APPENDIX XII

ATTACHMENT

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CITIZENS SX-PQ PROTOCOLS

A. INTRODUCTION

This Attachment sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") SX-PQ Line Rate used to derive the charges assessed by SDG&E to Citizens Sycamore-Penasquitos Transmission LLC ("Citizens"). SDG&E's Appendix XII Formula rate mechanism consists of SDG&E's TO Tariff and two attachments: the Citizens SX-PQ Protocols ("Protocols") (Attachment 1) and the Formula Rate Spreadsheet (Attachment 2). Capitalized terms shall have the meaning ascribed to them herein or in Appendix XII of SDG&E's TO Tariff.

The SX-PQ Line Rate for each Rate Effective Period will consist of the following six parts:

(i) the Direct Maintenance Expense Cost Component;

(ii) the Non-Direct Expense Cost Component;

(iii) the Cost Component Containing Other Specific Expenses;

(iv) the True-Up Adjustment Cost Component;

(v) the Interest True-Up Adjustment Cost Component; and

(vi) Other Adjustments.

These cost components shall be designed to quantify SDG&E's cost to operate and maintain the segment of the SX-PQ transmission line leased to Citizens.

The SX-PQ Line Rate will be an annual calculation based on the previous calendar year's data as shown in SDG&E's Federal Energy Regulatory Commission

("FERC" or the "Commission") Form No. 1: Annual Report of Major Electric Utilities, Licensees, and Others ("Form 1") for that year and underlying ledger accounts. SDG&E shall make available the data reflected in the underlying ledger accounts used to determine SDG&E's SX-PQ Line Rate in the Aannual Informational Filing described below.

SDG&E shall calculate its SX-PQ Line Rate using the formula methodology that is presented in the Citizens SX-PQ Formula Rate Spreadsheet. The Formula Rate Spreadsheet contains fixed formulae that are described in Appendix XII. If there is any conflict between the provisions of Appendix XII and the Formula Rate Spreadsheet, the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA") and will be populated with data from SDG&E's annual FERC Form 1 filing or SDG&E's underlying ledger accounts. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing. The sources of the data used in the Citizens SX-PQ Line Rate formula ("Appendix XII Formula") will be: (a) identified in the Formula Rate Spreadsheet by fixed references to specific locations in FERC Form 1, or (b) provided by SDG&E in accordance with Section C of these Protocols.

B. TERM OF SDG&E'S APPENDIX XII FORMULA

The SX-PQ Line Rate shall initially become effective on ~~June~~ January 1, ~~2019~~ 2027 and shall be re-calculated annually thereafter in accordance with these Protocols and the Appendix XII Formula.

The Appendix XII Formula shall be in effect from ~~June~~ January 1, ~~2019~~ 2027 and each year

thereafter, unless the Commission modifies or replaces SDG&E's Transmission Owner ("TO") Formula. The costing methodology utilized in the Appendix XII Formula reflects the same methodologies reflected in SDG&E's proposed ~~TO5~~ TO6 Formula. Citizens and SDG&E agree that if the costing methodology for the proposed ~~TO5~~ TO6 Formula or any subsequent TO Formula (ex: TO6) is modified and filed, the Appendix XII Formula will be modified accordingly.

After termination of the Appendix XII Formula, SDG&E shall calculate a Final True-Up Adjustment, which will cover the period end date from the most recent true-up and ending on the date the Appendix XII Formula terminated. The Final True-Up Adjustment shall be calculated using the methodology set forth in the Appendix XII Formula in existence during that base period.

C. PROCEDURES FOR UPDATING THE SX-PQ LINE RATE

SDG&E shall update its SX-PQ Line Rate in each cycle according to the timelines described below:

Events	Date
Post of Draft Informational Filing	July 15
Informational Requests	July 15 – October 15
Draft Informational Filing Meeting	On or before August ~~7~~30
Annual Informational Filing	On or before October 31

Appendix XII Cycle ~~9~~1

Rate Effective Period	~~June~~ January 1, ~~2019~~ 2027 – December 31, ~~2019~~2027
Base Period	12 Months ended December 31, 2017
True-Up Adjustment	2025 calendar year applicable to Cycle 7~~N/A~~
Interest True-Up Adjustment	January 1, 2025 – December 31, 2026~~N/A~~

Appendix XII Cycle ~~2~~10

Rate Effective Period	January 1, ~~2020~~ 2028 – December 31, ~~2020~~2028
Base Period	12 Months ended December 31, ~~2018~~2026
True-Up Adjustment	2026 calendar year applicable to Cycle 8~~N/A~~
Interest True-Up Adjustment	January 1, 2026 – December 31, 2027~~N/A~~

Appendix XII Cycle ~~3~~11

Rate Effective Period	January 1, ~~2021~~ 2029 – December 31, ~~2021~~2029
Base Period	12 Months ended December 31, ~~2019~~2027
True-Up Adjustment	2027 calendar year applicable to Cycle 9~~June 1, 2019 – December 31, 2019 applicable to Cycle 1~~
Interest True-Up Adjustment	January 1, 2027 – December 31, 2028

Appendix XII Cycle 412

Rate Effective Period	January 1, ~~2022~~ 2030 – December 31, ~~2022~~2030
Base Period	12 Months ended December 31, ~~2020~~2028
True-Up Adjustment	~~2020~~ 2028 calendar year applicable to Cycle ~~2~~10
Interest True-Up Adjustment	January 1, ~~2020~~ 2028 – December 31, ~~2021~~2029

After Cycle 4, successive Appendix XII Formula cycles will be consistent with Cycle ~~4~~ 12 with regards to timing and the length of the Base Period, True-Up Period, and Rate Effective Period.

1. Draft Informational Filing

On or before July 15 (the "Posting Date") of each year, SDG&E shall post on its website ~~at https://www.sdge.com/rates-and-regulations/tariff-information/open-access-ferc-tariffs,~~ a draft of the Informational Filing (the "Draft Informational Filing") for review, comment and discussion prior to filing the Annual Informational Filing at FERC on or before October 31. SDG&E will provide electronic notice of its posting via email to the Service List.[1] If the date for making the Draft Informational Filing posting should fall on a weekend or holiday recognized by the FERC, then the posting shall be made on the next business day.

The Draft Informational Filing shall include the following:

a. The populated version of the Formula Rate Spreadsheet itself.

b. Workpapers supporting all inputs that are not ~~taken from~~supported by the FERC Form 1.

[1] The "Service List" includes: (1) ~~any state regulatory agency with jurisdiction over SDG&E's rates, charges or services; (2) any consumer advocacy agencies and attorneys general in a state with a regulatory agency that has jurisdiction over SDG&E's rates; (3) any person or entity admitted as a party in the FERC proceedings concerning SDG&E's Appendix XII Formula rate mechanism filing; and (4) any person or entity admitted as a party in any Annual Informational Filing proceeding filed by SDG&E in accordance with these Protocols. For purposes of communications with parties on the Service List, SDG&E will include the individuals on the service list in the FERC proceedings concerning SDG&E's Appendix XII Formula and parties that are admitted in future FERC proceedings involving SDG&E's Annual Informational Filings. For the purposes of these Protocols, the term "Interested Party" includes, but is not limited to, customers under the CAISO Tariff, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general.~~ the service list compiled by FERC in ER25-270 and (2) the service list compiled by FERC in any docket created by an SDG&E Annual Informational Filing.

c. Identification and explanation of any accounting changes that affect the inputs.

d. Identification and explanation of any aspects of the Appendix XII Formula Rate Spreadsheet or its inputs that are the subject of an ongoing dispute in any FERC proceeding on a prior Informational Filing.

The Draft Informational Filing shall be subject to review and challenge in accordance with the procedures set forth in these Protocols; provided, however, that with respect to the prudence of any costs and expenditures included for recovery in the Annual Informational Filing, nothing in these Protocols is intended to modify the Commission's applicable precedent with respect to the burden of going forward or burden of proof under formula rates in such prudence challenges.

2. Draft Informational Filing Meeting

SDG&E will provide notice to Interested Parties of a one-day meeting to take place on or before August ~~7~~ 30 of each year to discuss any details or questions regarding SDG&E's Draft Informational Filing. At least fifteen (15) business days prior to the meeting. Interested Parties are encouraged to provide a list of topics they would like to address at least seven (7) business days before the meeting and SDG&E will make available subject matter experts to the extent possible to assure that the issues are addressed during the meeting. By mutual agreement of SDG&E and Interested Parties, such meeting may take place in-person, via telephone, or video conference. ~~SDG&E shall make appropriate personnel available for such meeting.~~ Additional meetings to discuss the Draft Informational Filing shall be scheduled as SDG&E and the Interested Parties may mutually agree.

3. Review Procedures

Each Draft Informational Filing provided for in Appendix XII shall be subject to the following review procedures:

a. Interested Parties shall have until October 15 to review the calculations and to notify SDG&E in writing of any specific challenges, including but not limited to challenges related to accounting changes, to the Draft Informational Filing ("Preliminary Challenge"). SDG&E shall contemporaneously provide copies of all Preliminary Challenges to all parties on the Service List that have indicated to SDG&E that they wish to receive such copies. SDG&E shall respond in writing to a Preliminary Challenge within twenty (20) business days of receipt, and its response shall notify the challenging party of the extent to which SDG&E agrees or disagrees with the challenge. If SDG&E disagrees with the Preliminary Challenge, its response shall include supporting documentation. SDG&E shall provide copies of responses to all Preliminary Challenges to all parties on the Service List that have indicated to SDG&E that they wish to receive such copies.

b. Interested Parties may submit reasonable information requests to SDG&E regarding issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Draft Informational Filing fails to include data properly recorded in accordance with the Formula Rate Protocols; (3) the proper application of the Formula Rate Spreadsheet and/or procedures in the Protocols; (4) the accuracy of data and consistency with the Appendix X Formula; (5) the prudence of actual costs and expenditures; and (6) the effect of any change to the underlying Uniform System of Accounts or

applicable form; or (7) any other information that may reasonably have substantive effect on the calculation pursuant to Appendix X and this Attachment 1. The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable.

~~b.~~c. SDG&E shall make a good faith effort to respond to information requests in writing within 10 business days of receipt, or sooner depending on the timing of the information requests. SDG&E shall contemporaneously provide copies of all responses to all parties on the ~~Service List that have indicated to SDG&E that they wish to receive such copies~~service list for the Appendix XII Formula. SDG&E and the Interested Party serving the information request on SDG&E will work cooperatively and in good faith to resolve any questions, objections, or disputes relating to the information requests.

~~c.~~d. Responses to information requests shall not be designated as settlement communications or produced under the Commission's rules and regulations governing settlements, unless provided as a privileged settlement communication in a Commission proceeding being conducted under the Commission's settlement rules. SDG&E may mark materials provided in response to an information request as Protected Materials in accordance with ~~the~~ any applicable Protective Order adopted in the FERC proceedings concerning SDG&E's Appendix XII Formula ("Protective Order"). Interested Parties will have all rights provided to them under the Protective Order to ~~challenge~~ protest SDG&E's classification of any materials as Protected Materials. To the extent an information request response calls for the production of Protected Materials, SDG&E will

provide such materials only to the parties that have signed non-disclosure certificates agreeing to abide by the terms of the Protective Order.[2]

~~d.~~e. To the extent SDG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these ~~protocols~~Protocols, SDG&E or any Interested Party may petition the FERC to appoint an Administrative Law Judge as a discovery master after reasonable attempts to resolve the dispute have been made by SDG&E and any Interested Party. Neither SDG&E nor any Interested Party shall object to a request for a discovery master. The discovery master shall have the authority to issue binding orders to resolve discovery disputes and compel the production of discovery, if appropriate, in accordance with the Protocols and consistent with FERC's discovery rules. The discovery master's orders shall be subject to appeal to the Commission and to the courts to the same extent and under the same rules as would be applicable to an Initial Decision issued under Rule 708 of the Commission's Rules of Practice and Procedure. In the event that the Commission establishes hearing or settlement procedures for an Annual Informational Filing, the discovery master's responsibility shall be transferred to the Presiding Judge for such hearing or settlement procedures, effective upon his or her appointment.

~~e. Information requests, Preliminary Challenges, and Formal Challenges, shall be limited to what is necessary to determine: (1) the extent, effect, or impact of an accounting change; (2) whether the Draft Informational~~

[2] Nothing in these Protocols limits the CPUC's statutory or Constitutional authority to seek information from SDG&E.

~~Posting fails to include data properly recorded in accordance with the Protocols; (3) the proper application of the formula and procedures in the Protocols; (4) the accuracy of the data and consistent with the formulas of the changes shown in the Draft Informational Posting; (5) the prudence of the actual costs; (6) the effect of any change to the underlying USofA or applicable form; and (7) any other information that may reasonably have substantive effect on the calculation pursuant to Appendix XII and this Attachment 1.~~

~~f. If a change made by SDG&E to its accounting policies, practices and procedures, or the application of the formula is found by the FERC to be unjust or unreasonable, then the calculation of the amounts to be assessed during the rate year then under review, and the amounts to be assessed during any subsequent rate years, including any true-up adjustments, shall not include such change, but shall include any remedy that may be prescribed by FERC in the exercise of its discretion as of the effective date of such remedy, to ensure that the formula continues to operate in a manner that is just and reasonable.~~

4. Resolution of Challenges

a. Interest Parties may file a Preliminary Challenge to the Draft Informational Filing, or a challenge with the FERC ("Formal Challenge") to the Annual Informational Filing, which shall be serviced on SDG&E by electronic service on the date of such filing. Subject to any applicable

confidentiality and Critical Energy Infrastructure Information restrictions, all information and correspondence produced by SDG&E pursuant to these Protocols may be included in any Formal Challenge or other FERC proceeding related to the formula.

Interested Parties may challenge, through a Formal Challenge, the justness and reasonableness of SDG&E's implementation of the formula with respect to any issues to be raised in a Preliminary Challenge, as outlined in section C.3.b~~e~~., above. Formal Challenges must be filed in the same docket as the informational filings made pursuant to these Protocols. Interested Parties shall have until thirty (30) calendar days after SDG&E submits the ~~Draft~~ Annual Informational Filing described in section C.~~1~~ 5 of these Protocols to file a Formal Challenge with the FERC (unless such date is extended with the written consent of both SDG&E and the complaining party to continue efforts to resolve the dispute).

b. Failure to raise an issue in a Preliminary Challenge shall not bar an Interested Party from raising that issue in a Formal Challenge, provided the Interested Party submitted a Preliminary Challenge during the Review Period with respect to one or more issues. Likewise, failure to make a Preliminary Challenge shall not bar an Interested Party from making a subsequent Preliminary Challenge related to a subsequent informational filing to the extent the issue affects the subsequent informational filing.

c. Any response by SDG&E to a Formal Challenge must be submitted to the FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge and shall be served on the filing party(ies) and the Appendix XII Service List by electronic service on the date of such filing.

d. In any proceeding concerning a given year's informational filing (including corrections) or accounting changes, SDG&E shall bear the burden, consistent with Section 205 of the FPA, of proving the justness and reasonableness of the rate resulting from its application of the formula by demonstrating: (i) that it has reasonably and accurately calculated the informational posting by properly and reasonably applying the formula and the procedures in these Protocols; (ii) that is has reasonably adopted and applied any accounting changes; (iii) the amounts to be recovered through SDG&E's formula have been accurately stated, properly recorded and accounted for pursuant to applicable FERC accounting practices and procedures and the USofA, unless otherwise approved by FERC; (iv) its calculation methodologies are consistent with Appendix XII and this Attachment 1.

e. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of SDG&E to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, an application seeking changes to the formula or to any of the stated value inputs requiring a Section 205 filing under these

Protocols, or the right of any other party or the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder. All parties reserve the right to contest such filing(s).

5. Annual Informational Filing

a. SDG&E shall submit to the Commission on or before October 31 of each year, starting in ~~2019~~2026, an Annual Informational Filing ~~(the "Informational Filing")~~ showing the rates to be in effect for the Rate Effective Period of the succeeding calendar year.

b. It is expressly intended by these Protocols that the Commission will issue public notice of the Annual Informational Filing inviting public comment, and SDG&E shall request in its Annual Informational Filing that the Commission issue public notice of the Annual Informational Filing inviting public comment.

c. The Annual Informational Filing shall not modify the Appendix XII Formula set forth in Appendix XII and shall not constitute a rate change under Section 205 or Section 206 of the FPA. The Annual Informational Filing shall not subject the Appendix XII Formula to modification.

d. Any person may comment on or protest the Annual Informational Filing. Any person may request that FERC establish hearing and/or settlement procedures regarding an Annual Informational Filing, and all Parties to the FERC proceedings concerning SDG&E's Appendix XII Formula rate tariff filing reserve their rights to oppose such

requests on their merits. More particularly, any person may challenge the justness and reasonableness of SDG&E's implementation of the Appendix XII Formula with respect to such matters as:

(i) whether the costs and expenditures included for recovery have been or will be prudently incurred, consistent with Commission precedent regarding prudence;

(ii) whether SDG&E has properly and reasonably applied the Appendix XII Formula as described in Appendix XII, the Formula Rate Spreadsheet, and these Protocols;

(iii) whether the costs to be recovered through the SX-PQ Line Rate have been accurately stated, properly recorded and accounted for pursuant to applicable FERC accounting rules, and are consistent with the formula;

(iv) whether SDG&E's calculation methodologies are consistent with the formula;

(v) whether any accounting changes are reasonable and consistent with applicable FERC accounting rules.

e. Nothing in these Protocols shall act as a bar to a person raising an issue in comments or in protests to the Annual Informational Filing that it has not raised in a prior Annual Informational Filing proceeding (including pre-filing phases of such proceeding) or with respect to which it has not previously exercised its rights under the FPA.

f. It is expressly intended by these Protocols that FERC will issue an order taking action, assuming any action is requested, on the Annual Informational Filing if protests and/or comments on the Annual Informational Filing are filed.

g. In any proceeding on SDG&E's Annual Informational Filing, SDG&E shall bear the burden of showing the justness and reasonableness of the implementation of its Appendix XII Formula on matters set forth in subsections d. (i) through (v) above in accordance with Commission precedent.

h. SDG&E will make any revisions to the SX-PQ Line Rate and associated rates that are required by a final [3] Commission order with respect to each Annual Informational Filing. Unless otherwise ordered by the Commission, such revisions shall be effective as of the first day of the applicable ~~Rate Effective Year~~rate effective year and shall be reflected, with interest calculated pursuant to the interest rates in Section 35.19a of the Commission's regulations, in the next subsequent Annual Informational Filing as a component of the True-Up Adjustment. If the term of the Appendix XII Formula is ending so that there will be no future Annual Informational Filing, SDG&E shall include the SX-PQ Line Rate difference in the Final True-Up Adjustment.

[3] All references in these Protocols to Commission orders or actions refer to the final form of such orders or actions (in accordance with the FPA and applicable Commission regulations, including without limitation Commission regulations with respect to a stay of a Commission order upon rehearing and/or an appeal), including as they may be modified as a result of a request for rehearing or Court appeal.

6. Adjustments to Reflect Correction of Errors

a. In the event SDG&E or any Interested Party identifies an error in the Appendix XII Formula, in the FERC Form 1 data, in data based on SDG&E's books and records that is used as an input to the formula, or if SDG&E is required by applicable law, a court, or regulatory body to correct an error, and such error affects the True-Up Adjustment calculated in an Annual Informational Filing, SDG&E shall include in its next subsequent Annual Informational Filing a brief description of the error(s) included in its prior Annual Informational Filing that must be corrected. SDG&E's subsequent Annual Informational Filing shall:

(i) Recalculate the SX-PQ Line Rate for all affected Prior Years;

(ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up Adjustment and the revised correct True-Up; and

(iii) Determine the cumulative amount of the difference in Section C.5.a.ii, including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a, through the date of implementation of the correction.

b. Absent an order requiring refunds outside of the True-Up process, the difference in Section C.~~5~~6.a.iii shall be included as an additional component to SDG&E's True-Up Adjustment in its next Annual Informational Filing, or Final True-Up Adjustment, as a one-time True-Up Adjustment in accordance with the Appendix XII Formula.

D. TRUE-UP ADJUSTMENT

The True-Up Adjustment for each True-Up Period will be a reconciliation of the difference between:

1. SDG&E's actual cost of providing transmission service during the applicable True-Up Period; and
2. Actual revenues billed by SDG&E and paid by Citizens for transmission service during the True-Up Period, plus applicable interest.

The True-Up Adjustment shall be calculated in accordance with the Formula Rate Spreadsheet.

E. BILLING PROCEDURES

SDG&E shall bill Citizens through a monthly invoice issued by the 30th of each service month. Payments are due no later than 30 days following the issuance date of the invoice.

F. USE OF INFORMATION

Information produced pursuant to these Protocols may be used in any administrative or judicial proceeding; provided, however, that to the extent that any information provided pursuant to these Protocols has been designated and provided as Protected Materials, the use of such information shall be governed by the Protective Order. This section shall not apply to any information provided in the course of Commission-established settlement proceedings pursuant to the Commission's rules and regulations governing settlement.

G. RESERVATION OF RIGHTS

1. Nothing in these Protocols shall limit or shall be deemed to limit in any way the right of any Interested Party to file a request for relief under any applicable provision of the FPA and/or the Commission's regulations or to participate in Informational Filing proceedings.

2. Except as set forth in Section B above, nothing in these Protocols shall be deemed to limit in any way SDG&E's right to file unilaterally, pursuant to FPA Section 2065 ~~of the FPA~~ and the regulations thereunder, to seek to change or cancel the Appendix XII Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.