

**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 Debt Securities in an aggregate principal amount up to \$750 million of debt capital, in addition to previously-authorized amounts; (2) issue Roll-Over Debt Securities in an aggregate principal amount up to \$300 million of debt capital, in addition to previously-authorized amounts; (3) 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; (4) hedge planned issuances of Debt Securities; and (5) take all other necessary, related actions.

Application 17-08-____
(Filed August 11, 2017)

**APPLICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)**

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**APPLICATION OF
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Pursuant to Sections 816-830, 851 of the California Public Utilities Code (“P.U. Code”) and Rules 2.1 et seq. and 3.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), San Diego Gas & Electric Company (“SDG&E” or “Applicant”) requests authorization from the Commission to:

1. Issue First Mortgage Bonds (“FMBs”), debentures, overseas indebtedness, foreign securities, long-term loans, accounts receivable financing, tax exempt Debt Securities in order to guarantee the obligations of others, variable-rate debt, and “fall-away” FMBs (collectively, “Debt Securities”) as further described in Section IV, in an aggregate principal amount of up to \$750 million of new debt capital, in addition to previously- authorized amounts. SDG&E’s management or Board of Directors will determine the principal amount and the terms and conditions of each issue of Debt Securities according to market conditions at the time of sale;

2. Issue Roll-Over Debt Securities in an aggregate principal amount up to \$300 million of debt capital, in addition to previously-authorized roll-over debt amounts;
3. Include certain features in SDG&E's Debt Securities as further described in Section V or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of SDG&E's debt portfolio and with the goal of lowering SDG&E's cost of money for the benefit of ratepayers;
4. Hedge, when appropriate, existing or planned issuances of Debt Securities within reasonable limits established by the Financing Rule; and
5. Take all other necessary and related actions (as described in Section XII).

The authorization requested in this Application is in addition to the unused authority previously granted by the Commission in Decisions ("D.") D.15-08-011, D.12-03-005, D.10-10-023, D.08-07-029, D.06-05-015, D.04-01-009, and D.93-09-069.

I. INTRODUCTION

SDG&E is requesting additional long-term financing authority at this time to continue to fund its capital expenditure plans. SDG&E anticipates filing its next General Rate Case Application by September 1, 2017, with significant investment to address risk reduction in safety, wildfire, reliability, infrastructure integrity, and cyber security. SDG&E anticipates capital spending of approximately \$3.4 to \$4.0 billion over 2018 through 2020.

SDG&E's capital expenditure plan also calls for investments in technology upgrades to transmission and distribution systems, substations, and for advancing clean transportation and electrification goals over the 2018 through 2020 period. SDG&E also plans to invest in enhancements to pipeline safety and reliability, enhancements to emphasize safety in electric

transmission and distribution, and in mitigation strategies for risks identified in the Risk Assessment Mitigation Phase (RAMP) proceeding.¹

In sum, the investments outlined above are necessary for an infrastructure that continues to provide reliable supplies of energy to SDG&E's service territory in a safe and environmentally compliant manner while reducing the impact to the communities and areas in which SDG&E operates. Furthermore, the investments are also necessary to protect against attacks, physical or cyber, on SDG&E's energy infrastructure, and to facilitate the goals noted above.

Capital investment projections are updated as part of SDG&E's financial plan development and are subject to substantial changes from year to year as business conditions and regulatory/legislative requirements evolve. Thus, in considering these estimates, it is important to emphasize that variability is inherent in the financial planning process.

As indicated above, SDG&E has a robust capital investment plan to ensure that customers continue to receive reliable, safe service. The estimated annual capital costs are shown in Schedule I, attached hereto. To fulfill these objectives, SDG&E requests herein authority to issue various kinds of long-term debt. These securities and their features are described below and are supported in further detail in Schedule II, attached hereto. Judicious use of long-term securities with the features described in the Application will allow SDG&E to raise, in a variety of capital-market settings, the funds necessary to serve its customers at the lowest cost.

¹ *Order Instituting Investigation Into the November 2016 Submission of San Diego Gas & Electric Company's Risk Assessment and Mitigation Phase*, I.16-10-015.

II. BACKGROUND

A. Remaining Long-Term Debt Authority

As illustrated in Table 1 below, all of SDG&E's current-remaining new long-term debt financing authority was granted by D.15-08-011, which authorized the issuance of long-term debt capital up to \$1 billion. Through the month ending June 2017, SDG&E has utilized \$695 million of the new long-term debt authority granted by D.15-08-011, leaving \$305 million of remaining new authority. However, SDG&E anticipates issuing approximately \$1.2 billion in long-term debt over the next three years (2018 through 2020); therefore, SDG&E will require \$750 million of new long-term debt financing authority in addition to the currently remaining authority of \$305 million.

Summary of Requested New Debt Authority	(\$ millions)
Remaining New Authority from D.15-08-011	\$305
Projected Use of Rollover Authority in 2018	161
On-hand authority for 2018-2020 usage	\$466
Projected debt issuances 2018-2020	1,200
Net new authority needed 2018-2020	(\$734)
New Authority Requested in this application	\$750

Table 1

As reflected in Schedule XII attached, SDG&E has \$283 million of existing remaining "roll-over" long-term debt authority for refinancing existing debt. SDG&E plans to use its roll-over authority to replace a long-term debt maturity (Series EEE) in 2018 of \$161 million, resulting in \$122 million of remaining roll-over authority. SDG&E also has \$36 million of annual debt paydowns for Series PPP in each year moving forward through 2020 for which rollover authority may be used. Additionally, SDG&E believes it is prudent to seek additional roll-over authority since interest rates are at or near historically low levels. It is in the ratepayers' best interest for SDG&E to be pre-positioned to act upon potential refinancing

opportunities that would reduce SDG&E's embedded cost of debt. Consequently, SDG&E requests \$300 million of additional roll-over long-term debt authority in addition to the currently remaining roll-over authority noted above. This \$300 million of roll-over authority will be used for retirements or refinancing of securities previously issued and upon which SDG&E previously paid a fee; therefore, this amount is excluded from the fee calculation reflected in Schedule X.

In summary, the financing necessary to support SDG&E's capital investments in 2018 through 2020, as discussed in Section I, significantly exceeds the currently unused portion of the existing debt authorizations. SDG&E expects that the \$305 million of currently remaining funding authority will be used before year-end 2018 and SDG&E will issue new long-term debt in 2019 and 2020, as noted in Schedule IIIa. As to subsequent years, SDG&E expects it will also have subsequent financing requirements. Additional information about the requested authorizations is provided below.

III. USE OF PROCEEDS

SDG&E intends to apply the net proceeds from the proposed debt capital financings to: 1) various SDG&E projects, 2) reimburse SDG&E's treasury for monies expended or planned to be expended for the expansion and enhancement of its utility plant, or 3) cover potential contingencies such as unforeseen capital needs or financial market disruptions. Should there be another market dislocation similar to 2008-2009, SDG&E could be forced to issue securities with short maturities which would then need to be refinanced in the near term, possibly within the 2018 through 2020 window, using additional authority. Without sufficient financing authorizations in place, SDG&E may be unable to efficiently refinance such maturing debt. Further detail on these uses is included in Schedules I and IIIa.

IV. DESCRIPTION OF DEBT SECURITIES

The following describes the types of Debt Securities that may be issued. Optional features designed to enhance the terms and conditions of the Debt Securities are described in Section V of this Application. SDG&E is requesting most of the same types of Debt Securities requested in its previous long-term debt financing application, Application (“A.”) 14-09-008, which was approved by the Commission in D.15-08-011.

In general, each series of Debt Securities is expected to have a maturity of between one (1) year and one hundred (100) years. With the exception of long-term loans and accounts-receivable financings (as discussed below), each issue of Debt Securities may be issued under an indenture or a supplement to an existing indenture to be delivered to the trustee for such issue. The indenture or supplemental indenture would set forth the terms and conditions of each issue of Debt Securities.

A. Secured Debt

Secured debt may be secured by a lien on property or through other credit-enhancement arrangements described in Section V, below. First Mortgage Bonds (FMBs) will be issued in accordance with SDG&E’s trust indenture dated July 1, 1940, as amended and supplemented and which heretofore has been filed with the Commission. The supplemental indenture delivered in connection with each new series of FMBs will be in a form consistent with supplemental indentures previously filed with the Commission.

Secured debt may be sold to either domestic or foreign investors. It may be sold to underwriters who in turn will offer the secured debt to investors, or it may be sold directly to investors either with or without the assistance of a private placement agent. Secured debt may be registered with the Securities and Exchange Commission (“SEC”), depending on the method of offering and sale, and may be listed on a stock exchange. In certain instances,

SDG&E may enter into contractual agreements whereby a third party will provide appropriate credit facilities as security for a secured debt issue. “Green bonds” may also be used to finance the development of environmentally friendly projects. The cost of the credit facilities will be included in determining the issue’s overall cost.

B. Unsecured Debt (“Debentures”)

Debentures may be sold to either domestic or foreign investors. They may be sold to underwriters who in turn will offer the debentures to investors, or they may be sold directly to investors either with or without the assistance of a placement agent. They may also be sold as “green bonds” used to finance the development of environmentally friendly projects.

Debentures may be registered with the SEC and may be listed on a stock exchange.

Unsecured debt may be senior or subordinated.

C. Foreign Capital Markets

Debt Securities issued by SDG&E in foreign capital markets may be denominated in, or proceeds from their sale received in, United States (“U.S.”) dollars or in other currencies. International bond issuance is commonly separated into two categories, U.S.-pay and foreign-pay. The U.S.-pay international bond market consists primarily of Eurodollar bonds, which are issued and traded outside of the U.S. and denominated in U.S. dollars. The foreign-pay, or simply foreign, bond market describes issues sold in a country outside of the U.S. in the local currency.

Certain circumstances may make international borrowing attractive to a U.S. utility. Competition among global investment banks may create low-cost offshore funding opportunities. Foreign bond markets may have a better appetite for a particular debt security than domestic markets. Finally, a domestic utility may find international markets more accessible during a time when domestic bond markets are not. To reduce or eliminate the risk

of currency fluctuations, SDG&E may engage in currency swaps (defined below) or other arrangements.

D. Direct Long-Term Loans

SDG&E may enter into long-term loans, Debt Securities with a maturity of greater than one year, pursuant to a line of credit with banks, insurance companies, or other financial institutions. SDG&E may enter into loans when it finds that interest rates or other circumstances make it attractive to do so.

E. Accounts-Receiveable Financing

SDG&E may issue Debt Securities secured by a pledge, sale or assignment of its accounts receivable. SDG&E anticipates that the transactions would be structured to be a true sale for bankruptcy purposes, a sale for financial reporting, and debt for tax purposes although other structures may be developed using accounts receivable as security or collateral.

Because an accounts receivable financing would be an encumbrance on utility properties to the extent that accounts receivable are considered to be utility property, SDG&E requests authorization under P.U. Code § 851 to mortgage and encumber utility property.

F. Tax-Exempt Debt

SDG&E anticipates that from time to time the cost of SDG&E's Debt Securities may be reduced by placing such securities with one or more political subdivisions ("Authority") and unconditionally guaranteeing or otherwise securing such Authority's obligations in respect of its issuances of tax-exempt debt in connection with the financing of SDG&E's facilities. SDG&E anticipates having the ability to use the tax-exempt option whenever: 1) its facilities qualify for tax-exempt financing under federal law, either as eligible pollution control facilities or facilities that may be financed by tax-exempt revenue bonds under the "two-county" rule, and 2) it receives sufficient "volume cap," or tax-exempt borrowing

authority, from the California Debt Limit Allocation Committee (“CDLAC”). Such tax-exempt financings may be structured substantially as follows:

1. An Authority would issue and sell one or more series of its bonds, notes, debentures or other securities (“Authority Bonds”) to a group of underwriters who would ultimately market such Authority Bonds to investors. Concurrently with the sale and delivery of such Authority Bonds and in consideration for the proceeds of the Authority Bonds, SDG&E would enter into a loan agreement or other security agreement with the Authority, or would enter into an installment-sale agreement with the Authority pursuant to which the eligible facilities would be conveyed to the Authority in consideration for the proceeds of the Authority Bonds, and the eligible facilities would be reconveyed to SDG&E in consideration for its Debt Securities. The operation and control of such facilities would remain with SDG&E or the project operator at all times.
2. Concurrently with the sale and delivery of such Authority Bonds, SDG&E would issue and deliver to the Authority, in consideration of the Authority’s obligations set forth in 2) above, SDG&E Debt Securities plus accrued interest (the terms and conditions of such indebtedness would be substantially consistent with the terms and conditions of such Authority Bonds) or would unconditionally guarantee or otherwise secure such Authority's obligations in respect of the Authority Bonds. All rights and title of such Authority in company Debt Securities would be assigned to a trustee under an indenture pursuant to which the Authority Bonds would have been issued as security for the purchasers of the Authority Bonds.

G. Variable-Rate Debt

SDG&E anticipates that from time to time the cost of SDG&E debt may be reduced by issuing variable-rate debt securities. A variable-rate Debt Security includes, but is not limited to, Debt Securities bearing interest based on the London Interbank Offered Rate (“LIBOR”) or some other referenced interest rate. A variable-rate Debt Security may also be a Debt Security for which investors possess a series of periodic, mandatory put options that require SDG&E to repurchase all or a portion of the Debt Securities, and which may be coupled with

a re-marketing obligation by SDG&E of the repurchased Debt Security.

Certain variable-rate Debt Securities require credit support, such as bank lines. These bank lines may be in the form of a short-term or long-term bank line agreement. Since these credit facilities are an integral part of the variable-rate debt issuance, such facilities (and any borrowing thereunder) should not be considered by the Commission to count against existing short-term debt authorizations.

H. “Fall-Away” Mortgage Bonds

SDG&E may issue debt that is initially secured and subsequently convertible into unsecured debt, known as “fall-away bonds.” These senior notes are initially secured under their indenture by collateral FMBs issued in equal principal amount under the existing 1940 first mortgage indenture and delivered to the fall-away indenture trustee. Subsequent to the redemption or maturity of all outstanding FMBs (other than the collateral FMBs held by the fall-away indenture trustee) the fall-away bonds will become unsecured general obligations of SDG&E. The fall-away bonds’ indenture will contain a negative pledge clause, which provides that the newly-unsecured obligations will be secured equally with any secured bonds that may be issued in the future.

V. DEBT SECURITY ENHANCEMENTS

SDG&E hereby requests authorization to include certain features in its Debt Securities or enter into certain derivative transactions related to underlying debt. Such measures would be taken when appropriate to improve the terms and conditions of SDG&E’s Debt Securities and to lower the overall cost of money for the benefit of the ratepayers. SDG&E is requesting the same types of security enhancements and related derivative transactions as requested in A.14-09-008 and approved by the Commission in D.15-08-011.

A. Put Options

SDG&E anticipates that from time to time the cost of its Debt Securities may be reduced by the inclusion of a put option. This feature grants to a Debt Security owner the right to require SDG&E to repurchase all or a portion of that holder's securities, commonly referred to as "putting" the security back to the company. Debt holders are willing to accept a lower interest rate in exchange for the protection against rising interest rates offered by the put option.

B. Call Options

SDG&E anticipates that from time to time it may retain the right to retire, fully or partially, a Debt Security before the scheduled maturity date. This is commonly referred to as "calling" the security. The chief benefit of such a feature is that it permits SDG&E, should market rates fall, to replace the bond issue with a lower-cost issue, thus producing a positive net benefit to ratepayers.

C. Sinking Funds

SDG&E anticipates that from time to time the cost of SDG&E Debt Securities may be reduced by the use of a sinking fund. A sinking fund typically operates in one of two ways: 1) SDG&E may set aside a sum of money periodically so that at the maturity date of the bond issue there is a pool of cash available to redeem the issue, or 2) SDG&E may periodically redeem a specified portion of the bond issue. Typically, SDG&E would have the right to meet its sinking fund obligations in the latter fashion by either calling a certain number of bonds or purchasing the bonds in the open market.

D. Interest Rate Swaps

An interest rate swap is a contractual agreement between two parties to exchange a series of payments for a stated period. In a typical interest rate swap, one party pays the other

fixed-rate interest while the other, in turn, pays floating rate interest, both payment obligations based on a notional principal amount (i.e., no principal exchanged). Swaps are generally used to reduce either fixed-rate or floating-rate costs, or to convert fixed-rate borrowing to floating.

E. Caps and Collars

In order to reduce ratepayers' exposure to interest rate risk on variable-rate securities, SDG&E may negotiate some type of maximum rate, usually called a cap. In that case, even if variable rates increase above the cap (or "ceiling") rate, SDG&E would only pay the ceiling rate. In addition to the ceiling rate, sometimes a counterparty will desire a "floor" rate. In the event that the variable rate falls below the floor rate, SDG&E would pay the floor rate. The combination of a floor and a ceiling rate is called an interest-rate collar because SDG&E's interest expense is restricted to a band negotiated by SDG&E and the counterparty.

F. Currency Swaps

A currency swap is an arrangement in which one party agrees to make periodic payments in its domestic currency, based on either fixed or floating interest rates, to a counterparty, which in turn makes periodic payments to the first party in a different currency. The payments are based on principal amounts that are exchanged at the initiation of the swap and re-exchanged at maturity. Currency swaps are useful in the management of exchange risk and will be used when necessary to hedge exposures created by Debt Securities denominated in foreign currencies.

G. Credit Enhancements

SDG&E may obtain credit enhancements for Debt Securities, such as letters of credit, standby bond purchase agreements, surety bonds or insurance policies, or other credit support arrangements. Such credit enhancements may be included to reduce interest costs or improve other credit terms; and the cost of such credit enhancements would be included in

the cost of the Debt Securities.

VI. HEDGING THE ISSUANCE OF SECURITIES

Under certain circumstances, SDG&E may wish to hedge the issuance of debt securities. For instance, compliance with legal, regulatory, and administrative matters may preclude SDG&E from acting on a low-cost funding opportunity during a time of market volatility. Conversely, SDG&E may have an immediate need for funds, but be reluctant to fix its cost at prevailing interest rates. Issuance-hedging strategies grant the ability to enter financial markets at times when interest rates or other circumstances appear most favorable. SDG&E is requesting in this Application the same types of issuance-hedge techniques requested in A.14-09-008 and approved by the Commission in D.15-08-011.

A. “Price Today, Fund Later” Strategies

These hedges allow SDG&E to lock in today’s interest rate and issue securities at some later date.

1. Treasury Lock

This approach is used to lock in the Treasury component of SDG&E’s borrowing cost. SDG&E’s borrowing cost (i.e., the interest rate paid on bonds) is comprised of two components: the yield on US Treasury bonds of comparable maturity plus the credit spread, the market’s assessment of SDG&E’s ability to service its debt over time. The Treasury lock approach is used to determine in advance the Treasury-yield component of the interest rate that SDG&E will pay on a future bond offering.

SDG&E can delay securities issuance and capture the current Treasury yield by entering into a Treasury lock. If interest rates rise during the hedge period, SDG&E will unwind the hedge at a profit; this will offset the higher coupon of the newly issued securities. If interest rates decline, SDG&E will unwind the hedge at a loss, but this will be offset by the

lower cost of the newly issued securities.

2. Treasury Options

The purchase of Treasury put options is an alternative to the Treasury lock. In this transaction, SDG&E would purchase put options entitling it to sell Treasury securities of a maturity comparable to that of the contemplated security issuance at a specified yield (the “strike yield”) at any time before the option's expiration date. If interest rates rise above the put’s strike yield, SDG&E will exercise the put and the resulting profit offsets the increased cost of borrowing. If interest rates decline, SDG&E will let the option expire worthless and issue securities at prevailing lower rates.

3. Interest Rate Swaps

A forward-starting interest rate swap allows SDG&E to delay a securities issuance and capture current yields. As the fixed-rate payer in an interest rate swap, SDG&E hedges its borrowing cost: if interest rates rise, unwinding the swap at a profit offsets higher borrowing costs. Conversely, if rates decline, lower borrowing costs offset the loss caused by unwinding the swap.

B. “Fund Today, Price Later” Strategies

These hedges allow SDG&E to fund immediately and price the securities at some future date.

1. Long Hedge

This approach allows SDG&E to issue now and capture its current credit spread, but leave the all-in cost of the securities issue open. SDG&E establishes a long hedge by issuing securities today and investing the proceeds in Treasury securities of a comparable maturity. If interest rates subsequently decline, the gain in the value of the Treasury portfolio will compensate SDG&E for the lost opportunity to finance at lower rates. On the other hand, if

rates rise, the interest expense savings realized by issuing immediately will be offset by the decline in value of the Treasury portfolio. Thus, the Treasury component of SDG&E's effective borrowing cost will be determined by the Treasury rates prevailing when it chooses to unwind the hedge; the credit spread is determined at the time of issuance.

2. Treasury Options

The purchase of Treasury call options is an alternative to the long hedge. With this approach, SDG&E would issue securities today and purchase call options on Treasury securities of a comparable maturity. Such a call option allows the holder to purchase Treasury securities at a specified yield (the “strike yield”) any time before the expiration date. If rates decline below the strike yield, exercising the option produces a gain used to offset the interest cost of the securities issued today. If interest rates rise above the strike yield, the option will expire unexercised. In this case SDG&E benefits from the lower borrowing rate.

3. Interest Rate Swaps

A forward-starting interest rate swap allows SDG&E to issue securities immediately and benefit from a subsequent fall in interest rates. As the floating-rate payer in an interest rate swap, SDG&E hedges its borrowing cost: if interest rates decline, unwinding the swap at a profit will compensate SDG&E for the lost opportunity to finance at lower rates. Conversely, if rates rise, the interest expense savings realized by issuing immediately will be offset by the loss caused by unwinding the swap.

VII. COMPLIANCE WITH THE NEW FINANCING RULE

In D.12-06-015 (R.11-03-007), the Commission adopted the Utility Long-Term Debt Financing Rule (the “Financing Rule”), replacing the Competitive Bidding Rule that had previously governed the issuance of Debt Securities.

In accordance with the Financing Rule, SDG&E intends to: 1) prudently issue debt

consistent with market standards with the goal of achieving the lowest long-term cost of capital for ratepayers, 2) determine the financing term of its debt issues with due regard for its financial condition and requirements, 3) use its best efforts to encourage, assist, and include Women-, Minority-, Disabled Veteran-Owned Business Enterprises (“WMDVBEs”) in various types of underwriting roles on Debt Securities offerings, 4) utilize Debt Security Enhancements only in connection with Debt Securities financings, and 5) adhere to the Financing Rule’s restrictions on the use of swap and hedging transactions.

Additionally, SDG&E will comply with the debt-issuance reporting requirements defined in General Order 24-C, also established in D.12-06-015.

VIII. FEES

A fee of \$381,000 will be payable under P.U. Code § 1904(b) upon the Commission’s approval of the authorization requested in this Application. The calculation of the fee is shown in Schedule X.

IX. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1 (a) – (c)

This Application is filed pursuant to P.U. Code §§ 816-830 and 851 and complies with applicable orders of the Commission and the Commission’s Rules of Practice and Procedure. In accordance with Rule 2.1 (a) – (c) of the Commission’s Rules of Practice and Procedure, SDG&E provides the following information.

1. Rule 2.1 (a) – Legal Name

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 in a portion of Orange County and electric and gas service in San Diego County. SDG&E’s principal place of business is 8330 Century Park Court, San Diego, California 92123. SDG&E’s attorney in

this matter is Christa Lim.

2. Rule 2.1 (b) – Correspondence

Correspondence or communications regarding this Application should be addressed to:

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3. Rule 2.1 (c)

a. Proposed Category of Proceeding

SDG&E’s previous two long-term debt financing proceedings, A.14-09-008 and A.11-10-016 were categorized as “ratesetting” proceedings.² SDG&E proposes that this proceeding also be categorized as a “ratesetting” proceeding.

b. Proposed Schedule and Issues to be Considered

SDG&E does not believe that approval of this Application will require hearings. The previous two long-term debt financing proceedings, A.14-09-008 and A.11-10-016, did not require testimony or evidentiary hearings. SDG&E has provided ample supporting information to create a record upon which the Commission may grant the relief requested, and

² See, e.g., D.15-08-011 at 31.

this information is beyond that normally required by Rule 3.5 of the Commission’s Rules of Practice and Procedure, and P.U. Code §§ 816-830, 851.

If, however, the Commission finds that a public hearing is necessary, Applicant requests that such hearing be conducted as soon as practicable. Applicant is prepared to proceed with any necessary hearing. Applicant proposes the following procedural schedule:

<u>ACTION</u>	<u>DATE</u>
Application filed	August 11, 2017
Protests filed, if any	30 days after notice of filing in Daily Calendar
ALJ Proposed Decision	October 2017
Comments on Proposed Decision	20 Days After Proposed Decision
Final Commission Decision	November 2017

The issues in this proceeding are whether Applicant should be authorized, pursuant to and consistent with P.U. Code §§ 816-830 and 851, to issue the securities described herein with the features described herein, and whether Applicant should be authorized, where appropriate to be exempt from the Commission’s Competitive Bidding Rules. Applicant is unaware of any specific objections any party might raise to any of these issues.

4. Rule 2.1 (d) – Safety³

SDG&E is committed to safety. Based on current information, SDG&E’s long-term debt financing application will not result in any adverse safety impacts on the facilities or operations of SDG&E. In addition, SDG&E will comply with all applicable current safety laws, rules and procedures, including SDG&E’s internal policies.

³ In D.16-01-017, the Commission amended Rule 2.1 to require all applications to include a detailed showing of relevant safety considerations.

B. Articles of Incorporation - Rule 2.2

Applicant's current Amended and Restated Articles of Incorporation are Attachment A to this Application.

C. Description of Property and Equipment - Rule 3.5

A general description of Applicant's property was filed with the Commission on October 5, 2001, in connection with A.01-10-005, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve attributable thereto for the six-month period ending March 31, 2017 is attached as Attachment B.

D. Balance Sheet, Income Statement and Financial Statement - Rule 2.3

Applicant's Balance Sheet, Income Statement and Financial Statement for the six-month period ending March 31, 2017 are included with this Application as Attachment C.

E. Capitalization

Applicant's regulatory capitalization for the six-month period ending March 31, 2017, is set forth in Attachment D.

F. Proxy Statement - Rule 3.5

A copy of the most recent proxy statement sent to all shareholders of SDG&E's parent company, Sempra Energy, dated March 24, 2017, was mailed to the Commission on April 10, 2017, and is incorporated herein by reference.

G. Service

This is a new application. No service list has been established. Accordingly, SDG&E will serve this Application, accompanying prepared direct testimony and related exhibits on parties to the service list for A.14-09-008. Hard copies will be sent by overnight mail to the Assigned Administrative Law Judge ("ALJ") in A.14-09-008, Kimberly Kim, and Chief ALJ Karen Clopton.

X. ATTACHMENTS

Attachments A through D, described below, are a part of, and incorporated into, this Application:

Attachment A: SDG&E's Amended Articles of Incorporation

Attachment B: SDG&E's Original Cost and Depreciation Reserve

Attachment C: SDG&E's Balance Sheet, Income Statement and Financial and Statement

Attachment D: SDG&E's Regulatory Capitalization Schedule

XI. SCHEDULES

This Application is supported by Schedules I – XII, attached hereto. Schedule I is a three-year forecast of the Company's capital expenditures. Schedules II through VIII summarize additional financial information related to this application as noted on the heading of each schedule. Schedule IX presents in pro-forma fashion how SDG&E's maximum requested long-term financing would affect the Company's capital structure. The resulting ratios reflect the hypothetical change assuming all the requested financing in this application was issued in one day. This scenario is not representative of SDG&E's plan as shown in Schedule IIIa. Schedule X provides a calculation of the application fee required by Public Utilities Code §1904(b), and Schedule XI details SDG&E's long term debt portfolio at June 30, 2017. Schedule XII summarizes SDG&E's current remaining CPUC financing authorities. The format and content of the schedules are similar to those that accompanied SDG&E's previous long-term financing applications. As in previous applications, this application reflects annual ranges of estimated capital expenditures to project SDG&E's financing needs.

XII. REQUESTED AUTHORIZATIONS

WHEREFORE, Applicant respectfully requests that the Commission issue its Order herein, providing specifically for the following:

1. To issue Debt Securities, in an aggregate principal amount of up to \$750 million of new debt capital, in addition to previously-authorized amounts. SDG&E's management or Board of Directors will determine the principal amount and the terms and conditions of each issue of Debt Securities according to market conditions at the time of sale;
2. To issue Roll-Over Debt Securities in an aggregate principal amount up to \$300 million of debt capital, in addition to previously-authorized Roll-over debt amounts;
3. To issue certain tax-exempt Debt Securities in order to guarantee the obligations of others;
4. To include certain features in SDG&E's Debt Securities or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of SDG&E's debt portfolio and with the goal of lowering SDG&E's cost of money for the benefit of ratepayers;
5. To hedge, when appropriate, planned issuances of Debt Securities within reasonable limits established by the new Financing Rule.
6. To take all necessary and related actions, including but not limited to:
 - a. Specifically finding, as required by P.U. Code § 818, that in the opinion of the Commission, the money, property or labor to be procured or paid for by such issues is reasonably required for the purposes so specified, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
 - b. Providing that the authority granted in such Order shall be effective upon payment of the fee prescribed in P.U. Code §§ 1904(b) and 1904.1, which is computed to be \$381,000.
 - c. Providing that the authority granted in such Order shall be in addition to the authority previously granted in D.15-08-011, D.12-03-005, D.10-10-023, D.08-07-029, D.06-05-015, D.04-01-009, and D.93-09-069.
 - d. Granting such additional authorizations as this Commission may deem appropriate.

Assuming the Commission approves the authorizations requested in this Application, SDG&E respectfully requests that the Commission incorporate the specific language set forth

above in its Ordering Paragraphs. Based on SDG&E's experience, the specific language above will provide the necessary assurances to the Company's underwriters and outside counsel, who will rely on the Commission's Ordering Paragraphs to establish that SDG&E has in fact acquired the requisite regulatory authority to engage in the issuances of the Debt Securities addressed herein.

Respectfully submitted,

By: /s/ Christa Lim

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Attorneys for
San Diego Gas & Electric Company

SAN DIEGO GAS & ELECTRIC COMPANY

By: /s/ Bruce A. Folkmann

Bruce A. Folkmann
San Diego Gas & Electric Company
Vice President – Controller & Chief Financial Officer

DATED at San Diego, California, this 11th day of August 2017

OFFICER VERIFICATION

OFFICER VERIFICATION

Bruce A. Folkmann declares 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 OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)** 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 on August 11, 2017 at San Diego, California.

By: /s/ Bruce A. Folkmann

Bruce A. Folkmann
San Diego Gas & Electric Company
Vice President – Controller & Chief Financial
Officer

Schedules I-XI

Financial Data

Schedule I
San Diego Gas & Electric Company
Construction Estimates
(\$ millions)

	2018	2019	2020
Gas T&D, Elect Dist. And Generation	\$750 - \$850	\$1,035 - \$1,135	\$925 - \$1,025
Electric Transmission	285 - 385	240 - 340	175 - 275
Total Cash Required for Construction Expenditures	<u>\$1,035 - \$1,235</u>	<u>\$1,275 - \$1,475</u>	<u>\$1,100 - \$1,300</u>

Schedule II
San Diego Gas & Electric Company
2018 Monthly Cash Flow Projections (\$ millions)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY 2018
Cash (short-term debt) beginning balance	(226)	(175)	(156)	(122)	(272)	(350)	3	(77)	(20)	10	(188)	(232)	(226)
Change in Free Cash Flow ¹	51	37	34	(150)	(78)	14	70	75	30	102	(44)	(95)	46
Common Dividends ²	-	-	-	-	-	-	(150)	-	-	(300)	-	-	(450)
Long-Term Debt Issuances ²	-	-	-	-	-	500	-	-	-	-	-	-	500
Long-Term Debt Redemptions & Maturities ²	-	(18)	-	-	-	(161)	-	(18)	-	-	-	-	(197)
Cash (short-term debt) beginning balance	(175)	(156)	(122)	(272)	(350)	3	(77)	(20)	10	(188)	(232)	(327)	(327)

¹Projections are based on current cash flow estimates and are subject to change.

²Common Dividends and financings are subject to change.

San Diego Gas & Electric Company
2019 Monthly Cash Flow Projections (\$ millions)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY 2019
Cash (short-term debt) beginning balance	(327)	(267)	(245)	(280)	(300)	(320)	50	(30)	32	82	(168)	(158)	(327)
Change in Free Cash Flow ¹	60	40	40	(20)	(20)	20	70	80	50	50	10	(60)	320
Common Dividends ²	-	-	(75)	-	-	-	(150)	-	-	(300)	-	-	(525)
Long-Term Debt Issuances ²	-	-	-	-	-	350	-	-	-	-	-	-	350
Long-Term Debt Redemptions & Maturities ²	-	(18)	-	-	-	-	-	(18)	-	-	-	-	(36)
Cash (short-term debt) beginning balance	(267)	(245)	(280)	(300)	(320)	50	(30)	32	82	(168)	(158)	(218)	(218)

¹Projections are based on current cash flow estimates and are subject to change.

²Common Dividends & financings are subject to change.

Schedule II
San Diego Gas & Electric Company
2020 Monthly Cash Flow Projections (\$ millions)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY 2020
Cash (short-term debt) beginning balance	(218)	(158)	(136)	(246)	(266)	(286)	84	(46)	16	66	(84)	(74)	(218)
Change in Free Cash Flow ¹	60	40	40	(20)	(20)	20	70	80	50	50	10	(60)	320
Common Dividends ²	-	-	(150)	-	-	-	(200)	-	-	(200)	-	-	(550)
Long-Term Debt Issuances ²	-	-	-	-	-	350	-	-	-	-	-	-	350
Long-Term Debt Redemptions & Maturities ²	-	(18)	-	-	-	-	-	(18)	-	-	-	-	(36)
Cash (short-term debt) beginning balance	(158)	(136)	(246)	(266)	(286)	84	(46)	16	66	(84)	(74)	(134)	(134)

¹Projections are based on current cash flow estimates and are subject to change.

²Common Dividends & financings are subject to change.

Schedule IIIa
San Diego Gas & Electric Company
Statement of Cash Requirements for the Years 2018, 2019, and 2020
(\$ millions)

	2018	2019	2020
Funds for construction (capital expenditures)	(\$1,100)	(\$1,300)	(\$1,200)
Maturing long-term debt ¹	(197)	(36)	(36)
Beginning of year cash (short-term debt) balance	(226)	(327)	(218)
Subtotal	(1,523)	(1,663)	(1,454)
Less: Estimated cash from internal sources	1,146	1,620	1,520
External funds required	(377)	(43)	66
External funds provided & (Common Dividends) Paid:			
Common Dividends	(450)	(525)	(550)
Preferred stock	-	-	-
Long-term debt Issuances ²	500	350	350
End of year cash (short term debt) balance	(327)	(\$218)	(\$134)

¹ See previous page for detailed breakdowns.

² Amount ultimately raised will be a function of the Company's access to long-term capital markets at the time funds are required & the updated cash flow forecast at the time of issuance.

Schedule IIIb
San Diego Gas & Electric Company
Amount and Percentage of Internal Funds Provided
(\$ millions)

<u>Year</u>	<u>Internal Sources</u>	<u>Internal Sources as % Construction Expenditures</u>
2018	\$1,146	104%
2019	\$1,620	125%
2020	\$1,520	127%

Schedule IV
San Diego Gas & Electric Company
Statement of Unreimbursed Construction

Net utility plant		\$ 10,456,422,320
Net proceeds from securities:		
Preferred stock	\$ -	
Common stock	(771,123,763)	
Premium on capital stock	(591,282,978)	
Long-term debt	(4,479,105,519)	
Total net proceeds	\$ (5,841,512,260)	
Advances for construction	<u>(38,684,728)</u>	
Total deductions		<u>(5,880,196,988)</u>
Unreimbursed construction as of June 30, 2017		<u>\$ 4,576,225,332</u>

Schedule V
San Diego Gas & Electric Company
Fiscal Year 2016 Revenue Data¹
(\$ millions)

Company operating revenue	\$4,253
California operating revenue	\$4,253
California operating revenue % company	100%
Company net income before preferred dividend & call requirements	\$570
Sales for resale	-

¹All figures above are 2016 actuals.

Schedule VI
San Diego Gas & Electric Company
2015, 2016 & 2017 Historical Financing Data

Date	Transaction	Principal amount (\$ million)
March 12, 2015	Issued Series OOO	\$140.0
March 12, 2015	Issued Series *PPP	\$250.0
May 19, 2016	Issued first-mortgage bond Series QQQ	\$500.0
March 9, 2017	Maturity of Series OOO	(\$140.0)
June 5, 2017	Issued first-mortgage bond Series RRR	\$400.0
	Total:	\$1,150

*PPP is self-amortizing bond & pays down every 6-months by \$17.9 million

Schedule VII
San Diego Gas & Electric Company
2017 Remaining Projected Financing

Date	Transaction	Principal amount
July - December	No Additional Financing Currently Projected	\$0 million ¹

¹Amount ultimately raised will be a function of the Company's access to long-term capital markets and the cash flow forecast at the time the funds are required.

Schedule VIII
San Diego Gas & Electric Company
Short-Term Financing in Excess of CPUC Code §823 (c) Allowance
(\$ thousands)

	<u>June 30, 2017</u>
Common stock issued	\$771,124
Preferred and preference stock	-
Long-term debt (excluding capital leases)	<u>4,479,106</u>
Total capitalization at June 30, 2017	<u><u>5,250,229</u></u>
5% allowed by CPUC Code §823 (c)	262,511
Maximum anticipated amount of short-term debt	<u>662,511</u>
Total excess financing authority required	400,000
Current excess financing authority approved in decision D.15-08-015	<u>400,000</u>
Additional short-term financing authority requested in this application	<u><u>\$0</u></u>

Schedule IX
San Diego Gas & Electric Company
¹ **Capital Ratios As Of June 30, 2017 and Pro-forma**
(\$ thousands)

	6/30/17 Actual		Pro-forma, showing the effect of all current & requested authority	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Long-term Debt				
Long-term debt ²	\$4,479,106		\$4,479,106	
<i>Requested new long-term borrowing authority</i>	-		750,000	
<i>Currently remaining long-term borrowing authority</i>	-		305,430	
Less: After-tax loss on reacquired debt	(6,161)		(6,161)	
Total long-term debt	<u>4,472,945</u>	<u>43.7%</u>	<u>5,528,375</u>	<u>45.25%</u>
Preferred Equity				
Current balance	0		0	
<i>Additional Preferred Equity to achieve CPUC target:</i>			336,360	
Total preferred equity	<u>-</u>	<u>0.0%</u>	<u>336,360</u>	<u>2.75%</u>
Common Equity				
Common equity held by Sempra Corp.	5,769,861	56.3%	5,769,861	
<i>Additional Common Equity to achieve CPUC target:</i>			583,000	
Total common equity			<u>6,352,861</u>	<u>52.00%</u>
Total Capitalization	<u>10,242,806</u>	<u>100.0%</u>	<u>12,217,596</u>	<u>100.0%</u>

¹ The above pro forma ratios demonstrate how SDG&E's maximum requested and currently existing long-term debt authority would affect SDG&E's capital structure if it were all issued on June 30, 2017. Additionally, the pro forma assumes that additional common and preferred equity is added to balance out the resulting capital structure towards CPUC authorized targets of 52% common, 2.75% preferred and 45.25% long-term debt. The resulting ratios reflect a hypothetical case that assumes all of the requested debt authority is added in one day along with additional preferred and common equity amounts that would achieve SDG&E's CPUC authorized capital ratios.

² Excludes capital leases

Schedule X
San Diego Gas & Electric Company
Computation of Fee

Item	Amount	Rate	Fee
\$750 million of long-term borrowing authority	\$ 1,000,000	\$2 per thousand	\$ 2,000
	9,000,000	\$1 per thousand	9,000
	<u>740,000,000</u>	\$0.50 per thousand	<u>370,000</u>
	<u>\$ 750,000,000</u>	Total fee required	<u>\$ 381,000</u>

Schedule XI
San Diego Gas & Electric Debt Outstanding
June 30, 2017

<u>No.</u>	<u>Type</u> ¹	<u>Bond</u>	<u>Maturity</u>	<u>Principal</u> <u>(\$ millions)</u>
1	IDB	Series VV/ CV04A	02/15/34	43.6
2	IDB	Series WW/ CV04B	02/15/34	40.0
3	IDB	Series XX/ CV04C	02/15/34	35.0
4	IDB	Series YY/ CV04D	01/01/34	24.0
5	IDB	Series ZZ/ CV04E	01/01/34	33.7
6	IDB	Series AAA/ CV04F	05/01/39	75.0
7	FMB	Series BBB	05/15/35	250.0
8	FMB	Series DDD	06/01/26	250.0
9	FMB	Series EEE/ CV06A	07/01/18	161.2
10	FMB	Series FFF	09/15/37	250.0
11	FMB	Series GGG	06/01/39	300.0
12	FMB	Series HHH	05/15/40	250.0
13	FMB	Series III	08/15/40	500.0
14	FMB	Series JJJ	08/15/21	350.0
15	FMB	Series LLL	11/15/41	250.0
16	FMB	Series MMM	04/01/42	250.0
17	FMB	Series NNN	09/01/23	450.0
18	FMB	Series *PPP	03/01/22	66.6
19	FMB	Series QQQ	05/15/26	500.0
20	FMB	Series RRR	06/01/47	400.0
Total				\$4,479.1

¹ "IDB" = Industrial Development Bonds

"FMB" = First Mortgage Bonds

* Series PPP only reflects the SONGS related principle portion

Schedule XII

Remaining CPUC Authorities	New debt	Rollover debt	New preferred	Rollover preferred
D.93-09-069	250.00	-	100.00	-
Bank loans	(37.17)	-	-	-
Series TT	(57.65)	-	-	-
Series UU	(16.70)	-	-	-
\$1.70 preferred	-	-	(35.00)	-
\$1.82 preferred	-	-	(16.64)	-
Series BBB (part)	(138.48)	-	-	-
Remaining authority	-	-	48.36	-
D.96-05-066	-	300.00	-	-
CPCFA 96A	-	(129.82)	-	-
CV96A	-	(38.90)	-	-
CV96B	-	(60.00)	-	-
CV97A	-	(25.00)	-	-
CV2004 (part)	-	(46.28)	-	-
Remaining authority	-	-	-	-
D.00-01-016	-	200.00	-	-
CV2004 (part)	-	(200.00)	-	-
Remaining authority	-	-	-	-
D.04-01-009	551.43	108.58	4.00	76.00
CV2004 (part)	-	(4.99)	-	-
Series BBB (part)	(111.52)	-	-	-
Series CCC	(250.00)	-	-	-
Series DDD (part)	(189.91)	-	-	-
Series EEE (part)	-	(103.59)	-	-
Remaining authority	-	-	4.00	76.00
D.06-05-015	800.00	-	200.00	-
Series DDD (part)	(60.10)	-	-	-
Series EEE (part)	(57.65)	-	-	-
Series FFF	(250.00)	-	-	-
Series GGG	(300.00)	-	-	-
Series HHH (part)	(132.26)	-	-	-
Remaining authority	(0.00)	-	200.00	-
D.08-07-029	687.00	413.00	-	-
Series HHH (part)	(117.74)	-	-	-
Series III	(500.00)	-	-	-
Series JJJ (part)	(69.26)	-	-	-
Series NNN (part)	-	(189.87)	-	-
Series OOO (part)	-	(100.00)	-	-
Remaining authority	-	123.13	-	-
D.10-10-023	800.00	-	150.00	-
Series JJJ (part)	(280.74)	-	-	-
Series LLL	(250.00)	-	-	-
Series MMM	(250.00)	-	-	-
Series NNN (part)	(19.26)	-	-	-
Remaining authority	-	-	150.00	-
D.12-03-005	750.00	-	-	-
Series NNN (part)	(240.87)	-	-	-
366-day commercial paper (5/19/14)	(100.00)	-	-	-
Series OOO (part)	(40.00)	-	-	-
Series PPP	(250.00)	-	-	-
366-day commercial paper (11/20/15)	(53.70)	-	-	-
Series QQQ (part)	(65.43)	-	-	-
Remaining authority	-	-	-	-
D.15-08-011	1,000.00	300.00	-	-
Series QQQ (part)	(434.57)	-	-	-
Series RRR	(260.00)	(140.00)	-	-
Remaining authority	305.43	160.00	-	-
Total remaining authority, all decisions	305.43	283.13	402.36	76.00

Attachment A

Amended Articles of Incorporation

A0759543

FILED *ABO*
Secretary of State
State of California *RBR*

SAN DIEGO GAS & ELECTRIC COMPANY

00042570

AUG 15 2014

AMENDED AND RESTATED ARTICLES OF INCORPORATION

Robert M. Schlax and Jennifer F. Jett certify that:


1. They are a Vice President and the Corporate Secretary, respectively, of **San Diego Gas & Electric Company**, a California corporation.
2. The Articles of Incorporation of San Diego Gas & Electric Company are amended and restated to read in full as set forth on Exhibit A hereto, which is incorporated by this reference as if fully set forth herein.
3. The amendment and restatement has been approved by the board of directors.
4. The amendment and restatement has been approved by the required vote of shareholders in accordance with Sections 902 and 903 of the California Corporations Code. The total number of outstanding shares of the corporation entitled to vote on the amendment and restatement was 116,583,358 shares of Common Stock. There are no outstanding shares of Cumulative Preferred Stock of the corporation. There are no outstanding shares of Preference Stock (Cumulative) of the corporation. There are no outstanding shares of Series Preference Stock of the corporation. The number of shares voting in favor of the amendment and restatement equaled or exceeded the vote required. The percentage vote required was not less than 66 2/3% of the outstanding shares of Common Stock.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: August 15, 2014.



Robert Schlax
Vice President, Controller, and Chief
Financial Officer



Jennifer F. Jett
Corporate Secretary

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
SAN DIEGO GAS & ELECTRIC COMPANY

FIRST: That the name of the Corporation shall be SAN DIEGO GAS & ELECTRIC COMPANY (the "Corporation").

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

THIRD: That the Corporation shall have perpetual existence.

FOURTH: The total number of shares of all classes of stock that the Corporation shall have authority to issue is 300,000,000, of which 255,000,000 shall be shares of Common Stock, each without par value ("Common Stock"), and 45,000,000 shall be shares of Preferred Stock, each without par value ("Preferred Stock").

The Preferred Stock may be issued in one or more series. The board of directors of the Corporation (the "Board") is authorized (a) to fix the number of shares of any series of Preferred Stock; (b) to determine the designation of any such series; (c) to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series; and (d) to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock.

FIFTH: Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. Vacancies on the Board, including, without limitation, vacancies created by the removal of any director, may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

SIXTH:

A. LIMITATION OF DIRECTORS' LIABILITY.

The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

B. INDEMNIFICATION OF CORPORATE AGENTS.

The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with

agents, vote of shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code.

C. INSURANCE.

The Corporation shall have the power to purchase and maintain insurance on behalf of any agent (as defined in Section 317 of the California Corporations Code) of the Corporation against any liability asserted against or incurred by the agent in that capacity or arising out of the agent's status as such to the fullest extent permissible under California law and whether or not the Corporation would have the power to indemnify the agent under Section 317 of the California Corporations Code or these articles of incorporation.

D. REPEAL OR MODIFICATION.

Any repeal or modification of the provisions of this Article SIXTH shall be prospective only and shall not adversely affect the rights or protections or increase the liability of any director or agent of the Corporation existing at the time of such repeal or modification.

SEVENTH: The Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation, without any action on the part of the shareholders, except as otherwise required by the California Corporations Code. Bylaws also may be adopted, amended or repealed by the shareholders of the Corporation by the approval of the outstanding shares (as defined in Section 152 of the California Corporations Code).



I hereby certify that the foregoing
transcript of 3 page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

AUG 18 2014

A red circle containing the handwritten initials 'MB'.

Date: _____

Debra Bowen
DEBRA BOWEN, Secretary of State

Attachment B

Original Cost and Depreciation Reserve

SAN DIEGO GAS & ELECTRIC COMPANY

**COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETO
AS OF MARCH 31, 2017**

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
ELECTRIC DEPARTMENT			
302	Franchises and Consents	222,841.36	202,900.30
303	Misc. Intangible Plant	156,595,347.27	89,078,392.14
	TOTAL INTANGIBLE PLANT	156,818,188.63	89,281,292.44
310.1	Land	14,526,518.29	46,518.29
310.2	Land Rights	0.00	0.00
311	Structures and Improvements	96,324,570.39	43,915,706.06
312	Boiler Plant Equipment	168,156,833.85	74,434,270.85
314	Turbogenerator Units	138,276,524.45	50,835,474.04
315	Accessory Electric Equipment	85,716,403.89	36,766,285.68
316	Miscellaneous Power Plant Equipment	48,027,894.42	11,521,808.55
	Steam Production Decommissioning	0.00	0.00
	TOTAL STEAM PRODUCTION	551,028,745.29	217,520,063.47
320.1	Land	0.00	0.00
320.2	Land Rights	0.00	0.00
321	Structures and Improvements	27,285,711.08	2,658,162.87
322	Boiler Plant Equipment	243,225,717.06	21,662,290.99
323	Turbogenerator Units	26,982,364.66	2,370,893.39
324	Accessory Electric Equipment	10,878,214.63	1,458,232.53
325	Miscellaneous Power Plant Equipment	166,754,468.81	48,807,803.51
101	SONGS PLANT CLOSURE GROSS PLANT-	(475,126,476.33)	(76,957,383.29)
	TOTAL NUCLEAR PRODUCTION	(0.09)	0.00
340.1	Land	143,475.87	0.00
340.2	Land Rights	56,032.61	9,675.91
341	Structures and Improvements	22,720,260.80	7,439,513.59
342	Fuel Holders, Producers & Accessories	21,324,500.79	6,794,094.98
343	Prime Movers	87,698,835.79	35,237,262.30
344	Generators	344,298,718.20	137,056,695.98
345	Accessory Electric Equipment	32,510,919.85	12,943,204.98
346	Miscellaneous Power Plant Equipment	26,173,720.53	13,490,763.44
	TOTAL OTHER PRODUCTION	534,926,464.44	212,971,211.18
	TOTAL ELECTRIC PRODUCTION	1,085,955,209.64	430,491,274.65

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	72,542,542.02	0.00
350.2	Land Rights	159,640,269.46	20,899,038.32
352	Structures and Improvements	477,709,089.05	66,127,932.76
353	Station Equipment	1,409,383,002.42	280,129,920.72
354	Towers and Fixtures	894,912,028.32	162,480,757.48
355	Poles and Fixtures	468,775,036.14	97,253,912.17
356	Overhead Conductors and Devices	578,303,074.80	224,702,525.57
357	Underground Conduit	356,340,941.52	55,186,202.73
358	Underground Conductors and Devices	374,887,770.71	54,481,027.31
359	Roads and Trails	310,746,702.28	29,510,369.71
101	SONGS PLANT CLOSURE GROSS PLANT-	0.00	0.00
	TOTAL TRANSMISSION	<u>5,103,240,456.72</u>	<u>990,771,686.77</u>
360.1	Land	16,176,227.80	0.00
360.2	Land Rights	85,497,795.07	41,178,926.89
361	Structures and Improvements	4,650,797.97	1,835,651.86
362	Station Equipment	499,432,818.72	171,516,846.22
363	Storage Battery Equipment	111,903,472.94	8,127,869.11
364	Poles, Towers and Fixtures	680,645,962.43	268,713,478.08
365	Overhead Conductors and Devices	625,044,650.86	205,114,775.34
366	Underground Conduit	1,190,212,643.67	469,704,646.68
367	Underground Conductors and Devices	1,492,434,518.96	892,732,092.07
368.1	Line Transformers	605,213,021.27	144,593,904.71
368.2	Protective Devices and Capacitors	35,209,594.17	4,243,821.59
369.1	Services Overhead	150,922,865.83	119,857,725.34
369.2	Services Underground	344,714,407.90	243,393,642.98
370.1	Meters	193,772,920.54	80,646,852.58
370.2	Meter Installations	55,909,876.18	21,177,431.15
371	Installations on Customers' Premises	8,814,012.32	10,306,248.65
373.1	St. Lighting & Signal Sys.-Transformers	0.00	0.00
373.2	Street Lighting & Signal Systems	29,720,845.42	18,729,839.27
	TOTAL DISTRIBUTION PLANT	<u>6,130,276,432.05</u>	<u>2,701,873,752.52</u>
389.1	Land	7,312,142.54	0.00
389.2	Land Rights	0.00	0.00
390	Structures and Improvements	34,382,065.88	24,381,090.13
392.1	Transportation Equipment - Autos	0.00	49,884.21
392.2	Transportation Equipment - Trailers	58,145.67	14,187.70
393	Stores Equipment	8,545.97	8,350.96
394.1	Portable Tools	26,058,516.76	8,877,679.23
394.2	Shop Equipment	341,135.67	256,469.50
395	Laboratory Equipment	5,152,106.01	529,436.89
396	Power Operated Equipment	60,528.93	117,501.67
397	Communication Equipment	274,630,636.49	106,782,736.25
398	Miscellaneous Equipment	6,383,977.84	1,099,037.97
	TOTAL GENERAL PLANT	<u>354,387,801.76</u>	<u>142,116,374.51</u>
101	TOTAL ELECTRIC PLANT	<u>12,830,678,088.80</u>	<u>4,354,534,380.89</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
GAS PLANT			
302	Franchises and Consents	86,104.20	86,104.20
303	Miscellaneous Intangible Plant	0.00	0.00
	TOTAL INTANGIBLE PLANT	86,104.20	86,104.20
360.1	Land	0.00	0.00
361	Structures and Improvements	0.00	0.00
362.1	Gas Holders	0.00	0.00
362.2	Liquefied Natural Gas Holders	0.00	0.00
363	Purification Equipment	0.00	0.00
363.1	Liquefaction Equipment	0.00	0.00
363.2	Vaporizing Equipment	0.00	0.00
363.3	Compressor Equipment	0.00	0.00
363.4	Measuring and Regulating Equipment	0.00	0.00
363.5	Other Equipment	0.00	0.00
363.6	LNG Distribution Storage Equipment	2,242,164.87	1,103,976.34
	TOTAL STORAGE PLANT	2,242,164.87	1,103,976.34
365.1	Land	4,649,143.75	0.00
365.2	Land Rights	2,232,291.80	1,398,115.67
366	Structures and Improvements	19,167,110.58	10,111,137.07
367	Mains	233,639,824.11	76,996,598.76
368	Compressor Station Equipment	90,382,096.25	68,995,987.45
369	Measuring and Regulating Equipment	23,148,746.55	16,805,442.07
371	Other Equipment	117,058.52	4,009.83
	TOTAL TRANSMISSION PLANT	373,336,271.56	174,311,290.85
374.1	Land	1,083,616.95	0.00
374.2	Land Rights	8,327,072.51	6,942,331.55
375	Structures and Improvements	43,446.91	61,253.10
376	Mains	968,143,065.91	372,869,440.51
378	Measuring & Regulating Station Equipment	18,055,887.32	8,141,647.83
380	Distribution Services	271,918,952.44	296,777,995.91
381	Meters and Regulators	158,105,740.12	56,314,231.62
382	Meter and Regulator Installations	96,194,291.61	40,243,987.41
385	Ind. Measuring & Regulating Station Equipment	1,516,810.70	1,207,955.12
386	Other Property On Customers' Premises	0.00	0.00
387	Other Equipment	9,736,109.83	4,964,509.38
	TOTAL DISTRIBUTION PLANT	1,533,124,994.30	787,523,352.43

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	0.00	25,503.00
392.2	Transportation Equipment - Trailers	74,500.55	74,500.68
394.1	Portable Tools	10,147,604.45	4,163,836.14
394.2	Shop Equipment	76,864.06	52,463.80
395	Laboratory Equipment	283,093.66	275,410.97
396	Power Operated Equipment	16,162.40	8,791.62
397	Communication Equipment	2,705,551.88	1,131,879.60
398	Miscellaneous Equipment	473,379.95	78,645.26
	TOTAL GENERAL PLANT	<u>13,777,156.95</u>	<u>5,811,031.07</u>
101	TOTAL GAS PLANT	<u>1,922,566,691.88</u>	<u>968,835,754.89</u>
COMMON PLANT			
303	Miscellaneous Intangible Plant	402,374,349.98	264,703,683.02
350.1	Land	0.00	0.00
360.1	Land	0.00	0.00
389.1	Land	7,168,914.56	0.00
389.2	Land Rights	857,384.59	27,776.34
390	Structures and Improvements	374,146,473.20	150,930,345.98
391.1	Office Furniture and Equipment - Other	35,130,729.33	15,423,041.82
391.2	Office Furniture and Equipment - Computer E	52,602,131.65	32,661,862.41
392.1	Transportation Equipment - Autos	440,360.51	(271,986.65)
392.2	Transportation Equipment - Trailers	12,195.98	5,244.54
393	Stores Equipment	58,941.18	45,900.54
394.1	Portable Tools	1,325,859.06	380,809.90
394.2	Shop Equipment	191,385.80	122,584.20
394.3	Garage Equipment	1,626,443.82	256,261.38
395	Laboratory Equipment	2,095,455.34	1,008,801.18
396	Power Operated Equipment	0.00	(192,979.10)
397	Communication Equipment	188,431,411.62	79,081,345.57
398	Miscellaneous Equipment	2,447,982.25	504,990.95
118.1	TOTAL COMMON PLANT	<u>1,068,910,018.87</u>	<u>544,687,682.08</u>
	TOTAL ELECTRIC PLANT	12,830,678,088.80	4,354,534,380.89
	TOTAL GAS PLANT	1,922,566,691.88	968,835,754.89
	TOTAL COMMON PLANT	<u>1,068,910,018.87</u>	<u>544,687,682.08</u>
101 & 118.1	TOTAL	<u>15,822,154,799.55</u>	<u>5,868,057,817.86</u>
101	PLANT IN SERV-SONGS FULLY RECOVER	<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-ELECTRIC NON-RECON		
	Electric	0.00	0.00
	Gas	14,857,396.33	0.00
		<u>14,857,396.33</u>	<u>0.00</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	PLANT IN SERV-ASSETS HELD FOR SALE		
	Electric	0.00	0.00
	Common	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-LEGACY METER RECLASS		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-PP TO SAP OUT OF BAL		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
118	PLANT IN SERV-COMMON NON-RECON		
	Common - Transferred Asset Adjustment	(1,627,745.96)	(1,627,745.96)
		<u>(1,627,745.96)</u>	<u>(1,627,745.96)</u>
101	Accrual for Retirements		
	Electric	(4,567,920.92)	(4,567,920.92)
	Gas	(215,348.33)	(215,348.33)
		<u>(4,783,269.25)</u>	<u>(4,783,269.25)</u>
	TOTAL PLANT IN SERV-ACCRUAL FOR RE		
		<u>(4,783,269.25)</u>	<u>(4,783,269.25)</u>
102	Electric	0.00	0.00
	Gas	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
	TOTAL PLANT PURCHASED OR SOLD	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
104	Electric	85,194,000.02	14,970,283.92
	Gas	0.00	0.00
		<u>85,194,000.02</u>	<u>14,970,283.92</u>
	TOTAL PLANT LEASED TO OTHERS	85,194,000.02	14,970,283.92
		<u>85,194,000.02</u>	<u>14,970,283.92</u>
105	Plant Held for Future Use		
	Electric	5,302,629.50	0.00
	Gas	0.00	0.00
		<u>5,302,629.50</u>	<u>0.00</u>
	TOTAL PLANT HELD FOR FUTURE USE	5,302,629.50	0.00
		<u>5,302,629.50</u>	<u>0.00</u>
107	Construction Work in Progress		
	Electric	1,026,184,613.67	
	Gas	127,258,443.12	
	Common	122,268,879.28	
		<u>1,275,711,936.07</u>	<u>0.00</u>
	TOTAL CONSTRUCTION WORK IN PROGRESS	1,275,711,936.07	0.00
		<u>1,275,711,936.07</u>	<u>0.00</u>
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
108.5	Accumulated Nuclear Decommissioning Electric	0.00	1,060,749,496.74
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	0.00	1,060,749,496.74
101.1	ELECTRIC CAPITAL LEASES	852,823,281.00	231,803,596.00
118.1	COMMON CAPITAL LEASE	20,949,080.86	20,498,261.14
		873,772,361.86	252,301,857.14
120	NUCLEAR FUEL FABRICATION	62,963,775.37	40,861,208.00
120	SONGS PLANT CLOSURE-NUCLEAR FUEL	(62,963,775.37)	(40,861,208.00)
143	FAS 143 ASSETS - Legal Obligation	17,240,858.67	(1,056,951,489.75)
	SONGS Plant Closure - FAS 143 contra	0.00	0.00
	FIN 47 ASSETS - Non-Legal Obligation	84,742,931.67	35,495,840.62
143	FAS 143 ASSETS - Legal Obligation	0.00	(1,497,567,250.35)
	TOTAL FAS 143	101,983,790.34	(2,519,022,899.48)
	UTILITY PLANT TOTAL	18,172,565,898.46	4,670,645,540.97

Attachment C

Balance Sheet, Income Statement and Financial Statement

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
March 31, 2017

	2017
1. UTILITY PLANT	
101 UTILITY PLANT IN SERVICE	\$15,753,655,851
102 UTILITY PLANT PURCHASED OR SOLD	-
104 UTILITY PLANT LEASED TO OTHERS	85,194,000
105 PLANT HELD FOR FUTURE USE	5,302,630
106 COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107 CONSTRUCTION WORK IN PROGRESS	1,154,863,805
108 ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,982,217,983)
111 ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(676,875,320)
114 ELEC PLANT ACQUISITION ADJ	3,750,722
115 ACCUM PROVISION FOR AMORT OF ELECTRIC PLANT ACQUIS ADJ	(1,312,752)
118 OTHER UTILITY PLANT	1,194,065,652
119 ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(282,362,921)
120 NUCLEAR FUEL - NET	-
	-
TOTAL NET UTILITY PLANT	12,254,063,685
2. OTHER PROPERTY AND INVESTMENTS	
121 NONUTILITY PROPERTY	5,846,616
122 ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION	(364,300)
158 NON-CURRENT PORTION OF ALLOWANCES	184,002,365
123 INVESTMENTS IN SUBSIDIARY COMPANIES	-
124 OTHER INVESTMENTS	-
125 SINKING FUNDS	-
128 OTHER SPECIAL FUNDS	1,061,658,206
175 LONG-TERM PORTION OF DERIVATIVE ASSETS	74,059,653
	74,059,653
TOTAL OTHER PROPERTY AND INVESTMENTS	1,325,202,540

Data from SPL as of June 13, 2017

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
March 31, 2017

3. CURRENT AND ACCRUED ASSETS		2017
131	CASH	2,216,321
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	500
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	300,999,029
143	OTHER ACCOUNTS RECEIVABLE	23,075,717
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,739,169)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	480,861
151	FUEL STOCK	56,056
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	116,132,002
156	OTHER MATERIALS AND SUPPLIES	-
158	ALLOWANCES	200,264,322
158	LESS: NON-CURRENT PORTION OF ALLOWANCES	(184,002,365)
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	311,133
165	PREPAYMENTS	137,882,791
171	INTEREST AND DIVIDENDS RECEIVABLE	714,407
173	ACCRUED UTILITY REVENUES	61,959,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	2,294,000
175	DERIVATIVE INSTRUMENT ASSETS	112,693,348
175	LESS: LONG -TERM PORTION OF DERIVATIVE INSTRUMENT ASSETS	(74,059,653)
TOTAL CURRENT AND ACCRUED ASSETS		697,278,300
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	31,648,875
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	2,830,119,208
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	122,205
184	CLEARING ACCOUNTS	2,553,398
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	23,000,499
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	11,333,633
190	ACCUMULATED DEFERRED INCOME TAXES	314,652,629
TOTAL DEFERRED DEBITS		3,213,430,447
TOTAL ASSETS AND OTHER DEBITS		17,489,974,972

Data from SPL as of June 13, 2017

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
March 31, 2017

5. PROPRIETARY CAPITAL

		2017
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	(4,290,144,490)
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	7,357,514
	TOTAL PROPRIETARY CAPITAL	(5,620,588,077)

6. LONG-TERM DEBT

221	BONDS	(4,191,077,000)
223	ADVANCES FROM ASSOCIATED COMPANIES	-
224	OTHER LONG-TERM DEBT	-
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	10,476,491
	TOTAL LONG-TERM DEBT	(4,180,600,509)

7. OTHER NONCURRENT LIABILITIES

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(577,392,379)
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(24,140,940)
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(241,404,203)
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
244	LONG TERM PORTION OF DERIVATIVE LIABILITIES	(187,763,824)
230	ASSET RETIREMENT OBLIGATIONS	(839,556,661)
	TOTAL OTHER NONCURRENT LIABILITIES	(1,870,258,007)

Data from SPL as of June 13, 2017

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
March 31, 2017

8. CURRENT AND ACCRUED LIABILITES

		2017
231	NOTES PAYABLE	(343,039,115)
232	ACCOUNTS PAYABLE	(380,226,198)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(45,483,320)
235	CUSTOMER DEPOSITS	(76,156,698)
236	TAXES ACCRUED	(30,251,907)
237	INTEREST ACCRUED	(52,046,890)
238	DIVIDENDS DECLARED	-
241	TAX COLLECTIONS PAYABLE	(4,928,579)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(125,209,873)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(44,078,126)
244	DERIVATIVE INSTRUMENT LIABILITIES	(239,671,505)
244	LESS: LONG-TERM PORTION OF DERIVATIVE LIABILITIES	187,763,824
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	(1,153,328,387)

9. DEFERRED CREDITS

252	CUSTOMER ADVANCES FOR CONSTRUCTION	(58,118,230)
253	OTHER DEFERRED CREDITS	(377,883,808)
254	OTHER REGULATORY LIABILITIES	(1,052,623,332)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(15,242,742)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(2,291,244,848)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(870,087,032)
	TOTAL DEFERRED CREDITS	(4,665,199,992)

TOTAL LIABILITIES AND OTHER CREDITS (\$17,489,974,972)

(\$4,665,199,992)

Data from SPL as of June 13, 2017

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
Three Months Ended March 31, 2017

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$1,134,864,908
401	OPERATING EXPENSES	\$640,479,968	
402	MAINTENANCE EXPENSES	36,550,761	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	155,395,796	
408.1	TAXES OTHER THAN INCOME TAXES	32,322,974	
409.1	INCOME TAXES	55,302,418	
410.1	PROVISION FOR DEFERRED INCOME TAXES	33,478,402	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	118,112	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(792,530)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		952,855,901
	NET OPERATING INCOME		182,009,007

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES OF NONUTILITY OPERATIONS	0	
417.1	EXPENSES OF NONUTILITY OPERATIONS	14,588	
418	NONOPERATING RENTAL INCOME	8,224	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	2,304,526	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	14,987,471	
421	MISCELLANEOUS NONOPERATING INCOME	128,189	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	17,442,998	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
425	MISCELLANEOUS AMORTIZATION	62,512	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(1,225,777)	
	TOTAL OTHER INCOME DEDUCTIONS	(1,163,265)	
408.2	TAXES OTHER THAN INCOME TAXES	162,170	
409.2	INCOME TAXES	227,164	
410.2	PROVISION FOR DEFERRED INCOME TAXES	12,105,184	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(10,818,657)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	1,675,861	
	TOTAL OTHER INCOME AND DEDUCTIONS		16,930,402
	INCOME BEFORE INTEREST CHARGES		198,939,409
	EXTRAORDINARY ITEMS AFTER TAXES		233,112
	NET INTEREST CHARGES*		44,165,648
	NET INCOME		\$155,006,873

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (\$5,027,515)

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
Three Months Ended March 31, 2017

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$4,310,137,617
NET INCOME (FROM PRECEDING PAGE)	155,006,873
DIVIDEND TO PARENT COMPANY	(175,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	0
OTHER RETAINED EARNINGS ADJUSTMENTS	0
RETAINED EARNINGS AT END OF PERIOD	<u>\$4,290,144,490</u>

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
Mar 31, 2017

(a) Amounts and Kinds of Stock Authorized:			
Common Stock		255,000,000	shares
Without Par Value			
Amounts and Kinds of Stock Outstanding:			
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:

First Mortgage Bonds:	Nominal Date of Issue	Par Value Authorized and Issued	Outstanding	Interest Paid in 2016
Var% Series OO, due 2027	12-01-92	0	0	2,625,000
5.875% Series VV, due 2034	06-17-04	43,615,000	43,615,000	2,562,346
5.875% Series WW, due 2034	06-17-04	40,000,000	40,000,000	2,350,000
5.875% Series XX, due 2034	06-17-04	35,000,000	35,000,000	2,056,250
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	2,660,460
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
Variable Series OOO, due 2017	03-12-15	0	0	1,210,959
1.9140% Series PPP, due 2022	03-12-15	60,308,670	60,308,670	4,272,326
2.50% Series QQQ, due 2026	05-19-16	500,000,000	500,000,000	6,111,111
Total 1st. Mortgage Bonds:			4,072,813,670	175,122,889
<hr/>				
TOTAL LONG-TERM DEBT			4,072,813,670	

**SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT**

Mar 31, 2017

Other Indebtedness:	Date of Issue	Date of Maturity	Interest Rate	Outstanding	Interest Paid 2017
Commercial Paper & ST Bank	Various	Various	Various	343,075,000	\$400,990

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	2013	2014	2015	2016	2017
5.00%	-	\$281,250	-	-	-	-
4.50%	-	202,500	-	-	-	-
4.40%	-	214,500	-	-	-	-
4.60%	-	257,901	-	-	-	-
1.70%	-	1,785,000	-	-	-	-
1.82%	-	873,600	-	-	-	-
Total	-	\$3,614,751	-	-	-	-

Common Stock	2013	2014	2015	2016	2017
[1]	-	\$200,000,000	300,000,000	175,000,000	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.

A balance sheet and a statement of income and retained earnings of applicant for the twelve months ended Dec 31, 2016 are attached hereto.

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

Attachment D

Regulatory Capitalization Schedule

San Diego Gas & Electric Company Total Regulatory Capitalization
Mar 31, 2017
(\$ Millions)

No.	Interest %	Bond	Maturity	Principal (\$ millions)
1	5.875%	SERIES VV (CV2004A)	2/15/34	43.6
2	5.875%	SERIES WW (CV2004B)	2/15/34	40.0
3	5.875%	SERIES XX (CV2004C)	2/15/34	35.0
4	5.875%	SERIES YY (CV2004D)	1/01/34	24.0
5	5.875%	SERIES ZZ (CV2004E)	1/01/34	33.7
6	4.000%	SERIES AAA (CV2004F)	5/01/39	75.0
7	5.350%	SERIES BBB	5/15/35	250.0
8	6.000%	SERIES DDD	6/1/26	250.0
9	1.650%	SERIES EEE	7/1/18	161.2
10	6.125%	SERIES FFF	9/15/37	250.0
11	6.000%	SERIES GGG	6/1/39	300.0
12	5.350%	SERIES HHH	5/15/40	250.0
13	4.500%	SERIES III	8/15/40	500.0
14	3.000%	SERIES JJJ	8/15/21	350.0
15	3.950%	SERIES LLL	11/15/41	250.0
16	4.300%	SERIES MMM	4/1/42	250.0
17	3.600%	SERIES NNN	9/1/23	450.0
19	1.914%	SERIES PPP	2/1/22	60.3
20	2.500%	SERIES QQQ	5/15/26	500.0
Total Fist Mortgage Bonds				4,072.8
TOTAL LT-DEBT BEFORE Unamortized premiums, issue expenses & loss on reacquired debt net of tax				4,072.8
Unamortized discount less premium				(10.5)
Unamortized issued expense				(31.6)
Unamortized loss on reacquired debt net of tax				(6.7)
Total Unamortized Debt (less premiums, issue expenses & loss on reacquired debt net of tax)				(48.8)
TOTAL LT-DEBT NET of Unamortized premiums, issue expenses & loss on reacquired debt net of tax				4,024.0
Equity Capital				
Common Stock Equity				5,620.6
Total Equity				5,620.6
TOTAL REGULATORY CAPITALIZATION				9,644.6