Exhibit No. SDG-1

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

San Diego Gas & Electric Company	)	Docket No. ER27-___-000

PREPARED DIRECT TESTIMONY OF

ADAM P. CURREY

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY



October 30, 2026

PREPARED DIRECT TESTIMONY OF
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I. INTRODUCTION

Q. Please state your name, position and business address.

A. My name is Adam Paul Currey, and I am the Transmission Revenue Manager for San Diego Gas & Electric Company ("SDG&E" or "Company"), a Sempra California utility. My business address is 8330 Century Park Court, San Diego, CA 92123.

Q. Please describe your current responsibilities.

A. My current responsibilities include managing SDG&E's FERC accounting and ratemaking within the Transmission Revenue Department. I have directly overseen SDG&E's Transmission Owner ("TO") formula rates filings since 2022. Furthermore, I also provide analytical support for FERC matters regarding electric transmission revenue requirements, cost of service and California Independent System Operator ("CAISO") matters.

Q. Please describe your educational and professional background.

A. I received a Bachelor of Science degree in Business Administration with an emphasis in Accounting and Economics from the University of North Carolina at Wilmington and a Master of Business Administration in Finance from Arizona State University.

Upon receiving my bachelor's degree, I was employed by Arizona Public Service ("APS"). I spent 8 years at APS in both Financial Reporting and Regulatory Reporting departments. I joined Sempra in 2013 and held various positions of increasing responsibilities in Sempra Financial Reporting Department

and SDG&E's Regulatory Reporting Department. Since 2022 I have held my current role and have directly overseen the preparation of annual updates for the transmission revenue requirement calculations for SDG&E's TO5 Formula rates. I have also led the coordination of responses to all data requests and hosted multiple informational conferences regarding SDG&E's TO5 Annual Informational Filings.

Q. Have you previously submitted testimony to this Commission?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony, and how it is organized?

A. In March 2019, SDG&E entered into a Transfer Capability Lease ("Lease" or "Lease Agreement") agreement with Citizens Sycamore-Penasquitos Transmission LLC ("Citizens") to lease a portion of the transfer capability of the Sycamore-Penasquitos 230kV Transmission Line Project ("SX-PQ Project"). Pursuant to the Lease Agreement, SDG&E will operate and maintain the line on Citizens' behalf for a charge.[1] The purpose of my testimony is to explain SDG&E's modifications to the Appendix XII Formula due to the approval of its Sixth TO ("TO6") Formula rate mechanism. The TO6 Formula became effective June 1, 2025.[2] Appendix XII is being modified to align the Tariff, Protocols, and

[1] The Commission approved the transaction and established a certain accounting treatment that SDG&E must follow for the SX-PQ Line in *San Diego Gas & Electric Company*, *Order on Petition for Declaratory Order*, 129 FERC ¶61,233 (December 17, 2009) (Docket No. EL10-2-000).

[2] *San Diego Gas & Electric Company*, 195 FERC ¶61,226 (June 22, 2026) (Docket Nos. ER25-270-000, ER25-270-005, and ER24-524-000)

Formula Rate Spreadsheet with the TO6 Formula. SDG&E is proposing to implement the modifications in the Cycle 9 Annual Informational Filing, to become effective January 1, 2027. I have organized my testimony as follows:

I. Introduction

II. Purpose of Testimony

III. Description of Costs Components included in the Citizens SX-PQ Line Rate

A. Section 1 – Direct Maintenance Expense Cost Component

B. Section 2 – Non-Direct Expenses Cost Component

C. Section 3 – Cost Component Containing Other Specific Expenses

D. Section 4 – True-Up Adjustment Cost Component

E. Section 5 – Interest True-Up Adjustment Cost Component

F. Other Adjustments

IV. Key Differences in this Cycle 9 Compared to Prior Filings

V. Description of Citizens Invoicing Process

VI. FERC Accounting Guidelines for Leases

III. DESCRIPTION OF COST COMPONENTS INCLUDED IN CITIZENS SX-PQ LINE RATE

Q. What Cost components comprise SDG&E's SX-PQ Line Rate?

A. As indicated previously, SDG&E's SX-PQ Line Rate is comprised of the following cost components:

i. Section 1 – Direct Maintenance Expense Cost Component

ii. Section 2 – Non-Direct Expenses Cost Component

iii. Section 3 – Cost Component Containing Other Specific Expenses

iv. Section 4 – True-up Adjustment Cost Component

v. Section 5 – Interest True-up Adjustment Cost Component

vi. Other Adjustments

In the remainder of this Section, I will describe each of the above listed cost components.

Q. Which cost components comprise the Prior Year Cost of Service?

A. The Prior Year Cost of Service is the sum of the cost components listed as Sections 1, 2, and 3 in the previous question. This sum is also illustrated in the Summary of Cost Components page of the Formula Rate Spreadsheet.

i. Section 1 – Direct Maintenance Expense Cost Component

Q. Please explain the purpose of Section 1.

A. Section 1 represents direct maintenance expenses incurred on the SX-PQ, Line subject to the lease with Citizens. SDG&E utilizes an accounting process in which a work order tracks total direct maintenance expenses.

Q. Explain the Direct Maintenance derivation in Section 1.

A. The total direct maintenance expense recorded on the work order is multiplied by Citizens' 13.1% transfer capability percentage to derive Citizens' share of Direct Maintenance.

Q. Which FERC account contains the direct maintenance expense that are directly assigned to the Citizens SX-PQ Line?

A. Citizens SX-PQ Line direct maintenance expenses are charged to Account 572 (Maintenance of Underground Lines). However, each year SDG&E reclassifies the

costs to Account 413 (Expenses from Electric Plant Leased to Others) to conform to the accounting guidelines established in FERC's decision on the *PDO Order*.[3]

ii. Section 2 – Non-Direct Maintenance Expense Cost Component

Q. Please explain the purpose of Section 2.

A. Non-direct expenses refer to all other FERC account expenses other than the Direct Maintenance Expenses included in Section 1. Such expenses include: operations and maintenance expenses ("O&M"), administrative and general expenses ("A&G"), property taxes, payroll taxes, working capital, and general and common plant that support Citizens' interest in the transfer capability of the SX-PQ Line. For these non-direct expenses, SDG&E cannot reasonably track these expenses because it would be administratively burdensome and unmanageable. As a result, SDG&E utilizes the allocation process explained below.

Q. Please explain how non-direct expenses are allocated to Citizens in the SX-PQ Formula.

A. Page 2 of Section 2 derives an annual carrying charge percentage for each non-direct expense type by taking the ratio of the applicable expenses divided by SDG&E's total net transmission plant. Each annual carrying cost percentage is carried forward to page 1, where they are summed and applied to the $27 million lease amount. The resulting product yields the Total Non-Direct Expense charged to Citizens.

[3] The Commission approved the transaction and established a certain accounting treatment that SDG&E must follow in *San Diego Gas & Electric Company*, *Order on Petition for Declaratory Order*, 129 FERC ¶61,233 (December 17, 2009) (Docket No. EL10-2-000)

Q. Please explain how the O&M expense is derived for use in the annual carrying charge percentage on page 2.

A. The O&M workpaper support for Statement AH, page AH-2, provides transmission O&M expenses by FERC account. Expenses incurred to operate and maintain transmission facilities are charged to FERC Accounts 560 through 573 and are directly assigned to transmission. The FERC Accounts are analyzed to confirm expenses are just, reasonable, and appropriately charged to transmission. The total expenses are then adjusted for certain exclusions as well as the direct maintenance and non-direct O&M expenses billed to Citizens during the year to derive the total adjusted O&M with no additional allocations. In accordance with the accounting guidelines established in FERC's *PDO Order,* the O&M expenses included in in the aforementioned FERC Accounts are reclassified to Account 413 (Expenses from Electric Plant Leased to Others).

Q. Please explain the reasoning behind the O&M adjustments.

A. Adjustments are performed to prevent the double recovery of expenses that are recovered through other SDG&E rate mechanisms such as Energy Resource Recovery Account ("ERRA"), Transmission Revenue Balance Account ("TRBAA"), Transmission Access Charge Balancing Account ("TACBAA"), etc. SDG&E makes adjustments to O&M for costs not recoverable in SDG&E's TO6 Formula Rate. Account 560 (Operation Supervision and Engineering) is adjusted to exclude 100% of Executive Officer Compensation and Benefits for officers of SDG&E, Sempra, or any other SDG&E Affiliates, using the definition of "executive officer" set forth in Rule 3b-7 under the Securities Exchange Act of

1934; and 100% of all long-term incentive compensation, 100% of all short-term incentive programs associated with the Non-GAAP Core Earnings per Share or similar financial-based metrics, and 100% of Supplemental Executive Retirement Plan Compensation for employees who are not Rule 3(b)-7 officers. Other adjustments are made per the Appendix XII Formula to exclude expenses that are not applicable to the SX-PQ Line. For instance, Accounts 563 and 571 are overhead line accounts, but Citizens' portion of SX-PQ Line is an underground line. Furthermore, Accounts 562 and 570 are substation expenses to be excluded in the SX-PQ Line Rate, as indicated in the lease agreement, which states that the SX-PQ Line does not consist of facilities below 69kV and substations per Article 1, Section 1.1. Account 572 (Maintenance of Underground Lines) is excluded because these costs have been directly assigned as reflected in Section 1 of the Appendix XII Formula Rate Mechanism. Total Adjusted O&M is then multiplied by the Transmission O&M Allocation Factor that is calculated on Statement AD-6, to get to the Total Non-Direct Adjusted Transmission O&M Expense.

Q. Please explain how the A&G expense is derived for use in the annual carrying charge percentage on page 2.

A. The A&G workpaper support for Statement AH, page AH-3, provides transmission A&G expenses by FERC account. Total A&G expenses are recorded in FERC Accounts 920 through 935 and are not directly assigned to transmission because they are incurred to support the operations of the entire company. These FERC accounts are also analyzed to confirm expenses are appropriate. The total expenses are then adjusted for certain exclusions (for the same reason as

described for O&M), as well as, the A&G expenses billed to Citizens during the year to arrive at total adjusted A&G expense. The A&G balance for Property Insurance (FERC Account 924) is allocated to transmission using the Property Insurance and Tax Allocation Factor, the A&G balance for Injuries and Damages (FERC Account 925) is allocated to transmission using the Blended Wages and Plant Allocation Factor, and the remaining adjusted A&G balances are allocated to Transmission using the Transmission Wages and Salaries Allocation Factor. In accordance with the accounting guidelines established in FERC's *PDO Order,* the A&G expenses included in the aforementioned FERC Accounts are reclassified to Account 413 (Expenses from Electric Plant Leased to Others).

Q. Please explain how the property tax expense is derived for use in the annual carrying charge percentage on page 2.

A. Property tax expense is derived in Statement AK. Transmission-related property taxes start with total Electric property taxes and include Citizens' property taxes, while excluding other taxes (such as business license taxes) and property taxes associated with the San Onofre Nuclear Generating Station ("SONGS") to arrive at total adjusted Electric property tax expense. Since property taxes are directly correlated with gross plant, the Transmission Property Insurance and Tax Allocation Factor is applied to the total adjusted Electric property tax expense to derive the total Transmission-related property tax expense used to calculate the annual carrying charge percentage.

Q. Please explain how the payroll tax expense is derived for use in the annual carrying charge percentage on page 2.

A. Payroll tax expense is derived in Statement AK. Transmission-related payroll taxes start with total Electric payroll taxes, including Citizens' payroll taxes. Since payroll taxes are directly correlated with labor, the Transmission Wages and Salaries Allocation Factor is applied to the total adjusted Electric payroll taxes to derive the total Transmission-related payroll tax expense used to calculate the annual carrying charge percentage.

Q. Please explain how the transmission related working capital revenue is derived for use in the annual carrying charge rate on page 2.

A. Total Transmission Related Working Capital is a summation of materials & supplies ("M&S"), prepayments, and working cash which are calculated in Statement AL. In Statement AL, total electric M&S are allocated to transmission using the Transmission M&S rolling three-year average ratio and total electric prepayments are allocated to transmission using the Transmission Wages and Salaries Allocation Factor produced in Statement AI. Next, the related working cash is derived by taking the Transmission O&M and Transmission-related A&G balances from Statement AH, adding back the Transmission related CPUC intervenor funding expense, and multiplying the total by 0% to remain consistent with SDG&E's TO6 formula Rate. The Cost of Capital Rate is applied to the resulting Total Transmission Related Working Capital to derive the Transmission Working Capital Revenue utilized to derive the carrying charge percentage.

Q. Please explain how the total transmission related general and common plant revenues are derived for use in the annual carrying charge percentage on page 2.

A. The Rate Base derivation workpaper support for Statement AV, page AV-4, provides amounts for Net Transmission Related Common Plant and Net Transmission Related General Plant. These two amounts are combined and multiplied by the Cost of Capital Rate to calculate Transmission Related General and Common Return and Associated Income Taxes. The Transmission Related General and Common Depreciation Expense from Statement AJ is added to derive the Total General and Common Plant Revenues used in the carrying charge percentage.

iii. Section 3 – Cost Component Containing Other Specific Expenses

Q. Please explain the purpose of Section 3.

A. There are three specific costs allocated to Citizens as follows:

i. Part A – Direct Assignment of Accumulated Deferred Income Taxes ("ADIT") to Citizens;

ii. Part B – Equity AFUDC Component of Transmission Depreciation Expense; and

iii. Part C – Derivation of Citizens SX-PQ Underground Line Segment Cost of Removal.

Q. Please explain Part A.

A. Part A derives a credit to Citizens associated with the amount of incremental ADIT associated with Bonus Depreciation allocated to Citizens. As footnoted in Section 3, due to the Tax Cuts and Jobs Act, SDG&E is not eligible to receive Bonus Depreciation on the SX-PQ Line. However, if this item was to apply, subject to IRS approval, the applicable revenue credit would be calculated and

included within Section 3. If an amount were to apply in the future, the Averaged ADIT Difference With and Without Bonus Depreciation is multiplied by the Cost of Capital Rate to determine the Total ADIT Revenue Credit.

Q. Please explain Part B.

A. Part B derives the revenue requirement applicable to the annual income tax expense resulting from the Equity AFUDC Component of Transmission Depreciation Expense allocated to Citizens. The complete derivation of the revenue requirement adjustment is reflected in Statement AV, page "AV-2B". The annual book depreciation associated with AFUDC equity is determined by taking the AFUDC equity embedded in the SX-PQ Line and dividing it over the 30-year lease term, which then applies the combined federal and state tax rate to determine the total tax cost of the AFUDC equity included in transmission depreciation expense. The tax cost is grossed up to determine the total revenue requirement adjustment.

Q. Please explain Part C.

Q. Part C derives Citizens' share of cost of removal that will be required when the SX-PQ Line is retired. Column (a) shows plant balances by FERC account that make up the total $27 million gross plant leased to Citizens. The balances will be reflected as follows:

i.	FERC 357: Underground Conduit	$ 11,661,300
ii.	FERC 358: Underground Conductors & Devices	$ 15,149,700
iii.	FERC 359: Roads & Trails	$ 186,300
iv.	FERC 350.1: Land	$ 0

v. FERC 350.2: Land Rights $ 2,700

Column (b) shows the cost of removal rate for each of these plant accounts. The plant balance multiplied by the removal rate derives the annual cost of removal plus an additional inclusion of franchise fees expense, directly assigned to Citizens.

iv. Section 4 – True-Up Adjustment Cost Component

Q. Please explain the purpose of Section 4.

A. The True-Up ("TU") Adjustment reconciles the difference between (a) SDG&E's actual costs of providing the transmission service ("Cost of Service" / "COS") during the TU Period, less (b) recorded revenues billed by SDG&E and paid by Citizens for transmission services during the TU Period, less (c) adjustments to back out the applicable prior year TU and interest TU adjustments that are included in recorded revenues, less (d) adjustments to back out Other Adjustments such as error corrections or out-of-cycle adjustments, plus (e) applicable interest. In this way, Citizens will pay no more and no less than actual costs associated with its Lease.

In this Cycle 9 Appendix XII filing, the TU Adjustment is made up of the monthly TU COS for the 12-month Base Period ending December 31, 2025, Cycle 7 monthly TU recorded revenues, prior TU and interest adjustments, and prior Other Adjustments.

v. Section 5 – Interest True-Up Adjustment Cost Component

Q. Please explain the purpose of Section 5.

A. The purpose of Section 5 is to accrue interest on a prior cycle's TU amount to fully compensate SDG&E (under-collection) or Citizens (over-collection). Interest is to be accrued from the end of the TU period through the end of the Rate Effective Period at which time the amount is fully refunded (or collected) by the SX-PQ Line Rate.

vi. Other Adjustments

Q. Please explain the purpose of Other Adjustments.

A. The purpose of the Other Adjustments line in the Summary of Cost Components is to allow for potential adjustments to the SX-PQ Line Rate that may result from Error Corrections, FERC audits, and out-of-cycle adjustments.

IV. KEY DIFFERENCES IN THIS CYCLE 9 FILING COMPARED TO PRIOR FILINGS

Q. Please explain the key differences in the instant Cycle 9 filing compared to prior Appendix XII filings.

A. This Cycle 9 filing is being modified to align with the approved TO6 Formula.

Q. Please describe the key differences.

A. The key differences are as follows:

i. **Changes Reflected in the Tariff:** The Appendix XII Tariff proposes several changes to the Allocations, Definitions and Terms. The changes include updates that help explain the items contained in the Formula Rate Spreadsheet and to conform to the FERC approved T.O. Tariff and Appendix VIII formulas.

ii. **Changes Reflected in the Protocols:** The Protocols have been updated to conform with the FERC Approved TO6 Formula including updated timelines and review policies with Interested Parties.

iii. **Changes Reflected in the Appendix XII Formula Rate Spreadsheet** SDG&R has proposed several changes to the Formula Rate Spreadsheet. The changes include the following:

a. **Statement AH – Operation and Maintenance Expenses:** The FERC approved TO6 Formula Rate Spreadsheet includes a new Transmission O&M Allocation Factor that is calculated on Statement AD-6. The Transmission O&M Expense Allocation Factor is applied to the Total Adjusted Electric Transmission O&M expense to account for transmission O&M associated with FERC Order No. 888 plant transfers between generation, transmission and distribution. The new Transmission O&M Allocation Factor also impacts the calculation of the Transmission Wages and Salaries Allocation Factor on Statement AI. SDG&E also updated the adjustment to FERC account 560 to exclude 100% of Executive Officer Compensation and Benefits for officers of SDG&E, Sempra, or any other SDG&E Affiliates, using the definition of "executive officer" set forth in Rule 3b-7 under the Securities Exchange Act of 1934; and 100% of all long-term incentive compensation, 100% of all short-term incentive programs associated with the Non-GAAP Core Earnings per Share or similar

financial-based metrics, and 100% of Supplemental Executive Retirement Plan Compensation for employees who are not Rule 3(b)-7 officers to conform to the TO6 Formula.

b. **Statement AL – Working Capital:** The FERC approved TO6 Formula modifies how working capital is allocated to Transmission Rate Base. M&S is now allocated using a rolling 3-year transmission M&S utilization average ratio instead of the Transmission Plant Allocation Factor. Prepayments are now allocated using the Transmission Wages and Salaries Allocation Factor instead of the Transmission Plant Allocation Factor. Cash Working Cash is no longer allocated to Transmission Rate Base.

c. **Statement AT – State and Local Tax Adjustments:** SDG&E is adding Statement AT to the Appendix XII Formula Rate Spreadsheet to conform to the TO6 Formula.

d. **Statement AV – Cost of Capital and Fair Rate of Return:** The FERC approved TO6 Formula Rate includes a ROE of 10.28% and a fixed capital structure of 54% equity and 46% debt that is reflected in the Appendix XII Cycle 9 filing.

e. **Miscellaneous Statement:** SDG&E has added Unfunded Reserves to Miscellaneous Statement in the Appendix XII Formula rate to conform to the TO6 Formula.

V. DESCRIPTION OF CITIZENS INVOICING PROCESS

Q. Please summarize the invoicing and allocation procedures SDG&E will use to bill Citizens for its lease of transfer capability in the SX-PQ Line.

A. SDG&E will invoice Citizens on a monthly basis for the costs to operate and maintain the SX-PQ Line as derived in the Appendix XII Cycle 9 filing starting January 1, 2027. The first page of the Appendix XII filing entitled Summary of Cost Components reflects the costs that will be billed to Citizens each month. SDG&E will 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.

VI. FERC ACCOUNTING GUIDELINES FOR LEASES

Q. You have referred to the *PDO Order* previously in your testimony. Please explain the accounting requirements regarding the treatment of the Citizens Lease and SX-PQ Line Costs set forth there.

A. As previously discussed, the *PDO Order* was granted by the FERC with specific accounting and ratemaking treatment in December 2009 for the Appendix X Citizens Border East Line, which was also adopted upon the original implementation of Appendix XII tariff for the Citizens SX-PQ Line. Original guidance delineated in the *PDO Order* specifies the following:

> Accordingly, we grant SDG&E's requests subject to the following conditions. First, SDG&E must record the original cost of the portion of the Border-East Line leased to Citizens in Account No. 104. Second, SDG&E must depreciate the cost of electric plant recorded in Account No. 104 using Account No. 413 and Account No. 108, Accumulated Provision for Depreciation of Electric Utility Plant. Third, SDG&E must record all O&M and A&G expenses related to the leased property in Account No. 413 and all revenues from Citizens must be recorded in Account No.

> 412. Finally, SDG&E must record Citizens' prepaid lease payment in Account No. 253, Other Deferred Credits, and amortize the amount to Account No. 412 over the life of the lease.[4]

Exhibit No. SDG-2 to my testimony provides an illustration of these guidelines. Column A is provided to show where costs are normally recorded absent the Citizens lease. Column B indicates where these costs are recorded pursuant to FERC guidelines.

Q. Please explain your understanding of the above-referenced FERC accounting guidelines as they relate to the Lease.

A. In general, FERC authorized SDG&E to directly assign or allocate expenses related to the plant leased to Citizens and required SDG&E to track these expenses in the FERC accounts outlined in column B of Exhibit No. SDG-2.

Q. How does SDG&E ensure compliance with the accounting guidelines set forth by the *PDO Order*?

A. During the year, SDG&E records total transmission costs to its FERC accounts (reflected in column A of Exhibit No. SDG-2) as if there were no Lease. Once SDG&E determines the costs allocated to Citizens per the Appendix XII Formula, SDG&E reclassifies the costs out of the normal FERC account to the appropriate FERC accounts outlined in the *PDO Order* (reflected in column B) on a monthly basis. Reclassifying the SX-PQ Line related costs from the original FERC account ensures SDG&E's CAISO and Non-CAISO transmission customers are not subsidizing the costs allocated to Citizens.

Q. Will the Lease Costs shown in column B also be shown in FERC Form 1?

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[4] 129 FERC ¶61,233 at 5.

A. Yes. As indicated above, the *PDO Order* directed SDG&E to create a separate set of FERC accounts (column B of Exhibit No. SDG-2) to reflect the costs allocated to the Citizens SX-PQ Line lease.

Q. Does this conclude your testimony?

A. Yes.

VERIFICATION

Adam P. Currey hereby declares under penalty of perjury of the laws of the United States that the foregoing document is true and correct to the best of his knowledge and belief. See 28 U.S.C. § 1746.

Executed this 30th day of October 2026

/s/ Adam P. Currey
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EXHIBIT NO. SDG-2

EXHIBIT TO THE PREPARED DIRECT TESTIMONY OF

ADAM P. CURREY

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

October 30, 2026

San Diego Gas & Electric Co.
FERC Accounting Guidelines for Recording Citizens' Costs Applicable to Appendix XII
Consistent With Order on Petition for Declaratory Order, 129 FERC ¶ 61,233 (2009) ("PDO Order")

Line No	Description	(A) SDG&E 1orPal FERC Accounts	(B) FERC Accounts Per PDO	(C) = (A) + (B) 7O7A/	Line No
1	Total Transmission Plant (Acct 101) and Electric Plant Leased to Others (Acct 104)	101	104	(1)	1
2	Normal* Transmission O&M and Expenses from Electric Plant Leased to Others	560 - 573	413	(1)	2
3	Normal* A&G Expenses and Electric Plant Leased to Others	920 - 935	413	(1)	3
4	Normal* Property Taxes and Property Taxes on Electric Plant Leased to Others	408.1	408.1	(1)	4
5	Normal* Payroll Taxes and Payroll Taxes related to Electric Plant Leased to Others	408.1	408.1	(1)	5
6	Normal* Property Insurance and Property Insurance related to Electric Plant Leased to Others	924	413	(1)	6
7	Accts 282, 283 &190 Related with Normal* Sunrise ADIT and ADIT allocated Citizens	282,283 and 190	282,283 and 190 - (6)	(1)	7
8	Annual Carrying Cost Portion of General and Common Plant Allocated to Citizens	(2)	(2)	(1)	8
9	Annual Carrying Cost Portion of M&S and Prepayments Allocated to Citizens	(2)	(2)	(1)	9
10	Border East Line Depreciation Expense and Accumulated Depreciation	(3)	108 - (3)	-	10
11	Citizens Prepaid Lease Payment and the Amortization of Citizens Prepaid Lease Payment	(4)	253 - (4)	-	11
12	Citizens Revenues from Electric Plant Leased to Others	(5)	412 - (4) & (5)	-	12

(1) Column C reflects the combined expenses for both of SDG&E's normal FERC Form 1 accounts and those allocated to Citizens, which are used to develop the Annual Border East Line Rate as reflected in Appendix XII.

(2) Because it is not feasible to record each allocated cost component of general and common plant to Citizens (plant, depreciation, accumulated deferred income taxes) to Column B, SDG&E will charge the total annual carrying cost related to this allocation to Account 413, and credit this annual carrying cost amount to SDG&E future transmission cost of services.

Because it is not feasible to record each allocated cost component of M&S and prepayments to Citizens in Column B, SDG&E will charge the total annual carrying costs related to this allocation to Account 413, and credit this annual carrying cost amount to future transmission cost of services.

(3) SDG&E will depreciate the cost of electric plant in account 104, Electric Plant Leased to Others, using Account 413 and 108, Expenses From Electric Plant Leased to Others and Accumulated Provision for Depreciation of Electric Utility Plant respectively.

(4) SDG&E will record the Citizens Prepaid Lease Payment in Account 253, Other Deferred Credits, and amortize the amount to Account 412, Revenues from Electric Plant Leased to Others, over the life of the lease.

(5) SDG&E will record the Citizens Revenues from Electric Plant Leased to Others in Account 412.

(6) Accounts 282, 283, and 190 were not identified in the FERC's PDO, but SDG&E will use these accounts to record the Accumulated Deferred Income Tax allocated to Citizens. (*) Normal costs referenced above are those costs reflected in the FERC Form 1 accounts other than those costs recorded to the Lease Accounts shown in Column B.