

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

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) for authorization to: (1) issue certain tax exempt Debt Securities (First Mortgage Bonds, debentures, overseas indebtedness, foreign securities, medium-term notes, accounts receivable financing) in order to guarantee the obligations of others, and to enter into long-term loans, in an aggregate principal amount up to \$750 million of debt capital, in addition to previously-authorized amounts; (2) include certain features in the Debt Securities or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of the debt portfolio and with the goal of lowering the cost of money for the benefit of ratepayers; (3) hedge planned issuances of Debt Securities, (4) obtain certain exemptions from the Commission's Competitive Bidding Rule; and (5) take all other necessary, related actions.

Application No. 11-10-\_\_\_\_  
(Filed October 17, 2011)

Application No. 11-10-\_\_\_\_  
Exhibit No. \_\_\_\_\_

**PREPARED DIRECT TESTIMONY OF**

**GARY H. HAYES**

**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

**OCTOBER 17, 2011**

1 **PREPARED DIRECT TESTIMONY OF**

2 **GARY H. HAYES**

3 **I. PLEASE STATE YOUR QUALIFICATIONS.**

4 I, Gary Hugh Hayes, am employed by Sempra Energy as a corporate finance  
5 manager. My primary responsibility is the planning and execution of transactions  
6 involving securities, derivatives, and currencies. I also advise the Sempra Energy  
7 Utilities on various financial matters. I hold degrees from Wake Forest University and  
8 Dartmouth College and have worked in the defense, automotive, oil, and banking  
9 industries. I joined San Diego Gas & Electric Company's ("SDG&E's") financial-  
10 services department in 1995, and since the 1998 formation of Sempra Energy have served  
11 primarily in the treasury department. I have testified before the California Public Utilities  
12 Commission ("Commission") on several topics, including financing authority and cost of  
13 capital matters.

14 **II. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

15 The purpose of my testimony is to support features of the long-term securities for  
16 which SDG&E seeks authority in the instant application. These features are more fully  
17 described in the body of the instant application.

18 **III. PLEASE EXPLAIN WHY IT IS REASONABLE FOR THE COMMISSION**  
19 **TO AUTHORIZE LONG-TERM SECURITIES WITH THE FEATURES**  
20 **DESCRIBED IN THE BODY OF THE INSTANT APPLICATION.**

21 Judicious use of long-term securities with the features described in the body of the  
22 instant application will allow SDG&E to raise, in a variety of capital-market settings, the  
23 funds necessary to serve its customers at the lowest cost.

1 **IV. DOES THIS COMPLETE YOUR TESTIMONY?**

2 Yes.