

**TURN DATA REQUEST
TURN-SCG-DR-01
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE**

DATE RECEIVED: JANUARY 14, 2015

DATE RESPONDED: JANUARY 30, 2015 & FEBRUARY 6, 2015

These questions are associated with the testimony in SCG-29 (Working Cash).

1. Please provide the following information on a monthly basis from 2009-2012 and 2014.
 - 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 01:

For information relating to 2009-2012, please see attachment “TURN-SCG-DR-001_Q1.xls”.

2014 financial information will not be available until after SoCalGas makes its 10-K filing with the SEC in early 2015.

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2. Please identify all factors, including but not limited to changes in accounting or operational practices during or subsequent to 2013, or unusual operational or computer system issues occurring during the base year, that would cause 2013 data to be unrepresentative for forecasting 2016 on Schedules P-1 to P-6.

SoCalGas Response 02:

SoCalGas sees no factors in the 2013 Base Year or before that would cause the 2013 data to be unrepresentative for forecasting 2016. However, SoCalGas would like to note that since 2013, SoCalGas changed its payment terms for Goods and Services during 2014 to 45 days.

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3. Please provide the reserve for uncollectible accounts in each month of 2009-2014 associated with Other Accounts Receivable (Schedule P-2). Please also explain why the reserve is not used to offset the accounts receivable.

SoCalGas Response 03:

Please see attachment “TURN SCE 001 Assignments Q3.xlsx”.

The reserve has already reduced Other Accounts Receivables since it is already netted out and included in Schedule P-2.1 “ARS SUNDRY-CONTRA ACCOUNT”.

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4. Are GST-related receivables and Hub and Swap receivables (Schedule P-2) commodity-related? If so, please explain how they would vary with gas commodity prices.

SoCalGas Response 04:

Yes. SoCalGas pays a 5% Goods and Services Tax (GST) associated with purchasing physical gas in Canada including transaction fees and the commodity cost of gas. The Canadian Revenue Agency refunds GST paid by SoCalGas for physical gas purchases that are exported to the United States (refunds due are recorded as a receivable). Since GST is calculated as a flat rate on physical gas purchases, the associated GST receivable is commodity related and would vary directly with increases as well as decreases in commodity prices.

Receivables associated with physical gas sales, and providing Secondary Market Services (SMS and formerly referred to as the Hub) such as gas parking and loaning are recorded in the Hub and Swap receivables account. Physical gas sales are commodity related and the associated receivable would vary directly with increases as well as decreases in commodity prices. Regarding SMS receivables, SoCalGas charges a negotiated fee based upon the spread in commodity prices between different months or trading points. Changes in calendar or location spreads are not directly correlated with increases or decreases in commodity prices.

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5. Please provide the same data as shown in Schedule C for 2011-2012 and 2014.

SoCalGas Response 05:

For 2001-2012, please see attachment “TURN-SCG-DR-001_Q5.xlsx”

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6. Regarding gas commodity lead-lag, please provide:
- a. the breakdown among the four different items on Schedule D in 2016 as forecast by SoCalGas.
 - b. 2013 and 2016 estimates of costs and quantity purchased of each of the four items, as forecast in the rate case.
 - c. An update of the 2016 estimates using SoCalGas's latest available forecast of gas commodity prices

SoCalGas Response 06:

- a. SoCalGas records commodity costs on an actual basis by the 4 categories listed in Schedule D. However, SoCalGas does not forecast commodity costs in these 4 categories. SoCalGas forecasts gas consumption by customer classes rather than where the gas will come from (i.e., out-of-state producers, California producers).
- b. See response to question 6.a.
- c. The Rate Case Plan does not provide for the utility to update its forecasted expenses, either up or down, in its application except for certain, specific and identified items in the update filing following hearings. As the utility is not entitled to revise its forecast up as circumstances may warrant, neither is the utility required to revise forecasts downward. Should a party choose to recommend a different funding level for a particular activity it is up to the party to derive a new forecast or other calculations to support that assertion.

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7. Please identify each date on which SoCalGas made a payment to its pension trust and the amount of the payment in each year from 2009-2014.

SoCalGas Response 07:

Please see the attachment, 2009-2014 SCG Contribution to Pension Trust.xlsx

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8. Please identify each date on which SoCalGas made a payment to its PBOPs trust and the amount of the payment in each year from 2009-2014.

SoCalGas Response 08:

Please see the attachment, 2009-2014 SCG Contribution to PBOP Trust.xlsx

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9. SoCalGas assumes lag days of zero for pensions and PBOPs because they are in balancing accounts. Please identify each balancing account for which SoCalGas assumes lag days of an amount other than zero. For each such balancing account, please explain why Pensions and PBOBs are different from that account for purposes of calculating lag days.

SoCalGas Response 09:

As with all of the Balancing Accounts at SoCalGas, pensions and PBOPs are assumed to have zero lag days. SCG is looking into whether this was correctly included in the Working Cash Study and will update this response accordingly.

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10. Is SoCalGas aware of any differences between its practices in making payments for pensions and PBOPs and those of other California utilities who do not assume zero lag days? If so, please identify and describe each such difference.

SoCalGas Response 10:

The SoCalGas GRC application, A.14-11-004, contains the practices and treatments of payments as it pertains to SoCalGas. This application makes no comparisons to other utilities as SoCalGas is not an expert in others' accounting practices.

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11. Does SoCalGas effectively assume that the mix of its employee benefits (i.e., percentage of total benefits in health, pension, savings fund, etc.) will be the same in 2016 as in 2013 in its lag day calculations?

SoCalGas Response 11:

This question was struck.

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12. Please provide documentation supporting the goods and services lag of 34.04 days.

SoCalGas Response 12:

Please see attachment “TURN-SCG-DR-001_Q12.xlsx”.

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13. Please provide equivalent data to Schedules N-1 and N-2 for each year from 2009-2012.

SoCalGas Response 13:

Please see attachment “TURN-SCG-DR-001_Q13.xls”.

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14. Please provide the amounts of the federal and CCFT refunds for Tax Year 2013, if any, that SoCalGas received in 2014 and the dates on which those refunds were received.

SoCalGas Response 14:

Utility	Payment Date	Description	Jurisdiction	Amount
SCG	06/15/2014	2013 Est Tax Refund	Fed	(36,100,000)
SCG	06/15/2014	2013 Est Tax Refund	State	(22,000,000)
SCG	12/15/2014	2013 Return True-Up	State	(1,932,364)

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15. Does SoCalGas expect to be in a net operating loss position in TY 2016? If not, please explain why lag days based on years when SoCalGas was in a net operating loss position are reasonable for forecasting TY 2016.

SoCalGas Response 15:

We cannot definitively know whether we will be in a net operating loss position in TY 2016 because, since 2001, Congress has routinely passed new legislation each year that impacts our taxable income and could put us in an net operating loss position for a particular year.

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16. Does SoCalGas expect to pay zero cash federal taxes in 2016? If so, provide all workpapers and documentation supporting this expectation, reconciled to the rate case forecast of income taxes.

SoCalGas Response 16:

Question rescinded

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17. Schedules N-1 and N-2 show that SoCalGas overpaid its 2013 taxes early in 2013, paid nothing later in 2013, and then received a refund of the preponderance of those taxes late in 2014. Does SoCalGas expect to overpay its 2016 taxes early in 2016, pay nothing later in 2016, and then receive a refund of the preponderance of those taxes late in 2017? If so, provide all workpapers and documentation supporting this expectation, reconciled to the rate case forecast of income taxes.

SoCalGas Response:

The payment pattern in 2013 was influenced by the utilization of the tax benefits from bonus depreciation claimed in 2013 and prior years. The payment pattern in 2016 will depend on a variety of factors, including but not limited to legislation matters and operating results. Therefore, SoCalGas is using observations from the 2013 base year for its income tax lag calculations, consistent with the rest of the working cash study.

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18. Please provide documentation of the time pattern of when SoCalGas would expect to pay 2016 taxes if it did not receive a significant refund, referencing and explaining any differences between SoCalGas's payment schedule and standard IRS payment schedules.

SoCalGas Response 18:

SoCalGas intends to pay taxes on the statutory due dates.

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19. Please provide a copy of all documentation related to tax sharing between SoCalGas, and Sempra Energy, which addresses or explains the timing of when SoCalGas must make payments for income taxes to Sempra Energy. Identify the amounts paid by SoCalGas to Sempra Energy (or refunded to SoCalGas from Sempra Energy) and the timing of those payments and refunds for Tax Years 2009-2013.

SoCalGas Response:

Please see the attachment, Tax Sharing Policy.doc for the company's policy.

Please see the attachment, TURN-SCG-001 Q19.xlsx for the amounts and timing of payments for tax years 2009-2013.

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20. Please explain where the lag days for the PUC Fee are included in SoCalGas's calculation of lag days. If not included, please provide the amount of the fee paid in 2013 and projected in 2016 and identify the payment schedule.

SoCalGas Response 20:

The CPUC fees billed to customers are included in SoCalGas' Accounts Receivables balances and in SoCalGas' Revenues, and are reflected in the 2013 collection lag of 23.29 days.

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21. Please fill out Schedule B-2 using 2016 data for each of the components.

SoCalGas Response 21:

The purpose of Schedule B-2 is to summarize all the base year expenses and then calculate the weighted average lag days, which is used as a proxy for 2016. SoCalGas believes that using the 2013 weighted average lag days as a proxy for 2016 is the best approach and is reasonable. We have not performed a lag study for 2016 as this information is not available.

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22. Please explain whether SoCalGas' RO model can automatically update each type of operating expenses in the lead-lag study for changes in the Commission's adopted level of expenses by component. If the RO model cannot make such automatic updates, please explain why SoCalGas believes the lead-lag study results from the RO model are reasonable.

SoCalGas Response 22:

The RO model automatically updates the operating expenses used in the lead-lag study for changes in the Commission's adopted level of expenses. The Test Year adopted level of expenses used for the lead lag studies are shown in the working cash file (wcSCG.xlsm) under tab name: wcInput (cells I34 – I36). The adopted level of expenses flow to these cells for use in the working cash calculation.

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23. Please identify and quantify the sources of deferred taxes not included in rates on Schedule B-1 and provide a projection of those deferred taxes in TY 2016.

SoCalGas Response 23:

The sources and calculation of the deferred taxes shown on Schedule B-1 can be found in the RO Model – File taxSCGDeferred, Tab 2016DEFTAXESWgtAvg, cells E13 plus E33. The amount shown on Schedule B-1 is the projection for TY 2016.

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24. Please identify the amount of customer deposits held by SoCalGas at the end of each year from 1996-2008 and monthly from 2009-2014.

SoCalGas Response:

Please see attachment, TURN-SCG-DR-001 Q24.xlsx.