

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

Application of San Diego Gas & Electric  
Company (U 902 M) for Approval To Extend the  
Mobilehome Park Utility Upgrade Program.

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)  
FOR APPROVAL TO EXTEND THE MOBILEHOME PARK UTILITY  
UPGRADE PROGRAM**

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
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Application of San Diego Gas & Electric Company (U 902 M) for Approval To Extend the Mobilehome Park Utility Upgrade Program.

Application 17-05-\_\_\_\_  
(Filed on May 5, 2017)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)  
FOR APPROVAL TO EXTEND THE MOBILEHOME PARK UTILITY  
UPGRADE PROGRAM**

**I. INTRODUCTION**

In compliance with the California Public Utilities Commission (“Commission” or “CPUC”) Rules of Practice and Procedure, and Decision (“D.”) 14-03-021, San Diego Gas & Electric Company (“SDG&E”) hereby files its Application for Approval To Extend the Mobilehome Park Utility Upgrade Program (“Application”).

**II. BACKGROUND**

On March 13, 2014, the Commission approved D.14-03-021, which established the Mobilehome Park (“MHP”) Pilot Program. D.14-03-021 authorized Investor Owned Utilities (“IOUs”)<sup>1</sup> to implement a three-year (2015-2017) Pilot Program to convert 10% of master-metered/submetered services at mobilehome parks to direct utility service. The focus of the MHP Pilot Program was first on safety and then on reliability and capacity improvements.<sup>2</sup>

With regard to continuation of the MHP Pilot Program, Ordering Paragraph (“OP”) 13 of D.14-03-021 allows the IOUs to file a Tier-2 Advice Letter within 45 days of the second annual

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<sup>1</sup> The IOUs consisted of SDG&E, Bear Valley Electric Service, Liberty Utilities, PacifiCorp, Pacific Gas and Electric Company, Southern California Gas Company, Southern California Edison Company, and Southwest Gas Corporation.

<sup>2</sup> D.14-03-021 at p. 3.

status report to request continuation of the MHP Pilot Program “if the actual experience to that point appears to warrant continuation of the program without major modification.” D.14-03-021 also states “at the end of the pilot any party may request continuation of the program under our Rules and may include recommendations for revisions of any aspect of the program.”<sup>3</sup>

Based on this direction, SDG&E filed Advice Letter No. 3057-E/2563-G (“Advice Letter”) on March 17, 2017, in which SDG&E requests Commission authority to continue the MHP Pilot Program past December 31, 2017 to complete the conversion of the ten-percent target MHP spaces within SDG&E’s service territory. In order to maintain the project and cost efficiencies achieved by avoiding cessation of the program altogether, SDG&E also requests to continue the MHP Pilot Program past the original target -- up to approximately an additional five percent (5%) -- to serve as a bridge until the MHP Program proposed herein is approved.<sup>4</sup> SDG&E now files this formal application to continue the program for an additional six years to convert approximately 6,600 MHP spaces<sup>5</sup>, or approximately twenty percent (20%)<sup>6</sup>, and

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<sup>3</sup> D.14-03-021 at p. 60.

<sup>4</sup> Conversion of any additional number of MHP spaces as part of the “bridge” will not exceed 1,650 MHP spaces, or approximately 5% of MHP spaces in SDG&E’s service territory. Approval of the request to extend the MHP Pilot Program in the Advice Letter filing will allow SDG&E to continue a limited number of conversions of MHPs selected by the Safety and Enforcement Division in accordance with the programmatic structure of the MHP Pilot Program while the Commission considers SDG&E’s MHP Program proposal, which recommends certain modifications from the MHP Pilot Program, in this Application. Once a decision on this Application is rendered, conversions will be executed in accordance with the terms of the SDG&E MHP Program approved by a decision on this Application.

<sup>5</sup> Because SDG&E will complete conversions of MHPs as prioritized by SED, the number and percentage of spaces sought to be converted by the bridge and SDG&E MHP Program – as with the MHP Pilot Program – are approximate targets. Actual spaces and percentages will vary depending on the actual MHPs assigned for completion by SED since SDG&E intends to convert all spaces within each MHP once assigned.

<sup>6</sup> The approximate 6,600 MHP spaces sought to be converted herein – about twenty percent – is inclusive of the five percent bridge requested in Advice Letter 3057-E/2563-G. To the extent the bridge sought by the Advice Letter is not approved prior to a decision on this Application, this Application seeks to obtain approval of that five percent within the scope of the twenty-percent request. To the extent the 5% bridge requested in the Advice Letter has been approved prior to a decision on this Application, SDG&E’s request in this Application will be reduced by the number of spaces converted as part of the bridge. For example, if 2% of the bridge has been converted by the time a decision is rendered on this Application,

recommends certain revisions to improve the program.<sup>7</sup> As demonstrated in the accompanying prepared direct testimony, good cause warrants extending and revising the program.

### **III. SUMMARY OF APPLICATION**

SDG&E's Application is supported by the prepared direct testimonies served concurrently with this Application and incorporated herein by reference. Chapter 1 is sponsored by Joe Velasquez and describes SDG&E's overall proposal for the MHP Program, including the scale and timeframe of SDG&E's MHP Program. Chapter 2 is sponsored by Linh-Chi Hua and presents the current structure of SDG&E's MHP Program as well as proposed enhancements thereto. Hector Moreno sponsors Chapter 3, which discusses the direct capital and operations and maintenance ("O&M") forecasted costs for SDG&E's MHP Program. Reginald Austria sponsors Chapter 4 and presents the regulatory accounting treatment of costs for SDG&E's MHP Program. Chapter 5 is jointly sponsored by Michael R. Woodruff and James G. Vanderhye Jr; they present the revenue requirements resulting from the capital and O&M forecasts for SDG&E's proposed MHP Program. Jenell McKay sponsors Chapter 6 and describes: 1) the cost allocation and recovery of electric costs associated with the MHP Program; 2) a summary of the electric transportation rate changes; and 3) an estimate of the residential customer bill impact. Marjorie Schmidt-Pines sponsors Chapter 7 and describes: 1) the cost allocation and recovery of

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the scope of this Application shall be deemed to be 18% (i.e., the 20% request in this Application less the 2% bridge that actually has been converted to direct utility service).

<sup>7</sup>As described in the Chapter 2 prepared direct testimony of Linh-Chi Hua, SDG&E proposes the following changes from the MHP Pilot Program: (a) reduce the legacy system service discontinuance period from 90 days to 30 days (in the form of an amendment to the MHP Agreement); (b) clarify which party is responsible for environmental/cultural costs (in the form of an amendment to the MHP Agreement); (c) clarify who is responsible for costs associated with cancellation and discontinuance of the legacy system (in the form of an amendment to the MHP Agreement); (d) update Tariff Rule 44 to encompass the MHP Program; (e) conduct a new FOI submission and prioritization process rather than relying solely on the existing process; (f) provide TTM treatment for certain permanent residential buildings such that conversion costs for these structures are covered by the program; and (g) include certain RV spaces in MHPs within the scope of the mobilehome park program such that conversion costs would be covered by the program.

natural gas costs associated with the MHP Program; 2) a summary of the gas transportation rate changes; and 3) an estimate of the residential customer bill impact.

SDG&E requests that the Commission approve the following:

1. SDG&E's MHP Program proposal to convert approximately an additional 6,600 MHP spaces in SDG&E's service territory, or about an additional 20% of the eligible MHP spaces, to direct utility service over a six-year period<sup>8</sup>;
2. Certain program modifications to improve the program<sup>9</sup>, which modifications will be implemented following a decision on this Application;
3. The proposed regulatory accounting treatment of costs associated with the MHP Program, including an after-the-fact reasonableness review of costs as authorized in D.14-03-021<sup>10</sup>; and
4. Grant other such relief as the Commission deems necessary and prudent.

#### **IV. STATUTORY AND PROCEDURAL REQUIREMENTS**

##### **A. Rule 2.1 (a) – (c)**

This Application is made pursuant to Sections 451, 454, 489, 491, 701, 728, 729, 957, and 958 of the Public Utilities Code of the State of California, the Commission's Rules of Practice and Procedure, and relevant decisions, orders, and resolutions of the Commission. In accordance with Rule 2.1 (a) - (c) of the Commission's Rules of Practice and Procedure, SDG&E provides the following information.

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<sup>8</sup> This request is inclusive of the request in Advice Letter 3057-E/2563-G, i.e., the five percent requested in the advice letter is part of the 6,600 spaces, or approximately twenty percent, requested to be approved in this Application. Accordingly, this amount will be reduced by the number of spaces actually converted to direct utility service at the time a decision is rendered on this Application. *See also* fn. 6.

<sup>9</sup> *See* fn. 8.

<sup>10</sup> D.14-03-021 at p. 77 (Ordering Paragraph 8): "Review for reasonableness of 'to the meter' costs will occur in the general rate case where these costs are put into rate base. Review for reasonableness of 'beyond the meter' costs will occur in the first general rate case after service cut over."

**1. Rule 2.1 (a) - Legal Name**

Applicant's legal name is San Diego Gas & Electric Company. SDG&E is a public utility corporation organized and existing under the laws of the State of California, with its principal place of business at 8830 Century Park Court, San Diego, California 92123.

**2. Rule 2.1 (b) - Correspondence**

All correspondence and communications to SDG&E regarding this Application should be addressed to:

JOSEPH MOCK  
*Regulatory Case Manager for:*  
**SAN DIEGO GAS & ELECTRIC COMPANY**  
555 West Fifth Street, GT-14D6  
Los Angeles, California 90013  
Telephone: (213) 244-3718  
Facsimile: (213) 244-4957  
E-mail: Jmock@semprautilities.com

A copy should also be sent to:

AVISHA A. PATEL  
*Attorney for:*  
**SAN DIEGO GAS & ELECTRIC COMPANY**  
555 West Fifth Street, GT-14E7  
Los Angeles, California 90013  
Telephone: (213) 244-2954  
Facsimile: (213) 629-9620  
E-mail: APatel@semprautilities.com

**3. Rule 2.1 (c)**

**a. Proposed Category of Proceeding**

SDG&E proposes that this proceeding be categorized as "Ratesetting" under Rule 1.3(e) because the Application will have a potential future effect on SDG&E rates.

**b. Need for Hearings**

SDG&E does not anticipate that evidentiary hearings will be necessary.

**c. Issues to be Considered and Relevant Safety Considerations**

The principal issues to be considered in this proceeding are (1) whether or not the Commission should extend the Mobilehome Park Utility Upgrade Program, (2) whether or not the Commission should approve the proposed program modifications, and (3) whether or not the Commission should approve the proposed regulatory accounting treatment of costs associated with the MHP Program.

The focus of the MHP Pilot Program is first on safety and then on reliability and capacity improvements.<sup>11</sup> Likewise, the SDG&E MHP Program proposed herein focuses on safety. As with the Pilot Program, these conversions will replace aging, privately installed gas distribution systems which may have had varying degrees of maintenance over the years, with new, polyethylene systems that were professionally installed under the current safety standards, thereby enhancing the safety and reliability of gas service in these communities.

**d. Proposed Schedule**

SDG&E proposes the following schedule for this Application:

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<sup>11</sup> D.14-03-021 at p. 3.

EVENT	DATE
Application	May 5, 2017
Responses/Protests	June 5, 2017
SDG&E Reply to Responses/Protests	June 19, 2017
Prehearing Conference	June 26, 2017
Intervenor Testimony	July 14, 2017
Rebuttal Testimony	July 31, 2017
Evidentiary Hearings (if needed)	August 21, 2017
Opening Briefs	September 22, 2017
Reply Briefs	October 6, 2017
Proposed Decision	December 2017
Commission Decision	January 2018

**4. Rule 2.2 – Articles of Incorporation**

SDG&E is incorporated under the laws of the State of California. A certified copy of the restated Articles of Incorporation, as last amended, currently in effect and certified by the California Secretary of State, was filed with the Commission on October 1, 1998 in connection with SDGE&E’ Application No. 98-10-012, and is incorporated herein by reference.

**B. Rule 3.2 (a) – (d)**

In accordance with Rule 3.2 (a) - (d) of the Commission’s Rules of Practice and Procedure, SDG&E provides the following information.

**1. Rule 3.2 (a)(1) – Balance Sheet and Income Statement**

The most recent updated Balance Sheet and Income Statements for SDG&E are attached to this application as Attachment A.

**2. Rule 3.2(a)(2) and (3) – Statement of Present and Proposed Rates**

The rate changes that will result from this application are described in Attachment B.

**3. Rule 3.2(a)(4) – Description of Applicant’s Property and Equipment**

A general description of SDG&E’s property and equipment was previously filed with the Commission on May 3, 2004 in connection with SDG&E’s Application 04-05-008, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve as of December 31, 2016 is attached as Attachment C.

**4. Rules 3.2(a)(5) and (6) – Summary of Earnings**

The summary of earnings for SDG&E is included herein as Attachment D.

**5. Rule 3.2(a)(7) – Depreciation**

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 property 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.

**6. Rule 3.2(a)(8) – Proxy Statement**

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

**7. Rule 3.2 (b) – Notice to State, Cities and Counties**

SDG&E will, within twenty days after the filing this Application, mail a notice to the State of California and to the cities and counties in its service territory and all parties to R.11-02-018 (Rulemaking into Transfer of Master-Meter/Submeter systems at Mobilehome parks and Manufactured Housing Communities to Electric and Gas Corporations proceeding).

**8. Rule 3.2 (c) – Newspaper Publication**

SDG&E will, within twenty days after the filing of this Application, publish in newspapers of general circulation in each county in its service territory notice of this Application.

**9. Rule 3.2 (d) – Bill Insert Notice**

SDG&E will, within 45 days after the filing of this Application, provide notice of this Application to its customers along with the regular bills sent to those customers that will generally describe the proposed rate changes addressed in this Application.

**V. RELIEF REQUESTED**

For the reasons set forth in this Application and accompanying testimony, SDG&E respectfully asks the Commission to approve:

1. SDG&E's MHP Program proposal to convert approximately an additional 6,600 MHP spaces in SDG&E's service territory, or about an additional 20% of the eligible MHP spaces, to direct utility service over a six-year period;





**ATTACHMENT A**

San Diego Gas & Electric Company  
Balance Sheet and Income Statement

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**December 31, 2016**

	<b>1. UTILITY PLANT</b>	<u>2016</u>
101	UTILITY PLANT IN SERVICE	\$15,427,433,007
102	UTILITY PLANT PURCHASED OR SOLD	-
104	UTILITY PLANT LEASED TO OTHERS	85,194,000
105	PLANT HELD FOR FUTURE USE	11,307,728
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	1,180,949,603
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,888,267,176)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(647,464,698)
114	ELEC PLANT ACQUISITION ADJ	3,750,722
115	ACCUM PROVISION FOR AMORT OF ELECTRIC PLANT ACQUIS ADJ	(1,250,240)
118	OTHER UTILITY PLANT	1,159,740,000
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(273,925,071)
120	NUCLEAR FUEL - NET	-
	<b>TOTAL NET UTILITY PLANT</b>	<u>12,057,467,874</u>

	<b>2. OTHER PROPERTY AND INVESTMENTS</b>	
121	NONUTILITY PROPERTY	5,946,616
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION	(364,300)
158	NON-CURRENT PORTION OF ALLOWANCES	182,186,711
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	1,026,292,476
175	LONG-TERM PORTION OF DERIVATIVE ASSETS	74,686,837
	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<u>1,288,748,340</u>

Data from SPL as of April 18, 2017

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**December 31, 2016**

<b>3. CURRENT AND ACCRUED ASSETS</b>		<b>2016</b>
131	CASH	1,666,494
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	500
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	290,548,308
143	OTHER ACCOUNTS RECEIVABLE	16,989,164
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(4,268,739)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	31,230,276
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	875,047
151	FUEL STOCK	2,289,968
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	112,815,264
156	OTHER MATERIALS AND SUPPLIES	-
158	ALLOWANCES	198,409,740
158	LESS: NON-CURRENT PORTION OF ALLOWANCES	(182,186,711)
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	243,883
165	PREPAYMENTS	188,552,215
171	INTEREST AND DIVIDENDS RECEIVABLE	714,901
173	ACCRUED UTILITY REVENUES	67,615,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	2,294,000
175	DERIVATIVE INSTRUMENT ASSETS	132,560,020
175	LESS: LONG -TERM PORTION OF DERIVATIVE INSTRUMENT ASSETS	(74,686,837)
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>785,662,493</b>
<b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	32,459,597
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	2,802,840,070
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	117,519
184	CLEARING ACCOUNTS	2,015,793
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	23,389,953
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	12,069,663
190	ACCUMULATED DEFERRED INCOME TAXES	316,952,547
	<b>TOTAL DEFERRED DEBITS</b>	<b>3,189,845,142</b>
	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>17,321,723,849</b>

Data from SPL as of April 18, 2017

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**December 31, 2016**

**5. PROPRIETARY CAPITAL**

		2016
201	COMMON STOCK ISSUED	(\$291,458,395)
204	PREFERRED STOCK ISSUED	-
207	PREMIUM ON CAPITAL STOCK	(591,282,978)
210	GAIN ON RETIRED CAPITAL STOCK	-
211	MISCELLANEOUS PAID-IN CAPITAL	(479,665,369)
214	CAPITAL STOCK EXPENSE	24,605,640
216	UNAPPROPRIATED RETAINED EARNINGS	(4,310,137,617)
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	7,479,065
	TOTAL PROPRIETARY CAPITAL	(5,640,459,654)

**6. LONG-TERM DEBT**

221	BONDS	(4,348,934,000)
223	ADVANCES FROM ASSOCIATED COMPANIES	-
224	OTHER LONG-TERM DEBT	-
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	10,660,618
	TOTAL LONG-TERM DEBT	(4,338,273,382)

**7. OTHER NONCURRENT LIABILITIES**

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(588,687,033)
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(25,181,795)
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(235,792,423)
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
244	LONG TERM PORTION OF DERIVATIVE LIABILITIES	(176,818,615)
230	ASSET RETIREMENT OBLIGATIONS	(828,608,319)
	TOTAL OTHER NONCURRENT LIABILITIES	(1,855,088,185)

Data from SPL as of April 18, 2017

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**December 31, 2016**

**8. CURRENT AND ACCRUED LIABILITES**

		2016
231	NOTES PAYABLE	0
232	ACCOUNTS PAYABLE	(496,331,988)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(43,228,051)
235	CUSTOMER DEPOSITS	(76,071,281)
236	TAXES ACCRUED	(2,924,576)
237	INTEREST ACCRUED	(44,771,962)
238	DIVIDENDS DECLARED	-
241	TAX COLLECTIONS PAYABLE	(4,842,783)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(191,563,413)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(43,031,527)
244	DERIVATIVE INSTRUMENT LIABILITIES	(224,679,048)
244	LESS: LONG-TERM PORTION OF DERIVATIVE LIABILITIES	176,818,615
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	(950,626,014)

**9. DEFERRED CREDITS**

252	CUSTOMER ADVANCES FOR CONSTRUCTION	(59,214,600)
253	OTHER DEFERRED CREDITS	(389,435,074)
254	OTHER REGULATORY LIABILITIES	(963,593,974)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(16,035,272)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(2,236,989,173)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(872,008,521)

TOTAL DEFERRED CREDITS (4,537,276,614)

TOTAL LIABILITIES AND OTHER CREDITS (\$17,321,723,849)

(\$4,537,276,614)

Data from SPL as of April 18, 2017

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**Twelve Months Ended December 31, 2016**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		\$4,675,441,554
401	OPERATING EXPENSES	\$2,813,748,005	
402	MAINTENANCE EXPENSES	147,675,353	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	609,479,576	
408.1	TAXES OTHER THAN INCOME TAXES	130,167,481	
409.1	INCOME TAXES	22,002,634	
410.1	PROVISION FOR DEFERRED INCOME TAXES	627,850,891	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(366,146,724)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,693,659)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		3,982,083,557
	NET OPERATING INCOME		693,357,997

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES OF NONUTILITY OPERATIONS	10,231	
417.1	EXPENSES OF NONUTILITY OPERATIONS	12,707	
418	NONOPERATING RENTAL INCOME	33,467	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	5,785,275	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	46,452,775	
421	MISCELLANEOUS NONOPERATING INCOME	3,203,447	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	55,497,902	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
425	MISCELLANEOUS AMORTIZATION	250,048	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	2,892,555	
	TOTAL OTHER INCOME DEDUCTIONS	3,142,603	
408.2	TAXES OTHER THAN INCOME TAXES	647,229	
409.2	INCOME TAXES	230,873	
410.2	PROVISION FOR DEFERRED INCOME TAXES	17,722,396	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(19,449,488)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(848,990)	
	TOTAL OTHER INCOME AND DEDUCTIONS		53,204,289
	INCOME BEFORE INTEREST CHARGES		746,562,286
	EXTRAORDINARY ITEMS AFTER TAXES		0
	NET INTEREST CHARGES*		176,992,974
	NET INCOME		\$569,569,312

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (\$15,132,370)

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**Twelve Months Ended December 31, 2016**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$3,892,862,778
NET INCOME (FROM PRECEDING PAGE)	569,569,312
DIVIDEND TO PARENT COMPANY	(175,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	0
OTHER RETAINED EARNINGS ADJUSTMENTS	22,705,527
RETAINED EARNINGS AT END OF PERIOD	<u>\$4,310,137,617</u>

**ATTACHMENT B**

San Diego Gas & Electric Company  
Statement of Present and Proposed Rates

The Tables below presents illustrative class average electric and gas rate impacts (i.e. rate increases) associated with the proposals and related revenue requirements proposed in this Application.<sup>1</sup> Further details regarding the proposed revenue requirements and rate designs can be found in the direct testimony of Michael R. Woodruff and James G. Vanderhye Jr. (Chapter 5), Jenell McKay (Chapter 6), and Marjorie Schmidt-Pines (Chapter 7).

### Illustrative Class Average Electric Rate Impacts

<b>Customer Class</b>	<b>Class Average Rates Effective 03/01/2017 (¢/kWh)</b>	<b>2023 Class Average Rates Reflecting Proposed Revenue Increase in this Application (¢/kWh)</b>	<b>Total Rate Increase (¢/kWh)</b>	<b>Percentage Rate Increase (%)</b>
Residential	24.990	25.085	0.095	0.4%
Small Commercial	23.928	24.02	0.092	0.4%
Medium and Large C&I	19.850	19.904	0.054	0.3%
Agricultural	17.735	17.795	0.060	0.3%
Lighting	19.917	19.97	0.053	0.3%
<b>System Total</b>	<b>22.122</b>	<b>22.194</b>	<b>0.072</b>	<b>0.3%</b>

\*C&I stands for Commercial and Industrial

### Illustrative Class Average Gas Rate Impacts

<b>Customer Class</b>	<b>Class Average Rates Effective 03/01/2017 (¢/Therm)</b>	<b>2023 Class Average Rates Reflecting Proposed Revenue Increase in this Application (¢/Therm)</b>	<b>Total Rate Increase (¢/Therm)</b>	<b>Percentage Rate Increase (%)</b>
Residential	96.2	99.7	3.5	3.7%
Commercial	37.2	38.0	0.8	2.1%
Natural Gas Vehicles	17.5	17.8	0.2	1.4%
Large Industrial (distribution level service)	9.2	9.6	0.4	4.3%
Large Industrial (transmission level service)	1.7	1.8	0.0	1.5%
<b>System Total</b>	<b>32.1</b>	<b>33.1</b>	<b>1.1</b>	<b>3.3%</b>

<sup>1</sup> While there will be rate changes between 2018-2023, the chart above provides information for the highest year of the increases (2023). If cost sharing occurs with a partnering utility, the rates reflected may decrease.

**ATTACHMENT C**

San Diego Gas & Electric Company

Statement of Original Cost and Depreciation Reserve

**SAN DIEGO GAS & ELECTRIC COMPANY**

**COST OF PROPERTY AND  
DEPRECIATION RESERVE APPLICABLE THERETO  
AS OF DECEMBER 31, 2016**

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
<b>ELECTRIC DEPARTMENT</b>			
302	Franchises and Consents	222,841.36	202,900.30
303	Misc. Intangible Plant	153,458,221.94	82,952,172.91
	<b>TOTAL INTANGIBLE PLANT</b>	<b>153,681,063.30</b>	<b>83,155,073.21</b>
310.1	Land	14,526,518.29	46,518.29
310.2	Land Rights	0.00	0.00
311	Structures and Improvements	95,472,041.44	42,973,020.80
312	Boiler Plant Equipment	168,150,618.62	72,882,470.59
314	Turbogenerator Units	138,276,524.45	49,589,182.90
315	Accessory Electric Equipment	85,716,403.89	35,880,924.48
316	Miscellaneous Power Plant Equipment	46,959,891.55	11,016,047.83
	Steam Production Decommissioning	0.00	0.00
	<b>TOTAL STEAM PRODUCTION</b>	<b>549,101,998.24</b>	<b>212,388,164.89</b>
320.1	Land	0.00	0.00
320.2	Land Rights	0.00	0.00
321	Structures and Improvements	27,285,711.08	2,658,162.87
322	Boiler Plant Equipment	243,225,717.06	21,662,290.99
323	Turbogenerator Units	26,982,364.66	2,370,893.39
324	Accessory Electric Equipment	10,878,214.67	1,458,232.53
325	Miscellaneous Power Plant Equipment	166,754,468.86	48,807,803.51
101	SONGS PLANT CLOSURE GROSS PLANT-	<b>(475,126,476.33)</b>	<b>(76,957,383.29)</b>
	<b>TOTAL NUCLEAR PRODUCTION</b>	<b>0.00</b>	<b>0.00</b>
340.1	Land	143,475.87	0.00
340.2	Land Rights	56,032.61	9,138.97
341	Structures and Improvements	22,703,423.92	7,200,892.74
342	Fuel Holders, Producers & Accessories	21,324,500.79	6,580,330.37
343	Prime Movers	87,694,264.51	34,242,023.58
344	Generators	344,301,753.27	133,770,672.92
345	Accessory Electric Equipment	32,510,919.85	12,597,394.56
346	Miscellaneous Power Plant Equipment	26,173,720.53	13,219,344.40
	<b>TOTAL OTHER PRODUCTION</b>	<b>534,908,091.35</b>	<b>207,619,797.54</b>
	<b>TOTAL ELECTRIC PRODUCTION</b>	<b>1,084,010,089.59</b>	<b>420,007,962.43</b>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	66,537,444.02	0.00
350.2	Land Rights	155,511,101.89	20,426,643.82
352	Structures and Improvements	477,012,670.93	64,045,140.78
353	Station Equipment	1,403,343,804.63	269,084,925.97
354	Towers and Fixtures	894,860,413.97	158,789,060.77
355	Poles and Fixtures	453,557,668.06	93,379,545.94
356	Overhead Conductors and Devices	568,267,075.05	221,578,344.35
357	Underground Conduit	354,564,091.16	53,188,014.68
358	Underground Conductors and Devices	372,785,913.92	52,594,762.38
359	Roads and Trails	309,857,331.77	28,247,884.70
101	SONGS PLANT CLOSURE GROSS PLANT-	0.00	0.00
	TOTAL TRANSMISSION	5,056,297,515.40	961,334,323.39
360.1	Land	16,176,227.80	0.00
360.2	Land Rights	85,105,159.80	40,700,977.46
361	Structures and Improvements	4,684,420.32	1,813,356.22
362	Station Equipment	497,743,667.56	166,234,965.86
363	Storage Battery Equipment	38,262,883.92	6,698,466.78
364	Poles, Towers and Fixtures	671,234,957.39	265,846,550.67
365	Overhead Conductors and Devices	612,265,759.06	202,233,975.72
366	Underground Conduit	1,179,180,816.54	463,386,714.25
367	Underground Conductors and Devices	1,477,509,699.52	883,727,150.79
368.1	Line Transformers	597,268,187.99	139,098,170.47
368.2	Protective Devices and Capacitors	34,948,634.53	3,104,434.64
369.1	Services Overhead	146,323,665.87	119,990,843.46
369.2	Services Underground	342,165,360.26	241,411,745.77
370.1	Meters	193,377,161.17	77,660,818.92
370.2	Meter Installations	55,788,157.67	20,307,878.06
371	Installations on Customers' Premises	8,616,916.86	10,352,612.28
373.1	St. Lighting & Signal Sys.-Transformers	0.00	0.00
373.2	Street Lighting & Signal Systems	29,637,523.68	18,672,782.73
	TOTAL DISTRIBUTION PLANT	5,990,289,199.94	2,661,241,444.08
389.1	Land	7,312,142.54	0.00
389.2	Land Rights	0.00	0.00
390	Structures and Improvements	33,480,595.20	24,194,901.71
392.1	Transportation Equipment - Autos	0.00	49,884.21
392.2	Transportation Equipment - Trailers	58,145.67	13,543.99
393	Stores Equipment	8,545.97	8,329.30
394.1	Portable Tools	25,617,106.25	8,636,338.81
394.2	Shop Equipment	341,135.67	253,928.80
395	Laboratory Equipment	5,152,106.01	469,685.35
396	Power Operated Equipment	60,528.93	117,501.67
397	Communication Equipment	271,081,974.35	103,490,806.11
398	Miscellaneous Equipment	5,799,585.20	1,002,227.08
	TOTAL GENERAL PLANT	348,911,865.79	138,237,147.03
101	TOTAL ELECTRIC PLANT	12,633,189,734.02	4,263,975,950.14

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
<b>GAS PLANT</b>			
302	Franchises and Consents	86,104.20	86,104.20
303	Miscellaneous Intangible Plant	0.00	0.00
	<b>TOTAL INTANGIBLE PLANT</b>	<b>86,104.20</b>	<b>86,104.20</b>
360.1	Land	0.00	0.00
361	Structures and Improvements	0.00	0.00
362.1	Gas Holders	0.00	0.00
362.2	Liquefied Natural Gas Holders	0.00	0.00
363	Purification Equipment	0.00	0.00
363.1	Liquefaction Equipment	0.00	0.00
363.2	Vaporizing Equipment	0.00	0.00
363.3	Compressor Equipment	0.00	0.00
363.4	Measuring and Regulating Equipment	0.00	0.00
363.5	Other Equipment	0.00	0.00
363.6	LNG Distribution Storage Equipment	2,242,164.87	1,078,754.23
	<b>TOTAL STORAGE PLANT</b>	<b>2,242,164.87</b>	<b>1,078,754.23</b>
365.1	Land	4,649,143.75	0.00
365.2	Land Rights	2,232,291.80	1,388,035.60
366	Structures and Improvements	17,454,364.15	10,013,521.95
367	Mains	232,934,288.15	75,357,743.18
368	Compressor Station Equipment	90,195,901.06	68,614,010.04
369	Measuring and Regulating Equipment	23,104,561.20	16,696,871.55
371	Other Equipment	117,058.52	3,900.27
	<b>TOTAL TRANSMISSION PLANT</b>	<b>370,687,608.63</b>	<b>172,074,082.59</b>
374.1	Land	1,083,616.95	0.00
374.2	Land Rights	8,316,470.44	6,896,498.06
375	Structures and Improvements	43,446.91	61,253.10
376	Mains	884,546,207.74	368,523,614.88
378	Measuring & Regulating Station Equipment	18,055,887.32	8,040,161.50
380	Distribution Services	267,051,852.85	296,360,474.14
381	Meters and Regulators	157,587,827.32	54,693,875.29
382	Meter and Regulator Installations	95,781,492.33	39,314,088.29
385	Ind. Measuring & Regulating Station Equipment	1,516,810.70	1,200,157.19
386	Other Property On Customers' Premises	0.00	0.00
387	Other Equipment	5,223,271.51	4,955,655.91
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>1,439,206,884.07</b>	<b>780,045,778.36</b>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	0.00	25,503.00
392.2	Transportation Equipment - Trailers	74,500.55	74,500.68
394.1	Portable Tools	10,072,198.03	4,057,883.96
394.2	Shop Equipment	76,864.06	51,845.17
395	Laboratory Equipment	283,093.66	275,185.28
396	Power Operated Equipment	16,162.40	8,026.95
397	Communication Equipment	2,704,868.34	1,084,893.49
398	Miscellaneous Equipment	473,380.31	72,038.18
	TOTAL GENERAL PLANT	<u>13,701,067.35</u>	<u>5,649,876.71</u>
101	TOTAL GAS PLANT	<u>1,825,923,829.12</u>	<u>958,934,596.09</u>
<b>COMMON PLANT</b>			
303	Miscellaneous Intangible Plant	394,023,163.41	252,892,419.02
350.1	Land	0.00	0.00
360.1	Land	0.00	0.00
389.1	Land	7,168,914.56	0.00
389.2	Land Rights	857,384.59	27,776.34
390	Structures and Improvements	348,570,446.62	148,905,864.64
391.1	Office Furniture and Equipment - Other	32,105,175.02	14,947,792.49
391.2	Office Furniture and Equipment - Computer E	49,898,065.62	30,568,518.55
392.1	Transportation Equipment - Autos	408,265.53	(293,878.49)
392.2	Transportation Equipment - Trailers	12,195.98	5,070.30
393	Stores Equipment	58,941.18	45,602.10
394.1	Portable Tools	1,232,026.51	367,390.64
394.2	Shop Equipment	191,385.80	121,683.84
394.3	Garage Equipment	1,626,443.82	227,945.82
395	Laboratory Equipment	2,095,455.34	982,940.82
396	Power Operated Equipment	0.00	(192,979.10)
397	Communication Equipment	188,234,125.17	75,536,327.32
398	Miscellaneous Equipment	2,446,629.19	462,081.67
118.1	TOTAL COMMON PLANT	<u>1,028,928,618.34</u>	<u>524,604,555.96</u>
	TOTAL ELECTRIC PLANT	12,633,189,734.02	4,263,975,950.14
	TOTAL GAS PLANT	1,825,923,829.12	958,934,596.09
	TOTAL COMMON PLANT	<u>1,028,928,618.34</u>	<u>524,604,555.96</u>
101 & 118.1	TOTAL	<u>15,488,042,181.48</u>	<u>5,747,515,102.19</u>
101	PLANT IN SERV-SONGS FULLY RECOVER	<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-ELECTRIC NON-RECON		
	Electric	0.00	0.00
	Gas	0.00	0.00
		<u>0.00</u>	<u>0.00</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	PLANT IN SERV-ASSETS HELD FOR SALE		
	Electric	0.00	0.00
	Common	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-LEGACY METER RECLASS		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-PP TO SAP OUT OF BAL		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
118	PLANT IN SERV-COMMON NON-RECON		
	Common - Transferred Asset Adjustment	(1,627,745.96)	(1,627,745.96)
		<u>(1,627,745.96)</u>	<u>(1,627,745.96)</u>
101	Accrual for Retirements		
	Electric	(5,334,211.52)	(5,334,211.52)
	Gas	(102,461.26)	(102,461.26)
		<u>(5,436,672.78)</u>	<u>(5,436,672.78)</u>
	TOTAL PLANT IN SERV-ACCRUAL FOR RE	<u>(5,436,672.78)</u>	<u>(5,436,672.78)</u>
102	Electric	0.00	0.00
	Gas	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
	TOTAL PLANT PURCHASED OR SOLD	<u>0.00</u>	<u>0.00</u>
104	Electric	85,194,000.02	14,261,043.81
	Gas	0.00	0.00
		<u>85,194,000.02</u>	<u>14,261,043.81</u>
	TOTAL PLANT LEASED TO OTHERS	<u>85,194,000.02</u>	<u>14,261,043.81</u>
105	Plant Held for Future Use		
	Electric	11,307,727.50	0.00
	Gas	0.00	0.00
		<u>11,307,727.50</u>	<u>0.00</u>
	TOTAL PLANT HELD FOR FUTURE USE	<u>11,307,727.50</u>	<u>0.00</u>
107	Construction Work in Progress		
	Electric	989,342,925.38	
	Gas	191,606,677.46	
	Common	126,503,879.36	
		<u>1,307,453,482.20</u>	<u>0.00</u>
	TOTAL CONSTRUCTION WORK IN PROGRESS	<u>1,307,453,482.20</u>	<u>0.00</u>
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
108.5	Accumulated Nuclear Decommissioning Electric	0.00	1,025,383,766.74
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	0.00	1,025,383,766.74
101.1	ELECTRIC CAPITAL LEASES	852,823,281.00	221,473,683.00
118.1	COMMON CAPITAL LEASE	20,730,792.88	20,361,830.08
		873,554,073.88	241,835,513.08
120	NUCLEAR FUEL FABRICATION	62,963,775.37	40,861,208.00
120	SONGS PLANT CLOSURE-NUCLEAR FUEL	(62,963,775.37)	(40,861,208.00)
143	FAS 143 ASSETS - Legal Obligation	224,915.57	(1,021,647,303.73)
	SONGS Plant Closure - FAS 143 contra	0.00	0.00
	FIN 47 ASSETS - Non-Legal Obligation	84,742,931.67	35,106,729.90
143	FAS 143 ASSETS - Legal Obligation	0.00	(1,473,595,368.35)
	TOTAL FAS 143	84,967,847.24	(2,460,135,942.18)
	UTILITY PLANT TOTAL	17,843,454,893.58	4,561,795,064.90

**ATTACHMENT D**

San Diego Gas & Electric Company

Summary of Earnings

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**SUMMARY OF EARNINGS**  
**Twelve Months Ended December 31, 2016**  
**(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$4,675
2	Operating Expenses	<u>3,982</u>
3	Net Operating Income	<u><u>\$693</u></u>
4	Weighted Average Rate Base	\$8,019
5	Rate of Return*	7.79%

\*Authorized Cost of Capital