

**ORA DATA REQUEST
ORA-SDGE-152-MRK
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: MARCH 5, 2018
DATE RESPONDED: MARCH 19, 2018**

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

Please provide the following:

1. In response to data request ORA-SDGE-121-MRK, SDG&E stated that “ITCC revenues relating to CIAC are not presented in an SDG&E exhibit as described by the SDG&E Tax witness Mr. Ragan in Exhibit SDG&E-35-R.” SDG&E Tax witness Ragan G. Reeves discusses ITCC (also known as CIAC Gross-Up”) on page RGR-16 of Ex. SDG&E-35-R, stating that “SDG&E elected the Maryland method” to handle ITCC revenues (as opposed to SCG which uses Method 5). However, the attached advice letters filed by SCG (Advice Letter 4735) and SDG&E (Advice Letter 2686-E/2350-G), which each include a sample calculation of ITCC on the last page, show identical calculations and results for the two methods. Please explain why SCG reports ITCC on page AMS-10 of SCG-41-R while SDG&E does not, given that the tax treatment is identical.

SDG&E Response 01:

While the tax treatment and calculation of ITCC is the same for SDG&E and SoCalGas, the regulatory treatment is different between the two utilities. As explained in the testimonies of SDG&E and SoCalGas Tax witness Ragan G. Reeves, SoCalGas elected Method 5 to account for the tax impacts of ITCC, under which “ITCC is included as a reduction to rate base and is amortized to miscellaneous revenue over the tax life of the constructed property” (SCG-37-R, page RGR-14). In contrast, SDG&E elected the Maryland Method to account for the tax impacts of ITCC, under which there is no impact on rate base for any ITCC received (SDG&E-35-R, page RGR-16).