

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

Application of San Diego Gas & Electric Company
(U 902 E) for Approval of Public Utilities Code Section
748.5 Customer Outreach Plan for 2014 and 2015.

Application 13-08-____
(Filed August 30, 2013)

**APPLICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
FOR APPROVAL OF PUBLIC UTILITIES CODE SECTION 748.5
CUSTOMER OUTREACH PLAN FOR 2014 AND 2015**

DEANA MICHELLE NG

Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY
555 West Fifth Street, GT-14E7
Los Angeles, California 90013-1011
Telephone: (213) 244-3013
Facsimile: (213) 629-9620
E-Mail: DNg@semprautilities.com

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San Diego Gas & Electric Company (SDG&E) submits the following Application for Approval of Public Utilities Code Section 748.5 Customer Outreach Plan for 2014 and 2015, pursuant to Decision (D.) 12-12-033 and Article 2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission).

I. INTRODUCTION AND SUMMARY

On March 24, 2011, the Commission instituted Rulemaking (R.) 11-03-012 (the GHG OIR) to address utility cost and revenue issues associated with the California Air Resources Board's (ARB) implementation of California's greenhouse gas (GHG) emissions reduction program, Cap-and-Trade. Cap-and-Trade, which was implemented by ARB on January 1, 2012, sets a cap on GHG emissions and allows firms to accomplish GHG reduction goals at a minimum cost.

As part of Cap-and-Trade regulation, the State's investor-owned electric utilities, SDG&E, Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E), receive allowances that they are required to consign for sale in quarterly auctions implemented by ARB. The revenues from the auctioning of these allowances are to be used in

ways that benefit electric ratepayers and not to be used for the benefit of entities or persons other than electric ratepayers.¹

On June 27, 2012, the California Legislature passed Senate Bill 1018, adding section 748.5 to the Public Utilities Code. Section 748.5(b) provides:

Not later than January 1, 2013, the commission shall require the adoption and implementation of a customer outreach plan for each electrical corporation, including, but not limited to, such measures as notices in bills and through media outlets, for purposes of obtaining the maximum feasible public awareness of the crediting of greenhouse gas allowance revenues.

In Phase 1 of the GHG OIR, the Commission explored the possible use of revenues that the electric utilities may generate from the sale of GHG emissions allowances, and in D.12-12-033, the Commission adopted a framework for the allocation of GHG allowance auction revenues. This decision also approved an interim 2013 customer outreach plan for each utility, explaining that “[g]iven the late date of the passage of SB 1018 and our subsequent issuance of this decision, we agree with the Joint Utilities that the initial customer outreach and education program will have to be modest and targeted for 2013 until the Commission decides a more expansive program is justified.”² The Commission further explained that it views the “adopted guidelines and parameters for calendar year 2013 to be a stepping stone toward a more robust and comprehensive customer outreach and education program in the future,” and directed the utilities to develop more robust customer outreach plans for 2014 and beyond, with the objective of “expand[ing] awareness about the purpose and value of GHG allowance revenue.”³

To further guide the customer outreach activities of the utilities, the Commission emphasized that “while customer understanding of the costs and benefits of the Cap-and-Trade program is important, we also seek to maximize the amount of GHG allowance revenues returned to customers. Therefore, any and all customer outreach and education in 2013 and

¹ ARB, Article 5: California Cap on Greenhouse Gas Emissions and Market-based Compliance Mechanisms, § 95892 (d).

² D.12-12-033 at 136.

³ *Id.* at 139.

beyond must be weighed against the cost of such outreach in order to maximize both customer awareness and GHG allowance revenue returns to ratepayers.”⁴

To facilitate the expansion of customer outreach efforts in future years, the Commission directed the State’s three largest investor-owned electric utilities, in consultation with community choice aggregation (CCA) and direct access (DA) providers, “to engage a firm with marketing and public relations expertise that will be responsible for proposing expanded customer education activities through 2015. The marketing and public relations firm must also evaluate the feasibility and potential advantages and disadvantages of the use of a third-party administrator for customer outreach and education activities.”⁵

As directed, the investor-owned utilities retained Targetbase, a marketing services firm, to independently assess the outreach and education needs pertaining to this project. Targetbase gathered available market data, surveys, and qualitative research by evaluating the audience (utilities customers within California), various messaging options, and creative approaches. On July 1, 2013, Targetbase released a report of its findings, a number of recommendations and a suggested approach to communicating with customers about GHG and the return of Cap-and-Trade auction revenues to customers. One of their key recommendations is “to equate the CA Climate Dividend with a positive sign of cleaner air.”⁶ The focus of the recommended strategic roadmap mainly involves communicating the overall benefit of cleaner air and climate change mitigation without educating customers about the details of Cap-and-Trade or revenue allocation. The projected cost of the effort outlined by Targetbase is \$62 million for two years.

While the Targetbase Report and recommendations offer useful information and guidance for the utilities to incorporate into their customer outreach plans for 2014 and 2015, the Targetbase approach is unlikely to achieve maximum feasible public awareness of the crediting of GHG allowance revenues, and would significantly reduce the amount of GHG allowance

⁴ *Id.* at 136.

⁵ *Id.* at 211 (Ordering Paragraph No. 12).

⁶ July 1, 2013, California Climate Dividend Public Outreach Program, Report & Strategic Road Map, Targetbase, page 6.

revenues returned to customers. Accordingly, in this plan, SDG&E recommends incorporating the Targetbase recommendations only to the extent those recommendations are consistent with the objectives of maximum feasible public awareness of the crediting of GHG allowance revenues and maximization of the amount of revenues to be returned to customers.

In this Customer Outreach Plan for 2014 and 2015, SDG&E proposes to coordinate and pool funds with the two other large investor-owned electric utilities in the State, PG&E and SCE, and hire a third party agency to build on the work by Targetbase. The third party will be engaged to help define “maximum feasible public awareness of the crediting of greenhouse gas allowance revenues” and develop a plan for how to achieve this across the three utilities. This central agency will develop messaging to be used by all three utilities that is competitively neutral and consistent for statewide use.

SDG&E’s proposed approach to implementation would systematically and effectively educate customers about the crediting of Cap-and-Trade auction revenues on their bills through a graduated “test and learn” outreach process. Beginning with low-cost and no-cost measures, SDG&E would gradually progress through various channels and levels of exposure to achieve awareness, while preserving funds so that residential customers receive the largest Climate Dividend possible. The effectiveness of the communications will be measured through pre- and post-communication surveys, with customer activity, such as website visits, e-mails and customer telephone calls to SDG&E, being evaluated as indicators of interest, awareness or confusion.

II. OUTREACH AND EDUCATION OVERVIEW

If approved, SDG&E’s proposed Customer Outreach Plan will achieve three overarching objectives:

1. Compliance with the directive in Public Utilities Code section 748.5 to “achieve maximum feasible public awareness of the crediting of greenhouse gas allowance revenues;”

2. Competitive neutrality; and
3. Maximization of the amount of GHG allowance revenues returned to customers.

In developing this plan, SDG&E participated in several meetings and conference calls with the other utilities and Energy Division, as well as representatives from Direct Access organizations. In addition, the initial development process included the hiring of a third party company, Targetbase, to evaluate the market and recommend outreach and education approaches. This proposed plan incorporates input obtained through those collaborative discussions with interested stakeholders and builds upon the initial recommendations from Targetbase.

A. Step 1: Retention of a Central Agency to Develop Competitively Neutral Messaging to Achieve Maximum Feasible Public Awareness of the Crediting of Greenhouse Gas Allowance Revenues.

SDG&E proposes to collaborate and pool funding with PG&E and SCE to hire a third party agency to build on the work by Targetbase. The third party will be engaged to help define “maximum feasible public awareness of the crediting of greenhouse gas allowance revenues,” and develop a systematic approach for how to achieve this across the three utilities. This central agency will develop messaging to be used by all three utilities that is competitively neutral and consistent for statewide use. This single-agency approach should help expedite the development and implementation of the outreach and education efforts.

SDG&E recommends that the investor-owned utilities, in collaboration with Energy Division and other interested parties, serve as the communications administrators in their respective service areas. This will provide clear lines of responsibility and accountability.

The central message for this communication effort will be about the crediting of Cap-and-Trade revenues on customers’ bills. A secondary message is the broader benefits of reduction of GHG. This approach to messaging differs from the recommendation from Targetbase (discussed further in Section IV below) by placing the emphasis on the bill credits

first and overall GHG reduction second. It also allows the communications to introduce and build on the tangible benefit of the bill credits as a means to gain customer interest and awareness, as opposed to leading with the more intangible central point of GHG reduction.

The target audience for these communications will be defined as customers of the three large investor-owned utilities receiving credits from Cap-and-Trade allowance revenues on their bills. This includes residential, business and emissions-intensive trade-exposed (EITE) customers.

B. Step 2: Implementation of Low-Cost and No-Cost Communication Methods.

In addition to developing specific messaging, the central agency retained in Step 1 will also develop a timeline for various communication methods. Beginning with low-cost and no-cost measures, SDG&E proposes to gradually progress through various channels and levels of exposure to achieve awareness, while preserving funds so that residential customers receive the largest Climate Dividend possible. This approach is intended to balance the cost with the awareness created while maximizing the benefit of the revenues to be provided to customers.

SDG&E's proposal calls for the initial use of low-cost and no-cost communications channels, such as news releases, videos, bill inserts, utility website, e-mails, social media, and flyers, to educate and inform customers about the crediting of Cap-and-Trade auction revenues. These communications will address SDG&E's general customer audience, including small business and EITE customers, as well as hard-to-reach master-metered, ethnic, senior, and low income customers.⁷

In addition, a primary website for the messaging can be created with a unique and specific web address, such as CAClimateDividend.org or similar. This site can be created by the central communications firm and reside independent of any utility or other organization website, assisting in the competitive neutrality of the messaging. The site would ideally be simple with limited features and not contain customer sensitive data. The messaging would be consistent

⁷ To reach diverse communities in the San Diego region, some targeted ethnic newspaper advertising, in languages other than English, can be used at low cost.

with the other messaging created by the central communications firm. The Energy Upgrade California web site can be a secondary site for information, as can the utilities' site as well.

SDG&E will also coordinate with activities undertaken in other programs to help carry the message directly to communities and coordinate this message with other supportive messaging, such as energy efficiency and environmental activities.

C. Step 3: Evaluation of the Effectiveness of Initial Communication Efforts.

In addition to developing specific messaging, the central agency retained in Step 1 will also develop an approach to evaluating the effectiveness of the communication methods. The effectiveness of the communications will be measured through pre- and post-communication surveys, with customer activity, such as website visits, e-mails and customer telephone calls to SDG&E, being evaluated as indicators of interest, awareness or confusion. This evaluation process will occur in phases and guide future development of the effort.

This “test-and-learn” approach will be designed to adapt to changes in the market and customer awareness. It will build upon the work performed by Targetbase. For example, Targetbase found that the word “Dividend” in the name “CA Climate Dividend,” may create customer confusion, and noted that the name “California Clean Air Credit” was much better received by survey respondents.⁸ While the Commission directed the utilities to use this name in D.12-12-033, SDG&E seeks authorization in this plan to provide the central agency with an opportunity to evaluate alternatives and assist in the development of a more acceptable name that would be easier to understand and further aid awareness.

D. Step 4 and Beyond: Expansion and Refinement of the Customer Outreach Plan Through the Evaluation Process.

The “test-and-learn” approach proposed here will enable SDG&E, the other utilities, Commission staff and other interested stakeholders to assess the effectiveness of various communications methods and channels and adapt the plan accordingly. By beginning with low-

⁸ See *California Climate Dividend Public Outreach Program: Report & Strategic Road Map*, July 1, 2013, at 61.

cost and no-cost channels and gradually ramping up to incorporate more costly communication methods into the customer outreach plan, as needed, the utilities can preserve the maximum amount of greenhouse gas allowance revenues available for return to customers.

III. CUSTOMER OUTREACH PLAN BUDGET

The initial funding for this Customer Outreach Plan will come from a combination of re-allocating the funds previously-approved for SDG&E's 2013 customer outreach efforts (\$750,000) and approval of SDG&E's request for \$175,000 per year for 2014 and 2015.

For the initial hiring of the third party agency and their development work, SDG&E would share costs with the other utilities in the same proportions it proposes to share the Targetbase work, approximately 10% of total costs. This is projected to be about \$52,500.

As the effort progresses, if there is a need for additional funding to implement more aggressive communications through mass media, based on evaluation of the results achieved with the low-cost and no-cost channels, SDG&E requests authorization to request such additional funding through an advice letter process. It is not possible to precisely estimate a potential mass media budget at this time, other than looking at the recommendation from Targetbase and other similar statewide efforts. Based on these evaluations, a maximum of \$6 million for SDG&E's share of the costs of a mass media campaign for both 2014 and 2015 is possible.

IV. OVERVIEW OF THE TARGETBASE REPORT AND RECOMMENDATIONS

Targetbase's recommendations for informing and educating customers on the California Climate Dividend are based on a review of available market data, a survey of California electricity and qualitative research. Through this process, Targetbase found that while a majority of customers care about the environment and are concerned about climate change, they are satisfied with less information and even become critical of GHG reduction efforts if provided too much information.

As a result of these findings, Targetbase recommends a mass media campaign with a general message on the overall benefits of cleaner air and climate change mitigation. The goal is to create general awareness about the benefits of GHG reduction and then encourage customers to obtain additional information on their own through easy-to-access, self-service channels. After this initial broad-based outreach effort, which would include broadcast television, radio and print communications, the plan calls for the electric investor-owned utilities to follow-up with customers through existing communications channels, including the bill, bill envelope, website, social media and e-mail.

The estimated total budget for this approach is \$35 million in 2014 and \$28 million in 2015. In 2014, \$20 million (57% of the budget) would be spent on mass media; in 2015, \$13 million (48% of the budget) would be spent on mass media.

The report focuses on the Climate Dividend that will go to all residential customers. The Targetbase plan does not directly address communications with small business and EITE customers about the credits that they will receive for their share of auction revenues.

V. WITHOUT REFINEMENT, THE TARGETBASE APPROACH WOULD NOT ACHIEVE THE COMMISSION'S OBJECTIVES OR COMPLY WITH PUBLIC UTILITIES CODE SECTION 748.5

As discussed above, Public Utilities Code section 748.5 and the Commission's directives in D.12-12-033 require that the investor-owned utilities develop a customer outreach plan that:

1. "[A]chieves maximum feasible public awareness of the crediting of greenhouse gas allowance revenues;"
2. Is competitively neutral; and
3. Maximizes the amount of GHG allowance revenues returned to customers.

As previously stated, while the Targetbase Report and recommendations offer useful information and guidance for the utilities to incorporate into their customer outreach plans for 2014 and 2015, the Targetbase approach is unlikely to achieve maximum feasible public

awareness of the crediting of GHG allowance revenues, and would significantly reduce the amount of GHG allowance revenues returned to customers. Accordingly, in this plan, SDG&E recommends incorporating the Targetbase recommendations only to the extent those recommendations are consistent with the objectives of maximum feasible public awareness of the crediting of GHG allowance revenues and maximization of the amount of revenues to be returned to customers.

A. The Targetbase Recommendations, Without Modification, Would Not Achieve Maximum Feasible Public Awareness of the Crediting of Greenhouse Gas Allowance Revenues.

The communication plan proposed by Targetbase would focus on a broad message about the overall benefits of cleaner air and climate change mitigation. The goal would be to create general awareness about the benefits of GHG reduction and then further encourage customers to obtain additional information through easy-to-access, self-service channels. After this initial broad-based outreach effort, which would include broadcast television, radio and print communications, the plan calls for the electric investor-owned utilities to follow-up with customers through existing communications channels, including the bill, bill envelope, website, social media and e-mail.

Section 748.5 directs the commission to require the adoption and implementation of a customer outreach plan “for purposes of obtaining the maximum feasible awareness of the crediting of greenhouse gas allowance revenues.” Because the Targetbase approach would not directly educate customers about the crediting of GHG allowance revenues, it fails to comply with section 748.5 and would not achieve maximum feasible public awareness of the crediting of GHG allowance revenues.

An approach that leads with the larger statewide message regarding reducing GHG emissions will not only fail to achieve the goal of maximum feasible awareness (by failing to get the attention of customers at the outset), but would also potentially confuse customers (by being either so general as to not be effective or by referring to credits on customer bills that may or

may not appear on the bills of those reached through the broad statewide communication effort). Accordingly, SDG&E proposes that customer outreach efforts focus on the primary message of the credits to appear on customers' bills and have a secondary supporting message of GHG reduction.

B. The Targetbase Approach Would Significantly Reduce the Amount of Revenues Returned to Customers.

The estimated total budget for the Targetbase approach is \$35 million in 2014 and \$28 million dollars in 2015. In 2014, \$20 million (57% of the budget) would be spent on mass media; in 2015, \$13 million (48% of the budget) would be spent on mass media. The plan also includes a significantly higher budget for online and digital communications (display, search, website, and social media), utility communications, and community events than proposed by SDG&E. SDG&E's share, based on electricity sales, would be about 10-12% of the total for each year (about \$350,000-420,000 for 2014 and \$280,000-\$336,000 for 2015). Dollars spent on communication will be subtracted from the amount of money available to return to customers. Therefore, the CA Climate Dividend will get smaller as communications costs increase. In light of the fact that this approach will not achieve the objectives set forth in Public Utilities Code section 748.5 and D.12-12-033, it would not be reasonable to reduce the amount of greenhouse gas allowance revenues available to SDG&E's customers to fund this higher-cost customer outreach proposal.

Moreover, requiring the customers of three investor-owned electric utilities to fund a broad statewide mass media campaign about greenhouse gas emissions and conservation would be unfair to those customers. Funding for broader statewide greenhouse gas reduction messaging should come from statewide sources, rather than the customers of just three utilities.

VI. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Categorization and Need for Hearings.

SDG&E requests that this Application be categorized as Ratesetting, in accordance with Rule 7.1. SDG&E does not anticipate a need for hearings in this matter.

B. Proposed Expedited Schedule.

As discussed above, the Commission directed SDG&E to file this application by September 1, 2013 in D.12-12-033, which establishes a framework for the allocation of Cap-and-Trade auction revenues to be received by the State's investor-owned electric utilities. Adherence to this proposed expedited schedule would enable SDG&E to begin implementing this Customer Outreach Plan for 2014 and 2015 in the first quarter of 2014:

<u>Action</u>	<u>Date</u>
Application filed	August 30, 2013
CPUC publishes notice in Daily Calendar	September 4, 2013
Responses/Protests	October 4, 2013
Reply to Responses/Protests	September 16, 2013
Prehearing Conference	September 18, 2013
Scoping Memo Issued	September 27, 2013
Concurrent Opening Briefs	October 8, 2013
Concurrent Reply Briefs	October 31, 2013
Proposed Decision	November, 2013
Commission Decision Adopted	December, 2013

Should the Commission decline to adopt an expedited schedule for consideration of this Application, this would delay the implementation of the Customer Outreach Plan for 2014 and 2015 accordingly.

C. Additional Procedural Requirements.

This Application is filed in accordance with D.12-12-033 and Article 2 of the Commission's Rules of Practice and Procedure. In accordance with Article 2, SDG&E provides the following additional 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.

2. Rule 2.1 (b) - Correspondence

Correspondence or communications regarding this Application should be addressed to:

Tanya Peacock
Regulatory and Rates Strategy Manager
San Diego Gas & Electric Company
555 West Fifth Street, GT-14D6
Los Angeles, California 90013-1034
Telephone: (213) 244-5554
Facsimile: (213) 244-4957
E-Mail: TPeacock@semprautilities.com

with copies to:

Deana Michelle Ng
Attorney for:
San Diego Gas & Electric Company
555 West Fifth Street, GT-14E7
Los Angeles, California 90013-1034
Telephone: (213) 244-3013
Facsimile: (213) 629-9620
E-Mail: DNg@semprautilities.com

3. Rule 2.2 – Articles of Incorporation

A copy of SDG&E's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on August 31, 2009 in connection with SDG&E's Application No. 09-08-019, and is incorporated herein by reference.

ATTACHMENT A

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
JUNE 30, 2013

	1. UTILITY PLANT	<u>2013</u>
101	UTILITY PLANT IN SERVICE	\$12,399,675,747
102	UTILITY PLANT PURCHASED OR SOLD	-
104	UTILITY PLANT LEASED TO OTHERS	85,194,000
105	PLANT HELD FOR FUTURE USE	13,092,995
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	677,298,598
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,928,497,791)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(305,616,304)
114	ELEC PLANT ACQUISITION ADJ	3,750,722
115	ACCUM PROVISION FOR AMORT OF ELECTRIC PLANT ACQUIS ADJ	(375,072)
118	OTHER UTILITY PLANT	742,789,797
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(214,201,835)
120	NUCLEAR FUEL - NET	<u>0</u>
	TOTAL NET UTILITY PLANT	<u>9,473,110,857</u>
	2. OTHER PROPERTY AND INVESTMENTS	
121	NONUTILITY PROPERTY	5,955,832
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(364,300)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>937,779,873</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>943,371,405</u>

Data from SPL as of August 29, 2013

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
JUNE 30, 2013

3. CURRENT AND ACCRUED ASSETS		2013
131	CASH	3,929,890
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	500
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	205,770,855
143	OTHER ACCOUNTS RECEIVABLE	26,044,305
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(2,572,999)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	1,061,185
151	FUEL STOCK	824,038
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	69,771,744
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	342,949
165	PREPAYMENTS	20,222,725
171	INTEREST AND DIVIDENDS RECEIVABLE	-
173	ACCRUED UTILITY REVENUES	55,218,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	4,482,166
175	DERIVATIVE INSTRUMENT ASSETS	60,639,009
TOTAL CURRENT AND ACCRUED ASSETS		445,734,367
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	33,944,339
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	3,468,690,785
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	6,103,238
184	CLEARING ACCOUNTS	423,284
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	37,836,358
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	14,973,784
190	ACCUMULATED DEFERRED INCOME TAXES	711,073,839
TOTAL DEFERRED DEBITS		4,273,045,627
TOTAL ASSETS AND OTHER DEBITS		15,135,262,256

Data from SPL as of August 29, 2013

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
JUNE 30, 2013

5. PROPRIETARY CAPITAL

	2013
201 COMMON STOCK ISSUED	(\$291,458,395)
204 PREFERRED STOCK ISSUED	(\$78,475,400)
207 PREMIUM ON CAPITAL STOCK	(\$592,222,753)
210 GAIN ON RETIRED CAPITAL STOCK	-
211 MISCELLANEOUS PAID-IN CAPITAL	(479,665,368)
214 CAPITAL STOCK EXPENSE	25,688,571
216 UNAPPROPRIATED RETAINED EARNINGS	(3,052,193,377)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	10,475,445
TOTAL PROPRIETARY CAPITAL	(4,457,851,277)

6. LONG-TERM DEBT

221 BONDS	(3,536,905,000)
223 ADVANCES FROM ASSOCIATED COMPANIES	-
224 OTHER LONG-TERM DEBT	(253,720,000)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	11,338,132
TOTAL LONG-TERM DEBT	(3,779,286,868)

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(650,834,444)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(39,347,505)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(342,892,243)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	0
230 ASSET RETIREMENT OBLIGATIONS	(731,910,244)
TOTAL OTHER NONCURRENT LIABILITIES	(1,764,984,436)

Data from SPL as of August 29, 2013

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
JUNE 30, 2013

8. CURRENT AND ACCRUED LIABILITES		2013
231	NOTES PAYABLE	(52,999,337)
232	ACCOUNTS PAYABLE	(328,625,328)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(18,924,070)
235	CUSTOMER DEPOSITS	(59,157,491)
236	TAXES ACCRUED	(55,724,431)
237	INTEREST ACCRUED	(40,255,377)
238	DIVIDENDS DECLARED	(1,204,917)
241	TAX COLLECTIONS PAYABLE	(4,393,386)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(354,361,775)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(35,383,996)
244	DERIVATIVE INSTRUMENT LIABILITIES	(171,509,188)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	0
TOTAL CURRENT AND ACCRUED LIABILITIES		(1,122,539,296)
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(31,576,491)
253	OTHER DEFERRED CREDITS	(340,142,238)
254	OTHER REGULATORY LIABILITIES	(1,229,472,831)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(24,803,002)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	(5,201,256)
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,883,804,973)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(495,599,588)
TOTAL DEFERRED CREDITS		(4,010,600,379)
TOTAL LIABILITIES AND OTHER CREDITS		(\$15,135,262,256)

Data from SPL as of August 29, 2013

ATTACHMENT B

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
SIX MONTHS ENDED JUNE 30, 2013

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$2,385,397,243
401	OPERATING EXPENSES	\$1,521,768,629	
402	MAINTENANCE EXPENSES	96,803,938	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	226,219,433	
408.1	TAXES OTHER THAN INCOME TAXES	50,398,642	
409.1	INCOME TAXES	30,268,040	
410.1	PROVISION FOR DEFERRED INCOME TAXES	161,776,001	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(46,574,276)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(688,487)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		2,039,971,920
	NET OPERATING INCOME		345,425,323

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	700	
418	NONOPERATING RENTAL INCOME	190,935	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	3,003,776	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	19,735,079	
421	MISCELLANEOUS NONOPERATING INCOME	94,392	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	23,024,882	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
425	MISCELLANEOUS AMORTIZATION	125,024	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	201,093,321	
	TOTAL OTHER INCOME DEDUCTIONS	201,218,345	
408.2	TAXES OTHER THAN INCOME TAXES	253,991	
409.2	INCOME TAXES	(898,494)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	14,646,003	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(95,498,481)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(81,496,981)	
	TOTAL OTHER INCOME AND DEDUCTIONS		(96,696,482)
	INCOME BEFORE INTEREST CHARGES		248,728,841
	NET INTEREST CHARGES*		90,695,363
	NET INCOME		\$158,033,478

**NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (\$8,318,201)*

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
SIX MONTHS ENDED JUNE 30, 2013

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$2,896,569,733
NET INCOME (FROM PRECEDING PAGE)	158,033,478
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(2,409,834)
OTHER RETAINED EARNINGS ADJUSTMENTS	
RETAINED EARNINGS AT END OF PERIOD	<u>\$3,052,193,377</u>

ATTACHMENT C

**SAN DIEGO GAS & ELECTRIC COMPANY
SUMMARY OF EARNINGS
SIX MONTHS ENDED JUNE 30, 2013
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$2,385
2	Operating Expenses	<u>2,040</u>
3	Net Operating Income	<u><u>\$345</u></u>
4	Weighted Average Rate Base	\$6,747
5	Rate of Return*	7.79%

*Authorized Cost of Capital