

ORA DATA REQUEST
ORA-SDG&E-DR-068-KMC
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: FEBRUARY 20, 2015
DATE RESPONDED: MARCH 5, 2015

Exhibit Reference: SDG&E-30

Subject: Working Cash/Taxes

Please provide the following:

1. In its response to ORA-SDG&E-DR-060-KMC, Q.1.b., SDG&E stated “The IRS requires that 25% of the annual forecast of tax liability be paid by April 15th, another 25% (50% cumulative) by June 15th, another 25% (75% cumulative) by September 15th, and another 25% (100% cumulative) by December 15th. This applies to years 2014, 2015, and 2016.” Please provide a citation to and attach any IRS documents supporting this statement

SDG&E Response:

Please refer to the attached IRS regulations §1.6655-1(d) and §1.6655-1(f) found in Attachment “Attachment in response to question 1 – IRS Reg Sec 1.6655-1.pdf”.

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2. In response to ORA-SDG&E-DR-055-KMC, Q.1, SDG&E states “The two payments made in 2011 were the 2010 extension payment made by March 15th and a payment to true-up to the 2010 tax return.”
- a. When will the due date be for any payment that might be necessary to true-up SDG&E’s 2016 tax return?
 - b. What is the maximum amount or percent of SDG&E’s annual taxes that can be paid as a true-up payment without penalty?

SDG&E Response:

- a. The true-up to the 2016 federal tax return liability, if any, would be made upon filing of the tax return in September of 2017.
- b. As long as the estimated tax payments meet the requirements under either IRS regulation §1.6665-1 or IRS regulation §1.6655-2, the latter of which is attached in the file “Attachment in response to question 2b – IRA Reg Sec 1.6655-2.pdf” and sets out the requirements of the annualized income installation method, a true-up payment can be made without penalty.

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3. In its response to ORA-SDG&E-DR-060-KMC, Q.2.b., SDG&E stated “The state requires that 30% of the annual tax liability be paid by April 15th, another 40% (70% cumulative) by June 15th, and another 30% (100% cumulative) by December 15th. This applies to years 2014, 2015, and 2016.”
- a. Please provide a citation to and attach any Franchise Tax Board documents supporting this statement.
 - b. What is the true-up procedure for SDG&E’s state tax returns?
 - c. When will the due date be for any payment that might be necessary to true-up SDG&E’s 2016 state tax return?
 - d. What is the maximum amount or percent of SDG&E’s annual state taxes that can be paid as a true-up payment without penalty?

SDG&E Response:

- a. Please refer to the attached Cal. Rev. & Tax. Cd. §19025(b) found in the attachment “Attachment in response to question 3a – CA Code Sec 19025(b).pdf”.
- b. The state tax return is filed by October 15th. Once the return has been filed, the tax return liability is compared to the cumulative estimated tax payments made. Any difference will be paid or refunded as appropriate.
- c. The true-up to the 2016 state tax return liability, if any, would be made upon filing of the tax return in October of 2017.
- d. A tax penalty will not be assessed on a true-up payment as long as the estimated tax payments meet the requirements under either Cal. Rev. & Tax. Cd. §19025(b) or Cal. Rev. & Tax Cd. §19147(a), the latter of which is attached in the file “Attachment in response to question 3d – CA Code Sec 19147(a).pdf” and sets out the requirements of the annualized income installation method.