

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
San Diego Gas & Electric Company  
Docket No. ER11-4318-001  
**February 24, 2012**

Georgetta J. Baker, Esq.  
San Diego Gas & Electric Company  
101 Ash Street, HQ12  
San Diego, CA 92101

Reference: Compliance Filing

Dear Ms. Baker:

On November 14, 2011, San Diego Gas & Electric Company (SDG&E), filed revised worksheets to comply with the Commission's October 14 Order.<sup>1</sup> As stated in the filing, the October 14 Order directed SDG&E, among other things, to file revised worksheets recording uninsured wildfire-related losses in Account 925 of the Uniform System of Accounts instead of in Account 350, Account 360 and Account 404, as SDG&E originally proposed.

Please be advised that your filing is deficient and that additional information is required by the Commission to process the filing. Please provide the information requested below:

1. SDG&E explains in its compliance filing that since wildfire property losses are to be recorded as an administrative and general expense in Account 925, Injuries and Damages, \$4.8 million of the total \$44.5 million of wildfire property losses must be capitalized. SDG&E proposes to capitalize the wildfire property losses to future construction projects through the implementation of construction overhead rates.
  - a. Provide a written explanation to support SDG&E's position that \$4.8 million of wildfire property losses should be capitalized as construction

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<sup>1</sup> *San Diego Gas & Electric Company*, 137 FERC ¶ 61,041 (2011) (October 14 Order).

costs. Also, explain the methodology used to determine how much wildfire property losses were assignable to transmission, distribution, and other construction projects. If wildfire property losses were not capitalized for projects other than transmission projects, please explain. Please provide all supporting analysis and other documents supporting SDG&E's determinations.

- b. Explain the basis for capitalizing wildfire property losses based on the Commission's accounting regulations in 18 C.F.R. Part 101. Also, explain SDG&E's internal procedures for capitalizing injuries and damages to construction projects. Provide a copy of the internal procedures for capitalizing construction costs.
- c. Please indicate over what period of time the capitalized amounts would go into service and over what period of time the capitalized amounts would be depreciated.
- d. Provide the following information pertaining to the wildfires: a) date wildfire started, b) date wildfire ended, c) cause of wildfires (e.g., environmental phenomenon, equipment failure, or other), d) cost incurred, e) location of construction projects to which wildfire property losses were assigned, and f) proximity of these construction projects to the damaged property.
- e. Provide all the journal entries and supporting documentation initially recording wildfire property losses. Also, provide all the journal entries and supporting documentation for wildfire property losses that were reclassified and/or transferred after such losses were initially recorded in SDG&E's books and records. For each reclassification and/or transfer, provide an explanation to support the accounting basis for such reclassification and/or transfer.
- f. How are wildfire property losses accounted for and recovered in rates for retail purposes?

Please submit seven copies of your response to the information requested within 30 days of the date of this letter. Submit six copies of your response to the following:

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Federal Energy Regulatory Commission  
Office of the Secretary  
888 First Street, N.E.  
Washington, DC 20426

Also, please send the seventh copy to Marion Whitaker (202-502-8264). Response to this letter will constitute an amendment to your filing, and a notice will be issued upon receipt.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this deficiency letter within the time period specified may result in an order rejecting your filing.

This order is issued pursuant to the authority delegated to the Director, Division of Electric Power Regulation – West, under 18 C.F.R § 375.307(a)(1)(v) and is interlocutory. This order is not subject to rehearing pursuant to 18 C.F.R § 385.713.

If you have any questions regarding this letter order, please contact Marion Whitaker at (202) 502-8264.

Sincerely,

Steve P. Rodgers, Director  
Division of Electric Power  
Regulation – West

cc: All Parties

Document Content(s)

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