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October 30, 2026

The Honorable Debbie-Ann Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: San Diego Gas & Electric Company, No. ER27-___-000 Appendix X Formula Rate Tariff Filing

Dear Secretary Reese:

Pursuant to Section 205 of the Federal Power Act,[1] and Section 35.13 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,[2] San Diego Gas & Electric Company ("SDG&E") hereby submits modifications to Appendix X[3] of its Transmission Owner ("TO") Tariff. The proposed effective date is January 1, 2027.

I. NATURE AND PURPOSE OF THE FILING

The purpose of this filing is to align Appendix X with SDG&E's currently effective TO6 Formula under Appendix VIII to its TO Tariff. Appendix X sets forth the ratemaking methodology for SDG&E to calculate the rate that it will charge to Citizens for the Transfer Capability Lease ("Lease" or "Lease Agreement"). Pursuant to the Lease, as of the effective date of Appendix X, Citizens prepaid SDG&E $85.194 million for a 30-year leasehold entitlement to

[1] 16 U.S.C. §824d.

[2] 18 C.F.R. §35.13.

[3] The Commission approved the original Appendix X Formula in *San Diego Gas & Electric Co.,* 139 FERC ¶ 61,188 (June 8, 2012) and *San Diego Gas & Electric Co.*, 141 FERC ¶ 61,054 (October 19, 2012). Subsequently, the Commission approved a modified Appendix X to conform it to SDG&E's Fourth Transmission Owner ("TO4") Formula Rate Tariff in *San Diego Gas & Electric Co.*, 151 FERC ¶ 61,177 (May 29, 2015) and an unpublished Letter Order issued July 8, 2015, in Docket No. ER15-1410-002. The Commission again approved a modified Appendix X to conform it to SDG&E's Fifth Transmission Owner ("TO5) Formula Rate Tariff in an unpublished Letter Order issued December 23-2020 in Docket No. ER21-243-000.

50% of the Border East Line segment of the Sunrise Powerlink Transmission Project. SDG&E operates and maintains the Border East line segment in which Citizens is leasing transfer capability and will allocate to Citizens a portion of the costs via the Citizens Border East Line Rate.

The Appendix X Formula sets forth the way in which SDG&E will develop its rate for Citizens based on certain recorded costs that SDG&E will file on or before October 31 of each year. Such charge will remain in effect through December 31 of the subsequent year. To the extent that SDG&E's TO6 Formula Rate will be modified in the future, e.g., in a TO7 Formula, the Appendix X will be modified accordingly.

The Appendix X provides that the Citizens Border East Line Rate consist of the following six parts: (1) the Direct Maintenance Expense Cost Component; (2) the Non-Direct Expenses Cost Component; (3) the Cost Component Containing Other Specific Expenses; (4) the True-Up Adjustment Cost Component; (5) the Interest True-Up Adjustment Cost Component; and (6) Other Adjustments. Appendix X further provides that the Citizens Border East Line Rate be designed to reflect SDG&E's cost to own, operate, and maintain the Border East line segment.

The cost components identified above are calculated based on the previous calendar year's data shown in SDG&E's FERC Form 1. The True-Up Adjustment cost component for each Rate Effective Period is an annual reconciliation of the difference between (a) SDG&E's actual costs of providing the transmission service during that Rate Effective Period, less (b) actual revenues received from Citizens for transmission services during the same period.

II. KEY DIFFERENCES IN THIS CYCLE 15 FILING COMPARED TO PRIOR FILINGS

In general terms, this Cycle 15 filing continues most, but not all, aspects of the existing Appendix X, as set forth in the tariff documents, including the structure and organization of those materials.

A. Changes Reflected in the Tariff

The Appendix X 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 TO and Appendix X formulas.

B. 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.

C. Changes Reflected in the Appendix X Formula Rate Spreadsheet

SDG&E has proposed several changes to the Formula Rate Spreadsheet (Attachment 2 to Appendix X). The changes include the following:

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.

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.

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

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 X Cycle 15 filing.

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

III. SUMMARY OF THE APPENDIX X CYCLE 15 FILING

The Appendix X Formula in this Informational filing is based upon the following:

- a 2025 calendar Base Period, and
- a 12-month Rate Effective Period from January 1, 2027 through December 31, 2027.

This Cycle 15 Filing reflects a charge of $4.522M compared to the charge of $4.288M in the Cycle 14 Filing. This change reflects an increase of approximately $0.234M, or approximately 5%, primarily due to increases in Section 1 expenses of $0.094M, Section 3 other specific expenses of $0.098M and Section 4 true-up adjustment of $0.031M as reflected in the following cost components:

(1) Direct Maintenance Expense	=	$0.107M
(2) Non-Direct Expenses	=	$3.148M
(3) Other Specific Expenses	=	$0.929M
(4) True-Up Adjustment	=	$0.304M
(5) Interest True-Up Adjustment	=	$0.034M
SUB-TOTAL	=	$4.522M
(6) Other Adjustments	=	$0.0M
TOTAL	=	$4.522M

IV. LIST OF DOCUMENTS SUBMITTED

In support of the filing, SDG&E provides the following:

- (1) Transmittal Letter; (2) Prepared Direct Testimony of SDG&E Witness Adam Currey (Exhibit Nos. SDG-1 and SDG-2); (3) a clean and redlined version of Appendix X; (4) Appendix X Formula Rate Protocols (included as Attachment 1); the proposed Appendix X Formula Rate Spreadsheet (included as Attachment 2); and a populated excel version of the formula rate spreadsheet for Appendix X Cycle 15 (reflecting the 2027 billing to Citizens).

V. SERVICE

Copies of this Filing have been served on all parties to Docket Nos. ER25-270 and ER26-182, including the CAISO, and counsel to Citizens.

VI. COMMUNICATIONS

Correspondence and other communications concerning this Informational filing should be addressed to:

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Respectfully submitted,

/s/ *Jonathan J. Newlander*
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