

TURN DATA REQUEST
TURN-SCG-DR-12
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: APRIL 15, 2015
DATE RESPONDED: APRIL 30, 2015

- 1) Following up on TURN SCG DR 1-1, please provide the following information on a monthly basis for 2014 now that financial statements are available.
 - a) Other accounts receivable (in same format as Schedule P-2.1)
 - b) Prepayments (in same format as Schedule P-3.1)
 - c) Deferred debits (in same format as Schedule P-4.1)
 - d) Employee withholding (in same format as Schedule P-5.1)
 - e) Current and accrued liabilities (in same format as Schedule P-6.1)

SoCalGas Response:

Please see attachment “TURN-SCG-DR-12_Q1.xlsx”. The GRC forecast was developed according to the Rate Case Plan, which does not contemplate the use of 2014 recorded data and the forecasts were not developed using that information. While that 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 SoCalGas’ forecasts or within the scope of this case, SoCalGas is providing 2014 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.

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- 2) Following up on TURN-SCG DR 1-5, please provide the information requested for 2014 now that the 10-K filing has been made.
- a) Is it normal practice for SDG&E and SoCal Gas to pay extra property taxes every year? If so, please explain why and provide all available internal documentation supporting the basis for this practice and its reasonableness.
 - b) Please provide the monthly balances of prepaid ad valorem taxes from 2009-2014 for both SoCal Gas and SDG&E.

SoCalGas Response:

- a) No, it is not normal practice for SDG&E and SoCalGas to pay extra property taxes every year. Both utilities have had prepaid property taxes in the past several years because of successful property tax appeals that were decided in the middle of the tax year (usually December – the tax year covers 7/1/XX – 6/30/XX), but were not reflected on the tax bills until the following tax year. The tax benefit was recognized in the year we prevailed on the appeal, so prepaid taxes were booked until the following years' tax bills were paid. In the normal course of business, when we pay the 2nd installment tax bills due April 10th, prepaid taxes are booked for 2 months to reflect the fact that the 2nd installment payment covers the period through June 30th.
- b) Please see attachment "TURN-SCG-DR-12_Q2.xlsx".

SoCalGas would like to point out that its prepaid ad valorem was omitted from working cash study in error. However, had it been included, it would have slightly increased its working cash requirement.

The GRC forecast was developed according to the Rate Case Plan, which does not contemplate the use of 2014 recorded data and the forecasts were not developed using that information. While that 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 SoCalGas' forecasts or within the scope of this case, SoCalGas is providing 2014 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.

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- 3) Following up on TURN-SCG DR 1-9:
- a) The response states in part. “As with all of the Balancing Accounts at SoCalGas, pensions and PBOPs are assumed to have zero lag days.” Please confirm that SoCalGas includes commodity lags in the lead-lag study with lag days different than zero, even though those costs are included in the a balancing account. Explain why pensions and PBOBs are different from gas commodity power.
 - b) The response states in part: “SCG is looking into whether this was correctly included in the Working Cash Study and will update this response accordingly.” Is SCG planning to update this response at the present time or has it decided that it will not update this response? If it is planning to update this response, please advise as to when the update will be made available to TURN.

SoCalGas Response:

- a) SoCalGas includes a positive lag for commodity expenses as reflected in Table SCG-MWF-2 (Exhibit SCG-29-R) which is consistent with this and previous working cash studies. As noted in the testimony of Mr. Foster (SCG-29-R page MWF-11) regarding Purchased Commodities “The ratemaking mechanisms associated with these costs presume collection of revenues as supply is consumed and payment of expenses when supply is delivered. Therefore, this line item is necessary in order to recover a working cash allowance for the net revenue lag associated with commodity purchases.”
- b) SoCalGas updated its working cash request to exclude Pensions and PBOPs from Employee Benefits in the March 2015 Revised Testimony filed in SCG-29-R. This reduced SoCalGas’ working cash requirement.

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- 4) Following up on TURN DR 1-12, please provide a spreadsheet showing all of the individual invoices tested for March 2013 and August 2013 (the months with the highest and lowest numbers of lag days) including the name of the party submitting the invoice, the amount of the invoice, and the dates of invoice and payment and individual lag days. (Note that the Sempra utilities have provided similar data to TURN and UCAN in past General Rate Cases.)

SoCalGas Response:

Please see confidential attachment: "TURN-SCG-DR-12_Q4 (C).xlsx". This attachment is **CONFIDENTIAL PROTECTED INFORMATION PURSUANT TO THE SIGNED NDA IN THIS PROCEEDING**

REMOVED DUE TO CONFIDENTIALITY

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- 5) Following up on TURN-SCG DR 1-19, Sempra Energy's "**Tax Sharing Policy Related to Subsidiaries Included in the U.S. Consolidated and Multiple Combined U.S. State & Local Tax Returns**" states on page 2:

In addition, should Sempra Energy requests [sic] Mobile Gas, SDG&E, or SCG to take a filing position or make an election with respect to an issue in order to benefit Sempra Energy's consolidated income tax position, but Mobile Gas, SDG&E, or SCG would not otherwise take such a position or make such an election on a stand alone basis, the tax sharing payments should reflect only the income tax that would otherwise be due as if such a position or election were not taken. A schedule of such items, and the related federal and state income tax effects, shall be maintained until the effect of a position or an election has reversed itself over time and all tax sharing payments between the parties, with respect of such items, are satisfied.

Please provide the schedule[s] of all such items at the end of each year from 2009 to 2012, and all such schedules in 2013 and 2014 for SCG.

SoCalGas Response:

For each of the 2009-2014 tax years, Sempra Energy did not request either SDG&E or SoCalGas to take a filing position or make an election with respect to an issue in order to benefit Sempra Energy's consolidated income tax position in situations where SDG&E or SoCalGas would not otherwise take such a position or make such an election on a stand-alone basis.

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- 6) Following up on TURN-SCG DR 1-20, please confirm that the lag days of payments of CPUC fees to the CPUC were nowhere included in SoCalGas's expense lag days. If you cannot confirm this fact, identify where those lag days were included and explain how they were included.

SoCalGas Response:

SoCalGas updated its working cash request to include CPUC fees in the March 2015 Revised Testimony filed in SCG-29-R as Current Liabilities. This reduced SoCalGas' working cash requirement.