

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of SAN DIEGO GAS & ELECTRIC )  
COMPANY (U 902 E) for Authority to Implement )  
Economic Development Rates. )  
\_\_\_\_\_ )

Application No. 17-02-\_\_\_\_\_  
(Filed February 24, 2017)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
FOR AUTHORITY TO IMPLEMENT ECONOMIC DEVELOPMENT RATES**

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February 24, 2017

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
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**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
FOR AUTHORITY TO IMPLEMENT ECONOMIC DEVELOPMENT RATES**

**I. INTRODUCTION**

Pursuant to California Public Utilities Code (P.U. Code) §§ 454 and 740.4 and California Public Utilities Commission (Commission) Rules 2.1-2.3 and 3.2, San Diego Gas & Electric Company (SDG&E) hereby submits this application (Application) for authorization to establish and implement Standard and Enhanced Economic Development Rates (EDRs). SDG&E’s proposed EDRs are designed to retain, attract, or expand load in California that, but for the discount, would be lost either to competition out of state or as a result of a business closing its doors entirely. The proposed EDRs are intended to encourage economic development within SDG&E’s service area, to the benefit of all ratepayers.

EDR goals are encouraged in state law and Commission policy. Section 740.4 of the California Public Utilities Code compels the Commission to authorize public utilities to engage in programs that encourage economic development. In accordance with this statute, the Commission has approved EDRs for Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE), most recently in Decisions (D.) 13-10-019 and D.15-04-006, respectively. California recognizes the need for ongoing economic development incentives by continuing to offer several programs, in the form of tax credits and other incentives, such as the California Competes Tax Credit, California Small Business Loan Guarantee Program, and

relocation and expansion services. SDG&E's EDR offering contributes to an overall holistic approach to economic development for the local San Diego and greater California economies.

The Commission has recognized that a well-constructed EDR program can be an effective tool that benefits all customers, by increasing the number of jobs, tax revenue, and overall regional vitality, and therefore benefiting California's economy.<sup>1</sup> EDRs also "increas[e] the revenues available to contribute to the utilities' fixed costs of doing business, thus lowering rates to other customers."<sup>2</sup> Additionally, "[l]ocal communities benefit from the economic multiplier effect, resulting from local spending by newly employed, or continuously employed, workers where the businesses locate."<sup>3</sup> SDG&E customers will also benefit because the proposed EDRs are designed to maintain or increase the customer base and maintain or reduce the system average rate, by spreading fixed costs over a larger kilowatt-hour base. The Commission has recognized this "indirect benefit," noting that an increased economic base results in "the more complete use of the utilities' transmission and distribution facilities which further reduces rates."<sup>4</sup>

Beyond promoting the statewide economy, SDG&E's ability to offer an EDR will allow the San Diego region to maintain and grow their customer base on par with the Los Angeles and San Francisco regions. The Commission has recognized the importance of having a statewide EDR program and has encouraged SDG&E to offer EDR programs, in the 2005 Commission decision approving EDRs for PG&E and SCE:

[I]n an effort to reach the goal of promoting economic development on a statewide basis, we will also strongly encourage San Diego Gas and Electric (SDG&E) to file applications that are consistent with the spirit of the EDR

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<sup>1</sup> D.13-10-019 at 38, Finding of Fact (FOF) 6 and pp. 16-17.

<sup>2</sup> *Id.* at 41, FOF 21 and p. 16.

<sup>3</sup> *Id.* at 17.

<sup>4</sup> *Id.* at 16-17.

programs approved for PG&E and SCE. In keeping with the goals of the EDR programs adopted herein, their proposal should promote business retention, attraction and development. We believe that by requiring SDG&E to participate in the EDR process we will ensure that qualified applicants in the San Diego area do not miss out on the benefits proffered to those in the PG&E and SCE service areas.<sup>5</sup>

In that spirit, the EDRs SDG&E proposes here are largely consistent with those that are currently being offered in the PG&E and SCE service territories, particularly with respect to SDG&E's Standard EDR proposal.

For the Enhanced EDR specifically, SDG&E proposes unique eligibility criteria, distinct from PG&E's and SCE's, which is designed to strategically link the Enhanced EDR offering to eligible businesses that are expected to produce the greatest economic development benefits to the San Diego region through increased tax revenue and job creation. PG&E and SCE offer Enhanced EDR eligibility to Standard-eligible customers within cities and counties experiencing 125% of California's average unemployment rate. The testimony supporting this Application demonstrates why eligibility based on a comparison with California's average unemployment rate would not be an effective way to provide economic development incentives in the San Diego region, and why SDG&E's proposal is more appropriate.

To design an Enhanced EDR offering specific to the San Diego region, SDG&E engaged a team of San Diego State University (SDSU) Master of Business Administration (MBA) students (the Study Team) to conduct a study of industries in San Diego (the Study) and to develop a framework identifying the key economic drivers and high performing industries within our region. Based on the results of this Study, SDG&E requests approval to offer an Enhanced EDR benefit for Standard-eligible businesses within industry segments that have been identified

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<sup>5</sup> D.05-09-018 at 26.

as having a significant impact on the local economy, through job and wage growth and increased gross regional product, specifically: (1) Manufacturing, and (2) Professional, Scientific, and Technical Services (PST). As explained in supporting testimony, SDG&E's proposed eligibility criteria would provide greater benefits to all customers through improved subscription and enhanced economic development.

SDG&E recognizes that Section 740.4(e)(1) "does not authorize the commission to establish discriminatory rates for the purpose of attracting or benefiting specific industries or business entities," with the exception of businesses or entities within specific areas targeted for development that are enumerated in the statute. However, SDG&E's proposal for Enhanced EDR eligibility is supported by evidence identifying industry segments that have an increased impact on the San Diego economy, according to job and wage growth and increased gross regional product metrics, as well as evidence showing why the same Enhanced EDR eligibility criteria adopted for PG&E and SCE would not be an effective approach for SDG&E customers. SDG&E thus submits that its proposal would provide ratepayer benefits in accordance with 740.4(b), would not be unduly discriminatory under Section 740.4(e)(1), and is just and reasonable, in accordance with Section 454, in light of the evidence supporting this Application.

## **II. SDG&E's EDR PROGRAM**

### Standard EDR

SDG&E's proposed Standard EDR would offer a five-year discount of 12% off of an eligible EDR customer's total monthly bill relative to the customer's otherwise available tariff (OAT), and would be available to businesses evaluating a viable out-of-state option. This could be a new out-of-state business considering San Diego as a new location or an existing business who signs a declaration stating that, "but for" the electric rate discount provided by the EDR

tariff option (alone or in combination with other incentives), the business would either move their existing operations outside of California or close altogether. The Standard EDR would have a participation cap of 50 MW. Eligible non-residential, non-governmental customers with demand of less than 150 kW will have 5 MW of the cap available to them while the remaining 45 MW will be available to non-residential, non-governmental customers with 150 kW or more of demand. The company selection process will be time-stamped based on submittal requests to SDG&E, and the completion of the process to include responding to Governor's Office of Business and Economic Development (GO-Biz) questionnaires. Those companies who submit and complete the vetting process first will be given first opportunity to participate in the program. Participant businesses can also apply for an additional five-year extension to the EDR, which may be granted through GO-Biz if the business and economic indicators warrant. Determination for extensions will be a reevaluation of a new application and vetting process.

#### Enhanced EDR

The Enhanced EDR would be available to Standard-eligible business customers in the Manufacturing and PST industries, and would provide a five-year discount of 20%. The Enhanced EDR would also provide the option to receive up to an additional 10% discount (a total discount of 30%) for a business that would provide any or all of the community value-added features listed below (each feature results in a 2.5% discount):

- Participation in Energy Efficiency;
- Participation in Demand Response;
- Locating, remaining, or expanding in an area with an unemployment rate greater than or equal to 110% of the average state unemployment rate; or
- Locating in a building that has been vacant for more than 18 months.

Although the EDR features of PG&E and SCE have been discussed, it is also important to review EDR criteria in other parts of the country. Common criteria for EDRs in the United States include electric load and job creation, and re-establishing service in stranded assets by occupying dormant premises. Each of these components is included in SDG&E's EDR rates offering and the value-added features of the Enhanced EDR offering.

Structurally, SDG&E's Enhanced EDR offering would be contained within the Standard EDR participation cap of 50 MW, and would share the same size-based eligibility threshold demands of less than 150 kW for 5 MW of the cap and 150 kW or more for the remaining 45 MW of the cap. The company selection process will mirror that of the Standard EDR offering.

### **III. SUPPORTING TESTIMONY**

In support of this Application, SDG&E includes the testimony of the following witnesses, organized by chapter as shown:

- Chapter 1: (Todd J. Cahill) provides policy support for the EDR proposal and describes:
  - how all ratepayers will benefit from both Standard and Enhanced EDR options in the SDG&E service territory, including a description of the Study providing specific support for SDG&E's Enhanced EDR proposal;
  - how SDG&E's Standard and Enhanced EDR proposals are designed; and
  - how SDG&E proposes that its Standard and Enhanced EDRs will be administered.
- Chapter 2: (Cynthia Fang) describes the proposed EDR discount computation and ratemaking treatment, as follows:
  - describes the EDR discount computation under the Standard and Enhanced EDR tariff options; and
  - describes SDG&E's proposed line-item discount mechanism and the treatment of the revenue shortfall that results from the EDR line-item discount.



#### IV. STATUTORY AND PROCEDURAL REQUIREMENTS

##### A. Category, Need for Hearings, Issues, and Schedule - Rule 2.1(c)

###### 1. Category

SDG&E proposes that this proceeding be categorized as “ratesetting.”

###### 2. Need for Hearings

Because SDG&E requests authority to implement EDR options in this Application that are similar to rates currently available to customers in both the PG&E and SCE service territories, SDG&E does not believe that hearings will be necessary. In the event that hearings are necessary, SDG&E proposes the brief schedule shown below.

###### 3. Issues to be Considered

The issues to be considered are described in this Application and the accompanying testimony and exhibits.

###### 4. Proposed Schedule

SDG&E proposes the following schedule:

<b><u>ACTION</u></b>	<b><u>DATE</u></b>
SDG&E files EDR Application	February 24, 2017
Responses/Protests Due	March 29, 2017
Reply to Responses/Protests	April 10, 2017
Prehearing Conference	May 1, 2017
Scoping Memo Issued	May 31, 2017
ORA and Intervenor Testimony	June 28, 2017
Concurrent Rebuttal Testimony	July 21, 2017
Evidentiary Hearings, if necessary	August 14, 2017
Opening Briefs	September 11, 2017
Reply Briefs	September 29, 2017
Proposed Decision	December 29, 2017

**B. Authority - Rule 2.1**

This Application is filed pursuant to P.U. Code §§ 454 and 740.4, and in compliance with the Commission's Rules of Practice and Procedure.

**C. Corporate Information and Correspondence - Rules 2.1(a) and 2.1(b)**

SDG&E is a corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service to portions of southern Orange County and electric and gas service throughout San Diego County. The exact legal name of the Applicant is San Diego Gas & Electric Company. The location of Applicant's principle place of business is 8330 Century Park Court, San Diego, California 92123. SDG&E's counsel in this matter is Laura Earl.

Correspondence or communications regarding this Application should be addressed to:

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**D. Organization and Qualification to Transact Business – Rule 2.2**

A certified copy of SDG&E’s Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on September 10, 2014, in connection with SDG&E’s Application No. 14-09-008, and is incorporated herein by reference.

**E. Authority to Change Rates – Rule 3.2 (a) – (d)**

In accordance with Rule 3.2 (a) – (d) of the Commission’s Rules of Practice and Procedure, SDG&E provides the following information:

**1. Balance Sheet and Income Statement – Rule 3.2(a)(1)**

SDG&E’s Balance Sheet, Income Statement and Financial Statement for the nine-month period ending September 30, 2016 are included with this Application in Appendix A.

**2. Statement of Effective Rates - Rule 3.2(a)(2)**

Because this Application does not request authority to increase any rate or charge, Rule 3.2(a)(2) is not applicable.

**3. Statement of Proposed Rate Change – Rule 3.2(a)(3)**

Because this Application does not request authority to increase any rate or charge, Rule 3.2(a)(3) is not applicable.

**4. Property and Equipment - Rule 3.2(a)(4)**

Because this Application is not a general rate increase application, Rule 3.2(a)(4) is not applicable.

**5. Summary of Earnings - Rules 3.2(a)(5) and (6)**

SDG&E’s Summary of Earnings for the nine-month period ending September 30, 2016 is included in Appendix B.

**6. Statement re Tax Depreciation - Rule 3.2(a)(7)**

Because this Application is not a general rate increase application, Rule 3.2(a)(7) is not applicable.

**7. Proxy Statement - Rule 3.2(a)(8)**

Because this Application is not a general rate increase application, Rule 3.2(a)(4) is not applicable.

**8. Pass Through of Costs - Rule 3.2(a)(10)**

SDG&E's request does not seek recovery of any additional revenue requirements that have not been or will not be authorized in other Commission proceedings, and therefore, does not pass through to customers any "increased costs to the corporation for the services or commodities furnished by it."

**9. Notice to State, Cities and Counties - Rule 3.2(b)**

Because this Application does not seek authority to increase rates, this requirement is not applicable.

**10. Newspaper Publication – Rule 3.2(c)**

Because this Application does not seek authority to increase rates, this requirement is not applicable.

**11. Bill Insert Notice – Rule 3.2(d)**

Because this Application does not seek authority to increase rates, this requirement is not applicable.

**V. SERVICE**

This is a new application. No service list has been established. Accordingly, SDG&E will serve this Application on all parties to the service lists of the Commission's pending



**OFFICER VERIFICATION**

I, Scott Crider, declare the following:

I am an officer of San Diego Gas & Electric Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing Application are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 24th day of February 2017 at San Diego, California.

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Scott Crider  
Vice President  
Customer Services  
San Diego Gas & Electric Company

## **APPENDIX A**

### **BALANCE SHEET, INCOME STATEMENT AND FINANCIAL STATEMENT**

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**FINANCIAL STATEMENT**  
**Sep 30, 2016**

<b>(a) Amounts and Kinds of Stock Authorized:</b>				
Common Stock		255,000,000	shares	Without Par Value
<b>Amounts and Kinds of Stock Outstanding:</b>				
Common Stock		116,583,358	shares	291,458,395

**(b) Brief Description of Mortgage:**

Full information as to this item is given in Application Nos. 93-09-069,04-01-009, 06-05-015, 08-07-029, 10-10-023, 12-03-005, and 15-08-011 to which references are hereby made.

**(c) Number and Amount of Bonds Authorized and Issued:**

	Nominal Date of Issue	Par Value Authorized and Issued	Outstanding	Interest Paid in 2015
<b>First Mortgage Bonds:</b>				
Var% Series OO, due 2027	12-01-92	0	0	7,002,188
5.875% Series WW, due 2034	06-17-04	40,000,000	40,000,000	2,350,000
5.875% Series YY, due 2034	06-17-04	24,000,000	24,000,000	1,410,000
5.875% Series ZZ, due 2034	06-17-04	33,650,000	33,650,000	1,976,938
4.00% Series AAA, due 2039	06-17-04	75,000,000	75,000,000	3,000,000
5.35% Series BBB, due 2035	05-19-05	250,000,000	250,000,000	13,375,000
6.00% Series DDD, due 2026	06-08-06	250,000,000	250,000,000	15,000,000
1.65% Series EEE, due 2018	09-21-06	161,240,000	161,240,000	2,650,187
6.125% Series FFF, due 2037	09-20-07	250,000,000	250,000,000	15,312,500
6.00% Series GGG, due 2039	05-14-09	300,000,000	300,000,000	18,000,000
5.35% Series HHH, due 2040	05-13-10	250,000,000	250,000,000	13,375,000
4.50% Series III, due 2040	08-26-10	500,000,000	500,000,000	22,500,000
3.00% Series JJJ, due 2021	08-18-11	350,000,000	350,000,000	10,500,000
3.95% Series LLL, due 2041	11-17-11	250,000,000	250,000,000	9,875,000
4.30% Series MMM, due 2042	03-22-12	250,000,000	250,000,000	10,750,000
3.60% Series NNN, due 2023	09-09-13	450,000,000	450,000,000	16,200,000
.4677% Series OOO, due 2017	03-12-15	140,000,000	140,000,000	522,662
1.9140% Series PPP, due 2022	03-12-15	64,095,275	64,095,275	1,847,542
2.50% Series QQQ, due 2026	05-19-16	500,000,000	500,000,000	-
<b>Total 1st. Mortgage Bonds:</b>			<b>4,216,600,275</b>	<b>170,265,647</b>
<hr/>				
1.050% Commercial Paper	11-19-15	53,650,000	53,650,000	18,777
<hr/>				
<b>TOTAL LONG-TERM DEBT</b>			<b>4,270,250,275</b>	



**SAN DIEGO GAS & ELECTRIC COMPANY**  
**FINANCIAL STATEMENT**  
**Sep 30, 2016**

Other Indebtedness:	Date of Issue	Date of Maturity	Interest Rate	Outstanding	Interest Paid 2016
Commercial Paper & ST Bank	Various	Various	Various	-	\$212,386

Amounts and Rates of Dividends Declared:

The amounts and rates of dividends during the past five fiscal years are as follows:

Preferred Stock	Shares Outstanding 12-31-14					
		2012	2013	2014	2015	2016
5.00%	-	\$375,000	\$281,250	-	-	-
4.50%	-	270,000	202,500	-	-	-
4.40%	-	286,000	214,500	-	-	-
4.60%	-	343,868	257,901	-	-	-
1.70%	-	2,380,000	1,785,000	-	-	-
1.82%	-	1,164,800	873,600	-	-	-
<b>Total</b>	-	<b>\$4,819,668</b>	<b>\$3,614,751</b>	-	-	-

Common Stock	2012	2013	2014	2015	2016
[1]	-	-	\$200,000,000	300,000,000	175,000,000

**NOTE 11 PREFERRED STOCK 10K:**

On October 15, 2013, SDG&E redeemed all six series of its outstanding shares of contingently redeemable preferred stock for \$82 million, including a \$3 million early call premium (pg 9.1).

A balance sheet and a statement of income and retained earnings of applicant for the nine months ended Sep 30, 2016 are attached hereto.

[1] San Diego Gas & Electric Company dividend to parent.

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**September 30, 2016**

	<b>1. UTILITY PLANT</b>	<u>2016</u>
101	UTILITY PLANT IN SERVICE	\$15,207,919,704
102	UTILITY PLANT PURCHASED OR SOLD	-
104	UTILITY PLANT LEASED TO OTHERS	85,194,000
105	PLANT HELD FOR FUTURE USE	11,307,728
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	971,631,842
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,813,786,126)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(618,159,664)
114	ELEC PLANT ACQUISITION ADJ	3,750,722
115	ACCUM PROVISION FOR AMORT OF ELECTRIC PLANT ACQUIS ADJ	(1,187,728)
118	OTHER UTILITY PLANT	1,085,541,058
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(264,789,245)
120	NUCLEAR FUEL - NET	-
	<b>TOTAL NET UTILITY PLANT</b>	<u>11,667,422,291</u>
	<b>2. OTHER PROPERTY AND INVESTMENTS</b>	
121	NONUTILITY PROPERTY	5,946,616
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION	(364,300)
158	NON-CURRENT PORTION OF ALLOWANCES	183,299,834
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	1,067,734,851
175	LONG-TERM PORTION OF DERIVATIVE ASSETS	89,061,624
	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<u>1,345,678,625</u>

Data from SPL as of Dec 21, 2016

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**September 30, 2016**

<b>3. CURRENT AND ACCRUED ASSETS</b>		2016
131	CASH	3,225,697
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	500
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	291,510,593
143	OTHER ACCOUNTS RECEIVABLE	17,281,917
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,867,475)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	107,624,758
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	666,036
151	FUEL STOCK	693,732
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	107,137,915
156	OTHER MATERIALS AND SUPPLIES	-
158	ALLOWANCES	202,233,571
158	LESS: NON-CURRENT PORTION OF ALLOWANCES	(183,299,834)
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	245,036
165	PREPAYMENTS	163,737,656
171	INTEREST AND DIVIDENDS RECEIVABLE	713,396
173	ACCRUED UTILITY REVENUES	70,730,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	5,230,284
175	DERIVATIVE INSTRUMENT ASSETS	111,852,857
175	LESS: LONG -TERM PORTION OF DERIVATIVE INSTRUMENT ASSETS	(89,061,624)
	TOTAL CURRENT AND ACCRUED ASSETS	806,655,015
<b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	33,259,838
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	3,271,977,857
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	174,137
184	CLEARING ACCOUNTS	1,810,748
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	25,469,365
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	12,805,692
190	ACCUMULATED DEFERRED INCOME TAXES	276,823,237
	TOTAL DEFERRED DEBITS	3,622,320,874
	TOTAL ASSETS AND OTHER DEBITS	17,442,076,805

Data from SPL as of Dec 21, 2016

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**September 30, 2016**

**5. PROPRIETARY CAPITAL**

		2016
201	COMMON STOCK ISSUED	(\$291,458,395)
204	PREFERRED STOCK ISSUED	-
207	PREMIUM ON CAPITAL STOCK	(591,282,978)
210	GAIN ON RETIRED CAPITAL STOCK	-
211	MISCELLANEOUS PAID-IN CAPITAL	(479,665,368)
214	CAPITAL STOCK EXPENSE	24,605,640
216	UNAPPROPRIATED RETAINED EARNINGS	(4,159,610,448)
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	7,454,042
	TOTAL PROPRIETARY CAPITAL	(5,489,957,507)

**6. LONG-TERM DEBT**

221	BONDS	(4,348,934,000)
223	ADVANCES FROM ASSOCIATED COMPANIES	-
224	OTHER LONG-TERM DEBT	(53,652,271)
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	10,844,745
	TOTAL LONG-TERM DEBT	(4,391,741,526)

**7. OTHER NONCURRENT LIABILITIES**

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(599,278,895)
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(27,487,869)
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(231,535,407)
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
244	LONG TERM PORTION OF DERIVATIVE LIABILITIES	(189,242,492)
230	ASSET RETIREMENT OBLIGATIONS	(830,185,747)
	TOTAL OTHER NONCURRENT LIABILITIES	(1,877,730,410)

Data from SPL as of Dec 21, 2016

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**September 30, 2016**

<b>8. CURRENT AND ACCRUED LIABILITES</b>		2016
231	NOTES PAYABLE	0
232	ACCOUNTS PAYABLE	(458,932,832)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(30,369,955)
235	CUSTOMER DEPOSITS	(71,096,853)
236	TAXES ACCRUED	(31,114,618)
237	INTEREST ACCRUED	(51,875,190)
238	DIVIDENDS DECLARED	-
241	TAX COLLECTIONS PAYABLE	(4,345,924)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(158,209,952)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(42,637,444)
244	DERIVATIVE INSTRUMENT LIABILITIES	(235,052,849)
244	LESS: LONG-TERM PORTION OF DERIVATIVE LIABILITIES	189,242,492
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
TOTAL CURRENT AND ACCRUED LIABILITIES		(894,393,125)
<b>9. DEFERRED CREDITS</b>		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(58,572,012)
253	OTHER DEFERRED CREDITS	(396,625,895)
254	OTHER REGULATORY LIABILITIES	(1,432,723,743)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(21,296,716)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(2,140,209,421)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(738,826,450)
TOTAL DEFERRED CREDITS		(4,788,254,237)
TOTAL LIABILITIES AND OTHER CREDITS		(\$17,442,076,805)
		(\$4,788,254,237)

Data from SPL as of Dec 21, 2016

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**Nine Months Ended September 30, 2016**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		\$3,516,532,527
401	OPERATING EXPENSES	\$2,138,908,385	
402	MAINTENANCE EXPENSES	112,553,955	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	452,335,935	
408.1	TAXES OTHER THAN INCOME TAXES	96,977,236	
409.1	INCOME TAXES	106,317,455	
410.1	PROVISION FOR DEFERRED INCOME TAXES	221,561,581	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(130,819,978)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	2,567,785	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		<u>3,000,402,354</u>
	NET OPERATING INCOME		516,130,173

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES OF NONUTILITY OPERATIONS	10,231	
417.1	EXPENSES OF NONUTILITY OPERATIONS	-	
418	NONOPERATING RENTAL INCOME	25,243	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	4,792,144	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	35,256,954	
421	MISCELLANEOUS NONOPERATING INCOME	2,462,421	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	<u>42,546,993</u>	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
425	MISCELLANEOUS AMORTIZATION	187,536	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	<u>3,503,544</u>	
	TOTAL OTHER INCOME DEDUCTIONS	<u>3,691,080</u>	
408.2	TAXES OTHER THAN INCOME TAXES	479,073	
409.2	INCOME TAXES	(272,297)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	5,805,031	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	<u>(1,535,703)</u>	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>4,476,104</u>	
	TOTAL OTHER INCOME AND DEDUCTIONS		<u>34,379,809</u>
	INCOME BEFORE INTEREST CHARGES		550,509,982
	EXTRAORDINARY ITEMS AFTER TAXES		0
	NET INTEREST CHARGES*		<u>131,467,842</u>
	NET INCOME		<u><u>\$419,042,140</u></u>

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (\$11,633,689)

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**Nine Months Ended September 30, 2016**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$3,915,568,308
NET INCOME (FROM PRECEDING PAGE)	419,042,140
DIVIDEND TO PARENT COMPANY	(175,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	0
OTHER RETAINED EARNINGS ADJUSTMENTS	0
RETAINED EARNINGS AT END OF PERIOD	<u>\$4,159,610,448</u>

**APPENDIX B**  
**SUMMARY OF EARNINGS**



**SAN DIEGO GAS & ELECTRIC COMPANY**  
**SUMMARY OF EARNINGS**  
**Nine Months Ended September 30, 2016**  
**(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,516
2	Operating Expenses	<u>3,000</u>
3	Net Operating Income	<u><u>\$516</u></u>
4	Weighted Average Rate Base	\$7,859
5	Rate of Return*	7.79%

\*Authorized Cost of Capital