

TURN DATA REQUEST-053
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 19, 2018
DATE RESPONDED: MAY 4, 2018

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

The entirety of Schedule P is deemed confidential, so TURN is treating identification of the specific categories within that schedule as subject to the NDA. TURN is hopeful that SoCalGas will agree that the category names are not, in fact, material that needs to be treated as confidential.

1. Regarding Schedule P-3 (prepayments):
 - a. For each month from December 2015 to December 2016, inclusive, please provide (in Excel) the amount included for directors and officer compensation and benefits.
 - b. Please explain and quantify any prepayments for GHG compliance costs.
 - c. Please break out Account 1110039, showing specific elements of each miscellaneous prepayment in excess of \$1 million. Please provide the requested specific elements for 2016, and for the 2015 and 2017 data requested in Question 2 of DR TURN-52.
 - d. Please explain how SDG&E can have prepaid Ad Valorem Taxes when the lead-lag study captures the timing of all property tax payments.
 - e. Are the property tax prepayments part of the property tax appeal process, as SDG&E claimed in its response to TURN DR 10-02 in the 2016 TY GRC? If these prepayments are part of the property tax appeal process, please explain why SDG&E is including them here when its rebuttal testimony in the 2016 GRC did not oppose a revision to exclude such costs from SDG&E's working cash request there (SDG&E-230, Rebuttal Testimony of Jack S. Lewis, p. JSL-2).
 - f. Please provide the source of the line item for commercial paper, prepaid interest.
 - i. Are those prepayments included when calculating the commercial paper rates used for balancing accounts?
 - ii. Please confirm that other than for use as a source of financing undercollected balancing accounts, commercial paper is not included for ratemaking purposes for SDG&E. If you do not confirm this point, please explain in detail. If you confirm this point, please explain why prepaid interest should be included in SDG&E's working cash request.

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Utility Response 1:

- a. The prepayments reflected in schedule P-3 does not include any amounts for director or officer compensation and benefits.
- b. The net value of GHG emission credits are reflected in schedule P-3.1. These balances reflect the value of GHG allowances that have been purchased but not yet utilized, net of liabilities to California Air Resources Board (CARB), which SDG&E incurs as it emits GHG.
- c. The following schedule lists the dates of payments in excess of \$1 million posted to account 1110039.

Document Date	Amount in doc. curr.	Text
5/25/2017	1,217,717	Reclass Juniper Support to Prepaid
4/5/2017	1,014,764	Reclass 10/12 of expensed invoice to pre-paid-IAS
3/28/2017	1,161,224	RENT - BASE RENT
12/29/2016	2,425,545	Reclass Oracle to Prepaid
10/28/2016	1,823,000	2007ELA3669
9/30/2016	2,994,114	VMWARE ELA-VMW
4/28/2016	1,130,939	RENT - BASE RENT
4/5/2016	1,059,755	To reverse reclass IAS maintenance expense to prpd
4/4/2016	1,059,755	To reclass IAS maintenance expense to prepaid
3/29/2016	1,059,755	Cafe CorePlus SupportRenewal 2016
12/29/2015	2,354,898	Rcls Oracle PO#5660044467 Jan to Nov 16
11/2/2015	1,736,000	Year 4 ELA
10/30/2015	1,736,000	Year 4 ELA
4/28/2015	1,127,161	RENT - BASE RENT
4/24/2015	1,247,078	RECLASS ORACLE PREPAID MAINTENANCE

- d. The average balance for ad valorem taxes of \$2.8 million was inadvertently included as part of SDG&E's 2016 test year data, in addition to including ad valorem tax payments in its lead-lag study. The inclusion of the average balance should be removed from the analysis to remove the double count. Excluding this amount would reduce SDG&E's working cash request by approximately \$2.8 million.
- e. See response to part d above.
- f.
 - i. The commercial paper rate used for balancing accounts is the Federal Reserve 90 day CP rate.
 - ii. Commercial paper is not used as a source of long-term financing in SDG&E's ratemaking process. The \$0.25 million average balance of prepaid interest in account 1110082 was inadvertently included in the working cash calculation. This should be removed from the analysis, which would reduce SDG&E's working cash request by \$0.25 million.

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2. Regarding Schedule P Detail:

- a. Please explain what the “Preliminary Survey & Investigation” line item (under “Deferred Debits”) represents, including but not limited to a general description of the types of costs included in this item.
- b. Please explain why the “Preliminary Survey & Investigation” line item decreases from December 2015 to December 2016. Please include a list and an identification of the project(s) that caused this increase and an explanation (i.e, whether cancelled or moved to a capital work order). In particular, please explain the increases from August 2016 to September 2016, and from October 2016 to November 2016.
- c. Please identify all individual projects in excess of \$250,000 at any time in 2016 and 2017 (from the response to Question 2 of DR TURN-52), including but not limited to stating the amount by month and whether any such projects were cancelled or otherwise failed to go into service.

Utility Response 2:

- a. The Preliminary Survey and Investigation account is charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation.
- b. The balance in the Preliminary Survey & Investigation account decreased in 2016 primarily due to the movement of costs to the Cleveland National Forest Wood to Steel TL6931 Project (approximately \$0.7MM) and the cancelation of the Manzanita Wind Project (approximately \$3.6 million). The balances in Preliminary Survey & Investigation actually *decreased* by \$16k from August 2016 to September 2016, and also *decreased* by \$73k from October 2016 to November 2016. Please see Schedule P-6.1 for monthly balances.
- c. The Cleveland National Forest Wood to Steel TL6931 Project (which went into service in May 2016) and the Manzanita Wind Project (which was cancelled in April 2016) are the only projects having balances greater than \$250k during 2016 / 2017.

	Beginning Balance	1/16	2/16	3/16	4/16	5/16	6/16
MANZANITA WIND PROJECT	3,235,733	3,235,732	2,972,642	2,972,642	2,772,292	2,772,292	0
W2S FOR TL6931 (CNF)	1,545,507	1,544,848	1,544,189	1,543,528	1,542,868	0	0

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3. Regarding Schedule P-2, is there an allowance for uncollectible claims? If so, why is it not included to offset accounts receivable for damage claims?

Utility Response 3:

The ARS Sundry Contra Account 1106009 includes an allowance for uncollectible Sundry Billings, uncollectible Contract / Jobbing, and uncollectible Damage Claim receivables. There is not a separate allowance specific to uncollectible claims, aside from the ARS Sundry Contra Account, which is already included as an offset in the working cash study.

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4. Are there any deferred tax assets associated with the liabilities for the Workers Comp Reserve and Vacation Accrual (shown on Current and Accrued Liabilities in Sch. P Detail in the Cash Working Capital Workpapers). If so, where in SDG&E's testimony or workpapers are those deferred tax assets presented? Explain how the reduction in the Federal Income Tax Rate from 35% to 21% affects those deferred tax assets.

Utility Response 4:

Consistent with prior GRC proceedings, the Company is not seeking recovery of the deferred tax assets associated with the Workers Comp Reserve and Vacation Accrual in its 2019 GRC Application.