TURN DATA REQUEST
TURN-SDG&E-DR-10
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: APRIL 15, 2015
DATE RESPONDED: APRIL 30, 2015

1) Following up on TURN SDG&E DR 1-1, please provide the following information on a monthly basis for 2014 now that financial statements are available.
   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:

Please see "Attachment TURN-SDG&E-DR-10-Q1.xls". The GRC forecast was developed according to the Rate Case Plan, which does not contemplate the use of 2014 recorded data and the forecasts were not developed using that information. While that recorded data may indicate lower spending than forecasted in some areas, it may also indicate higher spending than forecasted in others. Although this data is not part of SDG&E's forecasts or within the scope of this case, SDG&E is providing 2014 data in the spirit of cooperation without waiving the right to contest or respond to how the data is used. The utility is not permitted to revise its forecasts, either up or down, once the application is filed.

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2) Following up on TURN-SDG&E DR 1-4,
   a) Is it normal practice for SDG&E and SoCal Gas to pay extra property taxes every year? If so, please explain why and provide all available internal documentation supporting the basis for this practice and its reasonableness.
   b) Please provide the monthly balances of prepaid ad valorem taxes from 2009-2014 for both SoCal Gas and SDG&E.

SDG&E Response:

a. No, it is not normal practice for SDG&E and SoCalGas to pay extra property taxes every year. Both utilities have had prepaid property taxes in the past several years because of successful property tax appeals that were decided in the middle of the tax year (usually December – the tax year covers 7/1/XX – 6/30/XX), but were not reflected on the tax bills until the following tax year. The tax benefit was recognized in the year we prevailed on the appeal, so prepaid taxes were booked until the following years' tax bills were paid. In the normal course of business, when we pay the 2nd installment tax bills due April 10th, prepaid taxes are booked for 2 months to reflect the fact that the 2nd installment payment covers the period through June 30th.

b. Please see "Attachment TURN-SDG&E-DR-10-Q2.xls". The GRC forecast was developed according to the Rate Case Plan, which does not contemplate the use of 2014 recorded data and the forecasts were not developed using that information. While that recorded data may indicate lower spending than forecasted in some areas, it may also indicate higher spending than forecasted in others. Although this data is not part of SDG&E's forecasts or within the scope of this case, SDG&E is providing 2014 data in the spirit of cooperation without waiving the right to contest or respond to how the data is used. The utility is not permitted to revise its forecasts, either up or down, once the application is filed.

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3) Following up on TURN-SDG&E DR 1-6, in SCE's rebuttal testimony in its last GRC (SCE-26, Vol. 2, p. 62), SCE stated:

> "However, SCE analyzed the issue and noted that the notion of reducing billing lag due to GHG revenues collected for customers does indeed have merit outside of any Franchise Fee reduction. This is because the GHGRBA account liability to customers (cash pre-collected for customers) is relieved (and SCE stops paying interest on the amounts) at time that the associated credits are presented on customer bills. This differs from the usual set of circumstances associated with returning balancing account over-collections to customers. SCE also noted that GHG cost impacts SCE's Lead-Lag study via the Power Procurement Lag calculation, but there is no offsetting impact of GHG revenues collected up-front for these costs in the working capital study. For these reasons, SCE agrees that the revenue lag as presented in the Application should be reduced."

a) Is SDG&E's accounting practice like or unlike Edison's (i.e., that "the GHGRBA account liability to customers (cash pre-collected for customers) is relieved (and [the utility] stops paying interest on the amounts) at time that the associated credits are presented on customer bills. This differs from the usual set of circumstances associated with returning balancing account over-collections to customers.")

b) If SDG&E's practice differs from Edison's, please (i) explain how SDG&E's accounting differs from Edison's, (ii) provide written documentation supporting the difference, and (iii) demonstrate that SDG&E's different accounting practice has been previously authorized by the Commission.

SDG&E Response:

a. Per section 4. Accounting Procedure of SDG&E's GHGRBA preliminary statement approved by the Commission, a credit entry is posted to the account for GHG revenues generated from auctions of consigned GHG allowances offset by a debit entry for GHG revenues returned to customers (as well as other entries listed in the preliminary statement). Interest is calculated and posted on a monthly basis. Please see "Attachment TURN-SDG&E-DR-10-Q3.pdf" for the Preliminary Statement related to the Greenhouse Gas (GHG) Revenue Balancing Account.

SDG&E is consistent in its treatment of greenhouse gas activity within the working cash study by excluding both greenhouse gas revenues from the revenue lag and greenhouse gas expenses from the commodity expense lag.

b. Please see response to Question 3a.

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4) Following up on TURN-SDG&E DR 1-10:
   a) The response states in part. "There are no balancing accounts for which SDG&E assumes lag days of an amount other than zero." Please confirm that SDG&E includes fuel and purchased power lags in the lead-lag study with lag days different than zero, even though those costs are included in the ERRA balancing account. Explain why pensions and PBOBs are different from fuel and purchased power.
   b) The response states in part: "SDG&E is looking into whether Pension and PBOPs were appropriately included in the Working Cash Study and will update this response accordingly." Is SDG&E planning to update this response at the present time or has it decided that it will not update this response? If it is planning to update this response, please advise as to when the update will be made available to TURN.

SDG&E Response:

a. SDG&E includes a positive lag for commodity expenses as reflected in Table SDG&E-JSL-1 (Exhibit SDG&E-30-R) which is consistent with this and previous working cash studies. As noted in the testimony of Mr. Lewis (SDG&E-30-R page JSL-14) regarding Purchased Commodities "The ratemaking mechanisms associated with these costs presume collection of revenues as supply is consumed and payment of expenses when supply is delivered. Therefore, this line item is necessary in order to recover a working cash allowance for the net revenue lag associated with commodity purchases." SDG&E removed Pension and PBOPs from its working cash request in its Errata Testimony (Application A.14-11-003, Exhibit SDG&E-30-R) served to the CPUC on March 25. As a result of removing Pension and PBOPs, SDG&E's working cash request decreased by $5 million.

b. As stated in the response to 4a., SDG&E removed Pension and PBOPs from its working cash request in its Errata Testimony (Application A.14-11-003, Exhibit SDG&E-30-R) served to the CPUC on March 25. As a result of removing Pension and PBOPs, SDG&E's working cash request decreased by $5 million.

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5) Following up on TURN DR 1-13, and referring to Schedule I of Mr. Lewis' workpapers, please provide a spreadsheet showing all of the individual invoices tested for May 2013 and September 2013 (the months with the highest and lowest numbers of lag days) including the name of the party submitting the invoice, the amount of the invoice, and the dates of invoice and payment and individual lag days. Note that the Sempra utilities have provided similar data to TURN and UCAN in past General Rate Cases.

SDG&E Response:

Please see confidential attachment: "Attachment TURN-SDG&E-DR-10-Q5 (C).xls". This attachment is **CONFIDENTIAL PROTECTED INFORMATION PURSUANT TO THE SIGNED NDA IN THIS PROCEEDING**.

REMOVED DUE TO CONFIDENTIALITY

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6) Following up on TURN-SDG&E DR 1-20, Sempra Energy's "**Tax Sharing Policy Related to Subsidiaries Included in the U.S. Consolidated and Multiple Combined U.S. State & Local Tax Returns"** states on page 2:

> In addition, should Sempra Energy requests [sic] Mobile Gas, SDG&E, or SCG to take a filing position or make an election with respect to an issue in order to benefit Sempra Energy's consolidated income tax position, but Mobile Gas, SDG&E, or SCG would not otherwise take such a position or make such an election on a stand alone basis, the tax sharing payments should reflect only the income tax that would otherwise be due as if such a position or election were not taken. A schedule of such items, and the related federal and state income tax effects, shall be maintained until the effect of a position or an election has reversed itself over time and all tax sharing payments between the parties, with respect of such items, are satisfied.

Please provide the schedule[s] of all such items at the end of each year from 2009 to 2012, and all such schedules in 2013 and 2014 for SDG&E.

SDG&E Response:

For each of the 2009-2014 tax years, Sempra Energy did not request either SDG&E or SoCalGas to take a filing position or make an election with respect to an issue in order to benefit Sempra Energy's consolidated income tax position in situations where SDG&E or SoCalGas would not otherwise take such a position or make such an election on a stand-alone basis.

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7) Following up on TURN-SDG&E DR 1-21, please confirm that the lag days of payments of CPUC fees to the CPUC were nowhere included in SDG&E's expense lag days. If you cannot confirm this fact, identify where those lag days were included and explain how they were included.

SDG&E Response:

CPUC fees billed to customers are included in SDG&E's Accounts Receivable balances and in SDG&E's Revenues, and are reflected in the 2013 collection lag of 21.87 days. In addition, as part of SDG&E's Errata Testimony, CPUC fees were added to the working cash study as Current Liabilities, which reduced SDG&E's working cash requirement by $1 million.