



**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

SAN DIEGO GAS & ELECTRIC COMPANY) DOCKET NOS. ER10-1629-000, *et. al.*

SAN DIEGO GAS & ELECTRIC COMPANY

TRANSMISSION OWNER TARIFF

VOLUME NO. 11

JUNE 29, 2010, as amended

1. Preamble. The Participating TO's revenue requirements and applicable rates and charges for transmission access over the ISO Controlled Grid and the terms and conditions for transmission expansion and interconnection are set forth in this TO Tariff and the ISO Tariff.
- 1.1 Transmission Access for Participating TOs. Participating TOs are able to participate in the ISO and utilize the entire ISO controlled Grid to serve their End-Use Customers. The applicable High Voltage Access Charges and Transition Charges shall be paid by Participating TOs to the ISO pursuant to the ISO Tariff. If a Participating TO utilizes the Low Voltage Transmission Facilities of another Participating TO, such Participating TO shall also pay the Low Voltage Access Charge of the other Participating TO.
- 1.2 Transmission Access for Wheeling Customers. Wheeling allows Scheduling Coordinators to deliver Energy through or out of the ISO Controlled Grid to serve a load located outside the transmission or distribution system of a Participating TO. Wheeling Access Charges shall be paid by Scheduling Coordinators to the ISO pursuant to the ISO Tariff.
- 1.3 Transmission Access for End-Users. End-Users receive transmission service over the ISO Controlled Grid through the Participating TO to whose transmission or distribution facilities the End-User is directly connected. Charges to End-Users for access to the ISO Controlled Grid shall be paid to the applicable Participating TO to whose transmission or distribution facilities the End-User is directly connected.

2. Effective Date. This TO Tariff will not be effective until all of the following conditions have been met:
 - 2.1 Adverse Determinations. FERC has made this TO Tariff effective with no material conditions unacceptable to the Participating TO.
 - 2.2 Necessary Regulatory Approvals. The Participating TO has received all necessary regulatory approvals to transfer control of facilities to and participate in the ISO.

3. TO Definitions. Capitalized terms used in this TO Tariff shall have the meanings set out below unless otherwise stated or the context otherwise requires. Capitalized terms used in this tariff and not defined below shall have the meanings set out in the ISO Tariff.
- 3.1. Access Charge. A charge paid to the ISO by all UDCs, MSSs and, in certain cases, Scheduling Coordinators, delivering Energy to Gross Load, as set forth in Section 7.1 of the ISO Tariff. The Access Charge includes the High Voltage Access Charge, the Transition Charge, and the Low Voltage Access Charge.
- 3.2. AGC. Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.
- 3.3. Ancillary Services. Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.
- 3.4. Applicable Reliability Criteria. The reliability standards established by NERC, WSCC, and Local Reliability Criteria as amended from time to time,

including any requirements of the Nuclear Regulatory Commission.

- 3.5. Available Transfer Capacity. For a given transmission path, the capacity rating in MW of the path established consistent with ISO and WSCC transmission capacity rating guidelines, less any reserved uses applicable to the path.
- 3.6. Base Transmission Revenue Requirement. The Transmission Revenue Requirement which does not reflect the Transmission Revenue Balancing Account Adjustment (TRBAA) and Standby Transmission Revenues.
- 3.7. Black Start. The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
- 3.8. Business Day. A day on which banks are open to conduct general banking business in California.
- 3.9. Completed Application Date. The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
- 3.10. Completed Interconnection Application. An Interconnection Application that satisfies all of the information and other requirements of Section 10.3 of the TO Tariff and, if applicable, the information requirements as specified by the ISO and posted on the ISO Home Page.
- 3.11. Congestion. A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.

- 3.12. Congestion Management. The alleviation of Congestion in accordance with applicable ISO Protocols and Good Utility Practice.
- 3.13. Converted Rights. Those transmission service rights as defined in Section 2.4.4.2.1 of the ISO Tariff.
- 3.14. CPUC. The California Public Utilities Commission, or its successor.
- 3.15. Delivery Upgrade. The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled Grid and to ensure the delivery of energy from a New Facility to Load.
- 3.16. Demand. The rate at which Energy is delivered to Loads and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples thereof, e.g., 1,000 W = 1 kW, 1,000 kW = 1 MW, etc.
- 3.17. Direct Assignment Facilities. Facilities or portions of facilities that are owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting Interconnection under this TO Tariff to the ISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.
- 3.18. Dispatch. The operating control of an integrated electric system to: i) assign specific Generation Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and

- equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.
- 3.19. Distribution System. The distribution assets of a TO or UDC or MSS.
- 3.20. Eligible Customer. (i) Any utility (including Participating TOs, Market Participants and any power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212(h)(2) of the Federal Power Act; and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Participating TO.
- 3.21. Encumbrance. A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other legal restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the ISO Operations date, if any; and (2) legal restrictions or

- covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date.
- 3.22. End Use Customer or End-User. A purchaser of electric power who purchases such power to satisfy a Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power.
- 3.23. Energy. The electrical energy produced, flowing, or supplied by generation, transmission or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof, e.g., 1,000 Wh = 1 kWh, 1,000 kWh = 1 MWh, etc.
- 3.24. Entitlements. The right of the Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
- 3.241 Exceptional Dispatch. As defined in Appendix A of the currently effective MRTU Tariff, a Dispatch Instruction issued for the purposes specified in Section 34.9 of the MRTU Tariff.
- 3.25. Existing Contracts. The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contacts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

- 3.26. Existing Rights. Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.
- 3.27. Expedited Interconnection Agreement. A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO to agree to process, on an expedited basis, the Completed Interconnection Application of such party and which sets forth the terms, conditions, and cost responsibilities for such interconnection.
- 3.28. Facilities Study Agreement. An agreement between a Participating TO and either a party requesting Interconnection to the ISO Controlled Grid, Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the party requesting such Interconnection, Market Participants, Project Sponsor, or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Facilities Study.
- 3.29. Facility or Facilities Study. An engineering study conducted to determine required modifications to the Participating TO's transmission system, including the estimated cost and scheduled completion date for such modifications that will be required to provide needed services.
- 3.30. FERC. The Federal Energy Regulatory Commission, or its successor.
- 3.31. FPA. Parts II and III of the Federal Power Act, 16 U.S.C. § 824 et seq., as they may be amended from time to time.
- 3.32. FTR (Firm Transmission Right). A contractual right, subject to the terms and conditions of the ISO Tariff, that entitles the FTR Holder to receive, for each hour of the term of the FTR, a portion of the Usage Charges received by the ISO for transportation of energy from a specific originating

- Zone to a specific receiving Zone and, in the event of an uneconomic curtailment to manage Day-Ahead congestion, to a Day-Ahead scheduling priority higher than that of a schedule using Converted Rights capacity that does not have an FTR.
- 3.33. FTR Holder. The owner of an FTR, as registered with the ISO.
- 3.34. Generating Unit. An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is: (a) located within the ISO Control Area; (b) connected to the ISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities, and (c) that is capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).
- 3.35. Generation. Energy delivered from a Generating Unit.
- 3.36. Good Utility Practice. Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- 3.37. Gross Load. Gross Load is all energy (adjusted for distribution losses) delivered for the supply of End-User Loads directly connected to the

- transmission facilities or distribution system of the Participating TO. Gross Load shall exclude the portion of the load of an individual End-Use Customer of the Participating TO that is served by a Generating Unit that:
- (a) is located on the customer's site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; (c) was serving the customer's Load on or before March 31, 2000; and (d) secured Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC as applicable, as of March 31, 2000 and continues to secure Standby Service from the Participating TO or can be curtailed concurrently with an outage of the Generating Unit serving the Load.
- 3.38. High Voltage Access Charge. A component of the Access Charge determined by the ISO and assessed to the Participating TO under Section 7.1 of the ISO Tariff.
- 3.39. High Voltage Transmission Facility. A transmission facility under the operational control of the ISO that is owned by the Participating TO or to which the Participating TO has an Entitlement that is represented by a Converted right and that operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.
- 3.40. High Voltage Transmission Revenue Requirement. The portion of the Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Converted Rights associated with High Voltage Transmission Facilities.
- 3.41. High Voltage Utility Specific Rate. The Participating TO's High Voltage Transmission Revenue Requirement divided by the Participating TO's

- forecasted Gross Load.
- 3.42. High Voltage Wheeling Access Charge. The Wheeling Access Charge assessed by the ISO associated with the recovery of the Participating TOs' High Voltage Transmission Revenue Requirements in accordance with Section 7.1 of the ISO Tariff.
- 3.43. Inter-Zonal Interface. The (i) group of transmission paths between two adjacent Zones of the ISO Controlled Grid, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; (ii) the group of transmission paths between an ISO Zone and an adjacent Scheduling Point, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; or (iii) the group of transmission paths between two adjacent Scheduling Points, where the group of paths has an established transfer capability and established transmission rights.
- 3.44. Interconnection. Transmission facilities, other than additions or replacements to existing facilities that: i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; or ii) are identified as radial transmission lines pursuant to contract; or iii) produced Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled

Grid.

- 3.45. Interconnection Agreement. A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.
- 3.46. Interconnection Application. An application that requests Interconnection to the ISO Controlled Grid.
- 3.47. Interest. Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii)(1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.
- 3.48. Independent System Operator ("ISO"). The California Independent System Operator Corporation, as state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
- 3.49. ISO ADR Procedures. The procedures for resolution of disputes or differences set out in Section 13 of the ISO Tariff, as amended from time to time.
- 3.50. ISO Controlled Grid. The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.
- 3.51. ISO Protocols. The rules, protocols, procedures and standards attached to the ISO Tariff as Appendix L, promulgated by the ISO (as amended from time to time) to be complied with by the ISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the ISO Controlled Grid and the participation in the markets for Energy and Ancillary

Services in accordance with the ISO Tariff.

- 3.52. ISO Tariff. The California Independent System Operator Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.
- 3.53. Load. An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.
- 3.54. Local Furnishing Bond. Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).
- 3.55. Local Furnishing Participating TO. Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.
- 3.56. Local Publicly Owned Electric Utilities. A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, and irrigation district furnishing electric services, or a joint powers authority that include one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.
- 3.57. Local Regulatory Authority. The state or local governmental authority responsible for the regulation or oversight of a utility.
- 3.58. Local Reliability Criteria. Reliability criteria established at the ISO Operations Date, unique to the transmission systems of each of the Participating TOs.
- 3.59. Low Voltage Access Charge. The Access Charge applicable under Section 7.1 of the ISO Tariff to recover the Low Voltage Transmission Revenue Requirement of the Participating TO.
- 3.60. Low Voltage Transmission Facility. A transmission facility under the operational control of the ISO owned by the Participating TO or to which the

- Participating TO has an Entitlement that is represented by a Converted Right, which is not a High Voltage Transmission Facility, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.
- 3.61. Low Voltage Transmission Revenue Requirement. The portion of the Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities.
- 3.62. Low Voltage Wheeling Access Charge. The Wheeling Access Charge associated with the recovery of the Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 7.1 of the ISO Tariff.
- 3.63. Market Participant. An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the ISO Controlled Grid.
- 3.64. MSS (Metered Subsystem). A geographically contiguous system of a New Participating TO, located within a single Zone which has been operating for a number of years prior to the ISO Operations Date subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO certified revenue quality meters on all Generating Units internal to the system, which is operated in accordance with an agreement described in Section 3.3.1 of the ISO Tariff.
- 3.65. NERC. The North American Electric Reliability Council or its successor.
- 3.66. New Facility. (a) Each generating unit that proposes to sell its Generation at wholesale that seeks to connect to the ISO Controlled Grid; (b) each existing generating unit directly interconnected to the ISO Controlled Grid that will be repowered and increases the total capability of the power plant; or (c) each

- existing generating unit directly interconnected to the ISO Controlled Grid that will be repowered, increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its reenergization may violate Applicable Reliability Criteria and require additional Direct Assignment Facilities or Reliability Upgrades.
- 3.67. New Facility Operator. The owner of a planned New Facility, or its designee.
- 3.68. New High Voltage Transmission Facility. A High Voltage Transmission Facility of the Participating TO that enters service after the beginning of the transmission period described in Section 4 of Schedule 3 of Appendix F of the ISO Tariff, or a capital addition made after the beginning of the transition period described in Section 4.1 of Schedule 3 of Appendix F of the ISO Tariff to an Existing High Voltage Transmission Facility.
- 3.69. New Participating TO. A Participating TO that is not an Original Participating TO.
- 3.70. Non-Participating TO. A TO that is not a party to the TCA or for the purposes of Sections 2.4.3 and 2.4.4 of the ISO Tariff the holder of transmission service rights under an Existing Contract that is not a Participating TO.
- 3.71. Non-Self-Sufficient Access Charge. A charge for access to the ISO Controlled Grid, referenced in certain Existing Contracts to be paid by the Existing Contract holder to the Participating TO. The Participating TO's non-self-sufficient contract demand rate shall be calculated by dividing the Base Transmission Revenue Requirement by the sum of the highest hourly system demand forecast to be delivered by the Participating TO to End-Use Customers connected to its transmission and distribution facilities for each month of the year used by the Participating TO for base transmission rate development.

- 3.72. Non-Spinning Reserve. The portion of off-line generating capacity that is capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.
- 3.73. Operational Control. The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.
- 3.74. Original Participating TO. A participating TO that was a Participating TO as of January 1, 2000. The Original Participating TO's are Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company.
- 3.75. Participating TO. A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the ISO's Operational Control in accordance with the TCA. A Participating TO may be an Original Participating TO or a New Participating TO. For purposes of this TO Tariff, the Participating TO is San Diego Gas & Electric Company.
- 3.76. Participation Agreement. An agreement between a Participating TO and a Project Sponsor that specifies the terms and conditions under which the Participating TO will construct a transmission addition or upgrade on behalf of the Project Sponsor.
- 3.77. Physical Scheduling Plant. A group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single

- Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: i) multiple generating components are related by a common flow of fuel which cannot be interrupted without a substantial loss of efficiency of the combined output of all components; ii) the Energy production from one component necessarily causes Energy production from other components; iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; iv) the level of coordination required to schedule individual generating components would cause the ISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or v) metered output is available only for the combined output of related multiple generation components and separate generating component metering is either impractical or economically inefficient.
- 3.78. Project Proponent. A Market Participant or group of Market Participants that: (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition and upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the ISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.
- 3.79. Project Sponsor. A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff.
- 3.80. Regional Transmission Group ("RTG"). A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion and use of transmission on a regional and inter-regional basis.
- 3.81. Regulation. The service provided by Generating Units equipped and operating with

AGC which will enable such units to respond to the ISO's direct digital control signals in an upward and downward direction to match, on a real time basis, Demand and resources, consistent with established NERC and WSCC operating criteria.

Regulation is used to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

- 3.82. Reliability Criteria. Pre-established criteria that are to be followed in order to maintain desired performance of the ISO Controlled Grid under contingency or steady state conditions.
- 3.83. Reliability Services. Those services provided by the ISO: 1) that are deemed by the ISO as necessary to maintain reliable electric in the ISO Control Area; and 2) whose costs are billed by the ISO to the Participating TO pursuant to the ISO Tariff. In addition, Reliability Services shall include services provided by the Participating TO as a result of implementing ISO Operating Procedure M-438, whose stated purpose is to enhance reliability grid operations and local area reliability; services obtained from Reliability Must Run units; local out of market dispatch calls; generation committed pursuant to the ISO's must-offer requirement when the unit is committed for local reliability; and local out of market dispatch calls; upon implementation of Market Redesign and Technology Upgrade, generators committed pursuant to the ISO's Exceptional Dispatch authority, and any default loss pursuant to ISO Tariff section 11.29.17.2.1 billed to the Participating TO resulting from the ISO's use of its Exceptional Dispatch authority.
- 3.84. Reliability Upgrade. The transmission facilities, other than Direct

- Assignment Facilities, beyond the first point of Interconnection necessary to interconnect a New Facility or wholesale load safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the Interconnection of a New Facility or wholesale load, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility or wholesale load to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's or wholesale load's interconnection may have on a path's WSCC path rating. Reliability Upgrades shall be specified in the Interconnection Agreement that governs Interconnection service to the New Facility Operator or wholesale load and shall be subject to FERC approval.
- 3.85. Replacement Reserve. Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and ramping to a specified Load point within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.
- 3.86. Request for Expedited Interconnection Procedures. A written request by which an applicant for Interconnection can request expedited processing of its Interconnection Application.
- 3.87. Scheduling Coordinator. An entity certified by the ISO for the purposes of undertaking the functions specified in Section 2.2.6 of the ISO Tariff.
- 3.88. Scheduling Point. A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion

- Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, a Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.
- 3.89. Spinning Reserve. The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.
- 3.90. Standby Rate. A rate assessed a Standby Service Customer by the Participating TO, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things for costs of High Voltage Transmission Facilities.
- 3.91. Standby Service. Service provided by the Participating TO which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a generating Unit serving the customer's Load.
- 3.92. Standby Service Customer. A retail End-Use Customer of the Participating TO that receives Standby Service and pays a Standby Rate.
- 3.93. Standby Transmission Revenue. The transmission rate revenues associated with Standby Service collected by the Participating TO from

those Standby Service Customers who are not billed for Standby Service on a Gross Load basis.

- 3.94. System Impact Study. An engineering study conducted to determine whether a request for Interconnection to the ISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.
- 3.95. System Impact Study Agreement. An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.
- 3.96. Rate Effective Period. The period during which transmission service rates calculated pursuant to the formula rate provisions contained in Appendix IX are effective. The initial Rate Effective Period shall be October 1, 2003, or such other date as may be provided by FERC, through June 30, 2004. Each subsequent Rate Effective Period shall be the twelve-month period from July 1 through June 30.
- 3.97. TO Tariff. This Transmission Owner Tariff, as it may be amended or superseded.
- 3.98. Transition Charge. A component of the Access charge determined by the ISO and assessed the Participating TO along with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3 of the ISO Tariff.
- 3.99. Transmission Access Charge Balancing Account Adjustment ("TACBAA"). A mechanism established by the Participating TO which will ensure that the difference between (i) the actual billings by the ISO pursuant to Section

- 7.1.2 of the ISO Tariff for the High Voltage Access Charge and Transition Charge and (ii) the revenues disbursed by the ISO pursuant to Section 7.1.3 of the ISO Tariff are recovered from the Participating TO's End-Use Customers.
- 3.100. Transmission Control Agreement ("TCA"). The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and each Participating TO will discharge their respective duties and responsibilities, as may be modified from time to time.
- 3.101. Transmission Owner ("TO"). An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
- 3.102. Transmission Revenue Balancing Account Adjustment ("TRBAA"). A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to transmission customers.
- 3.103. Transmission Revenue Credit. The net of: 1) the revenues received by the Participating TO from the ISO for Wheeling service, Usage Charges (excluding any Usage Charges received by the Participating TO as an FTR Holder) and from the sale of an FTR; 2) Existing Transmission Contract ("ETC") and Transmission Ownership Rights ("TOR") Cost Differentials which include the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols; 3) ISO Charge Type 4575 identified as Settlements, Metering, and Client Relations charge; and 4) CAISO Charge Types 7989 and

- 7999, identified as Invoice Deviation Interest Distribution and Invoice Deviation Interest Allocation, as determined by the CAISO and consistent with the CAISO tariff.
- 3.104. Transmission Revenue Requirement ("TRR"). The TRR is the total annual authorized revenue requirement associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights. The TRR is shown in Appendix I.
- 3.105. Uncontrollable Force. Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO or Market Participant (as the case may be) which could not be avoided through the exercise of Good Utility Practice.
- 3.106. Usage Charge. The amount of money, per 1kW of scheduled flow, that the ISO charges a Scheduling Coordinator for use of a specific congested Inter-Zonal Interface during a given hour.
- 3.107. Utility Distribution Company ("UDC"). An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-

- Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.
- 3.108. Voltage Support. Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.
- 3.109. Western System Coordinating Council ("WSCC"). The Western Systems Coordinating Council or its successor.
- 3.110. Wheeling Access Charge. The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 7.1 of the ISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge may consist of a High Voltage Wheeling Access Charge and a Low Voltage Wheeling Access Charge.
- 3.111. Wheeling Out. Except for Existing Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4. of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and Distribution system of a Participating TO.
- 3.112. Wheeling Through. Except for Existing Rights and Non-Converted Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a resource located

outside the ISO Controlled Grid to serve a Load located outside the transmission and distribution system of a Participating TO.

- 3.113. Wheeling. Wheeling Out or Wheeling Through.
- 3.114. Wholesale Customer. A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
- 3.115. Zone. A portion of the ISO Controlled Grid within which Congestion is expected to be small in magnitude or to occur infrequently. "Zonal" shall be construed accordingly.

4. Eligibility. Transmission service over a Participating TO's system shall be provided only to Eligible Customers. Any dispute as to whether a customer is eligible for wholesale transmission service shall be resolved by FERC and any dispute as to whether an End-Use Customer is eligible for service under this TO Tariff shall be resolved by the Local Regulatory Authority.

5. Access Charges and Transmission Rates.

5.1. Low Voltage Access Charge. The Low Voltage Access Charge shall be determined in accordance with the ISO Tariff. The Low Voltage Access Charge customer, shall pay the Participating TO, Low Voltage Access Charge equal to the product of the Participating TO's Low Voltage Access Charge rate and the Low Voltage Access Charge customer's Gross Load, as provided by the ISO. The Participating TO's monthly charges to be applied to Low Voltage Access Charge customers are determined pursuant to the provisions of Appendices VIII and IX hereof. The Low Voltage Access Charge applicable for the current Rate Effective Period is shown on SDG&E's OASIS, which can be accessed at www.sdge.com\toforum, or through a link to SDG&E's web page that is located on the CAISO website at www.caiso.com.

5.2. Wheeling Access Charge. The Wheeling Access Charge shall be determined in accordance with the ISO Tariff. The Wheeling Access Charge, assessed by the ISO, consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge. The High Voltage Wheeling Access Charge is set forth in the ISO Tariff. The Participating TO's Low Voltage Wheeling Access Charge is determined pursuant to the provisions of Appendices VIII and IX hereof. The Low Voltage Wheeling Access Charge applicable for the current Rate Effective Period is available on SDG&E's OASIS, which is shown at www.sdge.com\toforum, or through a link to SDG&E's web page that is accessible through the CAISO's OASIS at www.caiso.com.

5.3. End-User Transmission Rates. End-User transmission rates for a FERC-jurisdictional Participating TO shall be based on the Base Transmission Revenue Requirement authorized by FERC. In addition, all End-Use Customers of a FERC-jurisdictional Participating TO shall be subject to the FERC-authorized TRBAA rate and TACBAA rate. For a Local Publicly Owned Electric Utility that is a Participating TO, such rates shall be submitted to the ISO for information only. In addition, all customers of a Local Publicly Owned Electric Utility that is a Participating TO shall be subject to the Local Regulatory Authority authorized TRBAA, which shall also be submitted to the ISO. The Participating TO's End-User transmission rates, by retail rate schedule, are determined pursuant to the provisions of Appendices VIII and IX hereof. The End-User transmission rates applicable during the Rate Effective Period are available on SDG&E's OASIS, which is shown at www.sdge.com/toforum, or through a link to SDG&E's web page that is accessible through the CAISO's OASIS at www.caiso.com. An End-User shall pay the same End-User transmission rate as other similarly situated End-Use Customers of the Participating TO regardless of its energy supplier. End-Users withdrawing power from the Participating TO's transmission or distribution facilities shall not qualify for transmission access under the Wheeling Access Charge if FERC would be prohibited from ordering transmission service for such customer by Section 212(h) of the FPA.

5.4. Transmission Revenue Requirement. As set forth in the ISO Tariff, the Transmission Revenue Requirement for each Participating TO shall be used to develop the Access Charges set forth in the ISO Tariff. The Transmission Revenue Requirement, High Voltage Transmission Revenue Requirement,

and Low Voltage Transmission Revenue Requirement for the Participating TO are set forth in Appendix I.

5.5. Transmission Revenue Balancing Account Adjustment (TRBAA). The Participating TO shall maintain a Transmission Revenue Balancing Account Adjustment ("TRBAA") that will ensure that all Transmission Revenue Credits and the refunds, specified in Sections 6 and 8 of Appendix F. Schedule 3 of the ISO Tariff, associated with transmission service are flowed through to customers taking transmission service from the ISO. The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I} + \text{FF\&U}$$

Where:

Cr = The principal balance in the TRBAA recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBAA from the previous period and the difference in the amount of revenues from Transmission Revenue Credits and the amount of such revenues that has been refunded to customers through operation of the TRBAA, adjusted for franchise fees and uncollectible accounts expense;

Cf = The forecast of Transmission Revenue Credits for the following calendar year;

I = The interest balance for the TRBAA, which shall be calculated using the interest rate pursuant to Section 35.19(a) of FERC's regulations under the Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated based on the average

TRBAA principal balance each month, compounded quarterly;
and

FF&U= An adjustment for franchise fees and uncollectible accounts.

Beginning in January of each year, the bills of End-Use Customers of the Participating TO shall include, as a component of the End-User transmission rates, a TRBAA rate per kilowatt-hour (rounded to the nearest \$0.00001) equal to:

$$\text{TRBAA Rate} = \frac{\text{TRBAA}}{S}$$

S

Where:

S = The total kilowatt-hours of Gross Load measured at the customer meter level as recorded for the twelve month period ending September 30 of the year prior to commencement of the January billing cycle.

5.6 Transmission Access Charge Balancing Account Adjustment (TACBAA).

Commencing on the transition date determined under Section 4 of Schedule 3 to Appendix F of the ISO Tariff, the Participating TO shall maintain a Transmission Access Charge Balancing Account Adjustment (TACBAA). Each month the Participating TO shall make two entries to the TACBAA. One entry will equal the difference between (i) the actual charges by the ISO to the Participating TO pursuant to Section 26.1.2 of the ISO Tariff for the High Voltage Access Charge and Transition Charge and (ii) the Revenues disbursed

by the ISO to the Participating TO pursuant to Section 26.1.3 of the ISO Tariff. The second entry will equal the TACBAA rate revenues, adjusted for franchise fees and uncollectible accounts expense, billed to End-Use Customers during the month. Interest on the amounts accumulated in the TACBAA shall be calculated based on the average TACBAA principal balance each month, compounded quarterly, using the interest rate pursuant to Section 35.19(a) of FERC's regulations under the Federal Power Act (18 C F R Section 35.19(a)). For service rendered on and after the effective date of new retail rates, authorized by the CPUC, modifying the frozen retail rates established pursuant to California Assembly Bill 1890, the bills of End-Use Customers of the Participating TO shall include, as a component of the End- User transmission rates, a TACBAA rate per kilowatt-hour (rounded to the nearest \$0.00001) equal to:

$$\text{TACBAA Rate} = \frac{\text{Br} + \text{Bf} - \text{Rf} + \text{FF\&U}}{\text{S}}$$

S

Where:

Br = The Balance in the TACBAA, including interest, consisting of the recorded balance and the projected change for the remaining months of the period prior to the commencement of the billing cycle implementing a new rate;

Bf = A forecast of the annual Access Charge billings from the ISO;

Rf = A forecast of the annual revenues disbursed by the ISO to the Participating TO pursuant to Section 26.1.3 of the ISO Tariff;

FF&U = An adjustment for franchise fees and uncollectible accounts; and

S = Total Gross Load, in kilowatt-hours measured at the customer meter level,

recorded for the most recent twelve-month period to the Participating TOs filing with the FERC to revise the TACBAA rate.

The TACBAA shall be revised January 1 of each year; however, nothing herein shall preclude the Participating TO from filing with the FERC to revise the TACBAA rate at any other time.

6. Ancillary Services – Applicability and Charges. Ancillary Services are needed to maintain reliability within the ISO Controlled Grid. Ancillary Services may be provided to the ISO. The prices for Ancillary Services shall be determined in accordance with the ISO Tariff.

7. Billing and Payment.

7.1 End-Users. Billing and payment rules applicable to End-Users and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service area shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

7.2 Low Voltage Access Charge Revenues.

7.2.1 Billing Procedure. Within a reasonable time after the Participating TO receives from the ISO the monthly kilowatt-hours to which the Low Voltage Access Charge applies, the Participating TO shall submit an invoice to the applicable UDC, MSS or Scheduling Coordinator for the Low Voltage Access Charge billing. The invoice shall be paid by the UDC, MSS, or Scheduling Coordinator within twenty days of receipt. All payments shall be made in immediately available funds payable to the Participating TO, or by wire transfer to a bank named by the Participating TO.

7.2.2 Interest on Unpaid Balances. Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Participating TO.

7.2.3 Default. In the event the UDC, MSS, or Scheduling Coordinator fails, for any

reason other than a billing dispute as described below, to make payment to the Participating TO on or before the due date as described above, and such failure of payment is not corrected within 30 calendar days after the Participating TO notifies the applicable UDC, MSS, or Scheduling Coordinator Dependent Participating TO to cure such failure, a default by the Dependent Participating TO shall be deemed to exist. Upon the occurrence of a default, the Participating TO may initiate a proceeding with FERC (or the Local Regulatory Authority for a Local Publicly Owned Electric Utility) to terminate service but shall not terminate service until FERC, or the Local Regulatory Authority, as applicable, so approves any such request. In the event of a billing dispute between the Participating TO and the UDC, MSS, or Scheduling Coordinator, the Participating TO will continue to provide service under this TO Tariff as long as the applicable UDC, MSS, or Scheduling Coordinator: (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the UDC, MSS, or Scheduling Coordinator fails to meet these two requirements for continuation of service, then the Participating TO may provide notice to the UDC, MSS, or Scheduling Coordinator of its intention to suspend service in sixty days, in accordance with FERC policy.

7.3 Wheeling and Usage Charge Revenues. The ISO, pursuant to the ISO Tariff, shall pay to Participating TOs all Wheeling and Usage Charge revenues, excluding Usage Charge revenues payable to FTR Holders.

8. Obligation to Interconnect or Construct Transmission Expansions & Facility Upgrades.

8.1. Participating TO Obligation to Interconnect. The Participating TO shall, at the request of a third party pursuant to Section 10, interconnect its system to the generation or load of such third party, or modify an existing Interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the FPA. Interconnections requested by entities or individuals that are not so eligible shall be governed by the Local Regulatory Authority.

8.1.1. Interconnection to Transmission System. Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, and ISO reliability criteria for the ISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair system reliability, or would otherwise adversely affect the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its Encumbrances in the System Impact Study performed pursuant to Section 10.7. To the extent that Participating TO determines that the Interconnection of a New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.

8.1.2. Costs Associated with Interconnection. Each party requesting Interconnection shall pay the costs of planning, installing, operating, and maintaining Direct Assignment Facilities and if applicable, any Reliability

Upgrades required to provide the requested Interconnection. In addition, such party shall implement all existing operating procedures necessary to safely and reliably interconnect such party's generation or wholesale load to the facilities of the Participating TO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. A New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of the New Facility, in which case the New Facility Operator shall be responsible only for the incremental costs associated with the earlier installation of the facility. Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff and Section 9 of this TO Tariff, any Delivery Upgrades. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the ISO Tariff for transmission expansions or upgrades.

- 8.1.3. Interconnection Agreement. Pursuant to Section 10.4, 10.7.1, or 10.9.1, a party requesting Interconnection shall request in writing that the Participating TO tender to such party. The Participating TO shall tender to the party requesting Interconnection an Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility. The Interconnection Agreement will include, without limitation, cost, responsibilities and payment provisions for any engineering, equipment, construction, operation and maintenance costs for any Direct Assignment

Facilities and any Reliability Upgrades, and Delivery Upgrades, if applicable, and for any other mitigation measures. For an Interconnection request to remain a Completed Interconnection Application, the party requesting the Interconnection shall execute the Interconnection Agreement and return it to the Participating TO within thirty (30) Calendar days of receipt. Alternatively, if an Eligible Customer requesting the Interconnection requests the Participating TO to file an unexecuted Interconnection Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Interconnection Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted Interconnection Agreement or commence construction of the Interconnection facilities or incur other costs under the Interconnection Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Interconnection Agreement has been issued by the applicable court or regulatory authority. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the applicant not covered by any System Impact Study Agreement or Facilities Study Agreement.

- 8.1.3.1 Queuing Provisions. To maintain its queue position, the New Facility Operator must timely comply with the interconnection requirements of Section 5.7 of the ISO Tariff and Sections 8.1 and 10 of this TO Tariff. If the New Facility Operator fails to timely comply with such interconnection requirements, such New Facility Operator shall pay the reasonable costs of revising the System Impact Studies for other New Facility Operator's that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the queuing provisions in Section 5.7.4.4 of the ISO Tariff.
- 8.1.4 Due Diligence to Construct. The Participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and, as applicable, Section 5.7 of the ISO Tariff.
- 8.1.5 Energization. The Participating TO shall not be obligated to energize, nor shall the New Facility Operator or wholesale load be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3, and becomes effective and such New Facility Operator or wholesale load has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of Section 5.7 of the ISO Tariff and the requirements of this TO Tariff.
- 8.1.6 Coordination with ISO on Interconnection Requests. The Participating TO shall coordinate with the ISO, pursuant to the provisions of the TCA, in developing Interconnection standards and guidelines for processing Interconnection requests under this TO Tariff.

- 8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to: (1) perform System Impact or Facility Studies where the Project Sponsor or the ISO agrees to pay the study cost and specifies the project objectives to be achieved, and (2) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations of Section 3.2, the ISO Tariff, and this TO Tariff.
- 8.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand Interconnection facilities, transmission facilities or system upgrades unless and until the conditions stated in Section 9.2.1 hereof have been satisfied.
- 8.2.2 Local Furnishing Participating TO Obligation to Construct. A Local Furnishing Participating TO shall not be obligated to construct or expand Interconnection facilities, transmission facilities or system upgrades unless and until the conditions stated in Section 9.3.3 hereof have been satisfied.
- 8.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual determinations of the ISO, (including the ISO's ADR Procedures), the CPUC, WSCC, or RTG coordination planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9. Expansion Process.

9.1. Determination of Facilities. A Participating TO shall perform a Facilities Study in accordance with this Section where (1) the Participating TO is obligated to construct or expand facilities in accordance with Section 3.2 of the ISO Tariff and this TO Tariff; (2) a Market Participant agrees to pay the costs of the Facilities Study and specifies the project objectives to be achieved in terms of increased capacity or reduced congestion; or (3) the Participating TO is required to perform a Facilities Study pursuant to the ISO Tariff.

9.1.1. Payment of Facilities Study's Cost.

9.1.1.1. Market Participant to Pay for Facilities Study. Where a Market Participant requests a Facilities Study and the need for the transmission addition or upgrade has not yet been established in accordance with the procedures established herein and the ISO Tariff, the Market Participant shall pay the cost of the Facilities Study.

9.1.1.2. Project Sponsor or Project Proponent to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein and the ISO Tariff, the Project Sponsor, Project Proponent, or the ISO requesting the study shall pay the reasonable cost of the Facilities Study. When the Participating TO is the Project Sponsor in accordance with the ISO Tariff, the costs of the Facilities Study shall be recovered through the Access Charges and transmission rates.

9.1.1.3. Principal Beneficiaries to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the ISO or ISO ADR Procedures in accordance with the ISO Tariff, the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Facilities Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the ISO ADR Procedures.

9.1.2. Payment Procedure. Where a Facilities Study is being conducted pursuant to this TO Tariff, the Participating TO shall, as soon as practicable, tender to the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, a Facilities Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facilities Study. If the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facilities Study Agreement, they shall execute the Facilities Study Agreement and return it to the Participating TO within ten Business Days. If such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiary elects not to execute a Facilities Study Agreement, the Participating TO shall have no obligation to complete a Facilities Study.

9.1.3. Facilities Study Procedures. Upon receipt of an executed Facilities Study

Agreement, a copy of which has been provided to the ISO by the party requesting the Facilities Study, the Participating TO will use due diligence to complete the required Facilities Study in accordance with the terms of the Facilities Study Agreement.

9.2. Obligation to Build.

9.2.1. Due Diligence to Construct. Subject to Section 9.3.3 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the ISO Tariff and this TO Tariff. The Participating TO's obligation to build will be subject to: 1) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state, and local laws; 2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the ISO Tariff; and 3) a signed Participation Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system reliability as determined through systems analysis based on the Applicable Reliability Criteria.

9.2.2. Delay in Construction or Expansion. If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify: (1) the Project Sponsor with regard to facilities determined to be needed; (2) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the ISO Tariff where principal beneficiaries were identified; and (3) the ISO. In such circumstances, the Participating TO shall, within thirty days of notifying such Project Sponsor, Parties

to the Participation Agreement, and the ISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the ISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

9.2.2.1 Alternatives to the Original Facility Additions. If the review process of Section 9.2.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the ISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the ISO, or Parties to the Participation Agreement may request that the Participating TO prepare a revised Facility Study pursuant to Sections 9.1.1, 9.1.2, and 9.1.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Participation Agreement or the ISO disagree, the dispute shall be resolved pursuant to the ISO ADR Procedure.

9.2.2.2 Refund Obligation for Unfinished Facility Additions. If the Participating TO and the Project Sponsor, the ISO, or Parties to the

Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Regulation 35.19(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

9.3. Provisions Relating to Transmission Construction on the Systems of Other TOs.

9.3.1 Responsibility for Third Party Additions. A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

9.3.2. Coordination of Third-Party System Additions. Where transmission additions or upgrades being built pursuant to the ISO Tariff require additions or upgrades on other systems, to the extent consistent with Section 9.3.3 of this TO Tariff, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after

consultation with the ISO, the Project Sponsor, and Parties to the Participation Agreement, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the ISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Within forty Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation Agreement, or the ISO may challenge the decision in accordance with the ISO ADR Procedure.

- 9.3.3. Expansion by "Local Furnishing Participating TO's". Notwithstanding any other provision of this TO Tariff, prior to requesting that a Local Furnishing Participating TO construct or expand facilities, or utilize existing facilities, the ISO or Project Sponsor, if necessary as determined by the Local Furnishing Participating TO, shall tender (or cause to be tendered) an application under Section 211 of the FPA requesting FERC to issue an order directing the Local Furnishing Participating TO to construct or expand facilities as necessary to provide Interconnection or transmission service as determined pursuant to the ISO Tariff. Such Local Furnishing Participating TO shall thereafter, within ten Business Days of receiving a copy of the Section 211 application, waive its right to a request for service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 212(c) of the FPA. Upon receipt of a final order from FERC under Section 211 of the FPA that is no longer subject to rehearing or appeal, such

Local Furnishing Participating TO shall construct or expand facilities, or permit the utilization of existing facilities, to comply with that FERC order and shall transfer to the ISO Operational Control over the Local Furnishing Participating TO's expanded transmission facilities in accordance with the ISO Tariff.

10. Interconnection Process.

10.1. Applicability. All requests for Interconnection directly to the ISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10.

10.2. Applications. Except as provided in Section 10.2.1, a party requesting Interconnection shall submit written Interconnection Applications which provides the information required in Section 10.3 to the Participating TO and shall send a copy of the application to the ISO. The Participating TO shall time-stamp the application to establish study priority.

10.2.1. New Facility Operator. If the party requesting Interconnection to the ISO Controlled Grid is a New Facility Operator, such party shall submit a written Interconnection Application to the ISO pursuant to Section 5.7.3 of the ISO Tariff that shall include the information required in Section 10.3 of this TO Tariff.

10.3. Completed Interconnection Application. A Completed Interconnection Application shall provide all of the information listed in 18 CFR § 2.20, including, but not limited to, the following:

- (i) The identity, address, telephone number, and facsimile number of the party requesting Interconnection;
- (ii) The Interconnection point(s) to the ISO Controlled Grid

- contemplated by the applicant;
- (iii) The resultant (or new) maximum amount of Interconnection capacity;
- (iv) The proposed date for energizing the Interconnection and the term of the Interconnection service
- (v) If the applicant is a New Facility Operator, completed generator data sheets pursuant to the requirements of the Participating TO.
- (vi) Such other information as the Participating TO reasonably requires to process the application. In addition to the information specified above, the following information may also be provided in order to properly evaluate system conditions.
- (vii) If the applicant is a wholesale load, the electrical of the source of the power (if known) to be transmitted pursuant to the applicant's request for Interconnection. If the source of the power is not known, a system sale will be assumed; and
- (viii) The electrical location of the ultimate load (if known). If the location of the load is not known, a system sale will be assumed.

In addition, if the applicant proposes to perform or cause a third party to perform any required System Impact Study or any required Facilities Study, it shall so indicate in its Interconnection Application. The results of any study or studies performed by a New Facility Operator must be approved by both the ISO and the Participating TO. Within 10 Business Days after receipt of an Interconnection Application, the Participating TO, and the ISO, if applicable, shall determine whether the application is complete ("Completed Interconnection Application"). Wherever possible, the Participating TO will attempt to remedy deficiencies in the Interconnection

Application through informal communications with the applicant. If such efforts are unsuccessful, the Participating TO shall return the Interconnection Application to the applicant or to the ISO if the applicant is a New Facility Operator. The Participating TO will treat the information provided in the Interconnection Application, including the applicant's identity, as confidential at the request of the applicant except to the extent that disclosure of this information is required by this TO Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG or ISO transmission information sharing agreements. The Participating TO shall treat this information consistent with the standards of conduct contained in Part 37 of FERC's regulations.

- 10.3.1 Amendment to Completed Interconnection Application. An applicant shall only be limited to amending its Completed Interconnection Application once. Such amendment shall occur on or before ten (10) Business Days following the date the Participating TO tenders any Facilities Study Agreement. Specifically, as an alternative to executing and returning Facilities Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 5.7.4.2.1 of the ISO Tariff and Section 10.7 of this TO Tariff, the New Facility Operator's Completed Interconnection Application shall not be deemed withdrawn; and the New Facility Operator shall maintain its existing queue position, if (a) the amended Completed Interconnection Application is received by the Participating TO within ten (10) Business Days of the Participating TO's

tender of a Facilities Study Agreement; and (b) the New Facility Operator has not submitted a previous amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

- 10.4 Review of Completed Interconnection Agreement. After receiving a Completed Interconnection Application, the Participating TO, and the ISO, if applicable, will determine on a non-discriminatory basis whether a System Impact Study is required. Whenever the Participating TO, and the ISO, if applicable, determines that a System Impact Study is not required and that neither Reliability Upgrades nor changes in existing operating procedures are required, the Participating TO shall notify the applicant within fifteen (15) Business Days of the Completed Application Date. If the Interconnection can be accommodated without any Direct Assignment Facilities, within thirty (30) Business Days of such notice from the Participating TO, the applicant shall request the Participating TO to tender to the applicant an Interconnection Agreement. Within twenty (20) Business Days of such request, the Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If the Participating TO determines, upon the review of the Completed Interconnection Application, that Direct Assignment Facilities are required, the Participating TO shall tender to the applicant a Facilities Study Agreement within twenty (20) Business Days of the Completed Application Date and continue the Interconnection process pursuant to Section 10.8.

10.5 Notice of Need for System Impact Study. If the Participating TO, and the ISO, if applicable, determines that a System Impact Study is necessary to accommodate the requested Interconnection, the Participating TO shall so inform the applicant as soon as practicable. In such cases, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of performing or reviewing the required System Impact Study. A description of the Participating TO's transmission assessment practices for completing a System Impact Study is provided in the Participating TO's FERC Form 715. Alternatively, if the New Facility Operator will perform the System Impact Study, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of reviewing the required System Impact Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the System Impact Study Agreement and return it to the Participating TO within

ten (10) Business Days together with payment for the reasonable estimated cost of the System Impact Study or reviewing the New Facility Operator's System Impact Study. Alternatively, if the applicant requests the Participating TO to proceed with the System Impact Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the System Impact Study provided that such request is accompanied by payment for the reasonable estimated cost of the System Impact Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures. If the applicant elects not to execute a System Impact Study Agreement, and does not request that the Participating TO proceed with the System Impact Study or review thereof, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application.

10.6 System Impact Study Cost Reimbursement.

10.6.1 Cost Reimbursement. The System Impact Study Agreement shall clearly specify the charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable actual cost of the study. In performing the System Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any modifications

to existing planning studies that are reasonably necessary to evaluate the impact of the applicant's request.

10.6.2 Multiple Parties. If multiple parties request Interconnection at the same location, the Participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

10.7 System Impact Study Procedures. Upon receipt of an executed System Impact Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for estimated study costs, the Participating TO will use due diligence to either (a) complete the required System Impact Study within a sixty (60) day period or (b) complete its review of a New Facility Operator's System Impact Study within thirty (30) Calendar Days of its receipt of the completed study. The System Impact Study will identify whether any Direct Assignment Facilities or Reliability Upgrades as well as, if applicable, any Delivery Upgrades are necessary to deliver a New Facility's full output over the ISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the applicant's New Facility Operator's Completed Application Date. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the applicant and the ISO. The Participating TO will use the same due diligence

in completing the System Impact Study for others as it uses when completing studies for its affiliated UDC. The Participating TO shall notify the applicant and the ISO immediately upon completion of the System Impact Study.

- 10.7.1 Procedures Upon Completion of System Impact Study. Within fifteen (15) Business Days of completion of the System Impact Study or review and approval of a New Facility Operator's System Impact Study, the Participating TO shall notify the applicant whether the transmission system will be adequate to accommodate all of a request for Interconnection. If no costs are likely to be incurred for any Direct Assignment Facilities, any Reliability Upgrades, or implementing any operating procedures, then within thirty (30) Business Days of receipt of the completed System Impact Study performed by the Participating TO or receipt of written approval of the New Facility Operator's System Impact Study from the Participating TO and the ISO, the applicant shall request the Participating TO to tender an Interconnection Agreement. Within twenty (20) Business Days of such request, the Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If costs are likely to be incurred to accommodate a request for Interconnection, the Participating TO shall tender to the applicant a Facilities Study Agreement pursuant to Section 10.8.
- 10.8 Notice of Need for Facilities Study. If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy an applicant's request for Interconnection, the Participating TO shall, within

fifteen (15) Business Days of the completion date of the System Impact Study, or the completion of review and approval of the New Facility Operator's System Impact Study by the Participating TO and the ISO, tender to the applicant a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete the required study; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of performing the required Facilities Study. Alternatively, if the New Facility Operator will perform the Facilities Study, the Participating TO shall within fifteen (15) Business Days of the completion date of the System Impact Study or the completion of review and approval of the New Facility Operator's System Impact Study, tender a Facilities Study Agreement that defines the scope, content, assumptions and term of reference for such study to be reviewed by the Participating TO; the estimated time required to complete the required review; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual cost of reviewing the required Facilities Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the Facilities Study Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated cost of the Facilities Study or reviewing the New Facility Operator's Facilities Study. Alternatively, if the applicant requests the Participating TO to proceed with the Facilities Study or review thereof and commits to abide by the terms, conditions, and cost

assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study provided that such request is accompanied by payment for the reasonable estimated cost of the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO ADR Procedures. If the applicant elects not to execute a Facilities Study Agreement and does not request that the Participating TO proceed with the Facilities Study, its application shall be deemed withdrawn and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the System Impact Study Agreement.

- 10.9 Facilities Study Procedure. Upon receipt of an executed Facilities Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for the estimated study costs, the Participating TO will use due diligence to either (a) complete the required Facilities Study within a sixty (60) Calendar day period or (b) complete its review of a New Facility Operator's Facilities Study within thirty (30) Calendar Days of its receipt of the completed study. In the event that the Participating TO is unable to complete the required Facilities Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Facilities Study shall be made available to the applicant.

- 10.9.1 Execution of Interconnection Agreement. Within thirty (30) Business Days of receipt of the completed Facilities Study performed by the Participating TO or receipt of written approval of the New Facility Operator's Facilities Study from the Participating TO, the applicant shall request the Participating TO to tender an Interconnection Agreement. Within twenty (20) Business Days of such request, the Participating TO shall tender to applicant an Interconnection Agreement as provided in Section 8.1.3.
- 10.10 Partial Interim Service. If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount requested in a Completed Interconnection Application, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additional Direct Assignment Facilities or Reliability Upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires such additional facilities or upgrades to the transmission system until such facilities or upgrades have been placed in service.
- 10.11 Expedited Interconnection Procedures. In lieu of the procedures set forth above, the applicant shall have the option to expedite the processing of its Completed Interconnection Application. In order to exercise this option, the applicant shall submit in writing a Request for Expedited Interconnection Procedures to the Participating TO, and to the ISO, if the applicant is a New Facility Operator, within ten (10) Business Days after receiving a copy of the System Impact Study for the proposed Interconnection. Within ten (10) Business Days after receiving a Request

for Expedited Procedures, the Participating TO shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this TO Tariff for processing the Completed Interconnection Application and providing the requested Interconnection. While the Participating TO agrees to provide the applicant with its best estimate of the costs of any needed Direct Assignment Facilities and, if applicable, Reliability Upgrades and other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all actual interconnection costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Interconnection Agreement within ten (10) Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Interconnection Application and will be deemed terminated and withdrawn. In that event, the applicant shall reimburse the Participating TO for all costs reasonably incurred in processing the application not covered by the terms of the System Impact Study Agreement.

11. Uncontrollable Forces and Indemnification.

11.1 Procedures to Follow if Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (i) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (ii) not be entitled to suspend performance in any greater scope or longer duration than is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) keep the other Parties apprised of such efforts on a continual basis and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this

TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12. Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of any FERC-jurisdictional Participating TO furnishing services in accordance with this TO Tariff, or any tariff and rate schedule which results from or incorporates this TO Tariff, unilaterally to make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its rates, including changes in rate methodology, or for a change in designation of transmission facilities to be placed under the ISO's control, in each case under Section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder.
- 12.1. Open Access. For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the ISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.
- 12.2. Stranded Cost Recovery. If a retail customer becomes a legitimate wholesale transmission customer of a public utility or transmitting utility, e.g., through municipalization, and costs are stranded as a result of the retail turned wholesale customer's access to wholesale transmission under this TO Tariff, the utility may seek recovery of such costs through rates for wholesale transmission services to that customer, as provided in FERC Order Nos. 888 and 888-A, provided that nothing in this Section 12.2 shall be deemed in derogation of stranded cost recovery rights under state law.

13. Creditworthiness.

- 13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Low Voltage Transmission Facilities. For the purpose of determining the ability of a UDC, MSS, and Scheduling Coordinator to meet its obligations related to service using the Participating TO's Low Voltage Transmission Facilities hereunder, the Participating TO may require reasonable credit review procedures for the UDC, MSS, or Scheduling Coordinator. This review shall be made in accordance with standard commercial practices. In addition, the Participating TO may require the UDC, MSS, or Scheduling Coordinator to provide and maintain in effect during the term of the service, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this TO Tariff, or an alternative form of security proposed by the UDC, MSS, or Scheduling Coordinator and acceptable to the Participating TO, and consistent with commercial practices established by the Uniform Commercial Code, that protect the Participating TO against the risk of non-payment.
- 13.2 End-Users and Certain Wholesale Customers. Creditworthiness rules applicable to End-Users and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service Area shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

14. Disputes. Except as limited below or as otherwise limited by law, the ISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facilities Study Agreement, System Impact Study Agreement or expedited Service Agreement. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

15. Recovery of Reliability Service Costs. Reliability Service costs payable by a utility that is a Participating TO pursuant to the ISO Tariff shall be recovered from End-Users located in the Service Area of that utility and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service Area. Such utility shall file with the Commission and/or the appropriate Local Regulatory Authority(ies) a mechanism for such cost recovery. The recovery of Reliability Service charges applicable to such End Users and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service Area, is set forth in Appendices V, VI, and VII attached hereto.

16. Miscellaneous

16.1 Notices. Any notice, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon delivery if delivered by prepaid commercial courier service, in each case addressed to a Party at the address set forth in Appendix IV. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix IV to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff or in connection with operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

16.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

16.3 Confidentiality.

16.3.1 Maintaining Confidentiality If Not for Public Disclosure. The Participating

TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Party that such Party may designate as confidential, provided, however, that the information will not be held confidential by the receiving Party if (1) the designating Party is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the public on a non-confidential basis (other than from the receiving Party).

16.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 16.3.2 to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 16.3.2, the Party may disclose such information; provided, however, that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- 16.4 TO Tariff Supersedes Existing Tariffs. This TO Tariff, together with the ISO Tariff and wholesale distribution access tariff, if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 16.5 Titles. The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 16.6 Severability. If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 16.7 Preservation of Obligations. Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.

- 16.8 Governing Law. This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 16.9 Appendices Incorporated. The several appendices to this TO Tariff, as may be revised from time to time, are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.

APPENDIX - I
SDG&E's Transmission Revenue Requirement
TO5-Cycle 2 – Annual Informational Filing
Effective January 1, 2020 – December 31, 2020

1. **Wholesale Customers:** For purposes of the CAISO's calculation of Transmission Access Charges.
 - a. The Wholesale Transmission Revenue Requirement shall be **\$832,526,772¹**, which is equal to the Wholesale Base Transmission Revenue Requirement of **\$865,455,042**, reduced by the Wholesale TRBAA of **\$19,362,630** and reduced by Standby Transmission Revenue of **\$13,565,640**.
 - b. The High Voltage Transmission Revenue Requirement shall be **\$504,820,290**.
 - c. The Low Voltage Transmission Revenue Requirement shall be **\$327,706,482**.
 - d. Gross Load consistent with the High Voltage Transmission Revenue Requirement shall be **18,589,407** megawatt hours.
2. **Effective Date:** The amounts in (1) shall be effective January 1, 2020, or until amended by the Participating TO or modified by FERC.

NOTE (1): Transmission Revenue Requirements consist of the following:

BTRR in the instant TO5-Cycle 2 Informational Filing ER20- -	=	\$865,455,042
TRBAA Filing in Docket ER20- -000	=	(19,362,630)
Standby Revenues in the instant TO5-Cycle 2 Info. Filing ER20- -	=	(13,565,640)
TOTAL	=	<u>\$832,526,772</u>

APPENDIX II

Charges For Wholesale Transmission Services

High Voltage Wheeling Access Charge	See ISO Tariff
Low Voltage Wheeling Access Charge	Determined in accordance with Appendices VIII and IX
Low Voltage Access Charge	Determined in accordance with Appendices VIII and IX
High Voltage Utility-Specific Rate (1)	Determined in accordance with Appendices VIII and IX

(1) High Voltage Utility Specific Rate reflects Transmission Surcharge rate per Docket ER01-3074-000 and Security Revenues in Docket ER02-1687-000.

APPENDIX III

Access Charges for End-Use Customers

[SEE ATTACHED]

Retail Transmission Revenue Balancing Account Adjustment Rate (TRBAA)

A Transmission Revenue Balancing Account Adjustment Rate equal to (\$0.00108) per kilowatt-hour shall be applied to all SDG&E End-User Customers bills.

ISO Wholesale Transmission Revenue Balancing Account Adjustment TRBAA Service Year 2020

A:	High Voltage TRBAA	\$ (19,022,459)
B.	Low Voltage TRBAA	<u>(340,171)</u>
C.	Total ISO Wholesale TRBAA	\$ <u>(19,362,630)</u>

Transmission Access Charge Balancing Account Adjustment Rate (TACBAA)

A Transmission Access Charge Balancing Account Adjustment Rate equal to (\$0.01611) per kilowatt-hour shall be billed to all SDG&E End-User Customers.

APPENDIX IV

Notices

Designated Representative:

Chris Lyons
Senior Counsel
8330 Century Park Ct.
San Diego, CA 92123
Telephone: (858) 654-1559

Shivani Sidhar
Regulatory Case Manager
8330 Century Park Ct.
San Diego, CA 92123
Telephone: (858) 637-7914

APPENDIX V

Reliability Services Revenue Requirement

1. The Reliability Services Revenue Requirement of \$632,000 is equal to the forecast of Reliability Services payments the Participating TO will make to the ISO during the twelve Month period following the Effective Date of the Rate Schedule, the balance in the RS balancing account from the preceding year, including an adjustment for franchise fees and uncollectible accounts expense.
2. The amount in (1) shall be effective until amended by the Participating TO in accordance with Appendix VI to this Tariff.

APPENDIX VI

Reliability Services Rate Schedule

1. **Applicability.** This rate schedule is applicable to all End-Users of SDG&E and Wholesale Customers serving load in SDG&E's Service Area.
2. **Description.** The purpose of this Reliability Services Rate Schedule is to set forth rates to be charged by the Participating TO for the recovery of Reliability Services costs billed to the Participating TO by the ISO for Reliability Services that enhance reliable grid operations and local area reliability. RS costs incurred by the ISO are recovered from the utility that is a party to a Transmission Control Agreement, consistent with the ISO Tariff and section 3.83 of this TO Tariff.
3. **Intentionally Omitted**
4. **Reliability Service Revenue Requirement.** The initial RS revenue requirement, that is effective beginning on the Effective Date of this rate schedule, shall be established through a filing by the Participating TO with the FERC under Section 205 of the Federal Power Act. The initial RS revenue requirement shall be equal to the forecast RS payments the Participating TO will make to the ISO during the twelve-month period following the Effective Date.

Subsequent to the establishment of the initial RS revenue requirement, the revenue requirement and associated RS charges shall be revised annually effective on January 1 of each year. To implement this annual revision, the Participating TO shall file with the FERC for a revision to the RS revenue requirement and RMR

charges in December of the year prior to January 1 of the following calendar year, requesting as necessary, waiver of all prior notice requirements. In the annual revision, the RS revenue requirement shall be established based on the forecast of RS costs for the calendar year, plus the recorded balance in the RS balancing account (RSBA) as of November 30 of the year prior to commencement of the following calendar year.

The RSBA is a mechanism that is designed to ensure that SDG&E neither under recovers nor over recovers from customers the RS costs. The balance in the account represents the cumulative difference between the revenues billed by SDG&E under RS charges to End User Customers and Wholesale Customers serving load in SDG&E's Service Area and the RS costs paid by SDG&E to the ISO, plus costs incurred by SDG&E pursuant to Section 3 of this Appendix VI, plus interest. Interest shall be calculated using the interest rate pursuant to Section 35.19a of the FERC's regulations under the Federal Power Act (18 CFR Section 35.19a). Interest shall be calculated based on the average RSBA balance each month, compounded quarterly.

5. **RS Charges.** Charges for recovery of the RS Requirement are provided in Appendix VII.

6. **Effective Date.** This rate schedule is effective for service rendered on and after the date designated by the Commission.

APPENDIX VII

Reliability Must-Run Charges for End Users¹

[SEE ATTACHED]

¹ These charges represent the rates for recovery of the RMR revenue requirement.

Summary of Reliability Services Retail Transmission Rates

Line No.	Customer Classes	(A) Transmission Level Energy Rates \$/kWh	(B) Transmission Level Demand Rates \$/kW-Mo	(C) Primary Level Demand Rates \$/kW-Mo	(D) Secondary Level Demand Rates \$/kW-Mo	Line No.
1	Residential	0.00004				1
2						2
3	Small Commercial	0.00004				3
4						4
5	Medium & Large Commercial/Industrial (1)	0.00004	0.00	0.00	0.00	5
6	Vehicle Grid Integration Rate (3)	0.00004				6
7						7
8	Agricultural					8
9	Schedules TOU-PA, TOU-PA2, and TOU-PA3	0.00002				9
10	Schedules PA-T-1(1)	0.00003	0.00	0.00	0.00	10
11						11
12	Street Lighting	0.00004				12
13						13
14	Standby Rate (2)		0.00	0.00	0.00	14

2020 Service Year

- (1) Demand rate applied to customers monthly maximum demand.
- (2) Demand rate applied to standby customers contract demand.
- (3) Volumetric rate applied to customer participants on the Vehicle Grid Integration Pilot Program.

Wholesale RS Rate

	\$/kWh
Wholesale RS rate	0.00004

APPENDIX VIII

FORMULA FOR CALCULATING ANNUAL BASE TRANSMISSION REVENUE REQUIREMENTS UNDER SDG&E'S TRANSMISSION OWNER TARIFF

This Appendix VIII sets forth the formula for calculating the annual Base Transmission Revenue Requirements ("BTRRs") and is organized into the following sections:

Introduction

I. Definitions

- A. Allocation Factors
 - 1. HV and LV Allocation Factor
 - 2. Seven-Element Adjustment Factor
 - 3. Transmission Plant Allocation Factor
 - 4. Transmission Property Insurance and Tax Allocation Factor
 - 5. Transmission Wages and Salaries Allocation Factor
- B. Terms
 - 1. Accumulated Deferred Income Taxes
 - 2. Administrative and General Expense
 - 3. Amortization of Investment Tax Credits
 - 4. Amortization of Loss on Reacquired Debt
 - 5. Annual Fixed Charge Rate
 - 6. Base Period
 - 7. Base Return on Common Equity
 - 8. CAISO Base Transmission Revenue Requirements
 - 9. CAISO Participation Return on Equity Adder
 - 10. Common Plant
 - 11. Common Plant Depreciation Expense
 - 12. Common Plant Depreciation Reserve
 - 13. CPUC Intervenor Funding Expense
 - 14. Electric Miscellaneous Intangible Plant
 - 15. Electric Miscellaneous Intangible Plant Amortization Expense
 - 16. Electric Miscellaneous Intangible Plant Amortization Reserve
 - 17. End Use Customers Base Transmission Revenue Requirements
 - 18. Forecast Period
 - 19. General Plant
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21. General Plant Depreciation Reserve
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29. Incentive Transmission Plant Abandoned Project Cost
30. Incentive Transmission Plant Abandoned Project Cost
Accumulated Deferred Income Taxes
31. Incentive Transmission Plant Abandoned Project Cost
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32. Incentive Transmission Plant Accumulated Deferred Income
Taxes
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- 63. Transmission Related Cash Working Capital
- 64. Transmission Related Common Plant
- 65. Transmission Related Common Plant Depreciation Expense
- 66. Transmission Related Common Plant Depreciation Reserve
- 67. Transmission Related Depreciation Reserve
- 68. Transmission Related General Plant
- 69. Transmission Related General Plant Depreciation Expense
- 70. Transmission Related General Plant Depreciation Reserve
- 71. Transmission Related Electric Miscellaneous Intangible Plant
- 72. Transmission Related Electric Miscellaneous Intangible Plant Amortization Expense
- 73. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve
- 74. Transmission Related Materials & Supplies
- 75. Transmission Related Municipal Franchise Tax Expense
- 76. Transmission Related Payroll Tax Expense
- 77. Transmission Related Prepayments
- 78. Transmission Related Property Taxes
- 79. Transmission Related Regulatory Debits and Credits
- 80. Transmission Related Revenue Credits
- 81. Transmission Related Uncollectible Expense
- 82. True-Up Period
- 83. Uncollectible Expense
- 84. Weighted Forecast Plant Additions

II. Calculation of Annual Base Transmission Revenue Requirement

A. Formula Rate Protocols – Attachment 1

B. Formula Rate Spreadsheet – Attachment 2

INTRODUCTION

This Appendix sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") Base Transmission Revenue Requirements used to derive the charges assessed by SDG&E to its End Use Customers ("BTRR_{EU}") and SDG&E's Base Transmission Revenue Requirements used to derive the transmission charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the California Independent System Operator Corporation ("CAISO") pursuant to the CAISO Tariff ("BTRR_{CAISO}"). This Appendix VIII, which includes the Formula Rate Protocols as Attachment 1 and the Formula Rate Spreadsheet as Attachment 2, constitutes the "TO5 Formula." SDG&E shall calculate its BTRRs¹ using the formula rate that is presented in the spreadsheet format in the Formula Rate Spreadsheet.

The Formula Rate Spreadsheet contains fixed formulae that are described in this Appendix VIII and are embedded in the Formula Rate Spreadsheet. If there is any conflict between the text of this Appendix VIII and the Formula Rate Spreadsheet, the embedded formulae in 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 in accordance with the Formula Rate Protocols, and will be populated with data from SDG&E's annual Form 1 filing or SDG&E's underlying ledger accounts in accordance with the Formula Rate Protocols. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing.

¹ The term "BTRRs" includes the BTRR_{EU} and the BTRR_{CAISO} calculated in each annual update.

SDG&E shall update its BTRRs in accordance with the procedures and timelines set forth in the Formula Rate Protocols. SDG&E shall have the burden of demonstrating that its updates to the BTRRs are just and reasonable, consistent with Section C.4 of the Formula Rate Protocols. An Interested Party (as defined in the Protocols) shall have the right to challenge SDG&E's updates, consistent with Sections C.3 and C.4 of the Formula Rate Protocols.

SDG&E has the right to modify the TO5 Formula through single-issue filings under Section 205 of the Federal Power Act only as provided in Section D of the Protocols.

I. DEFINITIONS

Capitalized terms not otherwise defined in Section 3 of SDG&E's Transmission Owner Tariff, or in the CAISO Tariff, or in this Appendix VIII have the following definitions:

A. ELECTRIC COMPONENT ALLOCATION FACTORS

1. High Voltage (HV) and Low Voltage (LV) Allocation Factors:

For purposes of SDG&E's BTRR_{CAISO}, SDG&E will allocate its Base Transmission Revenue Requirements between recorded High Voltage ("HV") and recorded Low Voltage ("LV") Transmission Facilities based on the ratio of HV transmission plant and LV transmission plant, respectively, to total gross transmission plant, plus weighted forecast HV and LV Transmission Facilities based on the respective percentages

and in-service dates of such facilities owned by SDG&E, which are classified as such in accordance with CAISO's Tariff.

2. Seven-Element Adjustment Factor shall be a factor calculated by SDG&E to be applied by SDG&E to the relevant accounts, if necessary, for the purposes of properly functionalizing such accounts between transmission, distribution, steam production, and other production in accordance with the guidelines set forth in the Commission's Order No. 888, as those guidelines, as applicable to SDG&E, may be modified by the Commission from time to time. General Plant, Common Plant and Electric Miscellaneous Intangible Plant will not be taken into account in the derivation of the Seven Element Adjustment Factor.
3. Transmission Plant Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related Common Plant and (d) Transmission Related Electric Miscellaneous Intangible Plant to SDG&E's Total Plant in Service.
4. Transmission Property Insurance and Tax Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related Common Plant to SDG&E's Total Plant in Service, excluding

SDG&E's ownership share in the San Onofre Nuclear Generation Station ("SONGS") and Electric Miscellaneous Intangible Plant.

5. Transmission Wages and Salaries Allocation Factor shall equal the ratio of SDG&E's transmission direct wages and salaries to SDG&E's total direct wages and salaries, excluding administrative and general wages and salaries.

B. TERMS

1. Accumulated Deferred Income Taxes shall equal the net of the deferred tax balance recorded in FERC Account Nos. 281-283 and the deferred tax balance recorded in FERC Account No. 190.
2. Administrative and General Expense (A&G) shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935, excluding FERC Account No. 930.1 (General Advertising Expense) and Account No. 927 Franchise Requirements.
3. Amortization of Investment Tax Credits shall equal SDG&E's credits recorded in FERC Account No. 411.4.
4. Amortization of Loss on Reacquired Debt shall equal SDG&E's expenses recorded in FERC Account No. 428.1.
5. Annual Fixed Charge Rate ("AFCR") for both End Use and CAISO customers shall be defined as reflected in Attachment 2 (Formula Rate Spreadsheet).
6. Base Period, shall be the calendar year for which SDG&E's most recent FERC Form 1 is available.

7. Base Return on Common Equity shall be 10.10%.
8. CAISO Base Transmission Revenue Requirement (BTTR_{CAISO}) shall be calculated as defined in Attachment 2 (Formula Rate Spreadsheet).
9. CAISO Participation Return on Equity Adder shall be 0.50%, unless disallowed by the FERC.
10. Common Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 303 and 389 through 398. Common Plant are costs that are shared between SDG&E's Electric and Gas functions. SDG&E uses labor ratios to segment these costs between Electric and Gas functions.
11. Common Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Common Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC, as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
12. Common Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to Common Plant recorded in FERC Account Nos. 108 and 111.
13. CPUC Intervenor Funding Expense shall equal those expenses recorded in FERC Account No. 928 incurred by SDG&E associated with its requirement to reimburse intervenors

participating in CPUC regulatory proceedings involving
transmission projects as ordered and approved by the CPUC.

14. Electric Miscellaneous Intangible Plant shall equal SDG&E's costs recorded in FERC Account No. 303 related to Electric Miscellaneous Intangible Plant.
15. Electric Miscellaneous Intangible Plant Amortization Expense shall equal SDG&E's costs recorded in FERC Account No. 404 related to the amortization of Electric Miscellaneous Intangible Plant as approved by FERC, shown in Statement AJ work papers. These Amortization Periods may not change absent a Section 205 or 206 filing.
16. Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's costs recorded in FERC Account No. 111 related to the amortization reserve of Electric Miscellaneous Intangible Plant.
17. End Use Customer Base Transmission Revenue Requirement (BTRR_{EU}) shall be calculated as defined in Attachment 2 (Formula Rate Spreadsheet).
18. Forecast Period shall be the 24-month period beginning January 1, just after the Base Period, and ending the following year on December 31. The second year of the Forecast Period corresponds to the Rate Effective Period. For TO5 Cycle 1, the Forecast Period will be January 1, 2018 through December 31, 2019. The 24-

month Forecast Period will use actual monthly data to the extent that it is available at the time the forecast is developed.

19. General Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 389-399.
20. General Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to General Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
21. General Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to General Plant recorded in FERC Account Nos. 108 and 111.
22. Incentives refer to any of the items delineated in FERC Order No. 679, as may be modified from time to time, including the following:
 - a) Incentive Return on Equity
 - b) 100% Construction Work in Progress (CWIP) in rate base.
 - c) 100% recovery of Abandoned Project Costs

The input values for the incentive as defined herein shall be zero in the Formula until the Commission accepts or approves the recovery of the cost associated with the incentive. SDG&E must submit a Section 205 filing to recover the cost of Incentives in accordance with Section D.2 of the Formula Rate Protocols.

23. Incentive Annual Fixed Charge Rate shall be calculated as reflected in Attachment 2 (Formula Rate Spreadsheet).
24. Incentive Transmission Construction Work in Progress shall be construction work in progress for which SDG&E is authorized to collect Incentives under FERC Order No. 679. These costs shall be recorded in FERC Account No. 107.
25. Incentive Project shall be a transmission capital project for which the recovery of an Incentive has been approved as permitted by FERC Order No. 679, as it may be modified from time to time.
26. Incentive Return and Associated Income Taxes shall equal the product of the Incentive Transmission Rate Base and Incentive Cost of Capital Rate, as adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).
27. Incentive Return on Equity shall equal the Return on Equity that the FERC authorizes SDG&E to collect on Incentive Project(s). The Incentive Return on Equity may vary by Incentive Project.
28. Incentive Transmission Plant shall be the transmission plant for Incentive Projects for which SDG&E is authorized to collect Incentives under FERC Order No. 679. Incentive Transmission Plant shall be tracked individually by Incentive Project.
29. Incentive Transmission Plant Abandoned Project Cost shall be the costs associated with abandoned Incentive Projects which SDG&E is authorized to collect under FERC Order No. 679. These costs

shall be recorded in FERC Account No.182.2 and amortized to
FERC Account No. 407.

30. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall equal the balance of Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Incentive Transmission Abandoned Project Cost Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109, or its successor, costs. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes do not include the Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes.
31. Incentive Transmission Plant Abandoned Project Cost Amortization Expense shall equal the annual amortization expense recorded in FERC Account No. 407 related to Incentive Transmission Plant Abandoned Project Cost as approved by FERC. Incentive Transmission Plant Abandoned Project Cost Amortization Expense does not include Transmission Plant Abandoned Project Cost Amortization Expense.
32. Incentive Transmission Plant Accumulated Deferred Income Taxes shall equal the balance of accumulated deferred income taxes

related to Incentive Transmission Plant, as reflected in a footnote to SDG&E's annual FERC Form 1, which SDG&E shall reference by page in its Informational Filing. Incentive Transmission Plant Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109, or its successor, costs. Incentive Transmission Plant Accumulated Deferred Income Taxes shall be tracked individually by Incentive Project.

33. Incentive Transmission Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Incentive Transmission Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with the TO5 Transmission Plant Depreciation Rates as reflected in Statement AJ work papers. Incentive Transmission Plant Depreciation Expense shall be tracked individually by Incentive Project.
34. Incentive Transmission Plant Depreciation Reserve shall equal the balance of incentive transmission reserves related to Incentive Transmission Plant recorded in FERC Account Nos. 108 and 111. Incentive Transmission Plant Depreciation Reserve shall be tracked individually by Incentive Project.
35. Incentive Weighted Forecast Plant Additions for any Forecast Period shall be the estimated capital investment associated with Incentive Transmission Plant SDG&E anticipates placing in service during such Forecast Period. Such estimated capital

investment shall be calculated using the same methodology for Weighted Forecast Plant Additions as specified in this Appendix VIII.

36. Incentive Weighted Forecast Transmission Construction Work In Progress for any Forecast Period shall be determined as follows:
- a) if the Incentive CWIP for any applicable project closes to plant after the end of the Base Period but before the beginning of the Rate Effective Period, such weighted forecast incentive transmission CWIP shall equal the difference between the transmission incentive CWIP balance in the month that the project will close to plant in-service less the balance of CWIP for that project at the end of the December of the Base Period; and b) if the incentive CWIP closes to plant during the Rate Effective Period, the weighted forecast incentive transmission CWIP shall equal 13-month average incremental CWIP balance during the Rate Effective Period. The incremental CWIP balance shall be equal to the difference between the CWIP balance at the end of the month in the Forecast Period just prior to the first month of the Rate Effective Period, less the CWIP balance at the end of the Base Period; this difference shall be added to the monthly CWIP expenditures during the Rate Effective Period until the Incentive Project goes into service. The above calculations for a) or b), as applicable, will be done for each Incentive Project.

37. Materials and Supplies shall equal SDG&E's balance of total electric Material & Supplies recorded in FERC Account 154 as reported in SDG&E's annual FERC Form 1. This component of rate base is calculated using a 13-month average.
38. Municipal Franchise Tax Expense shall equal the amounts recorded in FERC Account No. 927.
39. Other BTRR Adjustments in the annual informational update represent amounts that were not previously included, and which are now required to be paid by SDG&E, or used to develop its transmission costs, and will be outlined and explained. Any necessary workpapers showing these adjustments and their inclusion in the formula rate update will be provided.
40. Other Regulatory Assets/Liabilities shall equal amounts recorded in FERC Account No. 182.3 that the Commission has accepted for recovery under Section 205 of the FPA. Other Regulatory Assets/Liabilities for the initial Rate Effective Period shall be zero.
41. Payroll Taxes shall equal those payroll tax expenses recorded in FERC Account No. 408.1.
42. Prepayments shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
43. Property Insurance shall equal SDG&E's expenses recorded in FERC Account No. 924.
44. Property Taxes shall equal SDG&E's expense recorded in FERC

Account No. 408.1.

45. Rate Effective Period shall be a 12 month calendar year period beginning January 1 and ending December 31.
46. Return and Associated Income Taxes – Base ROE shall equal the product of the Transmission Rate Base and the Cost of Capital Rate on the Base ROE, adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).
47. Return and Associated Income Taxes – CAISO Participation ROE Adder shall equal the product of the Transmission Rate Base and the Cost of Capital Rate on the 50 basis point adder, adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).
48. South Georgia Income Tax Adjustment shall equal the amount set forth in the applicable FERC Form 1.
49. Total Plant in Service shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
50. Transmission, General, Common Plant Depreciation Expense, and Electric Miscellaneous Intangible Amortization Expense shall equal the balance of Transmission Plant Depreciation Expense, plus the balance of Transmission Related General Plant Depreciation Expense, plus the balance of Transmission Related Common Plant Depreciation Expense, plus the balance of Transmission Related Electric Miscellaneous Intangible Plant Amortization Expense.

51. Transmission Operation and Maintenance Expense shall equal SDG&E's expenses recorded in FERC Account Nos. 560-573, excluding non-transmission costs recorded in (1) FERC Account Nos. 561.4 (Scheduling, System Control & Dispatch Services); (2) FERC Account 561.8 (Reliability, Planning & Standards Development) for CAISO charges that are included in the Energy Resource Recovery Account ("ERRA"); (3) FERC Account No. 565 (Transmission of Electricity by Others) relating to the purchase of power on behalf of or to serve SDG&E's bundled retail customers; (4) FERC Account 566 (Miscellaneous Transmission Expenses) for CAISO Grid Management Costs and other expenses recovered in other balancing accounts such as California Systems 21st Century Energy Balancing Account ("CES-21BA"), Hazardous Substance Cleanup Cost Memorandum Account ("HSCCMA"), Reliability Costs Memorandum Account ("RCMA") costs, Transmission Revenue Balancing Account Adjustment ("TRBAA"), and Transmission Access Charge Balancing Account Adjustment ("TACBAA"); and (5) FERC Account No. 560 (Operation supervision and engineering) for 40% of Executive Incentive Compensation, using the definition of "executive officer" set forth in Rule 3b-7 under the Securities Exchange Act of 1934 .
52. Transmission Plant shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 350-359, excluding the portion

attributable to any facilities, the cost of which is directly assigned under the CAISO Tariff or is included in Incentive Transmission Plant.

53. Transmission Plant Abandoned Project Cost shall equal an amount, exclusive of Incentive Transmission Plant Abandoned Project Cost, relating to abandoned transmission projects that are recorded in FERC Account No. 182.2. The ratemaking treatment to be afforded for recovery of such costs shall be determined by the Commission on the basis of a filing made by SDG&E with the Commission under Section 205 of the FPA in accordance with this Appendix VIII. In the Section 205 of the FPA proceeding, SDG&E reserves its right to request recovery of up to 100% of the Transmission Plant Abandoned Project Cost and parties reserve their full rights to contest 100% recovery as provided for in this Appendix VIII.
54. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109, or its successor, costs.

Transmission Plant Abandoned Project Cost Accumulated
Deferred Income Taxes do not include the Incentive
Transmission Plant Abandoned Project Costs Accumulated
Deferred Income Taxes.

55. Transmission Plant Abandoned Project Cost Amortization Expense shall equal the annual amortization expense recorded in FERC Account No. 407 related to Transmission Plant Abandoned Project Cost. Transmission Plant Abandoned Project Cost Amortization Expense does not include Incentive Transmission Plant Abandoned Project Cost Amortization Expense.
56. Transmission Plant Depreciation Expense shall equal SDG&E's transmission expenses recorded in FERC Account Nos. 403, 404, and 405, excluding Incentive Transmission Plant Depreciation Expense. Both Transmission Plant Depreciation Expense and Incentive Transmission Plant Depreciation Expense will be calculated using the rates shown in Statement AJ workpapers. The Transmission Plant Depreciation Rates for each subaccount will not change during the term of TO5. However, the overall composite depreciation rate of 2.97% (based on plant balances as of December 31, 2017) will change based upon the plant balances in the subaccounts.
57. Transmission Plant Depreciation Reserve shall equal SDG&E's transmission reserve balance recorded in FERC Account Nos. 108

and 111. Transmission Plant Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.

58. Transmission Plant Held for Future Use shall equal SDG&E's transmission related plant balance recorded in FERC Account No. 105. Gain or loss on the sale of plant held for future use shall be recorded in FERC Account Nos. 411.6 and 411.7.

59. Transmission Related Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Accumulated Deferred Income Taxes, plus the balance of Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes, plus Transmission Related Electric Miscellaneous Intangible Plant Deferred Income Taxes, less the Incentive Transmission Plant Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Related Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109, or its successor, costs.

60. Transmission Related A&G Expenses shall equal (1) Administrative and General Expense included in FERC Account Nos. 920-935, excluding non-transmission-related expenses and various CPUC mandated costs recovered in other balancing accounts, which include but are not limited to non-transmission-

related expenses in FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Damages and Injuries), FERC Account No. 927 (Franchise Requirements), FERC Account 928 (Regulatory Commission Expenses) for any CPUC Intervenor Funding Expenses, FERC Account No. 930.1 (General Advertising Expenses), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), multiplied by the Transmission Wages and Salaries Allocation Factor, plus (2) Property Insurance in FERC Account No. 924, excluding insurance costs related to nuclear plant serving SDG&E's bundled retail customers, multiplied by the Transmission Property Insurance and Tax Allocation Factor.

61. Transmission Related Amortization of Excess Deferred Tax Liabilities shall equal an amount recorded in FERC Account Nos. 190, 282, and 283 related to transmission as reflected in a footnote in SDG&E's annual FERC Form 1 as referenced by page in its annual Informational Filing.
62. Transmission Related Amortization of Investment Tax Credits shall equal the amount set forth in the applicable FERC Form 1 until fully amortized. SDG&E shall reflect in a footnote in its annual FERC Form 1 any Transmission Related Amortization of Investment Tax Credits, which SDG&E shall reference by page in its annual Informational Filing.

63. Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operations and Maintenance, Transmission Related A&G Expenses, and CPUC Intervenor Funding Expense - Transmission.
64. Transmission Related Common Plant shall equal SDG&E's balance of investment in Common Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
65. Transmission Related Common Plant Depreciation Expense shall equal the balance of SDG&E's Common Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by the Transmission Wages and Salaries Allocation Factor.
66. Transmission Related Common Plant Depreciation Reserve shall equal the balance in Common Plant Depreciation Reserve multiplied by the Transmission Wages and Salaries Allocation Factor.
67. Transmission Related Depreciation Reserve shall equal the balance of Transmission Depreciation Reserves, plus the balance of Transmission Related General Plant Depreciation Reserves, plus Transmission Related Common Plant Depreciation Reserves, plus the balance of Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserves. Transmission Related Depreciation Reserve does

not include Incentive Transmission Plant Depreciation Reserve.

68. Transmission Related General Plant shall equal SDG&E's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
69. Transmission Related General Plant Depreciation Expense shall equal the balance of SDG&E's General Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by Transmission Wages and Salaries Allocation Factor.
70. Transmission Related General Plant Depreciation Reserve shall equal the balance in General Plant Depreciation Reserves multiplied by the Transmission Wages and Allocation Factor.
71. Transmission Related Electric Miscellaneous Intangible Plant shall equal the total amount of Electric Miscellaneous Intangible Plant recorded in FERC Account No. 303 multiplied by the Transmission Wages and Allocation Factor.
72. Transmission Related Electric Miscellaneous Intangible Plant Amortization Expense shall equal the balance of SDG&E's Electric Miscellaneous Intangible Plant Amortization Expense recorded in FERC Account No. 404 multiplied by the Transmission Wages and Salaries Allocation Factor.

73. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's balance of Electric Miscellaneous Intangible Plant Amortization Expense recorded in FERC Account No.111 multiplied by the Transmission Wages and Salaries Allocation Factor.
74. Transmission Related Materials & Supplies shall equal SDG&E's electric balance of Materials and Supplies multiplied by the Transmission Plant Allocation Factor.
75. Transmission Related Municipal Franchise Tax Expense shall equal: a) the Base Transmission Revenue Requirement ("BTRR") prior to the inclusion of Municipal Franchise Tax expense multiplied by the Municipal Franchise Tax Expense rate that the CPUC authorizes from time to time, which shall be recovered as part of the BTRR rates, plus b) an amount of Municipal Franchise Tax Expense that the CPUC authorizes SDG&E to collect from customers who reside in the City of San Diego. This latter amount shall be reflected on the electric bills of customers residing in the City of San Diego, and shall not be included as part of the wholesale BTRR.
76. Transmission Related Payroll Taxes Expense shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1 (excluding Citizens related payroll), multiplied by the Transmission Wages and Salaries Allocation Factor. SDG&E shall

footnote in its annual FERC Form 1 the payroll taxes attributable to Citizens, which SDG&E shall reference by page in its Informational Filing.

77. Transmission Related Prepayments shall equal SDG&E's electric balance of prepayments recorded in FERC Account No. 165 multiplied by the Transmission Plant Allocation Factor.
78. Transmission Related Property Taxes shall equal Property Taxes, excluding property taxes directly assigned to SONGS, multiplied by the Transmission Property Insurance and Tax Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the directly assigned property taxes attributable to SONGS, which SDG&E shall reference by page in its Informational Filing.
79. Transmission Related Regulatory Debits and Credits shall equal SDG&E's amortization expense associated with Other Regulatory Assets/Liabilities debited to FERC Account No. 407.3 and FERC 407.4 that the Commission has accepted for recovery under Section 205 of the FPA. Transmission Related Regulatory Debits for the initial Rate Effective Period shall be zero.
80. Transmission Related Revenue Credits shall include Transmission related revenues SDG&E received from providing transmission services over SDG&E facilities under existing contracts or other Tariff Filings. These revenues are recorded in (1) FERC Accounts 451; (2) 453 through 456; and (3) other FERC Accounts applicable

to the Citizens. Examples include, but are not limited to, rents from electric property, generation interconnection, and Citizens lease of SDG&E's transmission facilities. These revenues that SDG&E received are used to reduce the cost of service for SDG&E's customers.

81. Transmission Related Uncollectible Expense shall equal the Base Transmission Revenue Requirement End Use customers prior to the inclusion of uncollectible expenses multiplied by the percentage allowance for uncollectible expenses approved from time to time by the CPUC, and should not be included as part of the wholesale BTRR.
82. True-Up Period shall be 12 months ended December 31 of the Base Period of each year.
83. Uncollectible Expense shall equal SDG&E's charges for uncollectible accounts recorded in FERC Account No. 904.
84. Weighted Forecast Plant Additions for any Forecast Period shall be the estimated capital investment in new Transmission Plant, Transmission Plant Held for Future Use, and Transmission Related General Plant, Common Plant, and Electrical Miscellaneous Intangible Plant SDG&E anticipates placing in service during such Forecast Period. Such estimated capital investments shall be determined for each month of the Forecast Period as described herein and each such estimated capital investment shall be

multiplied by a weighting factor such that the magnitude of such capital investment as reflected in the determination of SDG&E's transmission revenue requirement pursuant to this Appendix VIII formula reflects the number of months during the Forecast Period those investments in new transmission facilities are actually in service. Any new transmission facilities expected to be placed in service during the Forecast Period but prior to the end of the first month of the associated Rate Effective Period, i.e., January 31 of the second year of the Forecast Period, shall be assigned a weighting factor of 1.00. Any new transmission facilities expected to be placed in service during the Forecast Period as of the beginning of the second month of the Rate Effective Period, i.e., February 1, or thereafter through and including December 31, shall be assigned a weighting factor based on the number of months during the Rate Effective Period for which those facilities are expected to be in service divided by 12. Thus, for example, a plant addition expected to be placed in service in February of the Rate Effective period would be assigned a weighting factor of 11 divided by 12 or 0.917.

II. CALCULATION OF ANNUAL BASE TRANSMISSION REVENUE REQUIREMENTS

A. Formula Rate Protocols – See Attachment 1

B. Formula Rate Spreadsheet – See Attachment 2

The TO5 Formula Rate Spreadsheet consists of the following:

- Statement BK1 (Derives End Use BTRR) and BK2 (Derives CAISO BTRR), and
- Statements AD through AV and Miscellaneous Statement (provide data embedded in Statement BK1 and BK2, and
- True-Up Adjustment and Interest True-Up Adjustment workpapers, and
- Summary of High and Low Voltage split for Forecast Plant addition workpapers

Data cells within the Formula Rate Spreadsheet that are color coded green are manual inputs based on the workpapers and/or FERC Form 1 data that are external to the Formula Rate Spreadsheet.

Data cells that are color coded yellow are linked to cells on other pages within the Formula Rate Spreadsheet.

Uncolored cells reflect formulas (e.g., cells representing the sum of preceding lines) or links to cells on the same page.

Data cells that are colored grey shall be zero.

SDG&E will include these workpapers in each Annual Informational Filing.

Blank lines for Project-Specific Incentives or Abandoned Plant for Non-Incentives Projects that show up in the Formula Rate Spreadsheet will not be populated with numbers absent a Section 205 filing.

T05 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") used to derive the charges assessed by SDG&E to its End Use Customers ("BTRR_{EU}") and SDG&E's BTRR used to derive the transmission charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the California Independent System Operator Corporation ("CAISO") pursuant to the CAISO Tariff ("BTRR_{CAISO}"). SDG&E's Fifth TO Formula ("TO5 Formula") rate mechanism consists of Appendix VIII of SDG&E's TO Tariff and its two attachments: the Formula Rate Protocols ("Protocols") (Attachment 1) and the Formula Rate Spreadsheet (Attachment 2). Capitalized terms shall have the meaning ascribed to them herein or in Appendix VIII of SDG&E's TO Tariff.

The BTRR_{EU} and BTRR_{CAISO} for each Rate Effective Period will consist of the following four parts:

- (i) the Prior Year Revenue Requirements ("PYRR");
- (ii) the Forecast Period Capital Addition Revenue Requirements ("FC");
- (iii) a True-Up Adjustment; and
- (iv) an Interest True-Up Adjustment.

The PYRR, FC 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.

The PYRR 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 PYRR in the annual Informational Filing described below. CPUC Intervenor Funding Expense, South Georgia tax impacts, and uncollectibles will be recovered as a component of PYRR for End Use Customers, but not for CAISO customers. The FC 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 BTRRs¹ 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 Section 205 or Section 206 filing.² The sources of the data used in the TO5 Formula will be: (a)

¹ The term "BTRRs" includes the $BTRR_{EU}$ and the $BTRR_{CAISO}$ that are calculated in each annual update.

² 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.

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 TO5 FORMULA

1. Effective Date

The Retail and Wholesale transmission rates for Cycle 1 shall become effective on June 1, 2019 and shall be re-determined annually thereafter in accordance with these Protocols and the TO5 Formula to become effective on January 1 through December 31 of the rate year.

The TO5 Formula shall be in effect from June 1, 2019 and each year thereafter, unless the Commission modifies or replaces the TO5 Formula. Notwithstanding the following, the existing rates in effect at the time the TO5 Formula terminates shall remain in effect until superseded by subsequent Commission-approved rates.

2. Return on Equity Moratorium

There shall be a moratorium on SDG&E and Intervenors that prohibits Section 205 or Section 206 filings seeking to change the Return on Equity component (both the Return on Common Equity on Statement AV, page 1, line 32, and the Incentive Return on Common Equity, on Statement AV, page 2, line 1), with the exception of the 50-basis point adder for CAISO membership, of the TO5 formula through June 30, 2021.

3. Notice of Termination

Each party to SDG&E's TO5 Formula rate filing proceeding at FERC (referred to collectively as "Parties" and individually as a "Party"), whether the Cycle 1 filing or subsequent Annual Informational Filings, and SDG&E, shall each have a right to terminate the TO5 Formula, to be exercised on an annual basis, by providing notice to SDG&E and to each party no later than June 30, 2021 or any year thereafter ("Notice of Termination"). Following the Notice of Termination, SDG&E shall file a successor rate pursuant to Section 205, which shall include a

request for an effective date that is January 1 of the upcoming year. All Parties retain their full rights to oppose the filing.

4. Final True-Up Adjustment

After termination of the TO5 Formula, SDG&E shall calculate a Final True-Up Adjustment. The Final True-Up Adjustment shall cover the period of time ending on the date the TO5 Formula terminated and beginning on the day after the period covered by the most recent Annual True-Up Adjustment that was included in the BTRRs. The Final True-Up Adjustment shall be determined using the same calculation methodology as the Annual True-Up Adjustment and shall be applied to the next successor rate.

C. PROCEDURES FOR UPDATING THE BASE TRR

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.

Event	Date
Posting of Draft Informational Filing	July 1
Informational Requests	July 1 – October 31
Draft Informational Filing Meeting	On or before August 7
Annual Informational Filing	On or before December 1

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

TO5 Cycle 1

Rate Effective Period	June 1, 2019 – December 31, 2019
Base Period	12 Months ended December 31, 2017
Forecast Period	24 Months, January 2018 - December 2019
TU Adjustment	2017 calendar year applicable to TO4 Cycle 4
Interest TU Adjustment	January 1, 2017 – December 31, 2018

TO5 Cycle 2

Rate Effective Period	January 1, 2020 – December 31, 2020
Base Period	12 Months ended December 31, 2018
Forecast Period	24 Months, January 2019 - December 2020
TU Adjustment	2018 calendar year applicable to TO4 Cycle 5
Interest TU Adjustment	January 1, 2018 – December 31, 2019

TO5 Cycle 3

Rate Effective Period	January 1, 2021 – December 31, 2021
Base Period	12 Months ended December 31, 2019
Forecast Period	24 Months, January 2020 - December 2021
TU Adjustment	2019 calendar year applicable to TO5 Cycle 1
Interest TU Adjustment	January 1, 2019 – December 31, 2020

After Cycle 3, successive TO5 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.

1. Draft Informational Filing

On or before July 1 of each year, SDG&E shall post on its OASIS 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 Informational Filing at FERC on December 1. SDG&E will provide electronic notice of its posting to the Service List.³

³ 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 TO5 Formula rate tariff 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 in the FERC proceedings concerning SDG&E’s TO5 Formula rate tariff filing and parties that are admitted in future FERC proceedings

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 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 A&G items, revenue credits and rate divisors, and thirteen-month balances.
- d. Identification and explanation of any material changes, such as a description of any Material Accounting Changes.⁴
- e. Identification and explanation of any aspects of the TO5 Formula rate or its inputs that are the subject of an ongoing dispute in any FERC proceeding on a prior Informational Filing.

involving SDG&E's Annual Informational Filings. Any references to an "Interested Party" in these Protocols shall include the Service List or any customer of SDG&E.

⁴ "Material Accounting Changes" shall mean any change in SDG&E's (i) accounting policies and practices from those in effect for the Rate Effective Year upon which the immediately preceding Annual Informational Filing was based, including changes in estimation methods or policies and/or adoption of any new accounting standard or policy; (ii) internal corporate cost allocation policies or practices from those policies and/or practices in effect for the Rate Effective Year upon which the immediately preceding Informational Filing was based; or (iii) changes to income tax elections.

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 of each year to discuss any details or questions regarding SDG&E's Draft Informational Filing. 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. Information Requests

- a. Interested Parties may submit reasonable information requests to SDG&E regarding the Draft Informational Filing.
- b. 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. 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. 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 Protective Order adopted in the FERC proceedings concerning SDG&E's TO5 Formula rate tariff filing ("Protective Order"). Interested Parties will have all rights provided to them under the Protective Order to challenge 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.⁵

- 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

⁵ Nothing in these Protocols limits the CPUC's statutory or Constitutional authority to seek information from SDG&E.

Practice and Procedure. In the event 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.

4. Annual Informational Filing

- a. SDG&E shall submit to the Commission on or before December 1 of each year, starting in 2019, an Annual Informational Filing (the "Informational Filing") showing the rates to be in effect for the Rate Effective Period of the succeeding calendar year. The information provided in the Draft Informational Filing procedures (C.1.a through e. 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 Informational Filing shall show:
 - (i) for the PYRR 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.
- b. It is expressly intended by these Protocols that the Commission will issue public notice of the Informational Filing inviting public comment, and

SDG&E shall request in its Informational Filing that the Commission issue public notice of the Informational Filing inviting public comment.

- c. The Informational Filing shall not modify the TO5 Formula set forth in Appendix VIII and shall not constitute a rate change under Section 205 of the FPA. The Informational Filing shall not subject the TO5 Formula to modification.
- d. Any person may comment on or protest the Informational Filing. Any person may request that FERC establish hearing and/or settlement procedures regarding an Informational Filing, and all Parties to the FERC proceedings concerning SDG&E's TO5 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 TO5 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 TO5 Formula as described in Appendix VIII, the Formula Rate Spreadsheet and these Protocols;
 - (iii) whether the costs to be recovered through the BTRRs 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 Material Accounting Changes are reasonable and consistent with applicable FERC accounting rules; and
 - (vi) whether forecasts and projections have been reasonably made.
- e. Nothing in these Protocols shall act as a bar to a person raising an issue in comments or in protests to the Informational Filing that it has not raised in a prior 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 Informational Filing if protests and/or comments on the Informational Filing are filed.
- g. In any proceeding on SDG&E's Informational Filing, SDG&E shall bear the burden of showing the justness and reasonableness of the implementation of its TO5 Formula on matters set forth in subsections d. (i) through (vi) above in accordance with Commission precedent.
- h. SDG&E will make any revisions to the BTRRs and associated rates that are required by a final⁶ Commission order with respect to each Informational Filing. Unless otherwise ordered by the Commission, such

⁶ 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.

revisions shall be effective as of the first day of the applicable 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 Informational Filing as a component of the True-Up Adjustment. If the term of the TO5 Formula is ending so that there will be no future Informational Filing, SDG&E shall include the TRR difference in the Final True-Up Adjustment.

5. Adjustments to Reflect Correction of Errors

- a. In the event SDG&E or any Interested Party identifies an error in the TO5 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 calculated in an Informational Filing, SDG&E shall include in its next subsequent Informational Filing a brief description of the errors included in its prior Informational Filing that must be corrected. Errors include mistakes or omission regarding the values used as inputs to the Formula Rate template, such as arithmetic or 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 Informational Filing shall:
 - (i) Recalculate the True-Up TRR for all affected Prior Years;

- (ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up TRR 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.
- c. Absent an order requiring refunds outside of the True-Up process, the difference in Section C.5.a.(iii) shall be included as an additional component to SDG&E's True-Up Adjustment in its next Informational Filing or Final True-Up Adjustment, as applicable, as a one-time True-Up Adjustment in accordance with the TO5 Formula.

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 TO5 Filing submitted in connection with SDG&E's TO5 Formula rate tariff 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 TO5 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 TO5 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 TO5 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

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 Appendix VIII. Such placeholders will not change absent approval of a separate Section 205 filing seeking such a change.

- a. During the term of the TO5 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. The following conditions on SDG&E's right to seek incentives shall apply:
- b. SDG&E may not seek to include construction work in progress ("CWIP") in rate base except for any transmission project for which construction commenced in good faith during the term of the TO5 Formula. For any project for which the Commission grants SDG&E a CWIP incentive, SDG&E will reflect an Allowance for Funds Used During Construction ("AFUDC"), rather than 100% of CWIP, on project costs incurred prior to the date SDG&E obtains: (i) any required licensing approval from the

CPUC for the project; and (ii) CAISO approval for the project through the applicable CAISO planning or interconnection process.

- c. SDG&E may not seek to recover 100% of prudently-incurred abandoned plant costs except for any transmission project for which construction commenced in good faith during the term of the TO5 Formula. Further, for any transmission project that requires CAISO approval, SDG&E may not seek to recover 100% of prudently-incurred abandoned plant costs unless the project is included in the CAISO transmission plan.

3. FERC Form No. 1

SDG&E may make a single-issue Section 205 filing to update the references in the TO5 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 TO5 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 thirty days of any FERC decision to revise the FERC Form No. 1 or the Uniform System of Accounts, and shall be effective on the same date as the revisions to the FERC Form No. 1 or Uniform System of Accounts, as applicable, become effective. 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 TO5 Formula, 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. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a 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 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 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 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. However, SDG&E will not then be able to incorporate the CPUC-approved change in its TO5 Formula.

6. 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 TO5 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. 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 as determined by application of the PYRR component of the TO5 Formula; and
2. 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.⁷

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

⁷ The End Use Customer and CAISO wholesale True-Up cost of service will be derived pursuant to Attachment 1. The End Use Customer recorded revenues used to derive the End Use Customer True-Up Adjustment will come from the books of SDG&E.

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

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 TO5 Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.
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 Section 206 of the Federal Power Act and the regulations thereunder, to seek to change or cancel the TO5 Formula, or submit any other requests for relief under any applicable provisions of the FPA and/or the Commission's regulations.

TO5 Formula Rate Spreadsheet Blank

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>A. Revenues:</u>			
1	Transmission Operation & Maintenance Expense	\$ -	Statement AH; Line 9	1
2				2
3	Transmission Related A&G Expense	#DIV/0!	Statement AH; Line 31	3
4				4
5	CPUC Intervenor Funding Expense - Transmission	-	Negative of Statement AH; Line 16	5
6	Total O&M Expenses	#DIV/0!	Sum Lines 1 thru 5	6
7				7
8	Transmission, General, Common Plant Depn. Exp., and Electric Misc. Intangible Plant Amort. Exp.	#DIV/0!	Statement AJ; Line 17	8
9				9
10	Transmission Plant Abandoned Project Cost Amortization Expense ¹	-	Statement AJ; Line 23	10
11				11
12	Transmission Related Property Taxes Expense	#DIV/0!	Statement AK; Line 13	12
13				13
14	Transmission Related Payroll Taxes Expense	#DIV/0!	Statement AK; Line 20	14
15	Sub-Total Expense	#DIV/0!	Sum Lines 6 thru 14	15
16				16
17	Cost of Capital Rate (COCR) - Base ROE	#DIV/0!	Statement AV; Page 3; Line 31	17
18	Transmission Rate Base	#DIV/0!	Page 3; Line 27	18
19	Return and Associated Income Taxes - Base ROE	#DIV/0!	Line 17 x Line 18	19
20				20
21	Cost of Capital Rate (COCR) - CAISO Participation ROE Adder	#DIV/0!	Statement AV; Page 3; Line 64	21
22	Transmission Rate Base	#DIV/0!	Page 3; Line 27 - Line 10	22
23	Return and Associated Income Taxes - CAISO Participation ROE Adder	#DIV/0!	Line 21 x Line 22	23
24				24
25	Total of Federal Income Tax Deductions, Other Than Interest	\$ -	Statement AQ; Line 3	25
26	Transmission Related Revenue Credits	-	Statement AU; Line 13	26
27	Transmission Related Regulatory Debits/Credits	-	Statement Misc; Line 1	27
28	(Gains)/Losses from Sale of Plant Held for Future Use	-	Statement AU; Line 15	28
29				29
30	End of Prior Year Revenues (PYRR _{EU}) Excluding FF&U	#DIV/0!	Line 15 + Line 19 + Line 23 + (Sum Lines 25 thru 28)	30

¹ Blank lines that show up in the Formula Rate Spreadsheet will not be populated with any numbers absent a Section 205 filing to approve the blank lines.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>B. Incentive ROE Project Transmission Revenue:</u> ^{1,2}			
1	Incentive Transmission Plant Depreciation Expense	\$ -	Statement AJ; Line 19	1
2				2
3	Incentive Cost of Capital Rate _(ICOCR) - Base ROE	0.0000%	Statement AV; Page 4; Line 31	3
4	Total Incentive ROE Project Transmission Rate Base	\$ -	Page 3; Line 32	4
5	Incentive ROE Project Return and Associated Income Taxes - Base ROE	\$ -	Line 3 x Line 4	5
6				6
7	Cost of Capital Rate _(COCR) - CAISO Participation ROE Adder	0.0000%	Statement AV; Page 4; Line 64	7
8	Total Incentive ROE Project Transmission Rate Base	\$ -	Page 3; Line 32	8
9	Return and Associated Income Taxes - CAISO Participation ROE Adder	\$ -	Line 7 x Line 8	9
10				10
11	Total Incentive ROE Project Transmission Revenue	\$ -	Line 1 + Line 5 + Line 9	11
12				12
13	<u>C. Incentive Transmission Plant Abandoned Project Revenue:</u> ^{1,2}			13
14	Incentive Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	Statement AJ; Line 21	14
15				15
16	Total Incentive Transmission Plant Abandoned Project Cost Rate Base	\$ -	Page 3; Line 37	16
17	Cost of Capital Rate _(COCR) - Base ROE	#DIV/0!	Statement AV; Page 3; Line 31	17
18	Incentive Trans. Plant Aband. Proj. Return & Assoc. Inc. Taxes - Base ROE	#DIV/0!	Line 16 x Line 17	18
19				19
20	Total Incentive Transmission Plant Abandoned Project Cost Rate Base	\$ -	Page 3; Line 37	20
21	Cost of Capital Rate _(COCR) - CAISO Participation ROE Adder	0.0000%	Shall be Zero	21
22	Incentive Trans. Plant Aband. Proj. Return & Assoc. Inc. Taxes - CAISO Participation ROE Adder	\$ -	Line 20 x Line 21	22
23				23
24	Total Incentive Transmission Plant Abandoned Project Revenue	#DIV/0!	Line 14 + Line 18 + Line 22	24
25				25
26	<u>D. Incentive Transmission Construction Work In Progress (CWIP) Revenue:</u> ^{1,2}			26
27	Incentive Transmission Construction Work In Progress	\$ -	Page 3; Line 39	27
28	Cost of Capital Rate _(COCR) - Base ROE	#DIV/0!	Statement AV; Page 3; Line 31	28
29	Incentive CWIP Return and Associated Income Taxes - Base ROE	#DIV/0!	Line 27 x Line 28	29
30				30
31	Incentive Transmission Construction Work In Progress	\$ -	Page 3; Line 39	31
32	Cost of Capital Rate _(COCR) - CAISO Participation ROE Adder	#DIV/0!	Statement AV; Page 3; Line 64	32
33	Incentive CWIP Return and Associated Income Taxes - CAISO Participation ROE Adder	#DIV/0!	Line 31 x Line 32	33
34				34
35	Total Incentive CWIP Revenue	#DIV/0!	Line 29 + Line 33	35
36				36
37	Total Incentive End of Prior Year Revenues (PYRR _{EU-IR}) Excluding FF&U	#DIV/0!	Sum Lines 11, 24, 35	37
38				38
39	<u>E. Total (PYRR_{EU}) Excluding FF&U</u> ³	#DIV/0!	Page 1; Line 30 + Line 37	39

¹ Blank lines that show up in the Formula Rate Spreadsheet will not be populated with any numbers absent a Section 205 filing to approve the blank lines.

² The FERC approved incentives for each project will be tracked and shown separately by repeating the applicable lines. As a result, the data on this page may carryover to the next page.

³ Total Prior Year Revenues (PYRR) or Base Period Revenue is for 12 months ending the applicable cycle base period.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>A. Transmission Rate Base:</u>			
1	<u>Net Transmission Plant:</u>			1
2	Transmission Plant	\$ -	Page 4; Line 16	2
3	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Page 4; Line 17	3
4	Transmission Related General Plant	#DIV/0!	Page 4; Line 18	4
5	Transmission Related Common Plant	#DIV/0!	Page 4; Line 19	5
6	Total Net Transmission Plant	#DIV/0!	Sum Lines 2 thru 5	6
7				7
8	<u>Rate Base Additions:</u>			8
9	Transmission Plant Held for Future Use	\$ -	Statement AG; Line 1	9
10	Transmission Plant Abandoned Project Cost	-	Statement Misc; Line 3	10
11	Total Rate Base Additions	\$ -	Line 9 + Line 10	11
12				12
13	<u>Rate Base Reductions:</u>			13
14	Transmission Related Accum. Def. Inc. Taxes	\$ -	Statement AF; Line 7	14
15	Transmission Plant Abandoned Accum. Def. Inc. Taxes	-	Statement AF; Line 11	15
16	Total Rate Base Reductions	\$ -	Line 14 + Line 15	16
17				17
18	<u>Working Capital:</u>			18
19	Transmission Related Materials and Supplies	#DIV/0!	Statement AL; Line 5	19
20	Transmission Related Prepayments	#DIV/0!	Statement AL; Line 9	20
21	Transmission Related Cash Working Capital	#DIV/0!	Statement AL; Line 19	21
22	Total Working Capital	#DIV/0!	Sum Lines 19 thru 21	22
23				23
24	Other Regulatory Assets/Liabilities	\$ -	Statement Misc; Line 5	24
25	Unfunded Reserves	\$ -	Statement Misc; Line 7	25
26				26
27	Total Transmission Rate Base	#DIV/0!	Sum Lines 6, 11, 16, 22, 24, 25	27
28				28
29	<u>B. Incentive ROE Project Transmission Rate Base:</u> ¹			29
30	Net Incentive Transmission Plant	\$ -	Page 4; Line 25	30
31	Incentive Transmission Plant Accum. Def. Income Taxes	-	Statement AF; Line 9	31
32	Total Incentive ROE Project Transmission Rate Base	\$ -	Line 30 + Line 31	32
33				33
34	<u>C. Incentive Transmission Plant Abandoned Project Rate Base:</u> ¹			34
35	Incentive Transmission Plant Abandoned Project Cost	\$ -	Statement Misc; Line 9	35
36	Incentive Transmission Plant Abandoned Project Cost Accum. Def. Inc. Taxes	-	Statement AF; Line 13	36
37	Total Incentive Transmission Plant Abandoned Project Cost Rate Base	\$ -	Line 35 + Line 36	37
38				38
39	<u>D. Incentive Transmission Construction Work In Progress</u> ¹	\$ -	Statement AM; Line 1	39

¹ The FERC approved incentives for each project will be tracked and shown separately by repeating the applicable lines. As a result, the data on this page may carryover to the next page.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>A. Transmission Plant:</u>			
1	<u>Gross Transmission Plant:</u>			1
2	Transmission Plant	\$ -	Statement AD; Line 11	2
3	Transmission Related Electric Misc. Intangible Plant	#DIV/0!	Statement AD; Line 27	3
4	Transmission Related General Plant	#DIV/0!	Statement AD; Line 29	4
5	Transmission Related Common Plant	#DIV/0!	Statement AD; Line 31	5
6	Total Gross Transmission Plant	#DIV/0!	Sum Lines 2 thru 5	6
7				7
8	<u>Transmission Related Depreciation Reserve:</u>			8
9	Transmission Plant Depreciation Reserve	\$ -	Statement AE; Line 1	9
10	Transmission Related Electric Misc. Intangible Plant Amortization Reserve	#DIV/0!	Statement AE; Line 11	10
11	Transmission Related General Plant Depr Reserve	#DIV/0!	Statement AE; Line 13	11
12	Transmission Related Common Plant Depr Reserve	#DIV/0!	Statement AE; Line 15	12
13	Total Transmission Related Depreciation Reserve	#DIV/0!	Sum Lines 9 thru 12	13
14				14
15	<u>Net Transmission Plant:</u>			15
16	Transmission Plant	\$ -	Line 2 Minus Line 9	16
17	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Line 3 Minus Line 10	17
18	Transmission Related General Plant	#DIV/0!	Line 4 Minus Line 11	18
19	Transmission Related Common Plant	#DIV/0!	Line 5 Minus Line 12	19
20	Total Net Transmission Plant	#DIV/0!	Sum Lines 16 thru 19	20
21				21
22	<u>B. Incentive Project Transmission Plant:</u> ¹			22
23	Incentive Transmission Plant	\$ -	Statement AD; Line 13	23
24	Incentive Transmission Plant Depreciation Reserve	-	Statement AE; Line 19	24
25	Total Net Incentive Transmission Plant	\$ -	Line 23 Minus Line 24	25

¹ The Incentive ROE Transmission plant and depreciation reserve will be tracked and shown for each incentive project and lines 23 through 25 will be repeated for each project.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Forecast Period Capital Additions Revenue Requirements (FC_{EU})
For the Forecast Period xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>ANNUAL FIXED CHARGES APPLICABLE TO CAPITAL PROJECTS</u>			
	<u>A. Derivation of Annual Fix Charge Rate (AFCR_{EU}) Applicable to</u>			
	<u>Weighted Forecast Plant Additions:</u>			
1	PYRR _{EU} Excluding Franchise Fees and Uncollectible	#DIV/0!	Page 1; Line 30	1
2	50% of Transmission O&M Expense	-	Negative of Page 1; Line 1 x 50%	2
3	50% of Transmission Related A&G Expense	#DIV/0!	Negative of Page 1; Line 3 x 50%	3
4	CPUC Intervenor Funding Expense - Transmission	-	Negative of Page 1; Line 5	4
5	Total of Federal Income Tax Deductions, Other Than Interest	-	Negative of Page 1; Line 25	5
6	(Gains)/Losses from Sale of Plant Held for Future Use	-	Negative of Page 1; Line 28	6
7	Adjusted Total (PYRR _{EU}) Excluding FF&U	#DIV/0!	Sum Lines 1 thru 6	7
8				8
9	Net Transmission Plant	#DIV/0!	Page 4; Line 20	9
10				10
11	Annual Fix Charge Rate (AFCR _{EU})	#DIV/0!	Line 7 / Line 9	11
12				12
13	Weighted Forecast Plant Additions	\$ -	Summary of HV/LV Splits for Forecast Plant Additions; Line 5; Col. f	13
14				14
15	Composite Depreciation Rate	#REF!	Statement AJ; Page AJ-1B; Line 33; Col. c	15
16	Weighted Forecast Plant Additions Depreciation Expense	#REF!	Line 13 x Line 15	16
17				17
18	Net Weighted Forecast Plant Additions	#REF!	Line 13 minus Line 16	18
19				19
20	Forecast Period Capital Addition Revenue Requirements	#DIV/0!	Line 11 x Line 18	20

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1

Derivation of End Use Forecast Period Capital Additions Revenue Requirements (FC_{EU})

For the Forecast Period xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>ANNUAL FIXED CHARGES APPLICABLE TO INCENTIVE CAPITAL PROJECTS</u>			
	<u>A. Derivation of Annual Fix Charge Rate (AFCR_{EU-IR-ROE}) Applicable to Incentive Weighted Forecast Plant Additions (ROE Incentive Only):</u>			
1	PYRR _{EU-IR-ROE} Excluding Franchise Fees and Uncollectible	#DIV/0!	Page 1; Line 30 + Page 2; Line 11	1
2	50% of Transmission O&M Expense	-	Negative of Page 1; Line 1 x 50%	2
3	50% of Transmission Related A&G Expense	#DIV/0!	Negative of Page 1; Line 3 x 50%	3
4	CPUC Intervenor Funding Expense - Transmission	-	Negative of Page 1; Line 5	4
5	Total of Federal Income Tax Deductions, Other Than Interest	-	Negative of Page 1; Line 25	5
6	(Gains)/Losses from Sale of Plant Held for Future Use	-	Negative of Page 1; Line 28	6
7	Adjusted Total (PYRR _{EU-IR-ROE}) Excluding FF&U	#DIV/0!	Sum Lines 1 thru 6	7
8				8
9	Net Transmission Plant & Incentive Transmission Plant	#DIV/0!	Page 4; (Line 20 + Line 25)	9
10				10
11	Incentive Annual Fix Charge Rate (AFCR _{EU-IR-ROE}) ¹	#DIV/0!	Line 7 / Line 9	11
12				12
13	Incentive Weighted Forecast Plant Additions	\$ -	Summary of HV/LV Splits for Forecast Plant Additions; Line 8; Col. f	13
14				14
15	Composite Depreciation Rate	#REF!	Page 5; Line 15	15
16	Weighted Forecast Plant Additions Depreciation Expense	#REF!	Line 13 x Line 15	16
17				17
18	Net Weighted Forecast Plant Additions	#REF!	Line 13 minus Line 16	18
19				19
20	Forecast Period Incentive Capital Addition Revenue Requirements (FC _{EU-IR-ROE})	#DIV/0!	Line 11 x Line 18	20
21				21
22	<u>B. Derivation of Incentive Forecast Transmission CWIP Revenues:</u>			22
23	Incentive Weighted Forecast Transmission Construction Work In Progress	\$ -	Summary of HV/LV Splits for Forecast Plant Additions; Line 10 + Line 12; Col. f	23
24				24
25	Cost of Capital Rate (COCR) - Base ROE	#DIV/0!	Statement AV; Page 3; Line 31	25
26				26
27	Incentive Transmission Forecast CWIP Projects Revenue Requirements - Base ROE	#DIV/0!	Line 23 x Line 25	27
28				28
29	Incentive Weighted Forecast Transmission Construction Work In Progress	\$ -	Summary of HV/LV Splits for Forecast Plant Additions; Line 10 + Line 12; Col. f	29
30				30
31	Cost of Capital Rate (COCR) - CAISO Participation ROE Adder	#DIV/0!	Statement AV; Page 3; Line 64	31
32				32
33	Incentive Transmission Forecast CWIP Projects Revenue Requirements - CAISO Participation ROE Adder	#DIV/0!	Line 29 x Line 31	33
34				34
35	Total Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Line 27 + Line 33	35

¹ The Incentive Annual Fixed Charge Rate will be tracked and shown for each incentive project as applicable.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Base Transmission Revenue Requirements (BTRR_{EU})
For the Rate Effective Period xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>A. End Use Customer Base Transmission Revenue Requirement (BTRR_{EU}):</u>			1
2	End of Prior Year Revenues (PYRR _{EU}) Excluding FF&U	#DIV/0!	Page 1; Line 30	2
3				3
4	Incentive End of Prior Year Revenues (PYRR _{EU-IR}) Excluding FF&U	#DIV/0!	Page 2; Line 37	4
5				5
6	Retail True-Up Period Adjustment	-	True-Up; Line 25; Col. 11	6
7				7
8	Retail Interest True-Up Adjustment	#DIV/0!	Interest True-Up CY; Line 22; Col. 2	8
9				9
10	Forecast Period Capital Addition Revenue Requirements	#DIV/0!	Page 5; Line 20	10
11				11
12	Forecast Period Incentive Capital Additions Revenue Requirements (FC _{EU-IR-ROE})	#DIV/0!	Page 6; Line 20	12
13				13
14	Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Page 6; Line 35	14
15				15
16	<u>B. Subtotal BTRR_{EU} Excluding FF&U:</u>	#DIV/0!	Sum Lines 2 thru 14	16
17				17
18	Transmission Related Municipal Franchise Fees Expenses	0.0000%	Line 16 x Franchise Fee Rate	18
19	Transmission Related Uncollectible Expense	0.0000%	Line 16 x Uncollectible Rate	19
20				20
21	<u>C. Subtotal Retail BTRR_{EU} With FF&U:</u>	#DIV/0!	Sum Lines 16 thru 19	21
22				22
23	<u>D. Other BTRR_{EU} Adjustments:</u>	\$ -	Cost Adjustment Workpapers	23
24				24
25	<u>E. Total Retail BTRR_{EU} With FF&U:</u>	#DIV/0!	Line 21 + Line 23	25

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-2

Derivation of CAISO HV Transmission Facility (BTRR_{CAISO-HV}) & LV Transmission Facility (BTRR_{CAISO-LV}) Revenue Requirements

For the Rate Effective Period xxxxxx

(\$1,000)

Line No.		Total	Reference			Line No.
<u>A. Derivation of Revenues Related With Total Transmission Facilities:</u>						
1	Retail BTRR Excluding FF&U	#DIV/0!	Statement BK-1; Page 7; Line 16			1
2						2
3	Less: CPUC Intervenor Funding Expense - Transmission	-	Negative of Statement BK-1; Page 1; Line 5			3
4						4
5	Less: CPUC Intervenor Funding Expense Revenue Adjustment - Base ROE	#DIV/0!	Negative of Statement AL; Line 30			5
6						6
7	Less: CPUC Intervenor Funding Expense Revenue Adjustment - CAISO Participation ROE Adder	#DIV/0!	Negative of Statement AL; Line 34			7
8						8
9	Less: South Georgia Income Tax Adjustment	-	Negative of Statement AQ; Line 1			9
10						10
11	Total Wholesale BTRR Excluding Franchise Fees	#DIV/0!	Sum Lines 1 thru 9			11
12						12
<u>B. Derivation of Split Between HV and LV:</u> ¹						13
		(a)	(b)	(c)		14
1	Percent Split Between HV & LV for Recorded Non-Incentive & Incentive	Total	High Voltage	Low Voltage	Reference	13
15	Gross Transmission Plant Facilities and Incentive CWIP:					15
16	HV/LV Plant Allocation Ratios	#DIV/0!	#DIV/0!	#DIV/0!	Summary of HV/LV Plant Allocation Study; Line 40; Col. c and b	16
17	Total HV/LV Transmission Plant Facilities Revenues	#DIV/0!	#DIV/0!	#DIV/0!	Col. a = Line 11 minus Line 21	17
18					Col. b and c = Line 16 x (Line 17; Col. a)	18
19	2. Percent Split Between HV & LV Forecast Plant Additions:					19
20	HV/LV Plant Allocation Ratios Based on Forecast Plant Additions	#DIV/0!	#DIV/0!	#DIV/0!	Summary of HV/LV Splits for Forecast Plant Additions; Line 19; Col. d and e	20
21	Total HV/LV Transmission Forecast Plant Additions Revenues	#DIV/0!	#DIV/0!	#DIV/0!	Col. a = Statement BK-1; Page 7; Sum Lines 10 thru 14	21
22					Col. b and c = Line 20 x (Line 21; Col. a)	22
<u>C. Summary of CAISO Transmission Facilities by High Voltage and Low Voltage Classification:</u>						23
25	Transmission Facilities (BTRR _{CAISO}) Excluding Franchise Fees	#DIV/0!	#DIV/0!	#DIV/0!	Line 17 + Line 21	25
26	Franchise Fee ²	0.0000%	#DIV/0!	#DIV/0!	Line 25 x Franchise Fee Rate	26
27	Subtotal Wholesale BTRR With Franchise Fees	#DIV/0!	#DIV/0!	#DIV/0!	Line 25 + Line 26	27
28						28
29	<u>D. Other BTRR Adjustments with Franchise Fees</u>	-	#DIV/0!	#DIV/0!	Col. a = Cost Adjustment Workpapers	29
30					Col. b and c = Line 16 x (Line 29; Col. a)	30
31						31
32	<u>E. Total Wholesale BTRR_{CAISO} With Franchise Fees</u> ³	#DIV/0!	#DIV/0!	#DIV/0!	Line 27 + Line 29	32

¹ SDG&E has followed the CAISO's guidelines to separate all elements of its Transmission facilities into HV and LV components as outlined in Appendix F; Schedule 3; Section 12 of the CAISO tariff.

² Base franchise fees are applicable to all SDG&E customers.

³ The following HV/LV Wholesale Base Transmission Revenue Requirements will be used by the CAISO to develop the TAC rates for the applicable rate effective period.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AD

Cost of Plant

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Total Steam Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b			\$ -	AD-1; Line 18	1
2							2
3	Total Nuclear Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b			-	AD-2; Line 18	3
4							4
5	Total Hydraulic Production Plant ^{1,3}				-	AD-3; Line 18	5
6							6
7	Total Other Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b			-	AD-4; Line 18	7
8							8
9	Total Distribution Plant ^{2,3}	450.1; Sch. Pg. 204; 104; b	\$ -	\$ -	-	AD-5; Line 6	9
10							10
11	Transmission Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b			-	AD-6; Line 18	11
12							12
13	Incentive Transmission Plant ¹				-	AD-7; Line 18	13
14							14
15	Total Electric Miscellaneous Intangible Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	-	AD-8; Line 6	15
16							16
17	Total General Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	-	AD-9; Line 6	17
18							18
19	Total Common Plant ^{2,4}		-	-	-	AD-10; Line 10	19
20							20
21	Total Plant in Service				\$ -	Sum Lines 1 thru 19	21
22							22
23	Transmission Wages and Salaries Allocation Factor				#DIV/0!	Statement AI; Line 15	23
24							24
25	Total Transmission Plant & Incentive Transmission Plant				\$ -	Line 11 + Line 13	25
26							26
27	Transmission Related Electric Miscellaneous Intangible Plant				#DIV/0!	Line 15 x Line 23	27
28							28
29	Transmission Related General Plant				#DIV/0!	Line 17 x Line 23	29
30							30
31	Transmission Related Common Plant				#DIV/0!	Line 19 x Line 23	31
32							32
33	Transmission Related Total Plant in Service				#DIV/0!	Sum Lines 25 thru 31	33
34							34
35	Transmission Plant Allocation Factor ⁵				#DIV/0!	Line 33 / Line 21	35

¹ The balances for Steam, Nuclear, Hydraulic, Other Production, Transmission, and Incentive Transmission plant are derived based on a 13-month average balance.

² The balances for Electric Miscellaneous Intangible, Distribution, General and Common plant are derived based on a simple average balance using beginning and ending year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

⁵ Used to allocate all elements of working capital, other than working cash.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AE

Accumulated Depreciation and Amortization

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Transmission Plant Depreciation Reserve ^{1,3}	450.2; Sch. Pg. 200; 33; b		\$ -	AE-1; Line 18	1
2						2
3	Electric Misc. Intangible Plant Amortization Reserve ^{2,4}	\$ -	\$ -	-	AE-2; Line 6	3
4						4
5	General Plant Depreciation Reserve ^{2,4}	-	-	-	AE-3; Line 6	5
6						6
7	Common Plant Depreciation Reserve ^{2,4}	-	-	-	AE-4; Line 10	7
8						8
9	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement AI; Line 15	9
10						10
11	Transmission Related Electric Misc. Intangible Plant Amortization Reserve			#DIV/0!	Line 3 x Line 9	11
12						12
13	Transmission Related General Plant Depreciation Reserve			#DIV/0!	Line 5 x Line 9	13
14						14
15	Transmission Related Common Plant Depreciation Reserve			#DIV/0!	Line 7 x Line 9	15
16						16
17	Total Transmission Related Depreciation Reserve			#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18						18
19	Incentive Transmission Plant Depreciation Reserve ¹			\$ -	AE-5; Line 18	19

¹ The depreciation reserve for Transmission and Incentive Transmission plant is derived based on a 13-month average balance.

² The depreciation reserve for Electric Miscellaneous Intangible, General, and Common plant is derived based on a simple average of beginning and end of year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AF

Deferred Credits

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	FERC Account 190	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 7; Col. d	1
2						2
3	FERC Account 282	\$ -	\$ -	-	AF-1 and AF-2; Line 14; Col. d	3
4						4
5	FERC Account 283	\$ -	\$ -	-	AF-1 and AF-2; Line 22; Col. d	5
6						6
7	Total Transmission Related ADIT ¹	\$ -	\$ -	\$ -	Sum Lines 1 thru 5	7
8						8
9	Incentive Transmission Plant ADIT	\$ -	\$ -	\$ -	AF-3; Line 1; Col. c	9
10						10
11	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	AF-3; Line 3, Col. c	11
12						12
13	Incentive Transmission Plant Abandoned Project Cost ADIT	\$ -	\$ -	\$ -	AF-3; Line 5; Col. c	13

¹ The allocated general and common accumulated deferred income taxes are included in the total transmission related accumulated deferred income taxes. See FERC Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b and k.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AG
Specified Plant Account (Other than Plant in Service) and Deferred Debits
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Average Balance	Reference	Line No.
1	Transmission Plant Held for Future Use ¹	450.1; Sch. Pg. 214; 46; d	\$ -	AG-1; Line 18	1

¹ The balances for Transmission Plant Held for Future Use are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AH

Operation and Maintenance Expenses

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1				1
2				2
3	321; 112; b	\$ -	AH-1; Line 33; Col. a	3
4		-	Negative of AH-1; Line 38; Col. b	4
5		-	Negative of AH-1; Line 39; Col. b	5
6		-	Negative of AH-1; Line 40; Col. b	6
7		-	Negative of AH-1; Line 45; Col. b	7
8		-	Negative of AH-1; Line 37; Col. b	8
9		\$ -	Sum Lines 2 thru 8	9
10				10
11				11
12	323; 197; b	\$ -	AH-2; Line 16; Col. a	12
13				13
14		-	Negative of AH-2; Line 31; Col. b	14
15		-	Negative of AH-2; Sum Lines 20, 22, 24, 30, 32; Col. a or b	15
16		-	Negative of AH-2; Line 25; Col. a	16
17		-	Negative of AH-2; Line 26; Col. a	17
18		-	Negative of AH-2; Line 27; Col. a	18
19		-	Negative of AH-2; Line 21; Col. a	19
20		-	Negative of AH-2; Line 29; Col. b	20
21		-	Negative of AH-2; Line 23; Col. b	21
22		-	Negative of AH-2; Line 33; Col. b	22
23		-	Negative of AH-2; Line 28; Col. a	23
24		-	Not Applicable to XXXX Base Period	24
25		\$ -	Sum Lines 12 thru 24	25
26		-	Negative of AH-2; Line 5; Col. c	26
27		\$ -	Line 25 + Line 26	27
28		#DIV/0!	Statement AI; Line 15	28
29		#DIV/0!	Line 27 x Line 28	29
30		#DIV/0!	Negative of Line 26 x Line 50	30
31		#DIV/0!	Line 29 + Line 30	31
32				32
33				33
34		\$ -	Statement AD; Line 25	34
35		-	Shall be Zero	35
36		#DIV/0!	Statement AD; Line 29	36
37		#DIV/0!	Statement AD; Line 31	37
38		#DIV/0!	Sum Lines 34 thru 37	38
39				39
40		\$ -	Line 34 Above	40
41		-	Statement AD; Line 1	41
42		-	Shall be Zero	42
43		-	Statement AD; Line 7	43
44		-	Statement AD; Line 9	44
45		-	Shall be Zero	45
46		-	Statement AD; Line 17	46
47		-	Statement AD; Line 19	47
48		\$ -	Sum Lines 40 thru 47	48
49				49
50		#DIV/0!	Line 38 / Line 48	50

¹ The CPUC Intervenor Expense for Transmission shall be treated as an exclusion in A&G but added back to the Retail BTRR on BK-1; Page 1; Line 5. This expense will be excluded in Wholesale BTRR on BK-2; Line 3.

SAN DIEGO GAS & ELECTRIC COMPANY

**Statement AI
Wages and Salaries**

**Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)**

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Production Wages & Salaries (Includes Steam & Other Power Supply)	354; 20; b	\$ -		1
2					2
3	Transmission Wages & Salaries	354; 21; b	-		3
4					4
5	Distribution Wages & Salaries	354; 23; b	-		5
6					6
7	Customer Accounts Wages & Salaries	354; 24; b	-		7
8					8
9	Customer Services and Informational Wages & Salaries	354; 25; b	-		9
10					10
11	Sales Wages & Salaries	354; 26; b	-		11
12					12
13	Total Operating & Maintenance Wages & Salaries Excl. A&G		\$ -	Sum Lines 1 thru 11	13
14					14
15	Transmission Wages and Salaries Allocation Factor		<u><u>#DIV/0!</u></u>	Line 3 / Line 13	15

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AJ

Depreciation and Amortization Expense

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense		\$ -	AJ-1; Line 12	1
2					2
3	Electric Miscellaneous Intangible Plant Amortization Expense	336; 1; f	-	AJ-2; Line 1	3
4					4
5	General Plant Depreciation Expense	336; 10; f	-	AJ-3; Line 1	5
6					6
7	Common Plant Depreciation Expense	336; 11; f	-	AJ-4; Line 3	7
8					8
9	Transmission Wages and Salaries Allocation Factor		#DIV/0!	Statement AI; Line 15	9
10					10
11	Transmission Related Electric Misc. Intangible Plant Amortization Expense		#DIV/0!	Line 3 x Line 9	11
12					12
13	Transmission Related General Plant Depreciation Expense		#DIV/0!	Line 5 x Line 9	13
14					14
15	Transmission Related Common Plant Depreciation Expense		#DIV/0!	Line 7 x Line 9	15
16					16
17	Total Transmission, General, Common, and Electric Misc. Intangible Exp.		#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18					18
19	Incentive Transmission Plant Depreciation Expense		\$ -	AJ-5; Line 12	19
20					20
21	Incentive Transmission Plant Abandoned Project Cost Amortization Expense ¹		\$ -	AJ-6; Line 1	21
22					22
23	Transmission Plant Abandoned Project Cost Amortization Expense		\$ -	AJ-7; Line 1	23

¹ Net of Incentive Transmission Plant Depreciation Expense.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AK

Taxes Other Than Income Taxes

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Total Property Taxes ¹	263; 2; i	\$ -		1
2					2
3	Less: Other Taxes (Business license taxes) ²		-	Not Applicable to XXXX Base Period	3
4					4
5	Net Property Taxes		\$ -	Line 1 + Line 3	5
6					6
7	Less: SONGS Property Taxes	450.1; Sch. Pg. 262; 2; i	-		7
8					8
9	Total Property Taxes Expense		\$ -	Line 5 + Line 7	9
10					10
11	Transmission Property Insurance and Tax Allocation Factor		#DIV/0!	Statement AH; Line 50	11
12					12
13	Transmission Related Property Taxes Expense		#DIV/0!	Line 9 x Line 11	13
14					14
15					15
16	Total Payroll Taxes Expense ³	263; 10, 18, 19, 20; i	\$ -		16
17					17
18	Transmission Wages and Salaries Allocation Factor		#DIV/0!	Statement AI; Line 15	18
19					19
20	Transmission Related Payroll Taxes Expense		#DIV/0!	Line 16 x Line 18	20

¹ Property tax expense excludes Citizens property taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 2; Col. i.

² Business license taxes are no longer recorded in Total Property Taxes and are separately shown in FERC Form 1; Page 263; Line 4; Col. i.

³ Payroll tax expense excludes Citizens payroll taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 18; Col. i.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AL

Working Capital

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Working Cash	13-Months Average Balance	Reference	Line No.
1	A. Plant Materials and Operating Supplies ¹	450.1; Sch. Pg. 227; 12; c	\$ -	AL-1; Line 18	1
2					2
3	Transmission Plant Allocation Factor		#DIV/0!	Statement AD; Line 35	3
4					4
5	Transmission Related Materials and Supplies		#DIV/0!	Line 1 x Line 3	5
6					6
7	B. Prepayments ¹	450.1; Sch. Pg. 110; 57; c	\$ -	AL-2; Line 18	7
8					8
9	Transmission Related Prepayments		#DIV/0!	Line 3 x Line 7	9
10					10
11	<u>C. Derivation of Transmission Related Cash Working Capital - Retail:</u>				11
12	Transmission O&M Expense	\$ -		Statement AH; Line 9	12
13	Transmission Related A&G Expense - Excl. Intervenor Funding Expense	#DIV/0!		Statement AH; Line 31	13
14	CPUC Intervenor Funding Expense - Transmission	-		Negative of Statement AH; Line 16	14
15	Total	#DIV/0!		Sum Lines 12 thru 14	15
16					16
17	One Eighth O&M Rule	12.50%		FERC Method = 1/8 of O&M Expense	17
18					18
19	Transmission Related Cash Working Capital - Retail Customers	#DIV/0!		Line 15 x Line 17	19
20					20
21	<u>D. Adj. to Back Out CPUC Intervenor Funding Exp. Embedded in Retail Working Cash:</u>				21
22	CPUC Intervenor Funding Expense - Transmission	\$ -		Line 14 Above	22
23					23
24	One Eighth O&M Rule	12.50%		Line 17 Above	24
25					25
26	Adj. to Transmission Related Cash Working Capital - Wholesale Customers	\$ -		Line 22 x Line 24	26
27					27
28	Cost of Capital Rate _(COCR) - Base ROE:	#DIV/0!		Statement AV; Page 3; Line 31	28
29					29
30	CPUC Intervenor Funding Expense Revenue Adj. - Base ROE ²	#DIV/0!		Line 26 x Line 28	30
31					31
32	Cost of Capital Rate _(COCR) - CAISO Participation ROE Adder:	#DIV/0!		Statement AV; Page 3; Line 64	32
33					33
34	CPUC Intervenor Funding Expense Revenue Adj. - CAISO Participation ROE Adder ²	#DIV/0!		Line 26 x Line 32	34

¹ The balances for Materials & Supplies and Prepayments are derived based on a 13-month average balance.

² Working Capital Adjustment to show that Wholesale customers do not pay for CPUC Intervenor Funding Expense.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AM

Construction Work In Progress (CWIP)

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	13-Months Average Balance	Reference	Line No.
1	Incentive Transmission Construction Work In Progress ¹	\$ -	AM-1; Line 18	1

¹ The balance for Incentive Transmission Construction Work In Progress is derived based on a 13-month average balance. A line will be shown for each applicable project.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AQ
Federal Income Tax Deductions, Other Than Interest
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	South Georgia Income Tax Adjustment	450.1; Sch. Pg. 261; 17; b	\$ -		1
2					2
3	Total Federal Income Tax Deductions Other Than Interest		\$ -	Line 1	3

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AR

Federal Tax Adjustments

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Amortization of Investment Tax Credits ¹	450.1; Sch. Pg. 266; 8; f	\$ -		1
2					2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities				3
4	FERC Account 190		-	AR-1; Line 7; Col. c	4
5	FERC Account 282		-	AR-1; Line 14; Col. c	5
6	FERC Account 283		-	AR-1; Line 22; Col. c	6
7	Total Transmission Related Amortization of Excess Deferred Tax Liabilities		\$ -	Sum Lines 4 thru 6	7
8					8
9	Total Federal Tax Adjustments		\$ -	Line 1 + Line 7	9

¹ Input value from FERC Form 1 should be entered as a negative.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AU

Revenue Credits

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	(451) Miscellaneous Service Revenues ¹	450.1; Sch. Pg. 300; 17; b	\$ -		1
2					2
3	(453) Sales of Water and Water Power	300; 18; b	-		3
4					4
5	(454) Rent from Electric Property	450.1; Sch. Pg. 300; 19; b	-	AU-1; Page 2; Line 4; Col. m	5
6					6
7	(455) Interdepartmental Rents	300; 20; b	-		7
8					8
9	(456) Other Electric Revenues	450.1; Sch. Pg. 300; 21; b	-	AU-1; Page 2; Line 18; Col. m	9
10					10
11	Electric Transmission Revenues from Citizens		-	AU-1; Page 2; Line 20; Col. m	11
12					12
13	Transmission Related Revenue Credits		\$ -	Sum Lines 1 thru 11	13
14					14
15	(411.6 & 411.7) Gain or Loss From Sale of Plant Held for Future Use		\$ -	FERC Accounts 411.6 and 411.7	15

¹ Confirmed the amounts reported for Acct 451 on FERC Form 1; Page 450.1; Sch. Pg. 300; Line 17; Col. b are not Transmission-related with an exception for Franchise Fees. Part of the Franchise Fees reported are Transmission-related, however, they are excluded in Statement AU because they are collected as a part of the BTRR in the BK Cost Statements.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	<u>Long-Term Debt Component - Denominator:</u>				1
2	Bonds (Acct 221)	112; 18; c	\$ -		2
3	Less: Reacquired Bonds (Acct 222)	112; 19; c	-		3
4	Other Long-Term Debt (Acct 224)	112; 21; c	-		4
5	Unamortized Premium on Long-Term Debt (Acct 225)	112; 22; c	-		5
6	Less: Unamortized Discount on Long-Term Debt-Debit (Acct 226)	112; 23; c	-		6
7	LTD = Long Term Debt		\$ -	Sum Lines 2 thru 6	7
8					8
9	<u>Long-Term Debt Component - Numerator:</u>				9
10	Interest on Long-Term Debt (Acct 427)	117; 62; c	\$ -		10
11	Amort. of Debt Disc. and Expense (Acct 428)	117; 63; c	-		11
12	Amortization of Loss on Reacquired Debt (Acct 428.1)	117; 64; c	-		12
13	Less: Amort. of Premium on Debt-Credit (Acct 429)	117; 65; c	-		13
14	Less: Amortization of Gain on Reacquired Debt-Credit (Acct 429.1)	117; 66; c	-		14
15	i = LTD interest		\$ -	Sum Lines 10 thru 14	15
16					16
17	<u>Cost of Long-Term Debt:</u>		#DIV/0!	Line 15 / Line 7	17
18					18
19	<u>Preferred Equity Component:</u>				19
20	PF = Preferred Stock (Acct 204)	112; 3; c	\$ -		20
21	d(pf) = Total Dividends Declared-Preferred Stocks (Acct 437)	118; 29; c	\$ -		21
22	Cost of Preferred Equity		0.00%	Line 21 / Line 20	22
23					23
24	<u>Common Equity Component:</u>				24
25	Proprietary Capital	112; 16; c	\$ -		25
26	Less: Preferred Stock (Acct 204)	112; 3; c	-	Negative of Line 20 Above	26
27	Less: Unappropriated Undistributed Subsidiary Earnings (Acct 216.1)	112; 12; c	-		27
28	Accumulated Other Comprehensive Income (Acct 219)	112; 15; c	-		28
29	CS = Common Stock		\$ -	Sum Lines 25 thru 28	29
30					30
31					31
32	<u>Base Return on Common Equity:</u>		0.00%	SDG&E Base Return on Equity	32
33		(a)	(b)	(c)	(d) = (b) x (c)
34		Amounts ¹	Cap. Struct. Ratio	Cost of Capital	Weighted Cost of Capital
35	<u>Weighted Cost of Capital:</u>				
36					
37	Long-Term Debt	\$ -	#DIV/0!	#DIV/0!	#DIV/0!
38	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!
39	Common Equity	-	#DIV/0!	0.00%	#DIV/0!
40	Total Capital	\$ -	#DIV/0!		#DIV/0!
41					
42	<u>Cost of Equity Component (Preferred & Common):</u>			#DIV/0!	Line 38 + Line 39; Col. d
43					
44					
45	<u>CAISO Participation ROE Adder:</u>			0.00%	Order No. 679, 116 FERC ¶ 61,057 at P 326
46		(a)	(b)	(c)	(d) = (b) x (c)
47		Amounts ¹	Cap. Struct. Ratio	Cost of Capital	Weighted Cost of Capital
48	<u>Weighted Cost of Capital:</u>				
49					
50	Long-Term Debt	\$ -	#DIV/0!	0.00%	#DIV/0!
51	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!
52	Common Equity	-	#DIV/0!	0.00%	#DIV/0!
53	Total Capital	\$ -	#DIV/0!		#DIV/0!
54					
55	<u>Cost of Common Equity Component (CAISO Participation ROE Adder):</u>			#DIV/0!	Line 52; Col. d

¹ Amount is based upon December 31 balances.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.		Amounts	Reference	Line No.	
1	<u>Incentive Return on Common Equity:</u> ¹			0.00%		1	
2		(a)	(b)	(c)	(d) = (b) x (c)	2	
3			Cap. Struct.	Cost of	Weighted	3	
4	<u>Incentive Weighted Cost of Capital:</u>	Amounts ²	Ratio	Capital	Cost of Capital	4	
5						5	
6	Long-Term Debt	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	Col. c = Page 1, Line 17	6
7	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Page 1, Line 22	7
8	Common Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Line 1 Above	8
9	Total Capital	\$ -	#DIV/0!		#DIV/0!	Sum Lines 6 thru 8	9
10							10
11	<u>Incentive Cost of Equity Component (Preferred & Common):</u>				#DIV/0!	Line 7 + Line 8; Col. d	11
12							12
13							13
14	<u>CAISO Participation ROE Adder:</u>				0.00%	Order No. 679, 116 FERC ¶ 61,057 at P 326	14
15		(a)	(b)	(c)	(d) = (b) x (c)		15
16			Cap. Struct.	Cost of	Weighted		16
17	<u>Weighted Cost of Capital:</u>	Amounts ²	Ratio	Capital	Cost of Capital		17
18							18
19	Long-Term Debt	\$ -	#DIV/0!	0.00%	#DIV/0!	Shall be Zero for ROE Adder	19
20	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!	Shall be Zero for ROE Adder	20
21	Common Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Line 14 Above	21
22	Total Capital	\$ -	#DIV/0!		#DIV/0!	Sum Lines 19 thru 21	22
23							23
24	<u>Cost of Common Equity Component (CAISO Participation ROE Adder):</u>				#DIV/0!	Line 21; Col. d	24

¹ The Incentive Return on Common Equity will be tracked and shown separately for each project. As a result, lines 1 through 24 will be repeated for each project.

² Amount is based upon December 31 balances.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>Cost of Capital Rate _(COCR) Calculation - Base ROE:</u>			1
2				2
3	<u>A. Federal Income Tax Component:</u>			3
4				4
5	Where:			5
6	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Page 1; Line 42	6
7	B = Transmission Total Federal Tax Adjustments	\$ -	Negative of Statement AR; Line 9	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	AV-1A; Line 40	8
9	D = Transmission Rate Base	#DIV/0!	Statement BK-1; Page 3; Line 27	9
10	FT = Federal Income Tax Rate for Rate Effective Period	0	Federal Income Tax Rate	10
11				11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	#DIV/0!	Federal Income Tax Expense	12
13				13
14				14
15	<u>B. State Income Tax Component:</u>			15
16				16
17	Where:			17
18	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Line 6 Above	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Line 8 Above	19
20	C = Transmission Rate Base	#DIV/0!	Line 9 Above	20
21	FT = Federal Income Tax Expense	#DIV/0!	Line 12 Above	21
22	ST = State Income Tax Rate for Rate Effective Period	0	State Income Tax Rate	22
23				23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	#DIV/0!	State Income Tax Expense	24
25				25
26				26
27	<u>C. Total Federal & State Income Tax Rate:</u>	#DIV/0!	Line 12 + Line 24	27
28				28
29	<u>D. Total Weighted Cost of Capital:</u>	#DIV/0!	Page 1; Line 40	29
30				30
31	<u>E. Cost of Capital Rate _(COCR) - Base ROE:</u>	#DIV/0!	Line 27 + Line 29	31
32				32
33				33
34	<u>Cost of Capital Rate _(COCR) Calculation - CAISO Participation ROE Adder:</u>			34
35				35
36	<u>A. Federal Income Tax Component:</u>			36
37				37
38	Where:			38
39	A = Cost of Common Equity Component - CAISO Participation ROE Adder	#DIV/0!	Page 1; Line 55	39
40	B = Transmission Total Federal Tax Adjustments	\$ -	Shall be Zero for ROE Adder	40
41	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Shall be Zero for ROE Adder	41
42	D = Transmission Rate Base	#DIV/0!	Statement BK-1; Page 3; Line 27	42
43	FT = Federal Income Tax Rate for Rate Effective Period	0	Federal Income Tax Rate	43
44				44
45	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	#DIV/0!	Federal Income Tax Expense	45
46				46
47				47
48	<u>B. State Income Tax Component:</u>			48
49				49
50	Where:			50
51	A = Cost of Common Equity Component - CAISO Participation ROE Adder	#DIV/0!	Line 39 Above	51
52	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Line 41 Above	52
53	C = Transmission Rate Base	#DIV/0!	Line 42 Above	53
54	FT = Federal Income Tax Expense	#DIV/0!	Line 45 Above	54
55	ST = State Income Tax Rate for Rate Effective Period	0	State Income Tax Rate	55
56				56
57	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	#DIV/0!	State Income Tax Expense	57
58				58
59				59
60	<u>C. Total Federal & State Income Tax Rate:</u>	#DIV/0!	Line 45 + Line 57	60
61				61
62	<u>D. Total Weighted Cost of Common Equity - CAISO Participation ROE Adder:</u>	#DIV/0!	Page 1; Line 53	62
63				63
64	<u>E. Cost of Capital Rate _(COCR) - CAISO Participation ROE Adder:</u>	#DIV/0!	Line 60 + Line 62	64

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
1	Incentive Cost of Capital Rate $_{(COCR)}$ Calculation - Base ROE: ¹		1
2			2
3	A. Federal Income Tax Component:		3
4			4
5	Where:		5
6	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	6
7	B = Transmission Total Federal Tax Adjustments	\$ -	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	8
9	D = Incentive ROE Project Transmission Rate Base	\$ -	9
10	FT = Federal Income Tax Rate for Rate Effective Period	0%	10
11			11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	0.0000%	12
13		Federal Income Tax Expense	13
14			14
15	B. State Income Tax Component:		15
16			16
17	Where:		17
18	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	19
20	C = Incentive ROE Project Transmission Rate Base	\$ -	20
21	FT = Federal Income Tax Expense	0.0000%	21
22	ST = State Income Tax Rate for Rate Effective Period	0.00%	22
23			23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	0.0000%	24
25		State Income Tax Expense	25
26			26
27	C. Total Federal & State Income Tax Rate:	0.0000%	27
28		Line 12 + Line 24	28
29	D. Total Incentive Weighted Cost of Capital:	#DIV/0!	29
30		Page 2; Line 9	30
31	E. Incentive Cost of Capital Rate $_{(COCR)}$ - Base ROE:	#DIV/0!	31
32			32
33			33
34	Cost of Capital Rate $_{(COCR)}$ Calculation - CAISO Participation ROE Adder:		34
35			35
36	A. Federal Income Tax Component:		36
37			37
38	Where:		38
39	A = Cost of Common Equity Component - CAISO Participation ROE Adder	#DIV/0!	39
40	B = Transmission Total Federal Tax Adjustments	\$ -	40
41	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	41
42	D = Total Incentive ROE Project Transmission Rate Base	\$ -	42
43	FT = Federal Income Tax Rate for Rate Effective Period	0%	43
44			44
45	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	0.0000%	45
46		Federal Income Tax Expense	46
47			47
48	B. State Income Tax Component:		48
49			49
50	Where:		50
51	A = Cost of Common Equity Component - CAISO Participation ROE Adder	#DIV/0!	51
52	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	52
53	C = Total Incentive ROE Project Transmission Rate Base	\$ -	53
54	FT = Federal Income Tax Expense	0.0000%	54
55	ST = State Income Tax Rate for Rate Effective Period	0.00%	55
56			56
57	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	0.0000%	57
58		State Income Tax Expense	58
59			59
60	C. Total Federal & State Income Tax Rate:	0.0000%	60
61		Line 45 + Line 57	61
62	D. Total Weighted Cost of Common Equity - CAISO Participation ROE Adder:	#DIV/0!	62
63		Page 2; Line 22	63
64	E. Cost of Capital Rate $_{(COCR)}$ - CAISO Participation ROE Adder:	#DIV/0!	64

¹ The Incentive Cost of Capital Rate calculation will be tracked and shown separately for each project. As a result, lines 1 through 64 will be repeated for each project.

SAN DIEGO GAS & ELECTRIC COMPANY

Miscellaneous Statement

**Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)**

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Regulatory Debits/Credits ¹	\$ -		1
2				2
3	Transmission Plant Abandoned Project Cost ¹	\$ -		3
4				4
5	Other Regulatory Assets/Liabilities ¹	\$ -		5
6				6
7	Unfunded Reserves	\$ -	Misc.-1; Line 9; Col. c	7
8				8
9	Incentive Transmission Plant Abandoned Project Cost ¹	\$ -		9

¹ None of the above items apply to SDG&E's TO5 Cycle x filing. However, as one or more of these items apply, subject to FERC approval, the applicable data field will be filled.

Misc.

SAN DIEGO GAS & ELECTRIC COMPANY

T05-Cycle X True-Up Adjustment
For 12-Month True-Up Period xxxxx
(\$1,000)

Line No.	Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
					Reference							
1	1	Total Prior Year Revenue Requirements Excluding FF&U ¹		\$ -	TOx Statement BK-1; Page 1; Line 60							
2	2	Franchise Fees	0.0000%	-	Line 1 x Franchise Fee Rate							
3	3	Uncollectible Expense	0.0000%	-	Line 1 x Uncollectible Rate							
4	4	Total True-Up Cost of Service		\$ -	Sum Lines 1 thru 3							
5	5											
6	6	Calculations:										
7	7		Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
8	8		= Line 4 / 12		= Col. 4; Line 26 / 12		= Sum Col. 3 thru Col. 5	= Col. 2 - Col. 6		See Footnote 6	See Footnote 7	= Col. 9 + Col. 10
9	9											
10	10											
11	11											
12	12											
13	13	Month	Year	Monthly True-Up Revenues ²	Prior True-Up Adjustment ³	Prior Other BTRR Adjustments ⁴	Adjusted Monthly True-Up Revenues	Monthly Overcollection (-) or Undercollection (+) in Revenue	Monthly Interest Rate ⁵	Cumulative Overcollection (-) or Undercollection (+) in Revenue wo Interest	Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue with Interest
14	14	January	xxxx	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -
15	15	February	xxxx	-	-	-	-	-	0.00%	-	-	-
16	16	March	xxxx	-	-	-	-	-	0.00%	-	-	-
17	17	April	xxxx	-	-	-	-	-	0.00%	-	-	-
18	18	May	xxxx	-	-	-	-	-	0.00%	-	-	-
19	19	June	xxxx	-	-	-	-	-	0.00%	-	-	-
20	20	July	xxxx	-	-	-	-	-	0.00%	-	-	-
21	21	August	xxxx	-	-	-	-	-	0.00%	-	-	-
22	22	September	xxxx	-	-	-	-	-	0.00%	-	-	-
23	23	October	xxxx	-	-	-	-	-	0.00%	-	-	-
24	24	November	xxxx	-	-	-	-	-	0.00%	-	-	-
25	25	December	xxxx	-	-	-	-	-	0.00%	-	-	-
26	26			\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -

¹ The Total Prior Year Revenue Requirements ("PYRR") is for the 12-months ending Dec 31 for the applicable cycle filing base period and represents the actual cost of service for true-up purposes.

² SDG&E's recorded Retail Transmission revenues, excluding TACBAA and TRBAA, during the true-up period.

³ Adjustment to back-out the prior year true-up adjustment that is included in the recorded monthly true-up revenues in Column 3.

⁴ Adjustment to back-out Other BTRR Adjustments from a prior year BK-1; Page 6, which is included in the recorded monthly true-up revenues in Column 3. Such adjustments include, but are not limited to, error adjustments and out-of-cycle recovery or refunds ordered by the Commission for a previous year.

⁵ Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.

⁶ Derived using the prior month balance in Column 11 plus the current month balance in Column 7.

⁷ Interest is calculated using an average of beginning and ending balances: 1) in month 1, the average is 1/2 of balance in Column 7; and 2) in subsequent months is the average of prior month balance in Column 11 and the current month balance in Column 9.

SAN DIEGO GAS & ELECTRIC COMPANY

T05-Cycle x Interest True-Up Adjustment

For 12-Month True-Up Period xxxxxx

(\$1,000)

Line No.	Line No.	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u> See Footnote 2	<u>Col. 4</u> See Footnote 3	<u>Col. 5</u> See Footnote 4	<u>Col. 6</u> = Col. 4 + Col. 5
1	1						
2	2	Calculations:					
3	3						
4	4		Prior Cycle True Up Adjustment ¹	Monthly Interest Rate	Cumulative Overcollection (-) or Undercollection (+) in Revenue <u>wo Interest</u>	Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue <u>with Interest</u>
5	5						
6	6	<u>Month</u>	<u>Year</u>				
7	7	January	xxxx	0.00%	\$ -	\$ -	-
8	8	February	xxxx	0.00%	-	-	-
9	9	March	xxxx	0.00%	-	-	-
10	10	April	xxxx	0.00%	-	-	-
11	11	May	xxxx	0.00%	-	-	-
12	12	June	xxxx	0.00%	-	-	-
13	13	July	xxxx	0.00%	-	-	-
14	14	August	xxxx	0.00%	-	-	-
15	15	September	xxxx	0.00%	-	-	-
16	16	October	xxxx	0.00%	-	-	-
17	17	November	xxxx	0.00%	-	-	-
18	18	December	xxxx	0.00%	-	-	-
19	19					\$ -	-

¹ Represents the true-up adjustment from the previous annual cycle filing. SDG&E accrues interest until the amount is fully collected/refunded in rates.

² Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.

³ The Cumulative Overcollection / Undercollection is: 1) the beginning balance in Column 2 for January; and 2) the previous month balance in Column 6 for all subsequent months.

⁴ Interest is calculated using an average of beginning and ending balances: 1) January uses the entire balance from Column 4; and 2) subsequent months use the average of the prior month balance in Column 6 and the current month balance from Column 4.

SAN DIEGO GAS & ELECTRIC COMPANY

**TO5-Cycle x Interest True-Up Adjustment
For 12-Month True-Up Period xxxxx
(\$1,000)**

Line No.	Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	
			Monthly Interest Rate ¹	Month Beginning Balance	Amortization	Principal	Interest	Month Ending Balance	
		Year							
1	1			See Footnote 2	See Footnote 3	= - (Col. 4 + Col. 6)	= Col. 2 x Col. 3	= Col. 3 - Col. 5	
2	2								
3	3								
4	4								
5	5								
6	6	Month							
7	7	January	0.00%	\$ -	#DIV/0!	#DIV/0!	\$ -	#DIV/0!	
8	8	February	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
9	9	March	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
10	10	April	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
11	11	May	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
12	12	June	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
13	13	July	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
14	14	August	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
15	15	September	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
16	16	October	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
17	17	November	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
18	18	December	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
19	19						#DIV/0!		
20	20								
21	21	True Up Adjustment	\$ -						
22	22	Interest True Up Adjustment	#DIV/0!						
23	23	Total	#DIV/0!						

¹ Rate is an average of the base period FERC Rates presented in the True-Up worksheet in Column 7 to derive a more accurate and consistent amortization amount (Column 4).

² The Beginning Balance is: 1) the balance in Column 6; Line 18 from the Interest True-Up Base Period for January; and 2) the balance from previous month in Column 7 of this worksheet for all subsequent months.

³ Amortization reduces the beginning balance to zero by the end of December and is derived as follows:
Beginning Balance/ {[(1+Rate)¹²-1]/[Rate*(1+Rate)¹²]}.}

SAN DIEGO GAS & ELECTRIC COMPANY
Summary of HV/LV Splits for Forecast Plant Additions
24-Month Forecast Period xxxxx
(\$1,000)

Line No.	(a) Gross HV	(b) Gross LV	(c) = (a) + (b) Unweighted Total	(d) Net Wtd-HV	(e) Net Wtd-LV	(f) = (d) + (e) Weighted Total	Reference	Line No.
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See Footnote 1	1
2								2
3							See Footnote 2	3
4							Line 1 + Line 3	4
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		5
6								6
7								7
8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See Footnote 3	8
9								9
10							See Footnote 4	10
11								11
12							See Footnote 5	12
13								13
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Sum Lines 8 thru 12	14
15								15
16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Line 5 + Line 14	16
17								17
18							HV = Line 16; Col. d / Line 16; Col. f	18
19							LV = Line 16; Col. e / Line 16; Col. f	19
20								20

Non-Incentive Projects:								
Forecast Period - Transmission Plant Additions								
Forecast Period - Transmission Related General; Common; and Electric Misc. Intangible Plant								
Sub-Total Non-Incentive Projects Forecast Plant Additions								
Incentive Projects:								
Forecast Period - Incentive Transmission Plant Additions								
Forecast Period - Incentive Transmission CWIP for the period after the base period and before the effective period								
Forecast Period - Incentive Transmission CWIP for the period during the rate effective period								
Sub-Total Incentive Projects Forecast Plant Additions								
Total								
HV/LV Ratio (Weighted Transmission Forecast Plant Additions)								

- 1 See Summary of Weighted Transmission Plant Additions Workpaper; Line 25.
- 2 See Summary of Weighted Transmission Related Common, General and Electric Miscellaneous Intangible Plant Additions Workpaper; Line 25.
- 3 See Summary of Weighted Incentive Transmission Plant Additions Workpaper; Line 25.
- 4 See Summary of Weighted Incentive Transmission CWIP - A Workpaper; Line 25.
- 5 See Summary of Weighted Incentive Transmission CWIP - B Workpaper; Line 25.

APPENDIX IX

DETERMINATION OF SDG&E'S END USE CUSTOMER CLASS TRANSMISSION CHARGES, LOW VOLTAGE ACCESS CHARGE, AND HIGH VOLTAGE UTILITY-SPECIFIC RATE, AND ALLOCATION OF BTRR APPLICABLE TO HIGH VOLTAGE AND LOW VOLTAGE TRANSMISSION FACILITIES

I. INTRODUCTION

This Appendix IX describes the method by which SDG&E:

1. allocates Base Transmission Revenue Requirements (as determined in Appendix VIII) to End Use Customer classes, and designs transmission rates applicable to such End Use Customer classes assessed by SDG&E pursuant to this Transmission Owner (TO) Tariff;
2. allocates Base Transmission Revenue Requirements (as determined in Appendix VIII) applicable to High Voltage Transmission Facilities and Low Voltage Transmission Facilities for purposes of designing voltage-differentiated Wheeling Access Charges assessed pursuant to the ISO Tariff;
3. calculates the applicable Low Voltage Access Charge to be assessed pursuant to SDG&E's TO Tariff; and
4. calculates a High Voltage Utility-Specific Rate.

SDG&E shall provide the California Independent System Operator Corporation (CAISO or ISO) its determination of the High Voltage Utility-Specific Rate, as updated annually pursuant to the formula rate contained in Appendix VIII of this TO Tariff, for use by the ISO to calculate the High Voltage Wheeling Access Charge assessed by the ISO pursuant to the ISO Tariff. SDG&E shall also provide the ISO SDG&E's determination of the Low Voltage Wheeling Access Charge that is assessed by the ISO pursuant to the ISO Tariff.

A. END-USE CUSTOMER CLASSES FOR TRANSMISSION SERVICE:

The following applies only to End-Use Customers that receive transmission service over the ISO Controlled Grid through SDG&E's transmission or distribution facilities. End-Use Customers

shall take service under the following rate designations:

Residential
Small Commercial
Medium and Large Commercial/Industrial
Agricultural
Street Lighting
Stand-by Service

Rates applicable to the current Rate Effective Period shall be posted on SDG&E's OASIS, which can be accessed at www.sdge.com/toforum. The rates are also accessible through a link to SDG&E's web page that is located at the CAISO OASIS at www.caiso.com.

B. DERIVATION OF SDG&E'S END-USE CUSTOMER TRANSMISSION RATES:

The transmission rate components of SDG&E's End-Use Customer rates are determined as follows:

1. Allocate the Base Transmission Revenue Requirements applicable to End Use Customers (BTRREU) under the TO Tariff as calculated pursuant to the formula rate contained in Appendix VIII of SDG&E's TO Tariff among End-Use Customer rate classes based upon the most recent 5-year coincident peak data averaged by month to derive the 12-month average coincident peak data adjusted to reflect distribution losses to the transmission level.
2. To mitigate the impact of rate increases to Street Lighting and Stand-by Service classes, the rates effective October 1, 2003, for these customer classes shall be limited to a 100% rate increase under the otherwise applicable rate design. Beginning with rates that become effective July 1, 2004, SDG&E shall design transmission rates applicable to Street Lighting and Stand-by Service classes based on total cost of service without such mitigation measures. The revenue requirement under-recovery attributable to this mitigation measure that occurs

during the first Rate Effective Period shall be allocated among other customer classes in proportion to these classes' respective contribution to SDG&E's 12-month average coincident peak excluding the contribution to such coincident peak from Street Lighting and Stand-by Service classes.

3. Divide the results of the allocation described paragraph "1", as adjusted by paragraph "2" above, by the appropriate forecast End Use Customer billing determinants applicable to the Rate Effective Period to determine the transmission prices for the respective End Use Customer classes. End Use Customer classes shall be determined in accordance with SDG&E's CPUC tariffs. The billing determinants used to design transmission rates applicable to End Use Customer classes shall be as follows:
 - a. Residential – forecast metered energy (kWh) for the Rate Effective Period;
 - b. Small Commercial– forecast metered energy (kWh) for the Rate Effective Period;
 - c. Medium and Large Commercial/Industrial – forecast metered maximum non coincident peak demand (kW), forecast metered maximum monthly demand, forecast seasonally differentiated peak period demands (kW), and forecast seasonally differentiated monthly coincident peak demands (kW), with seasons, as determined in accordance with SDG&E's CPUC Tariff, for the Rate Effective Period. For the rate applicable to the Vehicle Grid Integration Pilot, forecasted metered energy (kWh) shall be used for the Rate Effective Period;
 - d. Agricultural – forecast metered (kWh) for tariff for the Rate Effective Period for all applicable tariffs except tariff PA-T-1; for tariff PA-T-1 forecast metered maximum non coincident demand (kW) for the Rate Effective Period; and
 - e. Street Lighting – forecast energy (kWh) used by all lamps in service for the

Rate Effective Period;

Stand-by Service – contract demands (kW) applicable to Stand-by Service for the Rate Effective Period.

For the Medium and Large Commercial/Industrial class of customers, a portion of the allocated revenue requirement shall be recovered through a maximum non coincident demand charge and the remaining portion of the allocated revenue requirement shall be recovered through either a seasonally-differentiated peak period demand charge (e.g., 4 p.m. to 9 p.m. every day year-round) or a seasonally-differentiated coincident peak demand charge. The rate design methodology is delineated below in paragraph “4”.

4. The rate design for the recovery of allocated revenue requirements for the Medium and Large Commercial/Industrial Class is as follows:
 - a. For Rate Schedule AD, the maximum non-coincident demand charge shall be determined as the revenue requirement allocated to the Medium and Large Commercial/Industrial Class described in paragraph “1”, as adjusted by paragraph “2” above, divided by the forecast metered maximum non coincident peak demand (kW) for the Rate Effective Period.
 - b. For the Rate Schedules listed below,¹ the maximum non-coincident demand charge, described in paragraph “4.a” above, shall be reduced by 10%.
 - c. For Rate Schedules AY-TOU, AL-TOU, and DG-R the residual 10% of revenue referenced in paragraph “4.b” above shall be recovered through a seasonally-differentiated peak period demand charge.

¹ The maximum non-coincident demand charge is being reduced by 10 percent for: Schedules AY-TOU, AL-TOU, DG-R and A6-TOU. All of SDG&E’s currently-effective rate schedules are available at the following website: <http://www.sdge.com/regulatory/currentEffectiveTariffs.shtml>

- d. For Rate Schedule A6-TOU, the residual 10% of revenue referenced in paragraph "4.b" above shall be recovered through a seasonally-differentiated coincident peak demand charge.

C. ALLOCATION OF SDG&E'S BASE TRANSMISSION REVENUE REQUIREMENTS AND DERIVATION OF UTILITY SPECIFIC HIGH VOLTAGE TRANSMISSION RATE AND LOW VOLTAGE RATES APPLICABLE TO LOW VOLTAGE WHEELING ACCESS CHARGE:

- 1. The Base Transmission Revenue Requirements applicable to Wheeling Access Charges pursuant to the ISO Tariff (hereinafter referred to as the "BTRR_{ISO}") shall be allocated among the following:

- a) High Voltage (HV) Transmission Facilities
- b) Low Voltage (LV) Transmission Facilities

The Transmission Revenue Balancing Account Adjustment (TRBAA) shall be allocated between High Voltage and Low Voltage Transmission.

- 2. The HV Utility Specific transmission rate shall be derived by taking the High Voltage Transmission Revenue Requirements ("HVTRR") and dividing it by SDG&E's total retail forecast kWh billing determinants (adjusted for distribution losses) applicable during the Rate Effective Period.
- 3. SDG&E's Low Voltage Access Charge and Low Voltage Wheeling Access Charge shall be derived by taking the Low Voltage Transmission Revenue Requirements ("LVTRR") and dividing it by SDG&E's Gross Load forecast applicable during the Rate Effective Period.

APPENDIX X**FORMULA FOR CALCULATING THE ALLOCATED COSTS TO THE CITIZENS
BORDER EAST LINE RATE UNDER SDG&E'S TRANSMISSION OWNER TARIFF**

Appendix X sets forth the formula for calculating the Citizens Border East Line Rate which includes direct and non-direct Operating & Maintenance ("O&M") expenses, and other costs explained in various sections of this appendix. Appendix X is organized into the following sections:

I. Introduction**II. Definitions****A. Allocation Factors****B. Carrying Charge Percentages****C. Terms**

1. [DELETED]
2. Allocated General and Common Accumulated Deferred Income Taxes
3. Administrative and General Expense
4. Base Period Cost of Service
5. Citizens Border East Line Accumulated Deferred Tax Asset
6. Citizens Border East Line Accumulated Deferred Tax Liability
7. Citizens Border East Line Incremental Accumulated Deferred Income Tax Liability
8. Citizens Border East Line Allocated Property Taxes
9. Citizens Border East Line Leased Amount
10. Citizens Border East Line Rate
11. Common Plant
12. Common Plant Depreciation Expense
13. Cost Component Containing Other Specific Expenses
14. Cost of Capital Rate

- 15. Cost of Equity Component**
- 16. Direct Maintenance Expense Cost Component**
- 17. Federal Income Tax**
- 18. General Plant**
- 19. General Plant Depreciation Expense**
- 20. General and Common Plant ADIT**
- 21. General and Common Plant Depreciation Rate**
- 22. General and Common Plant Fixed Charged Rate**
- 23. General and Common Total Gross Plant**
- 24. General and Common Plant Revenues**
- 25. Interest True Up Adjustment**
- 26. Materials and Supplies**
- 27. Municipal Franchise Tax Percentage**
- 28. Non-Deductibility of Depreciation on Equity Allowance for Funds Used During Construction (AFUDC) Revenue Component**
- 29. Non Direct Expenses Cost Component**
- 30. Payroll Taxes**
- 31. Prepayments**
- 32. Property Insurance**
- 33. Property Taxes**
- 34. Rate Effective Period**
- 35. State Income Tax**
- 36. Sunrise Removal Rate**
- 37. Total Plant in Service**
- 38. Transmission Maintenance Expenses**
- 39. Transmission Operation Expenses**
- 40. Transmission Plant**
- 41. [DELETED]**
- 42. [DELETED]**
- 43. Transmission Related A&G Expenses**
- 44. Transmission Related A&G Expenses Including Property Insurance**

- 45. Transmission Related General and Common Plant Revenue**
- 46. Transmission Related Materials and Supplies**
- 47. Transmission Related Payroll Taxes Expense**
- 48. Transmission Related Prepayments**
- 49. Transmission Related Working Cash**
- 50. Transmission Related Working Capital Revenue**
- 51. True Up Adjustment**
- 52. True-Up Period**
- 53. Weighted Cost of Capital**
- 54. Working Cash One Eight O&M Percentage**

III. Calculation of Citizens Border East Line Rate Will Include the following cost components:

- A. Direct Maintenance Expense Cost Component
- B. Non-Direct Expenses Cost Component
- C. Cost Component Containing Other Specific Expenses
- D. True Up Adjustment
- E. Interest True-Up Adjustment

IV. Table 1

I. Introduction

This Appendix X sets forth the details with respect to the annual determination of San Diego Gas & Electric Company's ("SDG&E") Border East Line Rate. SDG&E shall assess Citizens Sunrise Transmission, LLC ("Citizens") the Border East Line Rate ("Citizens Border East Line Rate"), for its percentage share of the transfer capability of the Sunrise Border-East 30-mile, 500 kV line segment. The Citizens Border East Line Rate will consist of the following five cost components: (1) Direct Maintenance Expense Cost Component; (2) Non-Direct Expenses Cost Component; (3) Cost Component Containing Other Specific Expenses associated with the Border-East Line, (4) True-Up Adjustment and (5) Interest True-Up Adjustment. The Border-East Line segment leased to Citizens is located between SDG&E's Imperial Valley substation and the San Diego County line.

The Citizens Border East Line Rate for each Rate Effective Period will be comprised of the above five rates.

The Citizens Border East Line Rate shall be designed to reflect SDG&E's cost to own, operate and maintain the Border-East transmission line segment. It will be an annual calculation based on the previous calendar year's data as shown in SDG&E's Federal Energy Regulatory Commission (FERC) FERC Form 1: Annual report of Major Electric Utilities, Licensees, and Others ("Form 1") for that year, and the underlying ledger accounts and work papers. SDG&E shall make available the data reflected in the underlying ledger accounts and work papers used to determine Citizens Border East Line Rate in its Citizens annual informational filing described below.

The True-Up Adjustment cost component for each Rate Effective Period will be an annual reconciliation of the difference between:

- (a) SDG&E's actual costs of providing the transmission service during the most recent consecutive twelve-month period (the "True-Up Period") ending December 31 preceding that Rate Effective Period as determined by the application of the formula; less
- (b) Actual revenues billed by SDG&E and paid by Citizens Sunrise Transmission LLC for transmission services during the True-Up Period.

SDG&E shall submit to the Federal Energy Regulatory Commission

(“Commission” or “FERC”) on or before May 30 of each year an Informational Filing showing the Citizens Border East Line Rate in effect for the Rate Effective Period beginning June 1 of that year through May 31 of the subsequent year (the “Informational Filing”).

Section IV of the Appendix sets forth Table 1 delineating the FERC accounts specified in the *Order on Petition for Declaratory Order* (“PDO Order”)¹ applicable to the Citizens Border East Line. Table 1 demonstrates the affected FERC accounts that SDG&E will utilize to record and capture the direct and indirect costs associated with the Border-East Line. Column (A) reflects the normal FERC accounts SDG&E uses to account for the costs associated with its transmission business function. Column (B) lists the accounts in the PDO. Column (C) reflects the combined expenses for both SDG&E and Citizens used to develop the annual Citizens Border East Line Rate.

The Informational Filing shall not subject the Formula set forth in this Appendix X to modification. The Informational Filing shall only be contestable with respect to prudence of the costs and expenditures included for recovery, the accuracy of the data and the consistency with the Formula of the changes in data shown in the Informational Filing.

In the event SDG&E or any interested party identifies an error in the TO4 Formula or FERC Form 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 law, a court, or regulatory body to correct an error, and such error affects the True-Up Adjustment calculated in an Informational Filing, SDG&E shall include in its subsequent Informational Filing a brief description of the errors included in its prior Informational Filing that must be corrected. SDG&E’s subsequent Informational Filing shall:

- (i) Recalculate the True-Up Adjustment 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, including interest calculated pursuant to the interest rate in 18.C.F.R. § 35.19a, through the

¹ San Diego Gas & Electric Company, *Order on Petition for Declaratory Order*, 129 FERC ¶61, 233 (2009).

date of implementation of the correction.

Absent an order requiring refunds outside of the True-Up process, the difference shall be included as an additional component to Citizens True-Up Adjustment in its next Informational Filing or Final True-Up Adjustment, as applicable, as a one-time True-Up Adjustment.

In the event of a challenge to any of the costs reflected in rates derived under this Appendix X, SDG&E shall bear the burden of demonstrating that such costs and expenditures included for recovery were prudently incurred, accurate and consistent with the Formula.

The costing methodology reflected in this Appendix X is based on the costing methodology reflected in SDG&E's Fourth Transmission Order (TO) Formula rate mechanism (TO4 Formula). Citizens and SDG&E agree that if the costing methodology in the TO4 Formula is modified in future rate filings, *e.g.*, in an SDG&E TO5 Formula, this Appendix X will be modified accordingly.

Any revisions and refunds related to the cost components of the Citizens Border East Line Rate resulting from a Commission Order in (i) any annual update proceeding involving the rates calculated under this Appendix X, (ii) any proceeding involving the rates calculated pursuant to Appendix VIII of this TO Tariff, or (iii) any other proceeding will be reflected in subsequent billings or as otherwise provided for in Commission Orders.

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

II. Definitions

Capitalized terms and allocation factors not otherwise defined in Section I of SDG&E's TO Tariff, in Appendix VIII, in the California Independent System Operator ("CAISO") Tariff, or in this Appendix X have the following definitions:

A. Allocation Factors

1. **Citizens Border-East Line Property Tax Allocation Factor** shall equal the ratio of Citizens Border East Line Leased Amount divided by Total Plant in Service, excluding SONGS, plus Citizens Border-East Line Leased Amount.
2. **Transmission Plant Allocation Factor** shall equal the ratio of SDG&E's total investment in (a) Transmission Plant, plus (b) Transmission Related General Plant and Transmission Related Common Plant, plus (c) Transmission Electric Miscellaneous Intangible Plant to SDG&E's Total Plant in Service, plus Citizens Border-East Line Leased Amount.
3. **[DELETED]**
4. **Transmission Plant Property Insurance Allocation Factor** shall equal the ratio of the sum of SDG&E's total investment in Transmission Plant and Transmission Related General Plant and Transmission Related Common Plant, to SDG&E's Total Plant in Service, excluding SDG&E's ownership share in the San Onofre Nuclear Generation Station ("SONGS").
5. **Transmission Wages and Salaries Allocation Factor For Citizens** shall equal the ratio of SDG&E's transmission related direct wages and salaries less the direct wages and salaries in Accounts 562, 570, 572 and 571 except for that small portion of Account 571 which will be tracked by internal accounting orders related with maintaining the Citizens Border East Line to SDG&E's total direct wages and salaries, plus direct wages and salaries in Accounts 562,570,572, and 571, excluding administrative and general wages and salaries.

B. Carrying Charge Percentages

1. **Transmission Maintenance Expense Carrying Charge Percentage** shall equal the ratio of Transmission Maintenance Expenses divided by Transmission Plant.
2. **Transmission Operations Expense Carrying Charge Percentage** shall equal the ratio of Transmission Operating Expenses divided by Transmission Plant.

3. **Transmission Related A&G Carrying Charge Percentage** shall equal the ratio of Transmission Related A&G Expenses Including Property Insurance divided by Transmission Plant.
4. **Transmission Related General and Common Plant Accumulated Deferred Income Tax Revenue Carrying Charge Percentage** – shall equal SDG&E's Total General and Common Plant ADIT, as reflected in a footnote to SDG&E's annual FERC Form 1 multiplied by the Cost of Capital Rate divided by General and Common Total Gross Plant.
5. **Transmission Related General and Common Plant Revenue Carrying Charge Percentage** - shall equal the ratio of Transmission Related General and Common Plant Revenues divided by Transmission Plant.
6. **Transmission Related Payroll Tax Carrying Charge Percentage** shall equal the ratio of Transmission Related Payroll Tax Expense divided by Transmission Plant.
7. **Transmission Related Working Capital Revenue Carrying Charge Percentage** – shall equal the ratio of Transmission Working Capital Revenue divided by Transmission Plant.

C. TERMS

1. **[DELETED]**
2. **Allocated General and Common Accumulated Deferred Income Taxes** shall equal the net of the deferred tax balance recorded in FERC Account Nos. 281- 283 and the deferred tax balance recorded in FERC Account No. 190.
3. **Administrative and General Expense** shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935 plus the recorded Transmission Related A&G Expenses allocated and charged to Citizens as reflected in FERC Account 413, Expenses from Electric Plant Leased to Others, excluding FERC Account No. 930.1 (General Advertising Expense).
4. **Base Period Cost of Service** – except for the initial Rate Effective Period, the Base Period cost of service shall be the calendar year prior to

the following year's Rate Effective Period. The initial Base Period cost of service shall be the 12-month period ending September 30, 2011 adjusted for certain estimated expenses applicable to the initial Rate Effective period.

5. **Citizens Border East Line Accumulated Deferred Tax Asset** shall equal Citizens' accumulated deferred income tax asset generated by the net operating loss attributable to bonus depreciation.
6. **Citizens Border East Line Accumulated Deferred Tax Liability** shall equal Citizens' accumulated deferred income tax liability attributable to bonus depreciation.
7. **Citizens Border East Line Incremental Accumulated Deferred Income Tax Liability** shall be the difference between the sum of the deferred income tax liability and the deferred income tax asset computed with bonus depreciation less the deferred income tax liability computed without bonus tax depreciation.
8. **Citizens Border East Line Allocated Property Taxes** shall equal Property Taxes, plus Citizens allocated property taxes, excluding property taxes directly assigned to SONGS, multiplied by Citizens Border-East Line Property Tax Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the directly assigned property taxes attributable to SONGS, which SDG&E shall reference by page in its Informational Filing.
9. **Citizens Border East Line Leased Amount** shall equal the amount of the Border East Line that SDG&E leases to Citizens.
10. **Citizens Border East Line Rate** shall be equal to the sum of the following: Direct Maintenance Expenses Cost Component, plus Non Direct Expenses Cost Component; plus Cost Component Containing Other Specific Expenses, plus the True Up Adjustment, plus the Interest True Up Adjustment.
11. **Common Plant** shall equal SDG&E's gross plant balance recorded in FERC Accounts Nos. 303 and 389 through 398 assigned to electric services.

12. **Common Plant Depreciation Expense** shall equal SDG&E's depreciation expenses related to Common Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC, as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
13. **Cost Component Containing Other Specific Expenses** allocated to Citizens shall be equal to that as indicated in Section III.C of Appendix X.
14. **Cost of Capital Rate** – shall equal (a) SDG&E's Weighted Cost of Capital, plus (b) Federal Income Tax Rate Component as defined in Section 1, Terms, plus (c) State Income Tax Rate Component as defined in Section 1, Terms.
15. **Cost of Equity Component** - shall equal the cost of equity as approved by the FERC in SDG&E's most current order.
16. **Direct Maintenance Expenses Cost Component** shall be equal to that calculated in Section III.A of Appendix X.
17. **Federal Income Tax** shall equal

$$\frac{(((A) + (C/D)) * FT) - (B/D)}{(1 - FT)}$$

Where:

A = Sum of Preferred Stock and Return on Equity Component

B = Trans. Related Amortization of ITC and Excess Deferred Tax Liability

C = Equity AFUDC Component of Transmission Depreciation Expense

D = Transmission Rate Base

FT = Federal Income Tax Rate @ 35%

18. **General Plant** – shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 389-399.
19. **General Plant Depreciation Expense** shall equal SDG&E's depreciation expense related to General Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC, as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing authorized by the CPUC.
20. **General and Common Plant ADIT** shall equal to the amount reflected in the footnote to the annual FERC Form 1 filing.
21. **General and Common Plant Depreciation Rate** shall equal the ratio of the sum of SDG&E's General and Common Plant Depreciation expense and General and Common Gross Plant.
22. **General and Common Plant Fixed Charge Rate** shall be the Annual Fixed Charge Rate for purposes of determining the amount of revenue requirement associated with General and Common Plant calculated as follows: (1) General and Common Plant Depreciation Rate; plus (2) Federal and State Income Tax Rate; plus (3) Rate of Return; plus (4) General and Common ADIT Adjustment Rate.
23. **General and Common Total Gross Plant** shall equal the sum of Common Plant and General Plant.
24. **General and Common Plant Revenue** – shall be the product of General and Common Gross Plant and the Annual General and Common Plant Fixed Charged Rate.
25. **Interest True Up Adjustment** shall be equal to that calculated in Section III E of Appendix X.
26. **Materials and Supplies** shall equal SDG&E's balance of total electric Materials and Supplies recorded in FERC Account No. 154, excluding those materials and supplies assigned to construction as reflected on SDG&E Form 1.

27. **Municipal Franchise Tax Percentage** shall be equal to the most current Municipal Franchise Tax Expense percentage approved by the CPUC.
28. **Non-Deductibility of Depreciation on Equity Allowance for Funds Used During Construction (AFUDC) Revenue Component** shall be the product of the annual book depreciation of Equity AFUDC multiplied by the combined federal and state tax rate and the result multiplied by a gross up factor to determine the amount of revenue requirement associated with the non-deductibility of Equity AFUDC embedded in the Plant cost of Citizens Border East Line, which shall be calculated as shown in Section III.C.3.
29. **Non Direct Expenses Cost Component** shall be equal to that calculated in Section III B of Appendix X.
30. **Payroll Taxes** shall equal those payroll tax expenses recorded in FERC Account No. 408.1. The total Payroll Taxes expense is the sum of SDG&E's total Payroll Taxes expense plus that portion of the payroll tax expense which was allocated and charged to Citizens.
31. **Prepayments** shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
32. **Property Insurance** shall equal SDG&E's expenses recorded in FERC Account No. 924 plus the Transmission Related Property Insurance Expense allocated and charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others.
33. **Property Taxes** shall equal SDG&E's expenses recorded in FERC Account No. 408.1. Property Taxes Expense is the sum of SDG&E's property taxes expense and that portion of the property tax expense which was allocated and charged to Citizens.
34. **Rate Effective Period** The Initial Rate Effective Period is for 12-months, commencing with the date that Sunrise goes into service, currently projected to be June 1, 2012, through May 31, 2013. However, if Sunrise

goes into service either earlier or later than June 1, the Initial Rate Effective Period will commence on that date and end May 31, 2013

- 35. State Income Tax** shall equal
- $$\frac{((A) + (B/C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$$

Where:

A = Sum of Preferred Stock and Return on Equity Component

B = Equity AFUDC Component of Transmission Depreciation Expense

C = Transmission Rate Base

FT = Federal Incomes Tax Expense

ST = State Income Tax Rate @ 8.84%

- 36. Sunrise Removal Rate** for FERC Account No. 354 (Towers and Fixtures) and FERC Account No. 356 (Overhead Conductors and Devices) shall be equal to the Sunrise Removal Rates of zero, as set forth in SDG&E's TO4 Formula.
- 37. Total Plant in Service** shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
- 38. Transmission Maintenance Expenses** shall equal FERC accounts 568 through 573 less accounts 569 (Maintenance of Structures) 570 (Maintenance of Station Equipment), 571 (Maintenance of Overhead Lines), and 572 (Maintenance of Underground Lines), plus the Transmission Maintenance Expenses charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others.
- 39. Transmission Operation Expenses** shall equal FERC accounts 560 through 567 less account 562 (Station Expenses), plus the Transmission Operation Expenses charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others.
- 40. Transmission Plant** – shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 350 – 359, excluding the portion attributable to any facilities, the cost of which is directly assigned under

the CAISO Tariff, or is included in Incentive Transmission Plant, plus Citizens Border-East Line Leased Amount.

41. [DELETED]

42. [DELETED]

- 43. Transmission Related A&G Expenses** – shall equal (1) SDG&E's Administrative and General Expenses included in FERC Account Nos. 920-935 plus the Transmission Related A&G Expenses allocated and charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others, excluding non-transmission related expenses, which include but are not limited to non-transmission related expenses in FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Damages and Injuries), FERC Account No. 927 (Franchise Requirements), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), and any CPUC Intervener Funding Expense recorded in FERC Account No. 928 (Regulatory Commission Expenses), multiplied by the Transmission Wages and Salaries Allocation Factor for Citizens.
- 44. Transmission Related A&G Expenses Including Property Insurance** – shall equal (1) SDG&E's Administrative and General Expenses included in FERC Account Nos. 920-935 plus the Transmission Related A&G Expenses allocated and charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others, excluding non-transmission related expenses, which include but are not limited to non-transmission related expenses in FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Damages and Injuries), FERC Account No. 927 (Franchise Requirements), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), and any CPUC Intervener Funding Expense recorded in FERC Account No. 928 (Regulatory Commission Expenses), multiplied by the Transmission Wages and Salaries Allocation Factor for Citizens, plus (2) Property Insurance in FERC Account No. 924,

excluding insurance costs related to nuclear plant serving SDG&E's bundled retail customers, multiplied by the Transmission Plant Property Insurance Allocation Factor.

45. **Transmission Related General and Common Plant Revenue** shall equal the product of General and Common Plant Revenue and Transmission Wages and Salaries Labor Ratio for Citizens.
46. **Transmission Related Materials and Supplies** – shall be the product of SDG&E's electric plant 13 month weighted average balance of Materials and Supplies times the Transmission Plant Allocation Factor.
47. **Transmission Related Payroll Taxes Expense** – shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1, plus the Transmission Payroll Taxes allocated to Citizens multiplied by the Transmission Wages and Salaries Allocation Factor for Citizens.
48. **Transmission Related Prepayments** – shall be the product of SDG&E's electric plant prepayments 13 month weighted average balance times the Transmission Plant Allocation Factor.
49. **Transmission Related Working Cash** shall equal the Working Cash One Eight O&M Percentage multiplied by the sum of Transmission Operation Expenses, plus Transmission Maintenance Expenses, plus Transmission Related A&G expenses.
50. **Transmission Related Working Capital Revenue** shall equal the sum of Transmission Related M&S, Transmission Related Prepayments, and Transmission Related Working Cash, multiplied by the sum of Rate of Return, Federal Income Tax, and State Income tax.
51. **True-Up Adjustment** shall be equal to that calculated in Section II D of Appendix X.
52. **True-Up Period** – shall be 12 months ended December 31 of each year; provided, that the initial True-Up Period shall be the 6 months ending December 31, 2012.

- 53. Weighted Cost of Capital** shall be based upon December 31 balances in accordance with the format of Statement AV of the TO4 Formula Rate Spreadsheet.
- 54. Working Cash One Eight O&M Percentage** shall equal 12.5% (45 days/360 days).

III. CALCULATION OF CITIZENS BORDER EAST LINE RATE

A. Calculation of Direct Maintenance Expenses Cost Component Assigned to Citizens

The directly assigned transmission maintenance expenses applicable to the Citizens Border East Line that are embedded in Account 571, Maintenance of Overhead Lines shall be determined as follows:

The sum of: 1) Citizens percentage share of transfer capability of the expenses related to the internal orders to track the total direct maintenance expenses; 2) the revenue requirements applicable to the cash working capital related to the direct expense which is determined by multiplying item (1) by the 1/8 O&M Rate and Capital Cost; and 3) the Municipal Franchise Tax Percentage.

B. Calculation of Non-Direct Expenses Cost Component Allocated to Citizens

1. The Non-Direct Expense Cost Component shall be equal to the sum of the following carrying charge percentages:
 - (a) Transmission Maintenance Expense Carrying Charge Percentage,
plus
 - (b) Transmission Operations Expense Carrying Charge Percentage,
plus
 - (c) Transmission Related A&G Carrying Charge Percentage, plus
 - (d) Transmission Related Payroll Tax Carrying Charge Percentage,
plus
 - (e) Transmission Related General and Common Plant Revenue
Carrying Charge Percentage, plus

- (f) Transmission Related Working Capital Revenue Carrying Charge Percentage, multiplied by the Municipal Franchise Tax Percentage, whose product is multiplied by the Citizens Border East Line Leased Amount.

C. Calculation of a Cost Component Containing Other Specific Expenses Allocated to Citizens

1. Calculation of the Allocation to Citizens of Sunrise's Net Accumulated Deferred Income Tax Liability Attributable to Bonus Depreciation Offset by the Accumulated Deferred Tax Asset Generated by the Net Operating Loss

The allocation to Citizens of Sunrise's net accumulated deferred Federal income tax liability attributable to bonus depreciation offset by the accumulated deferred tax asset generated by the net operating loss shall be calculated as follows:

The average of the beginning and ending Citizens Border East Line Incremental Accumulated Deferred Income Tax Liability multiplied by the Cost of Capital Rate, and the product multiplied by the Municipal Franchise Tax Percentage.

2. Calculation of the Property Taxes Allocated to Citizens

The portion of property taxes allocated to Citizens Border-East Line Leased Amount shall be calculated as follows:

Citizens Border East Line Property Tax Allocation Factor multiplied by Citizens Border East Line Leased Amount, and then whose product will be multiplied by the Municipal Franchise Tax Percentage.

3. Calculation of the Non-Deductibility of Depreciation on Equity Allowance for Funds Used During Construction (AFUDC) Revenue Component

The allocation of the annual book depreciation on the Equity AFUDC allocated to Citizens Border-East Line shall be calculated as follows: The annual book depreciation on Equity AFUDC multiplied by the Federal and State Income Tax

Rate, the product of which is multiplied by the Gross-Up Factor.

4. Calculation of the Removal Costs Related to Citizens Border East Line

The allocation of annual removal costs allocated to Citizens Border East Line shall be calculated as follows:

The sum of FERC Account No. 354 (Towers & Fixtures) and FERC Account No. 356 (Overhead Conductors & Devices) Cost of Removal Rate multiplied by the Border East Line Leased Amount in these accounts, and then whose product is multiplied by the Municipal Franchise Tax Percentage.

D. Derivation of the True-Up Adjustment

1. Derivation of the Annual True-Up Adjustment

The derivation of the annual True-Up Adjustment shall be calculated as follows:
The sum of the monthly recorded Citizens Rate revenue, excluding the True Up Adjustment and Interest True Up Adjustment for the Base Period minus True Up Cost of Service for the same Base Period.

2. Derivation of a One-Time Four Month (September 1 – December 31, 2013) True-Up Adjustment

The derivation of the Four Month True-Up Adjustment shall be calculated as follows: The sum of Citizens monthly recorded rate revenue for the four months of September 1, 2013 to December 31, 2013, excluding the True-Up Adjustment and Interest True-Up Adjustment for the 4 month True-Up Period, minus the 4-Month True-Cost of Service for the same 4 True-Up Period.

E. Derivation of the Interest True-Up Adjustment

The derivation of the annual Interest True-Up Adjustment for Citizens Rate filing shall be calculated as follows:

The True-Up Adjustment balance calculated as of December 31 of the Base Period plus monthly interest from January to May after the Base Period calculated pursuant to Title 18 of the Code of Federal Regulation Section 35.19a. Such interest accumulated from January through May shall be fully amortized in equal amounts over each month of the Rate Effective Period commencing in June.

IV. Table 1

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San Diego Gas & Electric Co.
FERC Accounting Guidelines for Recording Citizens' Costs Applicable to Appendix X
Per Order on Petition for Declaratory Order ("PDO")

Line No	Description	(A) SDG&E Normal FERC Accounts	(B) FERC Accounts Per PDO	(C) = (A) + (B) TOTAL	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 X.

(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.

APPENDIX XI

Generation Interconnection O&M Fixed Charge Rate

SDG&E shall apply the Generation Interconnection O&M Fixed Charge Rate (“Fixed Charge Rate”) to interconnection facility capital costs specified in each Interconnection Agreement to which SDG&E is a party and pursuant to which a generation facility owned by a third party is interconnected to a transmission facility owned by SDG&E. The Fixed Charge Rate shall equal 5.35414 % when billed on an annual basis and 0.44618 % when billed on a monthly basis. The Fixed Charge Rate compensates SDG&E for ongoing costs incurred on behalf or for the benefit of SDG&E’s Interconnection Agreement counterparties. SDG&E-owned generation facilities shall be subject to the Fixed Charge Rate on the same basis as third-party generation.

APPENDIX XII

FORMULA FOR CALCULATING THE ALLOCATED COSTS TO THE CITIZENS SYCAMORE-PENASQUITOS (“SX-PQ”) LINE RATE UNDER SDG&E’S TRANSMISSION OWNER TARIFF

Appendix XII sets forth the formula for calculating the Citizens SX-PQ Line Rate and is organized into the following sections:

Introduction

I. Definitions

A. Allocation Factors

1. Transmission Plant Allocation Factor
2. Transmission Property Insurance and Tax Allocation Factor
3. Transmission Wages and Salaries Allocation Factor

B. Carrying Charge Percentages

1. Transmission Related O&M Expense
2. Transmission Related A&G Expense
3. Transmission Related General and Common Plant Revenue
4. Transmission Related Payroll Tax Expense
5. Transmission Related Property Tax Expense
6. Transmission Related Working Capital Revenue

C. Terms

1. Accumulated Deferred Income Taxes
2. Administrative and General Expense (A&G)
3. Amortization of Investment Tax Credits
4. Amortization of Loss on Reacquired Debt
5. Base Period
6. Citizens SX-PQ Incremental Accumulated Deferred Income Taxes
7. Citizens SX-PQ Line Leased Amount

8. Citizens SX-PQ Line Rate
9. Common Plant
10. Common Plant Depreciation Expense
11. Common Plant Depreciation Reserve
12. CPUC Intervenor Funding Expense
13. Electric Miscellaneous Intangible Plant
14. Electric Miscellaneous Intangible Plant Amortization Reserve
15. General Plant
16. General Plant Depreciation Expense
17. General Plant Depreciation Reserve
18. Materials and Supplies
19. Municipal Franchise Tax Expense
20. Other Regulatory Assets/Liabilities
21. Equity Allowance for Funds Used During Construction (AFUDC)
Component of Transmission Depreciation Expense
22. Payroll Taxes
23. Prepayments
24. Property Insurance
25. Property Taxes
26. Rate Effective Period
27. Return and Associated Income Taxes
28. Return on Equity
29. SX-PQ Removal Rate
30. Total Plant in Service
31. Transmission Operation and Maintenance Expense
32. Transmission Plant
33. Transmission Plant Abandoned Project Cost
34. Transmission Plant Depreciation Reserve
35. Transmission Plant Held for Future Use
36. Transmission Related Accumulated Deferred Income Taxes
37. Transmission Related A&G Expense
38. Transmission Related Amortization of Excess Deferred Tax
Liabilities

- 39. Transmission Related Amortization of Investment Tax Credits
- 40. Transmission Related Cash Working Capital
- 41. Transmission Related Common Plant
- 42. Transmission Related Common Plant Depreciation Expense
- 43. Transmission Related Common Plant Depreciation Reserve
- 44. Transmission Related General Plant
- 45. Transmission Related General Plant Depreciation Expense
- 46. Transmission Related General Plant Depreciation Reserve
- 47. Transmission Related Electric Miscellaneous Intangible Plant
- 48. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve
- 49. Transmission Related Materials and Supplies
- 50. Transmission Related Municipal Franchise Fees Expense
- 51. Transmission Related Payroll Taxes Expense
- 52. Transmission Related Prepayments
- 53. Transmission Related Property Taxes Expense
- 54. True-Up Period

II. Calculation of SX-PQ Line Rate

A. Attachment 1 – Formula Rate Protocols

B. Attachment 2 – Formula Rate Spreadsheet

INTRODUCTION

This Appendix XII sets forth the details with respect to the annual determination of San Diego Gas & Electric Company's ("SDG&E") SX-PQ Line Rate used to derive the charges assessed to Citizens Sycamore-Penasquitos Transmission LLC ("Citizens") for its percentage share of the transfer capability in an underground segment of the Sycamore to Penasquitos 230kV line ("SX-PQ Line"). This Appendix XII, which includes the Formula Rate Protocols as Attachment 1 and the Formula Rate Spreadsheet as Attachment 2, constitute the "Appendix XII Formula". SDG&E will calculate its SX-PQ Line Rate using the Formula Rate Spreadsheet.

The Formula Rate Spreadsheet contains fixed formulae that are described in this Appendix XII and embedded in the Formula Rate Spreadsheet. If there is any conflict between the text of this Appendix XII and the Formula Rate Spreadsheet, the embedded formulae in 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"), in accordance with the Formula Rate Protocols and will be populated with data from SDG&E's annual FERC Form 1 filing or SDG&E's underlying ledger accounts in accordance with the Formula Rate Protocols. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing.

SDG&E shall update its SX-PQ Line Rate in accordance with the procedures and timelines set forth in the Formula Rate Protocols. SDG&E shall have the burden of demonstrating that its updates are just and reasonable, consistent with Section C.1.g of the Formula Rate Protocols. An Interested Party (as defined in the Protocols) shall have the right to challenge SDG&E's updates, consistent with Section C.1.d of the Formula Rate Protocols.

I. DEFINITIONS

Capitalized terms and allocation factors not otherwise defined in Section I of SDG&E's TO Tariff, in Appendix VIII, in the California Independent System Operator ("CAISO") Tariff, or in this Appendix XII have the following definitions:

A. ALLOCATION FACTORS

1. Transmission Plant Allocation Factor shall equal the ratio of SDG&E's total investment in (a) Transmission Plant, which includes the Citizens SX-PQ leased plant amount, and Incentive Transmission Plant, (b) Transmission Related Electric Miscellaneous Intangible Plant, (c) Transmission Related General Plant, and (d) Transmission Related Common Plant to SDG&E's Total Plant in Service.
2. Transmission Property Insurance and Tax Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant, which includes the Citizens SX-PQ leased plant amount, and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related Common Plant to SDG&E's Total Plant in Service, excluding SDG&E's ownership share in the San Onofre Nuclear Generation Station ("SONGS") and Transmission Related Electric Miscellaneous Intangible Plant.
3. Transmission Wages and Salaries Allocation Factor shall equal the ratio of SDG&E's transmission direct wages and salaries less the direct wages and salaries associated with substation, overhead, and underground maintenance to SDG&E's total direct wages and salaries, excluding administrative and general wages and salaries.

B. CARRYING CHARGE PERCENTAGES

1. Transmission Related O&M Expense shall equal the ratio of Transmission O&M Expense to Net Transmission Plant.
2. Transmission Related A&G Expense shall equal the ratio of Transmission Related A&G Expense including Property Insurance to Net Transmission Plant.
3. Transmission Related General and Common Plant Revenue shall equal the ratio of the sum of Transmission Related General and Common Return and Associated Income Taxes and Transmission Related General and Common Depreciation Expense to Net Transmission Plant.

4. Transmission Related Payroll Tax Expense shall equal the ratio of Transmission Related Payroll Tax Expense to Net Transmission Plant.
5. Transmission Related Property Tax Expense shall equal the ratio of Transmission Related Property Tax Expense to Net Transmission Plant.
6. Transmission Related Working Capital Revenue shall equal the ratio of Transmission Working Capital Revenue to Net Transmission Plant.

C. TERMS

1. Accumulated Deferred Income Taxes shall equal the net of the deferred tax balance recorded in FERC Account Nos. 281-283 and the deferred tax balance recorded in FERC Account No. 190.
2. Administrative and General Expense (A&G) shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935, excluding FERC Account No. 930.1 (General Advertising Expense) and Account No. 927 (Franchise Requirements), plus the recorded Transmission Related A&G Expenses allocated and charged to Citizens SX-PQ in FERC Account No. 413, Expenses from Electric Plant Leased to Others.
3. Amortization of Investment Tax Credits shall equal SDG&E's credits recorded in FERC Account No. 411.4.
4. Amortization of Loss on Reacquired Debt shall equal SDG&E's expenses recorded in FERC Account No. 428.1.
5. Base Period shall be the calendar year for which SDG&E's most recent FERC Form 1 is available.
6. Citizens SX-PQ Incremental Accumulated Deferred Income Taxes shall equal the incremental Accumulated Deferred Income Taxes that would result from Bonus Depreciation if it were to apply, subject to IRS approval, and MACRS Depreciation over book depreciation methods on the Citizens SX-PQ Line.
7. Citizens SX-PQ Line Leased Amount shall equal the \$27 million prepaid lease amount of the SX-PQ Line that SDG&E leased to Citizens.
8. Citizens SX-PQ Line Rate shall be equal to the sum of the following:

Direct Maintenance Expense Cost Component, Non-Direct Expense Cost Component, Cost Component Containing Other Specific Expenses, True-Up Adjustment Cost Component, Interest True-Up Adjustment Cost Component, and Other Adjustments.

9. Common Plant shall equal SDG&E's gross plant balance recorded in FERC Accounts Nos. 303 and 389 through 398. Common Plant are costs that are shared between SDG&E's Electric and Gas functions. SDG&E uses labor ratios to segment these costs between Electric and Gas functions.
10. Common Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Common Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC. These rates may not be changed absent a Section 205 or 206 filing.
11. Common Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to Common Plant recorded in FERC Account Nos. 108 and 111.
12. CPUC Intervenor Funding Expense shall equal those expenses recorded in FERC Account No. 928 incurred by SDG&E associated with its requirement to reimburse intervenors participating in CPUC regulatory proceedings involving transmission projects as ordered and approved by the CPUC.
13. Electric Miscellaneous Intangible Plant shall equal SDG&E's costs recorded in FERC Account No. 303 related to Electric Miscellaneous Intangible Plant.
14. Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's costs recorded in FERC Account No. 111 related to the amortization reserve of Electric Miscellaneous Intangible Plant.
15. General Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 389-399.
16. General Plant Depreciation Expense shall equal SDG&E's depreciation expense related to General Plant recorded in FERC Account Nos. 403,

404, and 405 in accordance with depreciation rates approved by FERC. These rates may not be changed absent a Section 205 or 206 filing.

17. General Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to General Plant recorded in FERC Account Nos. 108 and 111.
18. Materials and Supplies shall equal SDG&E's balance of total electric Materials & Supplies recorded in FERC Account No. 154 as reported in SDG&E's annual FERC Form 1. This component of rate base is calculated using a 13-month average.
19. Municipal Franchise Tax Expense shall equal the amounts recorded in FERC Account No. 927.
20. Other Regulatory Assets/Liabilities shall equal amounts recorded in FERC Account No. 182.3 that the Commission has accepted for recovery under Section 205 of the FPA.
21. Equity Allowance for Funds Used During Construction (AFUDC) Component of Transmission Depreciation Expense shall be the revenue requirement associated with the Equity AFUDC embedded in the Plant cost of the Citizens SX-PQ Line. The amount shall equal the annual book depreciation of Equity AFUDC multiplied by the combined federal and state tax rate, with the product multiplied by a net-to-gross factor to derive the revenue requirement component.
22. Payroll Taxes shall equal those payroll tax expenses recorded in FERC Account No. 408.1.
23. Prepayments shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
24. Property Insurance shall equal SDG&E's expenses recorded in FERC Account No. 924.
25. Property Taxes shall equal SDG&E's expense recorded in FERC Account No. 408.1.
26. Rate Effective Period shall be a 12-month calendar year period beginning January 1 and ending December 31.

27. Return and Associated Income Taxes shall equal the product of the applicable item and the Cost of Capital Rate, as defined in Attachment 2 (Formula Rate Spreadsheet).
28. Return on Equity shall be the FERC authorized Return on Equity rate set forth in SDG&E's TO5 Formula Rate Filing.
29. SX-PQ Removal Rate for FERC Account No. 357 (Underground Conduit) and FERC Account No. 358 (Underground Conductors & Devices) shall be the FERC authorized Cost of Removal Rates set forth in SDG&E's TO5 Formula Rate Filing.
30. Total Plant in Service shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
31. Transmission Operation and Maintenance Expense shall equal SDG&E's expenses recorded in FERC Account Nos. 560-573 plus the Transmission O&M expenses charged to Citizens SX-PQ as recorded in FERC Account No. 413 (Expenses from Electric Plant Lease to Others), excluding non-transmission costs recorded in (1) FERC Account No. 561.4 (Scheduling, System Control & Dispatch Services); (2) FERC Account No. 561.8 (Reliability, Planning & Standards Development Services) for CAISO charges that are included in the Energy Resource Recovery Account ("ERRA"); (3) FERC Account No. 565 (Transmission of Electricity by Others) relating to the purchase of power on behalf of or to serve SDG&E's bundled retail customers; and (4) FERC Account No. 566 (Miscellaneous Transmission Expenses) for CAISO Grid Management Costs and other expenses recovered in other balancing accounts such as the California Systems 21st Century Energy Balance Account ("CES-21BA"), Hazardous Substance Cleanup Cost Memorandum Account ("HSCCMA"), Reliability Costs Memorandum Account ("RCMA"), Transmission Revenue Balancing Account Adjustment ("TRBAA"), and Transmission Access Charge Balancing Account Adjustment ("TACBAA"). In addition to these costs, Citizens SX-PQ Line Rate shall also exclude the following expenses that do not relate to the underground portion of the

line: (1) FERC Account No. 562 (Station Expenses), (2) FERC Account No. 563 (Overhead Line Expenses), (3) FERC Account No. 570 (Maintenance of Station Equipment), (4) FERC Account No. 571 (Maintenance of Overhead Lines), and (5) FERC Account No. 572 (Maintenance of Underground Lines).

32. Transmission Plant shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 350 – 359, excluding the portion attributable to any facilities, the cost of which is directly assigned under the CAISO Tariff, or is included in Incentive Transmission Plant, plus the Citizens SX-PQ Gross Plant equal to the amount of lease payment.
33. Transmission Plant Abandoned Project Cost shall equal an amount, exclusive of Incentive Transmission Plant Abandoned Project Cost, relating to abandoned transmission projects that are recorded in FERC Account No. 182.2. The ratemaking treatment to be afforded for recovery of such costs shall be determined by the Commission on the basis of a filing made by SDG&E with the Commission under Section 205 of the FPA in accordance with Appendix VIII of SDG&E's TO5 Formula. In the Section 205 of the FPA proceeding, SDG&E reserves its right to request recovery of up to 100% of the Transmission Plant Abandoned Project Cost and parties reserve their full rights to contest 100% recovery as provided for in Appendix VIII of the TO5 Formula.
34. Transmission Plant Depreciation Reserve shall equal SDG&E's transmission reserve balance recorded in FERC Account Nos. 108 and 111, plus the Citizens SX-PQ Weighted Average Accumulated Depreciation. Transmission Plant Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.
35. Transmission Plant Held for Future Use shall equal SDG&E's transmission related plant balance recorded in FERC Account No. 105. Gain or loss on the sale of plant held for future use shall be recorded in FERC Account Nos. 411.6 and 411.7.

36. Transmission Related Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Accumulated Deferred Income Taxes, plus the balance of Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes, plus Transmission Related Electric Miscellaneous Intangible Plant Deferred Income Taxes, less the Incentive Transmission Plant Accumulated Deferred Income Taxes, plus Citizens Related Accumulated Deferred Incomes Taxes associated with Citizens share of the SX-PQ Line, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Related Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs.
37. Transmission Related A&G Expense shall equal (1) Administrative and General Expense included in FERC Account Nos. 920-935, excluding non-transmission-related expenses and various CPUC mandated costs recovered in other balancing accounts, which include but are not limited to non-transmission-related expenses in FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Injuries and Damages), FERC Account No. 927 (Franchise Requirements), FERC Account 928 (Regulatory Commission Expenses) for any CPUC Intervenor Funding Expenses, FERC Account No. 930.1 (General Advertising Expenses), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), plus the A&G expenses charged to Citizens SX-PQ as recorded in FERC Account No. 413 (Expenses from Electric Plant leased to Others), multiplied by the Transmission Wages and Salaries Allocation Factor, plus (2) Property Insurance in FERC Account No. 924, excluding insurance costs related to nuclear plant serving SDG&E's bundled retail customers, multiplied by the Transmission Property Insurance and Tax Allocation Factor.

38. Transmission Related Amortization of Excess Deferred Tax Liabilities shall equal an amount recorded in FERC Account Nos. 190, 282, and 283 related to transmission as reflected in a footnote in SDG&E's annual FERC Form 1 as referenced by page in its annual Informational Filing.
39. Transmission Related Amortization of Investment Tax Credits shall equal the amount set forth in the applicable FERC Form 1 until fully amortized. SDG&E shall reflect in a footnote in its annual FERC Form 1 any Transmission Related Amortization of Investment Tax Credits, which SDG&E shall reference by page in its annual Informational Filing.
40. Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operations and Maintenance, Transmission Related A&G Expenses, and CPUC Intervenor Funding Expense - Transmission.
41. Transmission Related Common Plant shall equal SDG&E's balance of investment in Common Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
42. Transmission Related Common Plant Depreciation Expense shall equal the balance of SDG&E's Common Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by the Transmission Wages and Salaries Allocation Factor.
43. Transmission Related Common Plant Depreciation Reserve shall equal the balance in Common Plant Depreciation Reserve multiplied by the Transmission Wages and Salaries Allocation Factor.
44. Transmission Related General Plant shall equal SDG&E's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
45. Transmission Related General Plant Depreciation Expense shall equal the balance of SDG&E's General Plant Depreciation Expense

recorded in FERC Account Nos. 403, 404, and 405 multiplied by Transmission Wages and Salaries Allocation Factor.

46. Transmission Related General Plant Depreciation Reserve shall equal the balance in General Plant Depreciation Reserve multiplied by the Transmission Wages and Allocation Factor.
47. Transmission Related Electric Miscellaneous Intangible Plant shall equal the total amount of Electric Miscellaneous Intangible Plant recorded in FERC Account No. 303 multiplied by the Transmission Wages and Allocation Factor.
48. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's balance of Electric Miscellaneous Intangible Plant Amortization Reserve multiplied by the Transmission Wages and Salaries Allocation Factor.
49. Transmission Related Materials and Supplies shall equal SDG&E's electric balance of Materials and Supplies multiplied by the Transmission Plant Allocation Factor.
50. Transmission Related Municipal Franchise Fees Expense shall equal the Total Annual Carrying Charge Rate prior to the inclusion of Municipal Franchise Tax expense multiplied by the Municipal Franchise Tax Expense rate that the CPUC authorized in its most recent General Rate Case.
51. Transmission Related Payroll Taxes Expense shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1, plus the payroll taxes charged to Citizens SX-PQ, multiplied by the Transmission Wages and Salaries Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the payroll taxes attributable to Citizens SX-PQ, which SDG&E shall reference by page in its Informational Filing.
52. Transmission Related Prepayments shall equal SDG&E's electric balance of prepayments recorded in FERC Account No. 165 multiplied by the Transmission Plant Allocation Factor.

53. Transmission Related Property Taxes Expense shall equal Property Taxes, plus the property taxes charged to Citizens SX-PQ, excluding property taxes directly assigned to SONGS, multiplied by the Transmission Property Insurance and Tax Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the directly assigned property taxes attributable to SONGS and Citizens SX-PQ, which SDG&E shall reference by page in its Informational Filing.
54. True-Up Period shall be 12 months ended December 31 of the Base Period of each year.

II. CALCULATION OF SX-PQ LINE RATE

A. Attachment 1 – Formula Rate Protocols

B. Attachment 2 – Formula Rate Spreadsheet

The Appendix XII Formula Rate Spreadsheet consists of the following:

- Summary of Costs Components
- Section 1 – Direct Maintenance Expense Cost Component
- Section 2 – Non-Direct Expense Cost Component
- Section 3 – Cost Component Containing Other Specific Expenses
- Section 4 – True-Up Adjustment Cost Component
- Section 5 – Interest True-Up Adjustment Cost Component, and
- Statements AD through AV and Statement Miscellaneous, which provide data embedded in Sections 1 through 5 above

Data cells within the Formula Rate Spreadsheet that are color coded green are manual inputs based on the workpapers and/or FERC Form 1 data that are external to the Formula Rate Spreadsheet.

Data cells that are color coded yellow are linked to cells on other pages within the

Formula Rate Spreadsheet.

Uncolored cells reflect formulas (e.g., cells representing the sum of preceding lines) or links to cells on the same page.

Data cells that are colored grey shall be zero.

SDG&E will include these workpapers in each Annual Informational Filing.

APPENDIX XII
ATTACHMENT 1
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 annual 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 1, 2019 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 1, 2019 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 Formula. Citizens and SDG&E agree that if the costing methodology for the proposed TO5 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
Annual Informational Filing	On or before October 31

Appendix XII Cycle 1

Rate Effective Period	June 1, 2019 – December 31, 2019
Base Period	12 Months ended December 31, 2017
True-Up Adjustment	N/A
Interest True-Up Adjustment	N/A

Appendix XII Cycle 2

Rate Effective Period	January 1, 2020 – December 31, 2020
Base Period	12 Months ended December 31, 2018
True-Up Adjustment	N/A
Interest True-Up Adjustment	N/A

Appendix XII Cycle 3

Rate Effective Period	January 1, 2021 – December 31, 2021
Base Period	12 Months ended December 31, 2019
True-Up Adjustment	June 1, 2019 – December 31, 2019 applicable to Cycle 1
Interest True-Up Adjustment	N/A

Appendix XII Cycle 4

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

After Cycle 4, successive Appendix XII Formula cycles will be consistent with Cycle 4 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 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 Informational Filing at FERC on October 31. SDG&E will provide electronic notice of its posting to the Service List¹. 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 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.

- c. Identification and explanation of any accounting changes that affect the inputs.
- d. Identification and explanation of any aspects of the Appendix XII Formula 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 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 of each year to discuss any details or questions regarding SDG&E's Draft Informational Filing. 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 the Draft Informational Filing. 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. 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. 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 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 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. To the extent SDG&E and any Interested Party are unable to resolve disputes related to information requests submitted in

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

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 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 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"), 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.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 Informational Filing described in section C.1 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 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 it 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, 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 Informational Filing inviting public comment, and SDG&E shall request in its Informational Filing that the Commission issue public notice of the Informational Filing inviting public comment.
- c. The 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 Informational Filing shall not subject the Appendix XII Formula to modification.
- d. Any person may comment on or protest the Informational Filing. Any person may request that FERC establish hearing and/or settlement procedures regarding an 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 Informational Filing that it has not raised in a prior 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 Informational Filing if protests and/or comments on the Informational Filing are filed.
- g. In any proceeding on SDG&E's 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 final³ Commission order with respect to each Informational Filing. Unless otherwise ordered by the Commission, such revisions shall be effective as of the first day of the applicable 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 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 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 Informational Filing, SDG&E shall include in its next subsequent Informational Filing a brief description of the error(s) included in its prior Informational Filing that must be corrected. SDG&E's subsequent 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.a.iii shall be included as an additional component to SDG&E's True-Up Adjustment in its next 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 Section 205 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.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Summary of Cost Components
For the Rate Effective Period xxxxxx
(\$1,000)

Line No.	Description of Annual Costs	Amounts	Reference	Line No.
1	Section 1 - Direct Maintenance Expense Cost Component	#DIV/0!	Section 1; Page 1; Line 17	1
2				2
3	Section 2 - Non-Direct Expense Cost Component	#DIV/0!	Section 2; Page 1; Line 25	3
4				4
5	Section 3 - Cost Component Containing Other Specific Expenses	#DIV/0!	Section 3; Page 1; Line 31	5
6				6
7	Total Citizens Annual Prior Year Cost of Service	#DIV/0!	Sum Lines 1, 3, 5	7
8				8
9	Section 4 - True-Up Adjustment Cost Component (Over)/Undercollection	-	Section 4; Page TU; Col. 11; Line 21	9
10				10
11	Section 5 - Interest True-Up Adjustment Cost Component	#DIV/0!	Section 5; Page Interest TU (CY); Col. 6; Line 20	11
12				12
13	Subtotal Annual Costs	#DIV/0!	Sum Lines 7, 9, 11	13
14				14
15	Other Adjustments	-	Cost Adjustment Workpapers	15
16				16
17	Total Annual Costs	#DIV/0!	Line 13 + Line 15	17
18				18

Line No.	Description of Monthly Costs	Amounts	Reference	Line No.
19				19
20	Section 1 - Direct Maintenance Expense Cost Component	#DIV/0!	Line 1 / 12 Months	20
21				21
22	Section 2 - Non-Direct Expense Cost Component	#DIV/0!	Line 3 / 12 Months	22
23				23
24	Section 3 - Cost Component Containing Other Specific Expenses	#DIV/0!	Line 5 / 12 Months	24
25				25
26	Total Citizens Monthly Prior Year Cost of Service	#DIV/0!	Sum Lines 20, 22, 24	26
27				27
28	Section 4 - True-Up Adjustment Cost Component	-	Line 9 / 12 Months	28
29				29
30	Section 5 - Interest True-Up Adjustment Cost Component	#DIV/0!	Line 11 / 12 Months	30
31				31
32	Other Adjustments	-	Line 15 / 12 Months	32
33				33
34	Total Monthly Costs	#DIV/0!	Sum Lines 26, 28, 30, 32	34
35				35
36	Number of Months in Base Period	-		36
37				37
38	Total Annual Costs	#DIV/0!	Line 34 x Line 36	38
39				39

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Section 1 - Direct Maintenance Expense Cost Component
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>A. Derivation of Direct Maintenance Expense Allocated to Citizens</u>			1
2	Total Direct Maintenance Cost	\$ -	Statement AH; Line 2	2
3	Citizens' Share of Direct Maintenance	0.00%		3
4	Citizens Direct Maintenance	\$ -	Line 2 x Line 3	4
5				5
6	One Eighth O&M Rule	0.00%	FERC Method = 1/8 of O&M Expense	6
7	Citizens Portion of Cash Working Capital	\$ -	Line 4 x Line 6	7
8				8
9	Cost of Capital Rate	#DIV/0!	Statement AV2; Line 31	9
10				10
11	Return and Associated Income Taxes	#DIV/0!	Line 7 x Line 9	11
12				12
13	Subtotal of Citizens Direct Maintenance Excluding FF	#DIV/0!	Line 4 + Line 11	13
14				14
15	Transmission Related Municipal Franchise Fees Expense	0.0000% #DIV/0!	Line 13 x Franchise Fee Rate	15
16				16
17	Total Direct Maintenance Expense Including FF	#DIV/0!	Line 13 + Line 15	17

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT

Section 2 - Non-Direct Expense Cost Component

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>A. Non-Direct Annual Carrying Charge Percentages</u>			1
2	Transmission Related O&M Expense	#DIV/0!	Page 2; Line 6	2
3				3
4	Transmission Related A&G Expense	#DIV/0!	Page 2; Line 11	4
5				5
6	Transmission Related Property Tax Expense	#DIV/0!	Page 2; Line 16	6
7				7
8	Transmission Related Payroll Tax Expense	#DIV/0!	Page 2; Line 21	8
9				9
10	Transmission Related Working Capital Revenue	#DIV/0!	Page 2; Line 34	10
11				11
12	Transmission Related General & Common Plant Revenue	#DIV/0!	Page 2; Line 51	12
13				13
14	Subtotal Annual Carrying Charge Rate	#DIV/0!	Sum Lines 2 thru 12	14
15				15
16	Transmission Related Municipal Franchise Fees Expense	0.0000% #DIV/0!	Line 14 x Franchise Fee Rate	16
17				17
18	Total Annual Carrying Charge Rate	#DIV/0!	Line 14 + Line 16	18
19				19
20	<u>B. Derivation of Non-Direct Expense</u>			20
21	Citizens Lease Payment	\$ -	Lease Agreement	21
22				22
23	Total Annual Carrying Charge Rate	#DIV/0!	Line 18 Above	23
24				24
25	Total Non-Direct Expense	#DIV/0!	Line 21 x Line 23	25

**SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT**

Section 2 - Non-Direct Expense Cost Component

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Net Transmission Plant	#DIV/0!	AV-4; Line 6	1
2				2
3	<u>A. Transmission Related O&M Expense</u>			3
4	Transmission O&M Expense	\$ -	Statement AH; Line 17	4
5				5
6	Transmission O&M Expense Carrying Charge Percentage	#DIV/0!	Line 4 / Line 1	6
7				7
8	<u>B. Transmission Related A&G Expense</u>			8
9	Total Transmission Related A&G Expense Including Property Ins.	#DIV/0!	Statement AH; Line 37	9
10				10
11	Transmission Related A&G Carrying Charge Percentage	#DIV/0!	Line 9 / Line 1	11
12				12
13	<u>C. Transmission Related Property Tax Expense</u>			13
14	Transmission Related Property Tax Expense	#DIV/0!	Statement AK; Line 17	14
15				15
16	Transmission Related Property Tax Carrying Charge Percentage	#DIV/0!	Line 14 / Line 1	16
17				17
18	<u>D. Transmission Related Payroll Tax Expense</u>			18
19	Transmission Related Payroll Tax Expense	#DIV/0!	Statement AK; Line 28	19
20				20
21	Transmission Related Payroll Tax Carrying Charge Percentage	#DIV/0!	Line 19 / Line 1	21
22				22
23	<u>E. Transmission Related Working Capital Revenue</u>			23
24	Citizens Financed Transmission Projects:			24
25	Transmission Related M&S Allocated to Transmission	#DIV/0!	Statement AL; Line 5	25
26	Transmission Related Prepayments Allocated to Transmission	#DIV/0!	Statement AL; Line 9	26
27	Transmission Related Working Cash	#DIV/0!	Statement AL; Line 19	27
28	Total Transmission Related Working Capital	#DIV/0!	Sum Lines 25 thru 27	28
29				29
30	Cost of Capital Rate	#DIV/0!	Statement AV2; Line 31	30
31				31
32	Transmission Working Capital Revenue	#DIV/0!	Line 28 x Line 30	32
33				33
34	Transmission Related Working Capital Revenue Carrying Charge Percentage	#DIV/0!	Line 32 / Line 1	34
35				35
36	<u>F. Transmission Related General & Common Plant Revenue</u>			36
37	Net Transmission Related General Plant	#DIV/0!	AV-4; Line 4	37
38				38
39	Net Transmission Related Common Plant	#DIV/0!	AV-4; Line 5	39
40				40
41	Total Net Transmission Related General and Common Plant	#DIV/0!	Line 37 + Line 39	41
42				42
43	Cost of Capital Rate	#DIV/0!	Line 30	43
44				44
45	Transmission Related General and Common Return and Associated Income Taxes	#DIV/0!	Line 41 * Line 43	45
46				46
47	Transmission Related General and Common Depreciation Expense	#DIV/0!	Statement AJ; Line 17	47
48				48
49	Total Transmission Related General and Common Plant Revenues	#DIV/0!	Line 45 + Line 47	49
50				50
51	Total Transmission Related General and Common Plant Carrying Charge Percentage	#DIV/0!	Line 49 / Line 1	51

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Section 3 - Cost Component Containing Other Specific Expenses

Base Period & True-Up Period 12 - Months Ending xxxxx
(\$1,000)

Line No.	(a) Total Costs	(b) Removal Rate	(c) = (a) x (b) Amounts	Reference	Line No.
1	A. Direct Assignment of Accumulated Deferred Income Taxes (ADIT) to Citizens:				1
2					2
3	Average ADIT Difference With and Without Bonus ¹		\$ -	Not Applicable to 2017 Base Period	3
4					4
5	Cost of Capital Rate		#DIV/0!	Statement AV2; Line 31	5
6					6
7	Total ADIT Revenue Credit		#DIV/0!	Line 3 x Line 5	7
8					8
9	B. Equity AFUDC Component of Transmission Depreciation Expense				9
10	Annual Equity AFUDC Allocated to Citizens		\$ -	AV-2B; Line 17	10
11					11
12	C. Derivation of Citizens SX-PQ Underground Line Segment Cost of Removal				12
13	FERC Account				13
14	357 - Underground Conduit	\$ -	\$ -	TO5 Transmission Plant Deprec. Rates WP	14
15					15
16	358 - Underground Conductors & Devices	-	-	TO5 Transmission Plant Deprec. Rates WP	16
17					17
18	359 - Roads & Trails	-	-	TO5 Transmission Plant Deprec. Rates WP	18
19					19
20	350.1 - Land	-	-	TO5 Transmission Plant Deprec. Rates WP	20
21					21
22	350.2 - Land Rights	-	-	TO5 Transmission Plant Deprec. Rates WP	22
23		\$ -		Col. a = Sum Lines 14 thru 22	23
24					24
25	Subtotal Annual Cost of Removal		\$ -	Sum Lines 14 thru 22	25
26					26
27	Transmission Related Municipal Franchise Fees Expense		0.0000%	Line 25 x Franchise Fee Rate	27
28					28
29	Total Annual Cost of Removal		\$ -	Line 25 + Line 27	29
30					30
31	Total Other Specific Expenses		#DIV/0!	Line 7 + Line 10 + Line 29	31

¹ Due to the Tax Cuts and Jobs Act, SDG&E is not eligible to receive Bonus Depreciation on the SX-PQ Transmission Line. However, if this item was to apply, subject to IRS approval, the applicable data field will be populated.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
DERIVATION OF CITIZENS' TRUE-UP ADJUSTMENT - (OVER) / UNDERCOLLECTION
For 12-Month True-Up Period xxxxx
(\$1,000)

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Line No.
1												1
2	Calculations:											2
3												3
4												4
5												5
6												6
7												7
8												8
9	Month	Year	Monthly True-Up Revenues ¹	Prior True-Up Adjustment ³	Prior Other Adjustments ⁴	Adjusted Monthly True-Up Revenues	Monthly Overcollection (-) or Undercollection (+) in Revenue	Monthly Interest Rate ⁵	Cumulative Overcollection (-) or Undercollection (+) in Revenue with Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue with Interest		9
10	January	xxxx	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -		10
11	February	xxxx	-	-	-	-	-	0.00%	-	-		11
12	March	xxxx	-	-	-	-	-	0.00%	-	-		12
13	April	xxxx	-	-	-	-	-	0.00%	-	-		13
14	May	xxxx	-	-	-	-	-	0.00%	-	-		14
15	June	xxxx	-	-	-	-	-	0.00%	-	-		15
16	July	xxxx	-	-	-	-	-	0.00%	-	-		16
17	August	xxxx	-	-	-	-	-	0.00%	-	-		17
18	September	xxxx	-	-	-	-	-	0.00%	-	-		18
19	October	xxxx	-	-	-	-	-	0.00%	-	-		19
20	November	xxxx	-	-	-	-	-	0.00%	-	-		20
21	December	xxxx	-	-	-	-	-	0.00%	-	-		21
22			\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		22

¹ Monthly True-Up Cost of Service comprises Sections 1 thru 3 Direct Maintenance, Non-Direct Expense, and Other Specific Expenses Cost Components. For Cycle 1, there is no monthly true-up cost of service.

² Monthly True-Up Revenues comprises the prior cycle costs applicable to the true-up period. For Cycle 1, there are no monthly true-up revenues.

³ Adjustment to back-out the applicable prior year true-up and interest true-up adjustments that are included in the recorded monthly true-up revenues in Column 3.

⁴ Adjustment to back-out Other Adjustments from a prior year which would be included in the recorded monthly true-up revenues in Column 3. Such adjustments include, but are not limited to, error adjustments and out-of-cycle recovery or refunds ordered by the Commission for a previous year.

⁵ Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.

⁶ Derived using the prior month balance in Column 11 plus the current month balance in Column 7.

⁷ Interest is calculated using an average of beginning and ending balances: 1) in month 1, the average is 1/2 of balance in Column 7; and 2) in subsequent months is the average of prior month balance in Column 11 and the current month balance in Column 9.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT

Derivation of Interest on the 12-Month True-Up Adjustment Applicable to Citizens Cycle x
For 12-Month True-Up Period xxxxxx
(\$1,000)

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Line No.
1							1
2	Calculations:		See Footnote 2	See Footnote 3	See Footnote 4	= Col. 4 + Col. 5	2
3							3
4		Prior Cycle True Up	Monthly Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue	Cumulative Overcollection (-) or Undercollection (+) in Revenue		4
5		Adjustment ¹	Rate	wo Interest	Interest	with Interest	5
6	Month	Year					6
7	January	xxxx	0.00%	\$	\$	\$	7
8	February	xxxx	0.00%		-	-	8
9	March	xxxx	0.00%		-	-	9
10	April	xxxx	0.00%		-	-	10
11	May	xxxx	0.00%		-	-	11
12	June	xxxx	0.00%		-	-	12
13	July	xxxx	0.00%		-	-	13
14	August	xxxx	0.00%		-	-	14
15	September	xxxx	0.00%		-	-	15
16	October	xxxx	0.00%		-	-	16
17	November	xxxx	0.00%		-	-	17
18	December	xxxx	0.00%		-	-	18
19					\$		19

¹ Represents the true-up adjustment from the previous annual cycle filing. SDG&E accrues interest until the amount is fully collected/refunded in rates.

² Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.

³ The Cumulative Overcollection / Undercollection is: 1) the beginning balance in Column 2 for January; and 2) the previous month balance in Column 6 for all subsequent months.

⁴ Interest is calculated using an average of beginning and ending balances: 1) January uses the entire balance from Column 4; and 2) subsequent months use the average of the prior month balance in Column 6 and the current month balance from Column 4.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Derivation of Interest on the 12-Month True-Up Adjustment Applicable to Citizens Cycle x
For 12-Month True-Up Period xxxxxx
(\$1,000)

Line No.	Line No.	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>	<u>Col. 6</u>	<u>Col. 7</u>
				See Footnote 2	See Footnote 3	= - (Col. 4 + Col. 6)	= Col. 2 x Col. 3	= Col. 3 - Col. 5
			Monthly Interest Rate ¹	Month Beginning Balance	<u>Amortization</u>	<u>Principal</u>	<u>Interest</u>	Month Ending Balance
		<u>Month</u>						
		<u>Year</u>						
1	1	xxxx	0.00%	\$ -	#DIV/0!	#DIV/0!	-	#DIV/0!
2	2	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
3	3	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4	4	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
5	5	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
6	6	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
7	7	January						
8	8	February						
9	9	March						
10	10	April						
11	11	May						
12	12	June						
13	13	July						
14	14	August						
15	15	September						
16	16	October						
17	17	November						
18	18	December						
19	19	Total Base Period Interest ⁴					-	
20	20	Total Base Period Interest and Current Year Interest					#DIV/0!	

- ¹ Rate is an average of the base period FERC Rates presented in the Section 4a True-Up calculation in Column 8 to derive a more accurate and consistent amortization amount (Column 4).
- ² The Beginning Balance is: 1) the balance in Column 6; Line 18 from the Interest True-Up Base Period for January; and 2) the balance from previous month in Column 7 of this worksheet for all subsequent months.
- ³ Amortization reduces the beginning balance to zero by the end of December and is derived as follows:
Beginning Balance/([(1+Rate)¹²-1]/[Rate*(1+Rate)¹²]).
- ⁴ Total Base Period Interest comes from Section 5; Page Interest TU (BP); Col. 5; Line 19

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AD - Workpapers

Cost of Plant

**Base Period & True-Up Period 12 - Months Ending xxxxxx
(S1,000)**

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Total Steam Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		\$ -	AD-1; Line 18	1
2						2
3	Total Nuclear Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-2; Line 18	3
4						4
5	Total Hydraulic Production Plant ^{1,3}			-	AD-3; Line 18	5
6						6
7	Total Other Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-4; Line 18	7
8						8
9	Total Distribution Plant ^{2,3}	450.1; Sch. Pg. 204; 104; b	\$ -	\$ -	AD-5; Line 6	9
10						10
11	Transmission Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-6; Line 23	11
12						12
13	Incentive Transmission Plant ¹			-	AD-7; Line 18	13
14						14
15	Total Electric Miscellaneous Intangible Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	AD-8; Line 6	15
16						16
17	Total General Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	AD-9; Line 6	17
18						18
19	Total Common Plant ^{2,4}		-	-	AD-10; Line 10	19
20						20
21	Total Plant in Service			\$ -	Sum Lines 1 thru 19	21
22						22
23	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement A1; Line 17	23
24						24
25	Total Transmission Plant & Incentive Transmission Plant			\$ -	Line 11 + Line 13	25
26						26
27	Transmission Related Electric Miscellaneous Intangible Plant			#DIV/0!	Line 15 x Line 23	27
28						28
29	Transmission Related General Plant			#DIV/0!	Line 17 x Line 23	29
30						30
31	Transmission Related Common Plant			#DIV/0!	Line 19 x Line 23	31
32						32
33	Transmission Related Total Plant in Service			#DIV/0!	Sum Lines 25 thru 31	33
34						34
35	Transmission Plant Allocation Factor ⁵			#DIV/0!	Line 33 / Line 21	35

¹ The balances for Steam, Nuclear, Hydraulic, Other Production, Transmission, and Incentive Transmission plant are derived based on a 13-month average balance.

² The balances for Electric Miscellaneous Intangible, Distribution, General and Common plant are derived based on a simple average balance using beginning and ending year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

⁵ Used to allocate all elements of working capital, other than working cash.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AE - Workpapers
Accumulated Depreciation and Amortization
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Transmission Plant Depreciation Reserve ^{1,3}			\$ -	AE-1; Line 23	1
2						2
3	Electric Misc. Intangible Plant Amortization Reserve ^{2,4}	\$ -	\$ -	-	AE-2; Line 6	3
4						4
5	General Plant Depreciation Reserve ^{2,4}	-	-	-	AE-3; Line 6	5
6						6
7	Common Plant Depreciation Reserve ^{2,4}	-	-	-	AE-4; Line 10	7
8						8
9	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement AI; Line 17	9
10						10
11	Transmission Related Electric Misc. Intangible Plant Amortization Reserve			#DIV/0!	Line 3 x Line 9	11
12						12
13	Transmission Related General Plant Depreciation Reserve			#DIV/0!	Line 5 x Line 9	13
14						14
15	Transmission Related Common Plant Depreciation Reserve			#DIV/0!	Line 7 x Line 9	15
16						16
17	Total Transmission Related Depreciation Reserve			#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18						18
19	Incentive Transmission Plant Depreciation Reserve ¹			\$ -	Shall be Zero	19

¹ The depreciation reserve for Transmission and Incentive Transmission plant is derived based on a 13-month average balance.

² The depreciation reserve for Electric Miscellaneous Intangible, General and Common plant is derived based on a simple average of beginning and end of year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AF - Workpapers

Deferred Credits

Base Period & True-Up Period 12 - Months Ending xxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	FERC Account 190	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 5 + Line 21; Col. d	1
2						2
3	FERC Account 282	-	-	-	AF-1 and AF-2; Line 10 + Line 26; Col. d	3
4						4
5	FERC Account 283	-	-	-	AF-1 and AF-2; Line 15 + Line 31; Col. d	5
6						6
7	Total Transmission Related ADIT ²	\$ -	\$ -	\$ -	Sum Lines 1 thru 5	7
8						8
9	Incentive Transmission Plant ADIT	\$ -	\$ -	\$ -	Shall be Zero	9
10						10
11	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 34; Col. d	11
12						12
13	Incentive Transmission Plant Abandoned Project Cost ADIT	\$ -	\$ -	\$ -	Shall be Zero	13

¹ Statement AF is utilized in the derivation of Transmission Rate Base for use in Statement AV.

² The allocated general and common accumulated deferred income taxes are included in the total transmission related accumulated deferred income taxes. See FERC Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b and k.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AG - Workpapers
Specified Plant Account (Other than Plant in Service) and Deferred Debits
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Average Balance	Reference	Line No.
1	Transmission Plant Held for Future Use ¹	450.1; Sch. Pg. 214; 46; d	\$ -	AG-1; Line 18	1

¹ The balances for Transmission Plant Held for Future Use are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AH - Workpapers

Operation and Maintenance Expenses

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	<u>Derivation of Direct Maintenance Expense:</u>			1
2	Total Direct Maintenance Cost	\$ -	AH-1; Line 48	2
3				3
4	<u>Derivation of Non-Direct Transmission Operation and Maintenance Expense:</u>			4
5	Total Non-Direct Transmission O&M Expense	\$ -	AH-2; Line 37; Col. a	5
6	Adjustments to Per Book Transmission O&M Expense:			6
7	Scheduling, System Control & Dispatch Services	-	Negative of AH-2; Line 41; Col. b	7
8	Reliability, Planning & Standards Development	-	Negative of AH-2; Line 42; Col. b	8
9	Station Expenses	-	Negative of AH-2; Line 43; Col. b	9
10	Overhead Line Expense	-	Negative of AH-2; Line 44; Col. b	10
11	Transmission of Electricity by Others	-	Negative of AH-2; Line 45; Col. b	11
12	Miscellaneous Transmission Expense	-	Negative of AH-2; Line 51; Col. b	12
13	Maintenance of Station Equipment	-	Negative of AH-2; Line 52; Col. b	13
14	Maintenance of Overhead Lines	-	Negative of AH-2; Line 53; Col. b	14
15	Maintenance of Underground Lines	-	Negative of AH-2; Line 54; Col. b	15
16	Other Transmission Non-Direct O&M Exclusion Adjustments	-	Not Applicable to 2017 Base Period	16
17	Total Non-Direct Adjusted Transmission O&M Expenses	\$ -	Sum Lines 5 thru 16	17
18				18
19	<u>Derivation of Non-Direct Administrative and General Expense:</u>			19
20	Total Non-Direct Administrative & General Expense	\$ -	AH-3; Line 20; Col. a	20
21	Adjustments to Per Book A&G Expense:			21
22	Damages & Injuries	-	Negative of AH-3; Line 25; Col. a	22
23	CPUC Intervenor Funding Expense - Transmission	-	Negative of AH-3; Line 29; Col. a	23
24	CPUC Intervenor Funding Expense - Distribution	-	Negative of AH-3; Line 30; Col. a	24
25	CPUC reimbursement fees	-	Negative of AH-3; Line 31; Col. a	25
26	Litigation expenses - Litigation Cost Memorandum Account (LCMA)	-	Negative of AH-3; Line 32; Col. a	26
27	General Advertising Expenses	-	Negative of AH-3; Line 33; Col. b	27
28	CPUC energy efficiency programs	-	Negative of AH-3; Sum Lines 24, 26, 28, 34, 36; Col. a or b	28
29	Hazardous substances - Hazardous Substance Cleanup Cost Account	-	Negative of AH-3; Line 37; Col. b	29
30	Other A&G Exclusion Adjustments	-	Negative of AH-3; Sum Lines 27, 35; Col. a or b	30
31	Total Adjusted Non-Direct A&G Expenses Including Property Insurance	\$ -	Sum Lines 20 thru 30	31
32	Less: Property Insurance (Due to different allocation factor)	-	Negative of AH-3; Line 5; Col. c	32
33	Total Adjusted Non-Direct A&G Expenses Excluding Property Insurance	\$ -	Line 31 + Line 32	33
34	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement A1; Line 17	34
35	Transmission Related Non-Direct Administrative & General Expenses	#DIV/0!	Line 33 x Line 34	35
36	Property Insurance Allocated to Transmission, General, and Common Plant	#DIV/0!	Negative of Line 32 x Line 56	36
37	Transmission Related Non-Direct A&G Expense Including Property Insurance Expense	#DIV/0!	Line 35 + Line 36	37
38				38
39	<u>Derivation of Transmission Plant Property Insurance Allocation Factor:</u>			39
40	Transmission Plant & Incentive Transmission Plant	\$ -	Statement AD; Line 25	40
41	Transmission Related Electric Miscellaneous Intangible Plant	-	Shall be Zero	41
42	Transmission Related General Plant	#DIV/0!	Statement AD; Line 29	42
43	Transmission Related Common Plant	#DIV/0!	Statement AD; Line 31	43
44	Total Transmission Related Investment in Plant	#DIV/0!	Sum Lines 40 thru 43	44
45				45
46	Total Transmission Plant & Incentive Transmission Plant	\$ -	Line 40 Above	46
47	Total Steam Production Plant	-	Statement AD; Line 1	47
48	Total Nuclear Production Plant	-	Shall be Zero	48
49	Total Other Production Plant	-	Statement AD; Line 7	49
50	Total Distribution Plant	-	Statement AD; Line 9	50
51	Transmission Related Electric Miscellaneous Intangible Plant	-	Shall be Zero	51
52	Total General Plant	-	Statement AD; Line 17	52
53	Total Common Plant	-	Statement AD; Line 19	53
54	Total Plant in Service Excluding SONGS	\$ -	Sum Lines 46 thru 53	54
55				55
56	Transmission Property Insurance and Tax Allocation Factor ¹	#DIV/0!	Line 44 / Line 54	56

¹ Used to allocate property insurance in conformance with the TO5 Formula Rate Mechanism.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AI - Workpapers

Wages and Salaries

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Production Wages & Salaries (Includes Steam & Other Power Supply)	354; 20; b	\$ -		1
2					2
3	Transmission Wages & Salaries ¹		-	AI-1; Line 44	3
4					4
5	Transmission Wages & Salaries ²		-	AI-1; Line 42	5
6					6
7	Distribution Wages & Salaries	354; 23; b	-		7
8					8
9	Customer Accounts Wages & Salaries	354; 24; b	-		9
10					10
11	Customer Services and Informational Wages & Salaries	354; 25; b	-		11
12					12
13	Sales Wages & Salaries	354; 26; b	-		13
14					14
15	Total Operating & Maintenance Wages & Salaries Excl. A&G		\$ -	Sum Lines 1 thru 13	15
16					16
17	Transmission Wages and Salaries Allocation Factor		#DIV/0!	Line 3 / Line 15	17

¹ Excludes FERC Accounts 562, 563, 570, 571, and 572 associated with substation, underground, and overhead wages & salaries not applicable to Citizens.

² Reflects FERC Accounts 562, 563, 570, 571, and 572 associated with substation, underground, and overhead wages & salaries not applicable to Citizens.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AJ - Workpapers

Depreciation and Amortization Expense

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense		\$ -	Shall be Zero	1
2					2
3	Electric Miscellaneous Intangible Plant Amortization Expense	336; 1; f	-	Shall be Zero	3
4					4
5	General Plant Depreciation Expense	336; 10; f	-	AJ-1; Line 1	5
6					6
7	Common Plant Depreciation Expense	336; 11; f	-	AJ-2; Line 3	7
8					8
9	Transmission Wages and Salaries Allocation Factor		#DIV/0!	Statement AI; Line 17	9
10					10
11	Transmission Related Electric Misc. Intangible Plant Amortization Expense		#DIV/0!	Line 3 x Line 9	11
12					12
13	Transmission Related General Plant Depreciation Expense		#DIV/0!	Line 5 x Line 9	13
14					14
15	Transmission Related Common Plant Depreciation Expense		#DIV/0!	Line 7 x Line 9	15
16					16
17	Total Transmission, General, Common, and Electric Misc. Intangible Exp.		#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18					18
19	Incentive Transmission Plant Depreciation Expense		\$ -	Shall be Zero	19
20					20
21	Incentive Transmission Plant Abandoned Project Cost Amortization Expense ¹		\$ -	Not Applicable to XXXX Base Period	21
22					22
23	Transmission Plant Abandoned Project Cost Amortization Expense		\$ -	Shall be Zero	23

¹ Net of Incentive Transmission Plant Depreciation Expense.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AK - Workpapers

Taxes Other Than Income Taxes

**Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)**

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Total Property Taxes ¹	263; 2; i	\$ -		1
2					2
3	Less: Other Taxes (Business license taxes) ²		-	Not Applicable to XXXX Base Period	3
4					4
5	Net Property Taxes Excl. Citizens		\$ -	Line 1 + Line 3	5
6					6
7	Add: Citizens Allocated Portion of Property Taxes	450.1; Sch. Pg. 262; 2; i	-		7
8					8
9	Net Property Taxes Incl. Citizens		\$ -	Line 5 + Line 7	9
10					10
11	Less: SONGS Property Taxes	450.1; Sch. Pg. 262; 2; i	-		11
12					12
13	Total Property Taxes Expense		\$ -	Line 9 + Line 11	13
14					14
15	Transmission Property Insurance and Tax Allocation Factor		#DIV/0!	Statement AH; Line 56	15
16					16
17	Transmission Related Property Taxes Expense		#DIV/0!	Line 13 x Line 15	17
18					18
19					19
20	Total Payroll Taxes Expense ³	263; 10, 18, 19, 20; i	\$ -		20
21					21
22	Add: Citizens Allocated Portion of Payroll Taxes	450.1; Sch. Pg. 262; 18; i	-		22
23					23
24	Total Payroll Taxes Expense Incl. Citizens		\$ -	Line 20 + Line 22	24
25					25
26	Transmission Wages and Salaries Allocation Factor		#DIV/0!	Statement AI; Line 17	26
27					27
28	Transmission Related Payroll Taxes Expense		#DIV/0!	Line 24 x Line 26	28

¹ Property tax expense excludes Citizens property taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 2; Col. i.

² Business license taxes are no longer recorded in Total Property Taxes and are separately shown in FERC Form 1; Page 263; Line 4; Col. i.

³ Payroll tax expense excludes Citizens payroll taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 18; Col. i.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AL - Workpapers

Working Capital

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Working Cash	13-Months Average Balance	Reference	Line No.
1	A. Plant Materials and Operating Supplies ¹	450.1; Sch. Pg. 227; 12; c		\$ -	AL-1; Line 18	1
2						2
3	Transmission Plant Allocation Factor			#DIV/0!	Statement AD; Line 35	3
4						4
5	Transmission Related Materials and Supplies			#DIV/0!	Line 1 x Line 3	5
6						6
7	B. Prepayments ¹	450.1; Sch. Pg. 110; 57; c		\$ -	AL-2; Line 18	7
8						8
9	Transmission Related Prepayments			#DIV/0!	Line 3 x Line 7	9
10						10
11	<u>C. Derivation of Transmission Related Cash Working Capital - Retail:</u>					11
12	Transmission O&M Expense		\$ -		Statement AH; Line 17	12
13	Transmission Related A&G Expense - Excl. Intervenor Funding Expense		#DIV/0!		Statement AH; Line 37	13
14	CPUC Intervenor Funding Expense - Transmission		-		Negative of Statement AH; Line 23	14
15	Total		#DIV/0!		Sum Lines 12 thru 14	15
16						16
17	One Eighth O&M Rule		0.00%		FERC Method = 1/8 of O&M Expense	17
18						18
19	Transmission Related Cash Working Capital - Retail Customers		#DIV/0!		Line 15 x Line 17	19

¹ The balances for Materials & Supplies and Prepayments are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AR - Workpapers
Federal Tax Adjustments

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Amortization of Investment Tax Credits	450.1; Sch. Pg. 266; 8; f	\$ -		1
2					2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities				3
4	FERC Account 190		-	AR-1; Line 7; Col. c	4
5	FERC Account 282		-	AR-1; Line 14; Col. c	5
6	FERC Account 283		-	AR-1; Line 22; Col. c	6
7	Total Transmission Related Amortization of Excess Deferred Tax Liabilities		\$ -	Sum Lines 4 thru 6	7
8					8
9	Other Federal Tax Adjustments		-	Not Applicable to XXXX Base Period	9
10					10
11	Total Federal Tax Adjustments ¹		\$ -	Sum Lines 1, 7, 9	11

¹ Information on Statement AR is used in Statement AV2, Line 7 to calculate the Cost of Capital Rate.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AV - Workpapers

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	<u>Long-Term Debt Component - Denominator:</u>				1
2	Bonds (Acct 221)	112; 18; c	\$ -		2
3	Less: Reacquired Bonds (Acct 222)	112; 19; c	-		3
4	Other Long-Term Debt (Acct 224)	112; 21; c	-		4
5	Unamortized Premium on Long-Term Debt (Acct 225)	112; 22; c	-		5
6	Less: Unamortized Discount on Long-Term Debt-Debit (Acct 226)	112; 23; c	-		6
7	LTD = Long Term Debt		\$ -	Sum Lines 2 thru 6	7
8					8
9	<u>Long-Term Debt Component - Numerator:</u>				9
10	Interest on Long-Term Debt (Acct 427)	117; 62; c	\$ -		10
11	Amort. of Debt Disc. and Expense (Acct 428)	117; 63; c	-		11
12	Amortization of Loss on Reacquired Debt (Acct 428.1)	117; 64; c	-		12
13	Less: Amort. of Premium on Debt-Credit (Acct 429)	117; 65; c	-		13
14	Less: Amortization of Gain on Reacquired Debt-Credit (Acct 429.1)	117; 66; c	-		14
15	i = LTD interest		\$ -	Sum Lines 10 thru 14	15
16					16
17	<u>Cost of Long-Term Debt:</u>		<u>#DIV/0!</u>	Line 15 / Line 7	17
18					18
19	<u>Preferred Equity Component:</u>				19
20	PF = Preferred Stock (Acct 204)	112; 3; c	\$ -		20
21	d(pf) = Total Dividends Declared-Preferred Stocks (Acct 437)	118; 29; c	\$ -		21
22	Cost of Preferred Equity		<u>0.00%</u>	Line 21 / Line 20	22
23					23
24	<u>Common Equity Component:</u>				24
25	Proprietary Capital	112; 16; c	\$ -		25
26	Less: Preferred Stock (Acct 204)	112; 3; c	-	Negative of Line 20 Above	26
27	Less: Unappropriated Undistributed Subsidiary Earnings (Acct 216.1)	112; 12; c	-		27
28	Accumulated Other Comprehensive Income (Acct 219)	112; 15; c	-		28
29	CS = Common Stock		\$ -	Sum Lines 25 thru 28	29
30					30
31					31
32	<u>Return on Common Equity:</u> ²		<u>0.00%</u>	SDG&E Return on Equity	32
33		(a)	(b)	(c)	(d) = (b) x (c)
34		Amounts ¹	Cap. Struct. Ratio	Cost of Capital	Weighted Cost of Capital
35	<u>Weighted Cost of Capital:</u>				
36					
37	Long-Term Debt	\$ -	#DIV/0!	#DIV/0!	#DIV/0!
38	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!
39	Common Equity	-	#DIV/0!	0.00%	#DIV/0!
40	Total Capital	\$ -	#DIV/0!		#DIV/0!
41					
42	<u>Cost of Equity Component (Preferred & Common):</u>			<u>#DIV/0!</u>	Line 38 + Line 39; Col. d
43					
44					
45	<u>Incentive Return on Common Equity:</u>			<u>0.00%</u>	Shall be Zero
46		(a)	(b)	(c)	(d) = (b) x (c)
47		Amounts ¹	Cap. Struct. Ratio	Cost of Capital	Weighted Cost of Capital
48	<u>Incentive Weighted Cost of Capital:</u>				
49					
50	Long-Term Debt	\$ -	0.00%	0.00%	0.00%
51	Preferred Equity	-	0.00%	0.00%	0.00%
52	Common Equity	-	0.00%	0.00%	0.00%
53	Total Capital	\$ -	0.00%		0.00%
54					
55	<u>Incentive Cost of Equity Component (Preferred & Common):</u>			<u>0.00%</u>	Line 51 + Line 52; Col. d

¹ Amount is based upon December 31 balances.

² ROE is pursuant to SDG&E's TO5 Formula Informational Filing in Docket No. ER19-221-000.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

**Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)**

Line No.		Amounts	Reference	Line No.
1	<u>Cost of Capital Rate _(COCR) Calculation:</u>			1
2				2
3	<u>a. Federal Income Tax Component:</u>			3
4				4
5	Where:			5
6	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	AV1; Line 42	6
7	B = Transmission Total Federal Tax Adjustments	\$ -	Negative of Statement AR; Line 11	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense ¹	\$ -	AV-2A; Line 36 + Line 38	8
9	D = Transmission Rate Base	#DIV/0!	AV-4; Page 1; Line 26	9
10	FT = Federal Income Tax Rate for Rate Effective Period	0%	Federal Income Tax Rate	10
11				11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	#DIV/0!	Federal Income Tax Expense	12
13				13
14				14
15	<u>B. State Income Tax Component:</u>			15
16				16
17	Where:			17
18	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Line 6 Above	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Line 8 Above	19
20	C = Transmission Rate Base	#DIV/0!	Line 9 Above	20
21	FT = Federal Income Tax Expense	#DIV/0!	Line 12 Above	21
22	ST = State Income Tax Rate for Rate Effective Period	0	State Income Tax Rate	22
23				23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	#DIV/0!	State Income Tax Expense	24
25				25
26				26
27	<u>C. Total Federal & State Income Tax Rate:</u>	#DIV/0!	Line 12 + Line 24	27
28				28
29	<u>D. Total Weighted Cost of Capital:</u>	#DIV/0!	AV1; Line 40	29
30				30
31	<u>E. Cost of Capital Rate _(COCR):</u>	#DIV/0!	Line 27 + Line 29	31

¹ Citizens portion of Equity AFUDC is embedded in the Equity AFUDC component of Transmission Depreciation expense.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>Incentive Cost of Capital Rate _(ICCR) Calculation:</u>			1
2				2
3	<u>a. Federal Income Tax Component:</u>			3
4				4
5	Where:			5
6	A = Sum of Preferred Stock and Return on Equity Component	0.00%	AV1; Line 55	6
7	B = Transmission Total Federal Tax Adjustments	\$ -	Shall be Zero	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Shall be Zero	8
9	D = Incentive ROE Project Transmission Rate Base	\$ -	Shall be Zero	9
10	FT = Federal Income Tax Rate for Rate Effective Period	0%	AV2; Line 10	10
11				11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	0.0000%	Federal Income Tax Expense	12
13				13
14				14
15	<u>B. State Income Tax Component:</u>			15
16				16
17	Where:			17
18	A = Sum of Preferred Stock and Return on Equity Component	0.00%	Line 6 Above	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Line 8 Above	19
20	C = Incentive ROE Project Transmission Rate Base	\$ -	Line 9 Above	20
21	FT = Federal Income Tax Expense	0.0000%	Line 12 Above	21
22	ST = State Income Tax Rate for Rate Effective Period	0.00%	AV2; Line 22	22
23				23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	0.0000%	State Income Tax Expense	24
25				25
26				26
27	<u>C. Total Federal & State Income Tax Rate:</u>	0.0000%	Line 12 + Line 24	27
28				28
29	<u>D. Total Incentive Weighted Cost of Capital:</u>	0.0000%	AV1; Line 53	29
30				30
31	<u>E. Incentive Cost of Capital Rate _(ICCR):</u>	0.0000%	Line 27 + Line 29	31

SAN DIEGO GAS & ELECTRIC COMPANY
TO5-Cycle 1 Annual Transmission Formula Filing
Citizens' Calculation of Equity AFUDC Component of Transmission Depreciation Expenses
12 Months Ending December 31, 2017
(\$1,000)

Line No.	Description	Amounts	Reference	Line No.
1	AFUDC embedded in the Lease Payment on the SX-PQ Underground Line Segment	\$ -		1
2				2
3	AFUDC Equity Percentage as of November 2018	73.64%		3
4				4
5	AFUDC Equity Embedded in the SX-PQ Underground Line Segment	\$ -	Line 1 x Line 3	5
6				6
7	Annual Depreciation Rate (30 year Lease)	3.33%	1 / 30 years	7
8				8
9	Annual Book Depreciation on AFUDC Equity	\$ -	Line 5 x Line 7	9
10				10
11	Federal and State Combined Tax Rate	27.98%		11
12				12
13	Tax Cost of Non-Deductibility of AFUDC Equity	\$ -	Line 9 x Line 11	13
14				14
15	Gross-up Factor	1.39		15
16				16
17	Revenue Requirement	\$ -	Line 13 x Line 15	17
18				18

SAN DIEGO GAS & ELECTRIC COMPANY
Derivation of End Use Transmission Rate Base

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>A. Derivation of Transmission Rate Base:</u>			
1	<u>Net Transmission Plant:</u>			1
2	Transmission Plant	\$ -	Page 2; Line 16	2
3	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Page 2; Line 17	3
4	Transmission Related General Plant	#DIV/0!	Page 2; Line 18	4
5	Transmission Related Common Plant	#DIV/0!	Page 2; Line 19	5
6	Total Net Transmission Plant	#DIV/0!	Sum Lines 2 thru 5	6
7				7
8	<u>Rate Base Additions:</u>			8
9	Transmission Plant Held for Future Use	\$ -	Statement AG; Line 1	9
10	Transmission Plant Abandoned Project Cost	-	Statement Misc.; Line 3	10
11	Total Rate Base Additions	\$ -	Line 9 + Line 10	11
12				12
13	<u>Rate Base Reductions:</u>			13
14	Transmission Related Accum. Def. Inc. Taxes	\$ -	Statement AF; Line 7	14
15	Transmission Plant Abandoned Accum. Def. Inc. Taxes	-	Statement AF; Line 11	15
16	Total Rate Base Reductions	\$ -	Line 14 + Line 15	16
17				17
18	<u>Working Capital:</u>			18
19	Transmission Related Materials and Supplies	#DIV/0!	Statement AL; Line 5	19
20	Transmission Related Prepayments	#DIV/0!	Statement AL; Line 9	20
21	Transmission Related Cash Working Capital	#DIV/0!	Statement AL; Line 19	21
22	Total Working Capital	#DIV/0!	Sum Lines 19 thru 21	22
23				23
24	Other Regulatory Assets/Liabilities	-	Statement Misc.; Line 5	24
25				25
26	Total Transmission Rate Base	#DIV/0!	Sum Lines 6, 11, 16, 22, 24	26
27				27
28	<u>B. Incentive ROE Project Transmission Rate Base:</u>			28
29	Net Incentive Transmission Plant	\$ -	Shall be Zero	29
30	Incentive Transmission Plant Accum. Def. Income Taxes	-	Shall be Zero	30
31	Total Incentive ROE Project Transmission Rate Base	\$ -	Line 29 + Line 30	31
32				32
33	<u>C. Incentive Transmission Plant Abandoned Project Rate Base:</u>			33
34	Incentive Transmission Plant Abandoned Project Cost	\$ -	Shall be Zero	34
35	Incentive Transmission Plant Abandoned Project Cost Accum. Def. Inc. Taxes	-	Shall be Zero	35
36	Total Incentive Transmission Plant Abandoned Project Cost Rate Base	\$ -	Line 34 + Line 35	36
37				37
38	<u>D. Incentive Transmission Construction Work In Progress</u>	\$ -	Shall be Zero	38

SAN DIEGO GAS & ELECTRIC COMPANY
Derivation of End Use Transmission Rate Base

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line
No.

<u>A. Derivation of Net Transmission Plant:</u>				
1	<u>Gross Transmission Plant:</u>			1
2	Transmission Plant	\$ -	Statement AD; Line 11	2
3	Transmission Related Electric Misc. Intangible Plant	#DIV/0!	Statement AD; Line 27	3
4	Transmission Related General Plant	#DIV/0!	Statement AD; Line 29	4
5	Transmission Related Common Plant	#DIV/0!	Statement AD; Line 31	5
6	Total Gross Transmission Plant	#DIV/0!	Sum Lines 2 thru 5	6
7				7
8	<u>Transmission Related Depreciation Reserve:</u>			8
9	Transmission Plant Depreciation Reserve	\$ -	Statement AE; Line 1	9
10	Transmission Related Electric Misc. Intangible Plant Amortization Reserve	#DIV/0!	Statement AE; Line 11	10
11	Transmission Related General Plant Depr Reserve	#DIV/0!	Statement AE; Line 13	11
12	Transmission Related Common Plant Depr Reserve	#DIV/0!	Statement AE; Line 15	12
13	Total Transmission Related Depreciation Reserve	#DIV/0!	Sum Lines 9 thru 12	13
14				14
15	<u>Net Transmission Plant:</u>			15
16	Transmission Plant	\$ -	Line 2 Minus Line 9	16
17	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Line 3 Minus Line 10	17
18	Transmission Related General Plant	#DIV/0!	Line 4 Minus Line 11	18
19	Transmission Related Common Plant	#DIV/0!	Line 5 Minus Line 12	19
20	Total Net Transmission Plant	#DIV/0!	Sum Lines 16 thru 19	20
21				21
22	<u>B. Incentive Project Net Transmission Plant:</u>			22
23	Incentive Transmission Plant	\$ -	Shall be Zero	23
24	Incentive Transmission Plant Depreciation Reserve	-	Shall be Zero	24
25	Total Net Incentive Transmission Plant	\$ -	Line 23 Minus Line 24	25

SAN DIEGO GAS & ELECTRIC COMPANY

Miscellaneous Statement

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Regulatory Debits/Credits	\$ -	Shall be Zero	1
2				2
3	Transmission Plant Abandoned Project Cost ¹	\$ -		3
4				4
5	Other Regulatory Assets/Liabilities ¹	\$ -		5
6				6
7	Incentive Transmission Plant Abandoned Project Cost	\$ -	Shall be Zero	7

¹ None of the above items apply to SDG&E's TO5 Cycle x filing. However, as one or more of these items apply, subject to FERC approval, the applicable data field will be filled.