | 2.3 | 2.3 | 0.0 | 0.0 |
| Recorded-Adjusted (Nominal \$) | | | | | |
| Labor | 2,805 | 2,886 | 2,952 | 3,061 | 2,834 |
| Non-Labor | 428 | 480 | 445 | 448 | 416 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 3,232 | 3,366 | 3,397 | 3,509 | 3,251 |
| FTE | 27.6 | 28.6 | 28.6 | 29.0 | 26.9 |
| Vacation & Sick (Nominal \$) | | | | | |
| Labor | 507 | 505 | 490 | 490 | 471 |
| Non-Labor | 0 | 0 | 0 | 0 | 0 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 507 | 505 | 490 | 490 | 471 |
| FTE | 5.2 | 5.2 | 4.9 | 4.8 | 4.5 |
| Escalation to 2013\$ | | | | | |
| Labor | 338 | 252 | 163 | 85 | 0 |
| Non-Labor | 46 | 39 | 18 | 8 | 0 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 384 | 291 | 180 | 93 | 0 |
| FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Recorded-Adjusted (Constant 2013\$) | | | | | |
| Labor | 3,650 | 3,643 | 3,605 | 3,637 | 3,306 |
| Non-Labor | 474 | 519 | 463 | 455 | 416 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 4,123 | 4,162 | 4,067 | 4,092 | 3,722 |
| FTE | 32.8 | 33.8 | 33.5 | 33.8 | 31.4 |

* After company-wide exclusions of Non-GRC costs

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

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
 Witness: Ibtissam T. Chang
 Category: A. Gas Acquisition
 Category-Sub: 1. Gas Acquisition
 Workpaper: 2SP000.000 - Gas Acquisition

Summary of Adjustments to Recorded:

| In Nominal \$ (000) Incurred Costs | | | | | |
|------------------------------------|------------|------------|------------|-----------|-----------|
| Years | 2009 | 2010 | 2011 | 2012 | 2013 |
| Labor | 228 | 232 | 229 | 12 | 0 |
| Non-Labor | -3 | -0.846 | 1 | -0.385 | -1 |
| NSE | 0 | 0 | 0 | 0 | 0 |
| Total | 225 | 231 | 230 | 11 | -1 |
| FTE | 2.3 | 2.3 | 2.3 | 0.0 | 0.0 |

Detail of Adjustments to Recorded:

| <u>Year/Expl.</u> | <u>Labor</u> | <u>NLbr</u> | <u>NSE</u> | <u>FTE</u> | <u>Adj Type</u> | <u>From CCtr</u> | <u>RefID</u> |
|--------------------------------------|--------------|---------------|------------|------------|-----------------|------------------|----------------------------|
| 2009 | -4 | -3 | 0 | 0.0 | 1-Sided Adj | N/A | TPZDG20131125 091051400 |
| Remove Non GRC expenses | | | | | | | |
| 2009 | 232 | 0 | 0 | 2.3 | 1-Sided Adj | N/A | TPZDG20131202 144756860 |
| IT Employees transferred to Gas Acq. | | | | | | | |
| 2009 Total | 228 | -3 | 0 | 2.3 | | | |
| 2010 | 0 | -0.846 | 0 | 0.0 | 1-Sided Adj | N/A | TPZDG20131126 113651600 |
| Remove Non GRC non-labor expenses | | | | | | | |
| 2010 | 232 | 0 | 0 | 2.3 | 1-Sided Adj | N/A | TPZDG20131202 144820983 |
| IT Employees transferred to Gas Acq. | | | | | | | |
| 2010 Total | 232 | -0.846 | 0 | 2.3 | | | |
| 2011 | -3 | 1 | 0 | 0.0 | 1-Sided Adj | N/A | TPZDG20131126 114404170 |
| Remove Non GRC expenses | | | | | | | |
| 2011 | 232 | 0 | 0 | 2.3 | 1-Sided Adj | N/A | TPZDG20131202 144844693 |
| IT Employees transferred to Gas Acq. | | | | | | | |

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
 Witness: Ibtissam T. Chang
 Category: A. Gas Acquisition
 Category-Sub: 1. Gas Acquisition
 Workpaper: 2SP000.000 - Gas Acquisition

| <u>Year/Expl.</u> | <u>Labor</u> | <u>NLbr</u> | <u>NSE</u> | <u>FTE</u> | <u>Adj Type</u> | <u>From CCtr</u> | <u>RefID</u> |
|-------------------|--------------|---------------|------------|------------|-----------------|------------------|---|
| 2011 Total | 229 | 1 | 0 | 2.3 | | | |
| 2012 | 0 | -0.385 | 0 | 0.0 | 1-Sided Adj | N/A | TPZDG20131126 114724843 |
| | | | | | | | Remove Non GRC non-labor expenses |
| 2012 | 12 | 0 | 0 | 0.0 | 1-Sided Adj | N/A | TPZDG20131202 145409690 |
| | | | | | | | Labor hours spent on IT projects not associated with Gas Acq. |
| 2012 Total | 12 | -0.385 | 0 | 0.0 | | | |
| 2013 | 0 | -1 | 0 | 0.0 | 1-Sided Adj | N/A | TPITC201402191 50300190 |
| | | | | | | | Remove Non GRC non-labor expenses |
| 2013 Total | 0 | -1 | 0 | 0.0 | | | |

Note: Totals may include rounding differences.

Southern California Gas Company
2016 GRC - APP
Non-Shared Service Workpapers

Area: PROCUREMENT
Witness: Ibtissam T. Chang

Appendix A: List of Non-Shared Cost Centers

| Cost Center | Sub | Description |
|--------------------|------------|---------------------------|
| 2200-0832 | 000 | VP GAS PROCUREMENT |
| 2200-0834 | 000 | SECONDARY MARKET SERVICES |