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 (First Mortgage Bonds, debentures, overseas indebtedness, foreign securities, medium-term notes, accounts receivable financing), and to enter into long-term loans, in an aggregate principal amount up to $800 million of debt capital, in addition to previously-authorized amounts; (2) issue certain tax-exempt Debt Securities in order to guarantee the obligations of others; (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) issue and sell up to $150 million of par or stated-value Preferred or Preference Stock, in addition to previously-authorized amounts; (5) hedge planned issuances of Debt Securities, Preferred or Preference Stock; (6) obtain certain exemptions from the Commission's Competitive Bidding Rule; and (7) take all other necessary, related actions.	Application No. 10-05- ___

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

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

Pursuant to Articles 5 and 6 of Chapter 4, Part 1, Division 1 of the Public Utilities Code ("Pub. Util. Code") and Rule 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:

1. To issue First Mortgage Bonds ("FMBs"), debentures, overseas indebtedness, foreign securities, medium-term notes, accounts receivable financing, and to enter into long-term loans (collectively, "Debt Securities"), in an aggregate

principal amount of up to $800 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 certain tax-exempt Debt Securities in order to guarantee the obligations of others;

3. 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;

4. To issue and sell up to $150 million of par or stated-value Preferred or Preference Stock, in addition to previously-authorized amounts;

5. To hedge, when appropriate, planned issuances of Debt Securities, Preferred or Preference Stock;

6. To obtain certain exemptions from the Commission's Competitive Bidding Rule;

7. Take all other necessary and related actions (as described in Section XIII).

The authorization requested in this Application is in addition to the unused authority previously granted in Commission Decisions ("D.") 08-07-029, 06-05-015, 04-01-009, and 93-09-069, as discussed in Section II below.

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 substantial infrastructure investments in the $1 billion to $2.1 billion range in each of the next three years to, among other things, serve an increasing load, improve reliability, meet its renewable portfolio standard goals, reduce congestion costs, connect new generation, and upgrade and modernize aging infrastructure. Specifically, SDG&E is planning for over $1.4 billion of capital expenditures for Sunrise Powerlink in 2010 through 2012.

SDG&E's Sunrise Powerlink project provides greater access to green energy and improves customer reliability.

SDG&E is also completing the capital funding of the Smart Metering Program over the period 2010 through 2011, at a capital cost of up to $400 million. Additionally, SDG&E has a $200 million capital investment in 2011 for the El Dorado Combined Cycle (480 megawatt) plant, and has over $300 million of substation investments over the 2010 through 2012 period. Moreover, SDG&E has annually over $600 million of planned California and Federal Energy Regulatory Commission ("FERC") base capital investments during each year of the 2010 through 2011 period to support customer demand and upgrade aging infrastructure. These investments are being made to help deliver reliable supplies of energy to SDG&E's service territory as the area's energy demands increase, and to facilitate the goals associated with these capital projects, such as Sunrise Powerlink and Smart Metering Program, which have been approved by the Commission.

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 and regulatory requirements and conditions evolve. Thus, in considering these estimates, it is important to emphasize that variability is inherent in the financial planning process. In sum, SDG&E has a robust capital investment plan to ensure that customers continue to receive reliable service at the lowest reasonable cost. The annual capital costs are shown in the testimony of Jack S. Lewis, Schedule I.

SDG&E requests herein authority to issue various kinds of long-term debt and equity securities; these securities and their features are described below, and are supported by the testimony of Gary H. Hayes.

II. BACKGROUND

A. Remaining Long-Term Debt Authority

As illustrated in Table 1 below, all of SDG&E's currently-remaining long-term debt financing authority was granted by D.08-07-029 (which authorized the issuance of long-term debt capital up to $1.1 billion, including $413 million of rollover[1] debt) and D.06-05-015 (which authorized the issuance of up to $800 million of long-term debt capital).[2] Through the month ending December 31, 2009, SDG&E has utilized just over $667 million of the long-term debt authority granted by D.06-05-015, leaving just over $132 million of remaining authority. As of December 31, 2009, none of the debt authority granted in D.08-07-029 has been used. However, SDG&E issued $250 million in May of 2010, and is planning to issue an additional $550 million later in 2010.

B. Remaining Preferred Stock Authority

Through the month ending December 31, 2009, SDG&E has utilized just over $51 million of the preferred stock authority granted by D.93-09-069, and has not utilized any of the authority granted by D.04-01-009 or D.06-05-015. As of December 31, 2009, SDG&E has slightly more than $252 million of remaining new-money preferred authority, and $76 million of rollover preferred authority.

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[1] "Rollover" refers to Securities issued for the purpose of refunding or rolling over at maturity Securities previously issued and upon which SDG&E paid the fees prescribed by Pub. Util. Code §1904.

[2] See D.08-07-029 (*mimeo*), p. 2.

Table 1

Summary of Debt and Preferred Authority Pending Approval
vs. 2010 - 2012 Planned Financing Requirement
($millions)

	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.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)	-	-	-
Remaining authority	132.26	-	200.00	-
D.08-07-029	687.00	413.00	-	-
Total remaining authority, all decisions @ 12/31/09	**819.26**	**413.00**	**252.36**	**76.00**
Series HHH issued May 13, 2010	(250.00)	-	-	-
Remaining Authority at May 14, 2010	**569.26**	**413.00**	**252.36**	**76.00**
Requested Additional New CPUC Authority	800.00	-	150.00	-
Total CPUC Authority Pending Approval	**1,369.26**	**413.00**	**402.36**	**76.00**
*Total Planned Debt & Preferred June 2010 - Dec. 2012	1,350.00	-	400.00	-

* SDG&E's Planned 2010 - 2012 financings as reflected in the testimony of Mr. Lewis on Schedule IIIa, adjusted downward for the $250 million issuance which occurred on May 13, 2010, as noted above.

In summary, the financing needs to support SDG&E's capital investments during 2010 through 2012, as discussed in Section I, are significantly above the currently unused portion of the existing debt authorizations. SDG&E expects that almost all of the remaining $569 million of remaining funding authority will be utilized in 2010 when SDG&E issues $800 million of new long-term debt as noted in the testimony of Mr. Lewis on Schedule IIIa. SDG&E then expects to issue $600 million of new long-term debt in 2011 and to issue another $200 million of long-term debt in 2012 which is also reflected in Schedule IIIa. Additionally, SDG&E also plans to issue $400 million of new Preferred Stock during 2011 in excess of the currently authorized amount of $252 million. Consequently, significant new near term financings will be needed to fund SDG&E's ongoing capital investments that are reflected in the testimony of Mr. Lewis on Schedule I. Additional information about the requested authorizations is provided below in this Application.

III. USE OF PROCEEDS

SDG&E intends to apply the net proceeds from the proposed debt and preferred capital financings to, or to reimburse its treasury for monies expended or to be expended for the expansion and betterment of utility plant. Further detail on these uses is included in Schedules I and IIIa contained in the testimony of Mr. Lewis.

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 the same types of Debt Securities requested in its previous financing application (Application ("A.") 08-05-005), which was approved by the Commission in D.08-07-029.

In general, each series of Debt Securities is expected to have a maturity of between one (1) year and one hundred (100) years. Medium-term notes are expected to have a maturity of between nine (9) months and forty (40) years.

With the exception of FMBs and long-term loans (both defined 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(H), below.

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. 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. 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. Medium-Term Notes

Medium-term notes ("MTNs") are a form of debt that may be offered on a continuous or periodic basis. Generally, MTNs are noncallable, unsecured, senior debt securities with investment-grade credit ratings. Like corporate debt, MTNs can carry either fixed or variable rates of interest, can be sold overseas, and can be backed with certain issuer assets, like accounts receivable. MTNs differ primarily from bonds in their distribution process. MTNs are sold to investors by banks and broker-dealers on what is known as a "best-efforts" basis: in contrast to a bond underwriting, the agent in an MTN offering has no obligation to buy the notes and the issuer is not guaranteed funds. Many MTN programs permit the borrower to bypass financial intermediaries altogether and sell debt directly to investors. Finally, unlike corporate bonds, which are typically sold in large, discrete offerings, MTNs are usually sold in small amounts either on a continuous or an intermittent basis.

E. 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 prevent it from issuing alternative Debt Securities.

F. Accounts-Receivable 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 Pub. Util. Code §851 to mortgage and encumber utility property.

G. 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:

- 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.
- 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.

H. 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 prime rate of banks, bankers' acceptances, Eurocommercial paper, 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.

I. "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.

J. Subordinated Debt

SDG&E may issue subordinated debt securities, which will be junior in right of payment to its senior unsecured and secured indebtedness.

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.08-05-005 and approved by the Commission in D.08-07-029.

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. 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 normally 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 issues fixed-rate debt while another issues floating rate debt, and the two swap interest payment obligations based on a notional principal amount (the principal itself is not exchanged). Swaps are generally used to reduce either fixed-rate or floating-rate costs, or to convert fixed-rate borrowing to floating.

E. Swaptions

Swaption contracts give the right to enter into a swap agreement (or to exit a swap) under specified terms and conditions. The swaption’s strike price, maturity, size and structure can be tailored to suit a party’s particular needs. Corporate treasurers use swaptions to hedge an existing or anticipated exposure while retaining the ability to benefit from an advantageous change in interest rates, which is a benefit ultimately realized by SDG&E ratepayers in a lower cost of debt.

F. 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.

G. 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, who in turn makes periodic payments to the first party in a different currency. The payments are based on notional principal amounts that are fixed at the initiation of the swap. Unlike interest rate swaps, the principal amount is generally exchanged at the beginning of the transaction 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.

H. 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.

I. Capital Replacement

SDG&E may specify that it intends to replace Debt Securities when redeemed with replacement securities having similar, or more equity-like, characteristics. Capital replacement refers to an issuer's declaration of intent, or in some cases its covenant, to replace Debt Securities with new securities that receive similar or better rating-agency equity credit.

J. Interest Deferral

SDG&E may issue subordinated Debt Securities that permit discretionary interest payment deferral during an extension period. The extension period may specify a period wherein the issuer is not required to take any action. The deferral period shall not extend beyond the maturity date of the series of Debt Securities. SDG&E may be obligated to pay any such accrued interest at the end of the extension period; however, in certain cases, claims for deferred payments may be waived in part or in whole.

K. Special-Purpose Entity Transactions

In some instances it may be advantageous for SDG&E to guarantee the securities of a special-purpose entity ("SPE"). The SPE would be a subsidiary or other affiliate of SDG&E (including a limited partnership, a limited liability company or a business trust) and would issue securities and commit the proceeds from the issuance thereof to SDG&E. Although the structure of an actual transaction may vary, generally the SPE would issue long-term Debt Securities to the investment community, either for cash or in exchange for existing SDG&E securities. The securities may be guaranteed by SDG&E in order to obtain better rates and/or terms. The guarantee could cover any accrued and unpaid distributions on the securities, the redemption price and any repurchase obligations as well as the liquidation preference. The proceeds of the issuance by the SPE would be loaned to SDG&E through the issuance of Debt Securities featuring terms and conditions specified by SDG&E at the time of issuance. This type of transaction can result in SDG&E obtaining external capital which qualifies as having equity-like characteristics for the credit rating agencies but which SDG&E can treat as debt for tax purposes.

L. Delayed Drawdown

SDG&E may enter long-term loans or issue debt securities where the full principal amount is not borrowed immediately, but over time in a series of disbursements which draw down the funding over a period of time.

VI. PREFERRED AND PREFERENCE STOCK

This Application requests $150 million of new authority to issue Preferred or Preference Stock in addition to that already existing under D.06-05-015, D.04-01-009, and D.93-09-069.

SDG&E's sale of shares of its Preferred and Preference Stock will be affected through the offering and sale of such shares to the public through either negotiated underwritings or otherwise, or by private placements with institutional or other investors. Such sales can take place at any time and the precise amount and timing of each will, along with the securities' features, be established by SDG&E prior to the offering with due regard for its funding requirements and prevailing market conditions.

SDG&E anticipates that the terms and conditions of such securities may include, but not be limited to preference, dividends, redemption provisions, capital replacement, and trust structures.

A. Preferred and Preference Stock

Preferred Stock is junior to debt but senior to both Preference Stock and common equity in the hierarchy of capital classes. Preference Stock, in turn, is junior to Preferred Stock but senior to common equity. In practice, this means that Preferred Stock dividends must be fully paid before Preference Stock and common equity dividends can be declared. Moreover, upon dissolution of the corporation, holders of Preferred Stock must receive their par value before the holders of Preference Stock and common stock receive their par value. Continuing in sequence, Preference Stock dividends and claims in liquidation are subordinate to those of Preferred Stock, but rank superior to those of common stock.

B. Dividends

SDG&E pays Preferred and Preference Stock dividends at the discretion of its Board of Directors; the dividends are either cumulative or non-cumulative in nature.

New issues may feature dividend rates that are fixed, floating, or set through remarketing or auction procedures. SDG&E may include a dividend deferral provision that may allow for optional deferral of payments of dividends.

C. Redemption

Some Preferred and Preference Stocks are perpetual in nature, as is common stock. Others have a specified redemption date on which the issuer must redeem the shares at a stated value. There are Preferred and Preference Stock that, like debt instruments, feature sinking funds. Finally, some Preferred or Preference Stock can be callable anytime at SDG&E's option, in whole or in part, at a preset price plus accrued and unpaid dividends up to the call date.

D. Capital Replacement

SDG&E may specify that it intends to replace Preferred Stock when redeemed with replacement securities having similar or greater equity characteristics.

E. Special-Purpose Entity Transactions

In some instances, it may be advantageous for SDG&E to guarantee the preferred securities of an SPE. As described in Section V(K) above, the SPE would be a subsidiary or other affiliate of SDG&E (including a limited partnership, a limited liability company or a business trust) that would issue preferred securities and loan the proceeds from the issuance to SDG&E in exchange for Debt Securities featuring terms and conditions specified by SDG&E at the time of issuance. SDG&E may in some cases guarantee the SPE's securities. This type of transaction would typically result in SDG&E obtaining external capital which qualifies as having preferred characteristics for the credit rating agencies but which SDG&E can treat as debt for tax purposes.

VII. HEDGING THE PLANNED 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.08-05-005 and approved by the Commission in D.08-07-029.

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 can delay securities issuance and capture the current Treasury yield by selling short Treasury securities (i.e., selling Treasury securities that it does not own) of a maturity comparable to that of the contemplated debt security. If interest rates rise, SDG&E will cover its short Treasury position at a profit, which will be offset by the higher interest cost of the newly-issued securities; if interest rates decline, SDG&E will cover its short Treasury position at a loss, but this will be offset by the lower cost on 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") anytime 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.

VIII. COMPETITIVE BIDDING

A. Public Offerings By Competitive Bidding

Rules adopted in D.38614, as amended in D.49941, D.75556, and D.81908, and Commission Resolution Number F-616 ("Resolution F-616") (collectively, the "Competitive Bidding Rule"), generally require California public utilities to obtain competitive bids for the underwriting of their debt. In Commission Resolution Number F-616, dated October 1, 1986 ("Resolution F-616"), the Commission stated that the Competitive Bidding Rule is mandatory for all domestic debt issues of debentures and FMBs of $200 million or less.

SDG&E intends to competitively bid all underwritten public offerings of fixed-rate debentures and FMBs of $200 million or less, establishing the exact principal amounts and maturities, the redemption, security, subordination, and conversion provisions (if any), and the other terms and provisions of any competitively bid Debt Security. At issuance, the Debt Security's price and associated interest rate will be determined by the bid that results in the lowest cost of funds.

In Resolution F-616, the Commission also modified its prior policy and stated that telephonic competitive bidding is allowable. Consistent with this modification, SDG&E requests that the Commission authorize (1) the invitation of bids by telephone or through other electronic means such as e-mail, and (2) the receipt of bids from two or more underwriters or underwriting syndicates by telephone or through other electronic means such as e-mail. Furthermore, SDG&E seeks authority to accelerate, postpone, or cancel the scheduled date and time for the receipt of bids and/or vary the terms and provisions of the Debt Securities submitted for bid telephonically or through other electronic means such as e-mail. Finally, SDG&E requests authority to reject all bids and request resubmission of bids telephonically or through other electronic means such as e-mail.

B. <u>Exemption from Competitive Bidding Rule for Issues Over $200 Million</u>

In Resolution F-616, the Commission stated that it would grant exemptions from the Competitive Bidding Rule for debt issues in excess of $200 million upon a compelling showing by a utility that, because of the size of an issue, such an exemption is warranted. SDG&E believes that exempting issues in excess of $200 million in principal amount would enable SDG&E to meet its financing requirements on the most favorable terms available.

The size of a debt offering may determine whether competitive bidding or negotiated underwriting results in the lowest cost. In a competitively bid offering, the investment-banking community is divided into competing bidding syndicates, each composed of fewer participants than in a conventional, negotiated-underwriting syndicate. This increases the risk that the winning syndicate will be unable to efficiently and profitably distribute SDG&E's securities in secondary markets, because a competitive bid tends to fragment the capital commitment and placement capabilities of underwriters, who must work against each other and are less able to thoroughly gauge market demand for an offering. As a competitively bid issue grows, underwriter uncertainty grows with it; this will be reflected in a higher rate of interest.

In this regard, it is worth considering the significant changes witnessed in the underwriting sector in recent years. Among the major stand-alone investment banks, three have exited the market altogether while two others have refashioned themselves as commercial banks to survive. The number of large commercial banks that underwrite securities has been decreasing over the last decade as well, the acquisitions of Dresdner Bank and Wachovia in 2008 being the most recent examples. This reduction in the number and size of potential bidding syndicates suggests that the uncertainty inherent to competitive bidding will be exacerbated, leading to debt costs well above those set in negotiated underwritings.

The effect of a shrinking playing field on competitively-bid offerings has been compounded by the financial crisis of 2008-2009, which significantly weakened the banking sector's overall capital position. Over the last eighteen months, SDG&E has observed that banks are extremely reluctant to assume large, "balance-sheet intensive" positions with any single counterparty, evidence that at this time a competitive bid will result in a comparatively higher coupon.

In comparison to competitive bidding, negotiated pricing involves a single underwriting syndicate that counts more participants than does a bidding syndicate. Such an arrangement disperses underwriting risk, as more participants will presumably provide (1) a superior assessment of market demand, and (2) a reduction in the number of bonds each syndicate member must resell vis-à-vis a competitive bid. Consequently, a negotiated offering for issues larger than $200 million may result in a lower cost to

SDG&E and its ratepayers. In addition, a negotiated offering may provide greater flexibility to adjust the timing and terms of a proposed debt offering to meet changing market conditions.

Finally, competitive bidding of large offerings (i.e., more than $200 million) may have the unwanted effect of limiting diverse business enterprise ("DBE") participation in SDG&E's financing activities. Since 2004, SDG&E and its utility affiliate, Southern California Gas Company ("SoCalGas"), have actively sought to include DBE underwriting firms in their FMB offerings, employing ten DBE firms in twelve offerings totaling more than $3 billion in aggregate. Most recently, in its May 10, 2010 bond offering, SDG&E successfully employed a DBE firm in a lead underwriter role and assigned two other DBEs to the transaction's only co-manager roles. SDG&E's treasury group continues to cultivate new DBE relationships for future potential transactions.

Difficulty arises in employing DBE firms in large, competitively bid offerings. DBE firms in comparison with larger Wall Street "bulge bracket" firms are less capitalized (capping the absolute amount they can underwrite) and are more limited in their distribution capabilities (forcing them to commit risk capital to a single offering for a longer period). Such limitations would force most, if not all, of SDG&E's DBE firms to decline participation in a competitive bid of $200 million or more. An exemption from the Competitive Bidding Rule for debt issues in excess of $200 million would enable SDG&E to continue its efforts to increase the number of DBE underwriters in its syndicates. The Commission has previously adopted this exemption in D.08-07-029 and D.06-05-005, which has facilitated SDG&E's ability to retain DBEs, as noted above.

C. Exemption for Debt Issues for which Competitive Bidding Is Not Viable or Available

The Commission stated in Resolution F-616 that "[d]ebt issues for which competitive bidding is not viable or available are exempt [from the Competitive Bidding Rule]." While Resolution F-616 did not specify the type of financings that fall within the exemption, a study by the Commission's Evaluation and Compliance Division identified various types of debt instruments that should be exempted. Specifically, the study states:

> A number of these debt securities, either by their nature or by established business practices do not lend themselves to competitive bidding. Securities privately placed with specific lenders and bank term loans obviously must be negotiated. Competitive bidding is not presently available in European or Japanese markets. Certain tax-exempt pollution control bonds have terms which are specifically negotiated. Variable interest rate debt is normally completed on a negotiated basis. It is reasonable that these types of debt instruments should be exempt from the Competitive Bidding Rule.[3]

SDG&E requests authority consistent with the Commission's Evaluation and Compliance Division's report, to issue, without competitive bid, Debt Securities other than domestic fixed-rate debentures and FMBs, including, without limitation: MTNs, foreign debt, long-term loans, Debt Securities (or other forms of security) issued in conjunction with tax-exempt financings, subordinated debt, and SPE transactions. SDG&E requests that the Commission re-confirm that the authority to effect financings involving preferred stock, preference stock, and hybrid capital without competitive bids (granted in Ordering Paragraph 7 of D.08-07-029) remains in force as long as any

[3] California Public Utilities Commission Evaluation and Compliance Division, *Report on the California*

unused Preferred or Preference Stock issuance authority exists under said decision.

SDG&E intends to confine its issuance of securities for which competitive bidding is neither viable nor available to those for which it can obtain a lower cost and/or more favorable terms than it could through domestic offerings of fixed-rate debentures and FMBs.

The terms and conditions of Debt Securities issued in each financing sold by means other than competitive bidding will be determined by negotiations between SDG&E and the underwriters selected for the proposed offering or the lenders or investors to whom the securities are to be issued.

D. <u>Elimination of the One-Day Notice Period</u>

SDG&E seeks authority to eliminate the one-day notice requirement referred to in Resolution F-616.[4] Through the use of the SEC's shelf registration procedures, it is possible to price an offering when market conditions appear most favorable. It is therefore desirable to be able to minimize the period of time between the issuance of an invitation for bids and the scheduled receipt of bids. The time interval between these events may be reasonably shortened to as little as a few hours. Further, it is desirable to be able to make adjustments in the size or terms of an offering up to the last moment in response to the current market conditions. Given today's technology and accessibility to such technology allowing for near instantaneous communication and ability for real-time transacting, prospective bidders do not require twenty-four hour notification to

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Public Utilities Commission's Competitive Bidding Rule for Issuance of Debt Securities, September 5, 1986, p. 5.
[4] Resolution F-616, p. 2, Ordering Paragraph 4.

adequately respond to an invitation for bids or to adjust terms.

The Commission has previously authorized all the competitive-bid exemptions requested above, most recently in D.06-05-005 and D.08-07-029.

IX. FEES

A fee of $487,000 will be payable under 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 contained in the testimony of Mr. Lewis.

X. 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, Applicants provide the following information concerning the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.

1. Proposed Category of Proceeding

Applicant proposes to categorize this Application as a "ratesetting" proceeding within the meaning of Commission Rules 1.3(e) and 7.1.

2. Need for Hearing and Proposed Schedule

Applicant believes that no hearing is necessary in this proceeding and respectfully requests that the Commission find that no hearing is necessary in respect of this Application. In order to expedite the processing of this Application, Applicant concurrently serves the testimony of Mr. Lewis, which provides additional schedules containing information pertaining to the authorizations requested in this application beyond that information normally required by Rule 3.5 of the Commission's Rules of Practice and Procedure, and Pub. Util. Code §§816-830.

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:

ACTION	**DATE**
Application filed	May 17, 2010
Protests filed, if any	30 days after notice of filing in Daily Calendar (or approx. June 16, 2010)
ALJ Draft Decision	July 23, 2010
Comments on Draft Decision	August 12, 2010
Final Commission Decision	September 2, 2010

The issues in this proceeding are whether Applicant should be authorized, pursuant to and consistent with Pub. Util. Code §§816-830, 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.

B. Statutory Authority - Rule 2.1

This Application is filed pursuant to Pub. Util. Code §§816-860 and 851 and complies with the applicable orders of the Commission and the Commission Rules of Practice and Procedure.

C. Legal Name and Correspondence

SAN DIEGO GAS & ELECTRIC COMPANY is a public utility organized and existing under the laws of the State of California. Applicant is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. Applicant's principal place of business is 8330 Century Park Court, San Diego, California 92123.

The attorney representing Applicant in this matter is Johnny J. Pong. Correspondence or communications regarding this Application should be addressed to:

Kari A. Kloberdanz
Regulatory Case Manager
8330 Century Park Court
San Diego, CA 92123-1530
kkloberdanz@semprautilities.com
(858) 637-7960

with a copy to:

Johnny J. Pong
555 West 5th Street, Suite 1400
Los Angeles, CA 90013-1034

D. Articles of Incorporation - Rule 2.2

A copy of Applicant's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on August 31, 2009 in connection with A.09-08-019, and is incorporated herein by reference.

E. 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 account of the original cost and depreciation reserve attributable thereto is attached to this Application as Attachment A

F. Balance Sheet, and Income Statement - Rule 2.3

Applicant's December 31, 2009 Balance Sheet and Income Statement of is attached to this Application at Attachment B.

G. Capitalization

Applicant's regulatory capitalization at December 31, 2009, is set forth on Attachment C.

H. Proxy Statement - Rule 3.5

A copy of Applicant's most recent proxy statement, dated April 29, 2010, was mailed to the Commission on May 13, 2010, and is incorporated herein by reference.

I. Service

This Application is being served on the parties identified on the attached Certificate of Service.

XI. ATTACHMENTS

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

Attachment A: Applicant's statement of account of the original cost and depreciation reserve attributable to Applicant's property and equipment.

Attachment B: Applicant's most recent balance sheet, together with financial and income statements.

Attachment C: Applicant's adjusted capitalization at December 31, 2009**.**

XII. TESTIMONIES

This Application is supported by two testimonies, which are being served concurrently with the filing of this Application. The Direct Testimony of Jack S. Lewis provides information concerning Applicant's request for financing authority, especially as to capital spending needs. The Direct Testimony of Gary H. Hayes provides information concerning Applicant's request for financing authority, especially as to the particular securities and their features for which authorization is sought.

XIII. REQUESTED AUTHORIZATIONS

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

1. To issue Debt Securities, in an aggregate principal amount of up to $800 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 certain tax-exempt Debt Securities in order to guarantee the obligations of others;

3. 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;

4. To issue and sell up to $150 million of par or stated-value Preferred or Preference Stock, in addition to previously-authorized amounts;

5. To hedge, when appropriate, planned issuances of Debt Securities, Preferred or Preference Stock;

6. To obtain certain exemptions from the Commission's Competitive Bidding Rule;

7. To take all necessary and related actions, including but not limited to:

    a. Specifically finding, as required by Pub. Util. 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 Pub. Util. Code §§1904(b) and 1904.1, which is computed to be $487,000.

    c. Providing that the authority granted in such Order shall be in addition to the authority previously granted in D.08-07-029, D.06-05-015, D.04-01-009, and D.93-09-069 (as extended by D.96-05-066 and D.00-01-016).

    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 incorporates 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 financial institutions and their representatives, which will refer to the Commission's Ordering Paragraphs, that SDG&E has in fact acquired the requisite regulatory authority to engage in the issuances of the Debt and Preferred Securities addressed herein.

Respectfully submitted,

SAN DIEGO GAS & ELECTRIC COMPANY

By: *_______/s/ Lee Schavrien ______________________*

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

Signed in San Diego, California May 14, 2010

By: *_______/s/ Johnny J. Pong___________*

Johnny J. Pong
Attorney for
San Diego Gas & Electric Company

Signed in Los Angeles, California May 17, 2010

VERIFICATION

I am Lee Schavrien, Senior Vice President – Finance, Regulatory and Legislative Affairs for San Diego Gas & Electric Company ("SDG&E"). I am an officer of SDG&E 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 14th day of May 2010, in San Diego, California.

By: ______*/s/ Lee Schavrien*______________________

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

Attachment A

SAN DIEGO GAS & ELECTRIC COMPANY

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

No.	Account	Original Cost	Reserve for Depreciation and Amortization
	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

No.	Account	Original Cost	Reserve for Depreciation and Amortization
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

No.	Account	Original Cost	Reserve for Depreciation and Amortization
	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

No.	Account	Original Cost	Reserve for Depreciation and Amortization
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

No.	Account	Original Cost	Reserve for Depreciation and Amortization
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

No.	Account	Original Cost	Reserve for Depreciation and Amortization
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 B

TWELVE MONTHS ENDED DECEMBER 31, 2009
(DOLLARS IN MILLIONS)

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

*Authorized Cost of Capital

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

	1. UTILITY PLANT	2009
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	51,050,581
	TOTAL NET UTILITY PLANT	6,718,443,016

	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	678,587,409
	TOTAL OTHER PROPERTY AND INVESTMENTS	683,235,937

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	5,148,298
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	26,616,688
190	ACCUMULATED DEFERRED INCOME TAXES	239,777,827
	TOTAL DEFERRED DEBITS	1,669,783,503
	TOTAL ASSETS AND OTHER DEBITS	9,887,355,494

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

5. PROPRIETARY CAPITAL

		2009
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	9,600,268
	TOTAL PROPRIETARY CAPITAL	(2,818,316,017)

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	3,836,043
	TOTAL LONG-TERM DEBT	(2,186,788,957)

7. OTHER NONCURRENT LIABILITIES

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(688,147,980)
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(29,702,069)
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(375,877,311)
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230	ASSET RETIREMENT OBLIGATIONS	(589,200,850)
	TOTAL OTHER NONCURRENT LIABILITIES	(1,682,928,210)

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)
	TOTAL DEFERRED CREDITS	(2,041,610,278)
	TOTAL LIABILITIES AND OTHER CREDITS	($9,887,355,494)

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	(945,335)	
	TOTAL OPERATING REVENUE DEDUCTIONS		2,610,101,431
	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	-	
	TOTAL OTHER INCOME	37,727,377	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	394,403	
	TOTAL OTHER INCOME DEDUCTIONS	394,403	
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	2,310,059	
	TOTAL OTHER INCOME AND DEDUCTIONS		35,811,721
	INCOME BEFORE INTEREST CHARGES		448,705,771
	NET INTEREST CHARGES*		99,803,414
	NET INCOME		$348,902,357

**NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (10,071,740)*

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	$1,611,830,266

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 specified	$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

(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 06-05-015, 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:

First Mortgage Bonds:	Nominal Date of Issue	Par Value Authorized and Issued	Outstanding	Interest Paid in 2009
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
Unsecured Bonds:				
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

Other Indebtedness:	Date of Issue	Date of Maturity	Interest Rate	Outstanding	Interest Paid 2009
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:

Preferred Stock	Shares Outstanding 12-31-09	Dividends Declared 2005	2006	2007	2008		2009	
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	
	3,413,770	$6,141,543	$5,965,293	$5,789,043	$5,062,012	[2]	$4,819,668	
Common Stock								
Amount		$75,000,000	$0	$0	$0		$150,000,000	[1]

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.

Attachment C

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

No.	Interest % 12/08	Bond	Maturity	Principal ($ millions)
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				
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				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)
Long-Term Debt net of Unamortized premuims, issue expenses & loss on reacquired debt net of tax				**1,850.3**
Equity Capital				
Common Stock Equity				**2,543.0**
Preferred Stock Equity				**78.5**
Total Equity				**2,621.5**
Total Regulatory Capitalization				**4,471.8**

CERTIFICATE OF SERVICE

I hereby certify that pursuant to the Commission's Rules of Practice and Procedure, I have this day served a copy of **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)** on each party named in the official service list in A.08-05-005 by electronic service. Those parties who have not provided an electronic address have been served by U.S. mail, including the State of California, cities and counties in its service territory, by placing copies properly addressed and sealed envelopes and depositing such envelopes in the U.S. mail with first-class postage pre-paid.

Executed this 17th day of May, 2010, in Los Angeles, California.

/s/ Rose Mary Nava
Rose Mary Nava

CALIFORNIA PUBLIC UTILITIES COMMISSION
Proceeding: A.08-05-005 - Last update: May 12, 2010

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Spring Valley Chamber of Commerce
Attn. City Clerk
3322 Sweetwater Springs Blvd,
Ste. 202
Spring Valley, CA 91977-3142

Valley Center Chamber of Commerce
Attn. City Clerk
P.O. Box 8
Valley Center, CA 92082