



Regulatory Affairs
8330 Century Park Ct.
San Diego, CA 92123-1530

REG 10-12
Resolution E-4874

March 31, 2017

Edward Randolph
Energy Division Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

RE: SDG&E Quarterly and Annual Shareholder Funding Report

Mr. Randolph:

In compliance with California Public Utilities (Commission) Resolution E-4874 approved on August 18, 2016, this report includes the following pursuant to ordering paragraphs eleven and twelve of Resolution E-4874 restated herein:

11. San Diego Gas and Electric Company shall file a report with the Energy Division detailing the amount of spending and shareholder funding of the Independent Marketing Division. This report shall be filed annually on March 31, beginning in 2017, covering the previous calendar year, and should be published to its website. These reports shall continue annually until March 31, 2019, unless the Commission decides to extend them.
12. Pursuant to Community Choice Aggregation Code of Conduct Rule 4, San Diego Gas and Electric Company shall file a quarterly report with the Energy Division and make it available on its website. This report shall be filed no later than one month after the end of each quarter. These reports shall be required as long as the Independent Marketing Division exists.

The Community Choice Aggregation (CCA) Code of Conduct (COC) Rule 4 states:

The cost of an electrical corporation's independent marketing division's use of support services from the electrical corporation's ratepayer-funded divisions shall be allocated to the independent marketing division on a fully allocated embedded cost basis, supported by detailed public reports of such use. For this purpose, fully allocated embedded cost basis means a fully loaded cost basis (i.e., the sum of all direct costs and all appropriately allocated indirect costs and overhead costs; transfers from the utility to its independent marketing division of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded costs plus 5% of direct labor cost). These calculations shall be supported by public reports of such use. These reports shall be filed quarterly with the Commission's Energy Division as an information only filing, no later

than one month after the end of each quarter, and shall be made available on the utility's website at the same time. (See § 707(a)(2), D.97-12-088, App. A, Part V.H.5.).

SDG&E is responding on behalf of all of SDG&E, in compliance with the Resolution E-4874.

SDG&E has no "Independent Marketing Division" within SDG&E that engages in lobbying or marketing against CCA. Section 707 of the Public Utilities Code used "Independent Marketing Division" to refer to a division within the utility through which the utility could market against CCA, subject to a code of conduct.

In response to ordering paragraph 11 of Resolution E-4874, SDG&E is affiliated with a separate entity that may engage in lobbying or marketing against CCA. SDG&E does not have custody of any information regarding that affiliate's spending of its shareholder dollars.

SDG&E has an Application for Rehearing pending that addresses the status of the affiliate and limits to the Commission's jurisdiction over that affiliate. Nothing here is intended to waive any points made by SDG&E in that AFR.

In response to ordering paragraph twelve of Resolution E-4874, SDG&E has no Independent Marketing Division. Additionally, the cost of Sempra Services Corporation's use of support services from SDG&E's ratepayer-funded divisions is zero for the first quarter of 2017. The amount has never been anything other than zero since the formation of Sempra Services Corporation. Because the amount has been zero, SDG&E has not submitted a quarterly report before now, but will do so on a going forward basis even when the amount is zero, as is anticipated.

If you have any questions regarding this information, contact me.

Kind Regards,

/s/ SDG&E Regulatory Affairs

cc: SDG&E
Central Files