TURN DATA REQUEST-021
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 27, 2018
DATE RESPONDED: MARCH 13, 2018

Exhibit Reference: SCG-19 & SDG&E-18
Witnesses: Baldwin & Stewart
Subject: Uncollectible Rate

Part I – Questions Pertaining to SCG-12

The following questions relate to SCG-19.

1. Please provide an Excel version of Table MB-38 on page MHB-55 with formulae intact.

Utility Response 01:

Please see the tab Q1 of the attached file: TURN-SEU-DR-021 Attachment Q1_Q2.xls

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2. Please add 2017 Recorded Uncollectible Expense to Table MB-38 and update the 10-year, 5-year, and 3- year averages to include 2017 data. Please provide this updated Table MB-38 in Excel with formulae intact.

Utility Response 02:

Please see the tab Q2 of the attached file: TURN-SEU-DR-021 Attachment Q1_Q2.xls

3. On page MHB-54, SoCalGas states, "Nevertheless, a larger energy bill means that a greater proportion of customers will have difficulty paying and therefore increases the likelihood of an uncollectible expense." Regarding this statement:

a. Does "a larger energy bill" refer to the bill increases that would result from SoCalGas's GRC request, if authorized? If not, please explain the meaning of this statement and its relevance to this proceeding.

b. Please explain the steps leading to the recording of an uncollectible expense, starting with billed revenues.

Utility Response 03:

a. No, a larger energy bill does not refer to SoCalGas' GRC request. The larger energy bill refers to a customer's balance in arrears. If the credit process doesn't start early enough, then a customer's overdue balance continues to grow and therefore their energy bill is higher over time. If the customer ends up defaulting on their energy bill, then it would lead to an uncollectible balance for SoCalGas.

b. If a customer does not pay on time, then the following steps occur:

Active Account Collection Process (Residential Customer example):
Customer is mailed or emailed bill, and if unpaid, then the following path applies:

1. A late notice with the next bill.
2. Delivery of a 48-hour disconnect notice by an outbound reminder call.
3. Mail notice to customers not reachable by phone or deliver the 48-hour notice to the premise for customers who have indicated they are a vulnerable customer, such as senior citizen or disabled.
4. The final step is a field visit to collect or close service. If the service is closed and the bill remains unpaid, a Closing Bill is generated.

Closed Account Collection Process:
A Residential and Non Residential Closing Bill follows a collection path which includes:

1. Provide two mailed closing bill notices.
2. Accounts remaining unpaid are referred to outside collection agencies.
3. Approximately 6-7 months after the Closing Bill was mailed, the collection path continues by writing off the unpaid amount to uncollectible expense.

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4. Please provide the total number of SoCalGas disconnections for non-payment in each year from 2007-2017, and separately identify residential and non-residential disconnections.

Utility Response 04:

SoCalGas only has data responsive to this request for the period September 2009 through December 2017.

DISCONNECTIONS

	Total	Residential	Non Residential
2009	40,579	39,358	1,221
2010	144,787	139,596	5,191
2011	116,421	112,009	4,412
2012	110,751	106,797	3,954
2013	104,849	101,373	3,476
2014	96,866	93,905	2,961
2015	113,445	110,357	3,088
2016	133,206	129,545	3,661
2017	119,360	116,571	2,789

5. Please provide SoCalGas's forecast of total annual disconnections in 2018 and 2019, with a breakdown between residential and non-residential customers.

Utility Response 05:

SoCalGas does not forecast total annual disconnections.

6. In footnote 31 on page MHB-54, SoCalGas suggests that it might take steps in this proceeding to reflect "any impacts from SB 598, such as increased costs as well as bad debt write-offs, as soon as they are known." Regarding this statement:

> a. Is SoCalGas familiar with the Uncollectible Rate methodology adopted by the Commission in each of the last two PG&E GRCs (A.12-11-009 and A.15-09-001), which includes a rolling 10-year average, updated annually? *See* D.14-08-032, Section 5.4.4; D.17-05-013, Section 4.1.5.7.
>
> b. Did SoCalGas consider proposing a rolling average approach to its Uncollectible Rate, rather than a static rate for the duration of its GRC, to capture more contemporary economic conditions, energy bill-related variability, and credit and collection practices impacting write-offs? Why or why not.

Utility Response 06:

a. No, SoCalGas was not familiar with PG&E's methodology, but plans to review their adopted methodology for future consideration.

b. SoCalGas objects to Question 6.b. on the grounds that it includes TURN's statement of opinion for which no response is required. Subject to this objection, SoCalGas responds as follows to the non-objectionable portion of this request: No, SoCalGas did not consider proposing a rolling average. The only approach SoCalGas looked at when developing the uncollectible rate forecast was static averages for the TY 2019.

The following questions relate to SDG&E-18.

7. Please provide an Excel version of Table JS-33 on page JDS-62 with formulae intact.

Utility Response 07:

Please see the tab Q7 of the attached file: TURN-SEU-DR-021 Attachment Q7_Q8.xls

8. Please add 2017 Recorded Uncollectible Expense to Table JS-33 and update the 10-year, 5-year, and 3- year averages to include 2017 data. Please provide this updated Table JS-33 in Excel with formulae intact.

Utility Response 08:

Please see the tab Q8 of the attached file: TURN-SEU-DR-021 Attachment Q7_Q8.xls

9. On page JDS-61, SDG&E states, "Nevertheless, a larger energy bill means that a greater proportion of customers will have difficulty paying and therefore increases the likelihood of an uncollectible expense." Regarding this statement:

a. Does "a larger energy bill" refer to the bill increases that would result from SDG&E's GRC request, if authorized? If not, please explain the meaning of this statement and its relevance to this proceeding.

b. Please explain the steps leading to the recording of an uncollectible expense, starting with billed revenues.

Utility Response 09:

a. No. "Larger energy bill" refers to/describes the relative amount of arrears that a customer may accrue over time if they do not pay their invoices. As described in the supplemental testimony of Jerry D. Stewart Exhibit SDG&E-18-S on page JDS-1-:

SDG&E's assessment further concluded that commencing the credit process early, when past due balances are smaller, has made it easier customers to pay and manage their accounts.

The data and analysis presented in section IV of Exhibit SDG&E-18-S reflects there is an increase in the reconnection rate if customers are informed of account arrearages and options before their arrears balance gets too large.

b. **Active Account Collection Process (Residential Customer example):**
Customer is mailed or emailed bill, and if unpaid, then the following path applies:

1. A late notice with the next bill.
2. Delivery of a 48-hour disconnect notice by mail.
   2.a. Delivery of a 48-hour notice to the premise for customers who have indicated they are a vulnerable customer, such as senior citizen or disabled.
3. The final step is a field visit to collect or close service or remote disconnection order is issued. If the service is closed and the bill remains unpaid, a Closing Bill is generated.

Closed Account Collection Process:
A Residential and Non Residential Closing Bill follows a collection path which includes:

1. Accounts are worked in a pre-collect phase where letters are mailed and phone calls are made as a friendly reminder to the customer of their past due Closing Bill.
2. Accounts remaining unpaid are referred to outside collection agencies.
3. Approximately 5-6 months after the Closing Bill was mailed, the collection path continues by writing off the unpaid amount to uncollectible expense.

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10. Please provide the total number of SDG&E disconnections for non-payment in each year from 2007-2017, and separately identify residential and non-residential disconnections.

Utility Response 10:

Year	Residential	Non-Res
2007	25,793	1,405
2008	25,744	1,445
2009	23,729	1,909
2010	21,128	1,729
2011	20,690	1,435
2012	21,691	2,171
2013	26,627	2,466
2014	28,933	2,256
2015	35,899	3,133
2016	40,067	3,435
2017	45,593	2,819

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11. Please provide SDG&E's forecast of total annual disconnections in 2018 and 2019, with a breakdown between residential and non-residential customers.

Utility Response 11:

SDG&E does not forecast the total annual amount of disconnections.

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12. In footnote 21 on pages JDS-61 to 62, SDG&E suggests that it might take steps in this proceeding to reflect "any impacts from SB 598, such as increased costs as well as bad debt write-offs, as soon as they are known." Regarding this statement:

a. Is SDG&E familiar with the Uncollectible Rate methodology adopted by the Commission in each of the last two PG&E GRCs (A.12-11-009 and A.15-09-001), which includes a rolling 10-year average, updated annually? *See* D.14-08-032, Section 5.4.4; D.17-05-013, Section 4.1.5.7.

b. Did SDG&E consider proposing a rolling average approach to its Uncollectible Rate, rather than a static rate for the duration of its GRC, to capture more contemporary economic conditions, energy bill-related variability, and credit and collection practices impacting write-offs? Why or why not.

Utility Response 12:

c. No, SDG&E is not familiar with PG&E's methodology.

d. SDG&E objects to Question 12.b. on the grounds that it includes TURN's statement of opinion for which no response is required. Subject to this objection, SDG&E responds as follows to the non-objectionable portion of this request: No, SDG&E did not consider proposing a rolling average approach to its uncollectable rate. As stated in Exhibit SDG&E-18, SDG&E believes a 10-year average adequately captures economic conditions and other factors that may vary over time as well as credit and collections practices.