

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company)
(U-902-E) to Recover Certain Costs of Seismic)
And Tsunami Studies for the San Onofre Nuclear)
Generating Station Unit Nos. 2 and 3)
_____)

Application No. 11-05-_____
Filed May 9, 2011

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E)
TO RECOVER CERTAIN COSTS OF SEISMIC AND TSUNAMI STUDIES FOR THE
SAN ONOFRE NUCLEAR GENERATING STATION UNIT NOS. 2 AND 3**

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May 9, 2011
San Diego, California

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company)
(U-902-E) to Recover Certain Costs of Seismic) Application No. 11-05-_____
Research and Studies for the San Onofre Nuclear) Filed May 9, 2011
Nuclear Generating Station Unit Nos. 2 and 3)
_____)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E)
TO RECOVER CERTAIN COSTS OF SEISMIC AND TSUNAMI STUDIES FOR THE
SAN ONOFRE NUCLEAR GENERATING STATION UNIT NOS. 2 AND 3**

Applicant San Diego Gas & Electric Company (“SDG&E”) files this application to recover in electric rates its allocable share of the costs of seismic and tsunami research and studies related to the operation of the San Onofre Nuclear Generating Station Unit Nos. 2 and 3 (“SONGS 2&3”). This application is being filed pursuant to Public Utilities Code Sections 451, 454, 701, and 728, and Rules 2.1, *et seq.*, and 3.2 of the Commission’s Rules of Practice and Procedure.

I. Summary of Application

On or about April 15, 2011, Southern California Edison Company (“Edison”), the majority owner and reactor licensee of SONGS 2&3, filed Application No. 11-04-006¹ to recover through its rates the costs of certain seismic and tsunami research and studies it proposes to continue and/or commence for SONGS 2&3. As set forth in that application, the relevant research and studies would be performed for purposes of updating and reassessing seismic and/or tsunami hazards and risks relevant to the safe operation of SONGS 2&3. Edison had originally included certain of these costs in its pending Test Year 2012 General Rate Case, but was instructed by the Commission to file a separate application for these costs so that the

¹ See *Application of Southern California Edison Company (U 338-E) to Recover O&M Costs Associated with the San Onofre Nuclear Generating Station Units Nos. 2 and 3 On-Going Seismic Program, and New Seismic Research Projects and Analyses*, California Public Utilities Commission Docket A.11-04-006, filed April 15, 2011. This filing is available on the Commission’s public website, at <http://docs.cpuc.ca.gov/efile/A/133600.pdf>.

costs could be reviewed separately and expeditiously.²

SDG&E is a minority owner of SONGS 2&3, holding an undivided twenty-percent (20%) ownership interest in those units. Pursuant to the Second Amended San Onofre Operating Agreement between Edison and SDG&E, Edison is responsible for operations and maintenance of the units and allocates twenty percent (20%) of its operations and maintenance expenses to SDG&E. In turn, SDG&E is obligated to reimburse Edison for this allocated share of operations and maintenance expenses. Thus, to the extent the Commission approves Edison's application to fund the research and studies described in Application 11-04-006, twenty percent of the costs of the research will be allocated to and reimbursed by SDG&E. SDG&E files the instant application so that its allocable share of the research and/or study costs will be reflected in its Commission-jurisdictional electric rates.

The Commission has previously addressed ratemaking for SDG&E's share of SONGS 2&3 operations and maintenance expenses, as relevant here, as follows. In Decision 06-11-026, the Commission established a balancing account to which SDG&E records, *inter alia*, debits equal to the actual costs for SONGS 2&3 operations and maintenance, including refueling outage operations and maintenance costs and contractual overheads, billed to SDG&E by Edison under the terms of the Second Amended San Onofre Operating Agreement.³ Costs for the research and studies relevant to the instant application, to the extent they are incurred by Edison during 2011, will be allocated to SDG&E in the proportions and according to the terms and conditions of the Second Amended San Onofre Operating Agreement and SONGSBA, as described previously. To the extent the Commission approves Edison's request for funding of the relevant SONGS 2&3 seismic and tsunami research and studies beyond 2011, SDG&E anticipates it will be billed by Edison for a twenty-percent share of those post-2011 costs. In Application 11-04-006,

² In *Application of Southern California Edison Company (U 338-E) for Authority to, Among Other Things, Increase Its Authorized Revenues for Electric Service in 2012, And to Reflect That Increase in Rates* ("the Edison General Rate Case"), California Public Utilities Commission Docket A.10-11-015, filed November 23, 2010, see *Scoping Memo and Ruling of Assigned Commissioner*, issued March 1, 2011, at p.15. As noted in the text, the Edison General Rate Case originally included a request for rate recovery of the SONGS 2&3 seismic and tsunami research and study costs forecasted for the period covered by the application, *i.e.*, from 2012 through 2014. Edison's more recent Application 11-04-006 reflects the research and study costs that were originally included in the Edison General Rate Case, plus additional costs expected to be incurred during 2015. Application 11-04-006 also addresses the costs of additional studies Edison later determined would be prudent following the March 2011 Tohoku seismic event.

³ See *Re San Diego Gas & Electric Company's Application for Authorization to (1) Participate in the Steam Generator Replacement Project as a Co-Owner of San Onofre Nuclear Generating Station Units Nos. 2 & 3 (SONGS 2 & 3); (2) Establish Ratemaking for Cost Recovery; and (3) Address Other Related Steam Generator Replacement Issues. (U 902 E)*, Decision 06-11-026, Application 06-04-018, printed decision at pp.13, 15, 17. Also, "SONGS O&M Balancing Account (SONGSBA)", Revised Cal.P.U.C. Sheet No. 21130-E, SDG&E Advice Letter No. 2071-E. To establish the incremental SONGSBA revenue requirement, SDG&E also records revenues equal to one-twelfth of SDG&E's *authorized* revenue requirement for SONGS operations and maintenance expense. The remaining difference (actual costs billed by Edison versus authorized costs), positive or negative, is transferred to SDG&E's Non-fuel Generation Balancing Account to be reflected in SDG&E's rates.

Edison estimates that its post-2011 research and study costs will be \$60.9 million. After adding contractual overheads pursuant to the terms of the Second Amended San Onofre Operating Agreement to this amount, SDG&E expects its share of post-2011 research and study costs will equal approximately \$12.6 million.⁴ SDG&E files this application to establish the ratemaking procedures that would apply to these post-2011 research and study costs.

II. Authorizations Requested

As noted previously, SDG&E records actual SONGS 2&3 operations and maintenance expenses billed to it by Edison in its existing SONGSBA and will continue to do so through December 31, 2011. For SONGS 2&3 seismic and tsunami research and study costs incurred by Edison and billed to SDG&E during the remainder of 2011, the billed amounts will simply be included in the actual operations and maintenance costs SDG&E records in its SONGSBA. For SONGS 2&3 seismic and tsunami research and study costs, assuming their approval by the Commission in Application 11-04-006, incurred by Edison and billed to SDG&E after December 31, 2011, SDG&E by this application is requesting that the Commission authorize SDG&E to establish and maintain a “SONGS Seismic Research Balancing Account (SONGS SRBA)”. This request is similar in purpose and design to Edison’s request in Application 11-04-006 that the Commission authorize Edison to record its allocable share of the seismic research and study costs to a subaccount of its Base Revenue Requirement Balancing Account.⁵ In addition, SDG&E requests the Commission authorize SDG&E to establish and maintain a “SONGS Seismic Research Memorandum Account (SONGS SRMA)”. SDG&E will record in the SONGS SRMA those additional seismic research and study costs incurred by Edison and billed to SDG&E, if any, over and above the level of costs authorized by the Commission in the disposition of Edison’s Application 11-04-006. Upon the Commission’s approval of those additional costs pursuant to the Tier III advice letter process described by Edison’s Application 11-04-006,⁶ SDG&E proposes to transfer from the SONGS SRMA to the SONGS SRBA its allocable share of the amounts approved by the Commission under Edison’s proposed advice letter process. Collectively, the SONGS SRBA and SONGS SRMA will serve to assure that the public interests inherent in the conduct and

⁴ See Application 11-04-006, *Testimony of Southern California Edison Company in Support of Application to Recover O&M Costs Associated with the San Onofre Nuclear Generating Station Unit Nos. 2 and 3 On-Going Seismic Program and New Seismic Research Projects and Analyses*, at p.24 (Parise). In setting rates, SDG&E would also add an allowance for franchise fees and uncollectible expenses to these amounts.

⁵ *Ibid.*

⁶ *Id.*, at p.25 (Parise).

completion of the proposed seismic and tsunami research and studies will be addressed, and that only their just and reasonable costs will be reflected in SDG&E's electric rates.

III. Nature of the Costs Subject to the Request for Rate Recovery

As set forth in Edison's Application 11-04-006, Edison has continuously studied the seismic characteristics and environment of the San Onofre site, predating the time Edison received a license from the Nuclear Regulatory Commission to operate SONGS 2&3.⁷ Beginning in 2010, Edison formalized its seismic-study program and established a process under which the schedule for hazard and risk assessments will be performed and updated. Edison is proposing to continue these processes and assessments for the 2011 to 2014 period at a forecasted cost of \$4.4 million.⁸ To date, an allocable share of the costs of these processes and assessments incurred by Edison has been billed to SDG&E as operations and maintenance expenses. Since January 1, 2007, these billed costs have been debited by SDG&E to the SONGSBA mechanism. SDG&E expects to continue to receive billings from Edison reflecting SDG&E's allocable share of the ongoing SONGS 2&3 seismic program through 2011 and will accordingly continue to make the appropriate debit entries to its existing SONGSBA mechanism through the end of 2011. Based upon its review of Edison's Application 11-04-006, SDG&E estimates that its allocable share of these costs would be approximately nine hundred thousand dollars (\$900,000), excluding contractual overheads, for the period 2011 through 2014. SDG&E proposes to record its post-2011 share of the costs of the proposed activities in the proposed SONGS SRBA and/or SONGS SRMA, as appropriate.⁹

Separate and apart from the ongoing SONGS 2&3 seismic program described above, Edison's Application 11-04-006 describes additional planned study activities, some of which were originally included in the Edison General Rate Case application, supplemented by post-2014 activities not covered by the rate case period and other newly planned activities prompted by the March 2011 Tohoku seismic event and aftermath.¹⁰ According to Edison's Application 11-04-006, Edison's total costs for newly planned research

⁷ *Id.*, at pp.2 to 6, 8 to 10 (Nelson).

⁸ *Id.*, at pp.23 to 24 (Nelson).

⁹ Assuming the instant application is approved by the Commission, SDG&E's allocable share of the post-2011 research and study costs approved by the Commission in Edison's Application 11-04-006 would be recorded in the SDG&E SONGS SRBA. SDG&E's allocable share of the costs over and above the level of the costs approved by the Commission in Edison's Application 11-04-006, if any, would be recorded in the SDG&E SONGS SRMA; upon the Commission's approval of the Tier III advice letter(s) described by Edison in Application 11-04-006, SDG&E would transfer the amounts approved from the SONGS SRMA to the SONGS SRBA.

¹⁰ *Id.*, at pp.8 to 21 (Nelson).

and studies over the period 2011 through 2015, plus project management costs, will equal \$59.6 million.¹¹ Based upon its review of Edison's Application 11-04-006, SDG&E estimates that its allocable share of these costs would be approximately \$11.9 million, excluding contractual overheads billable to SDG&E under the Second Amended San Onofre Operating Agreement. Adding these contractual overheads, SDG&E's additional costs associated with the newly planned research and proposed studies would be \$12.4 million.¹² SDG&E expects to receive billings from Edison reflecting SDG&E's allocable share of the 2011 activities and will accordingly make the appropriate debit entries to its existing SONGSBA mechanism through the end of 2011. For post-2011 costs incurred by Edison and billed to SDG&E, SDG&E is seeking authority to record them in the proposed SONGS SRBA and/or SONGS SRMA, as appropriate.¹³

Based upon the foregoing, SDG&E estimates that its costs for the ongoing and newly planned research and studies proposed by Edison, including contractual overheads, will be \$13.3 million. Of this amount, approximately seven hundred thousand dollars (\$700,000) will be incurred during 2011 and will be recorded on an as-billed basis to the existing SONGSBA. The remaining amount of \$12.6 million will be recovered through the proposed SONGS SRBA, and amounts over and above this estimate, if any, will be recorded in the proposed SONGS SRMA pending Commission approval to transfer amounts recorded in the SONGS SRMA to the SONGS SRBA.

As set forth in Edison's Application 11-04-006, Edison is seeking authority to continue its existing seismic-study program and expand its current seismic-study program to include those additional seismic and tsunami research and studies it considers to be prudent, responsive to recently enacted requirements under California law and regulations, and/or necessary to address potential concerns prompted by the March 2011 Tohoku seismic event. SDG&E submits the public interest would be served by authorizing Edison to conduct the program and studies described in Application 11-04-006, and that rates should be adjusted to include the just and reasonable costs of these activities.

Finally, as a procedural matter, SDG&E intends to file appropriate motions requesting that the instant application be consolidated and joined with Edison's Application 11-04-006 so that common and consistent findings of fact, conclusions of laws, and orders can be entered as between the two applications to the maximum extent possible.¹⁴ SDG&E anticipates that such common and consistent findings would encompass any matters relevant to the design, conduct, prudence, and reasonableness of the costs of the

¹¹ *Id.*, at p.23 (Nelson).

¹² Again, in setting rates to recover these costs, SDG&E would also add an allowance for franchise fees and uncollectibles.

¹³ See Note 11, *supra*.

¹⁴ SDG&E currently plans to file, as soon as practicable, a Motion to Consolidate its application with Edison's Application 11-04-006 so as to apprise the parties to that docket of this request.

ongoing seismic hazard and risk assessment program and the additional proposed seismic and tsunami studies. SDG&E submits that consolidation and joinder of this application with Application 11-04-006 will serve administrative and adjudicatory efficiency and is therefore in the public interest.

IV. Legal Authority Supporting the Application

SDG&E files this application under the aegis of the ratemaking authorities vested in the Commission pursuant to Public Utilities Code Sections 451, 454, 701, and 728. Furthermore, this filing comports with each of the applicable requirements of Articles 1 and 2 of the Commission's Rules of Practice and Procedures.

V. Categorization of Application

SDG&E proposes that this application be categorized as a ratesetting proceeding. SDG&E is requesting that the Commission issue orders that will in both substance and procedure result in rate and/or tariff changes constituting ratesetting.

SDG&E has attached testimony supporting its various requests filed in this application, but submits that the subject matters addressed in this application, as well as the subject matters raised in Edison's Application 11-04-006, are not controversial. The subject matters addressed in SDG&E's and Edison's applications are in many respects identical and/or analogous to subject matters raised by Pacific Gas & Electric Company in Application 10-01-014.¹⁵ The Commission approved that application, without hearings, in Decision 10-08-003.¹⁶ Given there are no material differences in the salient and dispositive law, regulations, facts, and/or circumstances between the Pacific Gas & Electric application and the applications filed by SDG&E and/or Edison, SDG&E requests that the relief requested by its application be granted without hearing.

VI. Issues for Disposition in this Application

SDG&E is requesting the Commission approve two distinct but related ratemaking mechanisms, the SONGS SRBA and the SONGS SRMA. These mechanisms will facilitate the conduct of ongoing and newly planned seismic and tsunami research and studies necessary to the continued safe operation of

¹⁵ See *Application of Pacific Gas & Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission*, Application 10-01-014, filed January 15, 2010.

¹⁶ See *Re Pacific Gas & Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission*, Decision 10-08-003, in Application 10-01-014, August 16, 2010.

SONGS 2&3. The just and reasonable costs of this research and these studies will be subject to the full review and approval of the Commission, and the proposed ratemaking mechanisms assure that only those costs approved by the Commission will be recovered in rates.

SDG&E submits the revenue requirements associated with the relevant ongoing SONGS 2&3 seismic hazard and risk assessment program and the newly proposed seismic and tsunami research and studies for those facilities will be derivative of the findings, conclusions and orders entered in Edison's Application 11-04-006. That is, to the extent the Commission authorizes Edison to proceed with these programs and studies, SDG&E will be billed for its allocable share of the associated costs incurred by Edison, *i.e.*, twenty percent. So as to promote administrative and adjudicatory efficiency, SDG&E is requesting that the instant application be consolidated and joined with Edison's Application 11-04-006 so that any determinations relevant to the setting of SDG&E's authorized revenue requirements will be common to and consistent with any findings, conclusions and orders rendered in that matter.

VII. Legal Name of Applicant and Correspondence

SDG&E is an electric public utility organized and existing under the laws of the State of California. SDG&E's mailing address and principal place of business is located at 101 Ash Street, San Diego, California 92101. Correspondence or communications regarding this application should be addressed to and/or served upon both of the following persons:

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Authorized Representative of Applicant

VIII. Articles of Incorporation

A copy of SDG&E's most recent Proxy Statement, dated April 21, 2011, as sent to all shareholders of SDG&E's parent company, Sempra Energy, was filed with and provided to the California Public Utilities Commission on May 4, 2011, and is hereby incorporated by reference.

IX. Application of the California Environmental Quality Act

SDG&E submits that the California Environmental Quality Act (“CEQA”), as set forth in Public Resources Code Section 21000, *et seq.*, does not apply to the instant application. Public Resources Code Section 21080(b)(8) provides that official acts involving the setting of rates for the purposes of recovering operating expenses are categorically exempt from the requirements of CEQA.¹⁷ Here, SDG&E is requesting that it be authorized to amend its tariffs so as to reflect in its rates certain costs that may be allocated and billed to SDG&E by Edison, such costs being related to the design, conduct and management of research and studies related to potential seismic and tsunami hazards and risks that may affect the operation of SONGS 2&3. Since confined to these ratemaking approvals, any Commission action approving SDG&E’s application is wholly within the scope of the ratemaking exemption specified under CEQA. Additionally, the requests being made by SDG&E are beyond the definition of a “project” to which CEQA applies. Approval of the tariff and rate changes being requested in this application will not “cause either a direct or physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.”¹⁸ To the extent the conduct of the research and/or studies associated with the requested rate changes may cause physical changes in the environment subject to the requirements of CEQA, those activities will be the subject of other permitting and/or approval processes where the requirements of CEQA are directly implicated and Edison and/or SDG&E will comply with the terms of CEQA in those processes as necessary.

X. Procedural Requirements for Ratemaking

SDG&E submits the following information in compliance with Rule 3.2 of the Commission’s Rules of Practice and Procedure.

A. Balance Sheet and Income Statement

Appendix A to this application includes true and correct copies of SDG&E’s Balance Sheet as of December 31, 2010, and Statement of Income for the period ended December 31, 2010, the most recent period for which these data are available.

¹⁷ Accord, *id.*, *Re Pacific Gas & Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission (U39E)*, Decision 10-08-003 (printed decision), at pp.11 to 12.

¹⁸ See Public Resources Code Section 21065.

B. Summary of Earnings

Appendix B to this application includes true and correct copies of SDG&E's Summary of Earnings for the period ended December 31, 2010, the most recent period for which these data are available.

C. Present and Proposed Rates

Appendix C to this application includes SDG&E's presently effective rates and the effect of the ratemaking proposals made in this application on SDG&E's presently effective rates.

D. Passthrough of Costs

Rule 3.2(a)(10) of the Commission's Rules of Practice and Procedure requires certain ratemaking applicants to state whether their applications reflect and passes through to customers only increased costs to the corporation for the services or commodities furnished by it. SDG&E states that this application is not such an application.

E. Service of Notice

Appendix D to this application includes a list of the cities and counties affected by the ratemaking proposals made in this application. Further, the State of California is an SDG&E customer and its rates will be affected by the terms of this application. Notice of this filing will be mailed to the appropriate officials of the State and the counties and cities identified in Appendix D, published in a newspaper of general circulation in each county in SDG&E's service territory, and mailed to all customers affected by the proposed changes to SDG&E's tariffs and rates.

XI. Service List

Because the proposals made in this application address certain SONGS 2&3 operations and maintenance expenses that were included in SDG&E's pending Test Year 2012 General Rate Case,¹⁹ SDG&E believes this application may be of interest to certain parties in that matter and SDG&E will serve this application upon the parties to that matter. Additionally, because Edison's Application 11-04-006 addresses matters foundational to the instant application, SDG&E will serve this application upon the parties to that matter. No official service list has yet been established for the instant application.

¹⁹ See *Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012*, Application 10-12-005, filed December 15, 2010.

XII. Relief Requested by this Application

Based upon the foregoing, the attachments hereto and the matters incorporated by reference, SDG&E respectfully requests the Commission enter findings of fact, conclusions of law, and orders authorizing:

- SDG&E to recover its allocable share of the post-2011 costs of those certain ongoing and/or newly planned seismic and tsunami research and studies related to the continued safe operation of San Onofre Nuclear Generating Station Unit Nos. 2 and 3, as described in Application 11-04-006 as filed by the Southern California Edison Company, such allocable share being approximately \$12.6 million, inclusive of contractual overheads as determined pursuant to the terms and conditions of the Second Amended San Onofre Operating Agreement, plus an additional and appropriate allowance for franchise fees and uncollectibles, or such other amount as the Commission may find just and reasonable; and,
- SDG&E to establish and maintain, effective January 1, 2012, the SONGS Seismic Research Balancing Account, for the purposes of recording and recovering SDG&E's allocable share of the post-2011 costs of the ongoing seismic and tsunami hazard and risk assessment program and any new seismic and tsunami hazard and risk research and studies approved by the Commission in Application 11-04-006 as filed by the Southern California Edison Company; and,
- SDG&E to establish and maintain, effective January 1, 2012, the SONGS Seismic Research Memorandum Account, for the purposes of recording its allocable share of the post-2011 costs of the ongoing seismic and tsunami hazard and risk assessment program and any new seismic and tsunami hazard and risk research and studies over and above, if any, those approved by the Commission in Application 11-04-006 as filed by the Southern California Edison Company; *provided*, that upon further order of the Commission approving any costs recorded in the SONGS Seismic Research Memorandum Account, SDG&E shall be authorized to transfer such approved costs to the SONGS Seismic Research Balancing Account; and,
- Such other and further relief to SDG&E as the Commission may find germane to the application and necessary and convenient to the exercise of its jurisdiction over the matters described herein.

SDG&E further requests that this matter be consolidated and joined with Edison's Application 11-04-006 so that the two matters can be considered and addressed together. This consolidation and joinder will serve the interests of administrative and adjudicatory efficiency and permit the Commission to enter common and consistent findings, conclusions and orders addressing the substantially similar subjects of the two applications.

Respectfully submitted,

/s/ Alvin S. Pak

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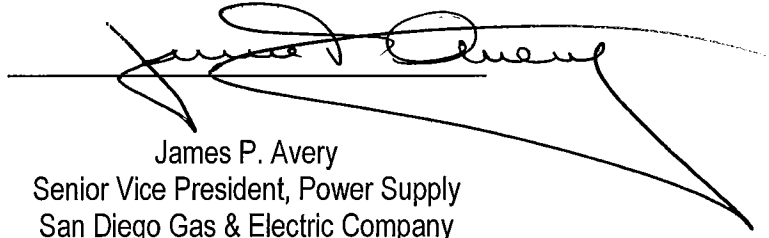
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May 9, 2011
San Diego, California

VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing application are true of my own knowledge, except as to the matters that are herein stated on information and belief, and as to those matters, I believe them to be true.



James P. Avery
Senior Vice President, Power Supply
San Diego Gas & Electric Company

May 9, 2011
San Diego, California

Appendix A

**Balance Sheet and Statement of Income
For the Twelve Months Ending
December 31, 2010**

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2010

1. UTILITY PLANT		2010
101	UTILITY PLANT IN SERVICE	\$10,655,577,794
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	58,142,642
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	954,497,580
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,357,204,766)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(302,241,006)
118	OTHER UTILITY PLANT	729,265,545
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(166,009,908)
120	NUCLEAR FUEL - NET	61,281,629
TOTAL NET UTILITY PLANT		7,633,309,510
2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	5,165,500
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(558,109)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	768,933,513
TOTAL OTHER PROPERTY AND INVESTMENTS		773,540,904

Data from SPL as of February 24, 2011

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2010**

3. CURRENT AND ACCRUED ASSETS		2010
131	CASH	2,212,871
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	110,425,637
135	WORKING FUNDS	500
136	TEMPORARY CASH INVESTMENTS	114,300,000
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	191,566,866
143	OTHER ACCOUNTS RECEIVABLE	59,609,416
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,110,760)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	2,131,144
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	11,877,251
151	FUEL STOCK	5,406,334
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	63,649,793
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	297,942
165	PREPAYMENTS	86,723,946
171	INTEREST AND DIVIDENDS RECEIVABLE	4,949,423
173	ACCRUED UTILITY REVENUES	59,227,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	303,045,320
175	DERIVATIVE INSTRUMENT ASSETS	28,282,134
TOTAL CURRENT AND ACCRUED ASSETS		1,040,594,817
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	29,788,406
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,986,053,325
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	4,499,163
184	CLEARING ACCOUNTS	34,291
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	4,289,295
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	23,015,183
190	ACCUMULATED DEFERRED INCOME TAXES	220,164,867
TOTAL DEFERRED DEBITS		2,267,844,530
TOTAL ASSETS AND OTHER DEBITS		11,715,289,761

Data from SPL as of February 24, 2011

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2010**

5. PROPRIETARY CAPITAL

	2010
201 COMMON STOCK ISSUED	(\$291,458,395)
204 PREFERRED STOCK ISSUED	(78,475,400)
207 PREMIUM ON CAPITAL STOCK	(592,222,753)
210 GAIN ON RETIRED CAPITAL STOCK	-
211 MISCELLANEOUS PAID-IN CAPITAL	(279,665,368)
214 CAPITAL STOCK EXPENSE	25,688,571
216 UNAPPROPRIATED RETAINED EARNINGS	(1,981,155,383)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	10,205,470
TOTAL PROPRIETARY CAPITAL	(3,187,083,258)

6. LONG-TERM DEBT

221 BONDS	(2,686,905,000)
223 ADVANCES FROM ASSOCIATED COMPANIES	-
224 OTHER LONG-TERM DEBT	(253,720,000)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	9,377,433
TOTAL LONG-TERM DEBT	(2,931,247,567)

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(737,137,833)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(47,751,904)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(317,947,271)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	(621,510,132)
TOTAL OTHER NONCURRENT LIABILITIES	(1,724,347,140)

Data from SPL as of February 24, 2011

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2010**

8. CURRENT AND ACCRUED LIABILITES		2010
231	NOTES PAYABLE	-
232	ACCOUNTS PAYABLE	(327,706,374)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(17,892,515)
235	CUSTOMER DEPOSITS	(54,158,079)
236	TAXES ACCRUED	(659,786)
237	INTEREST ACCRUED	(32,471,388)
238	DIVIDENDS DECLARED	(1,204,917)
241	TAX COLLECTIONS PAYABLE	(4,604,025)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(802,100,589)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(33,119,088)
244	DERIVATIVE INSTRUMENT LIABILITIES	(241,201,045)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
TOTAL CURRENT AND ACCRUED LIABILITIES		(1,515,117,806)
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(15,635,263)
253	OTHER DEFERRED CREDITS	(247,811,223)
254	OTHER REGULATORY LIABILITIES	(988,180,186)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(25,025,645)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	(5,201,256)
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(947,283,887)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(128,356,530)
TOTAL DEFERRED CREDITS		(2,357,493,990)
TOTAL LIABILITIES AND OTHER CREDITS		(\$11,715,289,761)

Data from SPL as of February 24, 2011

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2010

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$3,188,273,473
401	OPERATING EXPENSES	\$1,970,494,792	
402	MAINTENANCE EXPENSES	161,415,514	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	355,535,413	
408.1	TAXES OTHER THAN INCOME TAXES	76,235,960	
409.1	INCOME TAXES	131,238,723	
410.1	PROVISION FOR DEFERRED INCOME TAXES	340,584,109	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(294,415,622)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(1,239,882)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT		
	TOTAL OPERATING REVENUE DEDUCTIONS		2,739,849,007
	NET OPERATING INCOME		448,424,466

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(63,472)	
418	NONOPERATING RENTAL INCOME	444,725	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	3,623,576	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	43,230,379	
421	MISCELLANEOUS NONOPERATING INCOME	867,654	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	48,102,862	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	411,748	
	TOTAL OTHER INCOME DEDUCTIONS	411,748	
408.2	TAXES OTHER THAN INCOME TAXES	434,014	
409.2	INCOME TAXES	(9,594,282)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	8,070,975	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(669,017)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(1,758,310)	
	TOTAL OTHER INCOME AND DEDUCTIONS		49,449,424
	INCOME BEFORE INTEREST CHARGES		497,873,890
	NET INTEREST CHARGES*		123,729,105
	NET INCOME		\$374,144,785

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (10,071,740)

**SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2010**

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$1,611,830,266
NET INCOME (FROM PRECEDING PAGE)	374,144,785
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(4,819,668)
OTHER RETAINED EARNINGS ADJUSTMENTS	
RETAINED EARNINGS AT END OF PERIOD	<u>\$1,981,155,383</u>

Appendix B

**Summary of Earnings
For the Twelve Months Ending
December 31, 2010**

**SAN DIEGO GAS & ELECTRIC COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,188
2	Operating Expenses	<u>2,740</u>
3	Net Operating Income	<u><u>\$448</u></u>
4	Weighted Average Rate Base	\$4,697
5	Rate of Return*	8.40%

*Authorized Cost of Capital

Appendix C

Presently Effective and Proposed Rates

SAN DIEGO GAS & ELECTRIC COMPANY – ELECTRIC DEPARTMENT ILLUSTRATIVE ELECTRIC RATE IMPACT

	Revenue Change (\$Millions)*	Percent Change %	4/01/11 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes in 2012 (¢/kWh)
Residential	2.019	0.14	18.336	18.362
Small Commercial	0.580	0.16	17.609	17.637
Medium and Large C&I	2.111	0.17	13.913	13.940
Agricultural	0.024	0.15	17.161	17.188
Lighting	0.021	0.12	15.379	15.398
System Total	4.755	0.15	15.931	15.958

*Includes adjustment for Franchise Fees and Uncollectibles

Appendix D

Cities and Counties Affected by the Application

State of California
Attorney General's Office
P.O. Box 944255
Sacramento, CA 94244-2550

Naval Facilities Engineering
Command
Navy Rate Intervention
1314 Harwood Street SE
Washing Navy Yard, DC 20374

City of Carlsbad
Attn. City Attorney
1200 Carlsbad Village Drive
Carlsbad, CA 92008-19589

City of Chula Vista
Attn. City Attorney
276 Fourth Ave
Chula Vista, Ca 91910-2631

City of Dana Point
Attn. City Attorney
33282 Golden Lantern
Dana Point, CA 92629

City of Del Mar
Attn. City Clerk
1050 Camino Del Mar
Del Mar, CA 92014

City of Encinitas
Attn. City Attorney
505 S. Vulcan Ave.
Encinitas, CA 92024

City of Escondido
Attn. City Attorney
201 N. Broadway
Escondido, CA 92025

City of Imperial Beach
Attn. City Clerk
825 Imperial Beach Blvd
Imperial Beach, CA 92032

City of Laguna Beach
Attn. City Clerk
505 Forest Ave
Laguna Beach, CA 92651

State of California
Attn. Director Dept of General
Services
PO Box 989052
West Sacramento, CA 95798-9052

Alpine County
Attn. County Clerk
99 Water Street, P.O. Box 158
Markleeville, CA 96120

City of Carlsbad
Attn. Office of the County Clerk
1200 Carlsbad Village Drive
Carlsbad, CA 92008-19589

City of Coronado
Attn. Office of the City Clerk
1825 Strand Way
Coronado, CA 92118

City of Dana Point
Attn. City Clerk
33282 Golden Lantern
Dana Point, CA 92629

City of El Cajon
Attn. City Clerk
200 Civic Way
El Cajon, CA 92020

City of Encinitas
Attn. City Clerk
505 S. Vulcan Ave.
Encinitas, CA 92024

City of Fallbrook
Attn. City Clerk
233 E. Mission Road
Fallbrook, CA 92028

City of Imperial Beach
Attn. City Attorney
825 Imperial Beach Blvd
Imperial Beach, CA 92032

City of Laguna Beach
Attn. City Attorney
505 Forest Ave
Laguna Beach, CA 92651

United States Government
General Services Administration
300 N. Los Angeles
Los Angeles, CA 90012

Borrego Springs Chamber of
Commerce Attn. City Clerk
786 Palm Canyon Dr
PO Box 420
Borrego Springs CA 92004-0420

City of Chula Vista
Attn: Office of the City Clerk
276 Fourth Avenue
Chula Vista, California 91910-2631

City of Coronado
Attn. City Attorney
1825 Strand Way
Coronado, CA 92118

City of Del Mar
Attn. City Attorney
1050 Camino Del Mar
Del Mar, CA 92014

City of El Cajon
Attn. City Attorney
200 Civic Way
El Cajon, CA 92020

City of Escondido
Attn. City Clerk
201 N. Broadway
Escondido, CA 92025

City of Fallbrook
Attn. City Attorney
233 E. Mission Road
Fallbrook, CA 92028

City of Julian
Attn. City Clerk
P.O. Box 1866
2129 Main Street
Julian, CA

City of Laguna Niguel
Attn. City Attorney
22781 La Paz Ste. B
Laguna Niguel, CA 92656

City of Laguna Niguel
Attn. City Clerk
22781 La Paz Ste. B
Laguna Niguel, CA 92656

City of Lakeside
Attn. City Clerk
9924 Vine Street
Lakeside CA 92040

City of La Mesa
Attn. City Attorney
8130 Allison Avenue
La Mesa, CA 91941

City of La Mesa
Attn. City Clerk
8130 Allison Avenue
La Mesa, CA 91941

City of Lemon Grove
Attn. City Clerk
3232 Main St.
Lemon Grove, CA 92045

City of Lemon Grove
Attn. City Attorney
3232 Main St.
Lemon Grove, CA 92045

City of Mission Viejo
Attn: City Clerk
200 Civic Center
Mission Viejo, CA 92691

City of Mission Viejo
Attn: City Attorney
200 Civic Center
Mission Viejo, CA 92691

City of National City
Attn. City Clerk
1243 National City Blvd
National City, CA 92050

City of National City
Attn. City Attorney
1243 National City Blvd
National City, CA 92050

City of Oceanside
Attn. City Clerk
300 N. Coast Highway
Oceanside, CA 92054-2885

City of Oceanside
Attn. City Attorney
300 N. Coast Highway
Oceanside, CA 92054-2885

County of Orange
Attn. County Counsel
P.O. Box 1379
Santa Ana, CA 92702

County of Orange
Attn. County Clerk
12 Civic Center Plaza, Room 101
Santa Ana, CA 92701

City of Poway
Attn. City Clerk
P.O. Box 789
Poway, CA 92064

City of Poway
Attn. City Attorney
P.O. Box 789
Poway, CA 92064

City of Ramona
Attn. City Clerk
960 Main Street
Ramona, CA 92065

City of Ramona
Attn. City Attorney
960 Main Street
Ramona, CA 92065

City of Rancho San Diego - Jamul
Attn. City Clerk
3855 Avocado Blvd.
Suite 230
La Mesa, CA 91941

City of San Clemente
Attn. City Clerk
100 Avenida Presidio
San Clemente, CA 92672

City of San Clemente
Attn. City Attorney
100 Avenida Presidio
San Clemente, CA 92672

City of San Diego
Attn. Mayor
202 C Street
San Diego, CA 92101

County of San Diego
Attn. County Clerk
P.O. Box 121750
San Diego, CA 92101

City of San Diego
Attn. City Attorney
202 C Street.
San Diego, CA 92101

County of San Diego
Attn. County Counsel
1600 Pacific Hwy
San Diego, CA 92101

City of San Diego
Attn. City Clerk
202 C Street
San Diego, CA 92101

City of San Diego
Attn. City Manager
202 C Street
San Diego, CA 92101

City of San Marcos
Attn. City Clerk
1 Civic Center Dr.
San Marcos, CA 92069

City of San Marcos
Attn. City Attorney
1 Civic Center Dr.
San Marcos, CA 92069

City of Santee
Attn. City Clerk
10601 Magnolia Avenue
Santee, CA 92071

City of Santee
Attn. City Attorney
10601 Magnolia Avenue
Santee, CA 92071

City of Solana Beach
Attn. City Attorney
635 S. Highway 101
Solana Beach, CA 92075

Spring Valley Chamber of
Commerce
Attn. City Clerk
3322 Sweetwater Springs Blvd,
Ste. 202
Spring Valley, CA 91977-3142

Valley Center Chamber of
Commerce
Attn. City Clerk
P.O. Box 8
Valley Center, CA 92082

City of Vista
Attn. City Clerk
200 Civic Center Drive
Vista, CA 92084

City of Vista
Attn. City Attorney
200 Civic Center Drive, Bldg. K
Vista, CA 92084

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of the **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) TO RECOVER CERTAIN COSTS OF SEISMIC AND TSUNAMI STUDIES FOR THE SAN ONOFRE NUCLEAR GENERATING STATION UNITS NOS. 2 AND 3** on all parties of record in Application 11-04-006, and Application 10-12-005, by transmitting copies via electronic mail to such persons who have provided an electronic-mail address. For parties not having provided an electronic-mail address, I have served them by providing a true and correct copy of this application by mail using first-class postage affixed thereto. In addition, I have served a true and correct copy of the application on the persons named in Appendix D.

Copies were also sent via Federal Express to the assigned Administrative Law Judges and Commissioner.

Executed this 9th day of May, 2011 at San Diego, California.

/s/ Jenny Norin

Jenny Norin