

In The Matter of the Application of Southern)
California Gas Company (U 904 G) for)
Authorization to Implement Revenue)
Requirement for Costs to Enable)
Commencement of Phase 2 Activities for)
Angeles Link)
_____)

Application: A.24-12-XXX

Exhibit No: _____

**WORKPAPER TO
PREPARED DIRECT TESTIMONY OF
NASIM AHMED AND MICHAEL W. FOSTER
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY**

**(CHAPTER 7 - REGULATORY ACCOUNTING, COST RECOVERY, REVENUE
REQUIREMENT, AND RATES)**

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

December 20, 2024

**Workpaper Supporting Chapter 7 Testimony of Nasim Ahmed and Michael W. Foster
(Regulatory Accounting, Cost Recovery, Revenue Requirement, and Rates)**

*In The Matter of the Application of Southern California Gas Company (U 904 G) for
Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase
2 Activities for Angeles Link, A.24-12-XXX*

**Workpaper Supporting Chapter 7
(Regulatory Accounting, Cost Recovery, Revenue Requirement, and
Rates)¹**

**Table 1: Phase 2 O&M Costs
(Direct, Fully Loaded, and Escalated)**

Description (\$ in millions)	2025	2026	2027	2028	Total
Direct O&M Costs					
Labor	\$2.2	\$9.8	\$11.4	\$5.5	\$28.9
Non-Labor	1.7	61.8	90.4	50.8	204.7
Total	\$3.9	\$71.6	\$101.8	\$56.3	\$233.6
Overhead Costs					
Labor	\$1.7	\$7.5	\$8.7	\$4.2	\$22.1
Non-Labor	0.0	0.4	0.5	0.3	1.2
Total	\$1.7	\$7.9	\$9.2	\$4.5	\$23.3
Escalation					
Labor	\$0.1	\$0.8	\$1.6	\$1.0	\$3.5
Non-Labor	0.0	0.9	2.4	1.8	5.1
Total	\$0.1	\$1.7	\$4.0	\$2.8	\$8.6
Fully Loaded and Escalated O&M Costs	\$5.7	\$81.2	\$115.0	\$63.6	\$265.5
Working Cash ²	0.1	1.1	1.5	0.9	3.6
Franchise Fees and Uncollectible (FF&U) ³	0.1	1.3	1.8	1.0	4.2
Forecasted Revenue Requirement⁴	\$5.9	\$83.6	\$118.3	\$65.5	\$273.3

¹ Forecasted amount may slightly vary due to rounding and is for illustrative purposes only.

² Authorized rate of return used to compute working cash is based on approved AL 6404-G, effective January 1, 2025.

³ FF&U multipliers are based on those in A.22-05-015 and supported within SoCalGas Revised Prepared Direct Testimony of Sara P. Mijares (Administrative General) and Revised Prepared Direct Testimony of Bernardita M. Sides (Customer Services - Office Operations).

⁴ Forecasted revenue requirement for 2025 and 2026 are being proposed to be included into rates following a Commission decision in this proceeding, effective January 1, 2026.

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Table 2: Overhead Rates

Overhead Rates⁵	2025-2028
Labor	
Payroll Taxes	7.22%
Pension & Benefits (P&B)	16.82%
Workers' Comp	2.29%
Public Liability and Property Damage (PLPD)	6.20%
Incentive Compensation Plan (ICP)	25.74%
Vacation and Sick (V&S)	18.11%
 Total Labor Overhead	 76.39%
Non-Labor	
Purchasing	0.61%

Table 3: Escalation Factors

Escalation Factors⁶	2025	2026	2027	2028
Labor	3.34%	3.24%	3.02%	2.82%
Non Labor	1.01%	0.88%	1.34%	1.89%

⁵ Overhead rates to calculate overhead costs are based on those in A.22-05-015/A.22-05-016 and supported within SoCalGas/SDG&E Revised Prepared Direct Testimony of Angel N. Le and Paul D. Malin (Shared Services & Shared Assets Billing, Segmentation & Capital Reassignments), Ex. SCG-30-WP/SDG&E-WP-R (August 2022).

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