

**TURN DATA REQUEST
TURN-SDG&E-DR-01
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: JANUARY 14, 2015
DATE RESPONDED: JANUARY 30, 2015 & FEBRUARY 6, 2015**

These questions are associated with the testimony in SDG&E-30 (Working Cash).

1. Please provide the following information on a monthly basis from 2009-2012 and 2014.
 - a. Other accounts receivable (in same format as Schedule P-2.1)
 - b. Prepayments (in same format as Schedule P-3.1)
 - c. Deferred debits (in same format as Schedule P-4.1)
 - d. Employee withholding (in same format as Schedule P-5.1)
 - e. Current and accrued liabilities (in same format as Schedule P-6.1)

SDG&E Response 01:

See Attachment: “Attachment TURN-SDG&E-DR-01-Q1.xlsx” for a summary that provides SDG&E’s other accounts receivables, prepayments, deferred debits, employee withholding and current and accrued liabilities for years 2009-2012. The format is consistent with Schedules P-2.1 through P-6.1 presented in the workpapers supporting the testimony of witness Jack S. Lewis (SDG&E-30-CWIP).

2014 financial information will not be available until after SDG&E makes its 10-K filing with the SEC in early 2015.

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2. Please identify all factors, including but not limited to changes in accounting or operational practices during or subsequent to 2013, or unusual operational or computer system issues occurring during the base year, that would cause 2013 data to be unrepresentative for forecasting 2016 on Schedules P-1 to P-6.

SDG&E Response 02:

SDG&E sees no factors in the 2013 base year or before that would cause the 2013 data to be unrepresentative for forecasting 2016. However, SDG&E would like to note that since 2013, SDG&E changed its payment terms for Goods and Services during 2014 to 45 days.

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3. Please provide the reserve for uncollectible accounts in each month of 2009-2014 associated with Other Accounts Receivable (Schedule P-2). Please also explain why the reserve is not used to offset the accounts receivable.

SDG&E Response 03:

Please see attachment “TURN SDGE 001 Assignments Q3.xlsx”.

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4. The reserve has already reduced Other Accounts Receivables since it is netted out and included in Schedule P-2.1 “ARS SUNDRY-CONTRA ACCOUNT”. Please explain why SDG&E has prepaid ad valorem taxes (on Schedule P-3.1)? Shouldn’t ad valorem taxes already be included in the lead-lag study so that a prepayment would be duplicative? If not, please explain why SDG&E’s accounting for ad valorem taxes is different from SoCal Gas’s inasmuch as SoCal Gas does not have prepaid ad valorem taxes.

SDG&E Response:

As noted in SPU-16 “The operational requirement is made of working funds in the form of cash, special deposits and other current assets which the investor is required to supply to the utility in order for it to perform its day-to-day operational requirements efficiently and economically.” This current asset or prepayment is an item that required SDG&E to provide cash for which it is not getting a return. In this case, SDG&E had overpaid a previous period’s property taxes, reflected as a prepaid tax item on the balance sheet. Consequently, cash is tied up on the balance sheet and is appropriately captured here within the working cash study.

SoCalGas prepaid ad valorem was omitted from the SoCalGas working cash study in error. However, had it been included, it would have slightly increased the SoCalGas working cash requirement.

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5. Regarding Revenue lag:

- a. Please provide the same data as shown in Schedule C for 2011-2012 and 2014.
- b. Please explain why SDG&E has the 2.39 days of lag from meter reading to billing versus 2.50 days for SoCal Gas, even though SDG&E has AMI fully operational and included in rates, and SoCal Gas does not.

SDG&E Response 05:

5 a. See Attachment: “Attachment TURN-SDG&E-DR-01-Q5a.xlsx” for a summary that provides SDG&E’s revenue lag for years 2011 and 2012.

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As far as this request relates to meter reading lag, this information is not readily available for 2011 and 2012. The 2013 meter reading lag of 2.39 days was determined by running a detailed query of meter reads during 2013. SDG&E has previously calculated 2009 meter reading lag of 2.19 days as part of the 2012 GRC proceeding. SDG&E has not conducted that study for 2011 and 2012 because 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.

5 b. At SDG&E, the meter reads that come in for the meter read date are one day delayed on Smart Meters. For example, if a meter read date is 1/19, the reads for 1/19 do not get received until 1/20. In the case of SoCalGas, reads are received for the meter read date the evening when the meter readers are done with their route and upload the data. That contributes to the variability of the meter read lag days between SDG&E and SoCalGas. That being said, the lag of 2.39 days is very close to SoCalGas of 2.50 days given the companies have different locations and different customers.

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6. Regarding Greenhouse Gas Revenues:
- a. Please identify the amount of money (a) recorded in 2014, (b) forecast in 2015 and 2016 in Greenhouse Gas Revenues paid to customers, divided by type of revenue (Energy-Intensive Trade, Small Business, Residential Upper Tier, Greenhouse Gas Dividend).
 - b. Please confirm that GHG revenues are paid to customers as a bill credit at the time a bill is presented.
 - c. If part (b) is confirmed, please explain whether if SDG&E agrees that GHG revenues therefore should have only lag days for service to meter read and meter reading lag but should not have billing lag or bank clearing lag. If SDG&E does not agree, please explain in detail the basis for disagreement.

SDG&E Response 06:

6 a.

(a) SDG&E's recorded GHG revenues in 2014 are \$76,756,698.

(b) For 2015, the forecasted GHG revenues to be paid to customers as a bill credit are as follows¹:

GHG Revenue Returned to Eligible Customers:

EITE Customer Return ²	\$1,384,559
Small Business Volumetric Return	\$6,954,493
Residential Volumetric Return ³	\$31,314,308
California Climate Credit ⁴	\$58,729,139
Total Forecasted 2015 GHG Revenues to be Returned to Customers	\$93,382,500

¹ As filed in SDG&E's Revised 2015 GHG Revenue and Reconciliation Application January 16, 2015.

² EITE Customer Return has not been updated to reflect the methodology recently approved in Decision 14-12-037.

³ Residential Volumetric Returns only apply to Non-CARE customers with usage in Tiers 3 and 4.

⁴ Based on a semi-annual credit of \$23.99 per residential household.

The forecast of GHG revenues to be paid to customers in 2016 will be available at the time of SDG&E's 2016 GHG application, expected to be filed April 2015.

6 b. For residential customers the volumetric credit is not a line item bill credit, it is rolled into the rate; the Residential California Climate Credit is a line item bill credit on the bills each April and October. For Small business customers the volumetric return is a line item bill credit.

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SDG&E Response 06:-Continued

6 c. No, SDG&E does not agree. Greenhouse gas revenues and expenses are balanced and therefore appropriately excluded from SDG&E's working cash study. GHG allowance revenues received are balanced against GHG allowance revenues returned to customers and/or offset education and outreach expenses. GHG expenses are balanced against greenhouse gas costs received in rates. As noted in CPUC Standard Practice U-16-W "only noninterest-bearing customer deposits are to be considered."

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7. Regarding electric and gas commodity lead-lag,
- a. Please provide the breakdown among the three different electric items on Schedule D-2 in 2016 as forecast by SDG&E.
 - b. Please update the 2016 estimates for gas commodity and electric commodity (by type) to take into account SDG&E's latest available forecast of gas prices.
 - c. Please document the 370-day lead for electric options payments.

SDG&E Response 07:

- a. The 2016 forecast for SDG&E's purchased electric commodities includes:

(\$ in thousands)

Non-ISO Purchases	\$1,038,086
ISO Purchases	\$59,763
Option Premiums	\$0
Total	\$1,097,849

- SDG&E does not forecast Option Premiums as these payments are made upfront at the time of trade execution; however, option premiums will exist since SDG&E will continue to engage in hedge activities.
- b. The Rate Case Plan does not provide for the utility to update its forecasted expenses, either up or down, in its application except for certain specific and identified items in the update filing following hearings. As the utility is not entitled to revise its forecast up as circumstances may warrant, neither is the utility required to revise forecasts downward. Should a party choose to recommend a different funding level for a particular activity, it is up to the party to derive a new forecast or other calculations to support that assertion.
 - c. See Attachment: "Attachment TURN-SDG&E-DR-01-Q7c.xlsx" for the calculation of the electric options payments lead lag.

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8. Please identify each date on which SDG&E made a payment to its pension trust and the amount of the payment in each year from 2009-2014.

SDG&E Response 08:

Please see the attachment, 2009-2014 SDGE Contributions to Pension Trust.xlsx

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9. Please identify each date on which SDG&E made a payment to its PBOPs trust and the amount of the payment in each year from 2009-2014.

SDG&E Response 09:

Please see the attachment, 2009-2014 SDG&E Contributions to PBOP Trust.xlsx

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10. SDG&E assumes lag days of zero for pensions and PBOPs because they are in balancing accounts. Please identify each balancing account for which SDG&E assumes lag days of an amount other than zero. For each such balancing account, please explain why Pensions and PBOBs are different from that account for purposes of calculating lag days.

SDG&E Response 10:

Balanced accounts are interest bearing accounts. In accordance with CPUC Standard Practice U-16-W “only noninterest-bearing amounts are to be considered”. There are no balancing accounts for which SDG&E assumes lag days of an amount other than zero. SDG&E is looking into whether Pension and PBOPs were appropriately included in the Working Cash Study and will update this response accordingly.

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11. Is SDG&E aware of any differences between its practices in making payments for pensions and PBOPs and those of other California utilities who do not assume zero lag days? If so, please identify and describe each such difference.

SDG&E Response 11:

The SDG&E GRC application, A.14-11-003, contains the practices and treatments of payments as it pertains to SDG&E. This application makes no comparisons to other utilities as SDG&E is not an expert in others' accounting practices.

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12. Does SDG&E effectively assume that the mix of its employee benefits (i.e., percentage of total benefits in health, pension, savings fund, etc.) will be the same in 2016 as in 2013 in its lag day calculations?

SDG&E Response 12:

Yes, the study is based on observations during base year 2013; therefore, the 2016 mix is assumed to be consistent with the base year.

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13. Please provide documentation supporting the goods and services lag of 30.70 days.

SDG&E Response 13:

See Attachment: “Attachment TURN-SDG&E-DR-01-Q13.xlsx” for the calculation of the good and services lag days. This calculation is presented in Schedule I of the workpapers supporting the testimony of witness Jack S. Lewis (SDG&E-30-CWIP).

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14. Please provide equivalent data to Schedules N-1 and N-2 for each year from 2009-2012.

SDG&E Response 14:

See “Attachment TURN-SDG&E-DR-01-Q14.xlsx” for a summary that provides SDG&E’s federal and state income tax lag calculation for years 2009 through 2012. The format is consistent with Schedule N-1 and N-2 presented in the workpapers supporting the testimony of witness Jack S. Lewis (SDG&E-30-CWIP).

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15. Please provide the amounts of the federal and CCFT refunds for Tax Year 2013, if any, that SDG&E received in 2014 and the dates on which those refunds were received.

SDG&E Response 15:

Utility	Payment Date	Description	Jurisdiction	Amount
SDGE	06/15/2014	2013 Est Tax Refund	State	(20,000,000)

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16. Does SDG&E expect to be in a net operating loss position in TY 2016? If not, please explain why lag days based on years when SDG&E was in a net operating loss position are reasonable for forecasting TY 2016.

SDG&E Response 16:

We cannot definitively know whether we will be in a net operating loss position in TY 2016 because, since 2001, Congress has routinely passed new legislation each year that impacts our taxable income and could put us in a net operating loss position for a particular year.

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17. Does SDG&E expect to pay zero cash federal taxes in 2016? If so, provide all workpapers and documentation supporting this expectation, reconciled to the rate case forecast of income taxes.

SDG&E Response 17:

Question rescinded

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18. Schedules N-1 and N-2 show that SDG&E overpaid its 2013 taxes early in 2013, paid nothing later in 2013, and then received a refund of the preponderance of those taxes late in 2014. Does SDG&E expect to overpay its 2016 taxes early in 2016, pay nothing later in 2016, and then receive a refund of the preponderance of those taxes late in 2017? If so, provide all workpapers and documentation supporting this expectation, reconciled to the rate case forecast of income taxes.

SDG&E Response:

The payment pattern in 2013 was influenced by the utilization of the tax benefits from bonus depreciation claimed in 2013 and prior years. The payment pattern in 2016 will depend on a variety of factors, including but not limited to legislation matters and operating results. Therefore, SDG&E is using observations from the 2013 base year for its income tax lag calculation, consistent with the rest of the working cash study.

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19. Please provide documentation of the time pattern of when SDG&E would expect to pay 2016 taxes if it did not receive a significant refund, referencing and explaining any differences between SDG&E's payment schedule and standard IRS payment schedules.

SDG&E Response 19:

SDG&E intends to pay taxes on the statutory due dates.

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20. Please provide a copy of all documentation related to tax sharing between SDG&E, and Sempra Energy, which addresses or explains the timing of when SDG&E must make payments for income taxes to Sempra Energy. Identify the amounts paid by SDG&E to Sempra Energy (or refunded to SDG&E from Sempra Energy) and the timing of those payments and refunds for Tax Years 2009-2013.

SDG&E Response:

Please see the attachment, Tax_Sharing_Policy_SDG&E.docx for the company's policy.

Please see the attachment, TURN-SDGE-001 Q20.xlsx for the amounts and timing of payments for tax years 2009-2013.

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21. Please explain where the lag days for the PUC Fee are included in SDG&E's calculation of lag days. If not included, please provide the amount of the fee paid in 2013 and projected in 2016 and identify the payment schedule.

SDG&E Response 21:

The CPUC fees billed to customers are included in SDG&E's Accounts Receivables balances and in SDG&E Revenues, and are reflected in the 2013 total revenue lag of 40.35 days.

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22. Please fill out Schedule B-2 using 2016 data for each of the components.

SDG&E Response 22:

Schedule B-2 presented in the workpapers supporting the testimony of witness Jack S. Lewis (SDG&E-30-CWIP) includes the 2016 forecast of purchased gas commodities and other expenses. SDG&E is using the 2013 calculated lag days for revenues and expenses as a proxy for 2016 lag days; we have not performed a lag study for 2016 as this information is not available. Consequently, we believe the lags are appropriately projected for the 2016 projected amounts on this schedule based on the lag day observations for base year 2013.

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23. Please explain whether SDG&E's RO model can automatically update each type of operating expenses in the lead-lag study for changes in the Commission's adopted level of expenses by component. If the RO model cannot make such automatic updates, please explain why SDG&E believes the lead-lag study results from the RO model are reasonable.

SDG&E Response 23:

The RO model automatically updates the operating expenses used in the lead-lag study for changes in the Commission's adopted level of expenses. The Test Year adopted level of expenses used for the lead lag studies are shown in the working cash file (wcSDGE.xlsx) under tab name: wcInput (cells O36 – O38 and Q36 – Q38). The adopted level of expenses flow to these cells for use in the working cash calculation.

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24. Please identify and quantify the sources of deferred taxes not included in rates on Schedule B-1 and provide a projection of those deferred taxes in TY 2016.

SDG&E Response 24:

The sources and calculation of the deferred taxes shown on Schedule B-1 can be found in the RO Model – File taxSDGEDeferred, Tab 2016DEFTAXES, cells D15 plus D33. The amount shown on Schedule B-1 is the projection for TY 2016.

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25. Please identify the amount of customer deposits held by SDG&E at the end of each year from 1996-2008 and monthly from 2009-2014.

SDG&E Response:

Please see attachment, TURN SDGE 001 DR Q25.xlsx.

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26. Please identify and explain each of the reasons why SDG&E unbundles all CPUC-jurisdictional cash working capital to distribution, given that SDG&E has commodity-related working cash for both gas and electricity and other working cash associated with its electric generation expenses.

SDG&E Response 26:

SDG&E included the gas purchased to run its generation plants in the purchased gas commodities category of the working cash study. Unbundling the generation commodity component and then re-summing total commodity expenses would result in the same working cash request.