

TURN DATA REQUEST
TURN-SCG-DR-25
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JULY 29, 2011
DATE RESPONDED: AUGUST 16, 2011

1. Please provide customer deposits on a monthly basis from 2005 through the latest available month in 2011.

SoCalGas Response:

The requested information for 2005-2010 is contained within the attached file.



Turn #1.xlsx

2011 financial information will not be available until after SoCalGas makes its 10-K filing with the SEC in early 2012.

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2. Regarding CPUC Fees:
- a. Where are they included in the cash working capital study?
 - b. What is the recorded amount of CPUC Fees collected by SoCal in 2009 and 2010, and forecast for 2012.
 - c. Is the following statement (from TURN DR 16-02 in the 2008 SoCal GRC) still correct regarding CPUC fees “SoCalGas remits the fees to the CPUC per PU Code Section 433 by the 15th of the month immediately following the end of each quarter.” If not, please explain the current practice.

SoCalGas Response:

- a. CPUC fees were not included in the working capital study.
- b. Total CPUC fees collected by SoCalGas throughout 2009 were \$5,246,445.77. Total fees collected throughout 2010 were \$4,470,804.49. SoCalGas does not forecast 2012 CPUC fees since they are not part of SoCalGas’ 2012 GRC request.
- c. Yes, it is still a correct statement.

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3. Please provide data contained in JSL-WP-50 through JSL-WP-54 (Schedules P-2.1, P-3.1, P-4.1, P-6.1, and P-8.1) for December 2007 to December 2010. Provide in excel format.

SoCalGas Response:

The requested information is contained within the attached file.



TURN #3.xlsx

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4. Is there an allowance for those uncollectible accounts receivable where the underlying receivables are included on Schedule P-2 of Mr. Lewis' workpapers? If so, what is the balance in each month from December 2007 to December 2010.

SoCalGas Response:

Yes, the allowance for uncollectible Other Receivables is already reflected within Schedule P-2 (Exhibit SCG-29-WP-R, page JSL-WP-45). Therefore, the balance on Schedule P-2 has already been reduced for this allowance. The related uncollectible allowance detail that flows into Schedule P-2 is reflected on Schedule P-2.1 (page JSL-WP-50) on line number 5.

The requested information is contained within the attached file.



TURN #4.xls

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5. Please explain why SoCal's meter reading lag days increased from 2.00 in the 2008 GRC (TURN DR 16-09) to 3.35 in this GRC. (JSL-WP-8).

SoCalGas Response:

SoCalGas' meter reading lag days reflected in the 2008 GRC was actually 2.93 days, and not 2.00 days. The 2.00 days was a weighted lag day subtotal and not the total meter reading lag days. Please see the "Total Meter Read Lag (Include Weekend & Holiday Reads)" bottom line of this 2008 GRC chart. Consequently, the total meter reading lag was 2.93 days in this 2008 GRC chart as compared to 3.35 days in this GRC. This 14% increase is about the size of some of the naturally occurring monthly fluctuations. Various factors such as weather and staffing, for example, can contribute to fluctuations of this magnitude.

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6. Please explain the sources of bank lag; explain further why SoCal includes bank lag now but did not include it in its 2008 GRC (See SDK-WP-5, Schedule C to Cash Working capital study in 2008).

SoCalGas Response:

The sources of bank lag come from; mail in payments received, in-person payments received, and self-service payments. For example, some mailed payments are turned into an ACH (electronic) transaction which then gets one day of lag before good funds are available from the bank. Some in-person payments also receive bank lag of 2 days or slightly more and some of this availability is assigned by the contract with 3rd party vendors. Some self-service type payments like debit card or credit cards also receive up to 2 days of bank lag and the availability of funds is sometimes defined by the third party vendor contract. These types of payments, although received, do not provide immediate cash funds until the banks grant available funds. Consequently, there is a resulting bank lag until good funds are available. SoCalGas did not include bank lag in its 2008 GRC, it is a valid source of revenue lag.

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7. Please identify the number of electronic payments received by SoCal in each year from 2005-2010 recorded. Explain how electronic payments affect bank lag.

SoCalGas Response:

SoCalGas received the following number of electronic payments for each of the following years:

Year / Total Number of Electronic Payments Received By SoCalGas	
2005	12,607,307
2006	15,053,166
2007	17,882,635
2008	21,024,592
2009	22,706,572
2010	25,123,999

Electronic payments come in various forms or types and therefore result in various amounts of bank lag. For example, Electronic Data Interchange “EDI” electronic payments receive 0 days of bank lag and provide immediate funds. ACH transactions receive one day of bank lag. Some electronic transactions like Pay by Phone and Direct Debit receive one day of bank lag. Some other payments like debit and credit cards receive two days of bank lag which is defined by contract with third party vendors.

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8. Please provide a chart equivalent to JSL-WP-7 for each of 2006-2008 and 2010.

SoCalGas Response:

The requested information is contained within the attached file.



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9. Please identify the monthly prepayment in the base year for directors' and officers' liability insurance; was it reduced by half to share between ratepayers and shareholders?

SoCalGas Response:

The monthly expense in 2009 for directors' and officers' liability insurance was \$158,055 for each month from January – June of 2009, and \$147,605 for each month from July – December of 2009. The total annual premium (prepayment) was \$1,771,259. This was not reduced by half since SoCalGas requests 100% of these amounts in its 2012 GRC request.

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10. Regarding lead-lag calculations for federal and state income taxes,
- a. Please confirm that Exhibit 227, the Rebuttal Testimony of Scott Kyle in the 2008 SoCal GRC stated at page 21” We reject the DRA’s concept of calculating the lead-lag days for all tax payments 5 from the mid-point of the year. It is conceptually flawed and does not mirror 6 applicable tax law or the guidance in SP U-16.”
 - b. Please explain why SoCal changed its position on this point from the 2008 GRC to the 2012 GRC.
 - c. Please explain why it is reasonable to include in cash working capital income tax payments and refunds for more than one tax year, when rates are set on the basis of a single tax year.
 - d. Please provide cash income taxes for ratemaking purposes for SoCal Gas in the 2008 GRC settlement and in the 2009 base year as recorded.
 - e. Please provide actual quarterly tax payments from 2006-2010 recorded for both federal and state taxes.
 - f. Please provide quarterly revenues and expenses used to compute estimated income tax payments for SoCal in 2008-2010; also provide a results of operations statement quarterly for 2008-2010 showing quarterly cash and deferred income taxes for ratemaking purposes.

SoCalGas Response:

- a. The official 2008 GRC record speaks for itself.
- b. Federal and State taxes are paid based on an annual year’s obligation, not upon a quarter’s obligation; consequently, the mid-point of the year is the half way point of the annual obligation and also the appropriate time point to calculate annual tax lag from for the working capital study. Just as individuals pay taxes based on the total annual tax year, corporate tax payers also pay their taxes based on an annual year’s obligations, and this is both appropriate and consistent with the mid-point of the year approach.
- c. It is reasonable to include all payments made and refunds received during the 2009 base year for which the study is performed for. The time line for the working capital study has already been established as the 2009 base year for this GRC. The 2009 base year that is used for the 2012 GRC’s working capital requirements takes into consideration all income tax payments made and income tax refunds received during the base year of 2009. This is a one-year annual base period that the working capital study is focused on to evaluate annual working capital needs for 2012.

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Response to Question 10 (Continued)

- d. SoCalGas is not cognizant of “cash income taxes for ratemaking purposes.” Quarterly cash tax payments for 2006 – 2010 are provided below in item “e”.
- e. The requested information is contained within the attached file.



TURN 10e.xls

- f. Please see the attached files reflecting quarterly summaries of netted revenues and expenses used to compute income taxes for SoCalGas from 2008 – 2010. Please see total projected taxable income line for each quarter which reflects the net of both revenues and expenses for these time periods.



2010 SCG ETP.xls



2009 SCG ETP.xls



2008 SCG ETP.xls

Please note that SoCalGas does not have Quarterly Results of operations statements for this period showing quarterly cash and deferred income taxes for ratemaking purposes