

**ATTACHMENT D**

**Appendix VIII Attachment 1 - Protocols (Redlined)**

# TO6 Formula Rate Protocols

**APPENDIX VIII-**  
**ATTACHMENT 1**  
**FORMULA RATE PROTOCOLS**

**A. INTRODUCTION**

This Attachment sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") Base Transmission Revenue Requirements ("~~BTRR~~BTRRs") used to derive: (i) the charges assessed by SDG&E to its ~~End Use~~Non-California Independent System Operator Corporation ("CAISO") Revenue Requirement Customers

~~("BTRR<sub>EU</sub>")~~; and ~~SDG&E's BTRR used to derive the transmission~~(ii) the charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the ~~California Independent System Operator Corporation ("CAISO")~~CAISO pursuant to the CAISO Tariff ("BTRR<sub>CAISO</sub>"). SDG&E's Sixth TO Formula ~~rate~~Rate mechanism consists of Appendix VIII of SDG&E's TO Tariff and ~~its~~ two attachments: the Formula Rate Protocols ("Protocols") (Attachment 1 to Appendix VIII) and the Formula Rate Spreadsheet (Attachment 2 to Appendix VIII) (collectively, the "TO6 Formula"). Capitalized terms shall have the meaning ascribed to them in Appendix VIII of SDG&E's TO Tariff.

The BTRR<sub>EU</sub> ~~and BTRR<sub>CAISO</sub>~~ for each Rate Effective Period will consist of the following four parts:

- (i) the Prior Year Revenue Requirements ("~~PYRR~~PYRREU");
- ~~(iii)~~(ii) the Forecast Period Capital Addition Revenue Requirements ("~~FCFC~~CEU");
- ~~(v)~~(iii) a True-Up ("TU") Adjustment; and

~~(vii)~~(iv) \_\_\_\_\_ an Interest True-Up Adjustment.

The ~~PYRR, FCPYRR<sub>EU</sub>, FC<sub>EU</sub>~~, and True-Up Adjustment, including the Interest True-Up Adjustment, shall be designed to quantify SDG&E's cost to own, operate and maintain its transmission facilities. SDG&E then calculates the BTRR<sub>CAISO</sub> by making certain adjustments, as described below.

The ~~PYRR~~PYRR<sub>EU</sub> 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 provide the data reflected in the underlying ledger accounts used to determine SDG&E's ~~PYRR~~PYRR<sub>EU</sub> in the Annual Informational Filing if requested under the procedures described below in Section C.3 of these Protocols. Electric Power Research Institute ("EPRI") Membership Dues, California Public Utilities Commission ("CPUC") Intervenor Funding Expense, South Georgia Tax Impacts, and Uncollectibles will be recovered as a component of ~~PYRR for End Use Customers~~BTRR<sub>EU</sub>, but not ~~for CAISO Customers as a~~  
component of BTRR<sub>CAISO</sub>. The ~~FCFC~~FCFC<sub>EU</sub> component will be an annual calculation based on an estimate of the revenue requirement associated with the transmission-related plant investments expected to be placed in service during the Forecast Period.

SDG&E shall calculate its BTRRs<sup>1</sup> using the formula rate that is presented in the Formula Rate Spreadsheet. The Formula Rate Spreadsheet contains fixed formulae that are described in Appendix VIII. If there is any conflict between the provisions of Appendix VIII 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 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 FPA Section 205 or Section 206 filing.<sup>2</sup> The sources of the data used in the TO6 Formula will be:

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<sup>1</sup> The term "BTRRs" includes the BTRR<sub>EU</sub> and the BTRR<sub>CAISO</sub> that are calculated annually.

<sup>2</sup> SDG&E will document any modifications to the reference sections and footnotes of the

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Formula Rate Spreadsheet in the transmittal letter accompanying the Draft Informational Filing, and all persons retain the rights to protest any such changes.

(a) identified in the Formula Rate Spreadsheet by fixed references to specific locations in FERC Form No. 1; or (b) provided by SDG&E in accordance with Section C of these Protocols.

## **B. TERM OF SDG&E'S TO6 FORMULA**

### **2.1. Effective Date**

~~The Retail and Wholesale transmission rates~~ SDG&E's BTRRs for TO6 Cycle 1 shall become effective on ~~January~~June 1, 2025, or such other date authorized by FERC and shall be re-determined annually thereafter in accordance with the TO6 Formula, including the Protocols and the Formula Rate Spreadsheet, to become effective on January 1 through December 31 of the rate year.

The TO6 Formula shall be in effect from ~~January~~June 1, 2025, and each year thereafter, unless the Commission modifies or replaces the TO6 Formula. Notwithstanding the following, the existing rates in effect at the time the TO6 Formula terminates shall remain in effect until superseded by subsequent Commission-approved rates.

## 2. Notice of Termination

Beginning in calendar year 2027, each party to ER25-270 and each party to any subsequent Annual Informational Filing proceeding (“Party”) shall have the right to terminate the TO6 Formula, to be exercised on an annual basis by providing written email notice to the service list for ER25-270 no later than March 31 of the calendar year in question (“Notice of Termination”). Following receipt of the Notice of Termination, SDG&E shall file a successor rate pursuant to Section 205 of the FPA by October 31 of that year, which shall include a request for an effective date that is January 1 of the following year. For example, a Party could provide Notice of Termination on March 31, 2027, which would require SDG&E to file a successor rate with a requested effective date of January 1, 2028. All Parties retain their full rights to oppose SDG&E’s filing.

The earliest possible effective date for a successor rate is January 1, 2028 unless all Parties either (1) agree in writing to an earlier effective date or (2) do not object to an earlier effective date after reasonable notice and opportunity to respond.

### **C. PROCEDURES FOR UPDATING THE ~~BASE TRR~~BTRR**

SDG&E shall update its BTRRs according to the timelines and procedures described in this Section. A summary of the procedures for updating the BTRRs is set forth below.

<b>Event</b>	<b>Date</b>
Posting of Draft Informational Filing	June 15
Informational Requests	June 15 – <del>October 15</del> <u>December 1</u>
Draft Informational Filing Meeting	On or before August 30
Provide a Revised Draft Informational Filing with a summary of the changes	October 1
<del>Informal Challenge Deadline</del> <u>Technical Conference on Revised Draft Informational Filing (if necessary)</u>	<del>Between October 8 and October 15</del>
<del>Informal Challenge Unresolved Issues Meeting with Senior</del>	<del>On or before November 15</del>

<b>Representative (if necessary)</b>	
Annual Informational Filing	On or before December 1
<del>Effective Date of BTRRs</del> <del>Last Day for Formal Comments or Protests to Annual Informational Filing</del>	<del>December 31</del> <u>January 1</u>
<del>Last Day for Formal Comments or Protests to Annual Informational Filing</del> <b>Rates Effective Date</b>	January <del>31</del>
Last day for SDG&E to Submit Answer to Formal Comments or Protests	<del>January 31</del> <u>March 15</u>

SDG&E will update the ~~BTRR~~BTRRs in each cycle as follows:

**TO6 Cycle 1**

Rate Effective Period	<del>January</del> <u>June</u> 1, 2025 – December 31, 2025
Base Period	12 Months ended December 31, 2023
Forecast Period	24 Months, January 2024 <del>---</del> December 2025
TU Adjustment	2023 calendar year applicable to TO5 Cycle 5
Interest TU Adjustment	January 1, 2023 – December 31, 2024

## TO6 Cycle 2

Rate Effective Period	January 1, 2026 – December 31, 2026
Base Period	12 Months ended December 31, 2024
Forecast Period	24 Months, January 2025 - December 2026
TU Adjustment	2024 calendar year applicable to TO5 Cycle 6
Interest TU Adjustment	January 1, 2024 – December 31, 2025

## TO6 Cycle 3

Rate Effective Period	January 1, 2027 – December 31, 2027
Base Period	12 Months ended December 31, 2025
Forecast Period	24 Months, January 2026 <del>–</del> December 2027
TU Adjustment	2025 calendar year applicable to TO6 Cycle 1
Interest TU Adjustment	January 1, 2025 – December 31, 2026

After TO6 Cycle 3, successive TO6 cycles will be consistent with Cycle 3 with regards to timing and the length of the Base Period, Forecast Period, TU Period, and Rate Effective Period.

If a deadline falls on a weekend or holiday recognized by the Commission, the deadline will be extended to the next business day.

### 1. Draft Informational Filing

#### ~~B.~~

On or before June 15 (the “Posting Date”) of each year, SDG&E shall post on its website, www.sdge.com, 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 December 1. SDG&E will provide electronic notice of its posting via email to ~~the service list of~~

~~the TO6 Formula rate case filing docket~~its Service List<sup>3</sup> within 5 business days.

The Draft Informational Filing shall include the following:

- a. The populated version of the Formula Rate Spreadsheet.
- b. Workpapers supporting all inputs that are not supported by the FERC Form No. 1. SDG&E will document any modifications to or elimination of the workpapers in the transmittal letter accompanying the Draft Informational Filing, and all persons retain the rights to protest any such changes.
- c. Data and calculations for items such as ADIT that require adjustments from FERC Form No. 1 data, Taxes Other Than Income taxes, prepayments that may require plant-related and labor-related sub-amounts, certain Administrative and General (“A&G”) items, revenue credits and rate divisors, and thirteen-month balances.
- d. For the applicable rate year, the following information related to affiliate cost allocations: (1) a detailed description of the methodologies used to allocate and directly assign costs between SDG&E and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior year and the reasons for those changes; and (2) the magnitude of such costs that have been allocated or directly assigned between SDG&E and each affiliate by service category or function;
- e. Identification and explanation of any changes, such as a description of any Accounting Changes.

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<sup>3</sup> The “Service List” includes: (1) 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.

- f. Identification and explanation of any aspects of the TO6 Formula Rate Spreadsheet or its inputs that are the subject of an ongoing dispute in any FERC proceeding on a prior Annual Informational Filing.
- g. Identification of all reorganization, merger, or sale of transmission asset transactions during the previous year.
- h. Identification of any known errors, as discussed in Section 7 below, or adjustments in FERC Form 1 data used in the Formula Rate Spreadsheet; and identify items included in the Formula Rate Spreadsheet at an amount other than on a historical cost basis (e.g., fair value adjustments).

i. The following is a list of workpapers that will be provided by SDG&E to the Interested Parties with the Draft Informational Filing and, upon request, when the Annual Informational Filing is filed at FERC. SDG&E will notify the Interested Parties of any substantive changes or additions to the workpapers that go beyond merely populating the workpapers.

- Transmission Plant in Service by Project with current year beginning balance, additions, adjustments, retirements, and transfers that reconciles the total FERC Form No. 1 balances to SDG&E's Statement AD support tabs.
- Complete transaction details of SDG&E's electric transmission O&M and total company A&G expenses, including original transactions booked to Common and Electric, that also identifies the ratemaking adjustments that SDG&E includes in its Statement AH support tabs.
- A listing of all SDG&E CPUC Memorandum and Balancing Accounts, with a description of whether each individual account (either as an asset/liability or as expense/amortizations) is included or excluded in the TO TRR.
- The Excel file(s) underlying the General and Common Plant Addition data.

- The Excel file(s) underlying the ET Forecast Capital Additions data.

## 2. Draft Informational Filing Meeting

SDG&E will provide notice to the ~~service list~~ Service List of a one-day meeting to take place on or before August 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. ~~Additional meetings to discuss the Draft Informational Filing~~ A second technical conference on SDG&E's revised draft informational filing shall be ~~scheduled as held between October 8 and October 15 if~~ SDG&E ~~and the or an~~ Interested Parties ~~may mutually agree~~ Party deems such a meeting as necessary.

## 3. Information Requests

b.a. Interested Parties may submit reasonable information requests to SDG&E regarding all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual True-up Adjustment 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 TO6 Formula of the calculations shown in the Annual True-up Adjustment; (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 of the charge pursuant to the Formula Rate Spreadsheet. The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable.

~~e.b.~~ SDG&E shall make a good faith effort to respond to information requests in writing within ~~15~~10 business days of receipt, or sooner depending on the timing of the information requests, except that, for any information requests submitted to SDG&E after November 8, no response will be due until January 3. Any delay in the publication of the Annual Informational Filing, however, results in an equivalent extension of time for submission of information requests.

SDG&E shall contemporaneously provide copies of all responses to all parties on the ~~service list for this TO6 Formula.~~Service List. 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.

~~e.c.~~ 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 any applicable Protective Order adopted in the FERC proceedings concerning SDG&E's TO6 Formula rate tariff filing ("Protective Order"). Interested

Parties will have all rights provided to them under the Protective Order to 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.<sup>4</sup>

e.d. To the extent SDG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these 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

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<sup>4</sup> Nothing in these Protocols limits the CPUC's statutory or constitutional authority to seek information from SDG&E.

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.

#### 4. Revised Draft Informational Filing

SDG&E shall provide to the service list a marked version indicating any revisions to the Draft Informational Filing along with an explanation of the reason for the revisions by no later than the date specified in Section C. SDG&E will conduct a technical conference on the Revised Draft Informational Filing between October 8 and October 15, if necessary.

#### ~~5. Informal Challenges~~

~~B. —~~

#### 5. Limited Cost of Removal and Salvage Accounting Audit Available

~~Interested Parties shall have until October 15th (unless such period is extended with the written consent of SDG&E or by FERC order) to review the inputs, supporting explanations, allocations, and calculations to the Draft Informational Filing and/or Revised Draft Informational Filing and to provide SDG&E in writing, which may be made electronically, any specific areas of concern ("Informal Challenge").~~

~~SDG&E or the Interested Party may right, upon request, with at least ten (10) calendar days' written notice, that additional to conduct a limited sample audit of SDG&E's cost of removal and salvage accounting practices, including the ability to have follow-up meetings be held between SDG&E and Interested Parties to discuss the audit, during an Informal Challenge. Failure to notify SDG&E of an Informal Challenge to a Draft Informational Filing within such~~

~~time limits shall not bar pursuit of the informal dispute resolution of such issue(s) by an Informal Challenge made in a subsequent Annual Informational Filing annual cycle.~~

~~b. Representatives of SDG&E and the Interested Party shall attempt to resolve an Informal Challenge within thirty calendar (30) days of written notification (or a longer period if the parties mutually agree to extend such period) of such Informal Challenge. If these representatives are unable to resolve an Informal Challenge, senior representatives of SDG&E and the Interested Party, who have the authority to negotiate and settle such disputes, shall meet and attempt to resolve the Informal Challenge. All Interested Parties will be served notice of each Informal Challenge and copies of related correspondence.~~

~~b. If the senior representatives of SDG&E and the Interested Party are unable to resolve an Informal Challenge within thirty (30) calendar days after the dispute is referred to them (or a longer period if the parties mutually agree to extend such period), then the Interested Party may pursue a Formal Protest.~~

## **6. Updated Capital Additions Forecast**

SDG&E will provide an updated forecasted transmission-related capital additions with data from SDG&E's accounting system within 60 days of SDG&E's annual cycle filing update. In other words, SDG&E will provide the updated forecasted capital additions between October 1 and December 1. This updated data will represent the latest SDG&E management approved forecast capital additions data that SDG&E has available.

## **9.7. Annual Informational Filing**

**b.a.** Starting in 2025, SDG&E shall submit to the Commission on or before December 1 of each year an Annual Informational Filing showing the rates to be

in effect for the Rate Effective Period of the succeeding calendar year. Each Annual Informational Filing shall be filed in a new docket at FERC. SDG&E shall provide notice of the Annual Informational Filing to the ~~service list~~Service List the day of the filing and shall provide the new docket number to the service list no later than five (5) calendar days after the filing. The information provided in the Draft Informational Filing procedures (C.1.a through h of these Protocols) shall also be included in the Annual Informational Filing, modified as necessary to reflect any changes resulting from the Draft Informational Filing procedures. Further, the Annual Informational Filing shall show:

- (i) for the ~~PYRR~~PYRR<sub>EU</sub> for the Base Period, each of the thirteen monthly balances (and thirteen-month average of those balances) for transmission plant investment and the transmission plant retirements, reclassifications or additions reflected in each monthly balance; and
- (ii) for the Forecast Period, any weighted forecast plant additions to transmission-related plant net of forecast retirements and reclassifications of Transmission Plant anticipated during that Forecast Period.

~~e.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 by January 31.

~~d.c.~~ The Annual Informational Filing shall not modify the TO6 Formula and shall not

constitute a rate change under Section 205 of the FPA. The Annual Informational Filing shall not subject the TO6 Formula to modification.

e.d. Formal Protests shall be filed in the same docket in which SDG&E files its Annual Informational Filing. An Interested Party shall have until ~~December~~January 31st following the review period (unless such date is extended with the written consent of SDG&E ~~to continue efforts to resolve an Informal Challenge prior to the filing of a Formal Protest~~) to file a Formal Protest at FERC, which shall be served on SDG&E on the date of such filing. SDG&E may raise both substantive and procedural defenses against such a Formal Protest. ~~Failure to pursue an issue through an Informal Challenge or to lodge a Formal Protest regarding any issue as to a given Annual Informational Filing shall bar pursuit of such issue with respect to that Annual Informational Filing but shall not bar pursuit of such issue or the lodging of a Formal Protest as to such issue as it relates to a subsequent Annual Informational Filing. An Interested Party may not pursue a Formal Protest if it has not previously submitted an Informal Challenge for the applicable review period; however, an Interested Party may include a subject in its Formal Protest even if it did not raise the issue in an Informal Challenge.~~

f. Formal Protests shall be filed pursuant to these Protocols and ~~satisfy all of the following requirements:-~~

g.e. ~~Clearly~~clearly identify the action or inaction which is alleged to violate these Protocols or the Formula Rate Spreadsheet and explain how that action or inaction violates the Protocols or the Formula Rate Spreadsheet;

- ~~(-) — Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the Interested Party that filed the Formal Protest; including: (1) the extent or effect of an Accounting Change; (2) whether SDG&E has properly applied the Formula Rate Spreadsheet and the procedures in the Protocols; (3) whether the input data are properly recorded; (4) the proper booking and allocation/assignment, reasonableness and prudence of the costs and expenditures included for recovery in the current rate year Formula Rate Spreadsheet; (5) the accuracy of the data and the consistency with the Formula Rate Spreadsheet of the charges shown in the Annual Informational Filing; or (6) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the TO6 Formula Rate;~~
- ~~(-) — Make a good faith effort to quantify the financial impact or burden (if any) created for the Interested Party filing the Formal Protest as a result of the action or inaction;~~
- ~~(-) — State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the Interested Party is a party, and if so, present an explanation why timely resolution cannot be achieved in that forum.~~
- ~~(-) — State the specific relief or remedy requested and the basis for that relief;~~
- ~~(-) — Include all documents, other than those provided by SDG&E (and in the event that SDG&E has provided the document, then citations to such~~

~~documents), that support facts in the Formal Protest in possession of, or otherwise attainable by, the Interested Party, including, but not limited to, contracts and affidavits; and~~

~~(-) State whether the Interested Party raised an Informal Challenge as described in these Protocols to dispute the action or inaction raised by the Formal Protest, and if not, describe why not.~~

~~n.f.~~ 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.

~~e.g.~~ 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.

~~p.h.~~ In any ~~protest~~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 TO6 Formula ~~on matters set forth in subsections e, (i) through (vii) above~~ in accordance with Commission precedent.

~~e.i.~~ SDG&E will have until ~~January 31st~~March 15 to submit its answer to the Formal Protest at FERC.

~~r.j.~~ SDG&E will make any revisions to the BTRRs and associated rates that are

required by a final<sup>5</sup> Commission order with respect to the 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 Period 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 Annual True-Up Adjustment. If the term of the TO6 Formula is ending so that there will be no future Annual Informational Filing, SDG&E shall include the ~~Transmission Revenue Requirements (“TRR”)~~BTRRs’ difference in the Final True-Up Adjustment in SDG&E’s next successor rate filing.

#### **10.8. Adjustments to Reflect Correction of Errors**

- a. In the event SDG&E or any Interested Party identifies an error in the TO6 Formula or the FERC Form No. 1 data or data based on SDG&E’s books and records that is used as an input to the formula, or SDG&E is required by applicable law, a court, or regulatory body to correct an error, and such error affects the True-Up ~~TRR~~Adjustment calculated in an Annual Informational Filing, SDG&E shall include in its ~~next~~ subsequent Annual Informational Filing a brief description of the errors included in its prior Annual Informational Filing that must be corrected. Errors include mistakes or omission regarding the values used as inputs to the Formula Rate Spreadsheet, such as arithmetic or

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<sup>5</sup> 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.

computational errors, or errors with respect to established FERC practices or methodologies. Errors shall not include changes of judgment or opinion.

SDG&E should inform parties of any identified errors through the transmittal letter accompanying its Draft Informational Filing.

- b. SDG&E’s subsequent Annual Informational Filing shall:
  - (i) Recalculate the True-Up Adjustment ~~TRR~~ for all affected prior years;
  - (ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up Adjustment ~~TRR~~ and the revised correct True-Up Adjustment;  
and
  - (iii) Determine the cumulative amount of the difference in Section C.7.b.ii, including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a, through the date of implementation of the correction.
- c. Absent an order requiring refunds outside of the true-up processes described below in Sections ~~GE~~ through ~~IG~~, the difference in Section C.7.b.~~(.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 applicable, as a True-Up Adjustment in accordance with the TO6 Formula in SDG&E’s successor rate filing.

## **D. SINGLE-ISSUE FILINGS**

### **1. Post-Employment Benefits Other Than Pensions**

If the expense levels for SDG&E’s Post-Employment Benefits Other than Pensions (“PBOP”), as recorded in FERC Account No. 926, Employee Pensions and Benefits, change from those expense levels contained in SDG&E’s TO6 ~~Filing submitted in connection with~~

~~SDG&E's TO6 Formula rate tariff filing~~ Cycle 1 Filing, then:

- a. SDG&E may make a single-issue filing under Section 205 of the FPA, to recover such changed PBOP expense pursuant to the TO6 Formula; or
- b. Any person may exercise its rights under Section 206 of the FPA to request that the Commission direct SDG&E to reflect any changed PBOP expense pursuant to the TO6 Formula.
- c. SDG&E and/or any other person shall retain full rights to oppose such filings under the FPA and in accordance with the Commission's Rules of Practice and Procedure.
- d. If there is a change from the PBOP expense levels contained in SDG&E's TO6 Cycle 1 Filing and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the service list as part of its Draft Informational Filing.

## **2. Project-Specific Incentives**

During the term of the TO6 Formula, SDG&E shall have the right to seek transmission project-specific incentives, and all persons shall retain their rights to oppose the requested incentives. If SDG&E requests and is authorized by the Commission to recover project-specific incentives, SDG&E will incorporate the values associated with the approved incentives as a line item in the placeholders set forth in the TO6 Formula. Such placeholders will not change absent approval of a separate FPA, Section 205 filing seeking such a change.

## **3. FERC Form No. 1**

SDG&E may make a single-issue FPA, Section 205 filing to update the references in the TO6 Formula to reflect any changes to the format and/or content of the FERC Form No. 1 or the

Uniform System of Accounts that affect the calculations set forth in the TO6 Formula in the event that a Commission order revises the format and/or content of the FERC Form No. 1 or the Uniform System of Accounts. This filing shall be submitted within sixty days of the later of: (1) the issuance of any FERC decision to revise the FERC Form No. 1 or the Uniform System of Accounts; or (2) the date of implementation established in the FERC decision for revisions to the FERC Form No. 1 or Uniform System of Accounts. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure. If there is a change to the format and/or content of the FERC Form No. 1 or the Uniform System of Accounts that affects the calculations set forth in the TO6 Formula, and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the ~~TO6 Formula rate filing service list~~Service List as part of its Draft Informational Filing. Information in the reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a ~~Federal Power Act~~FPA Section 205 or Section 206 filing. SDG&E will document any modifications to the reference sections and footnotes of the Formula Rate Spreadsheet in the transmittal letter accompanying the Draft Informational Filing, and all persons retain the rights to protest any such changes.

#### **4. Abandoned Plant for Non-Incentive Projects**

SDG&E reserves the right to make a single-issue FPA Section 205 filing to seek recovery of abandoned project costs for non-incentive projects. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure.

#### **5. Depreciation Rates and/or Amortization Periods for General Plant, Common Plant and/or Intangible Plant**

SDG&E reserves the right to make a single-issue FPA Section 205 filing to change the

depreciation rates for General Plant and Common Plant and the amortization periods for Intangible Plant upon approval by the CPUC of revised depreciation rates and/or amortization periods for these plant categories. SDG&E shall make a filing at the Commission, as set forth in this section, by the later of either the filing date for the next Annual Informational Filing following issuance of the CPUC ruling or sixty days after issuance of the CPUC ruling. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure. If there is a change in the depreciation rates for General Plant and Common Plant and/or in the amortization periods for Intangible Plant, and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the service list as part of its Draft Informational Filing. But SDG&E will not then be able to incorporate the CPUC- approved change in its TO6 Formula.

#### **6. Modifications to the TO6 Formula Rate Spreadsheet for Cost Containment Measures**

SDG&E reserves the right to make a single-issue FPA Section 205 filing to modify the Formula Rate Spreadsheet to incorporate project specific cost containment measures required by CAISO in relation to competitively-bid projects pursuant to CAISO's annual transmission planning process. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure.

#### **7. Wildfire Self-Insurance**

SDG&E may make a filing to revise the Formula Rate Spreadsheet as needed to implement a wildfire self-insurance program if SDG&E pursues wildfire self-insurance- provided that (i) SDG&E provides notice to parties on the Service List of its intent to make such a filing at least 180 days prior to filing at FERC and shares the filing at least 90 days prior to filing at FERC, and (ii) SDG&E demonstrates in the single-issue filing that wildfire-self-

insurance will result in savings for rate payers for the year in question compared to commercial insurance. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure.

### **8. Change in Retail Rates Design**

SDG&E may make a single issue filing to revise Appendix IX of its TO Tariff if SDG&E determines that it is necessary to implement a change in retail rates, or if a court or regulatory body determines that a single-issue filing is legally required to implement a change in retail rates.

### **9. Restriction on Single-Issue Filings**

Unless otherwise provided for in this Section D, SDG&E may not make single-issue filings during the term of the TO6 Formula. Further, the Parties recognize that the Commission is not bound by single-issue filings and may at its discretion broaden the scope of the filing.

### **E. ANNUAL TRUE-UP ADJUSTMENT**

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

- a. SDG&E's actual cost of providing transmission service during the applicable True-Up Period as determined by application of the PYRRPYRR<sub>EU</sub> component of the TO6 Formula; and
- b. Actual revenues billed by SDG&E and paid by transmission customers for transmission service during the True-Up Period.

The True-Up Adjustment shall be calculated in accordance with the Formula Rate Spreadsheet.<sup>6</sup>

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<sup>6</sup> The Retail End Use Customer and Wholesale CAISO BTRR<sub>EU</sub> True-Up cost of service will

## F. PARTIAL TRUE-UP ADJUSTMENT

A Partial Year True-up Adjustment is necessary if TO6 is not in effect for an entire True-Up Period. Monthly cost of service will be calculated in accordance with the effective TO Protocols and Formula Rate Spreadsheet for each month. The sum of the monthly ~~costs~~ of service will equal the Annual Cost of Service for the true-up year. The Annual Cost of Service will be compared with the actual annual revenues billed by SDG&E in the true-up year to determine the over- or under-collection for the year.

## G. FINAL TRUE-UP ADJUSTMENT

~~B. \_\_\_\_\_~~

~~After~~On termination of the TO6 Formula, SDG&E shall calculate a Final True-Up Adjustment. ~~The Final True-Up Adjustment shall cover for~~ the period ~~of time ending on the date the TO6 Formula terminated and beginning on~~spanning the day after the period covered by the most recent ~~Annual True-Up Adjustment annual informational filing~~ that was included in the ~~BTRRs~~. Base TRR up through the termination of the Formula Rate. The Final True-Up Adjustment shall be ~~determined~~calculated using the same ~~calculation~~ methodology as the Annual True-Up Adjustment ~~and if necessary, the Partial True-up Adjustment and shall be applied to the next successor rate.~~

~~The in the TO6 Formula Rate Spreadsheet. The mechanics of and procedures for~~ developing the Final True-Up Adjustment will be the same as the Annual True-Up Adjustment ~~with the exception that the penultimate and final TO6 rate effective years will be true-up as part of SDG&E subsequent rate case Cycle 1 and Cycle 2 annual informational filing and if~~

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be derived pursuant to Attachment 1. The ~~Retail End Use Customer~~BTRR<sub>EU</sub> customer recorded revenues used to derive the ~~End Use Customer~~BTRR<sub>EU</sub> True-Up Adjustment will come from the books of SDG&E.

~~necessary, partially in Cycle 3. The Final True-up Adjustments will be calculated using the TO6 Formula Rate Spreadsheet in adherence with these TO6 Protocols. All parties retain the right to examine and challenge the inputs to the Final True-up Adjustments, as shown in Section C of these protocols, including a posting on June 15 and the filing of an Annual Informational Filing on or before December 1, with customers enjoying all rights and protections included in these protocols.~~

~~If the Final True-Up Adjustment reflects an overcollection by SDG&E, then SDG&E shall refund the amount of the Final True-Up Adjustment to its customers in its successor transmission rates to this Formula Rate in the applicable cycle that coincides with the true-up of that base year. If the True-Up Adjustment reflects an undercollection by SDG&E, then SDG&E shall recover from its customers the amount of the Final True-Up Adjustment in its successor transmission rates to this Formula Rate in the applicable cycle that coincides with the true-up of that base year.~~

~~In the event there is not a successor transmission formula rate, SDG&E will remain obligated to fulfill the Final True-Up terms in this settlement through an FPA Section 205 filing.~~

## **H. 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.

## **I. EXCLUDED COSTS**

In addition to costs that are generally determined by FERC to be non-recoverable, the costs for the following will not be included in the BTRRs:

1. Dues or other payments made to Electric Power Research Institute shall not be included in BTRR<sub>CAISO</sub>.
2. For employees who are not SEC Rule 3b-7 officers, SDG&E will exclude 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 metric, and 100% of Supplemental Executive Retirement Plan compensation.
3. For SEC Rule 3b-7 officers, SDG&E will exclude all officer compensation and benefits from the calculation of the BTRRs for Rule 3b-7 officers of SDG&E, Sempra, or any other SDG&E affiliate.
4. SDG&E will remove three million dollars (\$3 million) from SDG&E's BTRR<sub>EU</sub> each annual cycle, which, by operation of the Formula Rate Spreadsheet, will reduce BTRR<sub>CAISO</sub> by \$3 million.
5. SDG&E will exclude gas-only costs recorded in SDG&E's Administrative & General FERC Accounts.

#### 4.J. **RESERVATION OF RIGHTS**

~~10.~~ 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

3.1. applicable provision of the FPA and/or the Commission's regulations or to participate in Annual Informational Filing proceedings.

4.2. Except as set forth in Sections B and D above, nothing in these Protocols shall be

deemed to limit in any way SDG&E's right to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to seek to change or cancel the TO6 Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.

5.3. Except as set forth in Section B above, nothing in these Protocols shall be deemed to limit in any way the Interested Parties' rights to unilaterally, pursuant to FPA Section 206 ~~of the Federal Power Act~~ and the regulations thereunder, to seek to change or cancel the TO6 Formula or submit any other requests for relief under any applicable provisions of the FPA and/or the Commission's regulations.