

**ORA DATA REQUEST  
ORA-SDG&E-DR-083-MCL  
SDG&E 2016 GRC – A.14-11-003  
SDG&E RESPONSE  
DATE RECEIVED: MARCH 5, 2015  
DATE RESPONDED: MARCH 20, 2015**

**Exhibit Reference:** SDG&E-29

**Subject:** Taxes

**Please provide the following:**

1. In reference to Payroll Taxes, SDG&E states on page RGR-2, lines 2-4, that “the OASDI wage base will increase based on a data reported in a 2014 annual report.”
  - a. Did SDG&E use the OASDI wage base data from the 2014 annual report to calculate Payroll taxes in this general rate case?
  - b. Are the OASDI wage base percentages applied in the Results of Operations (RO) Model? If so, please provide tab numbers in the RO Model where these percentages flow-through in the payroll tax calculation. If not, explain where SDG&E has included those calculations.

**SDG&E Response:**

- a. Yes.
- b. The calculation of the average payroll tax rate using the OASDI wage base is not in the RO model, but it is in Mr. Reeves’ Tax work papers. In the work papers, it is located on page 24 of 63 for SDG&E. This calculation has always been done outside the RO model. At this point we cannot build this into the RO model as it will compromise the integrity of the model and the accuracy of the revenue requirement calculation.

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2. Provide the calculation of Payroll taxes applying the current OASDI percentages of wage base as currently established for 2013, 2014, 2015 and the test year 2016 instead of factoring the data used from the 2014 annual report.

**SDG&E Response:**

Mr. Reeves' testimony reflects the actual OASDI wage bases for 2013 and 2014. Consistent with SDG&E's prior 2012 GRC, and due to the timing of the revised testimony being submitted in this GRC, any updates to reflect actual OASDI wage bases for 2015 and 2016 will be included during the update phase of the proceeding.

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3. Please provide the actual 2014 ad valorem/property tax rate and the recorded 2014 ad valorem/property tax expenses.

**SDG&E Response:**

The actual 2014/2015 fiscal year ad valorem tax rate and the recorded 2014/2015 fiscal year ad valorem tax expense for SDG&E will be reflected in Mr. Reeves' revised testimony and work papers and in the revised RO model.

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4. Please provide recorded 2014 franchise tax fees and the actual 2014 franchise fee rate for electric distribution, gas distribution, electric generation and SONGS.

**SDG&E Response:**

The actual 2014 franchise fee rate for electric distribution, electric generation, and SONGS is 3.4593%. The actual 2014 franchise fee rate for gas distribution is 2.0787%.

To determine the recorded 2014 franchise fees, a new 5-year average rate would need to be calculated, and the RO model would need to be re-run using this new average rate. Due to the timing of the revised testimony being submitted in this GRC, any updates to reflect the recorded 2014 franchise fees and the actual 2014 franchise fee rates are appropriately addressed in the update phase of the proceeding.