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February 20, 2009

ADVICE LETTER 2066-E / 1843-G
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REDUCTION TO THE INCOME TAX COMPONENT OF CONTRIBUTIONS AND
ADVANCES PROVISION**

San Diego Gas & Electric Company (SDG&E) hereby submits for approval the following revisions to its electric and gas tariffs as shown in Attachments A and B, Respectively.

PURPOSE

Pursuant to Ordering Paragraph 7 of California Public Utilities Commission (Commission) Decision (D.) 87-09-026 in OII 86-11-019, SDG&E hereby revises the tax factor contained in the Income Tax Component of Contributions and Advances Provision (ITCCAP) of the electric and gas Preliminary Statements (Sections VI. and VIII., respectively).

BACKGROUND

SDG&E's electric and gas Preliminary Statements provide that Contributions in Aid of Construction (CIAC) and Advances for Construction (Contributions) consist of two components: 1) ITC and 2) the balance of the Contribution or Advance, excluding income taxes (Balance of Contribution). The ITC is calculated by multiplying the Balance of Contribution or Advance by the tax factor. The tax factor is developed by using the "Maryland Method" as set forth in Commission D.87-09-026.

D.87-09-026 directs the respondent utilities to file an advice letter filing to reflect any change in the tax factor, which would increase or decrease the rate by five percentage points or more. Accordingly, the tax factor is being revised to reflect a recent change in the Federal business provisions of the Internal Revenue Code, pursuant to Title I, Section 1201 of the American Recovery and Reinvestment Act of 2009 (H.R. 1, Signed by the President on February 17, 2009). A copy of this new provision, which provides additional depreciation and temporarily reduces SDG&E's current tax factor, is included herein as Attachment C.

DISCUSSION

By this filing, SDG&E hereby revises its electric and gas Preliminary Statements to reflect a temporary decrease in the tax factor, which is used to compute the ITC associated with Contribution in Aid of Construction and Advances for Construction (Contribution). The tax factor

will decrease from 35% to 22% for electric and from 31% to 20% for gas. The electric and gas factors differ because all gas assets currently have a federal tax depreciable life of 15 years.¹ The revised tax factors have been calculated, as shown in Attachment D, by using the Maryland Method adopted by D.87-09-026. Effective January 1, 2010, these additional allowances are no longer allowed and property contributed to SDG&E after December 31, 2009 will be subject to the previously authorized tax factors for both electric and gas.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

EFFECTIVE DATE

SDG&E believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. Therefore, SDG&E requests that the tariffs proposed herein be approved effective January 1, 2009, which is the effective date of the stimulus legislation.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (inj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Todd Cahill
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: tcahill@semprautilities.com

NOTICE

¹ Gas distribution property was dropped from 20 years to 15 years for the period between 4/15/2005 and 12/31/2010.

A copy of this filing has been served on the utilities and interested parties shown on the attached list, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Will Fuller

Phone #: (858) 654-1885

E-mail: wfuller@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2066-E / 1843-G

Subject of AL: Reduction to the Income Tax Component of Contributions and Advances Provision

Keywords (choose from CPUC listing): Preliminary Statement

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation:

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 1/1/09

No. of tariff sheets: 6

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: See Table of Contents

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Todd Cahill

8330 Century Park Ct, Room 32C

San Diego, CA 92123

tcahill@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell

C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham

E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes

G. Lonergan

M. Valerio

Commerce Energy Group

V. Gan

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W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill

J. Pau

Dept. of General Services

H. Nanjo

M. Clark

Douglass & Liddell

D. Douglass

D. Liddell

G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell

M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg

J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

J. Clark

M. Huffman

S. Lawrie

E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman

J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander

K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio

M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

ATTACHMENT A
ADVICE LETTER 2066-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21119-E	PRELIMINARY STATEMENT, VI. MISCELLANEOUS, INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (ITCCAP), Sheet 1	Revised 20922-E
Revised 21120-E	TABLE OF CONTENTS, Sheet 1	Revised 21117-E
Revised 21121-E	TABLE OF CONTENTS, Sheet 3	Revised 21099-E



PRELIMINARY STATEMENT

Sheet 1

VI. MISCELLANEOUS

INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (ITCCAP)

1. General

Pursuant to Decision 87-09-026, dated September 10, 1987, in OII 86-11-019, all Contributions to the utility, including Contributions in Aid of Construction (CIAC), and Advances for Construction (Contributions), made pursuant to the utility's tariffs shall include a cost component to cover the utility's estimated liability for State and Federal Income Tax resulting therefrom. Effective January 1, 1992, the cost component shall be revised to cover the utility's estimated liability for both Federal and State Income Tax, pursuant to Resolution E-3243, dated September 25, 1991.

2. Definitions

a. Contributions: Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the utility. The value of all Contributions and Advances shall be based on the utility's estimates. Contributions shall consist of two components for purposes of recording transactions as follows:

- (1) Income Tax Component (ITC), and
- (2) The Balance of the Contribution or Advance, excluding income taxes (Balance of Contribution).

b. ITC: The ITC shall be calculated by multiplying the Balance of Contribution or Advance by the tax factor of 0.35 beginning January 1, 2009 and thereafter. If any portion of a Balance of Contribution is received on or after January 1, 2009 and before January 1, 2010, then the ITC on such portion shall be computed by multiplying the amount of such portion by a tax factor of 0.22.

Under the "Periodic Review" provisions contained in Section E.2.of Rule 15, the ITC shall be adjusted for any state and federal income tax liability when such changes result in a change of five percentage points or more. The ITC should also be adjusted for any state income tax liability, effective January 1, 1992. Prior to the contemplated filing date for any revision of the system average unit costs contained in Rule 15, any filings for changes in ITC shall be made to reflect changes in income tax liability.

c. Tax Factor: The tax factor is established by using the "Maryland Method" as set forth in Decision 87-09-026 in I.86-11-019. Should the Internal Revenue Service (IRS) deem the "Maryland Method" to be in violation of the tax normalization rules, any penalties, interest or taxes incurred by the utility shall be recovered through general rates.

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Advice Ltr. No. 2066-E

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Feb 20, 2009

Effective Jan 1, 2009

Resolution No. _____



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PRELIMINARY STATEMENT

Sheet 1

VIII. MISCELLANEOUS

INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (ITCCAP)

1. General

Pursuant to Decision 87-09-026, dated September 10, 1987, in OII 86-11-019, all Contributions to the utility, including Contributions in Aid of Construction (CIAC), and Advances for Construction (Contributions), made pursuant to the utility's tariffs shall include a cost component to cover the utility's estimated liability for Federal Income Tax resulting therefrom. Effective January 1, 1992, the cost component shall be revised to cover the utility's estimated liability for both Federal and State Income Tax, pursuant to Resolution E-3243, dated September 25, 1991.

2. Definitions

a. **Contributions:** Contributions in Aid of Construction and Advances for Construction shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the utility. The value of all Contributions and Advances shall be based on the utility's estimates. Contributions shall consist of two components for purposes of recording transactions as follows:

- (1) Income Tax Component (ITC), and
- (2) The Balance of the Contribution or Advance, excluding income taxes (Balance of Contribution).

b. **ITC:** The ITC shall be calculated by multiplying the Balance of Contribution or Advance by the tax factor of 0.31 beginning January 1, 2009 and thereafter. If any portion of a Balance of Contribution is received on or after January 1, 2009 and before January 1, 2010, then the ITC on such portion shall be computed by multiplying the amount of such portion by a tax factor of 0.20.

Under the "Periodic Review" provisions contained in Section E.2 of Rules 15 and 16, the ITC shall be adjusted for any state and federal income tax liability when such changes result in a change of five percentage points or more. The ITC should also be adjusted for any state income tax liability, effective January 1, 1992. Prior to the contemplated filing date for any revision of the system average unit costs contained in Rules 15 and 16, any filing for changes in ITC shall be made to reflect changes in income tax liability.

c. **Tax Factor:** The tax factor is established by using the "Maryland Method" as set forth in Decision 87-09-026 in I.86-11-019. Should the Internal Revenue Service (IRS) deem the "Maryland Method" to be in violation of the tax normalization rules, any penalties, interest or taxes incurred by the utility shall be recovered through general rates.

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ATTACHMENT C

American Recovery and Reinvestment Act of 2009

DIVISION B—TAX, UNEMPLOYMENT, HEALTH, STATE FISCAL RELIEF, AND OTHER PROVISIONS

TITLE I—TAX PROVISIONS

SEC. 1201. SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED DURING 2009.

(a) EXTENSION OF SPECIAL ALLOWANCE.—

(1) IN GENERAL.—Paragraph (2) of section 168(k) is amended—

(A) by striking “January 1, 2010” and inserting “January 1, 2011”, and

(B) by striking “January 1, 2009” each place it appears and inserting “January 1, 2010”.

(2) CONFORMING AMENDMENTS.—

(A) The heading for subsection (k) of section 168 is amended by striking “JANUARY 1, 2009” and inserting “JANUARY 1, 2010”.

(B) The heading for clause (ii) of section 168(k)(2)(B) is amended by striking “PRE-JANUARY 1, 2009” and inserting “PRE-JANUARY 1, 2010”.

(C) Subparagraph (B) of section 168(l)(5) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(D) Subparagraph (C) of section 168(n)(2) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(E) Subparagraph (B) of section 1400N(d)(3) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(3) TECHNICAL AMENDMENTS.—

(A) Subparagraph (D) of section 168(k)(4) is amended—

(i) by striking “and” at the end of clause (i), (ii) by redesignating clause (ii) as clause (iii), and (iii) by inserting after clause (i) the following new clause: “(ii) ‘April 1, 2008’ shall be substituted for ‘January 1, 2008’ in subparagraph (A)(iii)(I) thereof, and”.

(B) Subparagraph (A) of section 6211(b)(4) is amended by inserting “168(k)(4),” after “53(e),”.

(b) EXTENSION OF ELECTION TO ACCELERATE THE AMT AND RESEARCH CREDITS IN LIEU OF BONUS DEPRECIATION.—

(1) IN GENERAL.—Section 168(k)(4) (relating to election to accelerate the AMT and research credits in lieu of bonus depreciation) is amended—

(A) by striking “2009” and inserting “2010” in subparagraph (D)(iii) (as redesignated by subsection (a)(3)), and

(B) by adding at the end the following new subparagraph:

“(H) SPECIAL RULES FOR EXTENSION PROPERTY.—

“(i) TAXPAYERS PREVIOUSLY ELECTING ACCELERATION.— In the case of a taxpayer who made the election under subparagraph (A) for its first taxable year ending after March 31, 2008—

“(I) the taxpayer may elect not to have this paragraph apply to extension property, but

“(II) if the taxpayer does not make the election under subclause (I), in applying this paragraph to the taxpayer a separate bonus depreciation amount, maximum amount, and maximum increase amount shall be computed and applied to eligible qualified property which is extension property and to eligible qualified property which is not extension property.

“(ii) TAXPAYERS NOT PREVIOUSLY ELECTING ACCELERATION.— In the case of a taxpayer who did not make the election under subparagraph (A) for its first taxable year ending after March 31, 2008—

“(I) the taxpayer may elect to have this paragraph apply to its first taxable year ending after December 31, 2008, and each subsequent taxable year, and

“(II) if the taxpayer makes the election under subclause (I), this paragraph shall only apply to eligible qualified property which is extension property.

“(iii) EXTENSION PROPERTY.—For purposes of this subparagraph, the term ‘extension property’ means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 1201(a) of the American Recovery and Reinvestment Tax Act of 2009 (and the application of such extension to this paragraph pursuant to the amendment made by section 1201(b)(1) of such Act).”.

(2) TECHNICAL AMENDMENT.—Section 6211(b)(4)(A) is amended by inserting “168(k)(4),” after “53(e),”.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after December 31, 2008, in taxable years ending after such date.

(2) TECHNICAL AMENDMENTS.—The amendments made by subsections (a)(3) and (b)(2) shall apply to taxable years ending after March 31, 2008.

SDG&E Advice Letter 2066-E / 1843-G
Attachment D (electric)

CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES
WITH 50% BONUS DEPRECIATION

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)		
YEAR	PMT/(BEN) REFLECTING CIAC OF \$1,000	TAX BASIS	CALIFORNIA DEPRECIATION RATES	CALIFORNIA RATES	STATE TAX BENEFIT	MODIFIED MACRS RATES	FEDERAL TAX RATE	FEDERAL TAX BENEFIT	REMAINING CIAC PAYABLE	WTD. AVG. UNRECOVERED TAX PMT.	PRE-TAX RATE OF RETURN 17.000%	REVENUE REQUIREMENT ON REMAINING INVESTMENT	DISCOUNT FACTOR 0.12	DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT		
1	438.4	1,000	3.334%	8.840%	2.9473	51.875%	35.00%	181.5625	253.8902	346.1451	17.000%	58.8447	0.8929	52.5399	1	-0.8929
2	-30.94		6.445%		5.6974	3.610%		11.6034	205.6494	229.7698	17.000%	39.0609	0.7972	31.1391	2	-0.7972
3			6.016%		5.3181	3.339%		9.6924	190.6389	198.1441	17.000%	33.6845	0.7118	23.9760	3	-0.7118
4			5.615%		4.9637	3.089%		8.9502	176.7250	183.6820	17.000%	31.2259	0.6355	19.8446	4	-0.6355
5			5.241%		4.6330	2.857%		8.2622	163.8298	170.2774	17.000%	28.9472	0.5674	16.4254	5	-0.5674
6			4.892%		4.3245	2.643%		7.6290	151.8764	157.8531	17.000%	26.8350	0.5066	13.5954	6	-0.5066
7			4.566%		4.0363	2.444%		7.0404	140.7996	146.3380	17.000%	24.8775	0.4523	11.2533	7	-0.4523
8			4.261%		3.7667	2.261%		6.5008	130.5322	135.6659	17.000%	23.0632	0.4039	9.3148	8	-0.4039
9			3.977%		3.5157	2.231%		6.4902	120.5263	125.5292	17.000%	21.3400	0.3606	7.6954	9	-0.3606
10			3.712%		3.2814	2.231%		6.5780	110.6669	115.5966	17.000%	19.6514	0.3220	6.3272	10	-0.3220
11			3.465%		3.0631	2.231%		6.6600	100.9438	105.8053	17.000%	17.9869	0.2875	5.1708	11	-0.2875
12			3.234%		2.8589	2.231%		6.7364	91.3485	96.1461	17.000%	16.3448	0.2567	4.1953	12	-0.2567
13			3.018%		2.6679	2.231%		6.8079	81.8727	86.6106	17.000%	14.7238	0.2292	3.3743	13	-0.2292
14			2.817%		2.4902	2.231%		6.8747	72.5077	77.1902	17.000%	13.1223	0.2046	2.6851	14	-0.2046
15			2.630%		2.3249	2.231%		6.9369	63.2459	67.8768	17.000%	11.5391	0.1827	2.1082	15	-0.1827
16			2.455%		2.1702	2.231%		6.9948	54.0809	58.6634	17.000%	9.9728	0.1631	1.6268	16	-0.1631
17			2.367%		2.0924	2.231%		7.0489	44.9396	49.5103	17.000%	8.4167	0.1456	1.2258	17	-0.1456
18			2.367%		2.0924	2.231%		7.0762	35.7710	40.3553	17.000%	6.8604	0.1300	0.8921	18	-0.1300
19			2.367%		2.0924	2.231%		7.0762	26.6025	31.1868	17.000%	5.3017	0.1161	0.6156	19	-0.1161
20			2.367%		2.0924	2.231%		7.0762	17.4339	22.0182	17.000%	3.7431	0.1037	0.3880	20	-0.1037
21			2.367%		2.0924	1.116%		3.1737	12.1679	14.8009	17.000%	2.5162	0.0926	0.2329	21	-0.0926
22			2.367%		2.0924			(0.7323)	10.8078	11.4878	17.000%	1.9529	0.0826	0.1614	22	-0.0826
23			2.367%		2.0924			(0.7323)	9.4477	10.1278	17.000%	1.7217	0.0738	0.1270	23	-0.0738
24			2.367%		2.0924			(0.7323)	8.0877	8.7677	17.000%	1.4905	0.0659	0.0982	24	-0.0659
25			2.367%		2.0924			(0.7323)	6.7276	7.4076	17.000%	1.2593	0.0588	0.0741	25	-0.0588
26			2.367%		2.0924			(0.7323)	5.3676	6.0476	17.000%	1.0281	0.0525	0.0540	26	-0.0525
27			2.367%		2.0924			(0.7323)	4.0075	4.6875	17.000%	0.7969	0.0469	0.0374	27	-0.0469
28			2.367%		2.0924			(0.7323)	2.6474	3.3275	17.000%	0.5657	0.0419	0.0237	28	-0.0419
29			2.367%		2.0924			(0.7323)	1.2874	1.9674	17.000%	0.3345	0.0374	0.0125	29	-0.0374
30			2.367%		2.0924			(0.7323)	(0.0727)	0.6073	17.000%	0.1032	0.0334	0.0034	30	-0.0334
31			1.184%		1.0467			(0.7323)	(0.3870)	(0.2299)	17.000%	(0.0391)	0.0298	-0.0012	31	-0.0298
32					0.0000			(0.3663)	(0.0207)	(0.2039)	17.000%	(0.0347)	0.0266	-0.0009	32	-0.0266
			<u>100.000%</u>		<u>88.3996</u>	<u>100.0%</u>		<u>319.0811</u>				<u>427.2371</u>		<u>215.2158</u>		
	<u>407.46</u>							<u>407.4807</u>				215.2158	/ 1000	<u>21.5200%</u>		
														<u>22.0000%</u>		

SDG&E Advice Letter 2066-E / 1843-G
Attachment D (Gas)

CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES
WITH 50% BONUS DEPRECIATION on 15 YEAR PROPERTY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)		
YEAR	PMT/(BEN) REFLECTING CIAC OF \$1,000	TAX BASIS	CALIFORNIA DEPRECIATION RATES	CALIFORNIA RATES	STATE TAX BENEFIT	MODIFIED MACRS RATES	FEDERAL TAX RATE	FEDERAL TAX BENEFIT	REMAINING CIAC PAYABLE	WTD. AVG. UNRECOVERED TAX PMT.	PRE-TAX RATE OF RETURN 17.000%	REVENUE REQUIREMENT ON REMAINING INVESTMENT	DISCOUNT FACTOR 0.12	DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT		
1	438.4	1,000	2.857%	8.840%	2.5256	52.500%	35.00%	183.7500	252.1244	345.2622	17.000%	58.6946	0.8929	52.4059	1	-0.8929
2	-30.94		5.551%		4.9071	4.750%		15.7410	200.5363	226.3304	17.000%	38.4762	0.7972	30.6730	2	-0.7972
3			5.234%		4.6269	4.275%		13.2450	182.6644	191.6003	17.000%	32.5721	0.7118	23.1842	3	-0.7118
4			4.935%		4.3625	3.850%		11.8556	166.4463	174.5553	17.000%	29.6744	0.6355	18.8586	4	-0.6355
5			4.653%		4.1133	3.465%		10.6006	151.7324	159.0893	17.000%	27.0452	0.5674	15.3462	5	-0.5674
6			4.387%		3.8781	3.115%		9.4628	138.3914	145.0619	17.000%	24.6605	0.5066	12.4938	6	-0.5066
7			4.137%		3.6571	2.950%		8.9677	125.7667	132.0790	17.000%	22.4534	0.4523	10.1568	7	-0.4523
8			3.901%		3.4485	2.950%		9.0450	113.2732	119.5199	17.000%	20.3184	0.4039	8.2063	8	-0.4039
9			3.678%		3.2514	2.955%		9.1355	100.8862	107.0797	17.000%	18.2035	0.3606	6.5644	9	-0.3606
10			3.468%		3.0657	2.950%		9.1870	88.6335	94.7599	17.000%	16.1092	0.3220	5.1867	10	-0.3220
11			3.270%		2.8907	2.955%		9.2695	76.4733	82.5534	17.000%	14.0341	0.2875	4.0345	11	-0.2875
12			3.084%		2.7263	2.950%		9.3133	64.4338	70.4535	17.000%	11.9771	0.2567	3.0742	12	-0.2567
13			2.908%		2.5707	2.955%		9.3883	52.4748	58.4543	17.000%	9.9372	0.2292	2.2773	13	-0.2292
14			2.742%		2.4239	2.950%		9.4253	40.6256	46.5502	17.000%	7.9135	0.2046	1.6193	14	-0.2046
15			2.585%		2.2851	2.955%		9.4941	28.8464	34.7360	17.000%	5.9051	0.1827	1.0788	15	-0.1827
16			2.438%		2.1552	1.475%		4.3627	22.3285	25.5874	17.000%	4.3499	0.1631	0.7096	16	-0.1631
17			2.299%		2.0323			(0.7543)	21.0505	21.6895	17.000%	3.6872	0.1456	0.5370	17	-0.1456
18			2.168%		1.9165			(0.7113)	19.8453	20.4479	17.000%	3.4761	0.1300	0.4520	18	-0.1300
19			2.040%		1.8034			(0.6708)	18.7127	19.2790	17.000%	3.2774	0.1161	0.3805	19	-0.1161
20			2.040%		1.8034			(0.6312)	17.5404	18.1266	17.000%	3.0815	0.1037	0.3194	20	-0.1037
21			2.040%		1.8034			(0.6312)	16.3682	16.9543	17.000%	2.8822	0.0926	0.2668	21	-0.0926
22			2.040%		1.8034			(0.6312)	15.1960	15.7821	17.000%	2.6830	0.0826	0.2217	22	-0.0826
23			2.040%		1.8034			(0.6312)	14.0238	14.6099	17.000%	2.4837	0.0738	0.1833	23	-0.0738
24			2.040%		1.8034			(0.6312)	12.8516	13.4377	17.000%	2.2844	0.0659	0.1505	24	-0.0659
25			2.040%		1.8034			(0.6312)	11.6794	12.2655	17.000%	2.0851	0.0588	0.1227	25	-0.0588
26			2.040%		1.8034			(0.6312)	10.5072	11.0933	17.000%	1.8859	0.0525	0.0990	26	-0.0525
27			2.040%		1.8034			(0.6312)	9.3350	9.9211	17.000%	1.6866	0.0469	0.0791	27	-0.0469
28			2.040%		1.8034			(0.6312)	8.1628	8.7489	17.000%	1.4873	0.0419	0.0623	28	-0.0419
29			2.040%		1.8034			(0.6312)	6.9906	7.5767	17.000%	1.2880	0.0374	0.0481	29	-0.0374
30			2.040%		1.8034			(0.6312)	5.8183	6.4045	17.000%	1.0888	0.0334	0.0363	30	-0.0334
31			2.040%		1.8034			(0.6312)	4.6461	5.2322	17.000%	0.8895	0.0298	0.0265	31	-0.0298
32			2.040%		1.8034			(0.6312)	3.4739	4.0600	17.000%	0.6902	0.0266	0.0184	32	-0.0266
33			2.040%		1.8034			(0.6312)	2.3017	2.8878	17.000%	0.4909	0.0238	0.0117	33	-0.0238
34			2.040%		1.8034			(0.6312)	1.1295	1.7156	17.000%	0.2917	0.0212	0.0062	34	-0.0212
35			2.040%		1.8034			(0.6312)	(0.0427)	0.5434	17.000%	0.0924	0.0189	0.0018	35	-0.0189
36			1.025%		0.9061			(0.6312)	(0.3176)	(0.1802)	17.000%	(0.0306)	0.0169	-0.0005	36	-0.0169
					0.0000			(0.3171)	(0.0005)	(0.1590)	17.000%	(0.0270)	1.0000	-0.0270		-1.0000
			<u>100.000%</u>		<u>88.4008</u>	<u>100.0%</u>		<u>319.0597</u>				<u>378.0987</u>		<u>198.8653</u>		
	<u>407.46</u>							<u>407.4605</u>				198.8653	/ 1000	<u>19.8900%</u>		
														<u>20.0000%</u>		