

**San Diego Gas & Electric Company**

**Exhibit No. SDG - 1**

**Prepared Direct Testimony of**

**Leonor Sanchez**

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

**San Diego Gas & Electric Company                    )                    Docket No. ER12-\_\_\_\_-000**

**PREPARED DIRECT TESTIMONY OF  
LEONOR SANCHEZ  
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

**I. INTRODUCTION**

**Q1. Please state your name and business address?**

A1. My name is Leonor Sanchez. My business address is 8315 Century Park Court – CP21G San Diego California, 92123-1548.

**Q2. By whom are you employed and in what capacity?**

A2. I am employed by San Diego Gas & Electric Company (“SDG&E”) as a Senior Business Analyst in the Transmission Revenue and Budgeting group. My responsibilities include assisting in developing and analyzing transmission revenue requirements.

**Q3. Please briefly describe your educational and professional background.**

A3. I received a Bachelor of Science in Business Administration with an emphasis in Accounting from California State University of San Marcos. I also attended National University where I completed all coursework required for a Master of Business Administration with an emphasis in Finance Management. I have been employed by SDG&E since November 2000 in various positions, and assumed the position of Senior Business Analyst in December 2007 in the Transmission Budgeting and Revenue Requirement group. In this position, I am involved with the overall determination of transmission revenue requirements and rate design for transmission rates.

**Q4. Have you submitted testimony before the Federal Energy Regulatory Commission (“Commission” or “FERC”) in the past?**

A4. No.

**II. PURPOSE OF TESTIMONY**

**Q5. What is the purpose of your testimony?**

A5. The purpose of this testimony is to explain SDG&E's proposed accounting and ratemaking treatment for that portion of the Sunrise Powerlink Transmission Project ("Sunrise Project") that SDG&E is leasing to Citizens Sunrise Transmission LLC ("Citizens"). More specifically, under the Transfer Capability Lease ("Lease" or "Lease Agreement") giving rise to this proceeding, SDG&E leases to Citizens one half of the transfer capacity of a 30 mile line segment (Border-East Line) of the 500 kV portion of the Sunrise Project. Citizens pre-pays SDG&E an amount currently estimated to be \$84.7 million (M) in exchange for a 30-year entitlement to 50 percent of the Border East's Line's transfer capability ("Lease Cost"). SDG&E, pursuant to section 3.2 and 4.1.3 of the Lease Agreement, operates and maintains the Border-East Line for Citizens for a charge.

Rather than filing for a stated rate in this filing, SDG&E is requesting that the Commission approve a Formula rate, which would be updated annually. The formulaic approach is appropriate for several reasons. First, it is consistent with SDG&E's currently-effective Transmission Owner Formula ("TO3"). Second, the Formula provides a straightforward and dependable means to develop Citizens' annual rate given the nature of the costs, their magnitude, and the cost allocation methodology SDG&E will use for the Lease.

I will discuss the details of the Formula later in this testimony, but generally, the Formula rate is separated into the following parts: (1) a direct charge for transmission maintenance costs from Account 571 (Maintenance of Overhead Lines); (2) non-direct expenses allocated from all other transmission Operation and Maintenance ("O&M") and Administration and General ("A&G") accounts; and (3) other allocated costs that include a portion of Sunrise's accumulated deferred income tax liability attributable to bonus depreciation offset by Citizens accumulated deferred tax asset, property taxes, and annual removal costs related with the Border-East Line to remove the line once it is retired. As explained below, this allocation process to derive the rate will ensure

SDG&E's California Independent System Operator ("CAISO") wholesale and retail customers do not pay for costs associated with the Lease.

Finally, in addition to explaining the cost methodology SDG&E will use to bill Citizens the above costs, my testimony will also explain why the Lease will not affect SDG&E's transmission rates developed under its currently-effective TO3 Formula rate filings or result in double recovery of the costs of the Border-East Line.

I have divided my testimony into the following sections:

I. Introduction

II. Purpose of Testimony

III. Description of Sunrise Project and the Citizens Lease

IV. Description of Lease Costs that SDG&E will Invoice to Citizens

V. Description of Formula Rate, Initial Base Period Cost of Service, and Initial Rate Effective Period

VI. Description of Cost of Service Statement BK to Develop Citizens' Initial Rate, which is reflected in Citizens' Allocation Formula as Further Described in Section IX;

VII. How the Calculation shown in Cost Statement BK Complies with FERC Order on Petition for Declaratory Order ("*PDO Order*")<sup>1</sup>

VIII. Description of How the Citizens Invoices Will Be Trued Up Going Forward;

IX. Description of SDG&E's Citizens Cost Allocation Formula as reflected in Appendix X.

X. Explanation of Why Citizens' Billing and Cost Allocation Process Will Not Affect SDG&E's TO Cycle 5 and Cycle 6 Filings.

**Q6. Please Continue.**

A6. The Lease Agreement,<sup>2</sup> among other things, describes SDG&E charging Citizens for the operation and maintenance expenses for the Citizens portion of the Border-East Line. On the date the CAISO takes operational control of Citizens' transfer capacity on the Border-

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<sup>1</sup> San Diego Gas & Electric Company, *Order on Petition for Declaratory Order*, 129 FERC ¶61, 233 (2009) ("*PDO Order*").

<sup>2</sup> See Attachment X for the "Form of Transfer Capability Lease."

1 East Line, service will commence and SDG&E will begin billing Citizens the Formula  
2 rate.

3 **III. BACKGROUND FOR SUNRISE PROJECT AND CITIZENS LEASE**

4 **Q7. Please explain the events that have occurred leading to this filing.**

5 A7. On December 18, 2008, the California Public Utility Commission (“CPUC”) granted  
6 SDG&E a Certificate of Public Convenience and Necessity<sup>3</sup> to construct the Sunrise  
7 Powerlink Project, a 117 mile, 500/230 kV transmission line that will extend from  
8 SDG&E’s Imperial Valley substation located in Arizona to load-centers in western San  
9 Diego County. On May 11, 2009, SDG&E and Citizens entered into a Development and  
10 Coordination Agreement (“DCA”)<sup>4</sup> in which Citizens agreed, among other things, to  
11 lease from SDG&E one half of the transfer capability in the 500 kV Border-East Line, the  
12 portion of the Sunrise Project to be located between the Imperial Valley substation and  
13 the San Diego County line, for 30 years. Title to the Border-East Line will remain with  
14 SDG&E and the transfer capability will revert to SDG&E upon expiration of the lease  
15 term. Citizens will pre-pay the 30-year lease amount to SDG&E, estimated at \$84.7 M.

16 **Exhibit No. SDG1-1** attached to my testimony is a map that shows the general  
17 location of the Border-East Line in relationship to SDG&E’s service territory and the  
18 California and Arizona border.

19 On October 9, 2009, SDG&E filed a petition for Declaratory Order for approval  
20 for its proposed ratemaking and accounting treatment for the portion of the Border-East  
21 Line that SDG&E will lease to Citizens. On December 17, 2009, the Commission issued  
22 the *PDO Order* granting the Petition, subject to SDG&E revising its proposed accounting  
23 treatment to conform to the Uniform System of Accounts (“USoA”). This filing reflects  
24 the revised accounting treatment and is explained in detail below.

25 On October 9, 2009, SDG&E also filed a pursuant to Section 851 A.09-10-010  
26 with the CPUC requesting approval of the DCA with Citizens. On May 26, 2011, the

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<sup>3</sup> See *In the Matter of the Application of San Diego Gas & Electric Company (U 902 E) for a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project* (Decision 08-12-058; December 18, 2008), available at [http://docs.cpuc.ca.gov/PUBLISHED/FINAL\\_DECISION/95750.htm](http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/95750.htm).

<sup>4</sup> The DCA is available upon request.

1 CPUC issued D.11-05-048,<sup>5</sup> which approved the lease transfer capability rights from  
2 SDG&E to Citizens Energy Corporation.

3 **IV. DESCRIPTION OF SDG&E'S COSTS THAT WILL BE INVOICED TO**  
4 **CITIZENS UNDER THE LEASE**

5 **Q8. Please summarize the invoicing and allocation procedures SDG&E will use to bill**  
6 **Citizens for its share of the Border-East Line?**

7 A8. SDG&E will invoice Citizens on a monthly basis for the costs it incurs under the Lease.<sup>6</sup>  
8 Exhibit No. SDG1-2 is a representative invoice reflecting the costs that will be billed to  
9 Citizens each month. These costs consist of the following four cost components:<sup>7</sup>

- 10 a. Direct transmission maintenance costs—SDG&E directly incurs and tracks these  
11 costs from Account 571 (Maintenance of Overhead Lines) through internal  
12 accounting orders and procedures for the Citizens 50% share of the Border-East Line.  
13 These costs are for maintaining the 500 kV Border-East overhead lines, which  
14 include overhead transmission lines and towers.
- 15 b. Non-direct expenses allocated from other transmission O&M and other applicable  
16 FERC accounts related expenses in which SDG&E is not able to track these costs due  
17 to the complexity and administrative burden in determining these expenses. These  
18 expenses include certain transmission O&M expenses, A&G expenses, payroll taxes,  
19 general and common plant, and other expenses attributable to the operation and  
20 maintenance of the Border-East Line. Because SDG&E cannot directly track these  
21 expenses, they are allocated to Citizens based upon the allocation process that is  
22 discussed in Section 6 below and reflected in Statement BK, Exhibit SDG1-3.
- 23 c. Other costs allocated to Citizens are as follows:
- 24 • A revenue credit/debit related to the accumulated deferred income tax ("ADIT")  
25 liability attributable to bonus depreciation offset by the accumulated deferred tax  
26 asset ("ADTA") generated by a net operating loss associated with Sunrise. The

<sup>5</sup> *Application of San Diego Gas & Electric Company (U902E) for Approval Pursuant to Public Utilities Code Section 851 to Lease Transfer Capability Rights to Citizens Energy Corporation*, D.11-05-048, 2011 Cal. PUC LEXIS 302, available at [http://docs.cpuc.ca.gov/word\\_pdf/FINAL\\_DECISION/136211.pdf](http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/136211.pdf).

<sup>6</sup> See Workpaper ("WP") 1-1.

<sup>7</sup> The capitalized terms in my testimony are defined terms in SDG&E's TO3 Formula.

ADIT liability revenue credit is credited to Citizens because ADIT is subtracted from transmission rate base, thereby reducing transmission revenue requirements. The ADTA debit is generated by a net operating loss as explained in more detail in the testimony of Randy Rose in the instant filing.

- Property taxes related to the 50% share of the Border-East Line.
- Annual removal costs needed for the removal of 50% of the Border-East Line once it is retired.

d. A True-Up ("TU") Adjustment that will true up a prior year true up cost of service to prior year recorded revenues.

In Section VIII of my testimony, I explain in detail how each of the above cost components are derived and how they will be calculated for the Initial Rate Effective Period and for future Rate Effective Periods.

e. An Interest TU Adjustment that will debit or credit customers for the interest resulting from the TU Adjustment under collection or over collection balance existing at the end of the TU Base Period (December 31) through the end of May following the Base Period. This subject will be explained more in my testimony in Section VIII.

**Q9. When does SDG&E anticipate it will begin billing Citizens the estimated expenses reflected in the invoice shown as Exhibit SDG1-2?**

A9. SDG&E expects that Sunrise will go into service on or around June 1, 2012.

Accordingly, SDG&E expects to begin billing Citizens on a monthly basis beginning on July 15, 2012, for the First Rate Effective Period for services rendered from June 2012 through May 2013. SDG&E will use the estimated expenses shown in the representative invoice in Exhibit SDG1-2, which are derived from Statement BK, as explained below for each month of the First Rate Effective Period. These estimated monthly expenses will be billed through the First Rate Effective Period and will then be subject to a True-Up Adjustment the following year. In this way, Citizens will pay no more and no less than actual costs associated with its Lease. The True-Up mechanism is explained in detail in Section VIII and set forth in Exhibit SDG-1-3.

**V. DESCRIPTION OF FORMULA RATE, INITIAL BASE PERIOD COST OF SERVICE, AND INITIAL RATE EFFECTIVE PERIOD**

**Q10. Please briefly describe the Formula rate SDG&E is proposing to allocate costs to Citizens.**

A10. The Formula rate, which will remain in effect for a 12-month Rate Effective Period, will commence on June 1<sup>st</sup> of each year and will be based upon a prior calendar year Base Period cost of service plus a True-Up Adjustment reflecting the difference between a Base Period cost of service and recorded revenues for the same Base Period. Since the Formula rates will go into effect on June 1<sup>st</sup> of each year there will be a six month lag in the recovery of costs due to the rate effective period lagging the base period by six months. This lag in costs will be made up by the TU Adjustment the following year. In Section IX, I further explain the Formula in the proposed Appendix X to SDG&E's TO Tariff that contains the language that defines the Formula. This TU Adjustment is similar to the True-Up Mechanism currently used in SDG&E's TO3 Formula.

**Q11. Please explain the Initial Rate Effective Period, the initial time frame for the Base Period, and the need for certain expense forecast you made to the Base Period for the rates resulting from the Initial Rate Effective Period under the Formula.**

A11. 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. The rates during this Period will be based upon a historical 12 month Base Period ending September 2011, plus estimated Sunrise maintenance expenses SDG&E anticipates it will incur during the initial rate effective period. Typically the Base Period under the formula will be a calendar year but because the instant filing is being made at this time, rather than at the end of May, when 2011 calendar year FERC Form 1 information would be available, I am using a Base Period of year end September 2011 in the initial filing.

Additionally, because Sunrise was not in service during this initial Base Period (12 months ended September 2011), I had to make certain expense adjustments as if Sunrise were in service. Such adjustments will allow SDG&E to recover the costs that



will be incurred during the initial Rate Effective Period when Sunrise is in service, with the TU Adjustment smoothing out any variances between actual and projected costs.

**Q12. Because you have estimated certain Sunrise maintenance expenses for the Initial Rate Effective Period, does that mean in the future SDG&E will separately record and keep track of all Sunrise expenses by FERC transmission O&M accounts?**

A12. No. SDG&E views Sunrise as just another large transmission project and does not intend to separately keep track of all Sunrise expenses by FERC accounts. As I further explain below, the complexity of such an endeavor would be administratively burdensome and almost impossible to track all these expenses.

**Q13. Please describe the cost statements you have included to support the rates SDG&E will charge Citizens for the Initial Rate Effective Period.**

A13. Attachment 5A contains the cost statements and I am sponsoring in the filing to support the initial Formula rate. For ease of reference, all the cost statements are labeled in the same manner as required by CFR Section 35.13 for a Period 1 and 2 filing. Examples of these costs statements include cost statement AD, which reflects applicable plant in service data, and statement AH, which reflects applicable O&M expenses. SDG&E is using Cost Statement BK to support its initial cost of service.

**Q14. For the Initial Rate Effective Period why did you only include a forecast of Sunrise maintenance expenses and plant but not a forecast of all other transmission O&M and A&G expenses, payroll taxes, property taxes, and transmission projects that would be incurred during the Rate Effective Period?**

A14. I did not forecast these other expenses for the following reasons:

- First, the allocated O&M expenses represent a very small portion of SDG&E's total transmission O&M and A&G expenses and because these are being excluded, they will not materially affect the magnitude of the initial rate.
- Second, and most importantly, the TU Adjustment included in the formula will automatically recover the actual recorded costs that will be allocated to Citizens.

**VI. DESCRIPTION OF COST OF SERVICE (STATEMENT BK) USED TO DEVELOP CITIZENS' INITIAL RATE**

**Q15. Please explain how SDG&E organized and developed its cost of service, Statement BK, to reflect the cost components it will charge to Citizens?**

A15. Statement BK has been separated into three sections as shown in Exhibit No. SDG1-3, which reflect the three cost components SDG&E will charge to Citizens on their monthly invoices, as discussed in Section 4 above. A summary of each section of Statement BK is explained below:

- a. Section 1 of Statement BK reflects the directly assigned transmission maintenance costs applicable to Citizens' 50% share of the Border-East Line that are recorded in Account 571 (Maintenance of Overhead Lines). SDG&E will use internal accounting orders to track these direct maintenance costs for this section of line, which is further explained in Mr. Brett Ball's testimony.
- b. Section 2 of Statement BK reflects a simplified allocation of other transmission O&M expenses from other FERC accounts that I have termed as non-direct expenses that Citizens should pay. These expenses would include A&G expenses, general and common plant, and other expenses attributable to supporting the Border-East Line, for which internal accounting orders cannot be opened to track these expenses due to the administrative burden and complexity of tracking these expenses.
- c. Section 3 reflects the derivation and allocation of the following costs: property taxes related with the 50% share of the Border-East line, and a revenue credit amount related to the Sunrise portion of accumulated deferred income tax liability attributable to ADIT offset by Citizens' accumulated deferred tax asset ("ADTA"). The ADIT revenue is a credit because it is subtracted from transmission rate base, thereby reducing transmission revenue requirements. Both the ADIT, which serves to decrease rate base, and the ADTA, which serves to increase rate base, are further discussed in Mr. Rose's testimony. In addition, the allocation of annual removal costs that will be needed when the Border-East Line is retired is also discussed in Mr. Rose's testimony.

**Description of Section 1 of Statement BK****Derivation of Direct Expenses**

**Q16. Please explain how the direct transmission maintenance costs attributable to the 50% share of Border-East Line were calculated as reflected in Section 1 of Exhibit No. SDG 1-3?**

A16. The cost shown in Section 1 of Exhibit SDG1-3, line 1 was derived by SDG&E's witness, Mr. Ball, the Construction and Operations Engineering manager. In his testimony, Mr. Ball explains how he developed the total estimated Sunrise expenses, as well as the estimated expenses that are directly assigned to Citizens. For periods after the initial test period, SDG&E will implement an accounting process in which internal accounting orders will be opened to track these costs or the actual direct costs associated with the maintenance of the Border-East Line.

**Q17. Before you explain Section 1 of Exhibit No. SDG1-3, please explain how you developed the indirect labor and non labor expense percentage adders that are used in Mr. Ball's testimony to develop total maintenance expenses directly assigned Citizens.**

A17. Exhibit No. SDG1-4 illustrates how I calculated the indirect labor and non-labor maintenance percentages adders used by Mr. Ball in his Exhibit No. SDG2-3. I have developed these adders using 2010 SDG&E Transmission Maintenance costs. Exhibit No. SDG1-4, Part A, Section 1, shows the direct (col. C) and indirect (col. D) costs by cost element. Part A, Section 2, recaps the information in Section 1 into labor and non-labor costs. Section B develops the indirect maintenance percentages for direct, indirect labor, and transportation of 9%, 4%, and 27%, respectively.

**Q18. Please continue your explanation of Section 1 of Exhibit No. SDG1-3?**

A18. The amount shown in line 1 represents 50% of the estimated direct maintenance expense SDG&E will incur during the initial rate effective period for the 12-months beginning June 2012 for the Border-East Line. I added this amount to the related working cash revenue requirement shown on line 3 to generate Citizens' estimated annual direct maintenance cost as shown on line 7. I then multiplied the amount shown on line 7 by the CPUC-approved Franchise Fee rate of 1.0275% to arrive at Total Estimated Annual

1 Sunrise Direct Maintenance costs assigned to Citizens as shown on line 11. I then took  
2 the annual amount on line 11 and divide it by 12 months to arrive at the average monthly  
3 amount shown on line 13. This amount will be billed to Citizens as part of their monthly  
4 invoice as shown on Exhibit No. SDG1-2.

5 **Q19. Which FERC account contains the expenses that are directly assigned to Citizens?**

6 A19. These expenses would be recorded in Account 571 (Maintenance of Overhead Lines).  
7 However, the *PDO Order* directed SDG&E to record these expenses in Account 413,  
8 Expenses from Electric Plant Leased to Others. In Section VII below I will further  
9 explain how FERC directed SDG&E to record this expense as well as the other expenses  
10 relative to the Citizens Lease.

11  
12 **Description of Section 2 of Statement BK**

13 **Derivation of Non Direct Expenses**

14 **Summary of Section 2**

15 **Q20. Question 16 explained direct expenses. Now, please explain the “Non-Direct”**  
16 **transmission O&M, payroll taxes, A&G expenses, working capital, and general and**  
17 **common plant expenses that are allocated to Citizens as shown in Section 2 of**  
18 **Statement BK.**

19 A20. Non-direct expenses refer to all other FERC account expenses other than those included  
20 in Account 571 (Maintenance of Overhead Expenses). These allocated expenses include  
21 payroll taxes, A&G expenses, working capital, and general and common plant accounts  
22 that support Citizens’ 50% share of the Border-East line. For these non-direct expenses,  
23 SDG&E cannot reasonably track these expenses by opening internal accounting orders  
24 because the creation of such orders would require opening numerous sub-accounts. In  
25 addition, allocation schemes for all these accounts would be administratively burdensome  
26 and unmanageable to insure accurate results compared to the much easier allocation  
27 process explained below.

28 **Q21. Please explain the allocation process SDG&E is proposing to allocate these non-**  
29 **direct expenses to Citizens as reflected in Section 2 of Statement BK.**

1 A21. The allocation process first derives an annual carrying charge percentage by taking the  
2 ratio of the applicable expenses attributable to Citizens service and dividing this by  
3 SDG&E's total transmission gross plant. Once calculated, these annual carrying cost  
4 percentages, derived on pages 2 through 7, are carried forward and summarized on page  
5 1, where they are summed up, and then multiplied by the \$84.7 M of Citizens' leased  
6 gross plant. This product yields the O&M costs charged to Citizens.

7  
8 **Page 1 of Section 2--Statement BK**

9 **Q22. Please explain page 1 that calculates the total non direct annual carrying percentage**  
10 **and related costs associated with Citizens' service.**

11 A22. Page 1 brings together all the applicable annual carrying cost components from pages 2  
12 through 7 to derive Citizens' total annual carrying charge rate as shown on line 30, which  
13 will be applied to the leased transmission plant shown on line 43. I add the franchise fee  
14 component shown on line 32, which is applicable to transmission service, to the annual  
15 carrying cost component shown on line 30. The total annual carrying cost rate is shown  
16 on line 34. To the extent this annual rate can be applied to transmission gross plant, in  
17 section B below, I multiply this rate by Citizens' \$84.7 M leased plant. Based upon the  
18 above, lines 47 and 49 reflects Citizens' annual and monthly fees, respectively, that will  
19 be charged to Citizens as part of Section 2 of Statement BK. I then carry these amounts  
20 to Citizens' representative invoice as shown in Parts A and B of Exhibit No. SDG1-2.

21 **Q23. Will the initial monthly rate shown on line 49 be charged to Citizens for the entire**  
22 **12-month rate effective period of June 2012 through May 2013?**

23 A23. Yes. For these months, the rates shown on line 49 will be charged but will be trued up as  
24 explained below in Section VIII of my testimony.

25  
26 **Page 2 of Section 2--Statement BK**

27 **Part A of Page 2 of Section 2**

28 **Q24. Please explain page 2 of Section 2 of Statement BK.**

29 A24. Page 2 illustrates the derivation of the annual carrying cost percentages for the non-direct  
30 transmission O&M and A&G expenses allocated to Citizens. Part A derives the annual

1 carrying cost percentage for non-direct transmission operation and maintenance expenses  
2 brought forward from Exhibit SDG1-5, column 5 lines 17 and 29, respectively, and  
3 dividing each by SDG&E's total system transmission gross plant, as calculated in part C  
4 of Q&A 29 below.

5 **Q25. You indicated above that you used total transmission O&M expenses, from Column**  
6 **5 of Exhibit No. SDG1-5, to develop the non-direct allocation of expenses to Citizens.**  
7 **Please explain.**

8 A25. Exhibit No. SDG1-5 illustrates transmission O&M expenses by FERC account applicable  
9 to Citizens services for which the tracking of these costs through internal orders is  
10 virtually impossible because it would be administratively burdensome and complicated.  
11 Therefore, the transmission O&M expenses shown in Exhibit SDG1-5 column 5 will be  
12 allocated to Citizens based upon the derivation of a Citizens' annual carrying cost  
13 percentage applied to their leased gross plant of \$84.7 M.

14 I note that the amounts directly assigned to Citizens as shown in Section 1 of  
15 Statement BK are excluded from the FERC accounts shown in Exhibit SDG1-5 due to  
16 FERC's accounting and ratemaking directive in the *PDO Order*. As a result of that  
17 directive, SDG&E will record the direct expenses in FERC Account 413 (Expenses from  
18 Electric Plant Leased to Others). Additionally, any non-direct expenses allocated to  
19 Citizens as developed in Section 2 will be booked to Account 413.

20 **Q26. Please explain how you determined the transmission O&M expenses shown in**  
21 **column 5 of Exhibit SDG1-5.**

22 A26. The expenses shown in column 5 were derived as follows:

- 23 • Column 1 reflects recorded transmission O&M expenses by FERC account for the  
24 Base Period, year-end September 30, 2011.
- 25 • Column 2 reflects certain excluded expenses, which are related with non-transmission  
26 services, such as Reliability Services expenses and other FERC-type expenses, which  
27 are recovered by SDG&E in other non-BTRR filings. See the footnotes to this  
28 exhibit for their description.
- 29 • Column 3 is the difference between column 1 and 2.

- In Column 4, I have excluded the following operation and maintenance expenses that are not applicable to Citizens:
  - Operations Account 562, Sub Station expenses;
  - Operations Account 564 Underground Line expenses;
  - Maintenance Account 570 Maintenance of Sub Station Equipment;
  - Maintenance Account 571 Maintenance of Overhead Lines, which excludes the expenses directly assigned to Citizens booked to Account 413; and
  - Maintenance Account 572, Maintenance of Underground Lines.

**Q27. Please explain why the expenses shown in Column 4 are not applicable to Citizens.**

A27. None of those expenses are incurred on behalf of Citizens' 50% portion of the Border-East line. For instance, Accounts 564 and 572 are underground line accounts, but as Citizens Border-East line does not contain any underground lines, these expenses are not applicable to Citizens. Accounts 562 and 570 are substation expenses and are not applicable to Citizens as indicated in the lease agreement, which states that the Border-East line does not consist of facilities below 69kV and substations. Account 571 (Maintenance of Overhead Lines) is excluded because these costs have been directly assigned in part in Section 1 of Statement BK.

**Q28. Please explain the Sunrise maintenance adjustments shown at the bottom of SDG1-5.**

A28. The adjusted expenses shown beginning on line 34 at the bottom of Exhibit SDG1-5 represents the additional O&M costs SDG&E will incur as a result of Sunrise less Citizens' direct maintenance costs. These other Sunrise expenses are shown only to illustrate that these expenses will not be allocated to Citizens for the similar reasons as explained in Q25 and Q26 above.

**Part B of Page 2 of Section 2**

**Q29. Please continue explaining SDG1-3, Section 2, Statement BK, Page 2 of 7.**

A29. **Part B** shows the derivation of Transmission Related Electric A&G expenses. The A&G expenses shown on lines 20 and 22 are brought forward from Cost Statement AHWP3 column (a) and (b) line 17 (See WP1-2). Property insurance is deducted from Total A&G

1 expenses, as shown on line 26, to arrive at total adjusted A&G expenses and then  
2 allocated to transmission service based on a 10.36 % transmission labor ratio as shown  
3 on line 30.

4 **Part C** illustrates the derivation of the annual carrying cost for property insurance  
5 applicable to the Citizens Lease. Property insurance is allocated using a Transmission  
6 Plant Property Allocation factor shown on line 37. The derivation of this allocation factor  
7 is shown on Cost Statement AH1, line 47 (see WP1-2). This allocation method is similar  
8 to what SDG&E uses in its current TO3 formula rate. The amount of property insurance  
9 allocated to transmission is shown on line 43; this amount is added to line 32 which  
10 yields total A&G expenses shown on line 48. This amount is then divided by line 12  
11 (total gross transmission plant less substations, underground, and overhead plant) to  
12 derive the annual A&G carrying charge percentage shown on line 53, which is carried  
13 forward to page 1, line 10. Transmission Plant is reduced by substation, underground and  
14 overhead plant because these are not applicable in calculating Citizens Transmission  
15 Related A&G Carrying Charge Percentage.

16  
17 **Page 3 of Section 2, Statement BK**

18 **Q30. Please explain page 3 of this section of Statement BK.**

19 A30. Part A of page 3 calculates the electric payroll tax annual carrying cost component  
20 attributable to Citizens service. In this section total electric payroll taxes is multiplied by  
21 a transmission labor ratio of 10.36% to yield transmission related payroll taxes. This  
22 approach is the same approach that SDG&E uses in its allocation of payroll taxes in its  
23 annual TO3 Formula filings. The payroll taxes annual carrying charge is then derived on  
24 line 9 and carried forward to page 1, line 12. Part B illustrates the derivation of  
25 transmission labor ratio as shown on line 28.

26  
27 **Page 4 of Section 2, Statement BK**

28 **Q31. Please describe page 4.**

29 A31. Pages 4 and 5 derive the input of annual carrying charge percentages used on page 6 to  
30 derive the revenues related with the general and common plant allocated to transmission



function as shown on page 6. Page 4 Part A calculates the annual depreciation carrying charge percentage for general and common as shown on line 14 that is carried forward to page 6, line 14. Part B, calculates the annual carrying charge percentage for Transmission Related General and Common Plant ADIT Revenues that is carried forward to page 6, line 22, that accounts for the revenues related with the ADFIT associated with general and common plant.

**Page 5 of Section 2, Statement BK**

**Q32. Please explain page 5.**

A32. Page 5, Part A calculates SDG&E's cost of capital using information from Statement AV (See Cost Statement AV, WP1-2). Going forward this information will come from SDG&E's annual FERC Form 1. Part B calculates the derivation of federal and statement income tax annual carrying charge rate shown on line 45, which is carried forward to page 6, line 18.

**Page 6 of Section 2, Statement BK**

**Q33. Please explain how you bring forward the information from pages 3, 4 and 5 to page 6 to calculate the common and general plant annual carrying cost applicable to Citizens' transmission service.**

A33. Page 6 Part A, shows all the carrying charge rates that have been brought forward from pages 3, 4 and 5 to derive the total general and common plant annual carrying charge rate shown on line 24. Part B, illustrates the derivation of general and common plant revenues allocated to transmission as shown on line 32, and the calculation of general and common plant revenues annual carrying charge rate as shown on line 38, which is carried forward to page 1, line 16.

**Page 7 of Statement BK**

**Q34. Please explain the purpose of page 7 of Section 2 of Statement BK**

A34. Page 7 illustrates the derivation of the amount of working capital allocated to Citizens. In parts A and B, I take the total electric material and supplies ("M&S") and Prepayments

1 respectively and allocate them to transmission using the Transmission Plant Allocation  
2 Factor shown on lines 8 and 16 (See Cost Statement AD, WP1-2). This allocation  
3 process is the same process SDG&E currently uses in its annual TO3 cyclical filings.<sup>8</sup>

4 In part C, I derive the working cash allowance using the standard one eighth of  
5 O&M Factor. In other words, I take total transmission O&M and A&G expenses shown  
6 on line 24 and multiply this amount by the 1/8<sup>th</sup> O&M Factor which is equal to 12.50% as  
7 shown on line 25.

8 In part D, I add the various working capital cost components and multiply the  
9 total by SDG&E's total return plus Federal Income Tax ("FIT") and State Income Tax  
10 ("SIT") shown on line 44 to derive the transmission revenues attributed to working  
11 capital as shown on line 48. This amount is then divided by total transmission plant less  
12 substations, underground, and overhead plant to derive the transmission working capital  
13 revenue carrying charge shown on line 54 that is carried forwarded to page 1, line 25.  
14 Transmission Plant is reduced by substations, underground, and overhead plant because  
15 these are not applicable in calculating Transmission Related Working Capital Revenue  
16 Carrying Charge Percentage.

### 17 18 Description of Section 3 of Statement BK

#### 19 Derivation of Other Specific Costs Allocated to Citizens

#### 20 Q35. Please explain Section 3 of Statement BK

21 A35. Section 3 of Statement BK is divided into three parts that show how three other specific  
22 costs are allocated to Citizens: Part A (Sunrise portion of ADIT and ADTA); Part B  
23 (property taxes); and Part C (annual removal costs that are required when the Border-East  
24 Line is retired).

#### 25 Q36. Please explain Part A.

26 A36. Part A derives the annual allocated credit and debit charged to Citizens associated with  
27 the ADIT liability attributable to bonus depreciation and offset by the ADTA generated  
28 by a net operating loss related with the Sunrise project. The derivation and rational is

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<sup>8</sup> In *San Diego Gas & Electric Company*, 119 FERC ¶ 61,169 (2007), the Commission approved SDG&E's TO3 Settlement in Docket ER07-284-000 ("Settlement Order").

1 explained in detail in Mr. Rose's testimony. Lines 3 and 6 represent the beginning and  
2 ending balance of the net ADIT liability and ADTA during the Rate Effective Period.  
3 The amounts shown on lines 3 and 6 come from Exhibit SDG3-1 in Mr. Rose's  
4 testimony. The use of an average of the beginning and ending balances for the test period  
5 is consistent with what SDG&E currently uses to determine its accumulated deferred  
6 federal income tax balance in its TO3 formula filings. As shown in Part A, line 10, once  
7 the average balance is determined for these amounts, it is multiplied by SDG&E's return  
8 and applicable federal and income tax factors to determine the BTRR impact of  
9 accumulated deferred income taxes and applicable to Citizens. Added to this amount are  
10 applicable franchise fees.

11 **Q37. How will Section 3, ADIT and ADTA costs be determined on a going forward basis?**

12 A37. On a going forward basis, SDG&E will make the same calculation on an annual basis, as  
13 shown in Section 3, Part A, using actual recorded amounts as indicated in the Appendix  
14 X Formula.

15 **Q38. Please explain in Part B of Section 3 regarding how you allocate property taxes to**  
16 **Citizens.**

17 A38. SDG&E is allocating property taxes to Citizens using a Citizens Border East Line  
18 Property Tax Allocation Factor based upon an electric gross plant methodology, which is  
19 the same method SDG&E currently uses to allocate electric property taxes in its current  
20 annual TO3 formula filings. WP 1-3 shows the derivation of the Citizens Border East  
21 Line Property Tax Allocation Factor. Line 5 shows total electric property taxes less  
22 Songs property taxes that are directly assigned to Songs' cost of service at the CPUC.  
23 Line 10, which reflects Citizens' leased gross plant amount, is then divided by line 21,  
24 total electric gross plant, to derive the Citizens Border East Line Property Tax Allocation  
25 Factor, which is then multiplied by line 5 to yield the property taxes allocated to Citizens.

26 **Q39. Please explain how you derived the removal costs allocated to Citizens with**  
27 **reference to Part C of Section 3, page 2.**

28 A39. Part C reflects the derivation of the removal costs allocated to Citizens. Column B shows  
29 each respective FERC transmission account plant balance that make up the total gross  
30 plant of the \$84.7 M leased to Citizens. Column C shows the cost of removal rate for

each of these plant accounts. The plant balance (column B) multiplied by the removal rate (column C) derives the annual removal costs directly assigned to Citizens.

**Q40. Explain the source of the cost of removal rates shown in column C.**

Q40. The source of the cost of removal rates come from SDG&E's summary of transmission depreciation expenses shown in WP1-4. These rates are the same ones used in SDG&E's TO3 formula. Column 17 of WP1-4 shows the total removal rate for each transmission plant account and these rates tie to the removal rates agreed to in the TO3 Settlement. As reflected in WP1-4, each plant account is broken up into two parts: (1) a sub-account removal rate for all of SDG&E's transmission plant other than for SDG&E's 500 kV Southwest Power Link line ("SWPL"); and (2) a sub-account removal rate for SWPL.

For this filing, SDG&E is using SWPL's removal rate as a proxy for the Sunrise removal rate. This proxy is reasonable because both lines are 500 kV lines. For the May 2013 filing, which will be filed to determine Citizens' annual rate, SDG&E will again use this proxy. Beginning in May 2014, however, SDG&E will use a new proposed Sunrise removal rate. These new rates will be included in SDG&E's filing for a new TO Formula, *i.e.*, the TO4 Formula.

**Description of Section 4 Statement BK**

**Derivation of True Up Adjustment**

**Q41. Please explain the True Up Adjustment in Section 4 of Statement BK**

A41. Section 4 reflects an example of Citizens' True-Up Adjustment, which is part of the Citizens formula rate. In Section VIII of my testimony below, I explain why a TU Adjustment is needed. In the example shown in Section 4, I have used a 2013 TU Period Base Period for Rates in effect beginning May 2014. The TU Adjustment equals the sum of Citizens' Recorded Revenues during the 2013 True Up Period (Base Period or calendar 2013) minus the sum of 2013 TU Cost of Service as shown on Lines 2, 4, respectively. Line 5 indicates SDG&E is undercollected by (\$24K) for the 2013 TU Period. I then multiplied line 5 by the Municipal Franchise Tax Percentage to arrive at Citizens' TU Adjustment. This TU Adjustment is similar to the one used in SDG&E's TO3 Formula filings.

**Description of Section 5 Statement BK****Derivation of Interest TU Adjustment****Q42. Please explain the Interest True Up Adjustment and why it is needed?**

A42. The Interest TU Adjustment is similar to the one included in SDG&E's current TO3 Formula. In the Citizens formula, the Interest TU Adjustment will either be an increase or a decrease to Citizens' total cost of service for the interest calculated resulting from the TU Adjustment undercollection or overcollection balance that exists at the end of the TU Base Period (December 31) until the Citizens rate goes into effect or is billed on June 1. The interest TU adjustment compensates SDG&E or Citizens for the time value of money from the end of the true-up period (December 31) until the time it is charged to Citizens on June 1, five months after the true-up adjustment balance is calculated. This TU Adjustment is similar to the one used in SDG&E's TO3 Formula rate filings.

**Q43. How will the Interest TU Adjustment be calculated?**

A43. The interest will be added to the December 31 TU Adjustment balance and calculated in accordance with Section 35.19a of the Commission's Regulations.

**Q44. How will the Interest TU Adjustment be charged to Citizens?**

A44. The Interest TU Adjustment will be divided by 12 months and charged or credited as the case may be to Citizens in equal monthly amounts during the Rate Effective Period.

**VII. EXPLANATION OF HOW THE CALCULATIONS SHOWN IN COST STATEMENT BK COMPLY WITH THE *PDO ORDER*****Q45. You've referred to the *PDO Order* previously in your testimony. Please explain the accounting requirements regarding the treatment of the Citizens Lease Costs set forth there.**

A45. The *PDO Order* specifies the following:

Accordingly, we grant SDG&E's requests subject to the following conditions. First, SDG&E must record the original cost of the portion of the Border-East Line leased to Citizens in Account No. 104. Second, SDG&E must depreciate the cost of electric plant recorded in Account No. 104 using Account No. 413 and Account No. 108, Accumulated Provision for Depreciation of Electric Utility Plant. Third, SDG&E must record all O&M and A&G expenses related to the leased property in Account No. 413 and all

1 revenues from Citizens must be recorded in Account No. 412.  
2 Finally, SDG&E must record Citizens' prepaid lease payment in  
3 Account No. 253, Other Deferred Credits, and amortize the amount  
4 to Account No. 412 over the life of the lease.<sup>9</sup>  
5

6 Exhibit SDG1-6 illustrates these guidelines. Column A indicates the type of costs  
7 directly assigned or allocated to Citizens per Statement BK. Column B indicates,  
8 pursuant to the above FERC guidelines, where these costs should be recorded. Column C  
9 is a description of the FERC accounts shown in Column B. Column D is being provided  
10 to show where these costs would have normally been recorded absent the Citizens lease.

11 **Q46. Please explain your understanding of the above-referenced FERC accounting**  
12 **guidelines as they relate to the Lease.**

13 A46. In general, FERC is authorizing SDG&E to directly assign or allocate expenses related to  
14 the plant leased to Citizens, and to track these expenses in the FERC accounts noted in  
15 Exhibit SDG1-6, column B. Essentially, the Commission directed SDG&E to charge  
16 Account 413 every month for O&M expense related to the leased Border-East Line and  
17 SDG&E has done so.

18 **Q47. Based upon the above accounting treatment, please explain what the total electric**  
19 **costs shown in Statement BK represent.**

20 A47. As an example, we will discuss those FERC accounts from which Non-Direct expenses  
21 will be allocated to Citizens, as shown in Section 2 of Statement BK. The total electric  
22 costs used Section 2 of Statement BK represent total annual costs prior to directly  
23 assigning or allocating a portion of these costs to Citizens. That is, SDG&E will begin  
24 with workpapers showing the total system costs that would normally be booked to the  
25 FERC accounts shown in column D of Exhibit SDG1-6 absent the Lease. Once SDG&E  
26 determines the allocated leased costs to Citizens in Statement BK, the allocated lease  
27 costs will be recorded to the FERC set of lease accounts shown in column B. These  
28 annual lease costs will then be divided by 12 to determine the costs to be recorded each  
29 month to the lease accounts. During the year, SDG&E will record total transmission  
30 costs to its FERC accounts as if there were no Lease, but it will credit to these accounts

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<sup>9</sup> 129 FERC ¶61, 233 at \*5.

the amounts recorded in the Lease accounts. In this way, the sum of the lease accounts and those recorded in the normal FERC Form 1 accounts will equal total monthly system expenses.

**Q48. Will the Lease Costs shown in column B also be shown in FERC Form 1?**

A48. Yes. As indicated above, the *PDO Order* directed SDG&E to create a separate set of FERC accounts to reflect the costs allocated to the Citizens Border-East Line lease. These accounts are shown in Column B of Exhibit SDG1-6. However, for this filing, given that SDG&E had no lease costs recorded in the column B for the Base Period (12-month ended September 2011), the costs allocated to Citizens in Statement BK would be the costs that would be recorded to these accounts.

In other words, Statement BK begins with workpapers showing total system FERC expenses without a Lease. Then, as shown on Statement BK, SDG&E will allocate to Citizens the expenses that will be recorded to the set of accounts for the Lease. For FERC Form 1 reporting purposes, the FERC accounts, other than those for the Lease, will reflect the difference between the total expenses and Lease expenses as shown in column B of Exhibit SDG1-6.

**Q49. For future Citizens annual rate filings, how will SDG&E determine what amounts will be record in the FERC accounts shown in column D.**

A49. In the future filings, pursuant to the *PDO Order*, every year before SDG&E files its FERC Form 1, SDG&E will have to first determine the amount of expenses it will allocate to Citizens to populate the Citizens lease accounts shown in column B of Exhibit SDG1-6. The following example illustrates the process SDG&E will follow. Assume the formula Base Period is equal to calendar year 2013 and that SDG&E issues its FERC Form 1 for the year in mid April 2014.

- Step 1 - In March 2014, SDG&E will develop a set of workpapers for Statement BK that show total transmission O&M, A&G, property taxes, general and common plant, and removal costs, as if there were no Lease. These workpapers will support the input to the total costs shown in Statement BK.
- Step 2 - SDG&E will then allocate the total costs shown in Statement BK to Citizens and record these expenses to the set of FERC accounts representing the Lease. These

1 annual lease accounts will be divided by 12 and recorded on a monthly basis,  
2 beginning in June (first month of the Rate Effective Period) of the current year.  
3 Commencing in June, SDG&E will record its total costs (as if there were no lease) to  
4 its regular FERC Form 1 transmission O&M accounts, less those costs allocated to  
5 Citizens.

6 As a result, when costs are annually allocated to ISO and Retail End Use  
7 transmission service customers per SDG&E's current TO3 or any future TO  
8 transmission formula SDG&E may file, the Citizens costs will not be included in the  
9 TO3 total transmission and A&G expenses FERC accounts.

- 10 • Step 3 – In future annual filings of the Citizen's formula, SDG&E will include the  
11 applicable workpapers used in Steps 1 and 2 to allow parties to reconcile the expenses  
12 recorded to the lease accounts with the other FERC Form 1 accounts. In this way,  
13 SDG&E will be able to demonstrate that Citizens costs were correctly excluded from  
14 the normal TO3 filing so that a double recovery of the costs allocated Citizens does  
15 not occur.

16 The above process will ensure that CAISO and Retail End Use transmission customers  
17 are not subsidizing the costs allocated to Citizens.

## 18 **VIII. HOW CITIZEN INVOICES WILL BE TRUED UP ON A GOING FORWARD**

19 **Q50. Please explain how the initial and future formula rates will be trued-up to actual**  
20 **costs?**

21 A50. The following process will be used to bill and True Up Citizens' costs.

### 22 **1. Derivation of Initial TU Adjustment for the period June 2012 through** 23 **May 2013**

24 SDG&E will include in its May 30, 2013 formula rate filing for rates to go into effect  
25 June 1, 2013 a TU Adjustment equal to the difference between a six month TU cost of  
26 service (June 1, 2012 through December 31, 2012) less the recorded Citizens rate  
27 revenues booked from June 2012 through December 2012. This TU Adjustment plus  
28 interest will be added to the 2012 Base Period Cost Statement BK rates and will be billed  
29 for the 12-month rate effective period commencing June 2013.



**2. Derivation of TU-Adjustment for TU Adjustments after the Initial TU Adjustment**

The TU Adjustment for any TU Adjustment after the initial TU Adjustment shall be equal to the difference in a calendar year of the TU cost of service less the sum of monthly recorded revenues of that calendar year, such that the calendar year is defined as the year just prior to the current year in which the new rates will go into effect in June.

This TU Adjustment will be added to the Base Period Cost Statement BK rates and will be billed for the 12-month period commencing in June for that current year.

**Q51. What is the advantage of the proposed TU process?**

A51. The TU mechanism ensures Citizens pays for its share of transmission costs and that SDG&E's wholesale and retail customers do not pay for costs associated with Citizens' 30 mile line segment.

**IX. DESCRIPTION OF SDG&E'S CITIZENS COST ALLOCATION FORMULA IN APPENDIX X.**

**Q52. Why did SDG&E develop an Appendix X?**

A52. Appendix X sets forth the formula that SDG&E uses to derive its annual lease rate for Citizens. As stated previously, the formula provides for a straightforward and dependable manner to develop the annual rate that SDG&E will charge Citizens given the nature, magnitude and allocation of the Lease costs.

**Q53. Please Explain Appendix X and how it is organized.**

A53. Appendix X sets forth the derivation of Citizens Lease costs as described in Cost Statement BK. This appendix is organized in a matter similar to SDG&E's TO3 Appendix VIII that sets forth the derivation of SDG&E Base Transmission Revenue Requirements. Appendix X is organized in the following parts:

- the Table of Contents delineates its various sections;
- the Introduction describes the formula, its components, source of costs information, when it will be filed, and other descriptive attributes;
- Section I includes formula allocation factors, carrying charge definitions, definition of terms and what these terms mean in the context of the formula as shown in Statement BK; and

- Section II defines the derivation of Citizens rates in each of the five sections of Statement BK as derived in Section VI of my testimony.

**X. EXPLANATION OF WHY CITIZENS BILLING AND COST ALLOCATION PROCESS WILL NOT AFFECT SDG&E'S TO3 CYCLE-5 AND CYCLE-6 FILINGS.**

**Q54. Please explain why this filing will not affect SDG&E's recent TO3 Cycle 5 filing or its upcoming Cycle 6 filing that will be filed in August 2012.**

A54. This filing reflects the incurrence of estimated operating and maintenance expenses attributable to the transmission system once Sunrise goes into to service in June 2012. On the other hand, SDG&E's Cycle 5 and 6 filings only reflect Sunrise costs that are capitalized and not expensed. In other words, in Cycle 5 and Cycle 6, Sunrise shows up only as a forecast plant addition whose revenue is based upon an Annual Fixed Charge Rate, as defined in the TO3 Formula, multiplied by the estimated plant addition for Sunrise. Pursuant to SDG&E's TO3 Settlement, the first time SDG&E will request for the recovery of Sunrise transmission O&M expenses will be in SDG&E's Final TO3 TU Adjustment, which will be recovered as part of its future TO4 filing.

**Q55. Does SDG&E plan to modify its Citizens formula to track any modification it makes to its TO3 formula should SDG&E file a TO4 formula filing next year?**

A55. Yes. Next year, if SDG&E files for a TO4 formula due to its TO3 Formula expiring on August 31, 2013, it is very likely that SDG&E's Citizens formula rate will be modified to ensure that both formulas conform to one another due to changes in definitions or calculations that SDG&E may include in a new proposed TO4 formula. Once the TO4 formula is approved by the Commission, SDG&E would then re-file its Citizens formula to make any corresponding changes required.

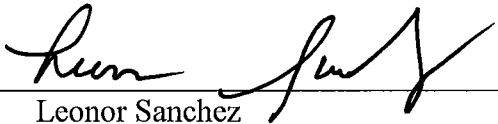
**Q56. Does this conclude your testimony?**

A56. Yes.

VERIFICATION

STATE OF CALIFORNIA    )  
                                      )  
COUNTY OF SAN DIEGO    )       ss.

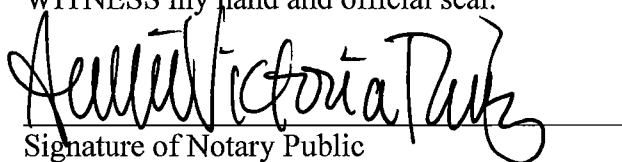
Leonor Sanchez, being duly sworn, on oath, says that she is the Leonor Sanchez identified in the foregoing prepared direct testimony; that she caused to be prepared such testimony on behalf of San Diego Gas & Electric Company; that the answers appearing therein are true to the best of her knowledge and belief; and that if asked the questions appearing therein, her answers would, under oath, be the same.

  
\_\_\_\_\_  
Leonor Sanchez

STATE OF CALIFORNIA        )  
                                      )  
COUNTY OF SAN DIEGO        )

Subscribed and sworn before me, a notary public of the state of CALIFORNIA, this 30<sup>th</sup> day of March, 2012, by LEONOR SANCHEZ, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Signature of Notary Public

