

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

Application of San Diego Gas & Electric)
Company (U 902-E) for Approval of: (i))
Contract Administration, Least Cost Dispatch)
and Power Procurement Activities, and (ii))
Costs Related to those Activities Recorded to)
the Energy Resource Recovery Account,)
Incurred During the Record Period January 1,)
2009 through December 31, 2009, and (iii))
the Entries Recorded in Related Regulatory)
Accounts.)

Application 10-06-_____

**APPLICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)
FOR APPROVAL OF: (I) CONTRACT ADMINISTRATION, LEAST COST DISPATCH
AND POWER PROCUREMENT ACTIVITIES, AND (II) COSTS RELATED TO THOSE
ACTIVITIES RECORDED TO THE ELECTRIC RESOURCE RECOVERY ACCOUNT,
INCURRED DURING THE RECORD PERIOD JANUARY 1, 2000 THROUGH
DECEMBER 31, 2009, AND (III) THE ENTRIES RECORDED IN RELATED
REGULATORY ACCOUNTS**

CARLOS F. PEÑA
101 Ash Street
San Diego, CA 92101
Telephone: (619) 696-4320
Facsimile: (619) 699-5027
CFPena@semprautilities.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

June 1, 2010

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I. INTRODUCTION

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission or CPUC”), the California Public Utilities Code Section 454.5 (AB 57), and relevant Commission Decisions (D.), including, but not limited to, D.02-10-062, D.02-12-074, D.03-06-067, D.04-01-050, D.04-12-048, D.05-04-036, D.05-01-054, D.06-12-019, D.07-04-020 and D.07-05-008, San Diego Gas & Electric Company (“SDG&E”) respectfully submits its Energy Resource Recovery Account (“ERRA”) compliance review application (“Application”) seeking: i) Commission compliance review and approval of SDG&E’s electric procurement contract administration, least cost dispatch, and power procurement activities for the 12-month period from January 1, 2009 through December 31, 2009 (the “Record Period”) and the costs and expenses

recorded in SDG&E's ERRA and Transition Cost Balancing Account (TCBA), the Procurement Transaction Auditing Memorandum Account (PTAMA), the Renewables Portfolio Standard Memorandum Account (RPSMA), and SDG&E's Market Redesign and Technology Upgrade Memorandum Account (MRTUMA); and, ii) Commission review and authorization for the recovery of costs and expenses recorded, the Independent Evaluator Memorandum Account (IEMA), and the Generation Divestiture Transaction Cost Memorandum Account (GDTCMA), all as further described in the testimony supporting this Application.

This Application and the supporting testimony concurrently submitted herewith demonstrate SDG&E's compliance with all applicable contract terms, Commission requirements and applicable regulations and legal standards verifying that SDG&E prudently dispatched its portfolio of resources in a least cost manner for the Record Period. In addition, the supporting testimony demonstrates that the costs and expenses recorded to the ERRA, TCBA, PTAMA, RPSMA and MRTUMA are appropriate, correctly stated and recoverable in accordance with applicable Commission policy and decisions. Further, the testimony demonstrates that the entries recorded to SDG&E's IEMA and GDTCMA are correctly stated and that the costs reflected by such entries are reasonable. Accordingly, SDG&E requests Commission authorization to recover the balances recorded to all of the forgoing accounts.

A. Background and Scope of Review

The ERRA balancing account mechanism was established in D.02-10-062 to track fuel and purchased power billed revenues against actual recorded costs. That decision also required the electric utilities to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism, and a schedule for semiannual ERRA proceedings. The first semiannual proceeding (the forecast application) consists of an application by the utility to establish annual fuel and

purchased power forecasts for the upcoming 12 months. During the second semiannual proceeding, a compliance review of the utility's prior period energy resource contract administration, least cost dispatch, and ERRA balancing account is conducted.

In D.02-10-062, the Commission adopted minimum standards of conduct the utilities must follow in performing their procurement responsibilities. Standard of Conduct #4 (SOC 4) describes the compliance review criteria for contract administration and economic dispatch of generation resources on which the utilities will be evaluated: "The utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least cost manner. Our definitions of prudent contract administration and least cost dispatch is the same as our existing standard."¹

The scope of compliance review described in D.02-10-062 and D.02-12-074 includes Commission review of: expenses in different accounts that covers utility retained/owned electric generation ("UEG" or "URG") fuel expenses, cost of power purchase agreements, ISO related costs and URG hedging costs; contract administration including administration of the California Department of Water Resources ("DWR") contracts allocated to SDG&E in D.02-09-053, existing Qualified Facilities ("QF") contracts, other power purchase agreements (including renewable resource contracts;) and economic dispatch of electric generation resources (including Miramar, Palomar and the San Onofre Nuclear Generating Station, or "SONGS").

The Commission further stated in D.03-06-067 that in determining whether the utilities complied with the requirement to "dispose of economic long power and purchase economic short power in a manner that minimizes ratepayer costs," the Commission would examine "the prudence of each utility's decision to dispatch resources contained in the integrated DWR-IOU portfolio and execute market transactions for economic purposes." Accordingly, the Commission's annual

¹ D.02-10-062, Conclusion of Law 11.

compliance review focuses on prudent contract administration, least cost dispatch and UEG fuel procurement activities. SDG&E's first ERRA compliance review covered January 1, 2003 through September 30, 2003 and its last compliance review period covered the 12 months beginning January 1, 2008 and ending December 31, 2008.

The appropriate scope and standard of review for ERRA compliance applications have also been addressed in D.05-04-036 and D.05-01-054, which addressed ERRA applications filed by PG&E and SCE, respectively. According to those decisions and pertinent to the scope of review of the utility's least cost dispatch obligation, the Commission will consider those decisions to dispatch the resources in the daily, hourly, and real-time markets. As for the standard of review of the utility's least cost dispatch, contract administration, and UEG costs, the Commission reiterated in D.05-04-036 that its review is not a "reasonableness review," but is instead a "compliance review:"

ORA has not presented any new arguments in this proceeding that would cause us to reconsider the standard of review that we adopted for SCE in D.05-01-054. Accordingly, the same standard of review for least cost dispatch that we adopted in D.05-01-054 for SCE should also apply to the standard of review of PG&E's least cost dispatch in its ERRA proceedings, i.e., a compliance review.

The standard of review of the contract administration is also that of a compliance review. As noted in D.05-01-054 at page 8, "SOC 4 is the upfront standard in a utility's procurement plan regarding prudent contract administration and energy dispatch decisions." Since § 454.5(d)(2) provides that an approved procurement plan shall eliminate the need for after-the-fact reasonableness reviews, the standard of review is to determine whether the utility's contract administration complied with the approved procurement plan.²

As for the standard of review that applies to UEG-related costs, we stated in D.03-06-067 at page 10 that an inappropriate preference for UEG resources is part of the least cost dispatch standard. Accordingly, a compliance review applies when UEG is involved in least cost dispatch decisions. Although a compliance review applies, the utility is prohibited from any action that results in an inappropriate preference for UEG resources or the utility's own negotiated contracts. (See D.05-01-054, p. 10; D.02-12-069, pp. 61-64.)³

² As noted in D.05-01-054, at p. 15, the compliance would consist of a showing of prudence for contract administration, for which the reasonable manager standard would apply.

³ D.05-04-036, pp. 27-28.

With respect to the costs associated with MRTU implementation, the Commission addressed the scope of review for the MRTUMA in PG&E's 2009 ERRA forecast proceeding in D.09-12-021. In that decision, the Commission made clear that the scope of its review of MRTU costs "is not necessarily a traditional reasonableness review . . . therefore, the Commission expects the review of these costs to primarily focus on whether the costs can be verified and are incremental."⁴ With respect to the disposition of the accounts other than ERRA listed in this Application for review in this proceeding, the Commission expressly authorized review of SDG&E's TCBA in its ERRA compliance review proceedings.⁵ Similarly, the Commission has authorized the disposition of the MRTUMA, PTAMA, IEMA, and RPSMA accounts in SDG&E's annual ERRA compliance proceedings.⁶ SDG&E is also herein requesting disposition of the GDTCSMA in this proceeding since the purpose of that account is to record transaction costs associated with the divestiture of generating resources, including fossil power plants, combustion turbines, SDG&E's interest in SONGS and long-term power contracts that would typically be addressed in the ERRA proceeding if they otherwise remained within SDG&E's resource portfolio.

The combined balance of these five memorandum accounts is approximately \$4.32 million. While SDG&E is requesting authorization to recover such costs in this Application, SDG&E does not herein seek a rate increase as the costs recorded to these accounts, if authorized, would be transferred and/or combined with the balances held in SDG&E's ERRA and TCBA accounts, as further discussed in supporting testimony.

B. Summary of Testimony Supporting this Application

This Application is supported by the testimony of the following witnesses:

⁴ D.09-12-021, p.2, fn. 1.

⁵ See D.06-12-019, Ordering Paragraph 3.

- **Tony Choi**—Mr. Choi’s testimony describes the various energy resources in SDG&E’s electricity portfolio and addresses the manner in which SDG&E complied during the Record Period with its obligation to dispatch its energy portfolio in a least cost manner consistent with SDG&E’s Commission-approved long-term procurement plan (LTPP). As explained by Mr. Choi, for purposes of the Commission’s review and the compliance findings requested herein, the relevant procurement plan is SDG&E’s most recently approved LTPP, which was approved in D.07-12-052 and Resolution E-4189.⁷ This testimony also addresses SDG&E’s incremental costs recorded to the MRTUMA.
- **Sally Chen**—Ms. Chen’s testimony describes the expenses that were recorded to SDG&E’s ERRA and TCBA accounts and explains the contract administration activities associated with SDG&E’s power purchase agreements during the Record Period.
- **Yvonne M. Le Mieux**—Ms. Le Mieux’s testimony provides a description of the transactions and cost recovery for SDG&E’s ERRA, TCBA, MRTUMA, PTAMA, IEMA, RPSMA and GDTCMA as well as the basis for the requested disposition of those accounts.

C. Relief Requested and Issues to be Considered

The issues to be considered and the relief requested are contained in this Application, supporting testimony and related exhibits. In submitting this Application and supporting testimony, SDG&E demonstrates and requests express Commission findings that:

1. During the Record Period, SDG&E prudently administered and dispatched its UEG resources and portfolio of contracts, including SONGS, Miramar, Palomar, allocated DWR contracts, power purchase agreements, QFs, non-QF resources, and renewable

⁶ SDG&E Electric Tariff, Section II.

⁷ SDG&E’s LTPP was subsequently modified in two Advice Letters, AL 2061-E, and AL 2067-E in early 2009 both of which were approved by the Energy Division.

- energy resources, in compliance with SDG&E’s Commission-approved procurement plan;
2. All entries and costs recorded into SDG&E’s ERRA, TCBA, PTAMA, RPSMA and the MRTUMA, are appropriate, correctly stated and recoverable in rates;
 3. All entries and costs recorded into SDG&E’s IEMA and the GDTCMA, are correctly stated, reasonable and recoverable in rates; and
 4. The disposition as requested in SDG&E’s supporting testimony for each of these accounts is authorized and that confidential treatment of the unredacted versions of the testimony, as requested in the accompanying declarations, is appropriate and authorized.

II. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Compliance with Rule 2.1

In accordance with Rule 2.1 of the Commission’s Rules of Practice and Procedure, SDG&E provides the following information concerning the proposed category for the proceeding, the need for hearing and a proposed schedule.

1. Proposed Category of Proceeding

While SDG&E is not herein seeking a rate increase by this Application, SDG&E proposes that the category of this proceeding be designated as “ratesetting” because the relief for cost recovery sought by this Application impacts customer rates, and because the instant Application neither raises questions of policy or rules of general applicability, nor adjudicates any allegations of violations of law.

2. Need for Hearings

SDG&E does not believe that approval of this Application will require hearings. SDG&E has provided ample supporting testimony, analysis and documentation that provide the Commission with a sufficient record upon which to grant the relief requested on an ex parte basis. Moreover, SDG&E's past ERRA compliance proceedings have not required hearings. However, in the event hearings are required, SDG&E has provided adequate time in the proposed schedule, below.

<u>ACTION</u>	<u>DATE</u>
Application filed	June 1, 2010
Prehearing Conference	July 14, 2010
Intervenor Testimony	August 16, 2010
Rebuttal Testimony	September 20, 2010
Hearings (if necessary)	October 11, 2010
Opening Briefs	October 25, 2010
Reply Briefs	November 5, 2010
ALJ Proposed Decision	December 6, 2010
Comments on Proposed Decision	December 17, 2010
Reply Comments	December 28, 2010
Commission Approval	January 2011

B. Statutory Authority

SDG&E submits this Application pursuant to AB 57 (Pub. Util. Code §454.5), D.02-10-062, D.02-12-074, D.04-01-050, D.04-12-048, D.06-12-019, D.07-04-020, D.07-05-008, *et al.*, (and modifications thereto) and the Commission's Rules of Practice and Procedure.

C. Legal Name and Correspondence

SDG&E is a public utility 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 Carlos F. Peña.

Correspondence or communications regarding this Application should be addressed to:

Kari Kloberdanz
Regulatory Case Administrator
San Diego Gas & Electric Company
8330 Century Park Ct., CP32D
San Diego, California 92123
Phone: (858) 637-7960
Fax: (858) 654-1788
KKloberdanz@semprautilities.com

with copies to:

Carlos F. Peña
Attorney for:
San Diego Gas & Electric Company
101 Ash Street
San Diego, CA 92101-3017
Telephone: (619) 696-4320
Facsimile: (619) 699-5027
CFPeña@semprautilities.com

D. Articles of Incorporation - Rule 2.2

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 9, 2009 in connection with SDG&E's Application No. 09-08-019, and is incorporated herein by reference.

E. Financial Statement, Balance Sheet, and Income Statement - Rule 3.2(a)(1)

SDG&E's Financial Statement and Balance Sheet and Income Statement are attached to this Application as Attachment A.

F. Present and Proposed Rates - Rules 3.2(a)(2) and (3)

A statement of SDG&E's presently effective electric rates can be accessed electronically at: <http://www.sdge.com/regulatory/currentEffectiveTariffs.shtml> . SDG&E's current rates and charges for unbundled electric service are contained in its electric tariffs and schedules on file with the Commission. These tariffs and schedules are filed with, and made effective by, the Commission in its decision, orders, resolutions, and approvals of advice letter filings made pursuant to Commission General Order 96-A. As discussed herein, SDG&E is not seeking a rate change by this Application, however, for illustrative purposes SDG&E is providing a table of the potential rate impacts in Attachment B.

G. Description of Property and Equipment - Rule 3.2(a)(4)

A general description of SDG&E's property was filed with the Commission on October 5, 2001, in connection with Application 01-10-005, and is incorporated herein by reference. A statement of account of the original cost and depreciation reserve attributable thereto is attached to this Application as Attachment C.

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

SDG&E's summary of earnings is included herein as Attachment D.

I. Depreciation - Rule 3.2(a)(7)

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis, at rates based on the estimated useful lives of plant properties.

For federal income tax accrual purposes, SDG&E generally computes depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax properly additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, “flow through accounting” has been adopted for such properties. For tax property additions in years 1981 through 1986, SDG&E has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SDG&E has computed its tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

J. Proxy Statement - Rule 3.2 (a)(8)

A copy of SDG&E's most recent Proxy Statement dated April 17, 2009 was mailed to the Commission on April 24, 2009 and is incorporated herein by reference.

K. Statement Pursuant to Rule 3.2 (a)(10)

This Application is not seeking to increase rates as a passes through of increased costs, but rather is seeking authorization for the recover of costs recorded to various accounts authorized for such disposition in SDG&E's ERRA proceedings.

L. Service and Notice - Rules 1.9, 1.10, and 3.2 (c) and (d)

As discussed above, SDG&E is not seeking a rate increase by this Application but is instead requesting Commission authorization to recover costs recorded in the balancing and memorandum accounts referenced herein. However, out the abundance of caution, SDG&E will provide notice of the illustrative rate impacts of approval of the authority requested under Rules 3.2 (c) and (d). Accordingly, within ten days following the filing of this Application, SDG&E will publish at least once in a newspaper of general circulation in each county in which the changes proposed here will

become effective, a notice, in general terms, of the changes proposed in this Application. This notice will also state that a copy of this Application and related attachments may be examined at the Commission's offices and such offices of SDG&E as are specified in the notice. A similar notice will be included in the regular bills mailed to all customers within 45 days of the filing date of this Application.

As this is a new application, no official service list has been established. Accordingly, SDG&E will serve a copy of this Application, related exhibits and the public version of the supporting testimony on parties of record in A.09-05-018 (SDG&E's last ERRR compliance review proceeding) and the Chief ALJ.

III. CONFIDENTIAL INFORMATION

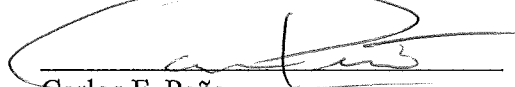
SDG&E is submitting the testimony supporting this Application in both public (redacted) and non-public (unredacted and confidential) form, consistent with SDG&E's declarations of confidential treatment attached to the testimony of each witness and submitted in conformance with D.08-04-023. In short, confidential treatment and redaction of such information is necessary in this proceeding to protect from inappropriate disclosure of confidential, commercially sensitive information (pertaining to SDG&E's electric procurement resources and strategies) that SDG&E witnesses must identify to support this Application.

IV. CONCLUSION

Based on this Application, the supporting testimony and exhibits, SDG&E respectfully requests that the Commission grant the relief requested above and such additional relief as the Commission deems appropriate.

Dated this 1st day of June 2010, in San Diego, California.

Respectfully submitted,



Carlos F. Peña

Attorney for:
San Diego Gas & Electric Company
101 Ash Street
San Diego, CA 92101
Telephone: (619) 696-4320
Facsimile: (619) 699-5027
CFPena@semprautilities.com

By:



Lee Schavrien

Senior Vice President
Finance, Regulatory, and Legislative Affairs for
San Diego Gas & Electric Company

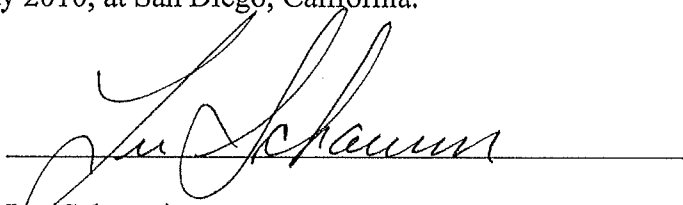
VERIFICATION

The undersigned states as follows:

I am an officer of SAN DIEGO GAS & ELECTRIC COMPANY and am authorized to make this verification for and on behalf of said corporation. The content of this document is true, except as to matters that are stated on information and belief. As to those matters, I believe them to be true.

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

Executed this 28th day of May 2010, at San Diego, California.

A handwritten signature in cursive script, appearing to read "Lee Schavarien", is written over a solid horizontal line.

Lee Schavarien
Senior Vice President
Finance, Regulatory, and Legislative Affairs for
San Diego Gas & Electric Company

ATTACHMENT A

Financial Statement and Balance Sheet and Income Statement

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2009

1. UTILITY PLANT		<u>2009</u>
101	UTILITY PLANT IN SERVICE	\$10,056,217,933
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	2,973,017
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	545,954,329
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,211,696,068)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(255,383,870)
118	OTHER UTILITY PLANT	674,387,352
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(145,060,258)
120	NUCLEAR FUEL - NET	<u>51,050,581</u>
TOTAL NET UTILITY PLANT		<u>6,718,443,016</u>
 2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	5,168,553
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(520,025)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>678,587,409</u>
TOTAL OTHER PROPERTY AND INVESTMENTS		<u>683,235,937</u>

Data from SPL as of April 15, 2010

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2009

3. CURRENT AND ACCRUED ASSETS

		2009
131	CASH	4,996,010
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	3,000
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	1,727,158
142	CUSTOMER ACCOUNTS RECEIVABLE	180,730,598
143	OTHER ACCOUNTS RECEIVABLE	81,984,725
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,186,422)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	18,351,929
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	5,453,946
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	59,203,059
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	355,115
165	PREPAYMENTS	95,639,713
171	INTEREST AND DIVIDENDS RECEIVABLE	4,018,839
173	ACCRUED UTILITY REVENUES	51,275,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	272,864,690
175	DERIVATIVE INSTRUMENT ASSETS	42,475,678
	TOTAL CURRENT AND ACCRUED ASSETS	815,893,038

4. DEFERRED DEBITS

181	UNAMORTIZED DEBT EXPENSE	23,892,022
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,372,956,256
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	1,320,980
184	CLEARING ACCOUNTS	71,432
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	5,148,000

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2009

5. PROPRIETARY CAPITAL

	<u>2009</u>
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	(279,618,042)
214 CAPITAL STOCK EXPENSE	25,688,571
216 UNAPPROPRIATED RETAINED EARNINGS	(1,611,830,266)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	<u>9,600,268</u>
TOTAL PROPRIETARY CAPITAL	<u>(2,818,316,017)</u>

6. LONG-TERM DEBT

221 BONDS	(1,936,905,000)
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	<u>3,836,043</u>
TOTAL LONG-TERM DEBT	<u>(2,186,788,957)</u>

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(688,147,980)
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SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2009

8. CURRENT AND ACCRUED LIABILITES

	2009
231 NOTES PAYABLE	-
232 ACCOUNTS PAYABLE	(279,634,879)
233 NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(14,196,909)
235 CUSTOMER DEPOSITS	(56,097,076)
236 TAXES ACCRUED	(349,495)
237 INTEREST ACCRUED	(22,512,413)
238 DIVIDENDS DECLARED	(1,204,917)
241 TAX COLLECTIONS PAYABLE	(4,354,784)
242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(465,017,879)
243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(41,031,778)
244 DERIVATIVE INSTRUMENT LIABILITIES	(273,311,902)
245 DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	0
TOTAL CURRENT AND ACCRUED LIABILITIES	(1,157,712,032)

9. DEFERRED CREDITS

252 CUSTOMER ADVANCES FOR CONSTRUCTION	(16,970,284)
253 OTHER DEFERRED CREDITS	(139,089,611)
254 OTHER REGULATORY LIABILITIES	(891,359,106)
255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(26,265,527)
257 UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	(5,201,256)
282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(733,644,764)
283 ACCUMULATED DEFERRED INCOME TAXES - OTHER	(229,079,730)

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2009

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$3,022,995,481
401	OPERATING EXPENSES	\$1,870,679,817	
402	MAINTENANCE EXPENSES	167,804,014	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	322,537,660	
408.1	TAXES OTHER THAN INCOME TAXES	71,177,763	
409.1	INCOME TAXES	110,037,299	
410.1	PROVISION FOR DEFERRED INCOME TAXES	125,882,680	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(56,980,485)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(91,982)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	<u>(945,335)</u>	
	TOTAL OPERATING REVENUE DEDUCTIONS		<u>2,610,101,431</u>
	NET OPERATING INCOME		412,894,050

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(62,401)	
418	NONOPERATING RENTAL INCOME	423,100	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	7,011,668	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	29,102,903	
421	MISCELLANEOUS NONOPERATING INCOME	1,252,107	
421.1	GAIN ON DISPOSITION OF PROPERTY	<u>-</u>	
	TOTAL OTHER INCOME	<u>37,727,377</u>	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	<u>394,403</u>	
	TOTAL OTHER INCOME DEDUCTIONS	<u>394,403</u>	
408.2	TAXES OTHER THAN INCOME TAXES	350,412	
409.2	INCOME TAXES	(1,948,989)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	4,214,231	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(305,595)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>2,310,059</u>	

**SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$1,417,747,578
NET INCOME (FROM PRECEDING PAGE)	348,902,357
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(4,819,669)
OTHER RETAINED EARNINGS ADJUSTMENTS	(150,000,000)
RETAINED EARNINGS AT END OF PERIOD	<u>\$1,611,830,266</u>

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 2009

(a) Amounts and Kinds of Stock Authorized:

Preferred Stock	1,375,000	shares	Par Value \$27,500,000
Preferred Stock	10,000,000	shares	Without Par Value
Preferred Stock	Amount of shares not specific		\$80,000,000
Common Stock	255,000,000	shares	Without Par Value

Amounts and Kinds of Stock Outstanding:

PREFERRED STOCK

5.0%	375,000	shares	\$7,500,000
4.50%	300,000	shares	6,000,000
4.40%	325,000	shares	6,500,000
4.60%	373,770	shares	7,475,400
\$1.70	1,400,000	shares	35,000,000
\$1.82	640,000	shares	16,000,000

COMMON STOCK

116,583,358	shares	291,458,395
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(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application Nos. 93-09-069, 04-01-009 and 06-05-01: to which references are hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application No. 06-05-015 and 08-07-029 to which reference is hereby made.

(d) Number and Amount of Bonds Authorized and Issued

<u>First Mortgage Bonds:</u>	<u>Nominal Date of Issue</u>	<u>Par Value Authorized and Issued</u>	<u>Outstanding</u>	<u>Interest Paid in 2009</u>
6.8% Series KK, due 2015	12-01-91	14,400,000	14,400,000	979,200
Var% Series OO, due 2027	12-01-92	250,000,000	150,000,000	7,612,500
5.85% Series RR, due 2021	06-29-93	60,000,000	60,000,000	3,510,000
2.539% Series VV, due 2034	06-17-04	43,615,000	43,615,000	1,877,679
2.539% Series WW, due 2034	06-17-04	40,000,000	40,000,000	1,724,949
2.516% Series XX, due 2034	06-17-04	35,000,000	35,000,000	1,502,592
2.832% Series YY, due 2034	06-17-04	24,000,000	24,000,000	1,067,817
2.832% Series ZZ, due 2034	06-17-04	33,650,000	33,650,000	1,494,416
2.8275% Series AAA, due 2039	06-17-04	75,000,000	75,000,000	295,705
5.35% Series BBB, due 2035	05-19-05	250,000,000	250,000,000	13,375,000
5.30% Series CCC, due 2015	11-17-05	250,000,000	250,000,000	13,250,000
6.00% Series DDD, due 2026	06-08-06	250,000,000	250,000,000	15,000,000
Var Series EEE, due 2018	09-21-06	161,240,000	161,240,000	947,581
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	9,850,000
 <u>Unsecured Bonds:</u>				
5.9% CPCFA96A, due 2014	06-01-96	129,820,000	129,820,000	7,659,380
5.3% CV96A, due 2021	08-02-96	38,900,000	38,900,000	2,061,700
5.5% CV96B, due 2021	11-21-96	60,000,000	60,000,000	3,300,000
4.9% CV97A, due 2023	10-31-97	25,000,000	25,000,000	1,225,000

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 2009

<u>Other Indebtedness:</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>	<u>Interest Paid 2009</u>
Commercial Paper & ST Bank Loans	Various	Various	Various	0	\$39,858

Amounts and Rates of Dividends Declared:

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

<u>Preferred Stock</u>	<u>Shares Outstanding</u>	<u>Dividends Declared</u>				
	<u>12-31-09</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
5.0%	375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
4.50%	300,000	270,000	270,000	270,000	270,000	270,000
4.40%	325,000	286,000	286,000	286,000	286,000	286,000
4.60%	373,770	343,868	343,868	343,868	343,868	343,868
\$ 1.7625	0	1,321,875	1,145,625	969,375	242,344	0
\$ 1.70	1,400,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000
\$ 1.82	640,000	1,164,800	1,164,800	1,164,800	1,164,800	1,164,800
	<u>3,413,770</u>	<u>\$6,141,543</u>	<u>\$5,965,293</u>	<u>\$5,789,043</u>	<u>\$5,062,012 [2]</u>	<u>\$4,819,668</u>

Common Stock

Amount	\$75,000,000	\$0	\$0	\$0	\$150,000,000 [1]
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A balance sheet and a statement of income and retained earnings of Applicant for the twelve months ended December 31, 2009, are attached hereto.

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

[2] Includes \$242,344 of interest expense related to redeemable preferred stock.

San Diego Gas & Electric Company Total Regulatory Capitalization
December 31, 2009
(\$ Millions)

<u>No.</u>	<u>Interest %</u> <u>12/08</u>	<u>Bond</u>	<u>Maturity</u>	<u>Principal</u> <u>(\$ millions)</u>
1	6.800%	SERIES KK	6/01/15	14.4
2	5.000%	SERIES OO-2	12/01/27	60.0
3	5.250%	SERIES OO-3	12/01/27	45.0
4	5.000%	SERIES OO-4	12/01/27	45.0
5	5.850%	SERIES RR	6/01/21	60.0
6	(V)	SERIES VV (CV2004A)	2/15/34	43.6
7	(V)	SERIES WW (CV2004B)	2/15/34	40.0
8	(V)	SERIES XX (CV2004C)	2/15/34	35.0
9	(V)	SERIES YY (CV2004D)	1/01/34	24.0
10	(V)	SERIES ZZ (CV2004E)	1/01/34	33.7
11	(V)	SERIES AAA (CV2004F)	5/01/39	75.0
12	5.3500%	SERIES BBB	5/15/35	250.0
13	5.3000%	SERIES CCC	11/15/15	250.0
14	6.0000%	SERIES DDD	6/1/26	250.0
15	Var	SERIES EEE	7/1/18	161.2
16	6.1250%	SERIES FFF	9/15/37	250.0
17				<hr/>
Total First Mortgage Bonds				1,636.9
Other Long-Term Debt				
18	5.900%	CPCFA96A	6/01/14	129.8
19	5.300%	CV96A	7/01/21	38.9
20	5.500%	CV96B	12/01/21	60.0
21	4.900%	CV97A	3/01/23	25.0
Total Other Long-Term Debt				<hr/> 253.7
Long-Term Debt before Unamortized premiums, issue expenses & loss on reacquired debt net of tax				1,890.6
Unamortized discount less premium				(2.7)
Unamortized issued expense				(20.1)
Unamortized loss on reacquired debt net of tax				(17.5)
				<hr/>
Long-Term Debt net of Unamortized premiums, issue expenses & loss on reacquired debt net of tax				1,850.3
<u>Equity Capital</u>				
Common Stock Equity				2,543.0
Preferred Stock Equity				78.5
				<hr/>
Total Equity				2,621.5
				<hr/>
Total Regulatory Capitalization				4,471.8
				<hr/> <hr/>

ATTACHMENT B

Illustrative Rate Impacts

ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical non-CARE residential customer living in the inland climate zone and using 500 kilowatt-hours per month could see a monthly summer bill increase of 0.08%, or \$0.06. A typical monthly electric bill could increase from \$78.90 to \$78.96. The percentages shown do not necessarily reflect the changes that you may see on your bill. Changes in individual bills will also depend on how much electricity each customer uses.

SAN DIEGO GAS & ELECTRIC COMPANY —ELECTRIC DEPARTMENT ILLUSTRATIVE ELECTRIC RATE IMPACT

	5/01/10 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentag e Rate Change %
Residential	17.689	17.713	0.024	0.14%
Small	17.665	17.691	0.026	0.15%
Commercial				
Medium and	14.223	14.248	0.025	0.18%
Large C&I				
Agricultural	17.174	17.198	0.024	0.14%
Lighting	15.529	15.547	0.018	0.12%
System Total	15.852	15.877	0.025	0.16%

ATTACHMENT C

Statement of Account of the Original Cost and Depreciation

SAN DIEGO GAS & ELECTRIC COMPANY

**COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETO
AS OF DECEMBER 31, 2009**

<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	\$ 202,900
303	Misc. Intangible Plant	26,878,263	25,441,479
	TOTAL INTANGIBLE PLANT	27,101,104	25,644,379
310.1	Land	14,526,518	46,518
310.2	Land Rights	0	0
311	Structures and Improvements	44,556,906	12,372,661
312	Boiler Plant Equipment	116,756,529	20,394,906
314	Turbogenerator Units	100,079,315	19,306,187
315	Accessory Electric Equipment	33,468,903	6,204,450
316	Miscellaneous Power Plant Equipment	18,815,570	2,601,191
	Steam Production Decommissioning	0	0
	TOTAL STEAM PRODUCTION	328,203,741	60,925,913
320.1	Land	0	0
320.2	Land Rights	283,677	283,677
321	Structures and Improvements	274,271,197	269,327,732
322	Boiler Plant Equipment	397,275,106	393,064,175
323	Turbogenerator Units	140,240,158	135,801,716
324	Accessory Electric Equipment	167,581,487	166,688,049
325	Miscellaneous Power Plant Equipment	288,774,862	220,560,120
107	ICIP CWIP	0	0
	TOTAL NUCLEAR PRODUCTION	1,268,426,486	1,185,725,468
340.1	Land	143,476	0
340.2	Land Rights	2,428	2,428
341	Structures and Improvements	16,473,840	1,169,729
342	Fuel Holders, Producers & Accessories	15,295,980	2,002,850
343	Prime Movers	21,550,498	3,843,899
344	Generators	235,088,389	16,989,607
345	Accessory Electric Equipment	10,918,268	1,381,194
346	Miscellaneous Power Plant Equipment	359,058	63,526
	TOTAL OTHER PRODUCTION	299,831,937	25,453,233
	TOTAL ELECTRIC PRODUCTION	1,896,462,165	1,272,104,614

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	\$ 37,822,715	\$ 0
350.2	Land Rights	70,905,656	10,602,206
352	Structures and Improvements	98,525,958	30,158,077
353	Station Equipment	640,671,917	142,191,284
354	Towers and Fixtures	107,855,852	80,141,238
355	Poles and Fixtures	171,014,838	39,053,226
356	Overhead Conductors and Devices	255,676,258	156,837,845
357	Underground Conduit	129,368,482	15,480,203
358	Underground Conductors and Devices	110,514,092	17,958,140
359	Roads and Trails	25,627,569	5,614,138
	TOTAL TRANSMISSION	1,647,983,336	498,036,358
360.1	Land	16,176,228	0
360.2	Land Rights	70,019,304	29,065,626
361	Structures and Improvements	3,253,836	1,360,498
362	Station Equipment	336,534,064	70,964,348
364	Poles, Towers and Fixtures	436,429,928	196,109,579
365	Overhead Conductors and Devices	346,271,498	121,604,912
366	Underground Conduit	859,452,730	321,055,409
367	Underground Conductors and Devices	1,134,515,369	626,308,456
368.1	Line Transformers	430,423,892	73,480,534
368.2	Protective Devices and Capacitors	17,421,145	(4,429,185)
369.1	Services Overhead	108,238,402	120,233,207
369.2	Services Underground	285,089,043	180,554,849
370.1	Meters	112,804,690	34,263,069
370.2	Meter Installations	52,806,919	10,593,716
371	Installations on Customers' Premises	6,246,317	10,101,205
373.1	St. Lighting & Signal Sys.-Transformers	0	0
373.2	Street Lighting & Signal Systems	24,253,948	16,363,069
	TOTAL DISTRIBUTION PLANT	4,239,937,312	1,807,629,291
389.1	Land	7,511,040	0
389.2	Land Rights	0	0
390	Structures and Improvements	29,776,375	14,355,772
392.1	Transportation Equipment - Autos	0	49,884
392.2	Transportation Equipment - Trailers	26,034	2,528
393	Stores Equipment	52,833	49,209
394.1	Portable Tools	16,306,508	4,932,280
394.2	Shop Equipment	350,581	163,808
395	Laboratory Equipment	320,845	(2,238)
396	Power Operated Equipment	92,162	149,134
397	Communication Equipment	116,182,492	53,015,546
398	Miscellaneous Equipment	462,560	45,662
	TOTAL GENERAL PLANT	171,081,428	72,761,586
101	TOTAL ELECTRIC PLANT	7,982,565,345	3,676,176,229

<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	\$ 86,104
303	Miscellaneous Intangible Plant	713,559	574,758
	TOTAL INTANGIBLE PLANT	799,663	660,862
360.1	Land	0	0
361	Structures and Improvements	43,992	43,992
362.1	Gas Holders	0	0
362.2	Liquefied Natural Gas Holders	0	0
363	Purification Equipment	0	0
363.1	Liquefaction Equipment	0	0
363.2	Vaporizing Equipment	0	0
363.3	Compressor Equipment	0	0
363.4	Measuring and Regulating Equipment	0	0
363.5	Other Equipment	0	0
363.6	LNG Distribution Storage Equipment	1,725,499	432,146
	TOTAL STORAGE PLANT	1,769,491	476,138
365.1	Land	4,649,144	0
365.2	Land Rights	2,217,185	1,101,529
366	Structures and Improvements	11,230,684	8,336,454
367	Mains	125,303,759	53,234,595
368	Compressor Station Equipment	68,648,046	45,513,137
369	Measuring and Regulating Equipment	18,958,071	12,185,727
371	Other Equipment	0	0
	TOTAL TRANSMISSION PLANT	231,006,888	120,371,442
374.1	Land	102,187	0
374.2	Land Rights	8,043,621	5,431,376
375	Structures and Improvements	43,447	61,253
376	Mains	518,913,255	290,113,338
378	Measuring & Regulating Station Equipment	9,998,057	5,997,237
380	Distribution Services	234,116,478	264,564,396
381	Meters and Regulators	85,147,770	29,219,878
382	Meter and Regulator Installations	67,598,820	22,180,227
385	Ind. Measuring & Regulating Station Equipm	1,516,811	878,091
386	Other Property On Customers' Premises	0	0
387	Other Equipment	5,274,409	4,472,986
	TOTAL DISTRIBUTION PLANT	930,754,854	622,918,782

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	\$ 0	\$ 25,503
392.2	Transportation Equipment - Trailers	74,501	74,501
394.1	Portable Tools	7,077,116	2,642,894
394.2	Shop Equipment	84,181	17,629
395	Laboratory Equipment	283,094	92,763
396	Power Operated Equipment	162,284	36,966
397	Communication Equipment	2,177,345	1,317,572
398	Miscellaneous Equipment	280,519	93,128
	TOTAL GENERAL PLANT	10,139,039	4,300,956
101	TOTAL GAS PLANT	1,174,469,936	748,728,179
COMMON PLANT			
303	Miscellaneous Intangible Plant	232,666,850	173,154,379
350.1	Land	0	0
360.1	Land	0	0
389.1	Land	5,612,511	0
389.2	Land Rights	1,385,339	27,275
390	Structures and Improvements	184,276,024	70,091,643
391.1	Office Furniture and Equipment - Other	26,673,605	13,685,997
391.2	Office Furniture and Equipment - Computer E	44,946,931	13,393,429
392.1	Transportation Equipment - Autos	33,942	(338,930)
392.2	Transportation Equipment - Trailers	33,369	(50,811)
393	Stores Equipment	138,816	(44,113)
394.1	Portable Tools	581,115	23,819
394.2	Shop Equipment	310,478	163,086
394.3	Garage Equipment	1,603,804	177,114
395	Laboratory Equipment	2,370,507	894,736
396	Power Operated Equipment	0	(192,979)
397	Communication Equipment	83,900,257	46,428,424
398	Miscellaneous Equipment	2,252,318	389,562
118.1	TOTAL COMMON PLANT	586,785,867	317,802,632
	TOTAL ELECTRIC PLANT	7,982,565,345	3,676,176,229
	TOTAL GAS PLANT	1,174,469,936	748,728,179
	TOTAL COMMON PLANT	586,785,867	317,802,632
101 & 118.1	TOTAL	9,743,821,148	4,742,707,040
101	PLANT IN SERV-SONGS FULLY RECOVER	\$ (1,164,131,236)	\$ (1,164,131,236)
101	PLANT IN SERV-ELECTRIC NON-RECON Electric	\$ 0	\$ 0

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	Accrual for Retirements		
	Electric	\$ (5,927,587)	\$ (5,927,587)
	Gas	(113,515)	(113,515)
	TOTAL PLANT IN SERV-NON RECON ACC	(6,041,103)	(6,041,103)
	Electric	0	0
	Gas	0	0
	TOTAL PLANT PURCHASED OR SOLD	0	0
105	Plant Held for Future Use		
	Electric	2,973,017	0
	Gas	0	0
	TOTAL PLANT HELD FOR FUTURE USE	2,973,017	0
107	Construction Work in Progress		
	Electric	572,925,005	
	Gas	2,885,824	
	Common	86,821,033	
	TOTAL CONSTRUCTION WORK IN PROGRESS	662,631,862	0
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0	318,538
108	Accum. Depr SONGS SGRP Removal		
	Electric	0	3,669,000
108.5	Accumulated Nuclear Decommissioning		
	Electric	0	606,043,897
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	0	606,043,897
101.1	ELECTRIC OMEC CAPITAL LEASE	717,747,941	8,718,197
118.1	COMMON CAPITAL LEASE	20,795,431	645,416
		738,543,372	9,363,613
120	NUCLEAR FUEL FABRICATION	97,538,885	76,344,804
143	FAS 143 ASSETS - Legal Obligation	126,668,513	(526,951,669)
	FIN 47 ASSETS - Legal Obligation	34,751,219	14,087,528
143	FAS 143 ASSETS - Non-legal Obligation	0	(1,148,078,945)
	TOTAL FAS 143	161,419,732	(1,660,943,087)
	UTILITY PLANT TOTAL	\$ 10,236,755,677	\$ 2,607,331,467

ATTACHMENT D

Summary of Earnings

**SAN DIEGO GAS & ELECTRIC COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,023
2	Operating Expenses	<u>2,610</u>
3	Net Operating Income	<u><u>\$413</u></u>
4	Weighted Average Rate Base	\$4,362
5	Rate of Return*	8.40%

*Authorized Cost of Capital

CERTIFICATE OF SERVICE

I hereby certify that a copy of **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF: (I) CONTRACT ADMINISTRATION, LEAST COST DISPATCH AND POWER PROCUREMENT ACTIVITIES, AND (II) COSTS RELATED TO THOSE ACTIVITIES RECORDED TO THE ELECTRIC RESOURCE RECOVERY ACCOUNT, INCURRED DURING THE RECORD PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2009, AND (III) THE ENTRIES RECORDED IN RELATED REGULATORY ACCOUNTS** has been electronically mailed to each party of record of the service list in A.09-05-018. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to the assigned Administrative Law Judges and Commissioner.

Executed this 1st day of June, 2010 at San Diego, California.

/s/ JOEL DELLOSA

Joel Delloso