

San Diego Gas & Electric Company

Appendix XII Cycle 1 Formula Rate Filing

Transmittal Letter; Appendix XII with
Formula Rate Protocols and Formula
Rate Spreadsheet; Testimony of SDG&E
Witnesses (Christopher R. Penn and
Amanda J. Tucker); Base Period and
True-Up Period Cost Statements and
Workpapers

April 2, 2019

Docket No. ER19- -

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April 2, 2019

The Honorable Kimberly D. Bose
 Secretary
 Federal Energy Regulatory Commission
 888 First Street, N.E.
 Washington, D.C. 20426

Re: San Diego Gas & Electric Company,
 Docket No. ER19-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, and Part 35.12 of the Regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), San Diego Gas & Electric Company (“SDG&E”) hereby submits an Appendix XII to its currently effective Transmission Owner (“TO”) Tariff. Appendix XII proposes a Formula for calculating the rate that SDG&E will charge Citizens Sycamore-Penasquitos Transmission LLC (“Citizens”), a wholly owned subsidiary of Citizens Energy Corporation (“Citizens Energy”) for its lease of transfer capability in a portion of the underground segment of the Sycamore-Penasquitos 230 kV Transmission Project (“SX-PQ”). The proposed effective date is June 1, 2019.

I. NATURE AND PURPOSE OF THE FILING

Appendix XII sets forth the ratemaking methodology for SDG&E to calculate the rate that it will charge to Citizens for the Transfer Capability Lease (“Lease” or “Lease Agreement”). Pursuant to the Lease, as of the effective date of Appendix XII, Citizens will have prepaid to SDG&E \$27 million for a 30-year leasehold entitlement to 13.1% of the SX-PQ¹ underground

¹ SX-PQ is comprised of a new 230 kV electric transmission line of approximately 14.5 miles between SDG&E’s Sycamore Canyon and Penasquitos Substations, as well as other system modifications designed to reliably operate the new line.

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line segment's² transfer capability. SDG&E will operate and maintain the underground line segment in which Citizens is leasing transfer capability and will allocate to Citizens a portion of the costs via the Citizens SX-PQ Line Rate. SDG&E's accounting related to this transaction reflects the accounting treatment established with respect to another transfer capability lease.³

The Appendix XII Formula sets forth the way in which SDG&E will develop its rate for Citizens on the basis of certain recorded costs that SDG&E will file on or before October 31 of each year. Such charge will remain in effect through December 31 of the subsequent year. To the extent that SDG&E's TO5 Formula Rate will be modified through settlement or in the future, *e.g.*, in a TO6 Formula, the proposed Appendix XII will be modified accordingly.

The proposed Appendix XII provides that the Citizens SX-PQ Line Rate shall consist of the following six parts: (1) the Direct Maintenance Expense Cost Component; (2) the Non-Direct Expenses Cost Component; (3) the Cost Component Containing Other Specific Expenses; (4) the True-Up Adjustment Cost Component; (5) the Interest True-Up Adjustment Cost Component; and (6) Other Adjustments. Appendix XII further provides that the Citizens SX-PQ Line Rate be designed to reflect SDG&E's cost to own, operate, and maintain the SX-PQ underground line segment.

The cost components identified above are calculated based on the previous calendar year's data shown in SDG&E's FERC Form 1. The True-Up Adjustment cost component for each Rate Effective Period is an annual reconciliation of the difference between (a) SDG&E's actual costs of providing the transmission service during that Rate Effective Period, less (b) actual revenues received from Citizens for transmission services during the same period.

II. SUMMARY OF THE INSTANT APPENDIX XII FILING

The Appendix XII Formula in this instant filing utilizes the following:

- a 2017 calendar Base Period, and

² Segment B, the underground segment of the Sycamore to Penasquitos 230kV Transmission Project, traverses westerly 11.5 miles within city streets along Pomerado Road, crossing Interstate 15, then continues along predominantly secondary streets through the commercial area of the community of Mira Mesa. The alignment transitions back into an overhead position within an existing SDG&E right-of-way along the east side of Interstate 805 at Carroll Canyon Road.

³ See generally *San Diego Gas & Electric Company*, 129 FERC ¶ 61,233 (2009) (establishing accounting treatment for transfer capability lease in the Sunrise Powerlink Border-East line segment).

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- a 7-month Rate Effective Period from June 1, 2019 through December 31, 2019.⁴

The instant Appendix XII Filing reflects a charge of \$0.8M to Citizens as reflected in the following cost components:

(1) Direct Maintenance Expense	=	\$0.000M
(2) Non-Direct Expenses	=	\$0.799M
(3) Other Specific Expenses	=	\$0.000M
(4) True-Up Adjustment	=	\$0.000M
(5) Interest True-Up Adjustment	=	<u>\$0.000M</u>
SUB-TOTAL	=	\$0.799M
(6) Other Adjustments	=	<u>\$0.000M</u>
TOTAL	=	\$0.799M

III. DESCRIPTION OF THE FILING AND LIST OF DOCUMENTS SUBMITTED

In support of the filing, SDG&E provides the following:

1. Transmittal Letter;
2. Appendix XII Formula Overview (Terms & Definitions) & Protocols, setting forth the formula by which SDG&E makes the annual calculation of the rate that it will charge Citizens of its share of the transfer capability of the SX-PQ Line;
3. Testimonies of SDG&E witnesses supporting the Appendix XII tariff;
 - Prepared Direct Testimony of Witness Christopher Robert Penn (Exhibit Nos. SDG-1 and SDG-2). Mr. Penn explains the key components of the proposed formula establishing the rate SDG&E will charge to Citizens.
 - Prepared Direct Testimony of Witness Amanda Tucker (Exhibit No. SDG-3). Ms. Tucker explains the special tax implications of the lease agreement and the impact of the Tax Cuts and Jobs Act (“TCJA”) on accumulated deferred income tax (“ADIT”) and bonus depreciation in relation to SX-PQ.
4. The Appendix XII Cycle 1 Formula, which consists of the following Sections listed below:
 - Section 1 – Direct Maintenance Expense Cost Component;

⁴ Each subsequent cycle will reflect a 12-month Rate Effective Period beginning January 1 of the respective year.

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- Section 2 – Non-Direct Expense Cost Component;
- Section 3 – Cost Component Containing Other Specific Expenses;
- Section 4 – True-Up Adjustment Cost Component;⁵
- Section 5 – Interest True-Up Adjustment Cost Component;⁶
- Section 6 – 2017 Base Period and True-Up Period Cost Statements and Work papers.

IV. SERVICE

Copies of this Filing are being served on all parties to Docket No. ER19-221, in which SDG&E's TO5 Formula Tariff filing is pending. To the extent not reflected in the foregoing, copies are also being served on the California Public Utilities Commission, the CAISO, Participating Transmission Owners that have transferred operational control over their transmission facilities and entitlements to the CAISO, and counsel to Citizens.

V. COMMUNICATIONS

Correspondence and other communications concerning this Informational Filing should be addressed to:⁷

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⁵ Section 4 is blank for Cycle 1 because there will be no true-up applicable until Cycle 3.

⁶ Section 5 is blank for Cycle 1 because there will be no interest true-up applicable until Cycle 4.

⁷ SDG&E requests waiver of Rule 203(b)(3) to the extent necessary to permit each of these individuals to be placed on the Commission's official service list in this proceeding.

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Respectfully submitted,

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Enclosures

APPENDIX XII

FORMULA FOR CALCULATING THE ALLOCATED COSTS TO THE CITIZENS SYCAMORE-PENASQUITOS (“SX-PQ”) LINE RATE UNDER SDG&E’S TRANSMISSION OWNER TARIFF

Appendix XII sets forth the formula for calculating the Citizens SX-PQ Line Rate and is organized into the following sections:

Introduction

I. Definitions

A. Allocation Factors

1. Transmission Plant Allocation Factor
2. Transmission Property Insurance and Tax Allocation Factor
3. Transmission Wages and Salaries Allocation Factor

B. Carrying Charge Percentages

1. Transmission Related O&M Expense
2. Transmission Related A&G Expense
3. Transmission Related General and Common Plant Revenue
4. Transmission Related Payroll Tax Expense
5. Transmission Related Property Tax Expense
6. Transmission Related Working Capital Revenue

C. Terms

1. Accumulated Deferred Income Taxes
2. Administrative and General Expense (A&G)
3. Amortization of Investment Tax Credits
4. Amortization of Loss on Reacquired Debt
5. Base Period
6. Citizens SX-PQ Incremental Accumulated Deferred Income Taxes
7. Citizens SX-PQ Line Leased Amount

8. Citizens SX-PQ Line Rate
9. Common Plant
10. Common Plant Depreciation Expense
11. Common Plant Depreciation Reserve
12. CPUC Intervenor Funding Expense
13. Electric Miscellaneous Intangible Plant
14. Electric Miscellaneous Intangible Plant Amortization Reserve
15. General Plant
16. General Plant Depreciation Expense
17. General Plant Depreciation Reserve
18. Materials and Supplies
19. Municipal Franchise Tax Expense
20. Other Regulatory Assets/Liabilities
21. Equity Allowance for Funds Used During Construction (AFUDC)
Component of Transmission Depreciation Expense
22. Payroll Taxes
23. Prepayments
24. Property Insurance
25. Property Taxes
26. Rate Effective Period
27. Return and Associated Income Taxes
28. Return on Equity
29. SX-PQ Removal Rate
30. Total Plant in Service
31. Transmission Operation and Maintenance Expense
32. Transmission Plant
33. Transmission Plant Abandoned Project Cost
34. Transmission Plant Depreciation Reserve
35. Transmission Plant Held for Future Use
36. Transmission Related Accumulated Deferred Income Taxes
37. Transmission Related A&G Expense
38. Transmission Related Amortization of Excess Deferred Tax
Liabilities

39. Transmission Related Amortization of Investment Tax Credits
40. Transmission Related Cash Working Capital
41. Transmission Related Common Plant
42. Transmission Related Common Plant Depreciation Expense
43. Transmission Related Common Plant Depreciation Reserve
44. Transmission Related General Plant
45. Transmission Related General Plant Depreciation Expense
46. Transmission Related General Plant Depreciation Reserve
47. Transmission Related Electric Miscellaneous Intangible Plant
48. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve
49. Transmission Related Materials and Supplies
50. Transmission Related Municipal Franchise Fees Expense
51. Transmission Related Payroll Taxes Expense
52. Transmission Related Prepayments
53. Transmission Related Property Taxes Expense
54. True-Up Period

II. Calculation of SX-PQ Line Rate

A. Attachment 1 – Formula Rate Protocols

B. Attachment 2 – Formula Rate Spreadsheet

INTRODUCTION

This Appendix XII sets forth the details with respect to the annual determination of San Diego Gas & Electric Company's ("SDG&E") SX-PQ Line Rate used to derive the charges assessed to Citizens Sycamore-Penasquitos Transmission LLC ("Citizens") for its percentage share of the transfer capability in an underground segment of the Sycamore to Penasquitos 230kV line ("SX-PQ Line"). This Appendix XII, which includes the Formula Rate Protocols as Attachment 1 and the Formula Rate Spreadsheet as Attachment 2, constitute the "Appendix XII Formula". SDG&E will calculate its SX-PQ Line Rate using the Formula Rate Spreadsheet.

The Formula Rate Spreadsheet contains fixed formulae that are described in this Appendix XII and embedded in the Formula Rate Spreadsheet. If there is any conflict between the text of this Appendix XII and the Formula Rate Spreadsheet, the embedded formulae in the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA"), in accordance with the Formula Rate Protocols and will be populated with data from SDG&E's annual FERC Form 1 filing or SDG&E's underlying ledger accounts in accordance with the Formula Rate Protocols. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing.

SDG&E shall update its SX-PQ Line Rate in accordance with the procedures and timelines set forth in the Formula Rate Protocols. SDG&E shall have the burden of demonstrating that its updates are just and reasonable, consistent with Section C.1.g of the Formula Rate Protocols. An Interested Party (as defined in the Protocols) shall have the right to challenge SDG&E's updates, consistent with Section C.1.d of the Formula Rate Protocols.

I. DEFINITIONS

Capitalized terms and allocation factors not otherwise defined in Section I of SDG&E's TO Tariff, in Appendix VIII, in the California Independent System Operator ("CAISO") Tariff, or in this Appendix XII have the following definitions:

A. ALLOCATION FACTORS

1. Transmission Plant Allocation Factor shall equal the ratio of SDG&E's total investment in (a) Transmission Plant, which includes the Citizens SX-PQ leased plant amount, and Incentive Transmission Plant, (b) Transmission Related Electric Miscellaneous Intangible Plant, (c) Transmission Related General Plant, and (d) Transmission Related Common Plant to SDG&E's Total Plant in Service.
2. Transmission Property Insurance and Tax Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant, which includes the Citizens SX-PQ leased plant amount, and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related Common Plant to SDG&E's Total Plant in Service, excluding SDG&E's ownership share in the San Onofre Nuclear Generation Station ("SONGS") and Transmission Related Electric Miscellaneous Intangible Plant.
3. Transmission Wages and Salaries Allocation Factor shall equal the ratio of SDG&E's transmission direct wages and salaries less the direct wages and salaries associated with substation, overhead, and underground maintenance to SDG&E's total direct wages and salaries, excluding administrative and general wages and salaries.

B. CARRYING CHARGE PERCENTAGES

1. Transmission Related O&M Expense shall equal the ratio of Transmission O&M Expense to Net Transmission Plant.
2. Transmission Related A&G Expense shall equal the ratio of Transmission Related A&G Expense including Property Insurance to Net Transmission Plant.
3. Transmission Related General and Common Plant Revenue shall equal the ratio of the sum of Transmission Related General and Common Return and Associated Income Taxes and Transmission Related General and Common Depreciation Expense to Net Transmission Plant.

4. Transmission Related Payroll Tax Expense shall equal the ratio of Transmission Related Payroll Tax Expense to Net Transmission Plant.
5. Transmission Related Property Tax Expense shall equal the ratio of Transmission Related Property Tax Expense to Net Transmission Plant.
6. Transmission Related Working Capital Revenue shall equal the ratio of Transmission Working Capital Revenue to Net Transmission Plant.

C. TERMS

1. Accumulated Deferred Income Taxes shall equal the net of the deferred tax balance recorded in FERC Account Nos. 281-283 and the deferred tax balance recorded in FERC Account No. 190.
2. Administrative and General Expense (A&G) shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935, excluding FERC Account No. 930.1 (General Advertising Expense) and Account No. 927 (Franchise Requirements), plus the recorded Transmission Related A&G Expenses allocated and charged to Citizens SX-PQ in FERC Account No. 413, Expenses from Electric Plant Leased to Others.
3. Amortization of Investment Tax Credits shall equal SDG&E's credits recorded in FERC Account No. 411.4.
4. Amortization of Loss on Reacquired Debt shall equal SDG&E's expenses recorded in FERC Account No. 428.1.
5. Base Period shall be the calendar year for which SDG&E's most recent FERC Form 1 is available.
6. Citizens SX-PQ Incremental Accumulated Deferred Income Taxes shall equal the incremental Accumulated Deferred Income Taxes that would result from Bonus Depreciation if it were to apply, subject to IRS approval, and MACRS Depreciation over book depreciation methods on the Citizens SX-PQ Line.
7. Citizens SX-PQ Line Leased Amount shall equal the \$27 million prepaid lease amount of the SX-PQ Line that SDG&E leased to Citizens.
8. Citizens SX-PQ Line Rate shall be equal to the sum of the following:

Direct Maintenance Expense Cost Component, Non-Direct Expense Cost Component, Cost Component Containing Other Specific Expenses, True-Up Adjustment Cost Component, Interest True-Up Adjustment Cost Component, and Other Adjustments.

9. Common Plant shall equal SDG&E's gross plant balance recorded in FERC Accounts Nos. 303 and 389 through 398. Common Plant are costs that are shared between SDG&E's Electric and Gas functions. SDG&E uses labor ratios to segment these costs between Electric and Gas functions.
10. Common Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Common Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC. These rates may not be changed absent a Section 205 or 206 filing.
11. Common Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to Common Plant recorded in FERC Account Nos. 108 and 111.
12. CPUC Intervenor Funding Expense shall equal those expenses recorded in FERC Account No. 928 incurred by SDG&E associated with its requirement to reimburse intervenors participating in CPUC regulatory proceedings involving transmission projects as ordered and approved by the CPUC.
13. Electric Miscellaneous Intangible Plant shall equal SDG&E's costs recorded in FERC Account No. 303 related to Electric Miscellaneous Intangible Plant.
14. Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's costs recorded in FERC Account No. 111 related to the amortization reserve of Electric Miscellaneous Intangible Plant.
15. General Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 389-399.
16. General Plant Depreciation Expense shall equal SDG&E's depreciation expense related to General Plant recorded in FERC Account Nos. 403,

404, and 405 in accordance with depreciation rates approved by FERC. These rates may not be changed absent a Section 205 or 206 filing.

17. General Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to General Plant recorded in FERC Account Nos. 108 and 111.
18. Materials and Supplies shall equal SDG&E's balance of total electric Materials & Supplies recorded in FERC Account No. 154 as reported in SDG&E's annual FERC Form 1. This component of rate base is calculated using a 13-month average.
19. Municipal Franchise Tax Expense shall equal the amounts recorded in FERC Account No. 927.
20. Other Regulatory Assets/Liabilities shall equal amounts recorded in FERC Account No. 182.3 that the Commission has accepted for recovery under Section 205 of the FPA.
21. Equity Allowance for Funds Used During Construction (AFUDC) Component of Transmission Depreciation Expense shall be the revenue requirement associated with the Equity AFUDC embedded in the Plant cost of the Citizens SX-PQ Line. The amount shall equal the annual book depreciation of Equity AFUDC multiplied by the combined federal and state tax rate, with the product multiplied by a net-to-gross factor to derive the revenue requirement component.
22. Payroll Taxes shall equal those payroll tax expenses recorded in FERC Account No. 408.1.
23. Prepayments shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
24. Property Insurance shall equal SDG&E's expenses recorded in FERC Account No. 924.
25. Property Taxes shall equal SDG&E's expense recorded in FERC Account No. 408.1.
26. Rate Effective Period shall be a 12-month calendar year period beginning January 1 and ending December 31.

27. Return and Associated Income Taxes shall equal the product of the applicable item and the Cost of Capital Rate, as defined in Attachment 2 (Formula Rate Spreadsheet).
28. Return on Equity shall be the FERC authorized Return on Equity rate set forth in SDG&E's TO5 Formula Rate Filing.
29. SX-PQ Removal Rate for FERC Account No. 357 (Underground Conduit) and FERC Account No. 358 (Underground Conductors & Devices) shall be the FERC authorized Cost of Removal Rates set forth in SDG&E's TO5 Formula Rate Filing.
30. Total Plant in Service shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
31. Transmission Operation and Maintenance Expense shall equal SDG&E's expenses recorded in FERC Account Nos. 560-573 plus the Transmission O&M expenses charged to Citizens SX-PQ as recorded in FERC Account No. 413 (Expenses from Electric Plant Lease to Others), excluding non-transmission costs recorded in (1) FERC Account No. 561.4 (Scheduling, System Control & Dispatch Services); (2) FERC Account No. 561.8 (Reliability, Planning & Standards Development Services) for CAISO charges that are included in the Energy Resource Recovery Account ("ERRA"); (3) FERC Account No. 565 (Transmission of Electricity by Others) relating to the purchase of power on behalf of or to serve SDG&E's bundled retail customers; and (4) FERC Account No. 566 (Miscellaneous Transmission Expenses) for CAISO Grid Management Costs and other expenses recovered in other balancing accounts such as the California Systems 21st Century Energy Balance Account ("CES-21BA"), Hazardous Substance Cleanup Cost Memorandum Account ("HSCCMA"), Reliability Costs Memorandum Account ("RCMA"), Transmission Revenue Balancing Account Adjustment ("TRBAA"), and Transmission Access Charge Balancing Account Adjustment ("TACBAA"). In addition to these costs, Citizens SX-PQ Line Rate shall also exclude the following expenses that do not relate to the underground portion of the

line: (1) FERC Account No. 562 (Station Expenses), (2) FERC Account No. 563 (Overhead Line Expenses), (3) FERC Account No. 570 (Maintenance of Station Equipment), (4) FERC Account No. 571 (Maintenance of Overhead Lines), and (5) FERC Account No. 572 (Maintenance of Underground Lines).

32. Transmission Plant shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 350 – 359, excluding the portion attributable to any facilities, the cost of which is directly assigned under the CAISO Tariff, or is included in Incentive Transmission Plant, plus the Citizens SX-PQ Gross Plant equal to the amount of lease payment.
33. Transmission Plant Abandoned Project Cost shall equal an amount, exclusive of Incentive Transmission Plant Abandoned Project Cost, relating to abandoned transmission projects that are recorded in FERC Account No. 182.2. The ratemaking treatment to be afforded for recovery of such costs shall be determined by the Commission on the basis of a filing made by SDG&E with the Commission under Section 205 of the FPA in accordance with Appendix VIII of SDG&E's TO5 Formula. In the Section 205 of the FPA proceeding, SDG&E reserves its right to request recovery of up to 100% of the Transmission Plant Abandoned Project Cost and parties reserve their full rights to contest 100% recovery as provided for in Appendix VIII of the TO5 Formula.
34. Transmission Plant Depreciation Reserve shall equal SDG&E's transmission reserve balance recorded in FERC Account Nos. 108 and 111, plus the Citizens SX-PQ Weighted Average Accumulated Depreciation. Transmission Plant Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.
35. Transmission Plant Held for Future Use shall equal SDG&E's transmission related plant balance recorded in FERC Account No. 105. Gain or loss on the sale of plant held for future use shall be recorded in FERC Account Nos. 411.6 and 411.7.

36. Transmission Related Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Accumulated Deferred Income Taxes, plus the balance of Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes, plus Transmission Related Electric Miscellaneous Intangible Plant Deferred Income Taxes, less the Incentive Transmission Plant Accumulated Deferred Income Taxes, plus Citizens Related Accumulated Deferred Incomes Taxes associated with Citizens share of the SX-PQ Line, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Related Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs.
37. Transmission Related A&G Expense shall equal (1) Administrative and General Expense included in FERC Account Nos. 920-935, excluding non-transmission-related expenses and various CPUC mandated costs recovered in other balancing accounts, which include but are not limited to non-transmission-related expenses in FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Injuries and Damages), FERC Account No. 927 (Franchise Requirements), FERC Account 928 (Regulatory Commission Expenses) for any CPUC Intervenor Funding Expenses, FERC Account No. 930.1 (General Advertising Expenses), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), plus the A&G expenses charged to Citizens SX-PQ as recorded in FERC Account No. 413 (Expenses from Electric Plant leased to Others), multiplied by the Transmission Wages and Salaries Allocation Factor, plus (2) Property Insurance in FERC Account No. 924, excluding insurance costs related to nuclear plant serving SDG&E's bundled retail customers, multiplied by the Transmission Property Insurance and Tax Allocation Factor.

38. Transmission Related Amortization of Excess Deferred Tax Liabilities shall equal an amount recorded in FERC Account Nos. 190, 282, and 283 related to transmission as reflected in a footnote in SDG&E's annual FERC Form 1 as referenced by page in its annual Informational Filing.
39. Transmission Related Amortization of Investment Tax Credits shall equal the amount set forth in the applicable FERC Form 1 until fully amortized. SDG&E shall reflect in a footnote in its annual FERC Form 1 any Transmission Related Amortization of Investment Tax Credits, which SDG&E shall reference by page in its annual Informational Filing.
40. Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operations and Maintenance, Transmission Related A&G Expenses, and CPUC Intervenor Funding Expense - Transmission.
41. Transmission Related Common Plant shall equal SDG&E's balance of investment in Common Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
42. Transmission Related Common Plant Depreciation Expense shall equal the balance of SDG&E's Common Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by the Transmission Wages and Salaries Allocation Factor.
43. Transmission Related Common Plant Depreciation Reserve shall equal the balance in Common Plant Depreciation Reserve multiplied by the Transmission Wages and Salaries Allocation Factor.
44. Transmission Related General Plant shall equal SDG&E's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
45. Transmission Related General Plant Depreciation Expense shall equal the balance of SDG&E's General Plant Depreciation Expense

recorded in FERC Account Nos. 403, 404, and 405 multiplied by Transmission Wages and Salaries Allocation Factor.

46. Transmission Related General Plant Depreciation Reserve shall equal the balance in General Plant Depreciation Reserve multiplied by the Transmission Wages and Allocation Factor.
47. Transmission Related Electric Miscellaneous Intangible Plant shall equal the total amount of Electric Miscellaneous Intangible Plant recorded in FERC Account No. 303 multiplied by the Transmission Wages and Allocation Factor.
48. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's balance of Electric Miscellaneous Intangible Plant Amortization Reserve multiplied by the Transmission Wages and Salaries Allocation Factor.
49. Transmission Related Materials and Supplies shall equal SDG&E's electric balance of Materials and Supplies multiplied by the Transmission Plant Allocation Factor.
50. Transmission Related Municipal Franchise Fees Expense shall equal the Total Annual Carrying Charge Rate prior to the inclusion of Municipal Franchise Tax expense multiplied by the Municipal Franchise Tax Expense rate that the CPUC authorized in its most recent General Rate Case.
51. Transmission Related Payroll Taxes Expense shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1, plus the payroll taxes charged to Citizens SX-PQ, multiplied by the Transmission Wages and Salaries Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the payroll taxes attributable to Citizens SX-PQ, which SDG&E shall reference by page in its Informational Filing.
52. Transmission Related Prepayments shall equal SDG&E's electric balance of prepayments recorded in FERC Account No. 165 multiplied by the Transmission Plant Allocation Factor.

53. Transmission Related Property Taxes Expense shall equal Property Taxes, plus the property taxes charged to Citizens SX-PQ, excluding property taxes directly assigned to SONGS, multiplied by the Transmission Property Insurance and Tax Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the directly assigned property taxes attributable to SONGS and Citizens SX-PQ, which SDG&E shall reference by page in its Informational Filing.
54. True-Up Period shall be 12 months ended December 31 of the Base Period of each year.

II. **CALCULATION OF SX-PQ LINE RATE**

A. **Attachment 1 – Formula Rate Protocols**

B. **Attachment 2 – Formula Rate Spreadsheet**

The Appendix XII Formula Rate Spreadsheet consists of the following:

- Summary of Costs Components
- Section 1 – Direct Maintenance Expense Cost Component
- Section 2 – Non-Direct Expense Cost Component
- Section 3 – Cost Component Containing Other Specific Expenses
- Section 4 – True-Up Adjustment Cost Component
- Section 5 – Interest True-Up Adjustment Cost Component, and
- Statements AD through AV and Statement Miscellaneous, which provide data embedded in Sections 1 through 5 above

Data cells within the Formula Rate Spreadsheet that are color coded green are manual inputs based on the workpapers and/or FERC Form 1 data that are external to the Formula Rate Spreadsheet.

Data cells that are color coded yellow are linked to cells on other pages within the

Formula Rate Spreadsheet.

Uncolored cells reflect formulas (e.g., cells representing the sum of preceding lines) or links to cells on the same page.

Data cells that are colored grey shall be zero.

SDG&E will include these workpapers in each Annual Informational Filing.

APPENDIX XII
ATTACHMENT 1
CITIZENS SX-PQ PROTOCOLS

A. INTRODUCTION

This Attachment sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") SX-PQ Line Rate used to derive the charges assessed by SDG&E to Citizens Sycamore-Penasquitos Transmission LLC ("Citizens"). SDG&E's Appendix XII Formula rate mechanism consists of SDG&E's TO Tariff and two attachments: the Citizens SX-PQ Protocols ("Protocols") (Attachment 1) and the Formula Rate Spreadsheet (Attachment 2). Capitalized terms shall have the meaning ascribed to them herein or in Appendix XII of SDG&E's TO Tariff.

The SX-PQ Line Rate for each Rate Effective Period will consist of the following six parts:

- (i) the Direct Maintenance Expense Cost Component;
- (ii) the Non-Direct Expense Cost Component;
- (iii) the Cost Component Containing Other Specific Expenses;
- (iv) the True-Up Adjustment Cost Component;
- (v) the Interest True-Up Adjustment Cost Component; and
- (vi) Other Adjustments.

These cost components shall be designed to quantify SDG&E's cost to operate and maintain the segment of the SX-PQ transmission line leased to Citizens.

The SX-PQ Line Rate will be an annual calculation based on the previous calendar year's data as shown in SDG&E's Federal Energy Regulatory Commission

("FERC" or the "Commission") Form No. 1: Annual Report of Major Electric Utilities, Licensees, and Others ("Form 1") for that year and underlying ledger accounts. SDG&E shall make available the data reflected in the underlying ledger accounts used to determine SDG&E's SX-PQ Line Rate in the annual Informational Filing described below.

SDG&E shall calculate its SX-PQ Line Rate using the formula methodology that is presented in the Citizens SX-PQ Formula Rate Spreadsheet. The Formula Rate Spreadsheet contains fixed formulae that are described in Appendix XII. If there is any conflict between the provisions of Appendix XII and the Formula Rate Spreadsheet, the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA") and will be populated with data from SDG&E's annual FERC Form 1 filing or SDG&E's underlying ledger accounts. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing. The sources of the data used in the Citizens SX-PQ Line Rate formula ("Appendix XII Formula") will be: (a) identified in the Formula Rate Spreadsheet by fixed references to specific locations in FERC Form 1, or (b) provided by SDG&E in accordance with Section C of these Protocols.

B. TERM OF SDG&E'S APPENDIX XII FORMULA

The SX-PQ Line Rate shall initially become effective on June 1, 2019 and shall be re-calculated annually thereafter in accordance with these Protocols and the Appendix XII Formula.

The Appendix XII Formula shall be in effect from June 1, 2019 and each year

thereafter, unless the Commission modifies or replaces SDG&E's Transmission Owner ("TO") Formula. The costing methodology utilized in the Appendix XII Formula reflects the same methodologies reflected in SDG&E's proposed TO5 Formula. Citizens and SDG&E agree that if the costing methodology for the proposed TO5 Formula or any subsequent TO Formula (ex: TO6) is modified and filed, the Appendix XII Formula will be modified accordingly.

After termination of the Appendix XII Formula, SDG&E shall calculate a Final True-Up Adjustment, which will cover the period end date from the most recent true-up and ending on the date the Appendix XII Formula terminated. The Final True-Up Adjustment shall be calculated using the methodology set forth in the Appendix XII Formula in existence during that base period.

C. PROCEDURES FOR UPDATING THE SX-PQ LINE RATE

SDG&E shall submit to the Commission, an Annual Informational Filing, which updates the SX-PQ Line Rate on or before October 31st of each year. SDG&E shall update its SX-PQ Line Rate in each cycle according to the timelines described below:

Appendix XII Cycle 1

Rate Effective Period	June 1, 2019 – December 31, 2019
Base Period	12 Months ended December 31, 2017
True-Up Adjustment	N/A
Interest True-Up Adjustment	N/A

Appendix XII Cycle 2

Rate Effective Period	January 1, 2020 – December 31, 2020
Base Period	12 Months ended December 31, 2018
True-Up Adjustment	N/A
Interest True-Up Adjustment	N/A

Appendix XII Cycle 3

Rate Effective Period	January 1, 2021 – December 31, 2021
Base Period	12 Months ended December 31, 2019
True-Up Adjustment	June 1, 2019 – December 31, 2019 applicable to Cycle 1
Interest True-Up Adjustment	N/A

Appendix XII Cycle 4

Rate Effective Period	January 1, 2022 – December 31, 2022
Base Period	12 Months ended December 31, 2020
True-Up Adjustment	2020 calendar year applicable to Cycle 2
Interest True-Up Adjustment	January 1, 2020 – December 31, 2021

After Cycle 4, successive Appendix XII Formula cycles will be consistent with Cycle 4 with regards to timing and the length of the Base Period, True-Up Period, and Rate Effective Period.

1. Annual Informational Filing

- a. SDG&E shall submit to the Commission on or before October 31 of each year, starting in 2019, an Annual Informational Filing (the “Informational Filing”) showing the rates to be in effect for the Rate Effective Period of the succeeding calendar year. For Cycle 1, in 2019, SDG&E shall submit to the Commission the Appendix XII Formula Rate Filing no later than sixty days prior to the Effective Date of the Transfer Capability Lease applications pursuant to Sections 203 and 205 of the FPA in connection with the lease to Citizens.
- b. It is expressly intended by these Protocols that the Commission will issue public notice of the Informational Filing inviting public comment, and SDG&E shall request in its Informational Filing that the Commission issue public notice of the Informational Filing inviting public comment.
- c. The Informational Filing shall not modify the Appendix XII Formula set forth in Appendix XII and shall not constitute a rate change under Section 205 of the FPA. The Informational Filing shall not subject the Appendix XII Formula to modification.
- d. Any person may comment on or protest the Informational Filing. Any person may request that FERC establish hearing and/or settlement procedures regarding an Informational Filing, and all Parties to the FERC proceedings concerning SDG&E’s Appendix XII Formula rate tariff filing reserve their rights to oppose such

requests on their merits. More particularly, any person may challenge the justness and reasonableness of SDG&E's implementation of the Appendix XII Formula with respect to such matters as:

- (i) whether the costs and expenditures included for recovery have been or will be prudently incurred, consistent with Commission precedent regarding prudence;
 - (ii) whether SDG&E has properly and reasonably applied the Appendix XII Formula as described in Appendix XII, the Formula Rate Spreadsheet, and these Protocols;
 - (iii) whether the costs to be recovered through the SX-PQ Line Rate have been accurately stated, properly recorded and accounted for pursuant to applicable FERC accounting rules, and are consistent with the formula;
 - (iv) whether SDG&E's calculation methodologies are consistent with the formula;
 - (v) whether any Material Accounting Changes are reasonable and consistent with applicable FERC accounting rules.
- e. Nothing in these Protocols shall act as a bar to a person raising an issue in comments or in protests to the Informational Filing that it has not raised in a prior Informational Filing proceeding (including

pre-filing phases of such proceeding) or with respect to which it has not previously exercised its rights under the FPA.

- f. It is expressly intended by these Protocols that FERC will issue an order taking action, assuming any action is requested, on the Informational Filing if protests and/or comments on the Informational Filing are filed.
- g. In any proceeding on SDG&E's Informational Filing, SDG&E shall bear the burden of showing the justness and reasonableness of the implementation of its Appendix XII Formula on matters set forth in subsections d. (i) through (v) above in accordance with Commission precedent.
- h. SDG&E will make any revisions to the SX-PQ Line Rate and associated rates that are required by a final¹ Commission order with respect to each Informational Filing. Unless otherwise ordered by the Commission, such revisions shall be effective as of the first day of the applicable Rate Effective Year and shall be reflected, with interest calculated pursuant to the interest rates in Section 35.19a of the Commission's regulations, in the next subsequent Informational Filing as a component of the True-Up Adjustment. If the term of the Appendix XII Formula is ending so that there will be

¹ All references in these Protocols to Commission orders or actions refer to the final form of such orders or actions (in accordance with the FPA and applicable Commission regulations, including without limitation Commission regulations with respect to a stay of a Commission order upon rehearing and/or an appeal), including as they may be modified as a result of a request for rehearing or Court appeal.

no future Informational Filing, SDG&E shall include the SX-PQ Line Rate difference in the Final True-Up Adjustment.

2. Adjustments to Reflect Correction of Errors

- a. In the event SDG&E or any Interested Party identifies an error in the Appendix XII Formula, in the FERC Form 1 data, in data based on SDG&E's books and records that is used as an input to the formula, or if SDG&E is required by applicable law, a court, or regulatory body to correct an error, and such error affects the True-Up Adjustment calculated in an Informational Filing, SDG&E shall include in its next subsequent Informational Filing a brief description of the error(s) included in its prior Informational Filing that must be corrected. SDG&E's subsequent Informational Filing shall:
- (i) Recalculate the SX-PQ Line Rate for all affected Prior Years;
 - (ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up Adjustment and the revised correct True-Up; and
 - (iii) Determine the cumulative amount of the difference in Section C.2.a.ii, including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a, through the date of implementation of the correction.
- b. Absent an order requiring refunds outside of the True-Up process, the difference in Section C.2.a.iii shall be included as an additional component to SDG&E's True-Up Adjustment in its next

Informational Filing, or Final True-Up Adjustment, as a one-time True-Up Adjustment in accordance with the Appendix XII Formula.

3. Information Requests

- a. Interested Parties may submit reasonable information requests to SDG&E regarding the Informational Filing.
- b. SDG&E shall make a good faith effort to respond to information requests in writing within 10 business days of receipt, or sooner depending on the timing of the information requests. SDG&E shall contemporaneously provide copies of all responses to all parties on the Service List that have indicated to SDG&E that they wish to receive such copies. SDG&E and the Interested Party serving the information request on SDG&E will work cooperatively and in good faith to resolve any questions, objections, or disputes relating to the information requests.
- c. Responses to information requests shall not be designated as settlement communications or produced under the Commission's rules and regulations governing settlements, unless provided as a privileged settlement communication in a Commission proceeding being conducted under the Commission's settlement rules. SDG&E may mark materials provided in response to an information request as Protected Materials in accordance with the Protective Order adopted in the FERC proceedings concerning SDG&E's Appendix XII Formula rate tariff filing ("Protective Order"). Interested Parties will have all rights provided to them under the

Protective Order to challenge SDG&E's classification of any materials as Protected Materials. To the extent an information request response calls for the production of Protected Materials, SDG&E will provide such materials only to the parties that have signed non-disclosure certificates agreeing to abide by the terms of the Protective Order.²

- d. To the extent SDG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these protocols, SDG&E or any Interested Party may petition the FERC to appoint an Administrative Law Judge as a discovery master after reasonable attempts to resolve the dispute have been made by SDG&E and any Interested Party. Neither SDG&E nor any Interested Party shall object to a request for a discovery master. The discovery master shall have the authority to issue binding orders to resolve discovery disputes and compel the production of discovery, if appropriate, in accordance with the Protocols and consistent with FERC's discovery rules. The discovery master's orders shall be subject to appeal to the Commission and to the courts to the same extent and under the same rules as would be applicable to an Initial Decision issued under Rule 708 of the Commission's Rules of Practice and

² Nothing in these Protocols limits the CPUC's statutory or Constitutional authority to seek information from SDG&E.

Procedure. In the event the Commission establishes hearing or settlement procedures for an Annual Informational Filing, the discovery master's responsibility shall be transferred to the Presiding Judge for such hearing or settlement procedures, effective upon his or her appointment.

D. TRUE-UP ADJUSTMENT

The True-Up Adjustment for each True-Up Period will be a reconciliation of the difference between:

1. SDG&E's actual cost of providing transmission service during the applicable True-Up Period; and
2. Actual revenues billed by SDG&E and paid by Citizens for transmission service during the True-Up Period, plus applicable interest.

The True-Up Adjustment shall be calculated in accordance with the Formula Rate Spreadsheet.

E. BILLING PROCEDURES

SDG&E shall bill Citizens through a monthly invoice issued by the 30th of each service month. Payments are due no later than 30 days following the issuance date of the invoice.

F. USE OF INFORMATION

Information produced pursuant to these Protocols may be used in any administrative or judicial proceeding; provided, however, that to the extent that any

information provided pursuant to these Protocols has been designated and provided as Protected Materials, the use of such information shall be governed by the Protective Order. This section shall not apply to any information provided in the course of Commission-established settlement proceedings pursuant to the Commission's rules and regulations governing settlement.

G. RESERVATION OF RIGHTS

1. Nothing in these Protocols shall limit or shall be deemed to limit in any way the right of any Interested Party to file a request for relief under any applicable provision of the FPA and/or the Commission's regulations or to participate in Informational Filing proceedings.
2. Except as set forth in Section B above, nothing in these Protocols shall be deemed to limit in any way SDG&E's right to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to seek to change or cancel the Appendix XII Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Summary of Cost Components
For the Rate Effective Period xxxxxx
(\$1,000)

Line No.	Description of Annual Costs	Amounts	Reference	Line No.
1	Section 1 - Direct Maintenance Expense Cost Component	#DIV/0!	Section 1; Page 1; Line 17	1
2				2
3	Section 2 - Non-Direct Expense Cost Component	#DIV/0!	Section 2; Page 1; Line 25	3
4				4
5	Section 3 - Cost Component Containing Other Specific Expenses	#DIV/0!	Section 3; Page 1; Line 31	5
6				6
7	Total Citizens Annual Prior Year Cost of Service	#DIV/0!	Sum Lines 1, 3, 5	7
8				8
9	Section 4 - True-Up Adjustment Cost Component (Over)/Undercollection	-	Section 4; Page TU; Col. 11; Line 21	9
10				10
11	Section 5 - Interest True-Up Adjustment Cost Component	#DIV/0!	Section 5; Page Interest TU (CY); Col. 6; Line 20	11
12				12
13	Subtotal Annual Costs	#DIV/0!	Sum Lines 7, 9, 11	13
14				14
15	Other Adjustments	-	Cost Adjustment Workpapers	15
16				16
17	Total Annual Costs	#DIV/0!	Line 13 + Line 15	17
18				18

Line No.	Description of Monthly Costs	Amounts	Reference	Line No.
19				19
20	Section 1 - Direct Maintenance Expense Cost Component	#DIV/0!	Line 1 / 12 Months	20
21				21
22	Section 2 - Non-Direct Expense Cost Component	#DIV/0!	Line 3 / 12 Months	22
23				23
24	Section 3 - Cost Component Containing Other Specific Expenses	#DIV/0!	Line 5 / 12 Months	24
25				25
26	Total Citizens Monthly Prior Year Cost of Service	#DIV/0!	Sum Lines 20, 22, 24	26
27				27
28	Section 4 - True-Up Adjustment Cost Component	-	Line 9 / 12 Months	28
29				29
30	Section 5 - Interest True-Up Adjustment Cost Component	#DIV/0!	Line 11 / 12 Months	30
31				31
32	Other Adjustments	-	Line 15 / 12 Months	32
33				33
34	Total Monthly Costs	#DIV/0!	Sum Lines 26, 28, 30, 32	34
35				35
36	Number of Months in Base Period	-		36
37				37
38	Total Annual Costs	#DIV/0!	Line 34 x Line 36	38
39				39

SAN DIEGO GAS & ELECTRIC COMPANY
 CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
 Section 1 - Direct Maintenance Expense Cost Component
 Base Period & True-Up Period 12 - Months Ending xxxxxx
 (\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
<u>A. Derivation of Direct Maintenance Expense Allocated to Citizens</u>			
2	\$ -	Statement AH; Line 2	2
3	0.00%		3
4	\$ -	Line 2 x Line 3	4
5			5
6	0.00%	FERC Method = 1/8 of O&M Expense	6
7	\$ -	Line 4 x Line 6	7
8			8
9	#DIV/0!	Statement AV2; Line 31	9
10			10
11	#DIV/0!	Line 7 x Line 9	11
12			12
13	#DIV/0!	Line 4 + Line 11	13
14			14
15	0.0000%	Line 13 x Franchise Fee Rate	15
16			16
17	#DIV/0!	Line 13 + Line 15	17

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT

Section 2 - Non-Direct Expense Cost Component

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
1	<u>A. Non-Direct Annual Carrying Charge Percentages</u>		1
2	#DIV/0!	Page 2; Line 6	2
3			3
4	#DIV/0!	Page 2; Line 11	4
5			5
6	#DIV/0!	Page 2; Line 16	6
7			7
8	#DIV/0!	Page 2; Line 21	8
9			9
10	#DIV/0!	Page 2; Line 34	10
11			11
12	#DIV/0!	Page 2; Line 51	12
13			13
14	#DIV/0!	Sum Lines 2 thru 12	14
15			15
16	0.0000%	Line 14 x Franchise Fee Rate	16
17	#DIV/0!		17
18	#DIV/0!	Line 14 + Line 16	18
19			19
20	<u>B. Derivation of Non-Direct Expense</u>		20
21	\$ -	Lease Agreement	21
22			22
23	#DIV/0!	Line 18 Above	23
24			24
25	#DIV/0!	Line 21 x Line 23	25

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT

Section 2 - Non-Direct Expense Cost Component

Base Period & True-Up Period 12 - Months Ending xxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
1	#DIV/0!	AV-4; Line 6	1
2			2
3			3
4	\$ -	Statement AH; Line 17	4
5			5
6	#DIV/0!	Line 4 / Line 1	6
7			7
8			8
9	#DIV/0!	Statement AH; Line 37	9
10			10
11	#DIV/0!	Line 9 / Line 1	11
12			12
13			13
14	#DIV/0!	Statement AK; Line 17	14
15			15
16	#DIV/0!	Line 14 / Line 1	16
17			17
18			18
19	#DIV/0!	Statement AK; Line 28	19
20			20
21	#DIV/0!	Line 19 / Line 1	21
22			22
23			23
24			24
25	#DIV/0!	Statement AL; Line 5	25
26	#DIV/0!	Statement AL; Line 9	26
27	#DIV/0!	Statement AL; Line 19	27
28	#DIV/0!	Sum Lines 25 thru 27	28
29			29
30	#DIV/0!	Statement AV2; Line 31	30
31			31
32	#DIV/0!	Line 28 x Line 30	32
33			33
34	#DIV/0!	Line 32 / Line 1	34
35			35
36			36
37	#DIV/0!	AV-4; Line 4	37
38			38
39	#DIV/0!	AV-4; Line 5	39
40			40
41	#DIV/0!	Line 37 + Line 39	41
42			42
43	#DIV/0!	Line 30	43
44			44
45	#DIV/0!	Line 41 * Line 43	45
46			46
47	#DIV/0!	Statement AJ; Line 17	47
48			48
49	#DIV/0!	Line 45 + Line 47	49
50			50
51	#DIV/0!	Line 49 / Line 1	51

SAN DIEGO GAS & ELECTRIC COMPANY
 CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
 Section 3 - Cost Component Containing Other Specific Expenses
 Base Period & True-Up Period 12 - Months Ending xxxxx
 (\$1,000)

Line No.	(a) Total Costs	(b) Removal Rate	(c) = (a) x (b) Amounts	Reference	Line No.
1	A. Direct Assignment of Accumulated Deferred Income Taxes (ADIT) to Citizens:				1
2					2
3			\$ -	Not Applicable to 2017 Base Period	3
4	Average ADIT Difference With and Without Bonus ¹				4
5			#DIV/0!	Statement AV2; Line 31	5
6	Cost of Capital Rate				6
7			#DIV/0!	Line 3 x Line 5	7
8	Total ADIT Revenue Credit				8
9	B. Equity AFUDC Component of Transmission Depreciation Expense				9
10			\$ -	AV-2B; Line 17	10
11	Annual Equity AFUDC Allocated to Citizens				11
12	C. Derivation of Citizens SX-PQ Underground Line Segment Cost of Removal				12
13	FERC Account				13
14	\$ -	-	\$ -	TO5 Transmission Plant Deprec. Rates WP	14
15	357 - Underground Conduit				15
16	-	-	-	TO5 Transmission Plant Deprec. Rates WP	16
17	358 - Underground Conductors & Devices				17
18	-	-	-	TO5 Transmission Plant Deprec. Rates WP	18
19	359 - Roads & Trails				19
20	-	-	-	TO5 Transmission Plant Deprec. Rates WP	20
21	350.1 - Land				21
22	-	-	-	TO5 Transmission Plant Deprec. Rates WP	22
23	350.2 - Land Rights				23
24	\$ -	-	-	Col. a = Sum Lines 14 thru 22	24
25	Subtotal Annual Cost of Removal				25
26			\$ -	Sum Lines 14 thru 22	26
27		0.0000%	-	Line 25 x Franchise Fee Rate	27
28	Transmission Related Municipal Franchise Fees Expense				28
29			\$ -	Line 25 + Line 27	29
30	Total Annual Cost of Removal				30
31			#DIV/0!	Line 7 + Line 10 + Line 29	31
	Total Other Specific Expenses				

¹ Due to the Tax Cuts and Jobs Act, SDG&E is not eligible to receive Bonus Depreciation on the SX-PQ Transmission Line. However, if this item was to apply, subject to IRS approval, the applicable data field will be populated.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
DERIVATION OF CITIZENS' TRUE-UP ADJUSTMENT - (OVER) / UNDERCOLLECTION
For 12-Month True-Up Period XXXXX
(\$1,000)

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Line No.
Calculations:				= Col. 4; Line 22 / 12		= Sum Col. 3 thru Col. 5	= Col. 2 - Col. 6		See Footnote 6	See Footnote 7	= Col. 9 + Col. 10	
	Month	Year	Cost of Service ¹	Prior True-Up Adjustment ³	Prior Other Adjustments ⁴	Adjusted Monthly True-Up Revenues	Monthly Overcollection (-) or Undercollection (+) in Revenue	Monthly Interest Rate ⁵	Cumulative Overcollection (-) or Undercollection (+) in Revenue <u>wo Interest</u>	Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue <u>with Interest</u>	
10	January	XXXX	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	10
11	February	XXXX	-	-	-	-	-	0.00%	-	-	-	11
12	March	XXXX	-	-	-	-	-	0.00%	-	-	-	12
13	April	XXXX	-	-	-	-	-	0.00%	-	-	-	13
14	May	XXXX	-	-	-	-	-	0.00%	-	-	-	14
15	June	XXXX	-	-	-	-	-	0.00%	-	-	-	15
16	July	XXXX	-	-	-	-	-	0.00%	-	-	-	16
17	August	XXXX	-	-	-	-	-	0.00%	-	-	-	17
18	September	XXXX	-	-	-	-	-	0.00%	-	-	-	18
19	October	XXXX	-	-	-	-	-	0.00%	-	-	-	19
20	November	XXXX	-	-	-	-	-	0.00%	-	-	-	20
21	December	XXXX	-	-	-	-	-	0.00%	-	-	-	21
22			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	22

1 Monthly True-Up Cost of Service comprises Sections 1 thru 3 Direct Maintenance, Non-Direct Expense, and Other Specific Expenses Cost Components. For Cycle 1, there is no monthly true-up cost of service.
2 Monthly True-Up Revenues comprises the prior cycle costs applicable to the true-up period. For Cycle 1, there are no monthly true-up revenues.
3 Adjustment to back-out the applicable prior year true-up and interest true-up adjustments that are included in the recorded monthly true-up revenues in Column 3.
4 Adjustment to back-out Other Adjustments from a prior year which would be included in the recorded monthly true-up revenues in Column 3. Such adjustments include, but are not limited to, error adjustments and out-of-cycle recovery or refunds ordered by the Commission for a previous year.
5 Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.
6 Derived using the prior month balance in Column 11 plus the current month balance in Column 7.
7 Interest is calculated using an average of beginning and ending balances: 1) in month 1, the average is 1/2 of balance in Column 7; and 2) in subsequent months is the average of prior month balance in Column 11 and the current month balance in Column 9.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Derivation of Interest on the 12-Month True-Up Adjustment Applicable to Citizens Cycle x
For 12-Month True-Up Period xxxxxx
(\$1,000)

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Line No.
	Year	Prior Cycle True Up Adjustment ¹	Monthly Interest Rate	Cumulative Overcollection (+) in Revenue wo Interest	Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue with Interest	
1	xxxx	\$ -	0.00%	-	\$ -	-	1
2	xxxx		0.00%	-	-	-	2
3	xxxx		0.00%	-	-	-	3
4	xxxx		0.00%	-	-	-	4
5	xxxx		0.00%	-	-	-	5
6	xxxx		0.00%	-	-	-	6
7	xxxx		0.00%	-	-	-	7
8	xxxx		0.00%	-	-	-	8
9	xxxx		0.00%	-	-	-	9
10	xxxx		0.00%	-	-	-	10
11	xxxx		0.00%	-	-	-	11
12	xxxx		0.00%	-	-	-	12
13	xxxx		0.00%	-	-	-	13
14	xxxx		0.00%	-	-	-	14
15	xxxx		0.00%	-	-	-	15
16	xxxx		0.00%	-	-	-	16
17	xxxx		0.00%	-	-	-	17
18	xxxx		0.00%	-	-	-	18
19					\$ -		19

1 Represents the true-up adjustment from the previous annual cycle filing. SDG&E accrues interest until the amount is fully collected/refunded in rates.
 2 Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.
 3 The Cumulative Overcollection / Undercollection is: 1) the beginning balance in Column 2 for January; and 2) the previous month balance in Column 6 for all subsequent months.
 4 Interest is calculated using an average of beginning and ending balances: 1) January uses the entire balance from Column 4; and 2) subsequent months use the average of the prior month balance in Column 6 and the current month balance from Column 4.

**SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT**

**Derivation of Interest on the 12-Month True-Up Adjustment Applicable to Citizens Cycle x
For 12-Month True-Up Period xxxxxx
(\$1,000)**

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Line No.	
	<u>Year</u>	<u>Monthly Interest Rate</u> ¹	<u>Month Beginning Balance</u>	<u>Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Month Ending Balance</u>		
1	xxxx	0.00%	\$ -	#DIV/0!	#DIV/0!	\$ -	#DIV/0!	1	
2	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	2	
3	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	3	
4	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4	
5	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	5	
6	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	6	
7	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	7	
8	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	8	
9	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	9	
10	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	10	
11	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	11	
12	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	12	
13	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	13	
14	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	14	
15	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	15	
16	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	16	
17	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	17	
18	xxxx	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	18	
19	Total Base Period Interest ⁴							-	19
20	Total Base Period Interest and Current Year Interest							#DIV/0!	20

¹ Rate is an average of the base period FERC Rates presented in the Section 4a True-Up calculation in Column 8 to derive a more accurate and consistent amortization amount (Column 4).
² The Beginning Balance is: 1) the balance in Column 6; Line 18 from the Interest True-Up Base Period for January; and 2) the balance from previous month in Column 7 of this worksheet for all subsequent months.
³ Amortization reduces the beginning balance to zero by the end of December and is derived as follows:
 Beginning Balance / {[(1+Rate)¹²-1]/[Rate*(1+Rate)¹²]}.
⁴ Total Base Period Interest comes from Section 5; Page Interest TU (BP); Col. 5; Line 19

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AD - Workpapers
Cost of Plant

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Total Steam Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		\$ -	AD-1; Line 18	1
2						2
3	Total Nuclear Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-2; Line 18	3
4						4
5	Total Hydraulic Production Plant ^{1,3}			-	AD-3; Line 18	5
6						6
7	Total Other Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-4; Line 18	7
8						8
9	Total Distribution Plant ^{2,3}	450.1; Sch. Pg. 204; 104; b	\$ -	\$ -	-	AD-5; Line 6
10						10
11	Transmission Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-6; Line 23	11
12						12
13	Incentive Transmission Plant ¹			-	AD-7; Line 18	13
14						14
15	Total Electric Miscellaneous Intangible Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	-	AD-8; Line 6
16						16
17	Total General Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	-	AD-9; Line 6
18						18
19	Total Common Plant ^{2,4}		-	-	-	AD-10; Line 10
20						20
21	Total Plant in Service			\$ -	Sum Lines 1 thru 19	21
22						22
23	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement A1; Line 17	23
24						24
25	Total Transmission Plant & Incentive Transmission Plant			\$ -	Line 11 + Line 13	25
26						26
27	Transmission Related Electric Miscellaneous Intangible Plant			#DIV/0!	Line 15 x Line 23	27
28						28
29	Transmission Related General Plant			#DIV/0!	Line 17 x Line 23	29
30						30
31	Transmission Related Common Plant			#DIV/0!	Line 19 x Line 23	31
32						32
33	Transmission Related Total Plant in Service			#DIV/0!	Sum Lines 25 thru 31	33
34						34
35	Transmission Plant Allocation Factor ⁵			#DIV/0!	Line 33 / Line 21	35

¹ The balances for Steam, Nuclear, Hydraulic, Other Production, Transmission, and Incentive Transmission plant are derived based on a 13-month average balance.

² The balances for Electric Miscellaneous Intangible, Distribution, General and Common plant are derived based on a simple average balance using beginning and ending year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

⁵ Used to allocate all elements of working capital, other than working cash.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AE - Workpapers
Accumulated Depreciation and Amortization
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Transmission Plant Depreciation Reserve ^{1,3}			\$ -	AE-1; Line 23	1
2						2
3	Electric Misc. Intangible Plant Amortization Reserve ^{2,4}	\$ -	\$ -	-	AE-2; Line 6	3
4						4
5	General Plant Depreciation Reserve ^{2,4}	-	-	-	AE-3; Line 6	5
6						6
7	Common Plant Depreciation Reserve ^{2,4}	-	-	-	AE-4; Line 10	7
8						8
9	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement AI; Line 17	9
10						10
11	Transmission Related Electric Misc. Intangible Plant Amortization Reserve			#DIV/0!	Line 3 x Line 9	11
12						12
13	Transmission Related General Plant Depreciation Reserve			#DIV/0!	Line 5 x Line 9	13
14						14
15	Transmission Related Common Plant Depreciation Reserve			#DIV/0!	Line 7 x Line 9	15
16						16
17	Total Transmission Related Depreciation Reserve			#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18						18
19	Incentive Transmission Plant Depreciation Reserve ¹			\$ -	Shall be Zero	19

¹ The depreciation reserve for Transmission and Incentive Transmission plant is derived based on a 13-month average balance.

² The depreciation reserve for Electric Miscellaneous Intangible, General and Common plant is derived based on a simple average of beginning and end of year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AF - Workpapers

Deferred Credits

Base Period & True-Up Period 12 - Months Ending xxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	FERC Account 190	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 5 + Line 21; Col. d	1
2						2
3	FERC Account 282	-	-	-	AF-1 and AF-2; Line 10 + Line 26; Col. d	3
4						4
5	FERC Account 283	-	-	-	AF-1 and AF-2; Line 15 + Line 31; Col. d	5
6						6
7	Total Transmission Related ADIT ²	\$ -	\$ -	\$ -	Sum Lines 1 thru 5	7
8						8
9	Incentive Transmission Plant ADIT	\$ -	\$ -	\$ -	Shall be Zero	9
10						10
11	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 34; Col. d	11
12						12
13	Incentive Transmission Plant Abandoned Project Cost ADIT	\$ -	\$ -	\$ -	Shall be Zero	13

¹ Statement AF is utilized in the derivation of Transmission Rate Base for use in Statement AV.

² The allocated general and common accumulated deferred income taxes are included in the total transmission related accumulated deferred income taxes. See FERC Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b and k.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AG - Workpapers
Specified Plant Account (Other than Plant in Service) and Deferred Debits
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Average Balance	Reference	Line No.	
1	Transmission Plant Held for Future Use ¹	450.1; Sch. Pg. 214; 46; d	\$ -	AG-1; Line 18	1

¹ The balances for Transmission Plant Held for Future Use are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AH - Workpapers

Operation and Maintenance Expenses

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page: Line; Col.	Amounts	Reference	Line No.
1	<u>Derivation of Direct Maintenance Expense:</u>			1
2	Total Direct Maintenance Cost	\$ -	AH-1; Line 48	2
3				3
4	<u>Derivation of Non-Direct Transmission Operation and Maintenance Expense:</u>			4
5	Total Non-Direct Transmission O&M Expense	\$ -	AH-2; Line 37; Col. a	5
6	Adjustments to Per Book Transmission O&M Expense:			6
7	Scheduling, System Control & Dispatch Services	-	Negative of AH-2; Line 41; Col. b	7
8	Reliability, Planning & Standards Development	-	Negative of AH-2; Line 42; Col. b	8
9	Station Expenses	-	Negative of AH-2; Line 43; Col. b	9
10	Overhead Line Expense	-	Negative of AH-2; Line 44; Col. b	10
11	Transmission of Electricity by Others	-	Negative of AH-2; Line 45; Col. b	11
12	Miscellaneous Transmission Expense	-	Negative of AH-2; Line 51; Col. b	12
13	Maintenance of Station Equipment	-	Negative of AH-2; Line 52; Col. b	13
14	Maintenance of Overhead Lines	-	Negative of AH-2; Line 53; Col. b	14
15	Maintenance of Underground Lines	-	Negative of AH-2; Line 54; Col. b	15
16	Other Transmission Non-Direct O&M Exclusion Adjustments	-	Not Applicable to 2017 Base Period	16
17	Total Non-Direct Adjusted Transmission O&M Expenses	\$ -	Sum Lines 5 thru 16	17
18				18
19	<u>Derivation of Non-Direct Administrative and General Expense:</u>			19
20	Total Non-Direct Administrative & General Expense	\$ -	AH-3; Line 20; Col. a	20
21	Adjustments to Per Book A&G Expense:			21
22	Damages & Injuries	-	Negative of AH-3; Line 25; Col. a	22
23	CPUC Intervenor Funding Expense - Transmission	-	Negative of AH-3; Line 29; Col. a	23
24	CPUC Intervenor Funding Expense - Distribution	-	Negative of AH-3; Line 30; Col. a	24
25	CPUC reimbursement fees	-	Negative of AH-3; Line 31; Col. a	25
26	Litigation expenses - Litigation Cost Memorandum Account (LCMA)	-	Negative of AH-3; Line 32; Col. a	26
27	General Advertising Expenses	-	Negative of AH-3; Line 33; Col. b	27
28	CPUC energy efficiency programs	-	Negative of AH-3; Sum Lines 24, 26, 28, 34, 36; Col. a or b	28
29	Hazardous substances - Hazardous Substance Cleanup Cost Account	-	Negative of AH-3; Line 37; Col. b	29
30	Other A&G Exclusion Adjustments	-	Negative of AH-3; Sum Lines 27, 35; Col. a or b	30
31	Total Adjusted Non-Direct A&G Expenses Including Property Insurance	\$ -	Sum Lines 20 thru 30	31
32	Less: Property Insurance (Due to different allocation factor)	-	Negative of AH-3; Line 5; Col. c	32
33	Total Adjusted Non-Direct A&G Expenses Excluding Property Insurance	\$ -	Line 31 + Line 32	33
34	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement A1; Line 17	34
35	Transmission Related Non-Direct Administrative & General Expenses	#DIV/0!	Line 33 x Line 34	35
36	Property Insurance Allocated to Transmission, General, and Common Plant	#DIV/0!	Negative of Line 32 x Line 56	36
37	Transmission Related Non-Direct A&G Expense Including Property Insurance Expense	#DIV/0!	Line 35 + Line 36	37
38				38
39	<u>Derivation of Transmission Plant Property Insurance Allocation Factor:</u>			39
40	Transmission Plant & Incentive Transmission Plant	\$ -	Statement AD; Line 25	40
41	Transmission Related Electric Miscellaneous Intangible Plant	-	Shall be Zero	41
42	Transmission Related General Plant	#DIV/0!	Statement AD; Line 29	42
43	Transmission Related Common Plant	#DIV/0!	Statement AD; Line 31	43
44	Total Transmission Related Investment in Plant	#DIV/0!	Sum Lines 40 thru 43	44
45				45
46	Total Transmission Plant & Incentive Transmission Plant	\$ -	Line 40 Above	46
47	Total Steam Production Plant	-	Statement AD; Line 1	47
48	Total Nuclear Production Plant	-	Shall be Zero	48
49	Total Other Production Plant	-	Statement AD; Line 7	49
50	Total Distribution Plant	-	Statement AD; Line 9	50
51	Transmission Related Electric Miscellaneous Intangible Plant	-	Shall be Zero	51
52	Total General Plant	-	Statement AD; Line 17	52
53	Total Common Plant	-	Statement AD; Line 19	53
54	Total Plant in Service Excluding SONGS	\$ -	Sum Lines 46 thru 53	54
55				55
56	Transmission Property Insurance and Tax Allocation Factor ¹	#DIV/0!	Line 44 / Line 54	56

¹ Used to allocate property insurance in conformance with the TO5 Formula Rate Mechanism.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AI - Workpapers
Wages and Salaries

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Production Wages & Salaries (Includes Steam & Other Power Supply)	\$ -		1
2				2
3	Transmission Wages & Salaries ¹	-	AI-1; Line 44	3
4				4
5	Transmission Wages & Salaries ²	-	AI-1; Line 42	5
6				6
7	Distribution Wages & Salaries	-		7
8				8
9	Customer Accounts Wages & Salaries	-		9
10				10
11	Customer Services and Informational Wages & Salaries	-		11
12				12
13	Sales Wages & Salaries	-		13
14				14
15	Total Operating & Maintenance Wages & Salaries Excl. A&G	\$ -	Sum Lines 1 thru 13	15
16				16
17	Transmission Wages and Salaries Allocation Factor	<u>#DIV/0!</u>	Line 3 / Line 15	17

¹ Excludes FERC Accounts 562, 563, 570, 571, and 572 associated with substation, underground, and overhead wages & salaries not applicable to Citizens.

² Reflects FERC Accounts 562, 563, 570, 571, and 572 associated with substation, underground, and overhead wages & salaries not applicable to Citizens.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AJ - Workpapers
Depreciation and Amortization Expense

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense	\$ -	Shall be Zero	1
2				2
3	Electric Miscellaneous Intangible Plant Amortization Expense	-	Shall be Zero	3
4				4
5	General Plant Depreciation Expense	-	AJ-1; Line 1	5
6				6
7	Common Plant Depreciation Expense	-	AJ-2; Line 3	7
8				8
9	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 17	9
10				10
11	Transmission Related Electric Misc. Intangible Plant Amortization Expense	#DIV/0!	Line 3 x Line 9	11
12				12
13	Transmission Related General Plant Depreciation Expense	#DIV/0!	Line 5 x Line 9	13
14				14
15	Transmission Related Common Plant Depreciation Expense	#DIV/0!	Line 7 x Line 9	15
16				16
17	Total Transmission, General, Common, and Electric Misc. Intangible Exp.	#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18				18
19	Incentive Transmission Plant Depreciation Expense	\$ -	Shall be Zero	19
20				20
21	Incentive Transmission Plant Abandoned Project Cost Amortization Expense ¹	\$ -	Not Applicable to XXXX Base Period	21
22				22
23	Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	Shall be Zero	23

1 Net of Incentive Transmission Plant Depreciation Expense.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AK - Workpapers
Taxes Other Than Income Taxes

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Total Property Taxes ¹	263; 2; i	\$ -	1
2				2
3	Less: Other Taxes (Business license taxes) ²	-	Not Applicable to XXXX Base Period	3
4				4
5	Net Property Taxes Excl. Citizens	\$ -	Line 1 + Line 3	5
6				6
7	Add: Citizens Allocated Portion of Property Taxes	450.1; Sch. Pg. 262; 2; i	-	7
8				8
9	Net Property Taxes Incl. Citizens	\$ -	Line 5 + Line 7	9
10				10
11	Less: SONGS Property Taxes	450.1; Sch. Pg. 262; 2; i	-	11
12				12
13	Total Property Taxes Expense	\$ -	Line 9 + Line 11	13
14				14
15	Transmission Property Insurance and Tax Allocation Factor	#DIV/0!	Statement AH; Line 56	15
16				16
17	Transmission Related Property Taxes Expense	#DIV/0!	Line 13 x Line 15	17
18				18
19				19
20	Total Payroll Taxes Expense ³	263; 10, 18, 19, 20; i	\$ -	20
21				21
22	Add: Citizens Allocated Portion of Payroll Taxes	450.1; Sch. Pg. 262; 18; i	-	22
23				23
24	Total Payroll Taxes Expense Incl. Citizens	\$ -	Line 20 + Line 22	24
25				25
26	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 17	26
27				27
28	Transmission Related Payroll Taxes Expense	#DIV/0!	Line 24 x Line 26	28

¹ Property tax expense excludes Citizens property taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 2; Col. i.

² Business license taxes are no longer recorded in Total Property Taxes and are separately shown in FERC Form 1; Page 263; Line 4; Col. i.

³ Payroll tax expense excludes Citizens payroll taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 18; Col. i.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AL - Workpapers
Working Capital

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Working Cash	13-Months Average Balance	Reference	Line No.
1	A. Plant Materials and Operating Supplies ¹	450.1; Sch. Pg. 227; 12; c	\$ -	AL-1; Line 18	1
2					2
3	Transmission Plant Allocation Factor		#DIV/0!	Statement AD; Line 35	3
4					4
5	Transmission Related Materials and Supplies		#DIV/0!	Line 1 x Line 3	5
6					6
7	B. Prepayments ¹	450.1; Sch. Pg. 110; 57; c	\$ -	AL-2; Line 18	7
8					8
9	Transmission Related Prepayments		#DIV/0!	Line 3 x Line 7	9
10					10
11	<u>C. Derivation of Transmission Related Cash Working Capital - Retail:</u>				
12	Transmission O&M Expense		\$ -	Statement AH; Line 17	12
13	Transmission Related A&G Expense - Excl. Intervenor Funding Expense		#DIV/0!	Statement AH; Line 37	13
14	CPUC Intervenor Funding Expense - Transmission		-	Negative of Statement AH; Line 23	14
15	Total		#DIV/0!	Sum Lines 12 thru 14	15
16					16
17	One Eighth O&M Rule		0.00%	FERC Method = 1/8 of O&M Expense	17
18					18
19	Transmission Related Cash Working Capital - Retail Customers		#DIV/0!	Line 15 x Line 17	19

¹ The balances for Materials & Supplies and Prepayments are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AR - Workpapers
Federal Tax Adjustments

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Amortization of Investment Tax Credits	\$ -		1
2				2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities			3
4	FERC Account 190	-	AR-1; Line 7; Col. c	4
5	FERC Account 282	-	AR-1; Line 14; Col. c	5
6	FERC Account 283	-	AR-1; Line 22; Col. c	6
7	Total Transmission Related Amortization of Excess Deferred Tax Liabilities	\$ -	Sum Lines 4 thru 6	7
8				8
9	Other Federal Tax Adjustments	-	Not Applicable to XXXX Base Period	9
10				10
11	Total Federal Tax Adjustments ¹	\$ -	Sum Lines 1, 7, 9	11

¹ Information on Statement AR is used in Statement AV2, Line 7 to calculate the Cost of Capital Rate.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AV - Workpapers
Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.	
1	<u>Long-Term Debt Component - Denominator:</u>			1	
2	Bonds (Acct 221)	\$ -		2	
3	Less: Reacquired Bonds (Acct 222)	-		3	
4	Other Long-Term Debt (Acct 224)	-		4	
5	Unamortized Premium on Long-Term Debt (Acct 225)	-		5	
6	Less: Unamortized Discount on Long-Term Debt-Debit (Acct 226)	-		6	
7	LTD = Long Term Debt	\$ -	Sum Lines 2 thru 6	7	
8				8	
9	<u>Long-Term Debt Component - Numerator:</u>			9	
10	Interest on Long-Term Debt (Acct 427)	\$ -		10	
11	Amort. of Debt Disc. and Expense (Acct 428)	-		11	
12	Amortization of Loss on Reacquired Debt (Acct 428.1)	-		12	
13	Less: Amort. of Premium on Debt-Credit (Acct 429)	-		13	
14	Less: Amortization of Gain on Reacquired Debt-Credit (Acct 429.1)	-		14	
15	i = LTD interest	\$ -	Sum Lines 10 thru 14	15	
16				16	
17	<u>Cost of Long-Term Debt:</u>	<u>#DIV/0!</u>	Line 15 / Line 7	17	
18				18	
19	<u>Preferred Equity Component:</u>			19	
20	PF = Preferred Stock (Acct 204)	\$ -		20	
21	d(pf) = Total Dividends Declared-Preferred Stocks (Acct 437)	\$ -		21	
22	Cost of Preferred Equity	<u>0.00%</u>	Line 21 / Line 20	22	
23				23	
24	<u>Common Equity Component:</u>			24	
25	Proprietary Capital	\$ -		25	
26	Less: Preferred Stock (Acct 204)	-	Negative of Line 20 Above	26	
27	Less: Unappropriated Undistributed Subsidiary Earnings (Acct 216.1)	-		27	
28	Accumulated Other Comprehensive Income (Acct 219)	-		28	
29	CS = Common Stock	\$ -	Sum Lines 25 thru 28	29	
30				30	
31				31	
32	<u>Return on Common Equity:</u> ²	<u>0.00%</u>	SDG&E Return on Equity	32	
33				33	
34		(a)	(b)	(c)	(d) = (b) x (c)
35	<u>Weighted Cost of Capital:</u>	Amounts ¹	Cap. Struct. Ratio	Cost of Capital	Weighted Cost of Capital
36					
37	Long-Term Debt	\$ -	#DIV/0!	#DIV/0!	#DIV/0!
38	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!
39	Common Equity	-	#DIV/0!	0.00%	#DIV/0!
40	Total Capital	<u>\$ -</u>	<u>#DIV/0!</u>	<u>0.00%</u>	<u>#DIV/0!</u>
41					
42	<u>Cost of Equity Component (Preferred & Common):</u>			<u>#DIV/0!</u>	Line 38 + Line 39; Col. d
43					
44					
45	<u>Incentive Return on Common Equity:</u>			<u>0.00%</u>	Shall be Zero
46					
47		(a)	(b)	(c)	(d) = (b) x (c)
48	<u>Incentive Weighted Cost of Capital:</u>	Amounts ¹	Cap. Struct. Ratio	Cost of Capital	Weighted Cost of Capital
49					
50	Long-Term Debt	\$ -	0.00%	0.00%	0.00%
51	Preferred Equity	-	0.00%	0.00%	0.00%
52	Common Equity	-	0.00%	0.00%	0.00%
53	Total Capital	<u>\$ -</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
54					
55	<u>Incentive Cost of Equity Component (Preferred & Common):</u>			<u>0.00%</u>	Line 51 + Line 52; Col. d

¹ Amount is based upon December 31 balances.

² ROE is pursuant to SDG&E's T05 Formula Informational Filing in Docket No. ER19-221-000.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26
27			27
28			28
29			29
30			30
31			31

¹ Citizens portion of Equity AFUDC is embedded in the Equity AFUDC component of Transmission Depreciation expense.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6	0.00%	AV1; Line 55	6
7	\$ -	Shall be Zero	7
8	\$ -	Shall be Zero	8
9	\$ -	Shall be Zero	9
10	0%	AV2; Line 10	10
11			11
12	0.0000%	Federal Income Tax Expense	12
13			13
14			14
15			15
16			16
17			17
18	0.00%	Line 6 Above	18
19	\$ -	Line 8 Above	19
20	\$ -	Line 9 Above	20
21	0.0000%	Line 12 Above	21
22	0.00%	AV2; Line 22	22
23			23
24	0.0000%	State Income Tax Expense	24
25			25
26			26
27	0.0000%	Line 12 + Line 24	27
28			28
29	0.0000%	AV1; Line 53	29
30			30
31	0.0000%	Line 27 + Line 29	31

SAN DIEGO GAS & ELECTRIC COMPANY
TO5-Cycle 1 Annual Transmission Formula Filing
Citizens' Calculation of Equity AFUDC Component of Transmission Depreciation Expenses
12 Months Ending December 31, 2017
(\$1,000)

Line No.	Description	Amounts	Reference	Line No.
1	AFUDC embedded in the Lease Payment on the SX-PQ Underground Line Segment	\$ -		1
2				2
3	AFUDC Equity Percentage as of November 2018	73.64%		3
4				4
5	AFUDC Equity Embedded in the SX-PQ Underground Line Segment	\$ -	Line 1 x Line 3	5
6				6
7	Annual Depreciation Rate (30 year Lease)	3.33%	1 / 30 years	7
8				8
9	Annual Book Depreciation on AFUDC Equity	\$ -	Line 5 x Line 7	9
10				10
11	Federal and State Combined Tax Rate	27.98%		11
12				12
13	Tax Cost of Non-Deductibility of AFUDC Equity	\$ -	Line 9 x Line 11	13
14				14
15	Gross-up Factor	1.39		15
16				16
17	Revenue Requirement	\$ -	Line 13 x Line 15	17
18				18

SAN DIEGO GAS & ELECTRIC COMPANY
Derivation of End Use Transmission Rate Base

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
<u>A. Derivation of Transmission Rate Base:</u>			
1			1
<u>Net Transmission Plant:</u>			
2	\$ -	Page 2; Line 16	2
3	#DIV/0!	Page 2; Line 17	3
4	#DIV/0!	Page 2; Line 18	4
5	#DIV/0!	Page 2; Line 19	5
6	#DIV/0!	Sum Lines 2 thru 5	6
7			7
<u>Rate Base Additions:</u>			
9	\$ -	Statement AG; Line 1	9
10	-	Statement Misc.; Line 3	10
11	\$ -	Line 9 + Line 10	11
12			12
<u>Rate Base Reductions:</u>			
14	\$ -	Statement AF; Line 7	14
15	-	Statement AF; Line 11	15
16	\$ -	Line 14 + Line 15	16
17			17
<u>Working Capital:</u>			
19	#DIV/0!	Statement AL; Line 5	19
20	#DIV/0!	Statement AL; Line 9	20
21	#DIV/0!	Statement AL; Line 19	21
22	#DIV/0!	Sum Lines 19 thru 21	22
23			23
24	-	Statement Misc.; Line 5	24
25			25
26	#DIV/0!	Sum Lines 6, 11, 16, 22, 24	26
27			27
<u>B. Incentive ROE Project Transmission Rate Base:</u>			
29	\$ -	Shall be Zero	29
30	-	Shall be Zero	30
31	\$ -	Line 29 + Line 30	31
32			32
<u>C. Incentive Transmission Plant Abandoned Project Rate Base:</u>			
34	\$ -	Shall be Zero	34
35	-	Shall be Zero	35
36	\$ -	Line 34 + Line 35	36
37			37
38	\$ -	Shall be Zero	38
<u>D. Incentive Transmission Construction Work In Progress</u>			

SAN DIEGO GAS & ELECTRIC COMPANY
Derivation of End Use Transmission Rate Base

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.				1
	<u>A. Derivation of Net Transmission Plant:</u>			
1	<u>Gross Transmission Plant:</u>			1
2	Transmission Plant	\$ -	Statement AD; Line 11	2
3	Transmission Related Electric Misc. Intangible Plant	#DIV/0!	Statement AD; Line 27	3
4	Transmission Related General Plant	#DIV/0!	Statement AD; Line 29	4
5	Transmission Related Common Plant	#DIV/0!	Statement AD; Line 31	5
6	Total Gross Transmission Plant	<u>#DIV/0!</u>	Sum Lines 2 thru 5	6
7				7
8	<u>Transmission Related Depreciation Reserve:</u>			8
9	Transmission Plant Depreciation Reserve	\$ -	Statement AE; Line 1	9
10	Transmission Related Electric Misc. Intangible Plant Amortization Reserve	#DIV/0!	Statement AE; Line 11	10
11	Transmission Related General Plant Depr Reserve	#DIV/0!	Statement AE; Line 13	11
12	Transmission Related Common Plant Depr Reserve	#DIV/0!	Statement AE; Line 15	12
13	Total Transmission Related Depreciation Reserve	<u>#DIV/0!</u>	Sum Lines 9 thru 12	13
14				14
15	<u>Net Transmission Plant:</u>			15
16	Transmission Plant	\$ -	Line 2 Minus Line 9	16
17	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Line 3 Minus Line 10	17
18	Transmission Related General Plant	#DIV/0!	Line 4 Minus Line 11	18
19	Transmission Related Common Plant	#DIV/0!	Line 5 Minus Line 12	19
20	Total Net Transmission Plant	<u>#DIV/0!</u>	Sum Lines 16 thru 19	20
21				21
22	<u>B. Incentive Project Net Transmission Plant:</u>			
23	Incentive Transmission Plant	\$ -	Shall be Zero	23
24	Incentive Transmission Plant Depreciation Reserve	-	Shall be Zero	24
25	Total Net Incentive Transmission Plant	<u>\$ -</u>	Line 23 Minus Line 24	25

SAN DIEGO GAS & ELECTRIC COMPANY

Miscellaneous Statement

Base Period & True-Up Period 12 - Months Ending xxxxxx
 (\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Regulatory Debits/Credits	\$ -	Shall be Zero	1
2				2
3	Transmission Plant Abandoned Project Cost ¹	\$ -		3
4				4
5	Other Regulatory Assets/Liabilities ¹	\$ -		5
6				6
7	Incentive Transmission Plant Abandoned Project Cost	\$ -	Shall be Zero	7

¹ None of the above items apply to SDG&E's TO5 Cycle x filing. However, as one or more of these items apply, subject to FERC approval, the applicable data field will be filled.

Exhibit No. SDG-1

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

San Diego Gas & Electric Company) Docket No. ER19-__-000

**PREPARED DIRECT TESTIMONY OF

CHRISTOPHER R. PENN

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

April 2, 2019

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PREPARED DIRECT TESTIMONY OF

CHRISTOPHER R. PENN

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

I. INTRODUCTION

Q. Please state your name, position and business address.

A. My name is Christopher R. Penn. I am a Senior Accountant in Transmission Revenue for San Diego Gas & Electric Company (“SDG&E”). My business address is 8330 Century Park Court Bldg. 3, San Diego, CA 92123.

Q. Please describe your current responsibilities.

A. My responsibilities include assisting in developing and analyzing Transmission revenue requirements.

Q. Please describe your educational and professional background.

A. I received a Bachelor of Science degree in Business Administration with an emphasis in Accounting from San Diego State University. I am a Certified Public Accountant in the state of California and I continue to maintain an active status license with practice rights by fulfilling the continuing professional education requirements.

I have been employed by SDG&E since 2008, first as an intern in Electric & Gas Procurement – Energy Risk. Since receiving my Bachelor’s degree in May 2009, I have held positions in SDG&E’s OpEx 20/20 Asset Management & Smart Grid department; Electric & Fuel Procurement – Settlements & Systems department; Regulatory Reporting Department; and Accounting Operations –

1 Plant Accounting department. I joined the Transmission Revenue group in
2 January 2015.

3 Q. Have you previously submitted testimony to this Commission?

4 A. Yes. I submitted testimony in support of SDG&E's TO5 formula rate case, filed
5 on October 30, 2018, in Docket No. ER19-221. That testimony explained the
6 derivation of the Forecast Period Capital Addition Revenue Requirements, a
7 component of the Base Transmission Revenue Requirements within the TO5
8 Formula.

9 **II. PURPOSE OF TESTIMONY**

10 Q. What is the purpose of your testimony in this proceeding and how is it organized?

11 A. In March 2019, SDG&E entered into a Transfer Capability Lease ("Lease" or
12 "Lease Agreement") agreement with Citizens Sycamore-Penasquitos
13 Transmission LLC ("Citizens") to lease a portion of the transfer capability of the
14 Sycamore-Penasquitos 230kV Transmission Line Project ("SX-PQ Project"),
15 which is described in further detail in Section III below. Pursuant to the Lease
16 Agreement, SDG&E will operate and maintain the line on Citizens' behalf for a
17 charge. The purpose of my testimony is to explain SDG&E's proposed accounting
18 and derivation of the charges billed to Citizens under the Appendix XII Formula.
19 My testimony also explains why the Lease will not affect SDG&E's transmission
20 rates developed under its TO Formula rate filings or result in double recovery of
21 costs.

22 I have organized my testimony as follows:

23 I. Introduction

- 1 II. Purpose of Testimony
- 2 III. Description of SX-PQ Project and Citizens Lease
- 3 IV. Overview of SDG&E’s Proposed SX-PQ Formula
- 4 V. Description of Cost Components included in the Citizens SX-PQ Line
- 5 Rate
- 6 A. Section 1 – Direct Maintenance
- 7 B. Section 2 – Non-Direct Expenses
- 8 C. Section 3 – Other Specific Expenses
- 9 D. Section 4 – True-Up Adjustment
- 10 E. Section 5 – Interest True-Up Adjustment
- 11 F. Other Adjustments
- 12 VI. Description of Citizens Invoicing Process
- 13 VII. FERC Accounting Guidelines for Leases¹
- 14 **III. DESCRIPTION OF SX-PQ PROJECT AND CITIZENS LEASE**
- 15 Q. Please provide relevant background information for this filing.
- 16 A. On October 13, 2016, the California Public Utilities Commission (“CPUC”)
- 17 granted SDG&E a Certificate of Public Convenience and Necessity (“CPCN”)² to
- 18 construct the SX-PQ Project. The SX-PQ Project is a 14.5-mile, 230 kV
- 19 transmission line between SDG&E’s Sycamore Canyon and Penasquitos
- 20 Substations. On November 9, 2017, SDG&E and Citizens entered into a

¹ SDG&E’s accounting for this transaction reflects the requirements established for another transfer capability lease transaction in *San Diego Gas & Electric Company*, Order on Petition for Declaratory Order, 129 FERC ¶61,233 (2009) (“*PDO Order*”).

² 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 Sycamore-Penasquitos 230 KV Transmission Line Project* (Decision 16-10-005; October 13, 2016), available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M168/K672/168672803.PDF>.

1 Development, Coordination, and Option Agreement (“DCOA”)³ in which
2 Citizens agreed, among other things, to lease approximately 13.1% of the transfer
3 capability of the underground line segment portion (“Segment B” or “SX-PQ
4 Line”) of the SX-PQ Project for 30 years. Under the agreement, Citizens will pre-
5 pay the entire lease amount of \$27 million to SDG&E upon the effectuation of the
6 lease which occurs on the date the CAISO takes operational control of the SX-PQ
7 Line. Title to the leased portion of the SX-PQ Line will remain with SDG&E and
8 the transfer capability will revert back to SDG&E upon expiration of the lease
9 term.

10 Pursuant to Section 851, SDG&E filed A.17-11-005 with the CPUC on
11 November 13, 2017 requesting approval of the DCOA with Citizens. In addition,
12 on September 26, 2018, SDG&E and Citizens filed an application pursuant to
13 sections 203(a)(1)(A) and (B) of the Federal Power Act (FPA) requesting FERC
14 authorization for the transfer of jurisdictional facilities resulting from the DCOA.⁴
15 An order authorizing the transfer was issued by FERC on February 19, 2019.⁵ On
16 March 28, 2019, the CPUC issued D.19-03-024, which approved the lease
17 transfer capability rights from SDG&E to Citizens.

18 Q. Please identify the precedent on which SDG&E relies for the ratemaking
19 associated with the Lease with Citizens.

³ The DCOA was included as Exhibit I to the Federal Power Act Section 203 application submitted in Docket No. EC18-163 by SDG&E and Citizens requesting authorization of the transfer capability lease.

⁴ EC18-163-000.

⁵ 166 FERC ¶ 62,078.

1 A. On October 9, 2009, SDG&E filed a Petition for Declaratory Order requesting
 2 approval of its proposed ratemaking and accounting treatment for the portion of
 3 the Border-East Line segment of the Sunrise Powerlink Project that was the
 4 subject of a similar transfer capability lease between SDG&E and Citizens.⁶ The
 5 Commission conditionally granted SDG&E's petition in *San Diego Gas &*
 6 *Electric Company*, 129 FERC ¶ 61,233 (2009) ("*PDO Order*"), requiring SDG&E
 7 to revise its proposed accounting treatment to conform to the Uniform System of
 8 Accounts ("USoA"). For reference, Exhibit No. SDG-2 provides the accounting
 9 guidance included in the *PDO Order*. For the SX-PQ Project transfer capability
 10 lease with Citizens, SDG&E will apply the same guidelines set forth in the *PDO*
 11 *Order*, as explained in further detail in Section VII below.

12 **IV. OVERVIEW OF SDG&E'S PROPOSED SX-PQ FORMULA**

13 Q. Is SDG&E's Appendix XII Tariff proposing a Formula Rate Mechanism?

14 A. Yes. SDG&E is proposing a Formula Rate Mechanism to derive the SX-PQ Line
 15 Rate, which will be updated annually. The formulaic approach is appropriate for
 16 the following reasons:

- 17 1. It is consistent with SDG&E's previously FERC-approved Fourth
 18 Transmission Owner Formula Rate Mechanism ("TO4") and
 19 proposed TO5 Formula Rate Mechanism ("TO5").
- 20 2. It is consistent with SDG&E's FERC-approved Appendix X
 21 Formula Rate Mechanism, which sets forth a formula rate for the
 22 service that SDG&E provides on behalf of Citizens for the Border-
 23 East Line segment of the Sunrise Powerlink Transmission Project.

⁶ The Commission approved the original Appendix X Formula in *San Diego Gas & Electric Company*, 139 FERC ¶61,188 (June 8, 2012) and *Letter Order*, 141 FERC ¶ 61,054 (October 19, 2012).

1 3. A formula provides a measurable and consistent approach to
2 develop Citizens' annual rate.

3
4 Q. Please briefly describe the Appendix XII Formula SDG&E is proposing.

5 A. The Appendix XII Formula rate utilizes recorded data from its most recently filed
6 annual FERC Form 1 to populate cost statements AD through Miscellaneous.
7 These cost statements provide inputs for the derivation of the SX-PQ Line Rate in
8 the following cost components:

- 9 1. Section 1 – Direct Expense
10 2. Section 2 – Non-Direct Expense
11 3. Section 3 – Other Specific Costs
12 4. Section 4 – True-Up Adjustment
13 5. Section 5 – Interest True-Up Adjustment
14 6. Other Adjustments

15 Each of the cost components are discussed in greater detail below.

16 Q. What is the Rate Effective Period?

17 A. The rate effective period is the 12-month period in which the filed rates are in
18 effect. For example, the Appendix XII Cycle 2 will be filed on October 31, 2019
19 to become effective on January 1, 2020 through December 31, 2020. An
20 exception exists for the initial Appendix XII Cycle 1 Rate Effective Period, which
21 will be filed on April 2, 2019, is included in this application, and will have a
22 seven-month rate effective period from June 1, 2019 through December 31, 2019.

23 Q. Why is SDG&E proposing a seven-month rate effective period for the initial
24 Appendix XII Cycle 1 Filing?

25 A. The reason for the seven-month Rate Effective Period for Cycle 1 is to allow
26 SDG&E to conform the subsequent rate effective periods to be on a calendar

1 basis. A calendar year rate effective period correlates with the base period
2 recorded data used to derive the SX-PQ Line Rate and is consistent with the TO5
3 Formula.

4 Q. Why does the Appendix XII Formula utilize prior year data for its inputs?

5 A. The annually filed FERC Form 1 contains prior year recorded cost data and
6 provides a reasonable forecast of expected costs for the rate effective period. For
7 instance, the Appendix XII Cycle 1 Filing will utilize the 2017 FERC Form 1
8 recorded data. Once the Rate Effective Period ends, SDG&E will perform a true-
9 up calculation to compare actual revenues to actual costs to ensure that Citizens
10 pays no more and no less than the actual cost of service incurred to operate and
11 maintain its portion of the SX-PQ Line.

12 Q. Please identify the cost statements included in SDG&E's proposed Appendix XII
13 Formula.

14 A. All the costs statements included in the Appendix XII Formula are consistent with
15 the naming convention used in SDG&E's TO Formula filings and include the
16 following:

- 17 ▪ Statement AD – Cost of Plant
- 18 ▪ Statement AE – Accumulated Depreciation and Amortization
- 19 ▪ Statement AF – Deferred Credits
- 20 ▪ Statement AG – Specified Plant Account (Other than Plant in Service) and
21 Deferred Debits
- 22 ▪ Statement AH – Operation and Maintenance Expenses
- 23 ▪ Statement AI – Wages and Salaries
- 24 ▪ Statement AJ – Depreciation and Amortization Expense
- 25 ▪ Statement AK – Taxes Other Than Income Taxes
- 26 ▪ Statement AL – Working Capital

- 1 ▪ Statement AR – Federal Tax Adjustments
2 ▪ Statement AV – Cost of Capital and Fair Rate of Return
3 ▪ Statement Miscellaneous
4

5 Q. In SDG&E’s initial Appendix X Filing to establish the Border-East Line Rate,
6 certain costs were forecasted. Did SDG&E forecast certain cost components in its
7 initial Appendix XII Filing?

8 A. No. The costs comprising SDG&E’s Appendix XII Filing reflect prior year
9 historical costs recorded in the FERC Form 1. Once the 2019 rate effect period is
10 complete, SDG&E will perform a true-up calculation to compare actual revenues
11 to actual costs to ensure that Citizens pays no more and no less than the actual
12 cost of service incurred to operate and maintain its portion of the SX-PQ Line.

13 **V. DESCRIPTION OF COST COMPONENTS INCLUDED IN THE**
14 **CITIZENS SX-PQ LINE RATE**

15 Q. What cost components comprise SDG&E’s SX-PQ Line Rate?

16 A. As indicated previously, SDG&E’s SX-PQ Line Rate is comprised of the
17 following cost components:

- 18 A. Section 1 – Direct Maintenance Expense Cost Component
19 B. Section 2 – Non-Direct Expenses Cost Component
20 C. Section 3 – Cost Component Containing Other Specific Expenses
21 D. Section 4 – True-Up Adjustment Cost Component
22 E. Section 5 – Interest True-Up Adjustment Cost Component
23 F. Other Adjustments
24

1 In the remainder of this Section, I will describe each of the above listed cost
2 components.

3 Q. Which cost components comprise the Prior Year Cost of Service?

4 A. The Prior Year Cost of Service is the sum of the cost components listed as
5 Sections 1, 2, and 3 in the previous question. This sum is also illustrated in the
6 Summary of Cost Components page of the Formula Rate Spreadsheet.

7 **A. Section 1 – Direct Maintenance Expense Cost Component**

8 Q. Please explain the purpose of Section 1.

9 A. Section 1 represents direct maintenance expenses incurred on the SX-PQ Line
10 subject to the lease with Citizens. SDG&E will utilize an accounting process in
11 which a work order will be opened to track total direct maintenance expenses.

12 Q. Explain the Direct Maintenance derivation in Section 1.

13 A. The total direct maintenance expenses recorded on the work order will be
14 multiplied by Citizens' 13.1% transfer capability percentage to derive Citizens'
15 share of Direct Maintenance. Additionally, the related Cash Working Capital is
16 derived by applying the One Eighth O&M Rule to the amount of direct
17 maintenance cost component. Finally, the Cost of Capital Rate and Franchise Fee
18 rate will be applied to Citizens' portion of Cash Working Capital to derive the
19 applicable Return and Associated Income Taxes, including FF&U. This amount
20 gets added to the Citizens' Direct Maintenance to derive the Total Direct
21 Maintenance Expense applicable to the Citizens SX-PQ Line.

22 Q. Which FERC account contains the direct maintenance expenses that are directly
23 assigned to the Citizens SX-PQ Line?

1 A. Citizens SX-PQ Line direct maintenance expenses will be charged to Account
2 572 (Maintenance of Underground Lines). However, each year SDG&E will
3 reclass these costs to Account 413 (Expenses from Electric Plant Leased to
4 Others) to conform to the accounting guidelines established in FERC's decision
5 on the *PDO Order*. In Section VII below I explain the accounting guidelines
6 established in FERC's *PDO Order*.

7 **B. Section 2 – Non-Direct Maintenance Expense Cost Component**

8 Q. Please explain the purpose of Section 2.

9 A. Non-direct expenses refer to all other FERC account expenses other than the
10 Direct Maintenance Expenses included in Section 1. Such expenses include:
11 operations and maintenance (“O&M”), administrative and general expenses
12 (“A&G”), property taxes, payroll taxes, working capital, and general and common
13 plant that support Citizens’ interest in transfer capability of the SX-PQ Line. For
14 these non-direct expenses, SDG&E cannot reasonably track these expenses
15 because it would be administratively burdensome and unmanageable. As a result,
16 SDG&E is proposing the allocation process explained below.

17 Q. Please explain the allocation process SDG&E is proposing to allocate non-direct
18 expenses to Citizens in the SX-PQ Formula.

19 A. Page 2 of Section 2 derives an annual carrying charge percentage for each non-
20 direct expense type by taking the ratio of the applicable expenses divided by
21 SDG&E’s total net transmission plant. Each annual carrying cost percentage is
22 carried forward to page 1, where they are summed and applied to the \$27 million

1 lease amount. The resulting product yields the Total Non-Direct Expense charged
2 to Citizens.

3 Q. Please explain how the O&M expense is derived for use in the annual carrying
4 charge percentage on page 2.

5 A. The O&M workpaper support for Statement AH, page AH-2, provides
6 transmission O&M expenses by FERC account. Expenses incurred to operate and
7 maintain transmission facilities are charged to FERC Accounts 560 through 573
8 and are directly assigned to transmission. The FERC Accounts are analyzed to
9 confirm expenses are just, reasonable, and appropriately charged to transmission.
10 The total expenses are then adjusted for certain exclusions as well as the direct
11 maintenance and non-direct O&M expenses billed to Citizens during the year to
12 derive the total adjusted O&M with no additional allocations. In accordance with
13 the accounting guidelines established in FERC's *PDO Order*, the O&M expenses
14 included in the aforementioned FERC Accounts are reclassified to Account 413
15 (Expenses from Electric Plant Leased to Others).

16 Q. Please explain the reasoning behind the O&M adjustments.

17 A. Adjustments are performed to prevent the double recovery of expenses that are
18 recovered through other SDG&E rate mechanisms such as: Energy Resource
19 Recovery Account ("ERRA"), Transmission Revenue Balancing Account
20 ("TRBAA"), Transmission Access Charge Balancing Account ("TACBAA"), etc.
21 Other adjustments are made per the Appendix XII Formula to exclude expenses
22 that are not applicable to the SX-PQ Line. For instance, Accounts 563 and 571 are
23 overhead line accounts, but Citizens' portion of SX-PQ Line is an underground

1 line. Furthermore, Accounts 562 and 570 are substation expenses to be excluded
2 in the SX-PQ Line Rate, as indicated in the lease agreement, which states that the
3 SX-PQ Line does not consist of facilities below 69kV and substations per Article
4 I, Section 1.1. Account 572 (Maintenance of Underground Lines) is excluded
5 because these costs have been directly assigned as reflected in Section 1 of the
6 Appendix XII Formula Rate Mechanism.

7 Q. Please explain how the A&G expense is derived for use in the annual carrying
8 charge percentage on page 2.

9 A. The A&G workpaper support for Statement AH, page AH-3, provides
10 transmission A&G expenses by FERC account. Total A&G expenses are recorded
11 in FERC Accounts 920 through 935 and are not directly assigned to transmission
12 because they are incurred to support the operations of the entire company. These
13 FERC accounts are also analyzed to confirm expenses are appropriate. The total
14 expenses are then adjusted for certain exclusions (for the same reason as
15 described for O&M), as well as, the A&G expenses billed to Citizens during the
16 year to arrive at total adjusted A&G expense. The A&G balance for Property
17 Insurance (FERC Account 924) is allocated to transmission using the Property
18 Insurance and Tax Allocation Factor, and the remaining adjusted A&G balances
19 are allocated to Transmission using a Labor Ratio. In accordance with the
20 accounting guidelines established in FERC's *PDO Order*, the A&G expenses
21 included in the aforementioned FERC Accounts are reclassified to Account 413
22 (Expenses from Electric Plant Leased to Others).

1 Q. Please explain how the property tax expense is derived for use in the annual
2 carrying charge percentage on page 2.

3 A. Property tax expense is derived in Statement AK. Transmission-related property
4 taxes start with total Electric property taxes and include Citizens property taxes,
5 while excluding other taxes (such as business license taxes) and property taxes
6 associated with the San Onofre Nuclear Generating Station (“SONGS”) to arrive
7 at total adjusted Electric property tax expense. Since property taxes are directly
8 correlated with gross plant, the Transmission Property Insurance and Tax
9 Allocation Factor is applied to the total adjusted Electric property tax expense to
10 derive the total Transmission-related property tax expense used to calculate the
11 annual carrying charge percentage.

12 Q. Please explain how the payroll tax expense is derived for use in the annual
13 carrying charge percentage on page 2.

14 A. Payroll tax expense is derived in Statement AK. Transmission-related payroll
15 taxes start with total Electric payroll taxes, including Citizens payroll taxes. Since
16 payroll taxes are directly correlated with labor, the Labor Ratio is applied to the
17 total adjusted Electric payroll taxes to derive the total Transmission-related
18 payroll tax expense used to calculate the annual carrying charge percentage.

19 Q. Please explain how the transmission related working capital revenue is derived for
20 use in the annual carrying charge rate on page 2.

21 A. Total Transmission Related Working Capital is a summation of materials &
22 supplies (“M&S”), prepayments, and working cash which are calculated in
23 Statement AL. In Statement AL, total electric M&S and total electric prepayments

1 are allocated to transmission using the Transmission Plant Allocation Factor
2 produced in Statement AD because these components are closely correlated to
3 changes in gross plant. Next, the related working cash is derived by taking the
4 Transmission O&M and Transmission-related A&G balances from Statement AH,
5 adding back the Transmission related CPUC intervenor funding expense, and
6 multiplying the total by 12.5% to remain consistent with the Commission
7 approved one-eighth O&M rule. The Cost of Capital Rate is applied to the
8 resulting Total Transmission Related Working Capital to derive the Transmission
9 Working Capital Revenue utilized to derive the carrying charge percentage.

10 Q. Please explain how the total transmission related general and common plant
11 revenues are derived for use in the annual carrying charge percentage on page 2.

12 A. The Rate Base derivation workpaper support for Statement AV, page AV-4,
13 provides amounts for Net Transmission Related Common Plant and Net
14 Transmission Related General Plant. These two amounts are combined and
15 multiplied by the Cost of Capital Rate to calculate Transmission Related General
16 and Common Return and Associated Income Taxes. The Transmission Related
17 General and Common Depreciation Expense from Statement AJ is added to
18 derive the Total General and Common Plant Revenues used in the carrying charge
19 percentage.

20 **C. Section 3 – Cost Component Containing Other Specific Expenses**

21 Q. Please explain the purpose of Section 3.

22 A. There are three specific costs allocated to Citizens as follows:

- 1 ▪ Part A – Direct Assignment of Accumulated Deferred Income Taxes
2 (“ADIT”) to Citizens;
- 3 ▪ Part B – Equity AFUDC Component of Transmission Depreciation
4 Expense; and
- 5 ▪ Part C – Derivation of Citizens SX-PQ Underground Line Segment Cost
6 of Removal.

7 Q. Please explain Part A.

8 A. Part A derives a credit to Citizens associated with the amount of incremental
9 ADIT associated with Bonus Depreciation allocated to Citizens. As footnoted in
10 Section 3, due to the Tax Cuts and Jobs Act, SDG&E is not eligible to receive
11 Bonus Depreciation on the SX-PQ Line. However, if this item was to apply,
12 subject to IRS approval, the applicable revenue credit would be calculated and
13 included within Section 3. If an amount were to apply in the future, the Averaged
14 ADIT Difference With and Without Bonus Depreciation is multiplied by the Cost
15 of Capital Rate to determine the Total ADIT Revenue Credit.

16 Q. Please explain Part B.

17 A. Part B derives the revenue requirement applicable to the annual income tax
18 expense resulting from the Equity AFUDC Component of Transmission
19 Depreciation Expense allocated to Citizens. The complete derivation of the
20 revenue requirement adjustment is reflected in Statement AV, page “AV-2B”.
21 The annual book depreciation associated with AFUDC equity is determined by
22 taking the AFUDC equity embedded in the SX-PQ Line and dividing it over the
23 30-year lease term, which then applies the combined federal and state tax rate to

1 determine the total tax cost of the AFUDC equity included in transmission
2 depreciation expense. The tax cost is grossed up to determine the total revenue
3 requirement adjustment.

4 Q. Please explain Part C.

5 A. Part C derives Citizens' share of cost of removal that will be required when the
6 SX-PQ Line is retired. Column (a) shows plant balances by FERC account that
7 make up the total \$27 million gross plant leased to Citizens. For the initial
8 Appendix XII Filing, the amounts are zero because the formula utilizes a 2017
9 base period and the SX-PQ Line did not go into service until 2018. In all
10 subsequent filings, the balances will be reflected as follows:

11	▪ FERC 357: Underground Conduit	\$ 11,661,300
12	▪ FERC 358: Underground Conductors & Devices	\$ 15,149,700
13	▪ FERC 359: Roads & Trails	\$ 186,300
14	▪ FERC 350.1: Land	\$ 0
15	▪ FERC 350.2: Land Rights	\$ 2,700

16 Column (b) shows the cost of removal rate for each of these plant accounts. The
17 plant balance multiplied by the removal rate derives the annual cost of removal
18 plus an additional inclusion of franchise fees expense, directly assigned to
19 Citizens.

20 **D. Section 4 – True-Up Adjustment Cost Component**

21 Q. Please explain the purpose of Section 4.

22 A. The True-Up ("TU") Adjustment reconciles the difference between (a) SDG&E's
23 actual costs of providing the transmission service during the TU Period, less (b)

1 recorded revenues billed by SDG&E and paid by Citizens for transmission
2 services during the TU Period, less (c) adjustments to back out the applicable
3 prior year TU and interest TU adjustments that are included in recorded revenues,
4 less (d) adjustments to back out Other Adjustments such as error corrections or
5 out-of-cycle adjustments, plus (e) applicable interest. In this way, Citizens will
6 pay no more and no less than actual costs associated with its Lease.

7 In this initial Appendix XII filing, there is no TU Adjustment for Cycle 1
8 and thus the Section 4 True-Up Adjustment is zero. The first TU Adjustment will
9 occur in Appendix XII Cycle 3 and reflect a seven-month TU to reconcile the
10 June 1, 2019 through December 31, 2019, the Rate Effective Period for Cycle 1.
11 All future TU Adjustments shall be 12-month true-up periods that cover the base
12 period.

13 **E. Section 5 – Interest True-Up Adjustment Cost Component**

14 Q. Please explain the purpose of Section 5.

15 A. The purpose of Section 5 is to accrue interest on a prior cycle's TU amount to
16 fully compensate SDG&E (under-collection) or Citizens (over-collection).
17 Interest is to be accrued from the end of the TU period through the end of the Rate
18 Effective Period at which time the amount is fully refunded (or collected) by the
19 SX-PQ Line Rate.

20 **F. Other Adjustments**

21 Q. Please explain the purpose of Other Adjustments.

- 1 A. The purpose of the Other Adjustments line in the Summary of Cost Components
2 is to allow for potential adjustments to the SX-PQ Line Rate that may result from
3 Error Corrections, FERC audits, and out-of-cycle adjustments.

4 **VI. DESCRIPTION OF CITIZENS INVOICING PROCESS**

- 5 Q. Please summarize the invoicing and allocation procedures SDG&E will use to bill
6 Citizens for its lease of transfer capability in the SX-PQ Line?

- 7 A. SDG&E will invoice Citizens on a monthly basis for the costs to operate and
8 maintain the SX-PQ Line as derived in the Appendix XII Formula starting June 1,
9 2019. The first page of the Appendix XII Filing entitled Summary of Cost
10 Components is the monthly invoice reflecting the costs billed to Citizens each
11 month. SDG&E shall bill Citizens through a monthly invoice issued by the 30th of
12 each service month. Payments are due no later than 30 days following the
13 issuance date of the invoice.

14 **VII. FERC ACCOUNTING GUIDELINES FOR LEASES**

- 15 Q. You have referred to the *PDO Order* previously in your testimony. Please explain
16 the accounting requirements regarding the treatment of the Citizens Lease and
17 SX-PQ Line Costs set forth there.

- 18 A. As previously discussed, the *PDO Order* was initially granted by the FERC with
19 specific accounting and ratemaking treatment for the Appendix X Citizens
20 Border-East Line. Appendix XII Citizens SX-PQ will also adhere to the
21 guidelines set forth in the *PDO Order*. Original guidance delineated in the *PDO*
22 *Order* specifies the following:

- 23 Accordingly, we grant SDG&E's requests subject to the following
24 conditions. First, SDG&E must record the original cost of the portion of

1 the Border-East Line leased to Citizens in Account No. 104. Second,
2 SDG&E must depreciate the cost of electric plant recorded in Account No.
3 104 using Account No. 413 and Account No. 108, Accumulated Provision
4 for Depreciation of Electric Utility Plant. Third, SDG&E must record all
5 O&M and A&G expenses related to the leased property in Account No.
6 413 and all revenues from Citizens must be recorded in Account No.
7 412. Finally, SDG&E must record Citizens' prepaid lease payment in
8 Account No. 253, Other Deferred Credits, and amortize the amount to
9 Account No. 412 over the life of the lease.⁷

10
11 Exhibit No. SDG-2 to my testimony provides an illustration of these guidelines.

12 Column A is provided to show where costs are normally recorded absent the
13 Citizens lease. Column B indicates where these costs will be recorded pursuant to
14 the FERC guidelines.

15 Q. Please explain your understanding of the above-referenced FERC accounting
16 guidelines as they relate to the Lease.

17 A. In general, FERC is authorizing SDG&E to directly assign or allocate expenses
18 related to the plant leased to Citizens and is requiring SDG&E to track these
19 expenses in the FERC accounts outlined in column B of Exhibit No. SDG-2.

20 Q. How does SDG&E ensure compliance with the accounting guidelines set forth by
21 the *PDO Order*?

22 A. During the year, SDG&E will record total transmission costs to its FERC
23 accounts (reflected in column A of Exhibit No. SDG-2) as if there were no Lease.
24 Once SDG&E determines the costs allocated to Citizens per the Appendix XII
25 Formula, SDG&E will reclass the costs out of the normal FERC account to the
26 appropriate FERC accounts outlined in the *PDO Order* (reflected in column B) on
27 a monthly basis. Reclassifying the SX-PQ Line related costs from the original

⁷ 129 FERC ¶61, 233 at *5.

1 FERC account ensures SDG&E's Wholesale and Retail End Use transmission
2 customers are not subsidizing the costs allocated to Citizens.

3 Q. Will the Lease Costs shown in column B also be shown in FERC Form 1?

4 A. Yes. As indicated above, the *PDO Order* directed SDG&E to create a separate
5 set of FERC accounts (column B of Exhibit No. SDG-2) to reflect the costs
6 allocated to the Citizens Border-East Line lease and SDG&E will apply the same
7 methodology for the Citizens SX-PQ Line lease. Since the initial Appendix XII
8 Filing utilizes a 2017 Base Period, there will be no separately reported costs for
9 the SX-PQ Line reflected in the 2017 FERC Form 1 because the SX-PQ Line did
10 not go into service until 2018. Furthermore, separately recorded costs for the SX-
11 PQ Line will not be reflected in the 2018 FERC Form 1 because the lease did not
12 take effect until March 2019. The 2019 FERC Form 1 will be the first year
13 reflecting costs allocated to Citizens for the SX-PQ Line lease.

14 Q. Does this conclude your testimony?

15 A. Yes.

VERIFICATION

Christopher R. Penn hereby declares under penalty of perjury of the laws of the United States that the foregoing document is true and correct to the best of his knowledge and belief.

See 28 U.S.C. § 1746.

Executed this 2nd day of April, 2019

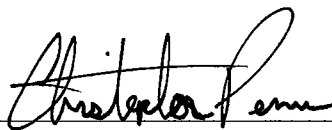


EXHIBIT NO. SDG-2

**EXHIBIT TO THE PREPARED DIRECT TESTIMONY OF
CHRISTOPHER R. PENN
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

April 2, 2019

San Diego Gas & Electric Company
FERC Accounting Guidelines for Recording Citizens' Costs Applicable to Appendix XII
Consistent With Order on Petition for Declaratory Order, 129 FERC ¶ 61,233 (2009) ("PDO Order")

Line No	Description	(A)		(B)		(C) = (A) + (B)		Line No
		SDG&E Normal FERC Accounts	Per PDO	FERC Accounts	TOTAL			
1	Total Transmission Plant (Acct 101) and Electric Plant Leased to Others (Acct 104)	101	104		(1)	1		
2	Normal* Transmission O&M and Expenses from Electric Plant Leased to Others	560 - 573	413		(1)	2		
3	Normal* A&G Expenses and Electric Plant Leased to Others	920 - 935	413		(1)	3		
4	Normal* Property Taxes and Property Taxes on Electric Plant Leased to Others	408.1	408.1		(1)	4		
5	Normal* Payroll Taxes and Payroll Taxes related to Electric Plant Leased to Others	408.1	408.1		(1)	5		
6	Normal* Property Insurance and Property Insurance related to Electric Plant Leased to Others	924	413		(1)	6		
7	Accts 282, 283 & 190 Related with Normal* SX-PQ ADIT and ADIT allocated Citizens	282,283 and 190	282,283 and 190 - (6)		(1)	7		
8	Annual Carrying Cost Portion of General and Common Plant Allocated to Citizens	(2)	(2)		(1)	8		
9	Annual Carrying Cost Portion of M&S and Prepayments Allocated to Citizens	(2)	(2)		(1)	9		
10	SX-PQ Line Depreciation Expense and Accumulated Depreciation	(3)	108 - (3)		-	10		
11	Citizens Prepaid Lease Payment and the Amortization of Citizens Prepaid Lease Payment	(4)	253 - (4)		-	11		
12	Citizens Revenues from Electric Plant Leased to Others	(5)	412 - (4) & (5)		-	12		

- (1) Column C reflects the combined expenses for both of SDG&E's normal FERC Form 1 accounts and those allocated to Citizens, which are used to develop the Annual SX-PQ Line Rate as reflected in Appendix XII.
- (2) Because it is not feasible to record each allocated cost component of general and common plant to Citizens (plant, depreciation, accumulated deferred income taxes) to Column B, SDG&E will charge the total annual carrying cost related to this allocation to Account 413, and credit this annual carrying cost amount to SDG&E future transmission cost of services.
 Because it is not feasible to record each allocated cost component of M&S and prepayments to Citizens in Column B, SDG&E will charge the total annual carrying costs related to this allocation to Account 413, and credit this annual carrying cost amount to future transmission cost of services.
- (3) SDG&E will depreciate the cost of electric plant in account 104, Electric Plant Leased to Others, using Account 413 and 108, Expenses from Electric Plant Leased to Others and Accumulated Provision for Depreciation of Electric Utility Plant respectively.
- (4) SDG&E will record the Citizens Prepaid Lease Payment in Account 253, Other Deferred Credits, and amortize the amount to Account 412, Revenues from Electric Plant Leased to Others, over the life of the lease.
- (5) SDG&E will record the Citizens Revenues from Electric Plant Leased to Others in Account 412.
- (6) Accounts 282, 283, and 190 were not identified in the FERC's PDO Order, but SDG&E will use these accounts to record the Accumulated Deferred Income Tax allocated to Citizens.
- (*) Normal costs referenced above are those costs reflected in the FERC Form 1 accounts other than those costs recorded to the Lease Accounts shown in Column B.

Exhibit No. SDG-3

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

San Diego Gas & Electric Company) Docket No. ER19-___-000

PREPARED DIRECT TESTIMONY OF

AMANDA J. TUCKER

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

April 2, 2019

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PREPARED DIRECT TESTIMONY OF

AMANDA J. TUCKER

ON BEHALF OF SAN DIEGO GAS & ELECTRIC

I. PERSONAL QUALIFICATIONS

Q. Please state your name, position and business address.

A. My name is Amanda J. Tucker. I am employed by Sempra Energy, the parent company of San Diego Gas & Electric Company (“SDG&E”), as a Senior Tax Analyst. My business address is 488 8th Avenue, HQ08N1, San Diego, California 92101-7123.

Q. Please state your employment background and related professional affiliations.

A. I am currently responsible for federal and state income taxes and regulatory tax matters for Sempra Energy’s California regulated public utilities, including SDG&E. I have held this position since April 2016.

Prior to joining Sempra Energy in 2016, I worked for five years at AMN Healthcare and held various positions within the Corporate Tax department, including Tax Senior and Income Tax Supervisor. Prior to being employed by AMN Healthcare, I worked for one year as a Tax Staff in the Diversified Staff Group at Ernst & Young, LLP.

I received a Bachelor of Arts degree in Liberal Studies from California State University of Northridge and a Master of Science degree in Accounting with

1 an emphasis on Tax from San Diego State University. I am an active Certified
2 Public Accountant licensed by the state of California.

3 **II. SUMMARY AND PURPOSE OF TESTIMONY**

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. The purpose of my testimony is to explain how the Transfer Capability Lease,
6 between SDG&E and Citizens Sycamore-Penasquitos Transmission LLC
7 (Citizens Energy Corporation and Citizens Sycamore-Penasquitos Transmission
8 LLC are collectively and individually referred to herein as “Citizens”), has special
9 tax implications due to the fact that this transaction is characterized as a lease
10 agreement. My testimony also discusses the impact of deferred taxes, accelerated
11 tax depreciation, and changes made by the Tax Cuts and Jobs Act of 2017
12 (“TCJA”) and explains how SDG&E ratepayers are economically neutral in this
13 transaction for tax purposes.

14 **III. TAX TREATMENT OF LEASE AGREEMENT**

15 **Q. How will the lease agreement between SDG&E and Citizens be treated for**
16 **tax purposes?**

17 A. Under general tax principles, an amount received by a taxpayer as gross income
18 must be taken into account in the year payment is received. However, when a
19 lease agreement calls for prepaid rent, Internal Revenue Code (“IRC”) Section
20 (“§”) 467 requires the lessor and lessee to report the rents for tax purposes as they
21 accrue and to consider time value of money principles. Under a formula specified
22 in IRC §467 and the related regulations, rental revenues and expenses are
23 accounted for tax purposes on an accrual basis and the taxable income and

1 expenses are treated in a reciprocal manner by the parties. SDG&E and Citizens
2 agreed to structure the transaction as an IRC §467 lease to obtain more certainty
3 about the tax treatment that both parties desired and to spread the income and
4 expense items for tax purposes over the life of the agreement.

5 **Q. How will the pre-paid rent that Citizens will pay to SDG&E be treated for**
6 **tax purposes?**

7 A. Citizens will pay SDG&E an amount equal to all of the acquisition costs for the
8 property subject to its leasehold interest up front as “prepaid rent.” SDG&E will
9 amortize the prepaid rent into taxable income ratably over the 30-year lease term
10 based on a rent schedule calculated under IRC §467 rules. Another requirement
11 of IRC §467 is to treat the prepaid rent as a loan from the lessee to the lessor.
12 Accordingly, to the extent the unamortized prepaid rent exceeds the cumulative
13 rental payments due at the end of each rental accrual period, the excess is deemed
14 to be the outstanding loan balance. IRC §467 requires SDG&E and Citizens to
15 establish a schedule showing the taxable interest income to be recognized by
16 Citizens and the deductible interest expense to be recognized by SDG&E for each
17 period. The loan bears interest at 110% of the “applicable federal rate,” as
18 defined in IRC §467. The applicable rate is the long-term interest rate published
19 by the U.S. Treasury Department.

20 The IRC §467 treatment does not change the total taxable income or
21 expense to be recognized by SDG&E or Citizens compared to recognizing the
22 prepaid rent as taxable upon receipt by SDG&E and deductible upon payment by
23 Citizens, but it does change how the items of income and expense are labeled for

1 tax purposes and the timing of their recognition. Each year, SDG&E's net taxable
2 income will be equal to the sum of its rental income and interest expense, while
3 Citizens will recognize the reciprocal rental expense and interest income on its tax
4 return. As a result, the net rental income less interest expense recognized by
5 SDG&E over the 30-year life of the agreement will exactly equal Citizens'
6 prepaid rent. Accordingly, over the 30-year life of the lease, SDG&E and
7 Citizens will have complementary tax treatment.

8 The following example illustrates this complementary tax treatment:
9 assume Citizens makes an up-front payment to SDG&E equal to all the
10 construction costs of the segment of the Sycamore-Penasquitos Transmission Line
11 ("Sycamore") it will lease from SDG&E. SDG&E and Citizens would calculate
12 the accrued rental income to be recognized each period using present value
13 principles outlined in the regulations under IRC §467. Interest on the outstanding
14 balance of the "IRC §467 loan" would also be calculated for each period. Over
15 the life of the agreement, the net difference between the rental income less interest
16 expense recognized for tax purposes by SDG&E would equal the prepaid rent.
17 Similarly, the net difference between the interest income less rent expense
18 attributed to Citizens would also be equal to the prepaid rent. A calculation of the
19 IRC §467 rents and interest expense based on the \$27 million of estimated
20 construction costs for the portion of Sycamore leased to Citizens is shown in
21 Appendix A to this testimony.¹

¹ IRC §467 Rent Schedule, Appendix A.

1 **Q. Will SDG&E incur additional income tax expenses due to the rental income**
2 **earned from the lease with Citizens, and if so, will SDG&E ratepayers have to**
3 **pay for any of these additional income tax expenses?**

4 A. SDG&E may incur some additional tax liabilities under the IRC §467 lease over
5 the 30-year lease term. However, any such tax impact should not be material over
6 the 30-year lease term. This is because each year any deemed rental income from
7 the IRC §467 lease will be reduced by the deemed interest expense, and that net
8 amount will be further offset by the tax depreciation on this portion of the
9 Sycamore line. The net deemed income or net deemed loss (income for SDG&E
10 and loss for Citizens) associated with the IRC §467 lease over its entire 30-year
11 term will total \$27 million, which is identical to the tax basis for this portion of the
12 Sycamore line. This \$27 million tax basis should be fully depreciated for tax
13 purposes within the 30-year lease term. In the end, the \$27 million net income
14 associated with the IRC §467 lease will be offset by the \$27 million tax
15 depreciation associated with Citizens' leased interest in this portion of the
16 Sycamore line. There may be timing differences on when income and depreciation
17 will be recognized for tax purposes, but as stated above, the tax impact associated
18 with the net income under the IRC §467 lease will be immaterial to SDG&E.

19 While SDG&E may incur some tax liabilities associated with the net
20 income earned on the IRC §467 lease, none of these tax liabilities will be borne by
21 SDG&E ratepayers. SDG&E employs a Transmission Owner ("TO") Formula
22 Rate to assess charges to its retail customers. The applicable charges are specified
23 annually based on certain recorded costs that are used as inputs in a Formula Rate

1 Spreadsheet. SDG&E will not include Citizens' \$27 million portion of the
2 Sycamore line, the deemed rental income, the deemed interest expense, the tax
3 depreciation, or any other associated income tax costs related to this portion of the
4 Sycamore line in its TO ratemaking formula(s). Therefore, there will not be any
5 income tax liabilities associated with deemed rental income under the IRC §467
6 lease or in any other way related to Citizens' portion of the Sycamore line that will
7 be charged to SDG&E's retail customers in SDG&E's rates.

8 **IV. DEFERRED TAXES AND RATEMAKING IMPACT OF DEPRECIATION**

9 **Q. What is the ratemaking treatment for deferred taxes generated by** 10 **accelerated tax depreciation?**

11 A. The effect of the accelerated tax depreciation provisions is to increase the income
12 tax deduction for depreciation, thereby reducing current income taxes expensed
13 and paid with an equal and offsetting increase to deferred tax expense and the
14 accumulated deferred federal and state income taxes ("ADIT"), the latter
15 representing income tax liabilities that will be paid in the future.

16 ADIT reflects the difference between federal tax depreciation computed
17 using the Modified Accelerated Cost Recovery System ("MACRS") specified in
18 IRC §168 and state tax depreciation computed using the Asset Depreciation
19 Range ("ADR") system used by California versus normalized tax depreciation
20 computed using the same life, method, and salvage assumption used to compute
21 book depreciation. As discussed in more detail below, this difference will be
22 included as an adjustment to rate base by SDG&E for purposes of establishing a

1 baseline revenue requirement. Under IRS rules,² the adjustment to rate base will
2 be offset by the amount of SDG&E's net operating loss ("NOL") carryforward, if
3 any, allocated to the portion of Sycamore leased to Citizens, so that the ADIT
4 impact on rate base is net of the applicable NOL carryforward ("net ADIT").³

5 The net ADIT resulting from the difference between ratemaking
6 depreciation computed using a book life and method and the comparable tax
7 depreciation computed using MACRS or the state ADR will be included as a
8 reduction to rate base. Because ADIT reduces rate base, failure to account for the
9 impact of accelerated tax depreciation in computing net ADIT would inflate rate
10 base and result in higher rates paid by customers.

11 Pursuant to tax law, SDG&E remains the tax owner of the portion of
12 Sycamore leased to Citizens under the Transfer Capacity Lease between the
13 parties. As a result, SDG&E will be entitled to claim accelerated tax depreciation
14 on its tax return for all of the eligible costs attributable to Sycamore, and conversely,
15 Citizens has no ADIT attributable to accelerated depreciation related to Sycamore.
16 However, as explained in my testimony below, SDG&E will pass the benefit to
17 Citizens in its Appendix XII filing.

18 **V. RATEMAKING IMPACT FROM THE TCJA**

19 **Q. Are there any tax law changes from the TCJA that could have a significant**
20 **impact on ratemaking?**

² See Treas. Reg. § 1.167(l)-1(h)(1)(iii).

³ The NOL carryforward creates a deferred tax asset because it represents a future cash tax benefit that the taxpayer has not yet received.

1 A. Historically, the bonus depreciation rules of IRC §168(k) allowed taxpayers,
2 including regulated utilities, to immediately expense a specified percentage of
3 qualifying property placed into service in a particular year, rather than requiring
4 the taxpayer to depreciate the full amount of the property over multiple years for
5 tax purposes. However, there were changes to the bonus depreciation rules under
6 the TCJA that impacted regulated utilities.

7 The TCJA specifies that bonus depreciation is not available for assets
8 acquired in the trade or business of the furnishing or sale of:

9 (I) electric energy, water, or sewage disposal services, (II) gas or
10 steam though a local distribution system, or (III) transportation of
11 gas or steam by pipeline, if the rates for such furnishing or sale, as
12 the case may be, have been established or approved by a State or
13 political subdivision thereof, by any agency or instrumentality of
14 the United States, by a public service or public utility commission
15 or other similar body of any State or political subdivision thereof,
16 or by the governing or ratemaking body of an electric
17 cooperative.”⁴

18
19 Accordingly, the TCJA eliminates the bonus depreciation deduction for
20 regulated utilities, such as SDG&E, on a going forward basis, beginning
21 with property placed in service during 2018. Consistent with the language
22 of the TCJA, SDG&E has not taken bonus depreciation on any property
23 that was placed in service after December 31, 2017. This includes
24 Sycamore, which was placed into service August 2018.

25 **Q. How will the TCJA affect the tax treatment ratepayers receive under**
26 **Internal Revenue Code §467?**

⁴ TCJA Sections 13201(d)(9)(A) and 13301(a).

1 A. The TCJA did not change any of the provisions under Internal Revenue
2 Code §467; therefore, the TCJA has no impact on the tax treatment that
3 the ratepayers will receive under IRC §467.

4 **Q. Does the reduction of the corporate income tax rate from 35% to 21%**
5 **under the TCJA create excess ADIT that will need to be amortized**
6 **into rates?**

7 A. No. Excess ADIT is the difference between ADIT accrued as of
8 December 31, 2017 at the prior 35% federal corporate income tax rate, and
9 ADIT accrued as of that date at the new 21% tax rate, which became
10 effective under the TCJA on January 1, 2018. The Sycamore line was
11 placed into service during 2018, when the 21% tax rate was already in
12 effect. Accordingly, there was no ADIT accrued on the Sycamore line at
13 the prior 35% tax rate, and thus there is no excess ADIT to be amortized
14 for the Sycamore line.

15 **VI. SUMMARY AND CONCLUSIONS**

16 **Q. How will the lease agreement between SDG&E and Citizens be structured?**

17 A. SDG&E and Citizens have agreed to structure the transaction as an IRC §467
18 lease and effectively spread the income and expense items for tax purposes over
19 the life of the agreement.

20 **Q. What is SDG&E's proposal for the treatment of the tax benefits associated**
21 **with accelerated depreciation on the leased portion of the Sycamore Line?**

22 A. Under Section 8.3 of the Transfer Capacity Lease between SDG&E and Citizens,
23 SDG&E is obligated to transfer to Citizens an amount equal to the revenue

1 requirement benefit of the net ADIT offset to rate base resulting from SDG&E's
2 accelerated tax depreciation for the portion of Sycamore leased to Citizens.
3 Citizens will then pass this benefit along to its ratepayers.

4 Accordingly, SDG&E proposes computing the revenue requirement
5 attributable to the net ADIT associated with accelerated tax depreciation claimed
6 by SDG&E on the portion of Sycamore leased to Citizens and transferring this
7 amount to Citizens. The amount transferred to Citizens by SDG&E is incremental
8 to the deferred taxes Citizens has already reflected in its filing for accelerated cost
9 recovery for tax over the book recognition of expense.

10 **Q. Are SDG&E ratepayers economically neutral in this transaction between**
11 **SDG&E and Citizens?**

12 A. From a tax perspective, SDG&E's ratepayers are economically neutral in this
13 transaction between SDG&E and Citizens. Since SDG&E's ratepayers are not
14 funding capital costs or paying a return on capital costs attributable to the portion
15 of Sycamore leased to Citizens, SDG&E customers do not have a claim on the tax
16 benefits associated with the accelerated tax depreciation on that portion of
17 Sycamore. By transferring this tax benefit to Citizens' customers, who do bear the
18 cost, SDG&E's customers are not harmed and Citizens' customers receive the
19 benefits associated with costs funded by them.

20 **Q. Does this conclude your testimony?**

21 A. Yes, this concludes my prepared direct testimony.

VERIFICATION

Amanda J. Tucker hereby declares under penalty of perjury of the laws of the United States that the foregoing document is true and correct to the best of his knowledge and belief. *See* 28 U.S.C. § 1746.

Executed this 2nd day of April, 2019

A handwritten signature in black ink, appearing to read "Amanda J. Tucker", written over a horizontal line.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
Summary of Cost Components

Rate Effective Period June 1, 2019 to December 31, 2019

(\$1,000)

Line No.	Description of Annual Costs	Amounts	Reference	Line No.
1	Section 1 - Direct Maintenance Expense Cost Component	\$ -	Section 1; Page 1; Line 17	1
2				2
3	Section 2 - Non-Direct Expense Cost Component	799	Section 2; Page 1; Line 25	3
4				4
5	Section 3 - Cost Component Containing Other Specific Expenses	-	Section 3; Page 1; Line 31	5
6				6
7	Total Citizens Annual Prior Year Cost of Service	\$ 799	Sum Lines 1, 3, 5	7
8				8
9	Section 4 - True-Up Adjustment Cost Component (Over)/Undercollection	-	Section 4; Page TU; Col. 11; Line 21	9
10				10
11	Section 5 - Interest True-Up Adjustment Cost Component	-	Section 5; Page Interest TU (CY); Col. 6; Line 20	11
12				12
13	Subtotal Annual Costs	\$ 799	Sum Lines 7, 9, 11	13
14				14
15	Other Adjustments	-	Cost Adjustment Workpapers	15
16				16
17	Total Annual Costs	\$ 799	Line 13 + Line 15	17
18				18

Line No.	Description of Monthly Costs	Amounts	Reference	Line No.
19				19
20	Section 1 - Direct Maintenance Expense Cost Component	\$ -	Line 1 / 12 Months	20
21				21
22	Section 2 - Non-Direct Expense Cost Component	66.562	Line 3 / 12 Months	22
23				23
24	Section 3 - Cost Component Containing Other Specific Expenses	-	Line 5 / 12 Months	24
25				25
26	Total Citizens Monthly Prior Year Cost of Service	\$ 66.562	Sum Lines 20, 22, 24	26
27				27
28	Section 4 - True-Up Adjustment Cost Component	-	Line 9 / 12 Months	28
29				29
30	Section 5 - Interest True-Up Adjustment Cost Component	-	Line 11 / 12 Months	30
31				31
32	Other Adjustments	-	Line 15 / 12 Months	32
33				33
34	Total Monthly Costs	\$ 66.562	Sum Lines 26, 28, 30, 32	34
35				35
36	Number of Months in Base Period	12		36
37				37
38	Total Annual Costs	\$ 799	Line 34 x Line 36	38
39				39

SAN DIEGO GAS & ELECTRIC COMPANY
 CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
 Section 1 - Direct Maintenance Expense Cost Component
 Base Period & True-Up Period 12 - Months Ending December 31, 2017
 (\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
<u>A. Derivation of Direct Maintenance Expense Allocated to Citizens</u>			
2	\$ -	Statement AH; Line 2	2
3	13.10%		3
4	\$ -	Line 2 x Line 3	4
5			5
6	12.50%	FERC Method = 1/8 of O&M Expense	6
7	\$ -	Line 4 x Line 6	7
8			8
9	10.5177%	Statement AV2; Line 31	9
10			10
11	\$ -	Line 7 x Line 9	11
12			12
13	\$ -	Line 4 + Line 11	13
14			14
15	1.0277%	Line 13 x Franchise Fee Rate	15
16			16
17	\$ -	Line 13 + Line 15	17

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT

Section 2 - Non-Direct Expense Cost Component

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.	Amounts	Reference	Line No.
1	<u>A. Non-Direct Annual Carrying Charge Percentages</u>		1
2	0.73%	Page 2; Line 6	2
3			3
4	0.74%	Page 2; Line 11	4
5			5
6	0.91%	Page 2; Line 16	6
7			7
8	0.03%	Page 2; Line 21	8
9			9
10	0.18%	Page 2; Line 34	10
11			11
12	0.34%	Page 2; Line 51	12
13			13
14	2.93%	Sum Lines 2 thru 12	14
15			15
16	1.0277%	Line 14 x Franchise Fee Rate	16
17	0.03%		17
18	2.96%	Line 14 + Line 16	18
19			19
20	<u>B. Derivation of Non-Direct Expense</u>		20
21	\$ 27,000	Lease Agreement	21
22			22
23	2.96%	Line 18 Above	23
24			24
25	\$ 799	Line 21 x Line 23	25

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT

Section 2 - Non-Direct Expense Cost Component

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.	Amounts	Reference	Line No.
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
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51			

SAN DIEGO GAS & ELECTRIC COMPANY
 CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
 Section 3 - Cost Component Containing Other Specific Expenses
 Base Period & True-Up Period 12 - Months Ending December 31, 2017
 (\$1,000)

Line No.	(a) Total Costs	(b) Removal Rate	(c) = (a) x (b) Amounts	Reference	Line No.
1	A. Direct Assignment of Accumulated Deferred Income Taxes (ADIT) to Citizens:				1
2					2
3			\$ -	Not Applicable to 2017 Base Period	3
4					4
5			10.5177%	Statement AV2; Line 31	5
6					6
7			\$ -	Line 3 x Line 5	7
8					8
9	B. Equity AFUDC Component of Transmission Depreciation Expense				9
10			\$ -	AV-2B; Line 17	10
11					11
12	C. Derivation of Citizens SX-PQ Underground Line Segment Cost of Removal				12
13	FERC Account				13
14	\$ -	0.0076	\$ -	TO5 Transmission Plant Deprec. Rates WP	14
15					15
16	-	0.0021	-	TO5 Transmission Plant Deprec. Rates WP	16
17					17
18	-	-	-	TO5 Transmission Plant Deprec. Rates WP	18
19					19
20	-	-	-	TO5 Transmission Plant Deprec. Rates WP	20
21					21
22	-	-	-	TO5 Transmission Plant Deprec. Rates WP	22
23	\$ -			Col. a = Sum Lines 14 thru 22	23
24					24
25			\$ -	Sum Lines 14 thru 22	25
26					26
27		1.0277%	-	Line 25 x Franchise Fee Rate	27
28					28
29			\$ -	Line 25 + Line 27	29
30					30
31			\$ -	Line 7 + Line 10 + Line 29	31

¹ Due to the Tax Cuts and Jobs Act, SDG&E is not eligible to receive Bonus Depreciation on the SX-PQ Transmission Line. However, if this item was to apply, subject to IRS approval, the applicable data field will be populated.

SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT
DERIVATION OF CITIZENS' TRUE-UP ADJUSTMENT - (OVER) / UNDERCOLLECTION
True-Up Period - January 1, 2017 to December 31, 2017
(\$1,000)

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Line No.
Calculations:												
1	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	1
2				= Col. 4; Line 22 / 12		= Sum Col. 3 thru Col. 5	= Col. 2 - Col. 6		See Footnote 6	See Footnote 7	= Col. 9 + Col. 10	2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
10												10
11												11
12												12
13												13
14												14
15												15
16												16
17												17
18												18
19												19
20												20
21												21
22												22
10	Year	Monthly True-Up Cost of Service ¹	Monthly True-Up Revenues ²	Prior True-Up Adjustment ³	Prior Other Adjustments ⁴	Adjusted Monthly True-Up Revenues	Monthly Overcollection (-) or Undercollection (+) in Revenue	Monthly Interest Rate ⁵	Cumulative Overcollection (-) or Undercollection (+) in Revenue <u>wo Interest</u>	Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue <u>with Interest</u>	
11	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.30%	\$ -	\$ -	\$ -	
12	2017	-	-	-	-	-	-	0.27%	-	-	-	
13	2017	-	-	-	-	-	-	0.30%	-	-	-	
14	2017	-	-	-	-	-	-	0.30%	-	-	-	
15	2017	-	-	-	-	-	-	0.32%	-	-	-	
16	2017	-	-	-	-	-	-	0.30%	-	-	-	
17	2017	-	-	-	-	-	-	0.34%	-	-	-	
18	2017	-	-	-	-	-	-	0.34%	-	-	-	
19	2017	-	-	-	-	-	-	0.33%	-	-	-	
20	2017	-	-	-	-	-	-	0.36%	-	-	-	
21	2017	-	-	-	-	-	-	0.35%	-	-	-	
22		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.36%	\$ -	\$ -	\$ -	

1 Monthly True-Up Cost of Service comprises Sections 1 thru 3 Direct Maintenance, Non-Direct Expense, and Other Specific Expenses Cost Components. For Cycle 1, there is no monthly true-up cost of service.
2 Monthly True-Up Revenues comprises the prior cycle costs applicable to the true-up period. For Cycle 1, there are no monthly true-up revenues.
3 Adjustment to back-out the applicable prior year true-up and interest true-up adjustments that are included in the recorded monthly true-up revenues in Column 3.
4 Adjustment to back-out Other Adjustments from a prior year which would be included in the recorded monthly true-up revenues in Column 3. Such adjustments include, but are not limited to, error adjustments and out-of-cycle recovery or refunds ordered by the Commission for a previous year.
5 Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.
6 Derived using the prior month balance in Column 11 plus the current month balance in Column 7.
7 Interest is calculated using an average of beginning and ending balances: 1) in month 1, the average is 1/2 of balance in Column 7; and 2) in subsequent months is the average of prior month balance in Column 11 and the current month balance in Column 9.

**SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT**

**Derivation of Interest on the 12-Month True-Up Adjustment Applicable to Citizens Cycle 0
True-Up Period - January 1, 2017 to December 31, 2017
(\$1,000)**

Line No.	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>	<u>Col. 6</u>	Line No.
1	<u>Year</u>	<u>Prior Cycle True Up Adjustment¹</u>	<u>Monthly Interest Rate</u>	<u>Cumulative Overcollection (+) in Revenue wo Interest</u>	<u>Interest</u>	<u>Cumulative Overcollection (-) or Undercollection (+) in Revenue with Interest</u>	1
2	<u>Month</u>	<u>Year</u>	<u>Rate</u>	<u>wo Interest</u>	<u>Interest</u>	<u>with Interest</u>	2
3	Calculations:						3
4							4
5							5
6							6
7	January	2017	0.30%	-	\$ -	\$ -	7
8	February	2017	0.27%	-	-	-	8
9	March	2017	0.30%	-	-	-	9
10	April	2017	0.30%	-	-	-	10
11	May	2017	0.32%	-	-	-	11
12	June	2017	0.30%	-	-	-	12
13	July	2017	0.34%	-	-	-	13
14	August	2017	0.34%	-	-	-	14
15	September	2017	0.33%	-	-	-	15
16	October	2017	0.36%	-	-	-	16
17	November	2017	0.35%	-	-	-	17
18	December	2017	0.36%	-	-	-	18
19					\$ -		19

1 Represents the true-up adjustment from the previous annual cycle filing. SDG&E accrues interest until the amount is fully collected/refunded in rates.
 2 Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.
 3 The Cumulative Overcollection / Undercollection is: 1) the beginning balance in Column 2 for January; and 2) the previous month balance in Column 6 for all subsequent months.
 4 Interest is calculated using an average of beginning and ending balances: 1) January uses the entire balance from Column 4; and 2) subsequent months use the average of the prior month balance in Column 6 and the current month balance from Column 4.

**SAN DIEGO GAS & ELECTRIC COMPANY
CITIZENS' SHARE OF THE SX-PQ UNDERGROUND LINE SEGMENT**

**Derivation of Interest on the 12-Month True-Up Adjustment Applicable to Citizens Cycle 0
True-Up Period - January 1, 2017 to December 31, 2017
(\$1,000)**

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Line No.	
	<u>Year</u>	<u>Monthly Interest Rate</u> ¹	<u>Month Beginning Balance</u>	<u>Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Month Ending Balance</u>		
1	2018	0.32%	\$ -	\$ -	\$ -	\$ -	\$ -	1	
2	2018	0.32%	-	-	-	-	-	2	
3	2018	0.32%	-	-	-	-	-	3	
4	2018	0.32%	-	-	-	-	-	4	
5	2018	0.32%	-	-	-	-	-	5	
6	2018	0.32%	-	-	-	-	-	6	
7	2018	0.32%	-	-	-	-	-	7	
8	2018	0.32%	-	-	-	-	-	8	
9	2018	0.32%	-	-	-	-	-	9	
10	2018	0.32%	-	-	-	-	-	10	
11	2018	0.32%	-	-	-	-	-	11	
12	2018	0.32%	-	-	-	-	-	12	
13	2018	0.32%	-	-	-	-	-	13	
14	2018	0.32%	-	-	-	-	-	14	
15	2018	0.32%	-	-	-	-	-	15	
16	2018	0.32%	-	-	-	-	-	16	
17	2018	0.32%	-	-	-	-	-	17	
18	2018	0.32%	-	-	-	-	-	18	
19	Total Base Period Interest ⁴							-	19
20	Total Base Period Interest and Current Year Interest							\$ -	20

¹ Rate is an average of the base period FERC Rates presented in the Section 4a True-Up calculation in Column 8 to derive a more accurate and consistent amortization amount (Column 4).
² The Beginning Balance is: 1) the balance in Column 6; Line 18 from the Interest True-Up Base Period for January; and 2) the balance from previous month in Column 7 of this worksheet for all subsequent months.
³ Amortization reduces the beginning balance to zero by the end of December and is derived as follows:
 Beginning Balance / {[(1+Rate)¹²-1]/[Rate*(1+Rate)¹²]}.
⁴ Total Base Period Interest comes from Section 5; Page Interest TU (BP); Col. 5; Line 19

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AD - Workpapers
Cost of Plant

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-16	(b) 31-Dec-17	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Total Steam Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		\$ 567,646	AD-1; Line 18	1
2						2
3	Total Nuclear Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-2; Line 18	3
4						4
5	Total Hydraulic Production Plant ^{1,3}			-	AD-3; Line 18	5
6						6
7	Total Other Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		510,399	AD-4; Line 18	7
8						8
9	Total Distribution Plant ^{2,3}	450.1; Sch. Pg. 204; 104; b	\$ 6,085,652	\$ 6,494,386	6,290,019	AD-5; Line 6
10						10
11	Transmission Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		5,165,035	AD-6; Line 23	11
12						12
13	Incentive Transmission Plant ¹			-	AD-7; Line 18	13
14						14
15	Total Electric Miscellaneous Intangible Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	153,458	174,135	163,797	AD-8; Line 6
16						16
17	Total General Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	348,912	383,134	366,023	AD-9; Line 6
18						18
19	Total Common Plant ^{2,4}		774,886	809,142	792,014	AD-10; Line 10
20						20
21	Total Plant in Service			<u>\$ 13,854,934</u>	Sum Lines 1 thru 19	21
22						22
23	Transmission Wages and Salaries Allocation Factor			10.04%	Statement A1; Line 17	23
24						24
25	Total Transmission Plant & Incentive Transmission Plant			\$ 5,165,035	Line 11 + Line 13	25
26						26
27	Transmission Related Electric Miscellaneous Intangible Plant			16,450	Line 15 x Line 23	27
28						28
29	Transmission Related General Plant			36,759	Line 17 x Line 23	29
30						30
31	Transmission Related Common Plant			<u>79,541</u>	Line 19 x Line 23	31
32						32
33	Transmission Related Total Plant in Service			<u>\$ 5,297,785</u>	Sum Lines 25 thru 31	33
34						34
35	Transmission Plant Allocation Factor ⁵			<u>38.24%</u>	Line 33 / Line 21	35

¹ The balances for Steam, Nuclear, Hydraulic, Other Production, Transmission, and Incentive Transmission plant are derived based on a 13-month average balance.

² The balances for Electric Miscellaneous Intangible, Distribution, General and Common plant are derived based on a simple average balance using beginning and ending year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

⁵ Used to allocate all elements of working capital, other than working cash.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

STEAM PRODUCTION

Line No.	Month	Total Steam Production Per Book	Reference	Steam Production Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ 549,102	SDG&E Records	\$ 564,106	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2	Jan-17	549,634		564,638		2
3	Feb	549,651		564,655		3
4	Mar	551,029		566,193		4
5	Apr	550,931		566,100		5
6	May	551,805		566,974		6
7	Jun	552,169		567,343		7
8	Jul	552,438		567,614		8
9	Aug	553,943		569,120		9
10	Sep	554,086		569,265		10
11	Oct	554,188		569,367		11
12	Nov	556,777		571,955		12
13	Dec-17	556,888	SDG&E Records	572,067	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	13
14						14
15	Total 13 Months	\$ 7,182,639	Sum Lines 1 thru 13	\$ 7,379,395	Sum Lines 1 thru 13	15
16						16
17						17
18	13-Month Average Balance	\$ 552,511	Average of Lines 1 thru 13	\$ 567,646	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; 13-Month Avg.	18
19						19

¹ This column represents the monthly ratemaking plant balances for the base & true-up periods. These plant balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

NUCLEAR PRODUCTION

Line No.	Month	Total Nuclear Production Per Book	Reference	Nuclear Production Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ -	SDG&E Records	-	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2	Jan-17	-		-		2
3	Feb	-		-		3
4	Mar	-		-		4
5	Apr	-		-		5
6	May	-		-		6
7	Jun	-		-		7
8	Jul	-		-		8
9	Aug	-		-		9
10	Sep	-		-		10
11	Oct	-		-		11
12	Nov	-		-		12
13	Dec-17	-	SDG&E Records	-	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	13
14						14
15	Total 13 Months	\$ -	Sum Lines 1 thru 13	-	Sum Lines 1 thru 13	15
16						16
17						17
18	13-Month Average Balance	\$ -	Average of Lines 1 thru 13	-	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; 13-Month Avg.	18
19						19

¹ This column represents the monthly ratemaking plant balances for the base & true-up periods. These plant balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

HYDRAULIC PRODUCTION PLANT

Line No.	Month	Total Hydraulic Production Per Book	Reference	Hydraulic Production Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ -	SDG&E Records	-	SDG&E Records	1
2	Jan-17	-		-		2
3	Feb	-		-		3
4	Mar	-		-		4
5	Apr	-		-		5
6	May	-		-		6
7	Jun	-		-		7
8	Jul	-		-		8
9	Aug	-		-		9
10	Sep	-		-		10
11	Oct	-		-		11
12	Nov	-		-		12
13	Dec-17	-	SDG&E Records	-	SDG&E Records	13
14						14
15	Total 13 Months	\$ -	Sum Lines 1 thru 13	-	Sum Lines 1 thru 13	15
16						16
17						17
18	13-Month Average Balance	\$ -	Average of Lines 1 thru 13	-	Average of Lines 1 thru 13	18
19						19

¹ This column represents the monthly ratemaking plant balances for the base & true-up periods. These plant balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

OTHER PRODUCTION

Line No.	Month	Total Other Production Per Book	Reference	Other Production Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ 534,908	SDG&E Records	\$ 491,797	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2	Jan-17	534,914		491,803		2
3	Feb	534,936		491,826		3
4	Mar	534,926		491,816		4
5	Apr	560,324		517,214		5
6	May	560,712		517,655		6
7	Jun	560,914		517,857		7
8	Jul	560,920		517,863		8
9	Aug	563,277		520,220		9
10	Sep	563,568		520,511		10
11	Oct	563,306		520,249		11
12	Nov	559,588		518,235		12
13	Dec-17	559,500	SDG&E Records	518,148	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	13
14						14
15	Total 13 Months	\$ 7,191,793	Sum Lines 1 thru 13	\$ 6,635,193	Sum Lines 1 thru 13	15
16						16
17						17
18	13-Month Average Balance	\$ 553,215	Average of Lines 1 thru 13	\$ 510,399	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; 13-Month Avg.	18
19						19

¹ This column represents the monthly ratemaking plant balances for the base & true-up periods. These plant balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

DISTRIBUTION PLANT

Line No.	Month	Total Distribution Plant Per Book	Reference	Distribution Plant Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ 5,990,289	SDG&E Records	\$ 6,085,652	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2	Dec-17	6,397,449	SDG&E Records	6,494,386	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	2
3						3
4						4
5						5
6	Beginning and End Period Average	\$ 6,193,869	Average of Line 1 and Line 3	\$ 6,290,019	Average of Line 1 and Line 3	6
7						7

¹ This column represents the monthly ratemaking plant balances for the base & true-up periods. These plant balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

TRANSMISSION PLANT

Line No.	Month	Total Transmission Plant Per Book	Reference	Transmission Plant Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ 5,056,298	SDG&E Records	\$ 4,989,264	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2	Jan-17	5,084,653		5,014,621		2
3	Feb	5,102,046		5,032,013		3
4	Mar	5,103,240		5,033,046		4
5	Apr	5,105,373		5,035,173		5
6	May	5,213,230		5,143,029		6
7	Jun	5,222,185		5,151,985		7
8	Jul	5,228,247		5,157,822		8
9	Aug	5,304,427		5,233,836		9
10	Sep	5,334,550		5,263,956		10
11	Oct	5,349,546		5,278,952		11
12	Nov	5,419,127		5,348,533		12
13	Dec-17	5,533,772	SDG&E Records	5,463,232	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	13
14						14
15	Total 13 Months	\$ 68,056,693	Sum Lines 1 thru 13	\$ 67,145,461	Sum Lines 1 thru 13	15
16						16
17						17
18	13-Month Average Balance	\$ 5,235,130	Average of Lines 1 thru 13	\$ 5,165,035	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; 13-Month Avg.	18
19						19
20						20
21	Add: Citizens Weighted Average Lease Amount ²			\$ -	Lease Agreement	21
22						22
23	Total Transmission Plant Cost Average Balance			\$ 5,165,035	Line 18 + Line 21	23

¹ This column represents the monthly ratemaking plant balances for the base & true-up periods. These plant balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

² Represents the lease amount for the term of service that is added to the 13-Month Average Balance for Transmission ratemaking. This figure will not change and therefore is a static amount.

SAN DIEGO GAS & ELECTRIC COMPANY
TRANSMISSION FUNCTIONALIZATION STUDY
DERIVATION OF TRANSMISSION RELATED PLANT DOLLARS
BALANCES AS OF 12/31/2016
(\$1,000)

Line No.	Account	Description	(1) Total Transmission Account 101	(2) Generation Account 101 Plant Recl. as Transmission	(3) Distribution Account 101 Plant Recl. to Transmission	(4) Transmission Account 101 Plant Recl. Steam Prod.	(5) Transmission Account 101 Plant Recl. Other Prod.	(6) Transmission Account 101 Plant Recl. Nuclear	(7) Transmission Account 101 Plant Recl. as Distribution	(8) Total Transmission Adjusted Book SUM 1:7	Reference
1	303.0	Production Related to Trans Intangibles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	SDG&E Records
2	310.1	Land	-	-	-	-	-	-	-	-	SDG&E Records
3	340.0	Land & Land Rights	-	5	-	-	-	-	-	5	SDG&E Records
4	360.0	Land & Land Rights	-	-	3,579	-	-	-	-	3,579	SDG&E Records
5	361.0	Structures & Improvements	-	-	1,046	-	-	-	-	1,046	SDG&E Records
6											
7	TOTAL	TRANSMISSION RELATED	\$ -	\$ 5	\$ 4,625	\$ -	\$ -	\$ -	\$ -	\$ 4,630	Sum Lines 1 thru 5
8											
9	350.0	Land & Land Rights	\$ 222,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,551)	\$ 215,497	SDG&E Records
10	352.0	Structures & Improvements	477,013	-	-	(1,928)	-	-	(46,166)	428,918	SDG&E Records
11	353.0	Station Equipment	1,403,344	-	-	(11,349)	(1,420)	-	(2,521)	1,388,053	SDG&E Records
12	354.0	Towers and Fixtures	894,860	-	-	-	-	-	-	894,860	SDG&E Records
13	355.0	Poles and Fixtures	453,558	-	-	-	-	-	-	453,558	SDG&E Records
14	356.0	OH Conductors and Device	568,267	-	-	-	-	-	-	568,267	SDG&E Records
15	357.0	Underground Conduit	354,564	-	-	-	-	-	-	354,564	SDG&E Records
16	358.0	UG Conductors & Devices	372,786	-	-	(1,726)	-	-	-	371,060	SDG&E Records
17	359.0	Roads & Trails	309,857	-	-	-	-	-	-	309,857	SDG&E Records
18											
19	TOTAL	TRANSMISSION PLANT	\$ 5,056,298	\$ -	\$ -	\$ (15,004)	\$ (1,420)	\$ -	\$ (55,239)	\$ 4,984,634	Sum Lines 9 thru 17
20											
21	GRAND TOTAL RECLASS TRANS PLANT		\$ 5,056,298	\$ 5	\$ 4,625	\$ (15,004)	\$ (1,420)	\$ -	\$ (55,239)	\$ 4,989,264	Line 7 + Line 19

These represent plant transfers to comply with FERC Order No. 888 and reflect the adjusted Transmission plant balances.

SAN DIEGO GAS & ELECTRIC COMPANY
TRANSMISSION FUNCTIONALIZATION STUDY
DERIVATION OF TRANSMISSION RELATED PLANT DOLLARS
BALANCES AS OF 12/31/2017
(\$1,000)

Line No.	Account	Description	(1) Total Transmission Account 101	(2) Generation Account 101 Plant Recl Class as Transmission	(3) Distribution Account 101 Plant Recl Class to Transmission	(4) Transmission Account 101 Plant Recl Class Steam Prod.	(5) Transmission Account 101 Plant Recl Class Other Prod.	(6) Transmission Account 101 Plant Recl Class Nuclear	(7) Transmission Account 101 Plant Recl Class as Distribution	(8) Total Transmission Adjusted Book SUM 1:7	Reference
1	303.0	Production Related to Trans Intangibles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	SDG&E Records
2	310.1	Land	-	-	-	-	-	-	-	-	SDG&E Records
3	340.0	Land & Land Rights	-	5	-	-	-	-	-	5	SDG&E Records
4	360.0	Land & Land Rights	-	-	3,634	-	-	-	-	3,634	SDG&E Records
5	361.0	Structures & Improvements	-	-	1,046	-	-	-	-	1,046	SDG&E Records
6											
7	TOTAL	TRANSMISSION RELATED	\$ -	\$ 5	\$ 4,680	\$ -	\$ -	\$ -	\$ -	\$ 4,684	Sum Lines 1 thru 5
8											
9	350.0	Land & Land Rights	\$ 234,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,734)	\$ 224,498	SDG&E Records
10	352.0	Structures & Improvements	516,614	-	-	(1,928)	-	-	(46,370)	468,316	SDG&E Records
11	353.0	Station Equipment	1,658,340	-	-	(11,524)	(1,420)	-	(2,521)	1,642,874	SDG&E Records
12	354.0	Towers and Fixtures	897,312	-	-	-	-	-	-	897,312	SDG&E Records
13	355.0	Poles and Fixtures	540,159	-	-	-	-	-	-	540,159	SDG&E Records
14	356.0	OH Conductors and Device	619,516	-	-	-	-	-	-	619,516	SDG&E Records
15	357.0	Underground Conduit	360,840	-	-	-	-	-	-	360,840	SDG&E Records
16	358.0	UG Conductors & Devices	390,619	-	-	(1,726)	-	-	-	388,892	SDG&E Records
17	359.0	Roads & Trails	316,140	-	-	-	-	-	-	316,140	SDG&E Records
18											
19	TOTAL	TRANSMISSION PLANT	\$ 5,533,772	\$ -	\$ -	\$ (15,179)	\$ (1,420)	\$ -	\$ (58,626)	\$ 5,458,547	Sum Lines 9 thru 17
20											
21	GRAND TOTAL RECLASS TRANS PLANT		\$ 5,533,772	\$ 5	\$ 4,680	\$ (15,179)	\$ (1,420)	\$ -	\$ (58,626)	\$ 5,463,232	Line 7 + Line 19

These represent plant transfers to comply with FERC Order No. 888 and reflect the adjusted Transmission plant balances.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

INCENTIVE TRANSMISSION PLANT

Line No.	Month	Total Incentive Transmission Plant Per Book	Reference	Incentive Transmission Plant Ratemaking	Reference	Line No.
1	Dec-16	\$	SDG&E Records	-	SDG&E Records	1
2	Jan-17	-		-		2
3	Feb	-		-		3
4	Mar	-		-		4
5	Apr	-		-		5
6	May	-		-		6
7	Jun	-		-		7
8	Jul	-		-		8
9	Aug	-		-		9
10	Sep	-		-		10
11	Oct	-		-		11
12	Nov	-		-		12
13	Dec-17	-	SDG&E Records	-	SDG&E Records	13
14						14
15	Total 13 Months	\$	Sum Lines 1 thru 13	-	Sum Lines 1 thru 13	15
16						16
17	13-Month Average Balance	\$	Average of Lines 1 thru 13	-	Average of Lines 1 thru 13	17
18						18
19						19

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

ELECTRIC MISCELLANEOUS INTANGIBLE PLANT

Line No.	Month	Adjusted FERC Intangible Plant Balance	Reference	Line No.
1	Dec-16	\$ 153,458	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2	Dec-17	174,135	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	2
3	Beginning and End Period Average	\$ 163,797	Average of Line 1 and Line 3	3
4				4
5				5
6				6
7				7

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

GENERAL PLANT

Line No.	Month	Adjusted FERC General Plant Balance	Reference	Line No.
1	Dec-16	\$ 348,912	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; BOY	1
2				2
3	Dec-17	383,134	Form 1; Page 450.1; Sch. Pg. 204; Line 104; Col. b; EOY	3
4				4
5				5
6	Beginning and End Period Average	\$ 366,023	Average of Line 1 and Line 3	6
7				7

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AD
COST OF PLANT
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

COMMON PLANT

Line No.	Month	Description	Amounts	Reference	Line No.
1	Dec-16	Total Common Plant Per Book	\$ 1,028,929	2017 Form 1; Page 356; Accts 303 to 398; BOY 2016 Form 1; Page 356.1; Electric Line 1 x Line 2	1
2		Electric Split of Common Utility Plant	75.31%		2
3		Total Common Plant to Electric Per Book	\$ 774,886		3
4					4
5	Dec-17	Total Common Plant Per Book	\$ 1,084,350	2017 Form 1; Page 356; Accts 303 to 398; EOY 2017 Form 1; Page 356.1; Electric Line 5 x Line 6	5
6		Electric Split of Common Utility Plant	74.62%		6
7		Total Common Plant to Electric Per Book	\$ 809,142		7
8					8
9					9
10		Beginning and End Period Average	\$ 792,014	Average of Line 3 and Line 7	10
11					11

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AE - Workpapers
Accumulated Depreciation and Amortization
Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-16	(b) 31-Dec-17	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Transmission Plant Depreciation Reserve ^{1,3}			\$ 1,003,675	AE-1; Line 23	1
2						2
3	Electric Misc. Intangible Plant Amortization Reserve ^{2,4}	\$ 82,952	\$ 107,100	95,026	AE-2; Line 6	3
4						4
5	General Plant Depreciation Reserve ^{2,4}	138,237	153,385	145,811	AE-3; Line 6	5
6						6
7	Common Plant Depreciation Reserve ^{2,4}	395,080	412,999	404,039	AE-4; Line 10	7
8						8
9	Transmission Wages and Salaries Allocation Factor			10.04%	Statement AI; Line 17	9
10						10
11	Transmission Related Electric Misc. Intangible Plant Amortization Reserve			\$ 9,543	Line 3 x Line 9	11
12						12
13	Transmission Related General Plant Depreciation Reserve			14,644	Line 5 x Line 9	13
14						14
15	Transmission Related Common Plant Depreciation Reserve			40,577	Line 7 x Line 9	15
16						16
17	Total Transmission Related Depreciation Reserve			\$ 1,068,439	Line 1 + (Sum Lines 11 thru 15)	17
18						18
19	Incentive Transmission Plant Depreciation Reserve ¹			\$ -	Shall be Zero	19

¹ The depreciation reserve for Transmission and Incentive Transmission plant is derived based on a 13-month average balance.

² The depreciation reserve for Electric Miscellaneous Intangible, General and Common plant is derived based on a simple average of beginning and end of year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AE
ACCUMULATED DEPRECIATION AND AMORTIZATION
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

TRANSMISSION PLANT

Line No.	Month	Total Transmission Reserves Per Book	Reference	Transmission Reserves Ratemaking ¹	Reference
1	Dec-16	\$ 961,334	SDG&E Records	\$ 945,358	2016 Form 1; Page 450.1; Sch. Pg. 200; Line 14; Col. b
2	Jan-17	970,955		954,863	
3	Feb	980,564		964,366	
4	Mar	990,772		974,453	
5	Apr	1,001,142		984,687	
6	May	1,011,142		994,582	
7	Jun	1,020,951		1,004,267	
8	Jul	1,031,098		1,014,295	
9	Aug	1,040,443		1,023,534	
10	Sep	1,049,432		1,032,426	
11	Oct	1,059,360		1,042,208	
12	Nov	1,069,065		1,051,819	
13	Dec-17	1,078,176	SDG&E Records	1,060,916	2017 Form 1; Page 450.1; Sch. Pg. 200; Line 33; Col. b
14					
15	Total 13 Months	\$ 13,264,435	Sum Lines 1 thru 13	\$ 13,047,774	Sum Lines 1 thru 13
16					
17	13-Month Average Balance	\$ 1,020,341	Average of Lines 1 thru 13	\$ 1,003,675	2017 Form 1; Page 450.2; Sch. Pg. 200; Line 33; Col. b; 13-Month Avg.
18					
19					
20					
21	Add: Citizens Weighted Average Accumulated Depreciation			\$ -	AE-1A; Line 18
22					
23	Total Transmission Plant Accumulated Depreciation Average Balance			\$ 1,003,675	Line 18 + Line 21

¹ This column represents the monthly ratemaking depreciation reserve balances for the base & true-up periods. These depreciation reserve balances reflect the amounts shifted between functions (Transmission to Distribution, Transmission to Generation, Distribution to Transmission, etc.) as required by FERC Order 888: Seven-Element Adjustment Factor.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AE
ACCUMULATED DEPRECIATION AND AMORTIZATION
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

TRANSMISSION PLANT

Line No.	Month	Total Transmission Reserves Per Book	Reference	Transmission Reserves Ratemaking ¹	Reference	Line No.
1	Dec-16	\$ -	SDG&E Records	-	SDG&E Records	1
2	Jan-17	-		-		2
3	Feb	-		-		3
4	Mar	-		-		4
5	Apr	-		-		5
6	May	-		-		6
7	Jun	-		-		7
8	Jul	-		-		8
9	Aug	-		-		9
10	Sep	-		-		10
11	Oct	-		-		11
12	Nov	-		-		12
13	Dec-17	-	SDG&E Records	-	SDG&E Records	13
14						14
15	Total 13 Months	\$ -	Sum Lines 1 thru 13	-	Sum Lines 1 thru 13	15
16						16
17	13-Month Average Balance	\$ -	Average of Lines 1 thru 13	-	Average of Lines 1 thru 13	17
18						18
19						19

¹ Represents the monthly accumulated depreciation and amortization on the Citizens Lease amount for term of service.

SAN DIEGO GAS & ELECTRIC COMPANY
 TRANSMISSION FUNCTIONALIZATION STUDY
 DERIVATION OF TRANSMISSION RELATED
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 BALANCES AS OF 12/31/2016
 (\$1,000)

Line No.	Account	Description	(1) Total Transmission Account 108	(2) Generation Account 108 Reserves Reclass as Transmission	(3) Distribution Account 108 Reserves Reclass to Transmission	(4) Transmission Account 108 Reserves Reclass as Steam Prod.	(5) Transmission Account 108 Reserves Reclass as Other Prod.	(6) Transmission Account 108 Reserves Reclass as Nuclear	(7) Transmission Account 108 Reserves Reclass as Distribution	(8) Total Transmission Reserves Ratemaking SUM 1-7	Reference
1	303.0	Production Related to Trans									
2	310.1	Intangibles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	SDG&E Records
3	340.0	Land	-	-	-	-	-	-	-	-	SDG&E Records
4	360.0	Land & Land Rights	-	1	-	-	-	-	-	1	SDG&E Records
5	361.0	Land & Land Rights Structures & Improvements	-	-	50	-	-	-	-	50	SDG&E Records
6					499	-	-	-	-	499	SDG&E Records
7	TOTAL	TRANSMISSION RELATED	\$ -	\$ 1	\$ 549	\$ -	\$ -	\$ -	\$ -	\$ 550	Sum Lines 1 thru 5
8											
9	350.0	Land & Land Rights	\$ 20,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (306)	\$ 20,121	SDG&E Records
10	352.0	Structures & Improvements	64,045	-	-	(351)	-	-	(12,102)	51,591	SDG&E Records
11	353.0	Station Equipment	269,085	-	-	(1,806)	(300)	-	(1,220)	265,758	SDG&E Records
12	354.0	Towers and Fixtures	158,789	-	-	-	-	-	-	158,789	SDG&E Records
13	355.0	Poles and Fixtures	93,380	-	-	-	-	-	-	93,380	SDG&E Records
14	356.0	OH Conductors and Device	221,578	-	-	-	-	-	-	221,578	SDG&E Records
15	357.0	Underground Conduit	53,188	-	-	-	-	-	-	53,188	SDG&E Records
16	358.0	UG Conductors & Devices	52,595	-	-	(440)	-	-	-	52,155	SDG&E Records
17	359.0	Roads & Trails	28,248	-	-	-	-	-	-	28,248	SDG&E Records
18											
19	TOTAL	TRANSMISSION PLANT	\$ 961,334	\$ -	\$ -	\$ (2,597)	\$ (300)	\$ -	\$ (13,629)	\$ 944,808	Sum Lines 9 thru 17
20											
21	GRAND TOTAL	RECLASS TRANS PLANT	\$ 961,334	\$ 1	\$ 549	\$ (2,597)	\$ (300)	\$ -	\$ (13,629)	\$ 945,358	Line 7 + Line 19

These represent plant transfers to comply with FERC Order No. 888 and reflect the adjusted plant accumulated depreciation and amortization balances.

SAN DIEGO GAS & ELECTRIC COMPANY
 TRANSMISSION FUNCTIONALIZATION STUDY
 DERIVATION OF TRANSMISSION RELATED
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 BALANCES AS OF 12/31/2017
 (\$1,000)

Line No.	Account	Description	(1) Total Transmission Account 108	(2) Generation Account 108 Reserves Reclass as Transmission	(3) Distribution Account 108 Reserves Reclass to Transmission	(4) Transmission Account 108 Reserves Reclass as Steam Prod.	(5) Transmission Account 108 Reserves Reclass as Other Prod.	(6) Transmission Account 108 Reserves Reclass as Nuclear	(7) Transmission Account 108 Reserves Reclass as Distribution	(8) Total Transmission Reserves Ratemaking SUM 1-7	Reference
1	303.0	Production Related to Trans									
2	310.1	Intangibles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	SDG&E Records
3	340.0	Land	-	-	-	-	-	-	-	-	SDG&E Records
4	360.0	Land & Land Rights	-	1	-	-	-	-	-	1	SDG&E Records
5	361.0	Land & Land Rights Structures & Improvements	-	-	52	-	-	-	-	52	SDG&E Records
6					496	-	-	-	-	496	SDG&E Records
7	TOTAL	TRANSMISSION RELATED	\$ -	\$ 1	\$ 547	\$ -	\$ -	\$ -	\$ -	\$ 549	Sum Lines 1 thru 5
8											
9	350.0	Land & Land Rights	\$ 22,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (317)	\$ 22,001	SDG&E Records
10	352.0	Structures & Improvements	72,434	-	-	(388)	-	-	(12,807)	59,239	SDG&E Records
11	353.0	Station Equipment	314,845	-	-	(2,140)	(346)	-	(1,340)	311,019	SDG&E Records
12	354.0	Towers and Fixtures	173,364	-	-	-	-	-	-	173,364	SDG&E Records
13	355.0	Poles and Fixtures	107,090	-	-	-	-	-	-	107,090	SDG&E Records
14	356.0	OH Conductors and Device	233,624	-	-	-	-	-	-	233,624	SDG&E Records
15	357.0	Underground Conduit	61,170	-	-	-	-	-	-	61,170	SDG&E Records
16	358.0	UG Conductors & Devices	60,017	-	-	(470)	-	-	-	59,548	SDG&E Records
17	359.0	Roads & Trails	33,313	-	-	-	-	-	-	33,313	SDG&E Records
18											
19	TOTAL	TRANSMISSION PLANT	\$ 1,078,176	\$ -	\$ -	\$ (2,998)	\$ (346)	\$ -	\$ (14,465)	\$ 1,060,367	Sum Lines 9 thru 17
20											
21	GRAND TOTAL	RECLASS TRANS PLANT	\$ 1,078,176	\$ 1	\$ 547	\$ (2,998)	\$ (346)	\$ -	\$ (14,465)	\$ 1,060,916	Line 7 + Line 19

These represent plant transfers to comply with FERC Order No. 888 and reflect the adjusted plant accumulated depreciation and amortization balances.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AE
ACCUMULATED DEPRECIATION AND AMORTIZATION
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

ELECTRIC MISCELLANEOUS INTANGIBLE PLANT

Line No.	Month	Adjusted FERC Intangible Reserve Balance	Reference	Line No.
1	Dec-16	\$ 82,952	2016 Form 1; Page 450.1; Sch. Pg. 200; Line 14; Col. b	1
2				2
3	Dec-17	107,100	2017 Form 1; Page 450.1; Sch. Pg. 200; Line 33; Col. b	3
4				4
5				5
6	Beginning and End Period Average	\$ 95,026	Average of Line 1 and Line 3	6
7				7

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AE
ACCUMULATED DEPRECIATION AND AMORTIZATION
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

GENERAL PLANT

Line No.	Month	Adjusted FERC General Reserve Balance	Reference	Line No.
1	Dec-16	\$ 138,237	2016 Form 1; Page 450.1; Sch. Pg. 200; Line 14; Col. b	1
2				2
3	Dec-17	153,385	2017 Form 1; Page 450.1; Sch. Pg. 200; Line 33; Col. b	3
4				4
5				5
6	Beginning and End Period Average	\$ 145,811	Average of Line 1 and Line 3	6
7				7

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AE
ACCUMULATED DEPRECIATION AND AMORTIZATION
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

COMMON PLANT

Line No.	Month	Description	Amounts	Reference	Line No.
1	Dec-16	Total Common Plant Per Book	\$ 524,605	2016 Form 1; Page 356.1; Accts 303 to 398 2016 Form 1; Page 356.1; Electric Line 1 x Line 2	1
2		Electric Split of Common Utility Plant	75.31%		2
3		Total Common Reserves to Electric Per Book	\$ 395,080		3
4					4
5	Dec-17	Total Common Plant Per Book	\$ 553,469	2017 Form 1; Page 356.1; Accts 303 to 398 2017 Form 1; Page 356.1; Electric Line 5 x Line 6	5
6		Electric Split of Common Utility Plant	74.62%		6
7		Total Common Reserves to Electric Per Book	\$ 412,999		7
8					8
9					9
10		Beginning and End Period Average	\$ 404,039	Average of Line 3 and Line 7	10
11					11

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AF - Workpapers
Deferred Credits

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-16	(b) 31-Dec-17	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	FERC Account 190	\$ 290,364	\$ 273,109	\$ 281,736	AF-1 and AF-2; Line 5 + Line 21; Col. d	1
2						2
3	FERC Account 282	(931,658)	(1,028,062)	(979,860)	AF-1 and AF-2; Line 10 + Line 26; Col. d	3
4						4
5	FERC Account 283	(4,662)	(6,398)	(5,530)	AF-1 and AF-2; Line 15 + Line 31; Col. d	5
6						6
7	Total Transmission Related ADIT ²	\$ (645,957)	\$ (761,352)	\$ (703,654)	Sum Lines 1 thru 5	7
8						8
9	Incentive Transmission Plant ADIT	\$ -	\$ -	\$ -	Shall be Zero	9
10						10
11	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 34; Col. d	11
12						12
13	Incentive Transmission Plant Abandoned Project Cost ADIT	\$ -	\$ -	\$ -	Shall be Zero	13

¹ Statement AF is utilized in the derivation of Transmission Rate Base for use in Statement AV.

² The allocated general and common accumulated deferred income taxes are included in the total transmission related accumulated deferred income taxes. See FERC Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b and k.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AF
ACCUMULATED DEFERRED INCOME TAXES - ELECTRIC TRANSMISSION
 Base Period 12 Months Ending December 31, 2016
 (\$1,000)

Line No.	Description	(a) Remeasured Amount	(b) Excess Reserve Protected	(c) Excess Reserve Unprotected	(d) = (Sum (a) thru (c)) Total	Reference	Line No.
1	Account 190 (Non-Citizens)						1
2	Compensation Related Items	\$ 1,067	\$ -	\$ -	\$ 1,067	2017 Form 1; Page 450.1; Sch. Pg. 234; Line 2; Col. b	2
3	Post Retirement Benefits	1,379	-	-	1,379	2017 Form 1; Page 450.1; Sch. Pg. 234; Line 2; Col. b	3
4	Net Operating Loss	287,918	-	-	287,918	2017 Form 1; Page 450.1; Sch. Pg. 234; Line 2; Col. b	4
5	Total of Account 190	\$ 290,364	\$ -	\$ -	\$ 290,364	Sum Lines 2 thru 4	5
6							6
7	Account 282 (Non-Citizens)						7
8	Accumulated Depreciation Timing Differences	\$ (931,658)	\$ -	\$ -	\$ (931,658)	2017 Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b	8
9							9
10	Total of Account 282	\$ (931,658)	\$ -	\$ -	\$ (931,658)	Sum Lines 8 thru 9	10
11							11
12	Account 283 (Non-Citizens)						12
13	Ad Valorem Taxes	\$ (4,662)	\$ -	\$ -	\$ (4,662)	2017 Form 1; Page 450.1; Sch. Pg. 276; Line 9; Col. b	13
14							14
15	Total of Account 283	\$ (4,662)	\$ -	\$ -	\$ (4,662)	Sum Lines 13 thru 14	15
16							16
17							17
18	Account 190 (Citizens)						18
19	Net Operating Loss	\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	19
20							20
21	Total of Account 190	\$ -	\$ -	\$ -	\$ -	Sum Lines 19 thru 20	21
22							22
23	Account 282 (Citizens)						23
24	Accumulated Depreciation Timing Differences	\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	24
25							25
26	Total of Account 282	\$ -	\$ -	\$ -	\$ -	Sum Lines 24 thru 25	26
27							27
28	Account 283 (Citizens)						28
29		\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	29
30							30
31	Total of Account 283	\$ -	\$ -	\$ -	\$ -	Sum Lines 29 thru 30	31
32							32
33							33
34	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	34

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AF
ACCUMULATED DEFERRED INCOME TAXES - ELECTRIC TRANSMISSION
 Base Period 12 Months Ending December 31, 2017
 (\$1,000)

Line No.	Description	(a) Remeasured Amount	(b) Excess Reserve Protected	(c) Excess Reserve Unprotected	(d) = (Sum (a) thru (c)) Total	Reference	Line No.
1	Account 190 (Non-Citizens)						1
2	Compensation Related Items	\$ 605	\$ -	\$ 403	\$ 1,009	2017 Form 1; Page 450.1; Sch. Pg. 234; Line 2; Col. b	2
3	Post Retirement Benefits	833	-	555	1,389	2017 Form 1; Page 450.1; Sch. Pg. 234; Line 2; Col. b	3
4	Net Operating Loss	162,428	108,284	-	270,712	2017 Form 1; Page 450.1; Sch. Pg. 234; Line 2; Col. b	4
5	Total of Account 190	\$ 163,866	\$ 108,284	\$ 959	\$ 273,109	Sum Lines 2 thru 4	5
6							6
7	Account 282 (Non-Citizens)						7
8	Accumulated Depreciation Timing Differences	\$ (639,178)	\$ (384,032)	\$ (4,853)	\$ (1,028,062)	2017 Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b	8
9							9
10	Total of Account 282	\$ (639,178)	\$ (384,032)	\$ (4,853)	\$ (1,028,062)	Sum Lines 8 thru 9	10
11							11
12	Account 283 (Non-Citizens)						12
13	Ad Valorem Taxes	\$ (3,839)	\$ -	\$ (2,559)	\$ (6,398)	2017 Form 1; Page 450.1; Sch. Pg. 276; Line 9; Col. b	13
14							14
15	Total of Account 283	\$ (3,839)	\$ -	\$ (2,559)	\$ (6,398)	Sum Lines 13 thru 14	15
16							16
17							17
18	Account 190 (Citizens)						18
19	Net Operating Loss	\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	19
20							20
21	Total of Account 190	\$ -	\$ -	\$ -	\$ -	Sum Lines 19 thru 20	21
22							22
23	Account 282 (Citizens)						23
24	Accumulated Depreciation Timing Differences	\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	24
25							25
26	Total of Account 282	\$ -	\$ -	\$ -	\$ -	Sum Lines 24 thru 25	26
27							27
28	Account 283 (Citizens)						28
29		\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	29
30							30
31	Total of Account 283	\$ -	\$ -	\$ -	\$ -	Sum Lines 29 thru 30	31
32							32
33							33
34	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	\$ -	Not Applicable to 2017 Base Period	34

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AG - Workpapers
Specified Plant Account (Other than Plant in Service) and Deferred Debits
Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Average Balance	Reference	Line No.
1	Transmission Plant Held for Future Use ¹	450.1; Sch. Pg. 214; 46; d \$ 2,813	AG-1; Line 18	1

¹ The balances for Transmission Plant Held for Future Use are derived based on a 13-month average balance.

**SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AG
SPECIFIED PLANT ACCOUNTS (OTHER THAN PLANT IN SERVICE)
AND DEFERRED DEBITS
BASE PERIOD / TRUE UP PERIOD - 12/31/2017
(\$1,000)**

TRANSMISSION PLANT

Line No.	Month	Transmission Plant Held for Future Use	Reference	Line No.
1	Dec-16	\$ 5,654	SDG&E Records	1
2	Jan-17	2,651		2
3	Feb	2,651		3
4	Mar	2,651		4
5	Apr	2,651		5
6	May	2,651		6
7	Jun	2,651		7
8	Jul	2,651		8
9	Aug	2,471		9
10	Sep	2,471		10
11	Oct	2,471		11
12	Nov	2,471		12
13	Dec-17	2,471		SDG&E Records
14				14
15	Total 13 Months	\$ 36,568	Sum Lines 1 thru 13	15
16				16
17	13-Month Average	\$ 2,813		17
18			Form 1; Page 450.1; Sch. Pg. 214; Line 46; Col. d	18
19				19

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AG
SPECIFIED PLANT ACCOUNTS (OTHER THAN PLANT IN SERVICE)
BASE PERIOD / TRUE UP PERIOD - 12/31/2017
(\$1,000)

Line No.	Project Description	(a) FERC Amounts (\$)	(b) CPUC Amounts (\$)	(c) = (a)+(b) Total Project Amounts (\$)	Reference
1	Ocean Ranch	\$ 2,471	\$ 2,471	\$ 4,942	Form 1; Page 214; Line 3; Col. d
2		-	-	-	
3		-	-	-	
4					
5	Total	\$ 2,471	\$ 2,471	\$ 4,942	Sum Lines 1 thru 3
6					

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AH - Workpapers

Operation and Maintenance Expenses

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.	FERC Form 1 Page: Line; Col.	Amounts	Reference	Line No.
1	<u>Derivation of Direct Maintenance Expense:</u>			1
2	Total Direct Maintenance Cost	\$ -	AH-1; Line 48	2
3				3
4	<u>Derivation of Non-Direct Transmission Operation and Maintenance Expense:</u>			4
5	Total Non-Direct Transmission O&M Expense	\$ 87,096	AH-2; Line 37; Col. a	5
6	Adjustments to Per Book Transmission O&M Expense:			6
7	Scheduling, System Control & Dispatch Services	(6,098)	Negative of AH-2; Line 41; Col. b	7
8	Reliability, Planning & Standards Development	(2,804)	Negative of AH-2; Line 42; Col. b	8
9	Station Expenses	(7,321)	Negative of AH-2; Line 43; Col. b	9
10	Overhead Line Expense	(4,984)	Negative of AH-2; Line 44; Col. b	10
11	Transmission of Electricity by Others	-	Negative of AH-2; Line 45; Col. b	11
12	Miscellaneous Transmission Expense	(6,066)	Negative of AH-2; Line 51; Col. b	12
13	Maintenance of Station Equipment	(12,092)	Negative of AH-2; Line 52; Col. b	13
14	Maintenance of Overhead Lines	(16,365)	Negative of AH-2; Line 53; Col. b	14
15	Maintenance of Underground Lines	(598)	Negative of AH-2; Line 54; Col. b	15
16	Other Transmission Non-Direct O&M Exclusion Adjustments	-	Not Applicable to 2017 Base Period	16
17	Total Non-Direct Adjusted Transmission O&M Expenses	\$ 30,767	Sum Lines 5 thru 16	17
18				18
19	<u>Derivation of Non-Direct Administrative and General Expense:</u>			19
20	Total Non-Direct Administrative & General Expense	\$ 425,629	AH-3; Line 20; Col. a	20
21	Adjustments to Per Book A&G Expense:			21
22	Damages & Injuries	-	Negative of AH-3; Line 25; Col. a	22
23	CPUC Intervenor Funding Expense - Transmission	-	Negative of AH-3; Line 29; Col. a	23
24	CPUC Intervenor Funding Expense - Distribution	(591)	Negative of AH-3; Line 30; Col. a	24
25	CPUC reimbursement fees	(8,070)	Negative of AH-3; Line 31; Col. a	25
26	Litigation expenses - Litigation Cost Memorandum Account (LCMA)	(62)	Negative of AH-3; Line 32; Col. a	26
27	General Advertising Expenses	(193)	Negative of AH-3; Line 33; Col. b	27
28	CPUC energy efficiency programs	(260)	Negative of AH-3; Sum Lines 24, 26, 28, 34, 36; Col. a or b	28
29	Hazardous substances - Hazardous Substance Cleanup Cost Account	(70)	Negative of AH-3; Line 37; Col. b	29
30	Other A&G Exclusion Adjustments	(120,323)	Negative of AH-3; Sum Lines 27, 35; Col. a or b	30
31	Total Adjusted Non-Direct A&G Expenses Including Property Insurance	\$ 296,060	Sum Lines 20 thru 30	31
32	Less: Property Insurance (Due to different allocation factor)	(5,392)	Negative of AH-3; Line 5; Col. c	32
33	Total Adjusted Non-Direct A&G Expenses Excluding Property Insurance	\$ 290,668	Line 31 + Line 32	33
34	Transmission Wages and Salaries Allocation Factor	10.04%	Statement A1; Line 17	34
35	Transmission Related Non-Direct Administrative & General Expenses	\$ 29,191	Line 33 x Line 34	35
36	Property Insurance Allocated to Transmission, General, and Common Plant	2,080	Negative of Line 32 x Line 56	36
37	Transmission Related Non-Direct A&G Expense Including Property Insurance Expense	\$ 31,271	Line 35 + Line 36	37
38				38
39	<u>Derivation of Transmission Plant Property Insurance Allocation Factor:</u>			39
40	Transmission Plant & Incentive Transmission Plant	\$ 5,165,035	Statement AD; Line 25	40
41	Transmission Related Electric Miscellaneous Intangible Plant	-	Shall be Zero	41
42	Transmission Related General Plant	36,759	Statement AD; Line 29	42
43	Transmission Related Common Plant	79,541	Statement AD; Line 31	43
44	Total Transmission Related Investment in Plant	\$ 5,281,336	Sum Lines 40 thru 43	44
45				45
46	Total Transmission Plant & Incentive Transmission Plant	\$ 5,165,035	Line 40 Above	46
47	Total Steam Production Plant	567,646	Statement AD; Line 1	47
48	Total Nuclear Production Plant	-	Shall be Zero	48
49	Total Other Production Plant	510,399	Statement AD; Line 7	49
50	Total Distribution Plant	6,290,019	Statement AD; Line 9	50
51	Transmission Related Electric Miscellaneous Intangible Plant	-	Shall be Zero	51
52	Total General Plant	366,023	Statement AD; Line 17	52
53	Total Common Plant	792,014	Statement AD; Line 19	53
54	Total Plant in Service Excluding SONGS	\$ 13,691,137	Sum Lines 46 thru 53	54
55				55
56	Transmission Property Insurance and Tax Allocation Factor ¹	38.57%	Line 44 / Line 54	56

¹ #REF!

SAN DIEGO GAS & ELECTRIC COMPANY
2017 Citizens Direct Maintenance
12 Months Ending December 31, 2017
(\$1,000)

Line No.	Natural Account	Description	Amounts	Line No.
1	6110020	SALARIES-MANAGEMENT STRAIGHT-TIME	\$ -	1
2	6110030	SALARIES-MANAGEMENT TIME AND ONE HALF	-	2
3	6110080	SALARIES-CLERICAL AND TECHNICAL STRAIGH	-	3
4	6110090	SALARIES-CLERICAL AND TECHNICAL TIME AN	-	4
5	6110100	SALARIES-CLERICAL AND TECHNICAL DOUBLE	-	5
6	6110110	SALARIES-UNION STRAIGHT-TIME	-	6
7	6110120	SALARIES-UNION TIME AND ONE HALF	-	7
8	6110130	SALARIES-UNION DOUBLE TIME	-	8
9	6110335	SALARIES-DELAYED LUNCH PREMIUM	-	9
10	6130020	EMP TRAVEL-HOTEL/LODG (ROOM AND TAX ONLY	-	10
11	6220007	SRV-CONTRACTORS-TIME & EQUIPMENT	-	11
12	6220100	SRV-TREE TRIMMING	-	12
13	6220600	SRV-CONSULTING-OTHER	-	13
14	6220850	SRV-VEHICLE & EQUIP RENTAL W/OPERATOR	-	14
15	6221000	SRV-CONSTRUCTION-ELECTRIC	-	15
16	6231042	HELICOPTER UTILIZATION	-	16
17	6261050	VEHICLE UTILIZATION-LABOR	-	17
18	6262050	VEHICLE UTILIZATION-NONLABOR	-	18
19	6340000	Cash Discounts on Purchases	-	19
20	9121100	Vacation & Sick (Costing sheet)	-	20
21	9121200	ICP (Costing Sheet)	-	21
22	9121400	Public Liab.& Property Damage-Lab(CS)	-	22
23	9121500	Worker's Comp -Labor (Costing sheet)	-	23
24	9121600	Pension & Benefits - Labor	-	24
25	9122300	Payroll Taxes (Costing sheet)	-	25
26	9122400	Public Liab.& Property Damage-NonLab(CS)	-	26
27	9122500	Worker's Comp -Non Labor (Costing sheet)	-	27
28	9122600	Pension & Benefit - NonLabor	-	28
29	9122900	PENSION & BENEFIT - REFUNDABLE - NL	-	29
30	9123100	VACATION & SICK (CL)	-	30
31	9123200	ICP (CL)	-	31
32	9123400	PUBLIAB PROPDAM L(CL)	-	32
33	9123500	WK COMP-LABOR (CL)	-	33
34	9123600	PENSION & BENEFIT-NONREF-LBR (CL)	-	34
35	9124300	PAYROLL TAXES (CL)	-	35
36	9124400	PUBLIAB PROPDAM NL(CL)	-	36
37	9124500	WK COMP-NONLABOR (CL)	-	37
38	9124600	PENSION & BENEFIT-NONREF-NL (CL)	-	38
39	9124900	PENSION & BENEFIT-REF-NL (CL)	-	39
40	9131150	Purchasing Labor (Costing sheet)	-	40
41	9131700	Shop Order Labor (Costing sheet)	-	41
42	9131850	Small Tools Labor (Costing sheet)	-	42
43	9131860	Union Contract Labor (CS)	-	43
44	9132150	Purchasing NonLabor (Costing sheet)	-	44
45	9132700	Shop Order NonLabor (Costing sheet)	-	45
46	9132850	Small Tools NonLabor (Costing sheet)	-	46
47				47
48		Total Direct Maintenance Cost ^{1,2}	\$ -	48
49				49

¹ Reflects direct maintenance expenses incurred on the 11.5-mile SX-PQ Underground Line Segment, which are tracked via a specific work order.

² Direct Maintenance expenses are utilized and allocated in Section 1 of this Filing.

SAN DIEGO GAS & ELECTRIC COMPANY
Electric Transmission O&M Expenses
12 Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Acct	Description	(a) Total Per Books	(b) Excluded Expenses	(c) = (a) - (b) Total Adjusted	Reference	Line No.
		<u>Electric Transmission Operation</u>					
1	560	Operation Supervision and Engineering	\$ 7,371	\$ -	\$ 7,371	Form 1; Page 321; Line 83	1
2	561.1	Load Dispatch - Reliability	574	-	574	Form 1; Page 321; Line 85	2
3	561.2	Load Dispatch - Monitor and Operate Transmission System	1,488	-	1,488	Form 1; Page 321; Line 86	3
4	561.3	Load Dispatch - Transmission Service and Scheduling	208	-	208	Form 1; Page 321; Line 87	4
5	561.4	Scheduling, System Control and Dispatch Services	6,098	6,098	0	Form 1; Page 321; Line 88	5
6	561.5	Reliability, Planning and Standards Development	157	-	157	Form 1; Page 321; Line 89	6
7	561.6	Transmission Service Studies	0	-	0	Form 1; Page 321; Line 90	7
8	561.7	Generation Interconnection Studies	2	-	2	Form 1; Page 321; Line 91	8
9	561.8	Reliability, Planning and Standards Development Services	3,306	2,804	501	Form 1; Page 321; Line 92	9
10	562	Station Expenses ¹	7,321	7,321	-	Form 1; Page 321; Line 93	10
11	563	Overhead Line Expenses	4,984	4,984	-	Form 1; Page 321; Line 94	11
12	564	Underground Line Expenses	3	-	3	Form 1; Page 321; Line 95	12
13	565	Transmission of Electricity by Others	-	-	-	Form 1; Page 321; Line 96	13
14	566	Misc. Transmission Expenses	19,437	6,066	13,371	Form 1; Page 321; Line 97	14
15	567	Rents	2,437	-	2,437	Form 1; Page 321; Line 98	15
16							16
17		<i>Total Electric Transmission Operation</i>	\$ 53,385	\$ 27,274	\$ 26,112	Sum Lines 1 thru 15	17
18							18
19		<u>Electric Transmission Maintenance</u>					19
20	568	Maintenance Supervision and Engineering	\$ 1,057	\$ -	\$ 1,057	Form 1; Page 321; Line 101	20
21	569	Maintenance of Structures	1	-	1	Form 1; Page 321; Line 102	21
22	569.1	Maintenance of Computer Hardware	1,411	-	1,411	Form 1; Page 321; Line 103	22
23	569.2	Maintenance of Computer Software	2,053	-	2,053	Form 1; Page 321; Line 104	23
24	569.3	Maintenance of Communication Equipment	0	-	0	Form 1; Page 321; Line 105	24
25	569.4	Maintenance of Misc. Regional Transmission Plant	130	-	130	Form 1; Page 321; Line 106	25
26	570	Maintenance of Station Equipment ¹	12,092	12,092	-	Form 1; Page 321; Line 107	26
27	571	Maintenance of Overhead Lines ¹	16,365	16,365	-	Form 1; Page 321; Line 108	27
28	572	Maintenance of Underground Lines ²	598	598	-	Form 1; Page 321; Line 109	28
29	573	Maintenance of Misc. Transmission Plant	3	-	3	Form 1; Page 321; Line 110	29
30							30
31		<i>Total Electric Transmission Maintenance</i>	\$ 33,710	\$ 29,055	\$ 4,655	Sum Lines 20 thru 29	31
32							32
33		Total Electric Transmission O&M Expenses	\$ 87,096	\$ 56,328	\$ 30,767	Line 17 + Line 31	33
34							34
35	413	Transmission O&M Expenses Charged to Citizens ³	-	-	-		35
36							36
37		Total Adjusted Electric Transmission O&M Expenses	\$ 87,096	\$ 56,328	\$ 30,767	Line 33 + Line 35	37
38							38
39							39
40		<u>Excluded Expenses (recovery method in parentheses)</u>					40
41	561.4	Scheduling, System Control and Dispatch Services (ERRA)		\$ 6,098			41
42	561.8	Reliability, Planning and Standards Development Services (ERRA)		2,804			42
43	562	Station Expenses ¹		7,321			43
44	563	Overhead Line Expenses		4,984			44
45	565	Transmission of Electricity by Others (ERRA)		-			45
46	566	Misc. Transmission Expenses:					46
47		Century Energy Systems Balancing Account (CES-21BA)	\$ 400				47
48		Hazardous Substance Cleanup Cost Memo Account (HSCCMA)	17				48
49		ISO Grid Management Costs (ERRA)	2,208				49
50		Reliability Services (RS rates)	3,125				50
51		Other (TRBAA, TACBAA)	315	6,066			51
52	570	Maintenance of Station Equipment ¹		12,092			52
53	571	Maintenance of Overhead Lines ¹		16,365			53
54	572	Maintenance of Underground Lines ²		598			54
55							55
56		Total Excluded Expenses		\$ 56,328			56
57							57
58							58
59	¹	Citizens O&M should not include substation, underground, and overhead line maintenance per the Appendix XII Tariff (See Section I.C - number 31). As a result, such items are excluded in Column b.					59
60							60
61	²	Account 572 for Underground Line Maintenance is excluded because Citizens is charged via a Direct Maintenance order, which is reflected on AH-1.					61
62	³	This amount represents the Direct Maintenance and Non-Direct O&M expenses billed to Citizens in 2017, which is added back to derive Total Adjusted Electric Transmission O&M Expenses in SAP Account 7000721, which was created to track Citizens SX-PQ O&M Expense.					62
63							63
64							64

SAN DIEGO GAS & ELECTRIC COMPANY
Administrative & General Expenses
12 Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Acct	Description	(a) Total Per Books	(b) Excluded Expenses	(c) = (a) - (b) Total Adjusted	Reference	Line No.
		<u>Administrative & General</u>					
1	920	A&G Salaries	\$ 36,248	\$ -	\$ 36,248	Form 1; Page 323; Line 181	1
2	921	Office Supplies & Expenses	7,641	-	7,641	Form 1; Page 323; Line 182	2
3	922	Less: Administrative Expenses Transferred-Credit	(7,635)	-	(7,635)	Form 1; Page 323; Line 183	3
4	923	Outside Services Employed	83,058	-	83,058	Form 1; Page 323; Line 184	4
5	924	Property Insurance	5,392	-	5,392	Form 1; Page 323; Line 185	5
6	925	Injuries & Damages	95,755	83	95,672	Form 1; Page 323; Line 186	6
7	926	Employee Pensions & Benefits	40,059	177	39,882	Form 1; Page 323; Line 187	7
8	927	Franchise Requirements	120,401	120,401	-	Form 1; Page 323; Line 188	8
9	928	Regulatory Commission Expenses	18,405	8,723	9,682	Form 1; Page 323; Line 189	9
10	929	Less: Duplicate Charges (Company Energy Use)	(2,221)	-	(2,221)	Form 1; Page 323; Line 190	10
11	930.1	General Advertising Expenses	193	193	-	Form 1; Page 323; Line 191	11
12	930.2	Miscellaneous General Expenses	7,233	(77)	7,311	Form 1; Page 323; Line 192	12
13	931	Rents	11,961	-	11,961	Form 1; Page 323; Line 193	13
14	935	Maintenance of General Plant	9,138	70	9,068	Form 1; Page 323; Line 196	14
15							15
16		Total Administrative & General Expenses	\$ 425,629	\$ 129,569	\$ 296,060	Sum Lines 1 thru 14	16
17							17
18	413	Transmission Related A&G Expenses Charged to Citizens ¹	-	-	-		18
19							19
20		Total Adjusted Administrative & General Expenses	\$ 425,629	\$ 129,569	\$ 296,060	Line 16 + Line 18	20
21							21
22							22
23		<u>Excluded Expenses:</u>					23
24	925	CPUC energy efficiency programs	\$ 83				24
25		Injuries & Damages	-	\$ 83			25
26	926	CPUC energy efficiency programs	-	177			26
27	927	Franchise Requirements	-	120,401			27
28	928	CPUC energy efficiency programs	-				28
29		CPUC Intervenor Funding Expense - Transmission	-				29
30		CPUC Intervenor Funding Expense - Distribution	591				30
31		CPUC reimbursement fees	8,070				31
32		Litigation expenses - Litigation Cost Memorandum Account (LCMA)	62	8,723			32
33	930.1	General Advertising Expenses	-	193			33
34	930.2	CPUC energy efficiency programs	-				34
35		Abandoned Projects	(77)	(77)			35
36	931	CPUC energy efficiency programs	-	-			36
37	935	Hazardous Substances-Hazardous Substance Cleanup Cost Account	-	70			37
38							38
39		Total Excluded Expenses		\$ 129,569			39
40							40
41							41
42		¹ This amount represents the Non-Direct A&G expenses billed to Citizens in 2017, which is added back to derive Total Adjusted A&G Expenses in SAP					42
43		Account 7000722, which was created to track Citizens SX-PQ A&G Expense.					43
44							44

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AI - Workpapers
Wages and Salaries

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Production Wages & Salaries (Includes Steam & Other Power Supply)	\$ 11,652		1
2				2
3	Transmission Wages & Salaries ¹	11,927	AI-1; Line 44	3
4				4
5	Transmission Wages & Salaries ²	9,950	AI-1; Line 42	5
6				6
7	Distribution Wages & Salaries	49,585		7
8				8
9	Customer Accounts Wages & Salaries	15,555		9
10				10
11	Customer Services and Informational Wages & Salaries	20,093		11
12				12
13	Sales Wages & Salaries	-		13
14				14
15	Total Operating & Maintenance Wages & Salaries Excl. A&G	<u>\$ 118,761</u>	Sum Lines 1 thru 13	15
16				16
17	Transmission Wages and Salaries Allocation Factor	<u>10.04%</u>	Line 3 / Line 15	17

¹ Excludes FERC Accounts 562, 563, 570, 571, and 572 associated with substation, underground, and overhead wages & salaries not applicable to Citizens.

² Reflects FERC Accounts 562, 563, 570, 571, and 572 associated with substation, underground, and overhead wages & salaries not applicable to Citizens.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AI - Workpapers
Transmission Wages & Salaries
12 Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Account	Description	Amounts ¹	Exclusions ²	Line No.
1	560100E	OPERATION SUPERVISION	\$ 1,796		1
2	560200E	OPERATION ENGINEERING	1,137		2
3	561100E	LOAD DISPATCHING - RELIABILITY	416		3
4	561200E	LOAD DISPATCHING - MONITOR & OPERATE SYSTEM	888		4
5	561300E	LOAD DISPATCHING-TRANSMISSION SERVICE & SCHEDULING	150		5
6	561400E	SCHEDULING SYSTEM CONTROL & DISPATCH SERVICES	-		6
7	561500E	RELIABILITY, PLANNING & STANDARDS DEVELOPMENT	112		7
8	561600E	TRANSMISSION SERVICE STUDIES	-		8
9	561700E	GENERATION INTERCONNECTION STUDIES	1		9
10	561800E	RELIABILITY, PLANNING & STANDARDS DEVELOPMENT SERVICES	361		10
11	562000E	STATION EXPENSES	49	\$ 49	11
12	562100E	STATION OPERATION EXPENSE	1,529	1,529	12
13	563100E	OPERATION OVERHEAD LINES	308	308	13
14	563200E	ENCROACHMENTS OVERHEAD R/W	-	-	14
15	564000E	UNDERGROUND LINE EXPENSES	1		15
16	566000E	MISCELLANEOUS TRANSMISSION EXPENSES	4,624		16
17	567000E	RENTS	-		17
18	568100E	MAINTENANCE SUPERVISION	515		18
19	568200E	MAINTENANCE ENGINEERING	9		19
20	569000E	MAINTENANCE OF STRUCTURES	-		20
21	569100E	MAINTENANCE OF COMPUTER HARDWARE	696		21
22	569200E	MAINTENANCE OF COMPUTER SOFTWARE	861		22
23	569400E	MAINTENANCE OF MISC REGIONAL TRANSMISSION PLANT	2		23
24	570000E	MAINTENANCE OF STATION EQUIPMENT	356	356	24
25	570100E	MAINTENANCE OF STATION EQUIPMENT GENERAL	4,707	4,707	25
26	570121E	RTU SUPERVISORY EQUIPMENT	326		26
27	570122E	TELEMETER SYSTEM MAINTENANCE	33		27
28	570200E	MAINTENANCE STATION EQUIPMENT CLEAN TREAT	330	330	28
29	570600E	MAINTENANCE STATION EQUIPMENT	127	127	29
30	570700E	SAN ONOFRE SUBSTATION	49	49	30
31	571000E	MAINTENANCE OF OVERHEAD LINES	682	682	31
32	571100E	MAINTENANCE OF OVERHEAD LINES GENERAL	1,022	1,022	32
33	571120E	TRAINING IN HOTSTICK MAINTENANCE	7	7	33
34	571200E	MAINTENANCE OF OVERHEAD LINES - TREE TRIMMING	73	73	34
35	571310E	MAINTENANCE OF OVERHEAD INSULATOR WASHING	368	368	35
36	571700E	ACCESS & PATROL ROAD MAINTENANCE	95	95	36
37	571800E	CONSTRUCTION RELATED EXPENSES	-	-	37
38	571960E	OH PREV MAINT - FOLLOW-UP	0	0	38
39	572000E	MAINTENANCE OF UNDERGROUND LINES	247	247	39
40	573000E	MAINTENANCE OF MISCELLANEOUS TRANSMISSION	-		40
41					41
42		Total Transmission Wages & Salaries	\$ 21,877	\$ 9,950	42
43					43
44		Total Adjusted Citizens Transmission Wages & Salaries		\$ 11,927	44
45					45

¹ Ties to FERC Form 1; Page 354; Line 21; Col. b.

² Citizens should exclude expenses associated with substation, overhead, and underground maintenance.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AJ - Workpapers
Depreciation and Amortization Expense

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense	\$ -	Shall be Zero	1
2				2
3	Electric Miscellaneous Intangible Plant Amortization Expense	-	Shall be Zero	3
4				4
5	General Plant Depreciation Expense	16,053	AJ-1; Line 1	5
6				6
7	Common Plant Depreciation Expense	63,087	AJ-2; Line 3	7
8				8
9	Transmission Wages and Salaries Allocation Factor	10.04%	Statement AI; Line 17	9
10				10
11	Transmission Related Electric Misc. Intangible Plant Amortization Expense	\$ -	Line 3 x Line 9	11
12				12
13	Transmission Related General Plant Depreciation Expense	1,612	Line 5 x Line 9	13
14				14
15	Transmission Related Common Plant Depreciation Expense	6,336	Line 7 x Line 9	15
16				16
17	Total Transmission, General, Common, and Electric Misc. Intangible Exp.	\$ 7,948	Line 1 + (Sum Lines 11 thru 15)	17
18				18
19	Incentive Transmission Plant Depreciation Expense	\$ -	Shall be Zero	19
20				20
21	Incentive Transmission Plant Abandoned Project Cost Amortization Expense ¹	\$ -	Not Applicable to 2017 Base Period	21
22				22
23	Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	Shall be Zero	23

1 Net of Incentive Transmission Plant Depreciation Expense.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AJ
DEPRECIATION AND AMORTIZATION EXPENSE
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

GENERAL PLANT

Line No.	Month	FERC General Plant Expense	Reference	Line No.
1	Dec-17	\$ 16,053	Form 1; Page 336; Line 10; Col. f	1
2				2

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AJ
DEPRECIATION AND AMORTIZATION EXPENSE
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

COMMON PLANT

Line No.	Month	Description	Amounts	Reference	Line No.
1	Dec-17	Total Common Plant Per Book	\$ 84,545	2017 Form 1; Page 356.2; Accts 303 to 398 2017 Form 1; Page 356.1; Electric (Line 1 x Line 2); Form 1; Page 336; Line 11; Col. f	1
2		Electric Split of Common Utility Plant	74.62%		2
3		Total Common Expense to Electric Per Book	\$ 63,087		3
4					4

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AK - Workpapers
Taxes Other Than Income Taxes

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Total Property Taxes ¹	\$ 102,027		1
2				2
3	Less: Other Taxes (Business license taxes) ²	-	Not Applicable to 2017 Base Period	3
4				4
5	Net Property Taxes Excl. Citizens	\$ 102,027	Line 1 + Line 3	5
6				6
7	Add: Citizens Allocated Portion of Property Taxes	-		7
8				8
9	Net Property Taxes Incl. Citizens	\$ 102,027	Line 5 + Line 7	9
10				10
11	Less: SONGS Property Taxes	(1,892)		11
12				12
13	Total Property Taxes Expense	<u>\$ 100,135</u>	Line 9 + Line 11	13
14				14
15	Transmission Property Insurance and Tax Allocation Factor	38.57%	Statement AH; Line 56	15
16				16
17	Transmission Related Property Taxes Expense	<u>\$ 38,627</u>	Line 13 x Line 15	17
18				18
19				19
20	Total Payroll Taxes Expense ³	\$ 13,968		20
21				21
22	Add: Citizens Allocated Portion of Payroll Taxes	-		22
23				23
24	Total Payroll Taxes Expense Incl. Citizens	\$ 13,968	Line 20 + Line 22	24
25				25
26	Transmission Wages and Salaries Allocation Factor	10.04%	Statement AI; Line 17	26
27				27
28	Transmission Related Payroll Taxes Expense	<u>\$ 1,403</u>	Line 24 x Line 26	28

¹ Property tax expense excludes Citizens property taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 2; Col. i.

² Business license taxes are no longer recorded in Total Property Taxes and are separately shown in FERC Form 1; Page 263; Line 4; Col. i.

³ Payroll tax expense excludes Citizens payroll taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 18; Col. i.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AL - Workpapers
Working Capital

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Working Cash	13-Months Average Balance	Reference	Line No.
1	A. Plant Materials and Operating Supplies ¹		\$ 119,385	AL-1; Line 18	1
2					2
3	Transmission Plant Allocation Factor		38.24%	Statement AD; Line 35	3
4					4
5	Transmission Related Materials and Supplies		\$ 45,650	Line 1 x Line 3	5
6					6
7	B. Prepayments ¹		\$ 44,443	AL-2; Line 18	7
8					8
9	Transmission Related Prepayments		\$ 16,994	Line 3 x Line 7	9
10					10
11	<u>C. Derivation of Transmission Related Cash Working Capital - Retail:</u>				11
12	Transmission O&M Expense	\$ 30,767		Statement AH; Line 17	12
13	Transmission Related A&G Expense - Excl. Intervenor Funding Expense	31,271		Statement AH; Line 37	13
14	CPUC Intervenor Funding Expense - Transmission	-		Negative of Statement AH; Line 23	14
15	Total	\$ 62,038		Sum Lines 12 thru 14	15
16					16
17	One Eighth O&M Rule		12.50%	FERC Method = 1/8 of O&M Expense	17
18					18
19	Transmission Related Cash Working Capital - Retail Customers	\$ 7,755		Line 15 x Line 17	19

¹ The balances for Materials & Supplies and Prepayments are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AL
WORKING CAPITAL
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

ACCOUNT 154 PLANT MATERIALS AND OPERATING SUPPLIES
ELECTRIC ALLOWABLE PER FERC FORMULA

Line No.	Month	Total Electric Plant Materials & Supplies	Reference	Line No.
1	Dec-16	\$ 100,982	SDG&E Records	1
2	Jan-17	111,196		2
3	Feb	112,982		3
4	Mar	112,658		4
5	Apr	114,490		5
6	May	117,584		6
7	Jun	120,264		7
8	Jul	121,522		8
9	Aug	123,689		9
10	Sep	126,577		10
11	Oct	128,237		11
12	Nov	129,186		12
13	Dec-17	132,643	SDG&E Records	13
14				14
15	Total 13 Months	\$ 1,552,011	Sum Lines 1 thru 13	15
16				16
17				17
18	13-Month Average Balance	\$ 119,385	Form 1; Page 450.1; Sch. Pg. 227; Line 12; Col. c	18
19				19

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AL
WORKING CAPITAL
BASE PERIOD / TRUE UP PERIOD - 12/31/2017 PER BOOK
(\$1,000)

ACCOUNT 165 PREPAYMENTS - ELECTRIC

Line No.	Month	Total Electric Plant Prepayments	Reference	Line No.
1	Dec-16	\$ 46,236	SDG&E Records	1
2	Jan-17	39,179		2
3	Feb	34,328		3
4	Mar	37,229		4
5	Apr	47,028		5
6	May	31,944		6
7	Jun	15,444		7
8	Jul	66,989		8
9	Aug	60,357		9
10	Sep	58,816		10
11	Oct	51,890		11
12	Nov	45,226		12
13	Dec-17	43,099	SDG&E Records	13
14				14
15	Total 13 Months	\$ 577,765	Sum Lines 1 thru 13	15
16				16
17				17
18	13-Month Average	\$ 44,443	Form 1; Page 450.1; Sch. Pg. 110; Line 57; Col. c	18
19				19

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AR - Workpapers
Federal Tax Adjustments

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Amortization of Investment Tax Credits	\$ (265)		1
2				2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities			3
4	FERC Account 190	-	AR-1; Line 7; Col. c	4
5	FERC Account 282	-	AR-1; Line 14; Col. c	5
6	FERC Account 283	-	AR-1; Line 22; Col. c	6
7	Total Transmission Related Amortization of Excess Deferred Tax Liabilities	\$ -	Sum Lines 4 thru 6	7
8				8
9	Other Federal Tax Adjustments	-	Not Applicable to 2017 Base Period	9
10				10
11	Total Federal Tax Adjustments ¹	<u>\$ (265)</u>	Sum Lines 1, 7, 9	11

¹ Information on Statement AR is used in Statement AV2, Line 7 to calculate the Cost of Capital Rate.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT AR

AMORTIZATION OF TRANSMISSION RELATED EXCESS DEFERRED TAX LIABILITIES¹
Base Period 12 Months Ending December 31, 2017
(\$1,000)

Line No.	Description	(a) Excess Reserve Protected	(b) Excess Reserve Unprotected	(c) = [(a) + (b)] Total	Reference	Line No.
1	Account 190					1
2	Compensation Related Items	\$ -	\$ -	\$ -		2
3	Post Retirement Benefits	-	-	-		3
4	Net Operating Loss	-	-	-		4
5		-	-	-		5
6		-	-	-		6
7	Total of Account 190	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	Sum Lines 2 thru 6	7
8						8
9	Account 282					9
10	Accumulated Depreciation Timing Differences	\$ -	\$ -	\$ -		10
11		-	-	-		11
12		-	-	-		12
13		-	-	-		13
14	Total of Account 282	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	Sum Lines 10 thru 13	14
15						15
16	Account 283					16
17	Ad Valorem Taxes	\$ -	\$ -	\$ -		17
18		-	-	-		18
19		-	-	-		19
20		-	-	-		20
21		-	-	-		21
22	Total of Account 283	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	Sum Lines 17 thru 21	22

¹ This workpaper does not include the amortization of excess ADIT associated with SX-PQ because the original ADIT balance was measured at the 21% tax rate and thus there is no excess ADIT.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AV - Workpapers
Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	<u>Long-Term Debt Component - Denominator:</u>			1
2	Bonds (Acct 221)	\$ 4,573,220		2
3	Less: Reacquired Bonds (Acct 222)	-		3
4	Other Long-Term Debt (Acct 224)	-		4
5	Unamortized Premium on Long-Term Debt (Acct 225)	-		5
6	Less: Unamortized Discount on Long-Term Debt-Debit (Acct 226)	(11,675)		6
7	LTD = Long Term Debt	\$ 4,561,545	Sum Lines 2 thru 6	7
8				8
9	<u>Long-Term Debt Component - Numerator:</u>			9
10	Interest on Long-Term Debt (Acct 427)	\$ 185,809		10
11	Amort. of Debt Disc. and Expense (Acct 428)	3,446		11
12	Amortization of Loss on Reacquired Debt (Acct 428.1)	3,335		12
13	Less: Amort. of Premium on Debt-Credit (Acct 429)	-		13
14	Less: Amortization of Gain on Reacquired Debt-Credit (Acct 429.1)	-		14
15	i = LTD interest	\$ 192,589	Sum Lines 10 thru 14	15
16				16
17	<u>Cost of Long-Term Debt:</u>	4.22%	Line 15 / Line 7	17
18				18
19	<u>Preferred Equity Component:</u>			19
20	PF = Preferred Stock (Acct 204)	\$ -		20
21	d(pf) = Total Dividends Declared-Preferred Stocks (Acct 437)	\$ -		21
22	Cost of Preferred Equity	0.00%	Line 21 / Line 20	22
23				23
24	<u>Common Equity Component:</u>			24
25	Proprietary Capital	\$ 5,596,415		25
26	Less: Preferred Stock (Acct 204)	-	Negative of Line 20 Above	26
27	Less: Unappropriated Undistributed Subsidiary Earnings (Acct 216.1)	-		27
28	Accumulated Other Comprehensive Income (Acct 219)	8,217		28
29	CS = Common Stock	\$ 5,604,632	Sum Lines 25 thru 28	29
30				30
31				31
32	<u>Return on Common Equity:</u> ²	11.20%	SDG&E Return on Equity	32
33				33
34		(a) (b) (c) (d) = (b) x (c)		34
35	<u>Weighted Cost of Capital:</u>	Amounts ¹ Cap. Struct. Cost of Capital Weighted Cost of Capital		35
36				36
37	Long-Term Debt	\$ 4,561,545 44.87% 4.22% 1.89%	Col. c = Line 17 Above	37
38	Preferred Equity	- 0.00% 0.00% 0.00%	Col. c = Line 22 Above	38
39	Common Equity	5,604,632 55.13% 11.20% 6.17%	Col. c = Line 32 Above	39
40	Total Capital	\$ 10,166,178 100.00% 8.07%	Sum Lines 37 thru 39	40
41				41
42	<u>Cost of Equity Component (Preferred & Common):</u>	6.17%	Line 38 + Line 39; Col. d	42
43				43
44				44
45	<u>Incentive Return on Common Equity:</u>	0.00%	Shall be Zero	45
46				46
47		(a) (b) (c) (d) = (b) x (c)		47
48	<u>Incentive Weighted Cost of Capital:</u>	Amounts ¹ Ratio Capital Weighted Cost of Capital		48
49				49
50	Long-Term Debt	\$ - 0.00% 0.00% 0.00%	Shall be Zero	50
51	Preferred Equity	- 0.00% 0.00% 0.00%	Shall be Zero	51
52	Common Equity	- 0.00% 0.00% 0.00%	Shall be Zero	52
53	Total Capital	\$ - 0.00% 0.00%	Sum Lines 50 thru 52	53
54				54
55	<u>Incentive Cost of Equity Component (Preferred & Common):</u>	0.00%	Line 51 + Line 52; Col. d	55

¹ Amount is based upon December 31 balances.

² ROE is pursuant to SDG&E's TO5 Formula Informational Filing in Docket No. ER19-221-000.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26
27			27
28			28
29			29
30			30
31			31

¹ Citizens portion of Equity AFUDC is embedded in the Equity AFUDC component of Transmission Depreciation expense.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending December 31, 2017
(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6	0.00%	AV1; Line 55	6
7	\$ -	Shall be Zero	7
8	\$ -	Shall be Zero	8
9	\$ -	Shall be Zero	9
10	21%	AV2; Line 10	10
11			11
12	0.0000%	Federal Income Tax Expense	12
13			13
14			14
15			15
16			16
17			17
18	0.00%	Line 6 Above	18
19	\$ -	Line 8 Above	19
20	\$ -	Line 9 Above	20
21	0.0000%	Line 12 Above	21
22	8.84%	AV2; Line 22	22
23			23
24	0.0000%	State Income Tax Expense	24
25			25
26			26
27	0.0000%	Line 12 + Line 24	27
28			28
29	0.0000%	AV1; Line 53	29
30			30
31	0.0000%	Line 27 + Line 29	31

SAN DIEGO GAS & ELECTRIC COMPANY
Non-Incentive Equity AFUDC Component of Transmission Depreciation Expense
For Completed Transmission Capital Projects from 2001 Through 2017
Applicable to the 2017 TO5-Cycle 1 Base Period & True-Up Period
12 Months Ending December 31, 2017
(\$1,000)

Line No.	Vintages of Plant ¹	Non-Incentive Equity AFUDC Component of Transmission Depn Exp.	Line No.
1	2001	\$ 66	1
2			2
3	2002	7	3
4			4
5	2003	35	5
6			6
7	2004	49	7
8			8
9	2005	68	9
10			10
11	2006	120	11
12			12
13	2007	379	13
14			14
15	2008	358	15
16			16
17	2009	101	17
18			18
19	2010	136	19
20			20
21	2011	167	21
22			22
23	2012	1,649	23
24			24
25	2013	1,310	25
26			26
27	2014	171	27
28			28
29	2015	250	29
30			30
31	2016	418	31
32			32
33	2017	241	33
34			34
35			35
36	Total	\$ 5,524	36
37			37
38	Citizens Border-East Line Adjustment	-	38
39			39
40	Citizens SX-PQ Underground Line Segment Adj. (see w/p AV-2B)	-	40
41			41
42	AFUDC Equity Depreciation Expense - Net of AFUDC Equity Depreciation Expense on Assets Leased to Citizens SX-PQ	\$ 5,524	42
43			43

¹ Reflects the years that were taken into consideration to develop the table. The table begins in 2001 because all the data needed was not available until 2001 in SAP (SDG&E's general accounting system).

SAN DIEGO GAS & ELECTRIC COMPANY
Derivation of End Use Transmission Rate Base

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.	Amounts	Reference	Line No.
<u>A. Derivation of Transmission Rate Base:</u>			
1			1
<u>Net Transmission Plant:</u>			
2			2
3	\$ 4,161,361	Page 2; Line 16	3
4	6,907	Page 2; Line 17	4
5	22,116	Page 2; Line 18	5
6	38,964	Page 2; Line 19	6
7	\$ 4,229,347	Sum Lines 2 thru 5	7
<u>Rate Base Additions:</u>			
8			8
9	\$ 2,813	Statement AG; Line 1	9
10	-	Statement Misc.; Line 3	10
11	\$ 2,813	Line 9 + Line 10	11
<u>Rate Base Reductions:</u>			
12			12
13			13
14	\$ (703,654)	Statement AF; Line 7	14
15	-	Statement AF; Line 11	15
16	\$ (703,654)	Line 14 + Line 15	16
<u>Working Capital:</u>			
17			17
18			18
19	\$ 45,650	Statement AL; Line 5	19
20	16,994	Statement AL; Line 9	20
21	7,755	Statement AL; Line 19	21
22	\$ 70,399	Sum Lines 19 thru 21	22
23			23
24	-	Statement Misc.; Line 5	24
25			25
26	\$ 3,598,904	Sum Lines 6, 11, 16, 22, 24	26
<u>B. Incentive ROE Project Transmission Rate Base:</u>			
27			27
28			28
29	\$ -	Shall be Zero	29
30	-	Shall be Zero	30
31	\$ -	Line 29 + Line 30	31
<u>C. Incentive Transmission Plant Abandoned Project Rate Base:</u>			
32			32
33			33
34	\$ -	Shall be Zero	34
35	-	Shall be Zero	35
36	\$ -	Line 34 + Line 35	36
<u>D. Incentive Transmission Construction Work In Progress</u>			
37			37
38	\$ -	Shall be Zero	38

SAN DIEGO GAS & ELECTRIC COMPANY
Derivation of End Use Transmission Rate Base

Base Period & True-Up Period 12 - Months Ending December 31, 2017

(\$1,000)

Line No.				Line
	<u>A. Derivation of Net Transmission Plant:</u>			
1	<u>Gross Transmission Plant:</u>			1
2	Transmission Plant	\$ 5,165,035	Statement AD; Line 11	2
3	Transmission Related Electric Misc. Intangible Plant	16,450	Statement AD; Line 27	3
4	Transmission Related General Plant	36,759	Statement AD; Line 29	4
5	Transmission Related Common Plant	79,541	Statement AD; Line 31	5
6	Total Gross Transmission Plant	<u>\$ 5,297,785</u>	Sum Lines 2 thru 5	6
7				7
8	<u>Transmission Related Depreciation Reserve:</u>			8
9	Transmission Plant Depreciation Reserve	\$ 1,003,675	Statement AE; Line 1	9
10	Transmission Related Electric Misc. Intangible Plant Amortization Reserve	9,543	Statement AE; Line 11	10
11	Transmission Related General Plant Depr Reserve	14,644	Statement AE; Line 13	11
12	Transmission Related Common Plant Depr Reserve	40,577	Statement AE; Line 15	12
13	Total Transmission Related Depreciation Reserve	<u>\$ 1,068,439</u>	Sum Lines 9 thru 12	13
14				14
15	<u>Net Transmission Plant:</u>			15
16	Transmission Plant	\$ 4,161,361	Line 2 Minus Line 9	16
17	Transmission Related Electric Miscellaneous Intangible Plant	6,907	Line 3 Minus Line 10	17
18	Transmission Related General Plant	22,116	Line 4 Minus Line 11	18
19	Transmission Related Common Plant	38,964	Line 5 Minus Line 12	19
20	Total Net Transmission Plant	<u>\$ 4,229,347</u>	Sum Lines 16 thru 19	20
21				21
22	<u>B. Incentive Project Net Transmission Plant:</u>			
23	Incentive Transmission Plant	\$ -	Shall be Zero	23
24	Incentive Transmission Plant Depreciation Reserve	-	Shall be Zero	24
25	Total Net Incentive Transmission Plant	<u>\$ -</u>	Line 23 Minus Line 24	25

SAN DIEGO GAS & ELECTRIC COMPANY

Miscellaneous Statement

Base Period & True-Up Period 12 - Months Ending December 31, 2017
 (\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Regulatory Debits/Credits	\$ -	Shall be Zero	1
2				2
3	Transmission Plant Abandoned Project Cost ¹	\$ -		3
4				4
5	Other Regulatory Assets/Liabilities ¹	\$ -		5
6				6
7	Incentive Transmission Plant Abandoned Project Cost	\$ -	Shall be Zero	7

¹ None of the above items apply to SDG&E's TO5 Cycle 1 filing. However, as one or more of these items apply, subject to FERC approval, the applicable data field will be filled.