

**ORA DATA REQUEST
ORA-SDGE-148-MRK
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: MARCH 1, 2018
DATE RESPONDED: MARCH 16, 2018**

Exhibit Reference: SDG&E-40
SDG&E Witness: Eric Dalton
Subject: Miscellaneous Revenues/CIAC

Please provide the following:

1. In response to data request ORA-SDG&E-116-MRK, SDG&E sent ORA a copy of Tariff Rule 15 and Tariff Rule 16 to document the distinction between applicant-performed work and company work for CIAC and CAC projects. ORA has some questions regarding these Tariff Rules:

- a. Re Tariff Rule 15: Sheet 2, Paragraph A5 (Special or Added Facilities). Please clarify the treatment of the Applicant's contribution with respect to its accounting as a CAC advance or a CIAC contribution, clarifying the difference in accounting if the applicant or the utility performs the work.
- b. Sheet 3, Paragraphs B1a (Applicant Responsibility), B1b (Utility Responsibility), and B3 (Installation Options). Please clarify the treatment of the Applicant's contribution with respect to its accounting as a CAC advance or a CIAC contribution, clarifying the difference in accounting if the applicant or the utility performs the work. Please also clarify whether the reference to the Utility's design specification in this paragraph should be viewed as a general rule applicable to all Applicant performed work.
- c. Sheet 6, Paragraph D7 (Payment Adjustments). Please clarify the treatment of the Applicant's contribution if the Applicant fails to use the contracted service, clarifying the difference in accounting with respect to its accounting as a CAC advance or a CIAC contribution. Does CAC convert to CIAC in these circumstances? If so please provide a numerical example. If not, please explain in what circumstance does CAC convert to CIAC and provide a numerical example of this accounting treatment;
- d. Sheet 7, Paragraph E6 (Unsupported Extension Cost). Please clarify if this paragraph, regarding refundable amounts, refers solely to CAC advances and not to CIAC contributions. Also clarify if the "Ownership Charge" that the Applicant will pay on "the remaining refundable balance" is the same "Customer Advances for Construction" as appears on page ED-17 of SDG&E-40? If not, what is the difference between the two?

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SDG&E Response 01:

1.a. SDG&E Tariff Rule 15.A states that special or added facilities are installed under SDG&E Tariff Rule 2, Description of Service. The direct cost of the special facilities, along with the future cost for maintaining the equipment is paid for by the Applicant and the work is performed by SDG&E. The revenue collected for Rule 2 projects are mainly recorded under miscellaneous revenue. Rule 2 projects are similar to CIAC in that the funds received are not refundable.

1.b. The direct cost of work performed by the Applicant is considered CIAC. This includes required work under SDG&E Tariff Rule 15.D.5.d or other work performed by the Applicant. Any remaining amounts owed to SDG&E, after the granting of any allowances, are considered CIAC if the applicant selects to pay the discounted amount up front, but considered CAC if the applicant selects to pay the full amount subject to future refund. If the Applicant selects to pay these costs up front as CIAC, then the costs are subject to a discount as stated in SDG&E Tariff Rule 15.D.5.c.

1.c. SDG&E responds as follows:

i. If the Applicant fails to take the service contracted for, the utility will recalculate allowances based on actual revenue and, if necessary, deficit bill the customer for the difference (as stated in SDG&E Tariff Rule 15.D.7.a.). If the customer had originally chosen the refundable option their advances would have been CAC. As such, any subsequent contribution, as a result of deficit billing, would also be treated as refundable and, therefore CAC. If the Applicant took the discount option originally, their advances would have been CIAC. As such, any subsequent payment resulting from a deficit bill would also be CIAC.

ii. Per SDG&E Tariff Rule 15.E.3., the refund period for a refundable contract is 10 years. Monies collected by the utility for refundable contracts are CAC. However, if at the end of 10 years, there are still CAC dollars that have not qualified for refund (minus ownership charges), the remaining balance is no longer considered refundable and is treated as a reduction to plant. CAC does not convert to CIAC.

1.d. Ownership charges apply exclusively to refundable contribution, CAC (SDG&E Tariff Rule.E.6). The ownership charges are the same as Customer Advances for Construction as it appears on page ED-17 of Ex. SDG&E-40-R.

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2. How do the total “Customer Advances for Construction” as appears on page ED-17 of SDG&E-40 relate to the amount of CAC to CIAC conversion? Do the total “Customer Advances for Construction” revenues appearing on page ED-17 of SDG&E-40 comprise a portion of the amount of CAC to CIAC conversion or do the latter comprise a portion of the former? Please now supply a working spreadsheet which presents historical data of annual “Customer Advances for Construction” revenues and CAC to CIAC conversion amounts from 2013 to 2016. The spreadsheet should also contain a tab which clarifies the historical relation between and CAC to CIAC conversion revenues.

SDG&E Response 02:

SDG&E objects to this request on the grounds that it assumes facts not in evidence and lacks foundation. Subject to and without waiving these objections, SDG&E responds as follows: Customer Advances for Construction on page ED-17 of SDG&E-40-R relate to ownership charges revenue for CAC projects. There are no CAC to CIAC conversions that take place in relation to ownership charges.

Please refer to the Excel attachment ORA-SDGE-148-MRK Q2 Attachment_2013-2016 Gas CAC.xls. These historical details match the annual actuals that were provided on Tab 24 in the attachment to ORA-SDGE-124-MRK (Excel working file of workpapers).