

**ORA DATA REQUEST
 ORA-SCG-040-CL8
 SOCALGAS 2019 GRC – A.17-10-008
 SOCALGAS RESPONSE
 DATE RECEIVED: DECEMBER 8, 2017
 DATE RESPONDED: DECEMBER 26, 2017**

Exhibit Reference: SCG-38 and SCG-38-WP-C (herein, “the workpapers”)

SCG Witness: Karen Chan

Subject: Working Cash

Please provide the following:

1. Page 7 of the workpapers (Ex. SCG-39-WP-C) shows a calculation for total revenue lag of 44.49 days.
 - a. Please provide 5-years recorded data (2009-2013) for:
 - i. Meter Reading Lag
 - ii. Billing Lag
 - iii. Collection Lag
 - iv. Bank Lag
 - v. Total Revenue Lag
 - b. Please provide an explanation of how billing lag was calculated.
 - c. Please provide an explanation of how bank lag was calculated.

SoCalGas Response 1:

Total Revenue Lag			
(# of days)			
	<u>2016</u>	<u>2013</u>	<u>Variance</u>
Meter Reading Lag	15.2	15.2	-
Billing Lag	2.6	2.5	0.1
Collection Lag	25.7	23.3	2.4
Bank Lag	1.0	1.0	0.0
Total Revenue Lag	44.5	42.0	2.5
Accounts Receivable (AR) Analysis			<u>Variance 2016 vs 2013</u>
Average AR Balance			\$ 16,778,351
Average AR Balance for Prior Year (PY) Dec & Current Jan *			\$ 15,479,853
Heating Degree Days for PY Dec & Current Jan			65
* Mid-month convention			
Average for Feb - Dec was \$1.3 million			

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SoCalGas Response 1:-Continued

Between 2013 and 2016, SoCalGas' Collection Lag increased by 2.4 days partly driven by the increase in the average monthly customer accounts receivable (AR) balance over the same period. Collection lag is directly impacted by AR turnover, which is derived by Total Sales over Average AR Balance. As the Average AR Balance increases, AR turnover decreases, which results in a longer collection lag.

As presented in the "Accounts Receivable (AR) Analysis" above, the Average AR Balance increased by \$16.8 million from 2013 to 2016. For prior year December and current year January alone, the Average AR Balance increased by \$15.5 million due to colder weather as indicated by the increase in heating degree days.

NOTE: SoCalGas has provided the above explanations and answers to the data request inquiry addressing what it believes to be the relevant data to address the issue. Per year data is not readily available and may not lead to the discovery of admissible evidence. However, SoCalGas is currently working on the production of this data and will provide when available.

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2. Referring to Schedule L on page 29 of the workpapers (Ex. SCG-39-WP-C), please explain:
- a. Are the amounts in Schedule L also captured by the amounts in Schedule I?
 - i. If so, please explain why these amounts are entered in the lead-lag study twice, once in each of Schedule I and Schedule L.
 - ii. If not, please explain which schedule captures the “accounts payable related to materials and supplies” described in the Note on page 29, and explain why these amounts are entered in the lead-lag study twice, once in Schedule L and once in the schedule identified herein.

 - b. Please explain why a lag of zero days would cause an “offset” as described in the Note in page 29.

SoCalGas Response 2:

- a. There are two timing matters to consider regarding the impact of Materials and Supplies on the Working Cash calculation:
 - 1. There is a lag between the invoice date and the payment date for Goods and Services purchased. This lag is addressed in Schedule I.
 - 2. There is an inherent delay between the time when Materials and Supplies are ordered and when they are issued from stores. This delay is addressed in Schedule L.

- b. The timing differences between the payment date and the issuance of Materials and Supplies from stores lead to an overstatement of the weighted-average lag stated on Schedule I. Because the lag in material issuances from stores generally exceeds the payment lag included in Schedule I, using a lag of 0 days in Schedule L reflects a conservative approximation of the overall lag between payment date and issuance date.

The footnote included on page 29 (Schedule L) is not very clear. The paragraph above better explains the linkage between the payment lag in Schedule I and the timing issue related to the issuance from stores addressed in Schedule L.