TURN DATA REQUEST-052
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 20, 2018
DATE RESPONDED: MAY 8, 2018

Exhibit Reference: SDG&E -36
Witnesses: Dais
Subject: SDG&E – Cash Working Capital

1. For each year 2012-2017, inclusive, please provide in Excel format the recorded annual amounts for the following schedules, using the same format as the 2016 recorded figures are presented in the indicated schedule:

a. Schedule C – revenue lag.
b. Schedule N-1 and N-2 – federal income tax, franchise tax.

Utility Response 1:

The GRC forecast was developed according to the Rate Case Plan, which does not contemplate the use of 2017 recorded data; thus, the forecasts were not developed using that information. While the 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 2017 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.

For the requested data in 1a, see the Excel file "TURN_SEU_052_Q1_Historical Revenue Lag."

For the requested data in 1b, see the Excel file "TURN_SEU_052_Q1_Schedule N."

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Exhibit Reference: SDG&E -36
Witnesses: Dais
Subject: SDG&E – Cash Working Capital

2. For each year 2012-2017, inclusive, please provide in Excel format the recorded monthly amounts for the following schedules, using the same format as the 2016 recorded figures are presented in the indicated schedule

a. Schedule P-1, P-2, P-3, P-4, P-5, P-6 – various.
b. Schedule P Detail – various.

Utility Response 2:

Please see Excel file "TURN_SEU_052_Schedule P (Confidential)." This attachment is Confidential and is to be considered Protected Material pursuant to PU Code 583, GO-66D, and D.17-09-023.

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3. Please revise the chart in cells I43 to M49 on Schedule B-1 to reflect changes due to the new federal tax law. Specifically identify the amount of this reduction that relates to current tax expense, deferred tax expense (either in the summary of earnings or elsewhere), and other expenses.

Utility Response 3:

The referenced cells on Schedule B-1 were revised in SDG&E's April 6, 2018 GRC Filing to reflect the changes due to the new federal tax law. The income tax forecast decreased by approximately $71 million, which is reflected in "Summary of Earnings." SDG&E's deferred taxes forecast decreased by approximately $63 million, which is reflected in "Deferred Taxes."

4. Please explain and quantify how SDG&E expects the new federal tax law passed in 2017 will affect the timing of tax payments in 2019. Please provide all supporting workpapers and sources.

Utility Response 4:

The quarterly tax payment due dates are mandated by the federal government, and those due dates were not impacted by the new federal tax law. Therefore, the timing of tax payments in 2019 will not be impacted.

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5. Regarding Greenhouse Gas Revenues (California Climate Credit, etc.) on Schedule C:

a. Please explain whether the "sales" figures in column [4] are net of GHG payments to customers or whether they are gross figures before offset by GHG credits?

b. Are GHG credits assumed to be paid to the utility on the date of bill presentment, or are they assumed to be paid at some later time? If the latter, please identify and explain when they are assumed to be paid.

c. Please indicate whether SDG&E's witness was aware of the following statement from D.14-06-029 (p. 17) when preparing SDG&E's testimony on cash working capital: "Pursuant to law, revenues from sale of the GHG allowances allocated to the utilities pass through the hands of the utilities, but are at all times part of a separate state program."

d. Does SDG&E agree that GHG credits should be treated as being made available to the customer on the date of bill presentment? If your answer is anything other than an unqualified "yes" please explain in detail the basis for the answer.

e. Please provide the amount of GHG credits to customer by program (California Climate Credit, EITE, small business, residential Tiers 3 and 4) on a monthly basis in 2015, 2016, and 2017 as recorded and 2019 as forecast.

Utility Response 5:

a. The sales amounts reflected in column [4] of Schedule C are net of GHG credits applied to customer bills.
b. SDG&E assumes that this question is referring to the netting of GHG credits against customer bills. In this case, the credit is netted against the customer's utility bill, resulting in a lower amount billed to the customer. There is no separate "payment" specific to the GHG credit aside from its inclusion as an offset on customer bills.
c. SDG&E's treatment of GHG allowances and the process of crediting customer bills is consistent with this statement, as is the treatment of GHG allowances in the Working Cash testimony.
d. GHG credits are applied to customer accounts on the billing date. To clarify, applying the credits to customer accounts does NOT represent a cash transaction, and therefore the timing of this application does not impact the working cash study.
e. Please see Excel file "TURN_SEU_052_Q5_GHG Historical (Confidential)." This attachment is Confidential and is to be considered Protected Material pursuant to PU Code 583, GO-66D, and D.17-09-023.

6. Please explain why revenue lag days increased from 2013 to 2016 as demonstrated by comparing Schedule C of the TY 2016 to Schedule C of the 2019 workpapers. Please provide all sources and workpapers related to this response.

Utility Response 6:

The table below compares the components of revenue lag between 2013 and 2016. As is shown, the increase in overall revenue lag is driven by higher collection lag, partly offset by lower billing lag and lower bank lag.

Between 2013 and 2016, SDG&E's Collection Lag increased by 2.68 days, an increase mainly driven by customers that qualify for the California Alternate Rate for Energy (CARE) Program taking longer to pay and an increase in customers adopting solar during the same period.

The collection lag for CARE-specific accounts receivable (A/R) increased from 49.0 days in 2013 to 82.2 days in 2016, a 68% increase. Thus, CARE customers are generally taking longer to pay their account balances.

Commercial and residential solar customers are put on a net energy metering (NEM) tariff for billing purposes. Residential NEM customers are allowed and generally do defer paying for the net energy they consume until their annual true-up bill is generated. Because residential NEM customers generally only pay their bill once per year, they tend to carry larger A/R balances, in turn driving up the collection lag. The collection lag for NEM-specific A/R increased from 45.4 days in 2013 to 54.0 days in 2016, or a 19% increase.

	2013	2016
Meter Reading Lag	15.21	15.21
Billing Lag	2.39	2.19
Collection Lag	21.87	24.55
Bank Lag	0.88	0.86
Total	40.35	42.81

7. Please explain why the collection lag days increased from 2013 to 2016 as demonstrated by comparing Schedule C of the TY 2016 to Schedule C of the 2019 workpapers. Please provide all sources and workpapers related to this response.

Utility Response 7:

See response to question 6.

8. Please provide workpapers supporting the estimates for billing lag and bank lag included in Revenue Lag Schedule C.

Utility Response 8:

See attachment: "TURN_052_Q8_Bank Lag.xlsx."

9. Please explain and provide quantitative evidence showing whether the billing lag from 2012-2017 has decreased due to SDG&E's greater reliance on "smart meters."

Utility Response 9:

As is shown in the table provided in response to question 6, the overall billing lag decreased by 0.2 days, from 2.39 days in 2013 to 2.19 days in 2016. A variety of factors contribute to changes in billing lag; SDG&E is unable to separately quantify the impact of smart meters.

10. Identify any changes to summary billing practices due to smart meters since their inception that may reduce billing lag.

Utility Response 10:

There have been no changes to SDG&E's summary billing practices resulting from smart meters.

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11. Please explain and provide quantitative evidence showing whether the bank lag from 2012-2017 has decreased due to more customers making online payments.

Utility Response 11:

As is shown in the table provided in response to question 6, the overall bank lag decreased by 0.02 days, from 0.88 days in 2013 to 0.86 days in 2016.

The table provided in response to question 12 indicates that the number of payments made online increased, both in number (from 7.3 million in 2012 to 9.0 million in 2017) and as a percentage of total payments received (from 48.1% in 2012 to 59.3% in 2017).

The increase in online payments did not have a significant impact on bank lag, as payments by check are converted into Automated Clearing House (ACH) transactions, which allows the funds to be available with a 1 day lag (the same availability as provided by My Account and some other online channels).

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12. Please provide the percentage of payments that were made online through SDG&E's website or other on-line methods from 2012-2017 on an annual basis as compared to the total number of payments SDG&E received in each of those years. Please also provide the number of on-line payments and total payments for each year.

Utility Response 12:

The table below reflects payments made online through My Account, Home Banking Web, and BM Web, in total and as a percentage of total payments received.

	2012	2013	2014	2015	2016	2017
Online Payments (My Account, Home Banking Web and BM Web Only)	7,284,756	7,718,454	7,817,920	8,348,601	8,853,915	8,995,510
Percent of Online Payments / Total Payments (All Channels)	48.1%	50.9%	53.6%	56.4%	58.6%	59.3%
My Account Payments	4,054,946	4,466,197	4,669,034	5,136,422	5,625,880	5,912,883
Percent of My Account Payments / Total Payments (All Channels)	26.8%	29.4%	32.0%	34.7%	37.2%	39.0%
Total Payments (All Channels)	15,131,966	15,173,572	14,593,939	14,809,271	15,120,671	15,158,101

13. Please provide the percentage of customers that have smart meters from 2012-2017 on an annual basis.

Utility Response 13:

During 2012 through 2017, essentially all of SDG&E's customers had smart meters (approximately 99.9%).

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14. Please provide the data underlying the goods and services lead-lag study in Excel format if possible.

Utility Response 14:

Please see attached Excel file "TURN_SEU_52_Q14_Schedule I (CONFIDENTIAL).XLSX." This attachment is Confidential and is to be considered Protected Material pursuant to PU Code 583, GO-66D, and D.17-09-023.

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15. Please explain how SDG&E incorporated credit card purchases into the goods and services study. Specifically, is the date of invoice the date when the credit card bill was received or some earlier point when the goods and services were purchased using the card. If it is the date of the invoice, please provide the percentage of goods and services sampled payments that are credit card purchases.

Utility Response 15:

In responding to this question, SDG&E determined that the "invoice date" used in the lead-lag study reflects the date when the credit card statement was received and entered into the G/L for payment. Approximately 2.1% of the purchases included in Schedule I, Goods & Services Summary, of SDG&E's working cash study were made via credit card.

Basing the lag off of the credit card statement entry date resulted in a lag of 4.80 days for credit card transactions in SDG&E's lead-lag study. As credit cards transactions are generally entered into the G/L and payments are generally made in the month following the transaction, SDG&E has determined that utilizing this date understates the lag for credit card transactions.

A more accurate lag for credit card transactions would be 36.55 days, which is 15.2 days (mid-point/average of the month in which the transaction occurred) plus 21.35 days (the weighted average day of the ensuing month in which payments occurred during 2016).

Updating Schedule I to reflect this longer lag for credit card transactions would increase SDG&E's Goods & Services lag by 0.66 days, from 33.10 days to 33.76 days, and reduce SDG&E's working cash request by $1.17 million. This correction will be made at a later point in this proceeding.

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16. In the 2016 General Rate Case, SDG&E stated in response to TURN DR 1-2 that it was changing its payment practices to pay its suppliers net 45 days instead of net 30 days. What is the status of that change in practice? Did SDG&E abandon it, given that it has not increased its goods and services payment lag since the last rate case?

Utility Response 16:

Yes, SDG&E is extending payment terms; however, SDG&E is also taking advantage of more discounted payments, thus reducing the overall receipt-to-payment period.

17. Please disaggregate the amount of payments on line 6 of Schedule J that are for rate of return, and explain payments to corporate center for Rate of Return are included with zero lag days on Schedule J when rate of return is not part of the lead-lag study.

Utility Response 17:

The expense reflected on Schedule J, line 6, includes approximately $0.8 million of return which SDG&E pays to its parent, Sempra Energy. To SDG&E, this payment represents an operating expense, similar to expenses paid to outside vendors. (This is not a 'return' to SDG&E.)

18. Regarding Schedule J: Please provide accounting manuals or other documentation explaining when SDG&E is invoiced by Corporate Center and when it pays those invoices.

Utility Response 18:

Please see PDF file "TURN_SEU-52_Q18.pdf" for rules associated with the Merger Decision.

Sempra Energy and SDG&E follow the Merger Decision rules related to intercompany billings and payments. SDG&E will be invoiced by Sempra on a timely basis, generally monthly. SDG&E will pay the invoice within 30 days after receipt.

19. Please provide workpapers or other documentation supporting the forecast of each "refundable program" on Schedule Q.

Utility Response 19:

Schedule Q reflects actual costs incurred by each refundable program during 2016. These amounts are not forecasts.