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May 2, 2016

The Hon. 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. ER16-____-000
TO4 Formula Depreciation Rate Change for Non-Transmission Common Plant
and Electric General Plant

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,¹ Section 35.13 of the Federal Energy Regulatory Commission's (FERC or Commission) regulations,² and San Diego Gas & Electric Company's (SDG&E) fourth Transmission Owner (TO) Formula rate mechanism (TO4 Formula or TO4 Formula Rate),³ SDG&E submits this "single-issue" depreciation rate filing (Filing). This Filing updates SDG&E's non-transmission depreciation rates for Common Plant and Electric General Plant contained in the TO4 Formula (Cycle 1)⁴ to reflect the impact of changes to plant balances and related depreciation rates for 2015, the TO4 Cycle 4 Base Period.

The proposed impact of the revised non-transmission depreciation rates and their proposed impact on Base Transmission Revenue Requirements (BTRR) will be reflected in the

¹ 16 U.S.C. § 824d (2015).

² 18 C.F.R. § 35.13.

³ The Commission approved the TO4 Offer of Settlement (Settlement) embodying the TO4 Formula in *San Diego Gas & Electric Company*, 147 FERC ¶ 61,150 (2014). Subsequently, in letter orders issued November 21, 2014 (Docket No. ER14-2984) and October 14, 2015 (Docket No. ER15-2215), the Commission accepted updated non-transmission depreciation rates for Common Plant and Electric General Plant, effective January 1, 2015 and January 1, 2016, respectively.

⁴ The term "Cycle" refers to the specific Informational Filing (or annual filing) submitted under the TO4 Formula. The term "TO4 Cycle 4" refers to the fourth Informational Filing submitted in the TO4 Formula. The capitalized terms have the meaning ascribed to them in SDG&E's TO Tariff or in this Filing.

TO4 Cycle 4 Formula Rate Informational Filing, which will be filed on December 1, 2016, to become effective January 1, 2017.

As discussed more fully below, this Filing is required by the California Public Utilities Commission's (CPUC) Decision (D.) 13-05-010 (CPUC Decision or D.13-05-010) and SDG&E's TO4 Formula Rate Protocols.

I. NATURE AND PURPOSE OF FILING

SDG&E proposes to revise its Formula Rate,⁵ set forth in SDG&E's Transmission Owner Tariff, FERC Electric Tariff, Volume No. 11 (TO Tariff), to reflect non-transmission depreciation rates for Common Plant and Electric General Plant for 2015, the Base Period for TO4, Cycle 4. This update is required by the CPUC Decision and is contemplated by Section D.5 of SDG&E's Rate Protocols.

Specifically, the CPUC Decision set parameters requiring SDG&E to recalculate depreciation rates annually reflecting updated recorded plant balances and to submit the revised non-transmission depreciation rates to the CPUC *via* an informational letter filed each year. To reflect the changed non-transmission depreciation rates in TO4 Cycle 4, SDG&E is required pursuant to Section D.5 of SDG&E's Formula Rate Protocols to make this single-issue depreciation rate filing to obtain Commission approval of the changed non-transmission depreciation rates for Common Plant and Electric General Plant.

II. BACKGROUND

As described in the Affidavit of Robert Wieczorek (Wieczorek Affidavit), Exhibit No. SDG-1, the TO4 Formula Protocols allow SDG&E to make this Filing to change the depreciation rates for Electric General Plant and Common Plant and the amortization periods for Intangible Plant upon approval by the CPUC of revised non-transmission depreciation rates and/or amortization periods for these plant categories.⁶

On May 9, 2013, the CPUC issued D.13-05-010 which, among other things, requires SDG&E to recalculate non-transmission depreciation rates for Common Plant and Electric General Plant on an annual basis. The non-transmission depreciation rates for 2015, which is the Base Period for TO4 Cycle 4, differ from the corresponding rates reflected in the TO4 Formula Cycle 3. Those depreciation rates are based on recorded depreciation for Common Plant and Electric General Plant for 2014, the Base Period for TO4 Cycle 3. D.13-05-010 did not require changes in amortization periods.

⁵ The TO4 Formula Rate is set forth in Appendix VIII of SDG&E's TO Tariff, Formula Rate Protocols and Formula Rate Spreadsheet.

⁶ See Section D.5 of the TO4 Protocols.

III. PROPOSED DEPRECIATION RATE REVISIONS

SDG&E is making the Filing to request Commission approval to recalculate the non-transmission depreciation rates reflected in the TO4 Formula to reflect 2015 recorded depreciation, consistent with the CPUC Decision. In this filing, SDG&E is proposing to revise only those aspects of the depreciation inputs that are necessary to correctly reflect the CPUC Decision.

Mr. Wieczorek's Affidavit explains the basis for and recalculation of the 2015 non-transmission depreciation rates for Common Plant and Electric General Plant. For illustrative purposes, Mr. Wieczorek also estimates the future impact of the proposed depreciation rate changes on SDG&E's currently-effective Base Transmission Revenue Requirement.

Mr. Wieczorek also compares the 2014 Electric General Plant and Common Plant rates to the 2015 Electric General Plant and Common Plant rates. The comparison, which is for illustrative purposes only, applies 2014 and 2015 Electric General and Common Plant rates to a consistent depreciable base. The result is a net expense decrease of <\$5,555,936>, consisting of a total Electric General Plant expense increase of \$10,043 and a total Common Plant expense decrease of <\$5,565,979>.

IV. EFFECTIVE DATE

Consistent with the normal operation of the TO4 Formula, SDG&E respectfully requests that the Commission permit this Filing to be reflected in SDG&E's TO4 Cycle 4 Informational Filing for the Rate Effective Period commencing January 1, 2017. Permitting the revised depreciation rates to be reflected as proposed (1) ensures consistency in the application of the CPUC-adopted depreciation rates for FERC-jurisdictional and CPUC-jurisdictional rates and (2) avoids any timing gap in effectuating consistent depreciation rates across the federal and state jurisdictions.

SDG&E believes that the information contained in this Filing provides a sufficient basis for acceptance. SDG&E requests, however, that, to the extent deemed necessary, the Commission waive any other filing requirements contained in Part 35 of its regulations to permit SDG&E to reflect the proposed non-transmission depreciation rates and impact on BTRRs in its TO4 Cycle 4 Informational Filing, effective January 1, 2017.

V. LIST OF DOCUMENTS SUBMITTED

This Filing consists of the following items:

1. Transmission Letter.
2. Exhibit No. SDG-1 -- Affidavit of Robert Wieczorek on Behalf of San Diego Gas & Electric Company and the following:

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- a. Exhibit No. SDG-1-1 – 2014 CPUC Electric General Plant Depreciation Rates (TO4 Cycle 3 Base Period – Statement AJ work papers);
 - b. Exhibit No. SDG-1-2 – 2014 CPUC Common Plant Depreciation Rates (TO4 Cycle 3 Base Period – Statement AJ work papers);
 - c. Exhibit No. SDG-1-3 – 2015 CPUC Electric General Plant Depreciation Rates (TO4 Cycle 4 Base Period--Statement AJ work papers);
 - d. Exhibit No. SDG-1-4 – 2015 CPUC Common Plant Depreciation Rates (TO4 Cycle 4 Base Period -- Statement AJ work papers);
 - e. Exhibit No. SDG-1-5 – 2014 Illustrative Comparison Demonstrating Impact of Using 2014 Electric General Plant Depreciation Rates in 2015 (TO4 Cycle 4 Base Period);
 - f. Exhibit No. SDG-1-6 – Illustrative Comparison Demonstrating Impact of Using 2014 Common Plant Depreciation Rates in 2015 (TO4 Cycle 4 Base Period).
3. Exhibit No. SDG-2 – “2015 Annual Report on Depreciation Rates,” submitted to the CPUC on November 4, 2015, pursuant to D.13-05-010.

VI. SERVICE

A copy of this Filing has been served on all parties to TO4 Formula Rate proceeding, Docket Nos. ER13-941 and ER15-2215. The CPUC and the California Independent System Operator (CAISO) have also been served.

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VII. COMMUNICATIONS

SDG&E requests that all correspondence, pleadings and other communications concerning this filing be served upon the following individuals:

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Respectfully submitted,

/s/ Georgetta J. Baker

Georgetta J. Baker

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/gjb

Enclosures