

**ORA DATA REQUEST
ORA-SCG-004-CL8
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: OCTOBER 30, 2017
DATE RESPONDED: NOVEMBER 13, 2017**

Subject: Working Cash

Please provide the following:

1. Referring to page KCC-8, lines 11-12:
 - a. Please explain whether or not the requested cash balance amounts are minimum required balances set by each relevant bank(s) or financial institutions.
 - b. If the requested cash balance amounts are not minimum required balances set by the relevant bank(s), please explain what (if any) minimum balances are required by the relevant bank(s) for SoCalGas's accounts.

SoCalGas Response 1:

- a. No, SoCalGas' banking institution does not have minimum cash balance requirements. SoCalGas strives to maintain the lowest positive collected cash balance practical in order to maximize investment potential and minimize idle balances. The requested cash balances are based on average month-end actual amounts which are managed under this parameter.
- b. SoCalGas' banking institution does not have minimum cash balance requirements. Per the CPUC's Standard Practice U-16-W (Chapter 3 B 11.): "In determining the cash requirement, the only amounts which should be considered are the required minimum bank deposits that must be maintained and reasonable amounts of working funds." As stated in response to Question 1A, SoCalGas strives to maintain the lowest positive collected cash balance practical, while providing a reasonable amount of working funds.

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2. Referring to Schedule F on page 10 of the workpapers:
- a. Please confirm whether or not there are typographical errors in lines 9, 11, and 13, which apparently reference nonexistent or inappropriate lines.
 - b. Please confirm whether or not line 14, which only references SUI, is intended to also address FUTA.
 - c. If there are typographical errors in any line, please provide corrected language for each error.
 - d. Please identify the date when SoCalGas provides the funds to ADP that are needed to make the federal and state unemployment insurance payments.

SoCalGas Response 2:

- a. Yes. Lines 9, 11, and 13 contain typographical errors. Please see attachment Schedule F – Revised.xlsx which corrects the line references.
- b. Yes, this also addresses FUTA. Please see Schedule F – Revised.xlsx which corrects the label for Line 14.
- c. Please see attachment Schedule F – Revised.xlsx.
- d. Please see table below for the deposit dates related to SoCalGas' 2016 FUTA and SUI.

SERVICE PERIOD	DEPOSIT DATE
1	05-02-16
2	08-01-16
3	10-31-16
4	01-31-17

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3. Referring to Schedule H-5.2 on page 19 of the workpapers, please explain why the number of lag days is not zero, given that the service period midpoint is the wire date for all items.

SoCalGas Response 3:

The total health insurance lag days of 0.18 is the weighted average lag for both schedule 5.1 and 5.2. The lag days for schedule 5.1 is zero.

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4. Referring to Schedule H-6 on page 20 of the workpapers, please explain how the figure of 9 lag days was obtained for all items.

SoCalGas Response 4:

The 9 lag days represents the estimated time period between notification of amount due to when payments are disbursed. This 9-day lag was approved in SoCalGas' 2016 and 2012 GRCs, and this estimate continues to be a reasonable one for the TY2019 GRC.

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5. Referring to Schedule N-1 on page 32 and Schedule N-2 of the workpapers:
- a. Please explain whether or not the 622-day lagged refund of CA state franchise taxes associated with 2014 has been a common historical occurrence for SoCalGas.
 - b. Please explain why three payments (as opposed to one or four) are included for 2016.

SoCalGas Response 5:

- a. Yes, California state franchise tax refunds with long lag days are common since the due date for filing the California tax return is October 15th of the following year. A refund of \$15,623,618 with 532 lag days was included in the work papers for SoCalGas' 2016 GRC.
- b. For 2016, SoCalGas did not make any federal tax payments as it was in a net operating loss position from a federal tax perspective. For CA state franchise tax, the Franchise Tax Board requires only 3 payments as described on page 12 of witness Chan's testimony (SCG-38).

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6. Referring to Schedules P-5 on page 41 of the workpapers, please explain why the withholding amount varies by several orders of magnitude, month-to-month.

SoCalGas Response 6:

The fluctuations in the withholding amounts are primarily due to:

- Timing of payroll accruals versus funding
- Additional pay periods in certain months