

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

San Diego Gas & Electric Company

Docket No. ER25-270-000

**OFFER OF SETTLEMENT AND STIPULATION**

San Diego Gas & Electric Company (“SDG&E”) offers to each of the parties to the above-captioned proceedings (with SDG&E collectively, “Parties”, and individually, a “Party”) and the Federal Energy Regulatory Commission (“Commission” or “FERC”) Trial Staff the following terms, conditions, and stipulations of a settlement (“Settlement”) that resolves:

- (1) All of the issues set for hearing in SDG&E’s Sixth Transmission Owner (“TO6”) Formula Rate case (*San Diego Gas & Electric Company*, Docket No. ER25-270-000) (“TO6 Rate Case”);
- (2) Input issues into the first filing of SDG&E’s populated TO6 Formula Rate (“TO6 Cycle 1”) that are described in Section V below; and
- (3) Input issues into SDG&E’s TO5 Cycle 6 annual informational filing (“TO5 Cycle 6”) in docket number ER24-524-000 that are described in Section VI below.

The Settlement incorporates and includes the following Attachments A through M:

- (A) Appendix VIII to SDG&E’s Transmission Owner Tariff, FERC Electric Tariff Volume No. 11 (“TO Tariff”) (Clean tariff sheets);
- (B) Appendix VIII (Redlined tariff sheets);
- (C) Appendix VIII Attachment 1 - Revised Formula Rate Protocols (“Protocols”) (Clean tariff sheets);
- (D) Appendix VIII Attachment 1 - Protocols (Redlined tariff sheets);
- (E) Appendix VIII Attachment 2 - Revised Formula Rate Spreadsheet

- (“Formula Rate Spreadsheet”) - Unpopulated<sup>1</sup> (Clean tariff sheets);
- (F) Appendix VIII Attachment 2 –Formula Rate Spreadsheet– Unpopulated (Redlined tariff sheets);
  - (G) Formula Rate Spreadsheet Populated for Rate Year 2025 (“TO6 Cycle 1 Formula Rate Spreadsheet”);
  - (H) Formula Rate Spreadsheet Populated for Rate Year 2026 (“TO6 Cycle 2 Formula Rate Spreadsheet”);
  - (I) Statements BG – BH of TO6 Cycle 1 Formula Rate Spreadsheet – Populated for Rate Year 2025;
  - (J) Statements BG – BH of TO6 Cycle 2 Formula Rate Spreadsheet – Populated for Rate Year 2026;
  - (K) Statement BL of TO6 Cycle 1 Formula Rate Spreadsheet – Populated for Rate Year 2025;
  - (L) Statement BL of TO6 Cycle 2 Formula Rate Spreadsheet – Populated for Rate Year 2026; and
  - (M) TO6 Depreciation Rates and Amortization Periods.

SDG&E will eFile the Protocols and Formula Rate Spreadsheet into the eTariff system when it submits the Settlement. SDG&E notes that workpapers are not a part of the TO Tariff, are not filed at the Commission, and are not submitted into the eTariff system. New or revised workpapers resulting from the Settlement are included as attachments here only.

Capitalized terms used in this Settlement are either defined in the Settlement or in the Protocols. For purposes of this Settlement, the “TO6 Formula” consists of the Protocols and the Formula Rate Spreadsheet.

## **ARTICLE I**

### **EFFECTIVE DATE**

- 1.1 This Settlement shall become effective upon issuance by the Commission and/or a court of competent jurisdiction of a Final Order approving this Settlement without modification or condition or, if modified or conditioned, upon its acceptance by the Parties as so modified or conditioned, as provided further below (“Effective Date”). For purposes of this Settlement, a “Final Order” is deemed to have

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<sup>1</sup> The Formula Rate Spreadsheet is included in Appendix VIII, Attachment 2 of SDG&E’s TO Tariff.

occurred as of the date on which: (1) an order of the Commission or a court of competent jurisdiction approving the Settlement becomes final and non-appealable; or (2) the Parties have agreed to modifications to the Settlement, pursuant to Section VII, and the Commission and/or a court of competent jurisdiction has approved the modifications through final and non-appealable action.

- 1.2 The effective date for the BTRR<sub>EU</sub> and the BTRR<sub>CAISO</sub> (jointly, the “BTRRs”), as those terms are defined in the Protocols, shall be June 1, 2025.

## **ARTICLE II** **SCOPE**

- 2.1 This Settlement resolves all issues set for hearing in the TO6 Rate Case.
- 2.2 This Settlement resolves all contested issues identified in TO6 Cycle 1.
- 2.3 This Settlement resolves all contested issues identified in TO5 Cycle 6.

## **ARTICLE III** **PROTOCOLS**

- 3.1 Protocol Revisions: The Parties have agreed to certain revisions to the Protocols filed in the TO6 Rate Case (“As-Filed Protocols”). Included as Attachment C is a clean version of the Protocols that incorporates the changes the Parties have agreed upon in this Settlement. Included as Attachment D is a redlined version showing the changes between the As-Filed Protocols and the Protocols.

- 3.2 Term of TO6 Formula: The TO6 Formula shall remain in effect without termination, unless the Commission modifies or replaces the TO6 Formula, subject to the following:

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

B.2 of the Protocols.

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

3.3 Annual Update Process:

3.3.1 Annual Update Timeline: SDG&E will use the following timelines for its “Annual Update” process:

<b>Event</b>	<b>Date</b>
Posting of Draft Informational Filing	June 15
Informational Requests	June 15 – December 1
Draft Informational Filing Meeting	On or before August 30
Provide a Revised Draft Informational Filing with a summary of the changes	October 1
Technical Conference on Revised Draft Informational Filing (if necessary)	Between October 8 and October 15
Annual Informational Filing	On or before December 1
Effective Date of BTRRs	January 1
Last Day for Formal Comments or Protests to Annual Informational Filing	January 31
Last day for SDG&E to Submit Answer to Formal Comments or Protests	March 15

If a deadline falls on a weekend or holiday recognized by the Commission, the deadline will be extended to the next business day. The schedule provides for two technical conference meetings, one on or before August 30, the second between October 8 and October 15, if necessary. This settlement provision is reflected in Section B.3 of the Protocols. An informal challenge is not required by a party prior to providing formal comments or protests to an annual informational filing. In other words, failure to bring an informal challenge does not bar a formal protest. There are also no restrictions on formal challenges or protests other than those related to timing as provided above as well as that the formal protest must “clearly identify the action or inaction which is alleged to violate these Protocols or the Formula Rate Spreadsheet and explain how that action or inaction violates the Protocols or the Formula Rate Spreadsheet.” This settlement provision is reflected in Section B.7.e of the Protocols.

3.3.2 Annual Update Workpapers: SDG&E shall provide the following workpapers with the Draft Informational Filing and, upon request, when the

Annual Informational Filing is filed at FERC:

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

This settlement provision is reflected in Section C.1.i of the Protocols.

3.3.3 Limited Cost of Removal and Salvage Accounting Audit

Available: Interested Parties have the right, upon request, to conduct a limited sample audit of SDG&E's cost of removal and salvage accounting practices, including the ability to have follow-up meetings to discuss the audit. This settlement provision is reflected in Section C.5 of the Protocols.

3.3.4 Responses to Data Requests: SDG&E shall make a good-faith effort to respond to information requests in writing within ten (10) business days of receipt, except that, for any information requests submitted to SDG&E after November 8, no response will be due until January 3. Any delay in the publication of the Annual Informational Filing, however, results in an equivalent extension of time for submission of information requests. This settlement provision is reflected in Section C.3.b of the Protocols.

3.3.5 Updated Capital Additions Forecast: SDG&E will provide an updated forecasted transmission-related capital additions forecast with data from SDG&E's accounting system within 60 days of SDG&E's annual cycle

filing update. In other words, SDG&E will provide the updated forecasted capital additions between October 1 and December 1. This updated data will represent the latest SDG&E management approved forecast capital additions data that SDG&E has available. This settlement provision is reflected in Section C.6 of the Protocols.

- 3.4 Additional Single-Issue Filings: In addition to the list of acceptable Single-Issue ratemaking items listed in Section D of the Protocols, SDG&E shall have the right to make the following single-issue filings under the TO6 Formula:
- 3.4.1 To revise the Formula Rate Spreadsheet as needed to implement wildfire self-insurance, provided that: (1) SDG&E provides notice to the Service List of its intent to make such a filing at least 180 days prior to filing at FERC and shares the filing with such parties at least 90 days prior to filing at FERC; and (2) SDG&E demonstrates, as part of that single-issue filing, that wildfire self-insurance will result in savings for ratepayers for the year in question compared to commercial wildfire insurance. This settlement provision is reflected in Section D.7 of the Protocols.
- 3.4.2 To revise Appendix IX to the TO Tariff if SDG&E determines that it is necessary for SDG&E to make a single issue filing to implement a change in retail rates, or if a court or regulatory body determines that a single issue filing to implement a change in retail rates is legally required. This settlement provision is reflected in Section D.8 of the Protocols.
- 3.5 “Non-CAISO Transmission Revenue” Definition: SDG&E shall redefine the FERC-jurisdictional revenue requirement that SDG&E bills directly to customers (a/k/a BTRR<sub>EU</sub>) (as opposed to the CAISO Transmission Access Charge a/k/a BTRR<sub>CAISO</sub>) from “retail transmission revenue” to “Non-CAISO Transmission Revenue” to assist with clarity. That change is reflected in B.1 in the Protocols. SDG&E shall include in its next rate case filing a further explanation of how the true-up mechanism trues up wholesale costs incurred against wholesale revenues received or, if that is not what SDG&E’s next proposed true-up mechanism does, then the filing will explain what it does and why what it does is appropriate.
- 3.6 Final True-Up: On termination of the TO6 Formula, SDG&E shall calculate a Final True-Up Adjustment for the period spanning the day after the period covered by the most recent annual informational filing that was included in the BTRRs up through the termination of the TO6 Formula. The Final True-Up Adjustment shall be calculated using the same methodology as the Annual True-Up Adjustment in the Formula Rate Spreadsheet. The mechanics and procedures for developing the Final True-Up Adjustment will be the same as the Annual True-Up Adjustment as shown in Section C of the Protocols, including a posting on June 15 and the filing

of an Annual Informational Filing on or before December 1, with customers enjoying all rights and protections included in the Protocols.

If the Final True-up Adjustment reflects an overcollection by SDG&E, then SDG&E shall refund the amount of the Final True-Up Adjustment to its customers in its successor transmission rates to the TO6 Formula in the applicable cycle that coincides with the true-up of that base year. If the True-Up Adjustment reflects an undercollection by SDG&E, then SDG&E shall recover from its customers the amount of the Final True-Up Adjustment in its successor transmission rates to the TO6 Formula in the applicable cycle that coincides with the true-up of that base year. In the event there is not a successor transmission formula rate, SDG&E will remain obligated to fulfill the Final True-Up terms in this settlement through an FPA Section 205 filing. This settlement provision is reflected in Section G of the Protocols.

#### **ARTICLE IV** **FORMULA RATE SPREADSHEET**

4.1 Formula Rate Spreadsheet Revisions: The Parties have agreed to certain revisions to the Formula Rate Spreadsheet filed in the TO6 Rate Case (“As-Filed Formula Rate Spreadsheet”). Included as Attachment E is a clean, unpopulated version of the Formula Rate Spreadsheet that incorporates the changes the Parties have agreed upon in this Settlement. Attachment F is a redlined version showing changes between the As-Filed Formula Rate Spreadsheet and the Formula Rate Spreadsheet.

4.1.1 SDG&E will file electronically with the Commission the Excel version of the Formula Rate Spreadsheet with all formulae intact. The Parties agree that the Formula Rate Spreadsheet included as Attachment E will become effective on the Effective Date.

4.1.2 The Formula Rate Spreadsheet will be used to calculate refunds due or amounts owed for the period from June 1, 2025, to the Effective Date. Refunds due or amounts owed will be provided and/or collected through the true-up mechanisms included in the Formula Rate Spreadsheet in the next Annual Update after the Effective Date, or in the Final True-Up.

4.2 Return on Equity (“ROE”):

4.2.1 The Base ROE in the Formula Rate Spreadsheet shall be 10.28 percent. The Base ROE is reflected in Formula Rate Spreadsheet, Statement AV, page 1, line 21.

4.2.2 This Settlement does not preclude SDG&E from seeking any non-ROE-

related transmission incentives. The Settlement does not preclude Parties from challenging any SDG&E request for non-ROE incentives.

- 4.2.3 In the *CAISO Adder Orders*,<sup>2</sup> the Commission found SDG&E ineligible for the “CAISO Participation ROE Adder” (*i.e.*, the CAISO Adder) and rejected SDG&E’s request for the CAISO Adder. Accordingly, the 50-basis point CAISO Adder for SDG&E’s CAISO participation is set at zero in SDG&E’s TO6 Formula, located in the Formula Rate Spreadsheet at Statement AV, page 1, line 33. SDG&E has appealed the *CAISO Adder Orders* in the *CAISO Adder Appeals*.<sup>3</sup> This Settlement does not purport to modify or otherwise address the *CAISO Adder Orders* and does not moot the *CAISO Adder Appeals*. All Parties reserve their rights as to the *CAISO Adder Appeals* and any judicial or FERC proceedings thereafter.
- 4.3 Capital Structure: The Formula Rate Spreadsheet shall reflect a fixed capital structure with common equity being fixed at 54.0% and long-term debt being fixed at 46.0%. This Settlement provision is reflected in the Formula Rate Spreadsheet, Statement AV, page 1, lines 27 and 26, respectively, page 1, lines 39 and 38, respectively, page 2, lines 7 and 6, respectively, and page 2, lines 19 and 18, respectively.
- 4.4 Unfunded Reserves:
- 4.4.1 SDG&E will calculate its unfunded reserves on a five-quarter average basis.
- 4.4.2 SDG&E will continue to use the Common Allocation factor first to determine the electric vs. gas split. SDG&E will apply the common allocation factor (where appropriate), and SDG&E will enable unfunded reserves in the template to be allocated using labor, plant, or transmission. SDG&E will further agree to add a 100% Transmission Allocator. For any reserves related to Account 925 expenses SDG&E will use the allocator established in Section 4.14.1.
- 4.5 Prepaid Expense Delineation by Allocator: SDG&E shall allocate prepayments to rate base with the “Transmission Wages and Salaries Allocation Factor,” which is calculated annually on Statement AI.
- 4.6 Electric/Gas Allocation: If a rate-base related item is associated with an expense,

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<sup>2</sup> *S.D. Gas & Elec. Co.*, 189 FERC ¶ 61,248 (2024), *reh’g denied*, 192 FERC ¶ 61,015 (2025); *Cal. Pub. Util. Comm’n v. S.D. Gas & Elec. Co.*, 189 FERC ¶ 61,173 (2024), *reh’g denied*, 192 FERC ¶ 61,010 (2025). In the CAISO Adder Orders, the Commission refers to the CAISO Adder as the “RTO Adder.”

<sup>3</sup> *S.D. Gas & Elec. Co. v. FERC*, No. 25-1980 (9th Cir. filed Mar. 26, 2025); *S.D. Gas & Elec. Co. v. FERC*, No. 25-5064 (9th Cir. filed Aug. 11, 2025).

SDG&E shall apply the same allocator to allocate that rate base-related items that SDG&E applies to the associated expense unless another factor was agreed upon in the Offer of Settlement.

- 4.7 Materials and Supplies: SDG&E will use a three-year rolling average utilization factor ending with the current year as the basis to allocate materials and supplies.
- 4.8 Cash Working Capital Allowance: SDG&E will allocate cash working capital to rate base at zero percent. This settlement provision is reflected in the Formula Rate Spreadsheet on Statement AL, line 19.
- 4.9 Credit Facility Fees: SDG&E will exclude credit facilities fees from transmission rates. This settlement provision is reflected in the Formula Rate Spreadsheet on Statement AH, line 9.
- 4.10 Allowance for O&M/A&G: SDG&E shall use 40% of the percentage of O&M and A&G in the Annual Fixed Charge Rate to approximate the O&M and A&G expenses associated with projected capital additions during the Rate Year.
- 4.11 BTRR<sub>EU</sub> Adjustment: For each annual informational cycle filing, SDG&E will remove three million dollars (\$3 million) from SDG&E's BTRR<sub>EU</sub>, which, by operation of the Formula Rate Spreadsheet, will also reduce BTRR<sub>CAISO</sub> by \$3 million. This is reflected in the Formula Rate Spreadsheet in Statement BK-1, page 1, line 27, and in the Protocols at Section I.4.
- 4.12 Depreciation:
- 4.12.1 Depreciation Expense: SDG&E will revise Worksheet AJ-1B to reflect depreciation rates determined based on a composite rate of 2.877%. This Settlement provision is reflected in the Formula Rate Spreadsheet in Worksheet AJ-1B.<sup>4</sup>
- 4.12.2 Depreciation Rates for Order No. 898: SDG&E will add rows on Workpaper AJ-1B containing the depreciation rates for the new Order No. 898 Accounts 351.1 – Computer Hardware, 351.2 – Computer Software, and 351.3 – Communication Equipment.
- 4.12.3 Order No. 898 Transition Plan: For the first year in which the accounts are in effect (TO6 Cycle 3), SDG&E will adjust the December 2024 amounts in the pre-existing accounts by reducing those accounts and moving the

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<sup>4</sup> The TO6 Formula also provides for stated depreciation rates and/or amortization periods for General Plant, Common Plant and Intangible Plant, as applicable. These rates and/or amortization periods are contained in Attachment M to this Settlement in the TO6 Depreciation Rates and Amortization Periods, and in Workpapers AJ-2A, AJ-3A, and AJ-4A.

dollars to the new accounts for December 2024 balances. SDG&E may also adjust the transmission plant balances starting in December 2024 only for the TO6 Cycle 3 Informational Filing until the actual adjustment is booked in SDG&E's accounting system.

- 4.13 Statement AH: SDG&E will remove Lines 4 and 11 listed as “Other Cost Adjustments,” as included in the As-Filed Formula Rate Spreadsheet, from Statement AH.
- 4.14 Incentive Compensation:
- 4.14.1 Employees who are Non-Securities and Exchange Commission (SEC) Rule 3b-7 Officers: For employees who are not SEC Rule 3b-7 officers, SDG&E will exclude 100% of all-long term incentive compensation, 100% of all short-term incentive programs associated with the Non-GAAP Core Earnings per Share or similar financial-based metrics, and 100% of Supplemental Executive Retirement Plan compensation from SDG&E's A&G expenses.
- 4.14.2 SEC Rule 3b-7 Officers: SDG&E will exclude all officer compensation and benefits from the calculation of the BTRR<sub>EU</sub> for SEC Rule 3b-7 officers of SDG&E, Sempra, and any other SDG&E affiliate.
- 4.15 Allocators:
- 4.15.1 Account 925: SDG&E shall use an 80/20 Transmission Wages and Salaries Allocation Factor/Transmission Plant Allocation Factor ratio to allocate Injuries and Damages in its transmission cost of service calculation to Account 925.
- 4.15.2 Transmission Expense Allocator: SDG&E shall incorporate in the Formula Rate Spreadsheet a Transmission Expense Allocator to exclude from recovery the costs associated with transmission facilities reclassified to non-transmission functions, as reflected on Workpapers AD-6A and AD-6B. The Transmission Expense Allocator shall be determined by dividing Transmission plant Ratemaking reported on Workpaper AD-6, line 18 by Total Transmission Plant Per Book reported on Workpaper AD-6, line 18. The Transmission Expense Allocator will be applied to Transmission Operation and Maintenance (O&M) Expense included in Statement BK-1 of the PYRR<sub>EU</sub>. The Transmission Expense Allocator will also be reflected in the development of the Transmission Wages and Salaries Allocation Factor by applying the Transmission Expense Allocator to reduce recorded transmission wages, and increasing recorded wages for a non-transmission function (e.g., distribution wages) by the amount of transmission reduction

attributable to the application of the Transmission Expense Allocator to recorded transmission wages.

- 4.16 True-Up to Monthly Revenues: SDG&E will use a monthly average of both the cost of service and revenues for the true-up process. SDG&E will compare the average monthly revenues against the average monthly cost of service and apportion any over or under recovery ratably each month throughout the year.
- 4.17 Plant Held for Future Use (PHFU): SDG&E will add placeholders for Accounts 187 and 256 on Statement Misc. to be added or subtracted to rate base for PHFU. SDG&E will not include land or plant held for future use in the TO6 Formula until the California Public Utilities Commission (“CPUC”) has issued a certificate of public convenience and necessity for the relevant land or plant, if such a certificate is required for the land or plant at issue.
- 4.18 Gas-Only Expenses: SDG&E will remove all gas-only expenses allocated to SDG&E from Southern California Gas Company or Sempra. This removal is reflected in Workpaper AH-2 in the Formula Rate Spreadsheet.

#### **ARTICLE V** **TO6, CYCLE 1 PROVISIONS**

- 5.1 Reclassified Generator Step-Up (“GSU”)/Interconnection Facilities: SDG&E will exclude the expenses associated with reclassified GSU and Interconnection facilities from the TO6 Cycle 1 Formula Rate Spreadsheet that were identified in the TO6 Rate Case discovery process.
- 5.2 Gas-Only Charges: SDG&E will remove gas-only costs from the TO6 Cycle 1 Formula Rate Spreadsheet, specifically Gas Rates Analysis and Gas Forecasting Analysis in Account 928. Gas-only costs that were included in Account 935 for Measurement Metrology will also be removed.
- 5.3 Revenue Credit Correction: SDG&E will make a revenue credit correction of approximately \$50,000 from Statement AU, as identified in the TO6 Rate Case discovery process.

#### **ARTICLE VI** **TO5 CYCLE 6 PROVISIONS**

- 6.1 Gas-Only Charges: SDG&E will remove gas-only costs from SDG&E’s TO5 Cycle 6 Formula Rate Spreadsheet, specifically Gas Rates Analysis and Gas Forecasting Analysis in Account 928. Gas-only costs that were included in

Account 935 for Measurement Metrology will also be removed.

- 6.2 Memoranda Account Expenses: The identified costs from Account 571 of \$1,538,798.25 were transmission O&M costs that were mistakenly placed in SDG&E's CPUC WMPMA memorandum account in error. The adjustment to include those costs in Transmission O&M was done to correct this error and put transmission O&M into transmission rates. SDG&E will remove these from O&M and include as a cost adjustment in the "Other BTRR<sub>EU</sub> Adjustments" line on Statement BK-1, at page 7, line 23, with interest, in accordance with the Protocols in effect immediately prior to June 1, 2025.

## **ARTICLE VII**

### **GENERAL SETTLEMENT TERMS**

- 7.1 General: Agreement to or acquiescence in this Settlement shall not be deemed in any respect to constitute an admission by any Party that any allegation or contention made by any Party is true or valid. This Settlement is made upon the express understanding that it constitutes a negotiated offer of settlement. No Party or the Commission shall be deemed to have approved, accepted, agreed to, or consented to any ratemaking or other legal principle or policy relating to rate methodology or crediting; cost of service, including functionalization, cost allocation or rate design; rate levels; or any other matter affecting or relating to any of the rates, charges, classifications, terms, conditions, principles, or issues associated with this Settlement. This Settlement shall not be deemed to be a "settled practice" as that term was interpreted and applied in *Public Service Commission of the State of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980) and shall not be the basis for any decision with regard to the burden of proof in any litigation with regard to such matter.
- 7.2 Further Proceedings: This Settlement is non-precedential with respect to any proceeding, and its terms may not be referred to in any proceeding before the Commission, the CPUC, or any court or other forum for the purpose of supporting or opposing any specific approach to any issue. Notwithstanding the foregoing, SDG&E and any Party to this proceeding may enforce its rights and obligations under this Settlement in any rate case or other proceeding, and this Settlement may be referred to and introduced for that sole purpose and no other.
- 7.3 Applicable Standard of Review: The applicable standard of review for the Settlement is the just and reasonable standard. The standard of review for any modifications to the Settlement proposed by any non-party to the Settlement, after it is approved by the Commission, including any modifications resulting from the Commission acting *sua sponte*, will also be the just and reasonable standard.
- 7.4 Applicability of Settlement Rules: This Settlement is submitted on the condition

that, in the event it does not become effective, it shall not constitute any part of the record in this proceeding or be used for any other purpose. The discussions among the Parties that have produced this Settlement have been conducted on the explicit understanding that they were undertaken subject to Rules 602(e) and 606 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(e) and § 385.606, and the rights of the Parties with respect thereto shall not be impaired by this Settlement.

7.5 Rejection by Commission or Court: If the Commission or a court of competent jurisdiction rejects the Settlement, this Settlement, including all of the attachments, shall be null and void.

7.6 Modification or Conditions by the Commission:

7.6.1 In the event of a Commission order requiring any modification or condition to this Settlement or to this Settlement as it may be revised by the Parties pursuant to Section 7.6.2, any Party may provide written notice to the other Parties within fifteen (15) business days of any such order that such modification or condition is unacceptable. If such notice is provided, this Settlement, including all of the attachments, shall be null and void after twenty (20) business days, except as agreed to by the Parties pursuant to Section 7.6.2. In the absence of written notice that the modification or condition is unacceptable, the Parties shall be deemed to have accepted this Settlement as modified or conditioned.

7.6.2 The Parties may agree in writing, within an additional twenty (20) business days of a notice that a modification or condition is unacceptable under Section 7.6.1, to modifications acceptable to the Parties that are consistent with any modification and condition imposed by Commission order or a court of competent jurisdiction. The Parties shall submit these modifications to the Commission for approval. If such modifications are approved in a final Commission order no longer subject to rehearing, they shall become part of this Settlement. The twenty (20) business day time limit for the Parties to reach agreement on modifications pursuant to this Section 7.6.2 may be extended by agreement among the Parties.