Testimony Errata Log

Exhibit	Witness	Page	Line	Item To Be Replaced	Errata Item
SDGE-1	JAvery	I-7	FN 10	0.37% of SDG&E's 2013…	~~0.37%~~ **0.38%** of SDG&E's ~~2013~~ **2012**...
SDG&E	JAvery	I-7	6	…SDG&E Solar Energy Project will facilitate under the CSI program that would not have been developed…	…SDG&E Solar Energy Project ~~will~~ **may** facilitate under the CSI program that ~~would~~ **may** not have been developed
SDGE-1	JAvery	I-8	6	… that would not…	…that ~~would~~ **may** not…
SDGE-2	FThomas	II-5	18	… relates to solar tree applications.	…relates to solar ~~tree~~ **parking structure** applications.
SDGE-2	FThomas	II-12	6	…expanding discussions with potential turnkey vendors, and proceeding with preliminary facility development.	… **and** expanding discussions with potential turnkey vendors. ~~and proceeding with preliminary facility development~~.
SDGE-2	FThomas	II-19	2	…approximately 0.37% of SDG&E's retail electric sales in 2013.	… approximately ~~0.37%~~ **0.38%** of SDG&E's retail electric sales in ~~2013~~ **2012**.
SDGE-3	CYunker	III-9	15-23	IOUs cannot currently garner federal ITCs on behalf of rate payers as the Renewable Energy Production Tax Credit ("REPTC") provided by sections45(a)(2)(B) and (e)(4) of the Internal Revenue Code requires that the electricity must be sold by the taxpayer to an unrelated person. New legislation is pending that could extend the ITCs beyond 2008 as well as potentially include IOUs as eligible entities. Other potential outcomes are that ITCs expire at the end of 2008 or new	~~IOUs cannot currently garner federal ITCs on behalf of rate payers as the Renewable Energy Production Tax Credit ("REPTC") provided by sections45(a)(2)(B) and (e)(4) of the Internal Revenue Code requires that the electricity must be sold by the taxpayer to an unrelated person. New legislation is pending that could extend the ITCs beyond 2008 as well as potentially include IOUs as eligible entities. Other potential outcomes are that ITCs expire at the end of 2008 or new project structures are identified whereby ITCs can be realized. While no avenue currently exists whereby an IOU can own a solar asset and receive ITCs, SDG&E nonetheless seeks to realize benefits of ITCs for ratepayers to the extent they are available to the market.~~ **Public Law 110-343, "The Emergency Economic Stabilization Act of 2008"**

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				project structures are identified whereby ITCs can be realized. While no avenue currently exists whereby an IOU can own a solar asset and receive ITCs, SDG&E nonetheless seeks to realize benefits of ITCs for ratepayers to the extent they are available to the market.	**(the 2008 Act) repealed restrictions on public utility property being eligible for the energy credit and extended eligibility for ITCS to qualified property placed in service through 2016. Specifically, the 2008 Act amends the definition of energy property in Code Sec. 48(a)(3) by striking the following language: "The term energy property shall not include any property which is public utility property (as defined in section 46(f)(5) as in effect on the day before the date of the enactment [11/5/90] of the '90 Revenue Act."**
SDGE-3	CYunker	III-10	1-4	To that end, SDG&E has included ITCs in the calculation of the SDG&E Solar Energy Project revenue requirement as if SDG&E were eligible for ITCs and assuming the ITCs are renewed at the 30% rate that is effective through the end of 2008.	To that end, SDG&E has included ITCs in the calculation of the SDG&E Solar Energy Project revenue requirement ~~as if SDG&E were eligible for ITCs and assuming the ITCs are renewed~~ at the 30% rate that is effective through the end of ~~2008~~ **2016**.
SDGE-3	CYunker	III-10	7-8	SDG&E is locked into Option 2 which is a ratable reduction to tax expense in the cost of service.	SDG&E ~~is locked into~~ **originally elected** Option 2 which ~~is~~ **provides for** a ratable reduction to tax expense in the cost of service **rather than a reduction to rate base**.
SDGE-3	CYunker	III-10	11-16	There is a required tax basis adjustment on ITC property. The depreciable basis of for tax purposes must be reduced by 50% of the ITC claimed.	**Under the ITC legislation, t**here is a required tax basis adjustment on ITC property. **For tax purposes, t**he depreciable basis of **ITC property** ~~for tax purposes~~ must be reduced by 50% of the ITC claimed. **Under FAS 109 of Generally Accepted Accounting Principles (GAAP), this tax basis adjustment is treated as a recapture of a portion of the tax benefits arising from the ITC. As a result of this basis adjustment, a timing difference between book/tax recognition of depreciation expense is created.**

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SDGE-3	CYunker	III-10	16-20	However, this is a permanent book/tax difference, so there are no deferred taxes attributable to the ITC claimed. The accounting rules under Financial Accounting Standards FAS 109 state: "basis differences that will not result in future taxable or deductible amounts are not temporary differences for which a deferred tax liability or asset is recognized."	~~However, this is a permanent book/tax difference, so there are no deferred taxes attributable to the ITC claimed. The accounting rules under Financial Accounting Standards FAS 109 state: "basis differences that will not result in future taxable or deductible amounts are not temporary differences for which a deferred tax liability or asset is recognized."~~
SDGE-3	CYunker	III-10	20-23	As a result of the accounting rules, the deferred tax asset that would normally be created by the basis difference is offset by an equal and offsetting deferred tax liability each year.	~~As a result of the accounting rules,~~ The deferred tax asset ~~that would normally be~~ created by the basis difference **(which causes book depreciable basis to exceed the tax depreciable basis)** is offset by an equal and offsetting deferred tax liability **for the portion of the claimed ITC's that are to be recaptured** ~~each year~~.
SDGE-3	CYunker	III-10	24-27	Therefore, the deferred tax calculation is solely based on a deferred tax liability that sets up and reverses over time due to the different book lives and slower depreciation rates compared to tax.	Therefore, the deferred tax**es in rate base** calculation is solely based on a deferred tax liability that sets up and reverses over time due to the different ~~book~~ lives and ~~slower depreciation rates~~ **methods used for book and tax purposes without any impact on rate base caused by ITCs**. ~~compared to tax.~~
SDGE-3	CYunker	III-12	5		**I have not previously testified before the CPUC.**
SDGE-4	MSomerville	IV-7	18	I have not previously testified before this Commission.	I have ~~not~~ previously testified before this Commission.