

TURN DATA REQUEST-054
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 20, 2018
DATE RESPONDED: MAY 4, 2018

Exhibit Reference: SCG-38

Witnesses: Chan

Subject: SoCalGas – Cash Working Capital

1. In the 2016 General Rate Case, SoCalGas 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 SoCalGas abandon it, given that it has not increased its goods and services payment lag since the last rate case?

Utility Response 1:

The Net45 payment term preference was instituted in 2014. At the end of 2016, approximately 51% of SoCalGas' contracts were with the Net45 term. There are many variables and factors that contribute to the calculation of the lag and while the Net45 term may have increased the lag, it was offset by other factors. Not all factors can be specifically and individually quantified. However, one mitigating factor was that in conjunction with the Net45 payment term preference, SoCalGas also implemented a discount term of 2% if paid within 15 days, which contributes to the decrease in its goods and services lag from 2013 to 2016.