

ORA DATA REQUEST
ORA-SDG&E-DR-011-KMC
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 1, 2014
DATE RESPONDED: DECEMBER 15, 2014

Exhibit Reference: SDG&E-30

Subject: Working Cash

Please provide the following:

1. Referring to SDG&E-30, pp. JSL-11, SDG&E states that, “The cash balance represents working cash on hand that is required to be available in the bank accounts to operate SDG&E’s bank accounts economically and efficiently.”
 - a. How did SDG&E determine the amount that is necessary to operate its bank accounts “economically and efficiently”? Please provide workpapers supporting SDG&E’s statement.
 - b. Are these cash balances the same as the minimum cash balances required to be in SDG&E’s bank accounts by SDG&E’s banks?
 - c. If not, what are the minimum cash balances required to be in SDG&E’s bank accounts by SDG&E’s banks?

SDG&E Response:

1 a. Per the CPUC’s Standard Practice U-16-W (Chapter 3 B 11.) “In determining the cash requirement, the only amounts which should be considered are the required minimum bank deposits that must be maintained **and reasonable amounts of working funds.**”

SDG&E determined the \$4.26 million 2016 cash balance requirement as outlined in the filed work papers of Mr. Jack Lewis (Ex. SDG&E-30-WP 28) and reflected on Schedule P-1, which is the escalated average of the 2013 bank collected balances that were on hand in 2013 for day-to-day operations. There are over \$8 billion of outflows and over \$8 billion of inflows annually within these bank accounts (or over \$16 billion of annual activity) and a \$4.26 million cash balance is less than .003% of total inflows and outflows to facilitate the daily operations of these accounts.

1 b. No. The \$4.26 million cash requirement is significantly lower than the minimum balances (over \$100 million of cash) that the banks would require to be on hand in order to mitigate the bank’s fees. SDG&E has negotiated with its banks in order to mitigate what would have been much higher required minimum bank deposits. This along with SDG&E’s high credit quality allows it to negotiate and keep lesser amounts of cash at the banks and consequently results in an efficient outcome.

1 c. The minimum bank deposits required to mitigate SDG&E’s bank fees (as referenced in CPUC’s Standard Practice noted above) would be in excess of \$100 million of total cash balances.

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2. Referring to SDG&E-30-CWP, Schedule N-1, please show how SDG&E calculated its Federal Income Tax Lag Days for 2009, 2010, 2011, and 2012.
 - a. Please show this information in the same format as presented in Schedule N-1.
 - b. Please provide citations and supporting documentation for each number used in the calculation.
 - c. Has SDG&E changed the way that it calculates FIT Lag Days since its 2008 GRC? If so, please explain the change.

SDG&E Response:

2 a. See Attachment: “Attachment SDG&E-DR-011-KMC-2a.xlsx” for a summary that provides SDG&E’s federal income tax lag calculation for years 2009 through 2012. The format is consistent with Schedule N-1 presented in the workpapers supporting the testimony of witness Jack S. Lewis (SDG&E-30-CWIP).

Federal income tax lag days for 2009-2012 can also be found in SDG&E’s response to the NOI Deficiency Data Request submitted on September 5, 2014 (please refer to ORA-DEF-038-KMC).

2 b. Attachments “2009_SDG&E_Tax Payments”, “2010_SDGE_Tax Payments.pdf”, “2011_SDGE_Tax Payments.pdf”, and “2012_SDG&E_Tax Payments” provide supporting documentation for the above payments.

2 c. No, the method for calculating federal income tax lag days is consistent with the 2008 GRC.

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3. Referring to SDG&E-30-CWP, Schedule N-2, please show how SDG&E calculated its California Corporate Franchise Tax (CCFT) Lag Days for 2009, 2010, 2011, and 2012.
 - a. Please show this information in the same format as presented in Schedule N-2.
 - b. Please provide citations and supporting documentation for each number used in the calculation.
 - c. Has SDG&E changed the way that it calculates CCFT Lag Days since its 2008 GRC? If so, please explain the change.

SDG&E Response:

3 a. See Attachment: “Attachment SDG&E-DR-011-KMC-3a.xlsx” for a summary that provides SDG&E’s state income tax lag calculation for years 2009 through 2012. The format is consistent with Schedule N-2 presented in the workpapers supporting the testimony of witness Jack S. Lewis (SDG&E-30-CWIP).

State income tax lag days for 2009-2012 can also be found in SDG&E’s response to the NOI Deficiency Data Request submitted on September 5, 2014 (please refer to ORA-DEF-038-KMC).

3 b. Attachments “2009_SDG&E_Tax Payments”, “2010_SDGE_Tax Payments.pdf”, “2011_SDGE_Tax Payments.pdf”, and “2012_SDG&E_Tax Payments” provide supporting documentation for the above payments.

3 c. No, the method for calculating state income tax lag days is consistent with the 2008 GRC.

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4. Referring to SDG&E-30, pp. JSL-13, SDG&E states that its total revenue lag is 40.35 days. Please provide 5-years recorded data (2009-2013) for:
- a. Collection Lag
 - b. Meter Reading Lag
 - c. Billing Lag
 - d. Bank Lag
 - e. Total Revenue Lag

SDG&E Response:

4 a. - 4 e. See Attachment: “Attachment_SDGE-DR-011-KMC-4.xlsx” for a summary that provides SDG&E’s revenue lag for the last 5 years (2009-2013).

Meter Reading Lag

SDG&E believes the above request to provide meter reading lag for years 2010-2012 to be overly burdensome and has not prepared such an analysis. The 2013 meter reading lag of 2.39 days was determined by running a detailed query of meter reads during 2013. This information is not readily available for 2010 through 2012. SDG&E has previously calculated 2009 meter reading lag of 2.19 days as part of the 2012 GRC proceeding (reflected in above attachment). The meter reading lag is less than 6% of SDG&E’s total revenue lag and has changed by only .2 days from 2009 to 2013. SDG&E has not had reason to produce such an analysis and believes that calculating this for 2010 through 2012 is not needed due to 1) the fact that is a minor factor in SDG&E’s overall revenue lag of 40.35 days and 2) has changed very little. Accordingly, SDG&E objects to this request as not seeking relevant information or information that would lead to the discovery of admissible evidence.