

San Diego Gas & Electric Company

Volume – 1a

TO5 – Cycle 1

Transmittal Letter; Attestation;
Appendix I; and Appendix XIII with
Formula Rate Protocols and Formula
Rate Spreadsheet

October 30, 2018

Docket No. ER19-_____

Table of Contents

	<u>Page No.</u>
A. Transmittal Letter	1-15
B. Certificate of Service	16
C. Attestation	17-18
D. Appendix I	19-20
E. Appendix VIII	21-146



Christopher M. Lyons
 Senior Counsel
 San Diego Gas & Electric Company
 8330 Century Park Court, CP32D
 San Diego, CA 92123
 Tel: 858-654-1559
 Fax: 619-699-5027
 clyons@semprautilities.com

October 30, 2018

The Honorable Kimberly D. Bose
 Secretary
 Federal Energy Regulatory Commission
 888 First Street, NE
 Washington, DC 20426

Re: San Diego Gas & Electric Company's
 Fifth Transmission Owner Formula Rate Tariff Filing
 Docket No. ER19-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act,¹ and Section 35.13 of the Commission's regulations,² San Diego Gas & Electric Company ("SDG&E") submits revisions to its Transmission Owner ("TO") Tariff.³ The primary revision is to adopt a new formula rate tariff, the TO5 Formula ("TO5 or TO5 Formula"), as the successor to its currently effective TO4 Formula,⁴ which is due to expire by its terms on December 31, 2018. The proposed effective date for the TO5 Formula and the other changes described below is January 1, 2019. As with the TO4 Formula, the TO5 Formula will include annual filings made under the formula (referred to as "Cycles"), with this first filing consisting of TO5 Cycle 1.

I. NATURE AND PURPOSE OF FILING

This filing does two things: (1) it proposes a new TO5 Formula and Appendix VIII⁵ to SDG&E's TO Tariff to succeed the TO4 Formula, which will expire on December 31, 2018; and (2) it revises SDG&E's Base Transmission Revenue

¹ 16 U.S.C. §824d.

² 18 C.F.R. § 35.13.

³ See "San Diego Gas & Electric Company, Transmission Owner Tariff, Volume 11."

⁴ The TO4 Formula was embodied in an Offer of Settlement and Settlement Agreement ("TO4 Settlement") submitted on February 4, 2014, which the Commission approved on May 27, 2014. *San Diego Gas & Electric Company*, 147 FERC ¶ 61,150 (2014).

⁵ Appendix VIII to SDG&E's TO Tariff – which includes the Formula Rate Protocols as Attachment 1 and the Formula Rate Spreadsheet as Attachment 2 – constitutes the TO5 Formula.

Ms. Kimberly D. Bose
 October 30, 2018
 Page 2

Requirements⁶ (“BTRR”) and transmission rates for retail End Use customers and California Independent System Operator (“CAISO”) Wholesale customers for the Rate Effective Period (“REP”) under the terms of the proposed TO5 Formula. Each of these points is summarized below and further discussed in Attachment 1 hereto.

A. Key Components of the TO5 Formula and Related Appendix VIII that Differ from the TO4 Formula

In general terms, the TO5 Formula continues most, but not all, aspects of the TO4 Formula, as set for in Appendix VIII and related attachments, including the structure and organization of those materials. Based on its experience in administering the TO4 Formula, interactions with stakeholders, and industry standards and practices, SDG&E is proposing changes to be reflected in Appendix VIII, as well as the TO5 Formula Rate Protocols (Attachment 1 to Appendix VIII) and the TO5 Formula Rate Spreadsheet (Attachment 2 to Appendix VIII).

1. Changes Reflected in Appendix VIII

Definitions and Terms: In Appendix VIII, SDG&E has proposed several changes to the Definitions and Terms, most of which are clerical in nature. The substantive change involves an update to the definitions involving Accumulated Deferred Income Taxes (“ADIT”), to include ADIT associated with non-plant related items such as labor and ad valorem taxes.

2. Changes Reflected in the TO5 Formula Rate Protocols

Term of SDG&E’s TO5 Formula: The TO4 Formula was in effect through December 31, 2018, subject to a one-time termination right to be noticed by June 30, 2016. In the TO5 Formula, SDG&E proposes that the formula shall become effective January 1, 2019 and shall remain in effect without termination. However, SDG&E and interested parties shall each have a right to terminate the TO5 Formula, to be exercised on an annual basis beginning with the 2022 annual cycle (TO5 Cycle 4), by providing SDG&E and each interested party notice no later than June 30 of any year. Following such notice, SDG&E shall file a successor rate pursuant to Section 205, which shall include a request for an effective date that is January 1 of the upcoming year. All interested parties retain their rights to oppose this successor Section 205 filing. The TO5 Formula shall remain in effect until the Commission accepts such a successor rate mechanism.

⁶ Unless otherwise defined in this letter and accompanying volumes referenced herein, capitalized terms are intended to have the meanings ascribed to them in SDG&E’s TO Tariff.

Ms. Kimberly D. Bose
 October 30, 2018
 Page 3

3. Changes Reflected in the TO5 Formula Rate Spreadsheet

SDG&E has proposed several clerical changes to the Formula Rate Spreadsheet. Substantive changes include the following:

True Up Adjustment: The TO4 Formula contained separate True-Up Adjustments⁷ for retail and Wholesale Customers. For purposes of the TO5 Formula, SDG&E has simplified this process by deriving one True-Up Adjustment that will apply in the derivation of the BTRRs for retail and Wholesale Customers. The proposed methodology will now conform more closely to the definition of the True-Up Adjustment, which is the difference between actual costs and recorded revenues for the True-Up period. In addition, a single true up adjustment streamlines the annual Informational Filing and makes it more transparent by eliminating many levels of details that are calculated under the current process.

Statement AF – Specified Deferred Credits: In the TO5 Formula, SDG&E modifies the way ADIT is presented by showing the transmission-related balances of ADIT accounts 190, 282 and 283, individually, rather than just showing the total ADIT. ADIT will now also include ADIT associated with non-plant related items such as labor and ad valorem taxes.

FERC Form 1 References: The TO5 Formula now shows a separate column for all FERC Form 1 references, in lieu of copying and including them in the workpapers.

Annual Fixed Charge Rate (“AFCR”) and the Net Weighted Forecast Plant Additions (“NWFP”) to Derive Forecast Period Capital Addition Revenue Requirements (“FC”): In the TO5 Formula, SDG&E is proposing that the AFCR be calculated using Net Plant (Gross Plant Less Accumulated Depreciation) in the denominator instead of Gross Transmission Plant. Historically, the True-Up Adjustment component of SDG&E’s BTRR has been an under-collection for each annual informational filing. This change will help minimize, but not eliminate, future True-Up Adjustments and allow the company to better match the timing of the when revenues are collected in rates to cover the costs that are expected to be incurred during the rate effective period.

The change in derivation of the AFCR is coupled with changing to the NWFP in which the AFCR will be applied to derive the FC. The NWFP is calculated as the Weighted Forecast Plant Additions (“WFPA”) net of Weighted Forecast Plant Additions Depreciation Expense (“WFPA Depr”). The Composite Depreciation Rate (“CDR”) for electric transmission is used to derive the WFPA Depr by taking the product of the WFPA and CDR.

⁷ The True-Up Adjustment is the difference between recorded revenues and the True-Up Cost of Service.

Ms. Kimberly D. Bose
 October 30, 2018
 Page 4

These proposed changes merely impact the timing of when revenues are collected (and not the level of revenues collected), mitigating the under-collection that has been experienced historically, and to reduce future True Up Adjustments.

Addition of Other BTRR Adjustments Line: The addition of Other BTRR Adjustments line shows any prior year omissions, FERC audit adjustments, refunds related to the Tax Cuts and Jobs Act, and errors in Statements BK-1 and BK-2.

Statement AQ –Federal Income Tax Deductions Other than Interest: A new line has been added (“Other Federal Income Tax Deductions”) to accommodate future tax deductions that are not currently present.

Statement AR – Federal Tax Adjustments: The Amortization of Excess Deferred Taxes is now shown by specific FERC accounts. In addition, SDG&E has included a line titled “Other Federal Tax Adjustments” to accommodate future tax adjustments.

B. TO5 Cycle 1 Base Transmission Revenue Requirements

Utilizing the TO5 Formula, this filing revises SDG&E’s BTRR and changes transmission rates for retail End Use and CAISO Wholesale customers for the Rate Effective Period beginning January 1, 2019 and continuing through December 31, 2019.

The revised transmission rates are based on certain recorded and estimated costs information. More specifically, the TO5 Cycle 1 rates reflecting a revised BTRR for retail End Use and CAISO Wholesale customers consist of the following components:

- (1) Prior Year Revenue Requirements (“PYRR”) for the 12-month period ending December 31, 2017;
- (2) Forecast Period Capital Addition Revenue Requirements (“FC”) for the 24- month period covering 2018 and 2019;
- (3) True-Up (“TU”) Adjustment for the 12-month Period from January 1, 2017 through December 31, 2017;⁸ and
- (4) Interest True-Up Adjustment.

⁸ SDG&E also notes that while the TO4 Formula will terminate on December 31, 2018, there are provisions in the TO4 Formula Rate Protocols for a Final True-Up Adjustment, which “shall be determined using the same calculation methodology as the Annual True-Up Adjustment and shall be applied to the next successor rate.” Accordingly, True-Up Adjustments for 2017 and 2018 will be incorporated in annual filings under the TO5 Formula (Cycles 1 and 2).

Ms. Kimberly D. Bose
October 30, 2018
Page 5

The PYRR, FC and TU Adjustment, including the Interest True-Up Adjustment, are designed to quantify SDG&E's cost to own, operate and maintain its transmission facilities.

To facilitate review of the revisions to the BTRR and associated elements for retail End Use and CAISO Wholesale customers, SDG&E summarizes key elements of the TO5 Formula below and in Appendix I hereto.

In this filing, SDG&E is proposing to update its currently-effective transmission depreciation rates. Due to the operation of the Formula, however, these rates are not included in the Cycle 1 Base Period BTRR.

II. LIST OF DOCUMENTS SUBMITTED

This filing consists of the following Volumes:

- **Volume 1** contains (1) the Transmittal Letter; (2) Attestation Form; (3) the testimony of SDG&E witnesses supporting the TO5 Formula; (4) a redlined and clean version of Appendix I; (5) a redlined and clean version of Appendix VIII, reflecting the revised TO5 Appendix VIII; (6) a redlined and clean version of the proposed TO5 Formula Rate Protocols; and (7) the proposed TO5 Formula Rate Spreadsheet.
- **Volume 2** contains (1) the TO5 Base Period cost of service statements, which include a Statement BK-1 and Statement BK-2 that develops the BTRRs for retail End Use customers and CAISO Wholesale customers, respectively; and (2) Statement BL, setting forth applicable retail rate design and CAISO High Voltage and Low Voltage Transmission Revenue Requirements; and
- **Volume 3** contains the workpapers supporting adjustments related to the Tax Cuts and Jobs Act and the ADIT error correction.

III. SUMMARY OF THE TRANSMISSION FORMULA REVENUE REQUIREMENTS FOR THE TO5 CYCLE 1 RATE EFFECTIVE PERIOD

SDG&E's TO5 Cycle 1 formulaic BTRR for End Use customers ("BTRR_{EU}") for the 12-month Rate Effective Period between January 1, 2019 and December 31, 2019 will collect from retail End Use customers approximately \$910.9 million in revenue requirements, representing a 10.6% increase over the current revenue requirement. The End Use and CAISO wholesale customers' BTRR is comprised of the following components (all amounts in \$ millions):

Ms. Kimberly D. Bose
 October 30, 2018
 Page 6

2017 Base Period revenues	=	\$707.5
Forecast Period revenues	=	\$129.2
12-month TU Adjustment	=	\$24.6
Interest TU Adjustment	=	\$1.9
Franchise Fees/Uncollectibles	=	\$10.4
Other BTRR Adjustments	=	\$37.3
Total Retail BTRR	=	\$910.9

Adjustments

So. Georgia Tax Adjustment	=	\$(2.3)
Uncollectibles	=	\$(1.6)
Total Wholesale BTRR	=	\$907.0

The increase in transmission rates is primarily attributable to the following factors: (1) a revision to the Annual Fixed Charge Rate Calculation; (2); an Adjustment to Reflect Correction of Errors related to SDG&E's calculation of its Accumulated Deferred Income Taxes ("ADIT"); and (3) a revision to the Return on Equity ("ROE") rate during the duration of the proposed TO5 Formula Rate mechanism. These factors are further discussed in Attachment 1 hereto, and in SDG&E's supporting testimony.

The increase in transmission rates is partially offset by the reduction in the federal corporate income tax rate from 35% to 21%, which is also discussed in Attachment 1 hereto, and in SDG&E's supporting testimony.

The TO5 Cycle 1 BTRR for CAISO Wholesale customers ("BTRR_{CAISO}") equals \$907.0 million, representing a 10.9% increase over the current revenue requirement. As indicated above, SDG&E has included an Appendix I to reflect CAISO Transmission Access Charge information required by the CAISO Tariff.

IV. MISCELLANEOUS MATTERS

Material Accounting Changes: Effective January 1, 2018, in accordance with Accounting Standards Update ("ASU") 2017-07 ("Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"), SDG&E has elected to capitalize only the service cost component of pension and post-retirement benefits other than pensions. Additionally, the ASU requires SDG&E to retrospectively separate the service cost component of pension and PBOP costs from non-service cost components.

Ms. Kimberly D. Bose
October 30, 2018
Page 7

Additionally, SDG&E adopted a mechanism to true-up the variance between the forecast and actual load associated with the Lake Hodges Pumped Storage Facility by simply taking the difference and adjusting the gross load forecast in its annual information rate filing. The true-up of the load variance in SDG&E's gross load forecast will be incorporated and effectuated through the CAISO's TAC mechanism to be realized by varying stakeholders.

V. REQUEST FOR WAIVERS

SDG&E respectfully requests any waivers deemed necessary to permit the TO5 Cycle 1 Filing to become effective January 1, 2019, subject to refund and final Commission action in this proceeding. The January 1, 2019 effective date for the TO5 Formula will provide for seamless transition between the end of the TO4 Formula and the beginning of the TO5 Formula.

Good cause exists to permit the TO5 Formula to become effective as requested because no irreparable harm will result if this TO5 Formula is permitted to go into effect as requested. All rates collected as of January 1, 2019 will be collected subject to refund. Therefore, no party will be harmed by permitting the TO5 Formula to take effect as requested.

SDG&E also respectfully requests waivers of the Commission's cost support regulations, 18 C.F.R. § 35.13, to the extent such waivers are necessary. Good cause exists to grant such waivers because the statements, testimony and exhibits accompanying this filing, along with SDG&E's FERC Form 1, provide sufficient information for the reasonableness of the proposed formula rates, which are based on actual costs as reflected in SDG&E's audited books and records. Granting such waiver is consistent with Commission precedent.⁹

VI. SERVICE

Copies of this filing have been served on all parties to Docket Nos. ER13-941 and ER18-358, including the California Public Utilities Commission, CAISO, Southern California Edison Company, Pacific Gas & Electric Company, and other participating transmission owners that have transferred operational control over their transmission facilities and entitlements to CAISO.¹⁰

⁹ See, e.g., *Southern California Edison Co.*, 136 FERC ¶ 61,074 at P 29 (2011).

¹⁰ Docket No. ER13-941 is the proceeding in which SDG&E submitted its Offer of Settlement, establishing the currently effective TO4 Formula. Docket No. ER18-358 is the TO4 Cycle 5 proceeding.

Ms. Kimberly D. Bose
October 30, 2018
Page 8

VII. COMMUNICATIONS

Correspondence and other communications concerning this draft Informational Filing should be addressed to:

Christopher M. Lyons
Senior Counsel
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Phone: 858-654-1559
Fax: 619-699-5027
E-mail: clyons@semprautilities.com

Jeff Stein
Transmission Revenue Manager
San Diego Gas & Electric Company
8315 Century Park Court
San Diego, CA 92123
Phone: 858-636-5551
Fax: 858-637-7969
E-mail: jstein@semprautilities.com

William Fuller
Regulatory Case Manager
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Phone: 858-654-1885
E-mail: wfuller@semprautilities.com

Respectfully submitted,

/s/ Christopher M. Lyons

Christopher M. Lyons
Attorney for
San Diego Gas & Electric Company

October 30, 2018

ATTACHMENT 1

KEY DIFFERENCES BETWEEN THE TO5 FORMULA AND THE TO4 FORMULA

1. Change in Federal Corporate Income Tax Rate

Consistent with the May 14, 2018 “Answer of San Diego Gas & Electric Company to Order to Show Cause” in Docket No. EL18-67 (“SDG&E Show Cause Answer”),¹¹ SDG&E is proposing revisions to be reflected in its TO5 Formula to address the recent change in the federal corporate income tax rate. As noted in the SDG&E Show Cause Answer, SDG&E proposes to reflect the change from a 35% to a 21% corporate income tax rate in the TO5 Formula, for rates to take effect January 1, 2019. The True-Up Adjustments for years prior to 2018 shall continue to reflect the previously-effective corporate tax rate.

Additionally, consistent with the proposal in the SDG&E Show Cause Answer, SDG&E proposes to reduce the BTRR in the first annual Cycle of the TO5 Formula to reflect the benefits to ratepayers from the federal corporate income tax reduction for the period March 15, 2018 through December 31, 2018.

2. Adjustment to Reflect Correction of ADIT Error

In addition to the changes to the TO4 Formula, SDG&E will also reflect in the TO5 Formula an Adjustment to Reflect Correction of Errors, in accordance with Section C.5 of the Formula Rate Protocols.¹² Section C.5 of the Protocols provides that if “SDG&E or any Interested Party identifies an error in the TO4 Formula or the FERC Form 1 data or data based on SDG&E’s books and records that is used as an input to the formula ... SDG&E shall include in its next subsequent Informational Filing a brief description of the errors included in its prior Informational Filing that must be corrected.” SDG&E is also required to recalculate the Total Revenue Requirement (“TRR”) to account for the error and to include the difference between the initial incorrect True-Up TRR and the revised correct True Up “in its next Informational Filing or Final True-Up Adjustment, as applicable, as a one-time True Up Adjustment in accordance with the TO4 Formula.” The Final True-Up Adjustment for the TO4 Formula is to occur, per Section B of the TO4 Formula Protocols, after the termination date, using the same methodology as in the TO4 Formula, and it “shall be applied to the next successor rate.”

The error pertains to ADIT-related figures reported in the footnotes to Schedule Page 274 of SDG&E’s FERC Form 1 for the years 2012-2016.

¹¹ The Commission has not yet ruled on the SDG&E Show Cause Answer.

¹² See Section C.5 (“Adjustments to Reflect Corrections of Errors”) of SDG&E’s TO4 Formula Rate Protocols, Attachment 1 to Appendix VIII of the TO4 Offer of Settlement, Docket No. ER13-941-001.

ADIT represents the difference in the amount of taxes collected in rates and the amount of taxes paid each year. As noted in General Instruction 18 of the Commission's Uniform System of Accounts, "[t]ax effects deferred currently will be recorded as deferred debits or deferred credits in accounts 190, ... 282, ... and 283." ADIT includes both deferred tax liabilities ("DTLs") and deferred tax assets ("DTAs"), including DTAs related to Net Operating Losses ("NOL"). DTAs are recorded in Account 190, and DTLs are recorded in Accounts 282 and 283.

After conducting a review of its NOL, as reflected in the footnotes to past FERC Form 1 reports, SDG&E identified an error in the computation of "transmission related accumulated deferred income taxes" for the years 2012-2016. The accounting error pertains to SDG&E's computation of DTAs related to NOL. More specifically, SDG&E erroneously computed DTA balances on a company-wide basis by including both transmission-related and non-transmission-related (CPUC jurisdictional) amounts in the computation, rather than only transmission-related amounts. The principal effect of this error was the inappropriate and premature reduction of the NOL carryforward generated by the Sunrise Powerlink transmission facility, a 117-mile, \$1.887 billion 500-kilovolt electric transmission line from Imperial County to San Diego. Thus, SDG&E used an incorrect input to its TO4 Formula.

The NOL carryforward arose from the fact that in 2012, SDG&E claimed a 100% bonus depreciation deduction¹³ on qualified Sunrise costs of approximately \$1.44 billion (total costs less AFUDC, *etc.*). In addition, SDG&E claimed 50% bonus depreciation on other electric transmission projects that went into service in 2013-17. If SDG&E had correctly computed the DTAs by including only transmission-related amounts, the NOL carryforward would continue at least until 2020. However, if SDG&E continues to maintain its incorrect approach to computing DTAs, the benefit from the Sunrise Powerlink and other transmission property in its ADIT would be reduced or offset by the inclusion of non-transmission (CPUC Jurisdictional) related activity and ADIT balances. By making this correction, SDG&E seeks to ensure that the NOL from transmission facilities is assigned to transmission related ADIT, consistent with the Commission's stand-alone policy.¹⁴

As required by Section C.5 of the TO4 Formula Protocols, SDG&E has (i) recalculated the True-Up TRR for all affected Prior Years; (ii) compared, on a monthly basis, the difference between the initial incorrect True-Up TRR and the revised correct True Up; and (iii) determined the cumulative amount of the difference in Section C.5.a.ii, including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a, through the date of implementation of the correction. That difference is included as an additional

¹³ See Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub.L. 11-312, 124 Stat. 3296 (Dec. 17, 2010).

¹⁴ See *Kern River Gas Transmission Co.*, Opinion No. 486, 177 FERC ¶ 61,077, PP 224-40 (2006) (reh'g granted on other grounds); see also *Columbia Gas Transmission Co.*, Opinion No. 173, 23 FERC ¶ 61,396 (1983).

component of SDG&E's Final True-Up Adjustment in accordance of Section C.5.b of the TO4 Protocols.

SDG&E has resubmitted its FERC Form 1 reports for 2012 through 2016 to correct the error in the footnotes to Schedule Page 274, and has reflected the correction in the footnotes to its 2017 FERC Form 1. SDG&E notes that the correction does not affect the net ADIT balances reflected in Accounts 190, 282 or 283 for any of the aforementioned FERC Form 1 reports. The correction only applies to transmission-related amounts reflected in the footnotes to the FERC Form 1.

Lastly, SDG&E notes that its analysis revealed that a portion of the DTAs that should have been allocated solely to transmission-related ADIT under the stand-alone methodology was in fact allocated to CPUC-jurisdictional ratepayers through SDG&E's CPUC jurisdictional rates. When SDG&E's input correction is approved by the Commission, SDG&E will make an appropriate filing at the CPUC to ensure that there is no overcollection (or double-collection) of these transmission-related amounts.

3. Change in Depreciation Rates

SDG&E is requesting approval of new transmission depreciation rates to go into effect January 1, 2019. SDG&E proposes to change its currently effective transmission depreciation rates. Due to the operation of the Formula, however, these rates are not included in the Cycle 1 Base Period BTRR; but rather, the impact will begin to appear in the 2019 base period for 2021 rates.

4. Rate of Return on Equity

SDG&E is proposing to change its rate of return on equity ("ROE") to reflect current market conditions and risks. The proposed ROE consists of a base ROE of 10.7 percent and a 50 basis point adder for CAISO participation.

5. One True-Up Adjustment for Retail and CAISO Wholesale Customers

The TO4 Formula contained separate True-Up Adjustments for retail and Wholesale Customers. For purposes of the TO5 Formula, SDG&E has simplified this process by deriving one True-Up Adjustment that will apply in the derivation of the BTRRs for retail and Wholesale Customers. The proposed methodology will now conform more closely to the definition of the True-Up Adjustment, which is the difference between actual costs and recorded revenues for the True-Up period. In addition, a single true up adjustment streamlines the annual Informational Filing and makes it more transparent by eliminating many levels of details that are calculated under the current process.

6. Change to Term

SDG&E proposes to change the Term provision contained in the TO4 Formula. The TO4 Formula was in effect through December 31, 2018, subject to a one-time termination right to be noticed by June 30, 2016. In the TO5 Formula, SDG&E proposes an effective date of January 1, 2019, and that the TO5 Formula shall remain in effect without termination. However, SDG&E and interested parties shall each have a right to terminate the TO5 Formula, to be exercised on an annual basis beginning with the 2022 annual cycle (TO5 Cycle 4), by providing SDG&E and to each interested party notice no later than June 30 of any year. Following such notice, SDG&E shall file a successor rate pursuant to Section 205, which shall include a request for an effective date that is January 1 of the following year. All interested parties retain their rights to oppose this Section 205 filing. The TO5 Formula shall remain in effect until the Commission accepts such a successor rate mechanism.

ATTACHMENT 2

SUMMARY OF SDG&E'S PREPARED DIRECT TESTIMONY

Bruce A. Folkmann (Exhibit No. SD-0001) provides a general overview of SDG&E's proposed TO5 Formula. After providing background and contextual information, Mr. Folkmann discusses the key drivers underlying the changes in SDG&E's Base Transmission Revenue Requirements, including the Return on Equity, federal income taxes, and an Accumulated Deferred Income Tax ("ADIT") error correction. Mr. Folkmann supports SDG&E's proposed 50 basis-point adder for SDG&E's CAISO participation, and he also introduces SDG&E's new transmission depreciation rate study.

Jeff Stein (Exhibit No. SD-0002) provides a description of the TO5 Formula, including the relevant timelines associated with each annual Cycle. Mr. Stein then discusses the key differences between the proposed TO5 Formula and the existing TO4 Formula, as well as other aspects of the TO5 Formula, such as the Final True-Up Adjustment, Refunds, and Retail Rate Design.

Alana Hammer (Exhibit No. SD-0004) describes the structure and derivation of the total Retail and Wholesale Base Transmission Revenue Requirements under the TO5 Formula, as set forth in the Formula Rate Spreadsheets and Protocols. Ms. Hammer also discusses various cost statements to the TO5 Formula; the True-Up and Interest True-Up Adjustments; the Forecast Period Capital Additions Revenue Requirement; the Incentive Transmission Forecast CWIP Revenue Requirement; the Franchise Fees & Uncollectibles; and Other Base Transmission Revenue Requirement Adjustments.

Raulin R. Farinas (Exhibit No. SD-0006) explains the purpose and derivation of the True-Up Adjustment and its applicability in the derivation of both the Retail and Wholesale Base Transmission Revenue Requirements of the TO5 Formula. Mr. Farinas also explains how SDG&E proposes to simplify the True-Up calculation approach that SDG&E used in the TO4 Formula. Lastly, Mr. Farinas discusses the purpose and calculation of the Interest True-Up Adjustment.

William H. Speer (Exhibit No. SD-0007) sponsors SDG&E's Forecast of Capital Additions and related exhibits. Mr. Speer also describes transmission Capital Additions; the processes used in developing the Forecast; the CAISO process which establishes the need for many of the projects; and certain major projects.

Christopher R. Penn (Exhibit No. SD-0013) explains how the Forecast Period Capital Addition Revenue Requirement under the TO5 Formula is derived. Mr. Penn also explains the Annual Fixed Charge Rate and the Net Weighted Forecast Plant Additions.

Dane A. Watson (Exhibit No. SD-0014) has prepared a Depreciation Rate Study for SDG&E's Electric Transmission Plant to be used in connection with the TO5 Formula. Mr. Watson's testimony describes the methods used to determine the life and net salvage characteristics of SDG&E's plant accounts; presents the results of the average service life, Iowa curves, and future net salvage analyses; and supports the resulting annual depreciation accrual expense and rate calculations performed as part of his Depreciation Rate Study.

Joel Dumas (Exhibit No. SD-0017) explains certain tax issues related to SDG&E's TO5 Formula filing. Mr. Dumas discusses the error pertaining to

Accumulated Deferred Income Taxes (and more specifically, SDG&E's FERC Tax Net Operating Loss). Mr. Dumas also discusses the impact of the Tax Cuts and Jobs Act, including the change in the federal income tax rate and the treatment of excess deferred taxes. Lastly, Mr. Dumas explains certain tax-rated terminology SDG&E proposes to make in Appendix VIII to its Transmission Owner tariff.

Dr. Roger Morin (Exhibit No. SD-0019) recommends a Return on Equity for SDG&E. Dr. Morin developed his recommendation by applying standard Return on Equity estimation methodologies to a proxy group of combination gas and electric utilities with assets similar to SDG&E's. In order to recognize SDG&E's much higher degree of risk relative to that proxy group, Dr. Morin recommends a Return on Equity at the upper end of the range of results from the various methodologies.

Don Widjaja (Exhibit No. SD-0028) supports Dr. Morin's Return on Equity analysis by describing SDG&E's investment risk. Mr. Widjaja explains SDG&E's risk profile in terms of its business risks, financial risks, and regulatory risks. Foremost among these risks is the risk associated with catastrophic wildfires in California, and the potential that SDG&E may face massive uninsured, and unrecoverable liabilities if its equipment is involved in a wildfire ignition.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in Docket Nos. ER13-941 and ER18-358, including the CPUC and CAISO.

Dated at San Diego, California this 30th day of October, 2018

/s/ Jenny Norin

Jenny Norin
San Diego Gas & Electric Company
8330 Century Park Court, Bldg 3
San Diego, CA 92123
(858) 654-1716
jnorin@semprautilities.com

ATTESTATION REGARDING SAN DIEGO GAS & ELECTRIC COMPANY'S
FIFTH TRANSMISSION OWNER FORMULA RATE TARIFF FILING

I, Dan Skopec, attest that I am Vice President of Regulatory Affairs for San Diego Gas & Electric Company ("SDG&E"), and to the best of my knowledge, information, and belief, the cost of service statements and supporting data submitted as part of this filing are true, accurate, and current representations of SDG&E's books, budgets or other corporate documents.

Dated: October 25, 2018


Dan Skopec

State of California)
)
County of San Diego)

Subscribed and sworn before me Joyce Ruiz Jeffers, a Notary Public on this 25 day of October, 2018.

WITNESS my hand and official seal.


Joyce Ruiz Jeffers, A Notary Public



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Diego

On October 25, 2018 before me, Joyce Ruiz Jeffers, Notary Public
(insert name and title of the officer)

personally appeared Dan Skopec
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Joyce Ruiz Jeffers (Seal)



APPENDIX - I
SDG&E's Transmission Revenue Requirement
TO5-Cycle 1 – October 30, 2018 Informational Filing
Effective January 1, 2019 – December 31, 2019

1. **Wholesale Customers:** For purposes of the CAISO's calculation of Transmission Access Charges.
 - a. The Wholesale Transmission Revenue Requirement shall be **\$885,344,607¹**, which is equal to the Wholesale Base Transmission Revenue Requirement of **\$906,943,404**, reduced by the Wholesale TRBAA of **\$7,329,369** and reduced by Standby Transmission Revenue of **\$14,269,428**.
 - b. The High Voltage Transmission Revenue Requirement shall be **\$550,787,720**.
 - c. The Low Voltage Transmission Revenue Requirement shall be **\$334,556,887**.
 - d. Gross Load consistent with the High Voltage Transmission Revenue Requirement shall be **19,057,144** megawatt hours.
2. **Effective Date:** The amounts in (1) shall be effective January 1, 2019, or until amended by the Participating TO or modified by FERC.

NOTE (1): Transmission Revenue Requirements consist of the following:

BTRR TO5-Cycle 1 Informational Filing Docket ER19-	-	= \$906,943,404
TRBAA per FERC Order in Docket ER19-	-000	= (7,329,369)
Standby Revenues TO5-Cycle 1 Informational Filing ER19-	-	= <u>(14,269,428)</u>
TOTAL =		<u>\$885,344,607</u>

APPENDIX - I

SDG&E's Transmission Revenue Requirement TO~~54~~-Cycle ~~15~~ – ~~October~~~~May~~~~November~~ ~~30~~~~10~~, 201~~87~~ Effective January 1, 201~~98~~ – December 31, 201~~98~~

1. **Wholesale Customers:** For purposes of the CAISO's calculation of Transmission Access Charges.
 - a. The Wholesale Transmission Revenue Requirement shall be \$885,344,607,791,347,993¹, which is equal to the Wholesale Base Transmission Revenue Requirement of \$906,943,404,817,704,000, reduced by the Wholesale TRBAA of \$7,329,369,13,438,211 and reduced by Standby Transmission Revenue of \$14,269,428,12,917,796.
 - b. The High Voltage Transmission Revenue Requirement shall be \$550,787,720,509,378,580.
 - c. The Low Voltage Transmission Revenue Requirement shall be \$334,556,887,281,969,413.
 - d. Gross Load consistent with the High Voltage Transmission Revenue Requirement shall be 19,057,144,20,283,944 megawatt hours.
2. **Effective Date:** The amounts in (1) shall be effective January 1, 201~~98~~, or until amended by the Participating TO or modified by FERC.

NOTE (1): Transmission Revenue Requirements consist of the following:

BTRR TO 54 -Cycle 15 Informational Filing Docket ER1 98 -	-	
= <u>\$906,943,404,817,704,000</u>		
TRBAA per FERC Order in Docket ER1 98 - 211 -000	=	
<u>(7,329,369)(13,438,211)</u>		
Standby Revenues TO 54 -Cycle 15 Informational Filing ER1 98 -	-	=
<u>(14,269,428,12,917,796)</u>		
	TOTAL =	
<u>\$885,344,607,791,347,993</u>		

APPENDIX VIII

FORMULA FOR CALCULATING ANNUAL BASE TRANSMISSION REVENUE REQUIREMENTS UNDER SDG&E'S TRANSMISSION OWNER TARIFF

This Appendix VIII sets forth the formula for calculating the annual Base Transmission Revenue Requirements ("BTRRs") and is organized into the following sections:

Introduction

I. Definitions

- A. Allocation Factors
 - 1. HV and LV Allocation Factor
 - 2. Seven-Element Adjustment Factor
 - 3. Transmission Plant Allocation Factor
 - 4. Transmission Property Insurance and Tax Allocation Factor
 - 5. Transmission Wages and Salaries Allocation Factor

- B. Terms
 - 1. Accumulated Deferred Income Taxes
 - 2. Administrative and General Expense
 - 3. Amortization of Investment Tax Credits
 - 4. Amortization of Loss on Reacquired Debt
 - 5. Annual Fixed Charge Rate
 - 6. Base Period
 - 7. CAISO Base Transmission Revenue Requirements
 - 8. Common Plant
 - 9. Common Plant Depreciation Expense
 - 10. Common Plant Depreciation Reserve
 - 11. CPUC Intervenor Funding Expense
 - 12. Electric Miscellaneous Intangible Plant
 - 13. Electric Miscellaneous Intangible Plant Amortization Expense
 - 14. Electric Miscellaneous Intangible Plant Amortization Reserve
 - 15. End Use Customers Base Transmission Revenue Requirements
 - 16. Forecast Period
 - 17. General Plant
 - 18. General Plant Depreciation Expense
 - 19. General Plant Depreciation Reserve
 - 20. Incentives

21. Incentive Annual Fixed Charge Rate
22. Incentive Transmission Construction Work In Progress
23. Incentive Project
24. Incentive Return and Associated Income Taxes
25. Incentive Return on Equity
26. Incentive Transmission Plant
27. Incentive Transmission Plant Abandoned Project Cost
28. Incentive Transmission Plant Abandoned Project Cost
Accumulated Deferred Income Taxes
29. Incentive Transmission Plant Abandoned Project Cost
Amortization Expense
30. Incentive Transmission Plant Accumulated Deferred Income
Taxes
31. Incentive Transmission Plant Depreciation Expense
32. Incentive Transmission Plant Depreciation Reserves
33. Incentive Weighted Forecast Plant Additions
34. Incentive Weighted Forecast Transmission Construction Work
In Progress
35. Materials and Supplies
36. Municipal Franchise Tax Expense
37. Other Regulatory Assets/Liabilities
38. Payroll Taxes
39. Prepayments
40. Property Insurance
41. Property Taxes
42. Rate Effective Period
43. Return and Associated Income Taxes
44. Return on Equity
45. South Georgia Income Tax Adjustment
46. Total Plant in Service
47. Transmission, General, Common Plant Depreciation Expense,
and Electric Misc. Intangible Plant Amortization Expense
48. Transmission Operation and Maintenance Expense
49. Transmission Plant
50. Transmission Plant Abandoned Project Cost
51. Transmission Plant Abandoned Project Cost Accumulated
Deferred Income Taxes
52. Transmission Plant Abandoned Project Cost Amortization
Expense
53. Transmission Plant Depreciation Expense
54. Transmission Plant Depreciation Reserve
55. Transmission Plant Held for Future Use
56. Transmission Related Accumulated Deferred Income Taxes
57. Transmission Related A&G Expenses
58. Transmission Related Amortization of Excess Deferred Tax
Liabilities

- 59. Transmission Related Amortization of Investment Tax Credits
- 60. Transmission Related Cash Working Capital
- 61. Transmission Related Common Plant
- 62. Transmission Related Common Plant Depreciation Expense
- 63. Transmission Related Common Plant Depreciation Reserve
- 64. Transmission Related Depreciation Reserve
- 65. Transmission Related General Plant
- 66. Transmission Related General Plant Depreciation Expense
- 67. Transmission Related General Plant Depreciation Reserve
- 68. Transmission Related Electric Miscellaneous Intangible Plant
- 69. Transmission Related Electric Miscellaneous Intangible Plant
Amortization Expense
- 70. Transmission Related Electric Miscellaneous Intangible Plant
Amortization Reserve
- 71. Transmission Related Materials & Supplies
- 72. Transmission Related Municipal Franchise Tax Expense
- 73. Transmission Related Payroll Tax Expense
- 74. Transmission Related Prepayments
- 75. Transmission Related Property Taxes
- 76. Transmission Related Regulatory Debits and Credits
- 77. Transmission Related Revenue Credits
- 78. Transmission Related Uncollectible Expense
- 79. True-Up Period
- 80. Uncollectible Expense
- 81. Weighted Forecast Plant Additions

II. Calculation of Annual Base Transmission Revenue Requirement

A. Formula Rate Protocols – Attachment 1

B. Formula Rate Spreadsheet – Attachment 2

INTRODUCTION

This Appendix sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") Base Transmission Revenue Requirements used to derive the charges assessed by SDG&E to its End Use Customers ("BTRR_{EU}") and SDG&E's Base Transmission Revenue Requirements used to derive the transmission charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the California Independent System Operator Corporation ("CAISO") pursuant to the CAISO Tariff ("BTRR_{CAISO}"). This Appendix VIII, which includes the Formula Rate Protocols as Attachment 1 and the Formula Rate Spreadsheet as Attachment 2, constitutes the "TO5 Formula." SDG&E shall calculate its BTRRs¹ using the formula rate that is presented in the spreadsheet format in the Formula Rate Spreadsheet.

The Formula Rate Spreadsheet contains fixed formulae that are described in this Appendix VIII and are embedded in the Formula Rate Spreadsheet. If there is any conflict between the text of this Appendix VIII and the Formula Rate Spreadsheet, the embedded formulae in the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA") and in accordance with the Formula Rate Protocols, and will be populated with data from SDG&E's annual Form 1 filing or SDG&E's underlying ledger accounts in accordance with the Formula Rate Protocols. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing.

¹ The term "BTRRs" includes the BTRR_{EU} and the BTRR_{CAISO} calculated in each annual update.

SDG&E shall update its BTRRs in accordance with the procedures and timelines set forth in the Formula Rate Protocols. SDG&E shall have the burden of demonstrating that its updates to the BTRRs are just and reasonable, consistent with Section C.4 of the Formula Rate Protocols. An Interested Party (as defined in the Protocols) shall have the right to challenge SDG&E's updates, consistent with Sections C.3 and C.4 of the Formula Rate Protocols.

SDG&E has the right to modify the TO5 Formula through single-issue filings under Section 205 of the Federal Power Act only as provided in Section D of the Protocols.

I. DEFINITIONS

Capitalized terms not otherwise defined in Section 3 of SDG&E's Transmission Owner Tariff, or in the CAISO Tariff, or in this Appendix VIII have the following definitions:

A. ELECTRIC COMPONENT ALLOCATION FACTORS

1. High Voltage (HV) and Low Voltage (LV) Allocation Factors:

For purposes of SDG&E's BTRR_{CAISO}, SDG&E will allocate its Base Transmission Revenue Requirements between recorded High Voltage ("HV") and recorded Low Voltage ("LV") Transmission Facilities based on the ratio of HV transmission plant and LV transmission plant, respectively, to total gross transmission plant, plus weighted forecast HV and LV Transmission Facilities based on the respective percentages

and in-service dates of such facilities owned by SDG&E, which are classified as such in accordance with CAISO's Tariff.

2. Seven-Element Adjustment Factor shall be a factor calculated by SDG&E to be applied by SDG&E to the relevant accounts, if necessary, for the purposes of properly functionalizing such accounts between transmission, distribution, steam production, and other production in accordance with the guidelines set forth in the Commission's Order No. 888, as those guidelines, as applicable to SDG&E, may be modified by the Commission from time to time. General Plant, Common Plant and Electric Miscellaneous Intangible Plant will not be taken into account in the derivation of the Seven Element Adjustment Factor.
3. Transmission Plant Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related Common Plant and (d) Transmission Related Electric Miscellaneous Intangible Plant to SDG&E's Total Plant in Service.
4. Transmission Property Insurance and Tax Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related

Common Plant to SDG&E's Total Plant in Service, excluding SDG&E's ownership share in the San Onofre Nuclear Generation Station ("SONGS") and Electric Miscellaneous Intangible Plant.

5. Transmission Wages and Salaries Allocation Factor shall equal the ratio of SDG&E's transmission direct wages and salaries to SDG&E's total direct wages and salaries, excluding administrative and general wages and salaries.

B. TERMS

1. Accumulated Deferred Income Taxes shall equal the net of the deferred tax balance recorded in FERC Account Nos. 281-283 and the deferred tax balance recorded in FERC Account No. 190.
2. Administrative and General Expense (A&G) shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935, excluding FERC Account No. 930.1 (General Advertising Expense) and Account No. 927 Franchise Requirements.
3. Amortization of Investment Tax Credits shall equal SDG&E's credits recorded in FERC Account No. 411.4.
4. Amortization of Loss on Reacquired Debt shall equal SDG&E's expenses recorded in FERC Account No. 428.1.
5. Annual Fixed Charge Rate ("AFCR") for both End Use and CAISO customers shall be defined as reflected in Attachment 2 (Formula Rate Spreadsheet).

6. Base Period, shall be the calendar year for which SDG&E's most recent FERC Form 1 is available.
7. CAISO Base Transmission Revenue Requirement (BTTR_{CAISO}) shall be calculated as defined in Attachment 2 (Formula Rate Spreadsheet).
8. Common Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 303 and 389 through 398. Common Plant are costs that are shared between SDG&E's Electric and Gas functions. SDG&E uses labor ratios to segment these costs between Electric and Gas functions.
9. Common Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Common Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC, as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
10. Common Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to Common Plant recorded in FERC Account Nos. 108 and 111.
11. CPUC Intervenor Funding Expense shall equal those expenses recorded in FERC Account No. 928 incurred by SDG&E associated with its requirement to reimburse intervenors participating in CPUC regulatory proceedings involving

transmission projects as ordered and approved by the CPUC.

12. Electric Miscellaneous Intangible Plant shall equal SDG&E's costs recorded in FERC Account No. 303 related to Electric Miscellaneous Intangible Plant.
13. Electric Miscellaneous Intangible Plant Amortization Expense shall equal SDG&E's costs recorded in FERC Account No. 404 related to the amortization of Electric Miscellaneous Intangible Plant as approved by FERC, shown in Statement AJ work papers. These Amortization Periods may not change absent a Section 205 or 206 filing.
14. Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's costs recorded in FERC Account No. 111 related to the amortization reserve of Electric Miscellaneous Intangible Plant.
15. End Use Customer Base Transmission Revenue Requirement (BTRR_{EU}) shall be calculated as defined in Attachment 2 (Formula Rate Spreadsheet).
16. Forecast Period shall be the 24-month period beginning January 1, just after the Base Period, and ending the following year on December 31. The second year of the Forecast Period corresponds to the Rate Effective Period. For TO5 Cycle 1, the Forecast Period will be January 1, 2018 through December 31, 2019. The 24-month Forecast Period will use actual monthly data to the extent

that it is available at the time the forecast is developed.

17. General Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 389-399.
18. General Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to General Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
19. General Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to General Plant recorded in FERC Account Nos. 108 and 111.
20. Incentives refer to any of the items delineated in FERC Order No. 679, as may be modified from time to time, including the following:
 - a) Incentive Return on Equity
 - b) 100% Construction Work in Progress (CWIP) in rate base.
 - c) 100% recovery of Abandoned Project CostsThe input values for the incentive as defined herein shall be zero in the Formula until the Commission accepts or approves the recovery of the cost associated with the incentive. SDG&E must submit a Section 205 filing to recover the cost of Incentives in accordance with Section D.2 of the Formula Rate Protocols.
21. Incentive Annual Fixed Charge Rate shall be calculated as

reflected in Attachment 2 (Formula Rate Spreadsheet).

22. Incentive Transmission Construction Work in Progress shall be construction work in progress for which SDG&E is authorized to collect Incentives under FERC Order No. 679. These costs shall be recorded in FERC Account No. 107.
23. Incentive Project shall be a transmission capital project for which the recovery of an Incentive has been approved as permitted by FERC Order No. 679, as it may be modified from time to time.
24. Incentive Return and Associated Income Taxes shall equal the product of the Incentive Transmission Rate Base and Incentive Cost of Capital Rate, as adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).
25. Incentive Return on Equity shall equal the Return on Equity that the FERC authorizes SDG&E to collect on Incentive Project(s). The Incentive Return on Equity may vary by Incentive Project.
26. Incentive Transmission Plant shall be the transmission plant for Incentive Projects for which SDG&E is authorized to collect Incentives under FERC Order No. 679. Incentive Transmission Plant shall be tracked individually by Incentive Project.
27. Incentive Transmission Plant Abandoned Project Cost shall be the costs associated with abandoned Incentive Projects which SDG&E is authorized to collect under FERC Order No. 679. These costs shall be recorded in FERC Account No.182.2 and amortized to

FERC Account No. 407.

28. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall equal the balance of Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Incentive Transmission Abandoned Project Cost Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes do not include the Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes.
29. Incentive Transmission Plant Abandoned Project Cost Amortization Expense shall equal the annual amortization expense recorded in FERC Account No. 407 related to Incentive Transmission Plant Abandoned Project Cost as approve by FERC. Incentive Transmission Plant Abandoned Project Cost Amortization Expense does not include Transmission Plant Abandoned Project Cost Amortization Expense.
30. Incentive Transmission Plant Accumulated Deferred Income Taxes shall equal the balance of accumulated deferred income taxes related to Incentive Transmission Plant, as reflected in a footnote to

SDG&E's annual FERC Form 1, which SDG&E shall reference by page in its Informational Filing. Incentive Transmission Plant Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs. Incentive Transmission Plant Accumulated Deferred Income Taxes shall be tracked individually by Incentive Project.

31. Incentive Transmission Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Incentive Transmission Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with the TO5 Transmission Plant Depreciation Rates as reflected in Statement AJ work papers. Incentive Transmission Plant Depreciation Expense shall be tracked individually by Incentive Project.
32. Incentive Transmission Plant Depreciation Reserve shall equal the balance of incentive transmission reserves related to Incentive Transmission Plant recorded in FERC Account Nos. 108 and 111. Incentive Transmission Plant Depreciation Reserve shall be tracked individually by Incentive Project.
33. Incentive Weighted Forecast Plant Additions for any Forecast Period shall be the estimated capital investment associated with Incentive Transmission Plant SDG&E anticipates placing in service during such Forecast Period. Such estimated capital investment shall be calculated using the same methodology for

Weighted Forecast Plant Additions as specified in this Appendix VIII.

34. Incentive Weighted Forecast Transmission Construction Work In Progress for any Forecast Period shall be determined as follows:
- a) if the Incentive CWIP for any applicable project closes to plant after the end of the Base Period but before the beginning of the Rate Effective Period, such weighted forecast incentive transmission CWIP shall equal the difference between the transmission incentive CWIP balance in the month that the project will close to plant in-service less the balance of CWIP for that project at the end of the December of the Base Period; and b) if the incentive CWIP closes to plant during the Rate Effective Period, the weighted forecast incentive transmission CWIP shall equal 13-month average incremental CWIP balance during the Rate Effective Period. The incremental CWIP balance shall be equal to the difference between the CWIP balance at the end of the month in the Forecast Period just prior to the first month of the Rate Effective Period, less the CWIP balance at the end of the Base Period; this difference shall be added to the monthly CWIP expenditures during the Rate Effective Period until the Incentive Project goes into service. The above calculations for a) or b), as applicable, will be done for each Incentive Project.
35. Materials and Supplies shall equal SDG&E's balance of total

electric Material & Supplies recorded in FERC Account 154 as reported in SDG&E's annual FERC Form 1. This component of rate base is calculated using a 13-month average.

36. Municipal Franchise Tax Expense shall equal the amounts recorded in FERC Account No. 927.
37. Other Regulatory Assets/Liabilities shall equal amounts recorded in FERC Account No. 182.3 that the Commission has accepted for recovery under Section 205 of the FPA. Other Regulatory Assets/Liabilities for the initial Rate Effective Period shall be zero.
38. Payroll Taxes shall equal those payroll tax expenses recorded in FERC Account No. 408.1.
39. Prepayments shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
40. Property Insurance shall equal SDG&E's expenses recorded in FERC Account No. 924.
41. Property Taxes shall equal SDG&E's expense recorded in FERC Account No. 408.1.
42. Rate Effective Period shall be a 12 month calendar year period beginning January 1 and ending December 31.
43. Return and Associated Income Taxes shall equal the product of the Transmission Rate Base and the Cost of Capital Rate, as adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).

44. Return on Equity shall be 11.20%, including the 50 basis point adder for CAISO participation.
45. South Georgia Income Tax Adjustment shall equal the amount set forth in the applicable FERC Form 1.
46. Total Plant in Service shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
47. Transmission, General, Common Plant Depreciation Expense, and Electric Miscellaneous Intangible Amortization Expense shall equal the balance of Transmission Plant Depreciation Expense, plus the balance of Transmission Related General Plant Depreciation Expense, plus the balance of Transmission Related Common Plant Depreciation Expense, plus the balance of Transmission Related Electric Miscellaneous Intangible Plant Amortization Expense.
48. Transmission Operation and Maintenance Expense shall equal SDG&E's expenses recorded in FERC Account Nos. 560-573, excluding non-transmission costs recorded in (1) FERC Account Nos. 561.4 (Scheduling, System Control & Dispatch Services); (2) FERC Account 561.8 (Reliability, Planning & Standards Development) for CAISO charges that are included in the Energy Resource Recovery Account ("ERRA"); (3) FERC Account No. 565 (Transmission of Electricity by Others) relating to the purchase of power on behalf of or to serve SDG&E's bundled retail customers; and (4) FERC Account 566 (Miscellaneous Transmission

Expenses) for CAISO Grid Management Costs and other expenses recovered in other balancing accounts such as California Systems 21st Century Energy Balancing Account (“CES-21BA”), Hazardous Substance Cleanup Cost Memorandum Account (“HSCCMA”), Reliability Costs Memorandum Account e (“RCMA”) costs, Transmission Revenue Balancing Account Adjustment (“TRBAA”) , and Transmission Access Charge Balancing Account Adjustment (“TACBAA”) .

49. Transmission Plant shall equal SDG&E’s Gross Plant balance recorded in FERC Account Nos. 350-359, excluding the portion attributable to any facilities, the cost of which is directly assigned under the CAISO Tariff or is included in Incentive Transmission Plant.
50. Transmission Plant Abandoned Project Cost shall equal an amount, exclusive of Incentive Transmission Plant Abandoned Project Cost, relating to abandoned transmission projects that are recorded in FERC Account No. 182.2. The ratemaking treatment to be afforded for recovery of such costs shall be determined by the Commission on the basis of a filing made by SDG&E with the Commission under Section 205 of the FPA in accordance with this Appendix VIII. In the Section 205 of the FPA proceeding, SDG&E reserves its right to request recovery of up to 100% of the Transmission Plant Abandoned

Project Cost and parties reserve their full rights to contest 100% recovery as provided for in this Appendix VIII.

51. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes do not include the Incentive Transmission Plant Abandoned Project Costs Accumulated Deferred Income Taxes.
52. Transmission Plant Abandoned Project Cost Amortization Expense shall equal the annual amortization expense recorded in FERC Account No. 407 related to Transmission Plant Abandoned Project Cost. Transmission Plant Abandoned Project Cost Amortization Expense does not include Incentive Transmission Plant Abandoned Project Cost Amortization Expense.
53. Transmission Plant Depreciation Expense shall equal SDG&E's transmission expenses recorded in FERC Account Nos. 403, 404, and 405, excluding Incentive Transmission Plant Depreciation

Expense. Both Transmission Plant Depreciation Expense and Incentive Transmission Plant Depreciation Expense will be calculated using the rates shown in Statement AJ work papers. The Transmission Plant Depreciation Rates for each subaccount will not change during the term of TO5. However, the overall composite depreciation rate of 3.12% (based on plant balances as of December 31, 2017) will change based upon the plant balances in the subaccounts.

54. Transmission Plant Depreciation Reserve shall equal SDG&E's transmission reserve balance recorded in FERC Account Nos. 108 and 111. Transmission Plant Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.
55. Transmission Plant Held for Future Use shall equal SDG&E's transmission related plant balance recorded in FERC Account No. 105. Gain or loss on the sale of plant held for future use shall be recorded in FERC Account Nos. 411.6 and 411.7.
56. Transmission Related Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Accumulated Deferred Income Taxes, plus the balance of Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes, plus Transmission Related Electric Miscellaneous Intangible Plant Deferred Income Taxes, less the Incentive Transmission Plant Accumulated Deferred

Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Related Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs.

57. Transmission Related A&G Expenses shall equal (1)

Administrative and General Expense included in FERC Account Nos. 920-935, excluding non-transmission-related expenses and various CPUC mandated costs recovered in other balancing accounts, which include but are not limited to non-transmission-related expenses in FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Damages and Injuries), FERC Account No. 927 (Franchise Requirements), FERC Account 928 (Regulatory Commission Expenses) for any CPUC Intervenor Funding Expenses, FERC Account No. 930.1 (General Advertising Expenses), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), multiplied by the Transmission Wages and Salaries Allocation Factor, plus (2) Property Insurance in FERC Account No. 924, excluding insurance costs related to nuclear plant serving SDG&E's bundled retail customers, multiplied by the Transmission Property Insurance and Tax Allocation Factor.

58. Transmission Related Amortization of Excess Deferred Tax

Liabilities shall equal an amount recorded in FERC Account Nos. 190, 282, and 283 related to transmission as reflected in a footnote in SDG&E's annual FERC Form 1 as referenced by page in its annual Informational Filing.

59. Transmission Related Amortization of Investment Tax Credits shall equal the amount set forth in the applicable FERC Form 1 until fully amortized. SDG&E shall reflect in a footnote in its annual FERC Form 1 any Transmission Related Amortization of Investment Tax Credits, which SDG&E shall reference by page in its annual Informational Filing.
60. Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operations and Maintenance, Transmission Related A&G Expenses, and CPUC Intervenor Funding Expense - Transmission.
61. Transmission Related Common Plant shall equal SDG&E's balance of investment in Common Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
62. Transmission Related Common Plant Depreciation Expense shall equal the balance of SDG&E's Common Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by the Transmission Wages and Salaries Allocation Factor.
63. Transmission Related Common Plant Depreciation Reserve shall

equal the balance in Common Plant Depreciation Reserve multiplied by the Transmission Wages and Salaries Allocation Factor.

64. Transmission Related Depreciation Reserve shall equal the balance of Transmission Depreciation Reserves, plus the balance of Transmission Related General Plant Depreciation Reserves, plus Transmission Related Common Plant Depreciation Reserves, plus the balance of Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserves. Transmission Related Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.
65. Transmission Related General Plant shall equal SDG&E's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
66. Transmission Related General Plant Depreciation Expense shall equal the balance of SDG&E's General Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by Transmission Wages and Salaries Allocation Factor.
67. Transmission Related General Plant Depreciation Reserve shall equal the balance in General Plant Depreciation Reserves multiplied by the Transmission Wages and Allocation

Factor.

68. Transmission Related Electric Miscellaneous Intangible Plant shall equal the total amount of Electric Miscellaneous Intangible Plant recorded in FERC Account No. 303 multiplied by the Transmission Wages and Allocation Factor.
69. Transmission Related Electric Miscellaneous Intangible Plant Amortization Expense shall equal the balance of SDG&E's Electric Miscellaneous Intangible Plant Amortization Expense recorded in FERC Account No. 404 multiplied by the Transmission Wages and Salaries Allocation Factor.
70. Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's balance of Electric Miscellaneous Intangible Plant Amortization Expense recorded in FERC Account No.111 multiplied by the Transmission Wages and Salaries Allocation Factor.
71. Transmission Related Materials & Supplies shall equal SDG&E's electric balance of Materials and Supplies multiplied by the Transmission Plant Allocation Factor.
72. Transmission Related Municipal Franchise Tax Expense shall equal: a) the Base Transmission Revenue Requirement ("BTRR") prior to the inclusion of Municipal Franchise Tax expense multiplied by the Municipal Franchise Tax Expense rate that the CPUC authorizes from time to time, which shall be recovered as part of

the BTRR rates, plus b) an amount of Municipal Franchise Tax Expense that the CPUC authorizes SDG&E to collect from customers who reside in the City of San Diego. This latter amount shall be reflected on the electric bills of customers residing in the City of San Diego, and shall not be included as part of the wholesale BTRR.

73. Transmission Related Payroll Taxes Expense shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1 (excluding Citizens related payroll), multiplied by the Transmission Wages and Salaries Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the payroll taxes attributable to Citizens, which SDG&E shall reference by page in its Informational Filing.
74. Transmission Related Prepayments shall equal SDG&E's electric balance of prepayments recorded in FERC Account No. 165 multiplied by the Transmission Plant Allocation Factor.
75. Transmission Related Property Taxes shall equal Property Taxes, excluding property taxes directly assigned to SONGS, multiplied by the Transmission Property Insurance and Tax Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the directly assigned property taxes attributable to SONGS, which SDG&E shall reference by page in its Informational Filing.
76. Transmission Related Regulatory Debits and Credits shall equal

SDG&E's amortization expense associated with Other Regulatory Assets/Liabilities debited to FERC Account No. 407.3 and FERC 407.4 that the Commission has accepted for recovery under Section 205 of the FPA. Transmission Related Regulatory Debits for the initial Rate Effective Period shall be zero.

77. Transmission Related Revenue Credits shall include Transmission related revenues SDG&E received from providing transmission services over SDG&E facilities under existing contracts or other Tariff Filings. These revenues are recorded in (1) FERC Accounts 451; (2) 453 through 456; and (3) other FERC Accounts applicable to the Citizens. Examples include, but are not limited to, rents from electric property, generation interconnection, and Citizens lease of SDG&E's transmission facilities. These revenues that SDG&E received are used to reduce the cost of service for SDG&E's customers.
78. Transmission Related Uncollectible Expense shall equal the Base Transmission Revenue Requirement End Use customers prior to the inclusion of uncollectible expenses multiplied by the percentage allowance for uncollectible expenses approved from time to time by the CPUC, and should not be included as part of the wholesale BTRR.
79. True-Up Period shall be 12 months ended December 31 of the Base Period of each year.

80. Uncollectible Expense shall equal SDG&E's charges for uncollectible accounts recorded in FERC Account No. 904.
81. Weighted Forecast Plant Additions for any Forecast Period shall be the estimated capital investment in new Transmission Plant, Transmission Plant Held for Future Use, and Transmission Related General Plant, Common Plant, and Electrical Miscellaneous Intangible Plant SDG&E anticipates placing in service during such Forecast Period. Such estimated capital investments shall be determined for each month of the Forecast Period as described herein and each such estimated capital investment shall be multiplied by a weighting factor such that the magnitude of such capital investment as reflected in the determination of SDG&E's transmission revenue requirement pursuant to this Appendix VIII formula reflects the number of months during the Forecast Period those investments in new transmission facilities are actually in service. Any new transmission facilities expected to be placed in service during the Forecast Period but prior to the end of the first month of the associated Rate Effective Period, *i.e.*, January 31 of the second year of the Forecast Period, shall be assigned a weighting factor of 1.00. Any new transmission facilities expected to be placed in service during the Forecast Period as of the beginning of the second month of the Rate Effective Period, *i.e.*, February 1, or thereafter through and including December 31, shall be assigned

a weighting factor based on the number of months during the Rate Effective Period for which those facilities are expected to be in service divided by 12. Thus, for example, a plant addition expected to be placed in service in February of the Rate Effective period would be assigned a weighting factor of 11 divided by 12 or 0.917.

II. CALCULATION OF ANNUAL BASE TRANSMISSION REVENUE REQUIREMENTS

A. Formula Rate Protocols – See Attachment 1

B. Formula Rate Spreadsheet – See Attachment 2

The TO5 Formula Rate Spreadsheet consists of the following:

- Statement BK1 (Derives End Use BTRR) and BK2 (Derives CAISO BTRR), and
- Statements AD through AV and Miscellaneous Statement (provide data embedded in Statement BK1 and BK2, and
- True-Up Adjustment and Interest True-Up Adjustment work papers, and
- Summary of High and Low Voltage split for Forecast Plant addition work papers

Data cells within the Formula Rate Spreadsheet that are color coded green are manual inputs based on the workpapers and/or FERC Form 1 data that are external to the Formula Rate Spreadsheet.

Data cells that are color coded yellow are linked to cells on other pages within the Formula Rate Spreadsheet.

Uncolored cells reflect formulas (e.g., cells representing the sum of preceding lines) or links to cells on the same page.

Data cells that are colored grey shall be zero.

SDG&E will include these workpapers in each Annual Informational Filing.

Blank lines for Project-Specific Incentives or Abandoned Plant for Non-Incentives Projects that show up in the Formula Rate Spreadsheet will not be populated with numbers absent a Section 205 filing.

APPENDIX VIII

FORMULA FOR CALCULATING ANNUAL BASE TRANSMISSION REVENUE REQUIREMENTS UNDER SDG&E'S TRANSMISSION OWNER TARIFF

This Appendix VIII sets forth the formula for calculating the annual Base Transmission Revenue Requirements ("BTRRs") and is organized into the following sections:

Introduction

I. Definitions

- A. Allocation Factors
 1. HV and LV Allocation Factor
 2. Seven-Element Adjustment Factor
 3. Transmission Plant Allocation Factor
 4. Transmission ~~Plant~~ Property Insurance and Tax Allocation Factor
 - ~~5. Transmission Related Property Tax Allocation Factor~~
 - 6-5. Transmission Wages and Salaries Allocation Factor

- B. Terms
 1. Accumulated Deferred Income Taxes
 2. Administrative and General Expense
 3. Amortization of Investment Tax Credits
 4. Amortization of -Loss on Reacquired Debt
 5. Annual Fixed Charge Rate
 6. Base Period
 7. CAISO Base Transmission Revenue Requirements
 8. Common Plant
 9. Common Plant Depreciation Expense
 10. Common Plant Depreciation Reserve
 11. CPUC Intervenor Funding Expense
 12. Electric Miscellaneous Intangible Plant
 13. Electric Miscellaneous Intangible Plant Amortization Expense
 14. Electric Miscellaneous Intangible Plant Amortization Reserve
 15. End Use Customers Base Transmission Revenue Requirements
 16. Forecast Period
 17. General Plant
 18. General Plant Depreciation Expense

19. General Plant Depreciation Reserve
20. Incentives
21. Incentive Annual Fixed Charge Rate
22. Incentive Transmission Construction Work In Progress
23. Incentive Project
24. Incentive Return and Associated Income Taxes
25. Incentive Return on Equity
26. Incentive Transmission Plant
27. Incentive Transmission Plant Abandoned Project Cost
28. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes
29. Incentive Transmission Plant Abandoned Project Cost Amortization Expense
30. Incentive Transmission Plant Accumulated Deferred Income Taxes
31. Incentive Transmission Plant Depreciation Expense
32. Incentive Transmission Plant Depreciation Reserves
33. Incentive Weighted Forecast Plant Additions
34. Incentive Weighted Forecast Transmission Construction Work In Progress
35. Materials and Supplies
36. Municipal Franchise Tax Expense
37. Other Regulatory Assets/Liabilities
38. Payroll Taxes
39. Prepayments
40. Property Insurance
41. Property Taxes
42. Rate Effective Period
43. Return and Associated Income Taxes
44. Return on Equity
45. South Georgia Income Tax Adjustment
46. Total Plant in Service
47. Transmission, General, Common Plant Depreciation Expense, and Electric Misc. Intangible Plant Amortization Expense
48. Transmission Operation and Maintenance Expense
49. Transmission Plant
50. Transmission Plant Abandoned Project Cost
51. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes
52. Transmission Plant Abandoned Project Cost Amortization Expense
53. Transmission Plant Depreciation Expense
54. Transmission Plant Depreciation Reserve
55. Transmission Plant Held for Future Use
56. Transmission Related Accumulated Deferred Income Taxes
57. Transmission Related A&G Expenses

- 58. Transmission Related Amortization of Excess Deferred Tax Liabilities
- 59. Transmission Related Amortization of Investment Tax Credits
- 60. Transmission Related Cash Working Capital
- 61. Transmission Related Common Plant
- 62. Transmission Related Common Plant Depreciation Expense
- 63. Transmission Related Common Plant Depreciation Reserve
- 64. Transmission Related Depreciation Reserve
- 65. Transmission Related General Plant
- 66. Transmission Related General Plant Depreciation Expense
- 67. Transmission Related General Plant Depreciation Reserve
- ~~68. Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes~~
- ~~69-68.~~ Transmission Related Electric Miscellaneous Intangible Plant
- ~~70. Transmission Related Electric Miscellaneous Intangible Plant Accumulated Deferred Income Taxes~~
- ~~71-69.~~ Transmission Related Electric Miscellaneous Intangible Plant Amortization Expense
- ~~72-70.~~ Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserve
- ~~73-71.~~ Transmission Related Materials & Supplies
- ~~74-72.~~ Transmission Related Municipal Franchise Tax Expense
- ~~75-73.~~ Transmission Related Payroll Tax Expense
- ~~76-74.~~ Transmission Related Prepayments
- ~~77-75.~~ Transmission Related Property Taxes
- ~~78-76.~~ Transmission Related Regulatory Debits and Credits
- ~~79-77.~~ Transmission Related Revenue Credits
- ~~80-78.~~ Transmission Related Uncollectible Expense
- ~~81-79.~~ True-Up Period
- ~~82-80.~~ Uncollectible Expense
- ~~83. Valley Rainbow Project Costs Amortization Expense~~
- ~~84-81.~~ Weighted Forecast Plant Additions

II. Calculation of Annual Base Transmission Revenue Requirement

A. Formula Rate Protocols – Attachment 1

B. Formula Rate Spreadsheet – Attachment 2

INTRODUCTION

This Appendix sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") Base Transmission Revenue Requirements used to derive the charges assessed by SDG&E to its End Use Customers ("BTRR_{EU}") and SDG&E's Base Transmission Revenue Requirements used to derive the transmission charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the California Independent System Operator Corporation ("CAISO") pursuant to the CAISO Tariff ("BTRR_{CAISO}"). This Appendix VIII, which includes the Formula Rate Protocols as Attachment 1 and the Formula Rate Spreadsheet as Attachment 2, constitutes the "TO⁵⁴ Formula." SDG&E shall calculate its BTRRs¹ using the formula rate that is presented in the spreadsheet format in the Formula Rate Spreadsheet.

The Formula Rate Spreadsheet contains fixed formulae that are described in this Appendix VIII and are embedded in the Formula Rate Spreadsheet. If there is any conflict between the text of this Appendix VIII and the Formula Rate Spreadsheet, the embedded formulae in the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA") and in accordance with ~~Section G.3 of~~ the Formula Rate Protocols, and will be populated with data from SDG&E's annual Form 1 filing or SDG&E's underlying ledger accounts in accordance with the Formula Rate Protocols. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or

¹ The term "BTRRs" includes the BTRR_{EU} and the BTRR_{CAISO} calculated in each annual update.

Section 206 filing.

SDG&E shall update its BTRRs in accordance with the procedures and timelines set forth in the Formula Rate Protocols. SDG&E shall have the burden of demonstrating that its updates to the BTRRs are just and reasonable, consistent with Section C.4 of the Formula Rate Protocols. An Interested Party (as defined in the Protocols) shall have the right to challenge SDG&E's updates, consistent with Sections C.3 and C.4 of the Formula Rate Protocols.

SDG&E has the right to modify the TO⁵⁴ Formula through single-issue filings under Section 205 of the Federal Power Act only as provided in Section D of the Protocols.

I. DEFINITIONS

Capitalized terms not otherwise defined in Section 3 of SDG&E's Transmission

Owner Tariff, or in the CAISO Tariff, or in this Appendix VIII have the following definitions:

A. ELECTRIC COMPONENT ALLOCATION FACTORS

1. High Voltage (HV) and Low Voltage (LV) Allocation Factors:

For purposes of SDG&E's BTRR_{CAISO}, SDG&E will allocate its Base Transmission Revenue Requirements between recorded High Voltage ("HV") and recorded Low Voltage ("LV")

Transmission Facilities based on the ratio of HV transmission

plant and LV transmission plant, respectively, to total gross transmission plant, plus weighted forecast HV and LV Transmission Facilities based on the respective percentages and in-service dates of such facilities owned by SDG&E, which are classified as such in accordance with CAISO's Tariff.

2. Seven-Element Adjustment Factor shall be a factor calculated by SDG&E to be applied by SDG&E to the relevant accounts, if necessary, for the purposes of properly functionalizing such accounts between transmission, ~~and~~ distribution, steam production, and other production in accordance with the guidelines set forth in the Commission's Order No. 888, as those guidelines, as applicable to SDG&E, may be modified by the Commission from time to time. General Plant, Common Plant and Electric Miscellaneous Intangible Plant will not be taken into account in the derivation of the Seven Element Adjustment Factor.
3. Transmission Plant Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in (a) Transmission Plant and Incentive Transmission Plant, (b) Transmission Related General Plant, (c) Transmission Related Common Plant and (d) Transmission Related Electric Miscellaneous Intangible Plant to SDG&E's Total Plant in Service.
4. Transmission ~~Plant~~ Property Insurance and Tax Allocation

Factor shall

equal the ratio of the sum of SDG&E's total investment in (a)

Transmission Plant and Incentive Transmission Plant, and (b)

Transmission Related General Plant, and (c)

Transmission Related Common Plant, to SDG&E's Total Plant in

Service, excluding SDG&E's ownership share in the San Onofre

Nuclear Generation Station ("SONGS") and Electric Miscellaneous

Intangible Plant.

~~5. Transmission Related Property Tax Allocation Factor shall equal~~

~~the~~

~~ratio of SDG&E's total Transmission Plant and Transmission~~

~~Related~~

~~General Plant and Transmission Related Common Plant, to~~

~~SDG&E's~~

~~Total Plant In Service, excluding SONGS and Electric~~

~~Miscellaneous Intangible Plant.~~

6.5. Transmission Wages and Salaries Allocation Factor shall equal the

ratio of SDG&E's transmission direct wages and salaries to

SDG&E's total direct wages and salaries, excluding administrative

and general wages and salaries.

B. TERMS

1. Accumulated Deferred Income Taxes shall equal the net of the ~~property-related~~ deferred tax balance recorded in FERC Account Nos. 281-283 and the deferred tax balance recorded in FERC Account No. 190.
2. Administrative and General Expense (A&G) shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935, excluding FERC Account No. 930.1 (General Advertising Expense) and Account No. 927 Franchise Requirements.
3. Amortization of Investment Tax Credits shall equal SDG&E's credits recorded in FERC Account No. 411.4.
4. Amortization of Loss on Reacquired Debt shall equal SDG&E's expenses recorded in FERC Account No. 428.1.
5. Annual Fixed Charge Rate ("AFCR") for both End Use and CAISO customers shall be defined as reflected in Attachment 2 (Formula Rate Spreadsheet).
6. Base Period, shall be the calendar year for which SDG&E's most recent FERC Form 1 is available; ~~except for the TO4 Cycle 1 Base Period, which shall be the 12-month period ending May 31, 2012.~~
7. CAISO Base Transmission Revenue Requirement (BTTR_{CAISO}) shall be calculated as defined in Attachment 2 (Formula Rate Spreadsheet).

8. Common Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 303 and 389 through 398. Common Plant are costs that are shared between SDG&E's Electric and Gas functions. SDG&E uses labor ratios to segment these costs between Electric and Gas functions.
9. Common Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Common Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC, as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
10. Common Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to Common Plant recorded in FERC Account Nos. 108 and 111.
11. CPUC Intervenor Funding Expense shall equal those expenses recorded in FERC Account No. 928 incurred by SDG&E associated with its requirement to reimburse intervenors participating in CPUC regulatory proceedings involving transmission projects as ordered and approved by the CPUC.
12. Electric Miscellaneous Intangible Plant shall equal SDG&E's costs recorded in FERC Account No. 303 related to Electric Miscellaneous Intangible Plant.
13. Electric Miscellaneous Intangible Plant Amortization Expense shall

equal SDG&E's costs recorded in FERC Account No. 404 related to the amortization of Electric Miscellaneous Intangible Plant as approved by FERC, shown in Statement AJ work papers. These Amortization Periods may not change absent a Section 205 or 206 filing.

14. Electric Miscellaneous Intangible Plant Amortization Reserve shall equal SDG&E's costs recorded in FERC Account No. 111 related to the amortization reserve of Electric Miscellaneous Intangible Plant.
15. End Use Customer Base Transmission Revenue Requirement (BTRR_{EU}) shall be calculated as defined in Attachment 2 (Formula Rate Spreadsheet).
16. Forecast Period ~~with respect to each twelve month Rate Effective Period, with the exception of TO4 Cycle 1,~~ shall be the 24-month period beginning January 1, just after the Base Period, and ending the following year on December 31. The second year of the Forecast Period corresponds to the Rate Effective Period. For TO~~54~~ Cycle 1, the Forecast Period will be January 1, 2018 through December 31, 2019. ~~June 1, 2012 through August 31, 2014. For Cycle 2, the Forecast Period will be January 1, 2014 to August 31, 2015.~~ The 24-month Forecast Period will use actual monthly data to the extent that it is available at the time the forecast is developed.

17. General Plant shall equal SDG&E's gross plant balance recorded in FERC Account Nos. 389-399.
18. General Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to General Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with depreciation rates approved by FERC as shown in Statement AJ work papers. These rates may not be changed absent a Section 205 or 206 filing.
19. General Plant Depreciation Reserve shall equal SDG&E's depreciation reserve balance related to General Plant recorded in FERC Account Nos. 108 and 111.
20. Incentives refer to any of the items delineated in FERC Order No. 679, as may be modified from time to time, including the following:
 - a) Incentive Return on Equity
 - b) 100% Construction Work in Progress (CWIP) in rate base.
 - c) 100% recovery of Abandoned Project Costs

The input values for the incentive as defined herein shall be zero in the Formula until the Commission accepts or approves the recovery of the cost associated with the incentive. SDG&E must submit a Section 205 filing to recover the cost of Incentives in accordance with Section D.2 of the Formula Rate Protocols.
21. Incentive Annual Fixed Charge Rate shall be calculated as reflected in Attachment 2 (Formula Rate Spreadsheet).

22. Incentive Transmission Construction Work in Progress shall be construction work in progress for which SDG&E is authorized to collect Incentives under FERC Order No. 679. These costs shall be recorded in FERC Account No. 107.
23. Incentive Project shall be a transmission capital project for which the recovery of an Incentive has been approved as permitted by FERC Order No. 679, as it may be modified from time to time.
24. Incentive Return and Associated Income Taxes shall equal the product of the Incentive Transmission Rate Base and Incentive Cost of Capital Rate, as adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).
25. Incentive Return on Equity shall equal the Return on Equity that the FERC authorizes SDG&E to collect on Incentive Project(s). The Incentive Return on Equity may vary by Incentive Project.
26. Incentive Transmission Plant shall be the transmission plant for Incentive Projects for which SDG&E is authorized to collect Incentives under FERC Order No. 679. Incentive Transmission Plant shall be tracked individually by Incentive Project.
27. Incentive Transmission Plant Abandoned Project Cost shall be the costs associated with abandoned Incentive Projects which SDG&E is authorized to collect under FERC Order No. 679. These costs shall be recorded in FERC Account No. 182.2 and amortized to FERC Account No. 407.

28. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall equal the balance of Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Incentive Transmission Abandoned Project Cost Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs. Incentive Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes do not include the Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes.
29. Incentive Transmission Plant Abandoned Project Cost Amortization Expense shall equal the annual amortization expense recorded in FERC Account No. 407 related to Incentive Transmission Plant Abandoned Project Cost as approved by FERC. Incentive Transmission Plant Abandoned Project Cost Amortization Expense does not include Transmission Plant Abandoned Project Cost Amortization Expense.
30. Incentive Transmission Plant Accumulated Deferred Income Taxes shall equal the balance of accumulated deferred income taxes related to Incentive Transmission Plant, as reflected in a footnote to SDG&E's annual FERC Form 1, which SDG&E shall reference by

page in its Informational Filing. Incentive Transmission Plant Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs. Incentive Transmission Plant Accumulated Deferred Income Taxes shall be tracked individually by Incentive Project.

31. Incentive Transmission Plant Depreciation Expense shall equal SDG&E's depreciation expenses related to Incentive Transmission Plant recorded in FERC Account Nos. 403, 404, and 405 in accordance with the ~~T04~~T05 Transmission Plant Depreciation Rates as reflected in Statement AJ work papers. Incentive Transmission Plant Depreciation Expense shall be tracked individually by Incentive Project.
32. Incentive Transmission Plant Depreciation Reserve shall equal the balance of incentive transmission reserves related to Incentive Transmission Plant recorded in FERC Account Nos. 108 and 111. Incentive Transmission Plant Depreciation Reserve shall be tracked individually by Incentive Project.
33. Incentive Weighted Forecast Plant Additions for any Forecast Period shall be the estimated capital investment associated with Incentive Transmission Plant SDG&E anticipates placing in service during such Forecast Period. Such estimated capital investment shall be calculated using the same methodology for Weighted Forecast Plant Additions as specified in this Appendix

VIII.

34. Incentive Weighted Forecast Transmission Construction Work In Progress for any Forecast Period shall be determined as follows:
- a) if the Incentive CWIP for any applicable project closes to plant after the end of the Base Period but before the beginning of the Rate Effective Period, such weighted forecast incentive transmission CWIP shall equal the difference between the transmission incentive CWIP balance in the month that the project will close to plant in-service less the balance of CWIP for that project at the end of the December of the Base Period; and b) if the incentive CWIP closes to plant during the Rate Effective Period, the weighted forecast incentive transmission CWIP shall equal 13-month average incremental CWIP balance during the Rate Effective Period. The incremental CWIP balance shall be equal to the difference between the CWIP balance at the end of the month in the Forecast Period just prior to the first month of the Rate Effective Period, less the CWIP balance at the end of the Base Period; this difference shall be added to the monthly CWIP expenditures during the Rate Effective Period until the Incentive Project goes into service. The above calculations for a) or b), as applicable, will be done for each Incentive Project.
35. Materials and Supplies shall equal SDG&E's balance of [total electric Material & Supplies recorded in FERC Account 154 as](#)

~~reported in SDG&E's annual FERC Form 1. This component of rate base is calculated using a 13-month average. total electric Materials and Supplies recorded in FERC Account No. 154, excluding those materials and supplies assigned to construction as reflected on SDG&E Form 1.~~

36. Municipal Franchise Tax Expense shall equal the amounts recorded in FERC Account No. 927.
37. Other Regulatory Assets/Liabilities shall equal amounts recorded in FERC Account No. 182.3 that the Commission has accepted for recovery under Section 205 of the FPA. Other Regulatory Assets/Liabilities for the initial Rate Effective Period shall be zero.
38. Payroll Taxes shall equal those payroll tax expenses recorded in FERC Account No. 408.1.
39. Prepayments shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
40. Property Insurance shall equal SDG&E's expenses recorded in FERC Account No. 924.
41. Property Taxes shall equal SDG&E's expense recorded in FERC Account No. 408.1.
42. Rate Effective Period shall be a 12 month calendar year period; ~~provided, however, that for Cycle 1 of the TO4 Formula, the Rate Effect Period shall begin September 1, 2013 and end December 31, 2014 and for Cycle 2 and subsequent cycles, the Rate~~

- ~~Effective Period shall~~ beginning January 1 and ending December 31.
43. Return and Associated Income Taxes shall equal the product of the Transmission Rate Base and the Cost of Capital Rate, as adjusted for income taxes, as defined in Attachment 2 (Formula Rate Spreadsheet).
44. Return on Equity shall be ~~10.05~~11.20%, including the 50 basis point adder for CAISO participation.
45. South Georgia Income Tax Adjustment shall equal the amount set forth in the applicable FERC Form 1.
46. Total Plant in Service shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
47. Transmission, General, Common Plant Depreciation Expense, and Electric Miscellaneous Intangible Amortization Expense shall equal the ~~balance of product of sum of (a)~~ Transmission Plant Depreciation Expense, ~~plus the balance of Transmission Related (b)~~ General Plant Depreciation Expense, ~~plus the balance of Transmission Related (c)~~ -Common Plant Depreciation Expense, ~~plus the balance of Transmission Related and (d)~~ Electric Miscellaneous Intangible Plant Amortization Expense, ~~multiplied by the Transmission Wages and Salaries Allocation Factor.~~
48. Transmission Operation and Maintenance Expense shall equal SDG&E's expenses recorded in FERC Account Nos. 560-573,

~~minus excluding non-~~transmission costs recorded in (1) FERC Account Nos. 561.4 (Scheduling, System Control & Dispatch Services); and (2) FERC Account 561.8 (Reliability, Planning & Standards Development) for CAISO charges that are included in the Energy Resource Recovery Account ("ERRA");
~~minus transmission costs currently recorded in (3) FERC Account No. 565 (Transmission of Electricity by Others) relating to the purchase of power on behalf of or to serve SDG&E's bundled retail customers;~~ and (4) FERC Account 566 (Miscellaneous Transmission Expenses) for CAISO Grid Management Costs Charge expenses recorded in these accounts, and minus expenses currently recorded in FERC Account No. 566 that are not transmission related, including, but not limited to, other expenses recovered in other balancing accounts such as California Systems 21st Century Energy Balancing Account ("CES-21BA"), Hazardous Substance Cleanup Cost Memorandum Account ("HSCCMA"), Reliability Costs Memorandum Account Must Run and Market Redesign Technology Update ("RCMAMRTU") costs, Transmission Revenue Balancing Account Adjustment ("TRBAA") expenses, and Transmission Access Charge Balancing Account Adjustment ("TACBAA") expenses.

49. Transmission Plant shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 350-359, excluding the portion

attributable to any facilities, the cost of which is directly assigned under the CAISO Tariff or is included in Incentive Transmission Plant.

50. Transmission Plant Abandoned Project Cost shall equal an amount, ~~exclusive of Valley Rainbow Project Costs and~~ exclusive of Incentive Transmission Plant Abandoned Project Cost, relating to abandoned transmission projects that are recorded in FERC Account No. 182.2. The ratemaking treatment to be afforded for recovery of such costs shall be determined by the Commission on the basis of a filing made by SDG&E with the Commission under Section 205 of the FPA for recovery in accordance with this Appendix VIII. In the Section 205 of the FPA proceeding, SDG&E reserves its right to request recovery of up to 100% of the Transmission Plant Abandoned Project Cost and parties reserve their full rights to contest 100% recovery as provided for in this Appendix VIII.

~~Transmission Plant Abandoned Project Cost for the initial Rate Effective Period shall be zero~~

51. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in

its Informational Filing. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs. Transmission Plant Abandoned Project Cost Accumulated Deferred Income Taxes do not include the Incentive Transmission Plant Abandoned Project Costs Accumulated Deferred Income Taxes.

52. Transmission Plant Abandoned Project Cost Amortization Expense shall equal the annual amortization expense recorded in FERC Account No. 407 related to Transmission Plant Abandoned Project Cost. Transmission Plant Abandoned Project Cost Amortization Expense does not include Incentive Transmission Plant Abandoned Project Cost Amortization Expense.
53. Transmission Plant Depreciation Expense shall equal SDG&E's transmission expenses recorded in FERC Account Nos. 403, 404, and 405 ~~pursuant to the TO54 Settlement~~, excluding Incentive Transmission Plant Depreciation Expense. Both Transmission Plant Depreciation Expense and Incentive Transmission Plant Depreciation Expense will be calculated using the rates shown in Statement AJ work papers. The Transmission Plant Depreciation Rates for each subaccount will not change during the term of TO54. However, the overall composite depreciation rate of 3.122-52% (based on plant balances as of December 31, 2017~~May 31, 2012,~~

~~except for the Sunrise Powerlink Project, which reflects plant balances as of July 31, 2012~~) will change based upon the plant balances in the subaccounts.

54. Transmission Plant Depreciation Reserve shall equal SDG&E's transmission reserve balance recorded in FERC Account Nos. 108 and 111. Transmission Plant Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.
55. Transmission Plant Held for Future Use shall equal SDG&E's transmission related plant balance recorded in FERC Account No. 105 ~~for projects approved by the CPUC~~. Gain or loss on the sale of plant held for future use shall be recorded in FERC Account Nos. 411.6 and 411.7.
56. Transmission Related Accumulated Deferred Income Taxes shall equal the balance of Transmission Plant Accumulated Deferred Income Taxes, plus the balance of Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes, plus Transmission Related Electric Miscellaneous Intangible Plant Deferred Income Taxes, less the Incentive Transmission Plant Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1 which SDG&E shall reference by page in its Informational Filing. Transmission Related Accumulated Deferred Income Taxes shall exclude Financial Accounting

Standard 109 or its successor, costs.

57. Transmission Related A&G Expenses shall equal (1)

Administrative and General Expense included in FERC Account Nos. 920-935, excluding non-transmission-related expenses and various CPUC mandated costs recovered in other balancing accounts, which include but are not limited to non-transmission-related expenses in ~~in~~ FERC Account No. 924 (Property Insurance), FERC Account No. 925 (Damages and Injuries), FERC Account No. 927 (Franchise Requirements), FERC Account 928 (Regulatory Commission Expenses) for any CPUC Intervenor Funding Expenses, FERC Account No. 930.1 (General Advertising Expenses), FERC Account No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), and any CPUC Intervenor Funding Expense recorded in FERC Account No. 928 (Regulatory Commission Expenses), multiplied by the Transmission Wages and Salaries Allocation Factor, plus (2) Property Insurance in FERC Account No. 924, excluding insurance costs related to nuclear plant serving SDG&E's bundled retail customers, multiplied by the Transmission ~~Plant~~ Property Insurance and Tax Allocation Factor, minus (3) CPUC mandated costs recovered through retail rates. For purposes of SDG&E's TO4 Cycle 2 True-Up Adjustment (September 1, 2013 to December 31, 2013) and

~~SDG&E's TO3 Final True-Up Adjustment (April 1, 2012 to August 31, 2013), SDG&E will file in 2014 for approval of the PBOP costs recorded in 2012 and 2013.~~

58. Transmission Related Amortization of Excess Deferred Tax Liabilities shall equal an amount recorded in FERC Account Nos. 190, 282, and 283 related to transmission as reflected in a footnote in SDG&E's annual FERC Form 1 as referenced by page in its annual Informational Filing.
59. Transmission Related Amortization of Investment Tax Credits shall equal the amount set forth in the applicable FERC Form 1 until fully amortized. SDG&E shall reflect in a footnote in its annual FERC Form 1 any Transmission Related Amortization of Investment Tax Credits, which SDG&E shall reference by page in its annual Informational Filing.
60. Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operations and Maintenance, ~~and~~ Transmission Related A&G Expenses, ~~and~~ CPUC Intervenor Funding Expense - Transmission.
61. Transmission Related Common Plant shall equal SDG&E's balance of investment in Common Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
62. Transmission Related Common Plant Depreciation Expense shall equal the balance of SDG&E's Common Plant

Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by the Transmission Wages and Salaries Allocation Factor.

63. Transmission Related Common Plant Depreciation Reserve shall equal [the balance in Common Plant Depreciation Reserve multiplied by the that portion allocated to transmission using the](#) Transmission Wages and Salaries Allocation Factor.
64. Transmission Related Depreciation Reserve shall equal the balance of Transmission Depreciation Reserves, plus the balance of Transmission Related General Plant Depreciation Reserves, plus Transmission Related Common Plant Depreciation Reserves, plus the balance of Transmission Related Electric Miscellaneous Intangible Plant Amortization Reserves. Transmission Related Depreciation Reserve does not include Incentive Transmission Plant Depreciation Reserve.
65. Transmission Related General Plant shall equal SDG&E's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
66. Transmission Related General Plant Depreciation Expense shall equal the balance of SDG&E's General Plant Depreciation Expense recorded in FERC Account Nos. 403, 404, and 405 multiplied by Transmission Wages and Salaries

Allocation Factor.

67. Transmission Related General Plant Depreciation Reserve shall equal the balance in General Plant Depreciation Reserves multiplied by the Transmission Wages and Allocation Factor.

~~68. Transmission Related Electric General and Common Plant Accumulated Deferred Income Taxes shall equal SDG&E's total General and Common Accumulated Deferred Income Taxes, as reflected in a footnote to SDG&E's annual FERC Form 1, which SDG&E shall reference by page in its Informational Filing, multiplied by the Transmission Wages and Salaries Allocation Factor. Such Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor costs.~~

~~69-68.~~ Transmission Related Electric Miscellaneous Intangible Plant shall equal the total amount of Electric Miscellaneous Intangible Plant recorded in FERC Account No. 303 multiplied by the Transmission Wages and Allocation Factor.

~~70. Transmission Related Electric Miscellaneous Intangible Plant Accumulated Deferred Income Taxes shall be that portion of Electric Miscellaneous Intangible Plant Accumulated Deferred Income Taxes allocated to transmission using the Transmission Wages and Salaries Allocation Factor as~~

~~reflected in a footnote to SDG&E's annual FERC Form 1 which shall be reference by page in its Informational Filing. Such Accumulated Deferred Income Taxes shall exclude Financial Accounting Standard 109 or its successor, costs.~~

71-69. Transmission Related Electric Miscellaneous Intangible Plant

Amortization Expense shall equal the balance of SDG&E's Electric Miscellaneous Intangible Plant Amortization Expense recorded in FERC Account No. 404 multiplied by the Transmission Wages and Salaries Allocation Factor.

72-70. Transmission Related Electric Miscellaneous Intangible Plant

Amortization Reserve shall equal SDG&E's balance of Electric Miscellaneous Intangible Plant Amortization Expense recorded in FERC Account No.111 multiplied by the Transmission Wages and Salaries Allocation Factor. ~~SDG&E shall footnote these amounts in its annual FERC Form 1, which SDG&E shall reference by page in its Informational Filing.~~

73-71. Transmission Related Materials & Supplies shall equal

SDG&E's electric balance of Materials and Supplies multiplied by the Transmission Plant Allocation Factor.

74-72. Transmission Related Municipal Franchise Tax Expense shall

equal: a) the Base Transmission Revenue Requirement ("BTRR") prior to the inclusion of Municipal Franchise Tax expense multiplied by the Municipal Franchise Tax Expense rate that the CPUC

authorizes from time to time, which shall be recovered as part of the BTRR rates, plus b) an amount of Municipal Franchise Tax Expense that the CPUC authorizes SDG&E to collect from customers who reside in the City of San Diego. This latter amount shall be reflected on the electric bills of customers residing in the City of San Diego, and shall not be included as part of the wholesale BTRR.

75-73. Transmission Related Payroll Taxes Expense shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1 ([excluding Citizens related payroll](#)), multiplied by the Transmission Wages and Salaries Allocation Factor. [SDG&E shall footnote in its annual FERC Form 1 the payroll taxes attributable to Citizens, which SDG&E shall reference by page in its Informational Filing.](#)

76-74. Transmission Related Prepayments shall equal SDG&E's electric balance of prepayments recorded in FERC Account No. 165 multiplied by the Transmission Plant Allocation Factor.

77-75. Transmission Related Property Taxes shall equal Property Taxes, excluding property taxes directly assigned to SONGS, multiplied by the Transmission ~~Related~~ Property [Insurance and](#) Tax Allocation Factor. SDG&E shall footnote in its annual FERC Form 1 the directly assigned property taxes attributable to SONGS, which SDG&E shall reference by page in its Informational Filing.

~~78-76.~~ Transmission Related Regulatory Debits and Credits shall equal SDG&E's amortization expense associated with Other Regulatory Assets/Liabilities debited to FERC Account No. 407.3 and FERC 407.4 that the Commission has accepted for recovery under Section 205 of the FPA. Transmission Related Regulatory Debits for the initial Rate Effective Period shall be zero.

~~79-77.~~ Transmission Related Revenue Credits shall include Transmission related revenues SDG&E received from providing transmission services over SDG&E facilities under existing contracts or other Tariff Filings. These revenues are recorded in (1) FERC Accounts 451; (2) 453 through 456; and (3) other FERC Accounts applicable to the Citizens. Examples include, but are not limited to, rents from electric property, generation interconnection, and Citizens lease of SDG&E's transmission facilities. These revenues that SDG&E received are used to reduce the cost of service for SDG&E's customers. Rents Received from Electric Property recorded in FERC Account No. 454 associated with such Electric Property included in Transmission Rate Base as defined in Attachment 2 (Formula Rate Spreadsheet), plus Other Electric Revenues recorded in FERC Account No. 456 that recover the cost associated with SDG&E's Transmission Rate Base, excluding any revenues credited through the TRBAA or another mechanism.

~~80-78.~~ Transmission Related Uncollectible Expense shall equal the Base

Transmission Revenue Requirement End Use customers prior to the inclusion of uncollectible expenses multiplied by the percentage allowance for uncollectible expenses approved from time to time by the CPUC, and should not be included as part of the wholesale BTRR.

~~81.79.~~ True-Up Period shall be 12 months ended December 31 of the Base Period of each year; ~~provided, however, that for TO4 Cycle 2, the True-Up Period shall be 4 months September 1, 2013 through December 31, 2013.~~

~~82.80.~~ Uncollectible Expense shall equal SDG&E's charges for uncollectible accounts recorded in FERC Account No. 904.

~~83.~~ ~~Valley Rainbow Project Costs Amortization Expense shall equal \$1,892,694, which represents the annual amortization over a ten-year period, ending September 2013 of certain costs associated with the cancelled Valley Rainbow transmission project. The Valley Rainbow cost will expire September 30, 2013 and an amount of \$157,724 will appear in TO4 C2 True-Up Adjustment. After September 2013 the cost of Valley Rainbow will be fully recovered.~~

~~84.81.~~ Weighted Forecast Plant Additions for any Forecast Period, ~~except for Cycles 1 and 2,~~ shall be the estimated capital investment in new Transmission Plant, Transmission Plant Held for Future Use, and Transmission Related General Plant, ~~and~~ Common Plant, and Electrical Miscellaneous Intangible Plant SDG&E anticipates

placing in service during such Forecast Period. Such estimated capital investments shall be determined for each month of the Forecast Period as described herein and each such estimated capital investment shall be multiplied by a weighting factor such that the magnitude of such capital investment as reflected in the determination of SDG&E's transmission revenue requirement pursuant to this Appendix VIII formula reflects the number of months during the Forecast Period those investments in new transmission facilities are actually in service. Any new transmission facilities expected to be placed in service during the Forecast Period but prior to the end of the first month of the associated Rate Effective Period, *i.e.*, January 31 of the second year of the Forecast Period, shall be assigned a weighting factor of 1.00. Any new transmission facilities expected to be placed in service during the Forecast Period as of the beginning of the second month of the Rate Effective Period, *i.e.*, February 1, or thereafter through and including December 31, shall be assigned a weighting factor based on the number of months during the Rate Effective Period for which those facilities are expected to be in service divided by 12. Thus, for example, a plant addition expected to be placed in service in February of the Rate Effective period would be assigned a weighting factor of 11 divided by 12 or 0.917.

~~For Cycles 1 and 2, the weighted forecast plant additions for the~~

~~Forecast Period shall be calculated in the same manner as
described above except that the first month of the Rate Effective
Period shall be September 2013 for Cycle 1 and January 2015 for
Cycle 2.~~

II. CALCULATION OF ANNUAL BASE TRANSMISSION REVENUE REQUIREMENTS

A. Formula Rate Protocols – See Attachment 1

B. Formula Rate Spreadsheet – See Attachment 2

The TO⁵⁴ Formula Rate Spreadsheet consists of the following:

- Statement BK1 (Derives End Use BTRR) and BK2 (Derives CAISO BTRR), and
- Statements AD through AV and Miscellaneous Statement (provide data embedded in Statement BK1 and BK2, and
- ~~Statement AD through AV work papers, the~~ True-Up Adjustment and Interest True-Up Adjustment work papers, and ~~the~~
- Summary of High and Low Voltage split for Forecast Plant addition work papers ~~(provide data embedded in Statement AD through AV).~~

Data cells within the Formula Rate Spreadsheet that are color coded green are manual inputs based on the work-papers and/or FERC Form 1 data that are external to the Formula Rate Spreadsheet.

Data cells that are color coded yellow are linked to cells on other pages within the Formula Rate Spreadsheet.

Uncolored cells reflect formulas (e.g., cells representing the sum of preceding lines) or links to cells on the same page.

Data cells that are colored grey shall be zero.

SDG&E will include these workpapers in each Annual Informational Filing.

~~Data cells within the Formula Rate Spreadsheet that are color coded yellow are identical to other cells within the Formula Rate Spreadsheet. Data cells that are color coded green, mainly Statements AD through AV work papers, are based on work papers and/or FERC Form 1 data that are external to the Formula Rate Spreadsheet. Uncolored cells reflect inputs that are either fixed as part of the Formula (e.g., the ROE,~~

~~or the number of days in a month) or contain formulas based on other Formula cells (e.g., cells representing the sum of preceding lines). SDG&E will include these work papers in each Annual Informational Filing.~~

Blank lines [for Project-Specific Incentives or Abandoned Plant for Non-Incentives Projects](#) that show up in the Formula Rate Spreadsheet will not be populated with numbers absent a Section 205 filing.

~~Formula Rate Spreadsheet File embedded below.~~



~~Exh_3_TO4_Formula
_Rate_Spreadsheet_~~

APPENDIX VIII
ATTACHMENT 1
FORMULA RATE PROTOCOLS

A. INTRODUCTION

This Attachment sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") Base Transmission Revenue Requirements ("BTRR") used to derive the charges assessed by SDG&E to its End Use Customers ("BTRR_{EU}") and SDG&E's BTRR used to derive the transmission charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the California Independent System Operator Corporation ("CAISO") pursuant to the CAISO Tariff ("BTRR_{CAISO}"). SDG&E's Fifth TO Formula ("TO5 Formula") rate mechanism consists of Appendix VIII of SDG&E's TO Tariff and its two attachments: the Formula Rate Protocols ("Protocols") (Attachment 1) and the Formula Rate Spreadsheet (Attachment 2). Capitalized terms shall have the meaning ascribed to them herein or in Appendix VIII of SDG&E's TO Tariff.

The BTRR_{EU} and BTRR_{CAISO} for each Rate Effective Period will consist of the following four parts:

- (i) the Prior Year Revenue Requirements ("PYRR");
- (ii) the Forecast Period Capital Addition Revenue Requirements ("FC");
- (iii) a True-Up Adjustment; and
- (iv) an Interest True-Up Adjustment.

The PYRR, FC and True-Up Adjustment, including the Interest True-Up Adjustment, shall be designed to quantify SDG&E's cost to own, operate and maintain its transmission facilities.

The PYRR will be an annual calculation based on the previous calendar year's data as shown in SDG&E's Federal Energy Regulatory Commission ("FERC" or the "Commission") Form No. 1: Annual Report of Major Electric Utilities, Licensees, and Others ("Form 1") for that year and underlying ledger accounts. SDG&E shall make available the data reflected in the underlying ledger accounts used to determine SDG&E's PYRR in the annual Informational Filing described below. CPUC Intervenor Funding Expense, South Georgia tax impacts, and uncollectibles will be recovered as a component of PYRR for End Use Customers, but not for CAISO customers. The FC component will be an annual calculation based on an estimate of the revenue requirement associated with the transmission-related plant investments expected to be placed in service during the Forecast Period.

SDG&E shall calculate its BTRRs¹ using the formula rate that is presented in the Formula Rate Spreadsheet. The Formula Rate Spreadsheet contains fixed formulae that are described in Appendix VIII. If there is any conflict between the provisions of Appendix VIII and the Formula Rate Spreadsheet, the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA") and will be populated with data from SDG&E's annual Form 1 filing or SDG&E's underlying ledger accounts. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing. The sources of the data used in the TO5 Formula will be: (a) identified in the Formula Rate Spreadsheet by fixed references to specific locations in FERC Form 1, or (b) provided by SDG&E in accordance with Section C of these Protocols.

¹ The term "BTRRs" includes the $BTRR_{EU}$ and the $BTRR_{CAISO}$ that are calculated in each annual update.

B. TERM OF SDG&E'S TO5 FORMULA

Retail and wholesale transmission rates shall become effective on January 1, 2019, and shall be re-determined annually thereafter in accordance with these Protocols and the TO5 Formula.

The TO5 Formula shall be in effect from January 1, 2019 and each year thereafter, unless the Commission modifies or replaces the TO5 Formula, subject to the following two sentences. Each party to SDG&E's TO5 Formula rate filing proceeding at FERC, whether the Cycle 1 filing or subsequent Annual Informational Filings (referred to collectively as "Parties" and individually as a "Party"), and SDG&E, shall each have a right to terminate the TO5 Formula, to be exercised on an annual basis beginning with the 2022 annual cycle (TO5 Cycle 4), by providing notice to SDG&E and to each Party no later than June 30, 2021 or any year thereafter ("Notice of Termination"). Following the Notice of Termination, SDG&E shall file a successor rate pursuant to Section 205, which shall include a request for an effective date that is January 1 of the upcoming year. All Parties retain their full rights to oppose the filing.

After termination of the TO5 Formula, SDG&E shall calculate a Final True-Up Adjustment. The Final True-Up Adjustment shall cover the period of time ending on the date the TO5 Formula terminated and beginning on the day after the period covered by the most recent Annual True-Up Adjustment that was included in the BTRRs. The Final True-Up Adjustment shall be determined using the same calculation methodology as the Annual True-Up Adjustment and shall be applied to the next successor rate.

Notwithstanding the foregoing, the existing rates in effect at the time the TO5 Formula terminates shall remain in effect until superseded by subsequent Commission-approved rates.

C. PROCEDURES FOR UPDATING THE BASE TRR

SDG&E shall update its BTRRs according to the timelines and procedures described in this Section. A summary of the procedures for updating the BTRRs is set forth below.

Event	Date
Posting of Draft Informational Filing	July 15
Informational Requests	July 15 – October 31
Draft Informational Filing Meeting	On or before August 7
Annual Informational Filing	On or before December 1

SDG&E will update the BTRR in each cycle as follows:

TO5 Cycle 1

Rate Effective Period	January 1, 2019 – December 31, 2019
Base Period	12 Months ended December 31, 2017
Forecast Period	24 Months, January 2018 - December 2019
TU Adjustment	2017 calendar year applicable to TO4 Cycle 4
Interest TU Adjustment	January 1, 2017 – December 31, 2018

TO5 Cycle 2

Rate Effective Period	January 1, 2020 – December 31, 2020
Base Period	12 Months ended December 31, 2018
Forecast Period	24 Months, January 2019 - December 2020
TU Adjustment	2018 calendar year applicable to TO4 Cycle 5
Interest TU Adjustment	January 1, 2018 – December 31, 2019

TO5 Cycle 3

Rate Effective Period	January 1, 2021 – December 31, 2021
Base Period	12 Months ended December 31, 2019
Forecast Period	24 Months, January 2020 - December 2021
TU Adjustment	2019 calendar year applicable to TO5 Cycle 1
Interest TU Adjustment	January 1, 2019 – December 31, 2020

After Cycle 3, successive TO5 cycles will be consistent with Cycle 3 with regards to timing and the length of the Base Period, Forecast Period, TU Period, and Rate Effective Period.

1. Draft Informational Filing

On or before July 15 of each year, SDG&E shall post on its OASIS at <https://www.sdge.com/rates-and-regulations/tariff-information/open-access-ferc-tariffs>, a draft of the Informational Filing (the “Draft Informational Filing”) for review, comment and discussion prior to filing the Informational Filing at FERC on December 1. SDG&E will provide electronic notice of its posting to the Service List.²

The Draft Informational Filing shall include the following:

- a. The populated version of the Formula Rate Spreadsheet itself.
- b. Workpapers supporting all inputs that are not taken from the FERC Form 1.

² The “Service List” includes: (1) any state regulatory agency with jurisdiction over SDG&E’s rates, charges or services; (2) any consumer advocacy agencies and attorneys general in a state with a regulatory agency that has jurisdiction over SDG&E’s rates; (3) any person or entity admitted as a party in the FERC proceedings concerning SDG&E’s TO5 Formula rate tariff filing; and (4) any person or entity admitted as a party in any Annual Informational Filing proceeding filed by SDG&E in accordance with these Protocols. For purposes of communications with parties on the Service List, SDG&E will include the individuals on the service list in in the FERC proceedings concerning SDG&E’s TO5 Formula rate tariff filing and parties that are admitted in future FERC proceedings involving SDG&E’s Annual Informational Filings. Any references to an “Interested Party” in these Protocols shall include the Service List or any customer of SDG&E.

- c. Data and calculations for items such as ADIT that require adjustments from FERC Form 1 data, Taxes Other Than Income taxes, prepayments that may require plant-related and labor-related sub-amounts, certain A&G items, revenue credits and rate divisors, and thirteen-month balances.
- d. Identification and explanation of any material changes, such as a description of any Material Accounting Changes.³
- e. Identification and explanation of any aspects of the TO5 Formula rate or its inputs that are the subject of an ongoing dispute in any FERC proceeding on a prior Informational Filing.

2. Draft Informational Filing Meeting

SDG&E will provide notice to Interested Parties of a one-day meeting to take place on or before August 7 of each year to discuss any details or questions regarding SDG&E's Draft Informational Filing. By mutual agreement of SDG&E and Interested Parties, such meeting may take place in-person, via telephone, or video-conference. SDG&E shall make appropriate personnel available for such meeting. Additional meetings to discuss the Draft Informational Filing shall be scheduled as SDG&E and the Interested Parties may mutually agree.

3. Information Requests

- a. Interested Parties may submit reasonable information requests to SDG&E regarding the Draft Informational Filing.

³ "Material Accounting Changes" shall mean any change in SDG&E's (i) accounting policies and practices from those in effect for the Rate Effective Year upon which the immediately preceding Annual Informational Filing was based, including changes in estimation methods or policies and/or adoption of any new accounting standard or policy; (ii) internal corporate cost allocation policies or practices from those policies and/or practices in effect for the Rate Effective Year upon which the immediately preceding Informational Filing was based; or (iii) changes to income tax elections.

- b. SDG&E shall make a good faith effort to respond to information requests in writing within 10 business days of receipt, or sooner depending on the timing of the information requests. SDG&E shall contemporaneously provide copies of all responses to all parties on the Service List that have indicated to SDG&E that they wish to receive such copies. SDG&E and the Interested Party serving the information request on SDG&E will work cooperatively and in good faith to resolve any questions, objections, or disputes relating to the information requests.
- c. Responses to information requests shall not be designated as settlement communications or produced under the Commission's rules and regulations governing settlements, unless provided as a privileged settlement communication in a Commission proceeding being conducted under the Commission's settlement rules. SDG&E may mark materials provided in response to an information request as Protected Materials in accordance with the Protective Order adopted in the FERC proceedings concerning SDG&E's TO5 Formula rate tariff filing ("Protective Order"). Interested Parties will have all rights provided to them under the Protective Order to challenge SDG&E's classification of any materials as Protected Materials. To the extent an information request response calls for the production of Protected Materials, SDG&E will provide such

materials only to the parties that have signed non-disclosure certificates agreeing to abide by the terms of the Protective Order.⁴

- d. To the extent SDG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these protocols, SDG&E or any Interested Party may petition the FERC to appoint an Administrative Law Judge as a discovery master after reasonable attempts to resolve the dispute have been made by SDG&E and any Interested Party. Neither SDG&E nor any Interested Party shall object to a request for a discovery master. The discovery master shall have the authority to issue binding orders to resolve discovery disputes and compel the production of discovery, if appropriate, in accordance with the Protocols and consistent with FERC's discovery rules. The discovery master's orders shall be subject to appeal to the Commission and to the courts to the same extent and under the same rules as would be applicable to an Initial Decision issued under Rule 708 of the Commission's Rules of Practice and Procedure. In the event the Commission establishes hearing or settlement procedures for an Annual Informational Filing, the discovery master's responsibility shall be transferred to the Presiding Judge for such hearing or settlement procedures, effective upon his or her appointment.

⁴ Nothing in these Protocols limits the CPUC's statutory or Constitutional authority to seek information from SDG&E.

4. Annual Informational Filing

- a. SDG&E shall submit to the Commission on or before December 1 of each year, starting in 2019, an Annual Informational Filing (the “Informational Filing”) showing the rates to be in effect for the Rate Effective Period of the succeeding calendar year. The information provided in the Draft Informational Filing procedures (C.1.a through e. of these Protocols) shall also be included in the Annual Informational Filing, modified as necessary to reflect any changes resulting from the Draft Informational Filing procedures. Further, the Informational Filing shall show:
- (i) for the PYRR for the Base Period, each of the thirteen monthly balances (and thirteen-month average of those balances) for transmission plant investment and the transmission plant retirements, reclassifications or additions reflected in each monthly balance; and
 - (ii) for the Forecast Period, any weighted forecast plant additions to transmission-related plant net of forecast retirements and reclassifications of Transmission Plant anticipated during that Forecast Period.
- b. It is expressly intended by these Protocols that the Commission will issue public notice of the Informational Filing inviting public comment, and SDG&E shall request in its Informational Filing that the Commission issue public notice of the Informational Filing inviting public comment.
- c. The Informational Filing shall not modify the TO5 Formula set forth in Appendix VIII and shall not constitute a rate change under Section 205 of

the FPA. The Informational Filing shall not subject the TO5 Formula to modification.

- d. Any person may comment on or protest the Informational Filing. Any person may request that FERC establish hearing and/or settlement procedures regarding an Informational Filing, and all Parties to the FERC proceedings concerning SDG&E's TO5 Formula rate tariff filing reserve their rights to oppose such requests on their merits. More particularly, any person may challenge the justness and reasonableness of SDG&E's implementation of the TO5 Formula with respect to such matters as:
- (i) whether the costs and expenditures included for recovery have been or will be prudently incurred, consistent with Commission precedent regarding prudence;
 - (ii) whether SDG&E has properly and reasonably applied the TO5 Formula as described in Appendix VIII, the Formula Rate Spreadsheet and these Protocols;
 - (iii) whether the costs to be recovered through the BTRRs have been accurately stated, properly recorded and accounted for pursuant to applicable FERC accounting rules, and are consistent with the formula;
 - (iv) whether SDG&E's calculation methodologies are consistent with the formula;
 - (v) whether any Material Accounting Changes are reasonable and consistent with applicable FERC accounting rules; and

- (vi) whether forecasts and projections have been reasonably made.
- e. Nothing in these Protocols shall act as a bar to a person raising an issue in comments or in protests to the Informational Filing that it has not raised in a prior Informational Filing proceeding (including pre-filing phases of such proceeding) or with respect to which it has not previously exercised its rights under the FPA.
- f. It is expressly intended by these Protocols that FERC will issue an order taking action, assuming any action is requested, on the Informational Filing if protests and/or comments on the Informational Filing are filed.
- g. In any proceeding on SDG&E's Informational Filing, SDG&E shall bear the burden of showing the justness and reasonableness of the implementation of its TO5 Formula on matters set forth in subsections d. (i) through (vi) above in accordance with Commission precedent.
- h. SDG&E will make any revisions to the BTRRs and associated rates that are required by a final⁵ Commission order with respect to each Informational Filing. Unless otherwise ordered by the Commission, such revisions shall be effective as of the first day of the applicable Rate Effective Year and shall be reflected, with interest calculated pursuant to the interest rates in Section 35.19a of the Commission's regulations, in the next subsequent Informational Filing as a component of the True-Up

⁵ All references in these Protocols to Commission orders or actions refer to the final form of such orders or actions (in accordance with the FPA and applicable Commission regulations, including without limitation Commission regulations with respect to a stay of a Commission order upon rehearing and/or an appeal), including as they may be modified as a result of a request for rehearing or Court appeal.

Adjustment. If the term of the TO5 Formula is ending so that there will be no future Informational Filing, SDG&E shall include the TRR difference in the Final True-Up Adjustment.

5. Adjustments to Reflect Correction of Errors

- a. In the event SDG&E or any Interested Party identifies an error in the TO5 Formula or the FERC Form 1 data or data based on SDG&E's books and records that is used as an input to the formula, or SDG&E is required by applicable law, a court, or regulatory body to correct an error, and such error affects the True-Up TRR calculated in an Informational Filing, SDG&E shall include in its next subsequent Informational Filing a brief description of the errors included in its prior Informational Filing that must be corrected. SDG&E's subsequent Informational Filing shall:
- (i) Recalculate the True-Up TRR for all affected Prior Years;
 - (ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up TRR and the revised correct True Up; and
 - (iii) Determine the cumulative amount of the difference in Section C.5.a.ii, including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a, through the date of implementation of the correction.
- b. Absent an order requiring refunds outside of the True-Up process, the difference in Section C.5.a.(iii) shall be included as an additional component to SDG&E's True-Up Adjustment in its next Informational Filing or Final True-Up Adjustment, as applicable, as a one-time True-Up Adjustment in accordance with the TO5 Formula.

D. SINGLE-ISSUE FILINGS

1. Post-Employment Benefits Other Than Pensions

If the expense levels for SDG&E's Post-Employment Benefits Other than Pensions ("PBOP"), as recorded in FERC Account No. 926, Employee Pensions and Benefits, change from those expense levels contained in SDG&E's TO5 Filing submitted in connection with SDG&E's TO5 Formula rate tariff filing, then:

- a. SDG&E may make a single-issue filing under Section 205 of the FPA, to recover such changed PBOP expense pursuant to the TO5 Formula; or
- b. Any person may exercise its rights under Section 206 of the FPA to request that the Commission direct SDG&E to reflect any changed PBOP expense pursuant to the TO5 Formula.
- c. SDG&E and/or any other person shall retain full rights to oppose such filings under the FPA and in accordance with the Commission's Rules of Practice and Procedure.
- d. If there is a change from the PBOP expense levels contained in SDG&E's TO5 Filing and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the Service List as part of its Draft Informational Filing.

2. Project-Specific Incentives

If SDG&E requests and is authorized by the Commission to recover project-specific incentives, SDG&E will incorporate the values associated with the approved incentives as a line item in the placeholders set forth in Appendix VIII. Such placeholders will not change absent approval of a separate Section 205 filing seeking such a change.

- a. During the term of the TO5 Formula, SDG&E shall have the right to seek transmission project-specific incentives, and all persons shall retain their rights to oppose the requested incentives. The following conditions on SDG&E's right to seek incentives shall apply:
- b. SDG&E may not seek to include construction work in progress ("CWIP") in rate base except for any transmission project for which construction commenced in good faith during the term of the TO5 Formula. For any project for which the Commission grants SDG&E a CWIP incentive, SDG&E will reflect an Allowance for Funds Used During Construction ("AFUDC"), rather than 100% of CWIP, on project costs incurred prior to the date SDG&E obtains: (i) any required licensing approval from the CPUC for the project; and (ii) CAISO approval for the project through the applicable CAISO planning or interconnection process.
- c. SDG&E may not seek to recover 100% of prudently-incurred abandoned plant costs except for any transmission project for which construction commenced in good faith during the term of the TO5 Formula. Further, for any transmission project that requires CAISO approval, SDG&E may not seek to recover 100% of prudently-incurred abandoned plant costs unless the project is included in the CAISO transmission plan.

3. FERC Form 1

SDG&E may make a single-issue Section 205 filing to update the references in the TO5 Formula to reflect any changes to the format and/or content of the FERC Form 1 or the Uniform System of Accounts that affect the calculations set forth in the TO5 Formula in the event that a Commission order revises the format and/or content of the FERC Form 1 or the Uniform System

of Accounts. This filing shall be submitted within thirty days of any FERC decision to revise the FERC Form 1 or the Uniform System of Accounts, and shall be effective on the same date as the revisions to the FERC Form 1 or Uniform System of Accounts, as applicable, become effective. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure. If there is a change to the format and/or content of the FERC Form 1 or the Uniform System of Accounts that affects the calculations set forth in the TO5 Formula, and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the Service List as part of its Draft Informational Filing. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing.

4. Abandoned Plant for Non-Incentive Projects

SDG&E reserves the right to make a single-issue Section 205 filing to seek recovery of abandoned project costs for non-incentive projects. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure.

5. Depreciation Rates and/or Amortization Periods for General Plant, Common Plant and/or Intangible Plant

SDG&E reserves the right to make a single-issue Section 205 filing to change the depreciation rates for General Plant and Common Plant and the amortization periods for Intangible Plant upon approval by the CPUC of revised depreciation rates and/or amortization periods for these plant categories. SDG&E shall make a filing at the Commission, as set forth in this section, by the later of either the filing date for the next Informational Filing following issuance of the CPUC ruling or sixty days after issuance of the CPUC ruling. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure. If there is a change in the depreciation rates for General Plant and

Common Plant and/or in the amortization periods for Intangible Plant, and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the Service List as part of its Draft Informational Filing. However, SDG&E will not then be able to incorporate the CPUC-approved change in its TO5 Formula.

6. Restriction on other Single-Issue Filings

Unless otherwise provided for in this Section D., SDG&E may not make single-issue filings during the term of the TO5 Formula.

E. TRUE-UP ADJUSTMENT

The True-Up Adjustment for each True-Up Period will be a reconciliation of the difference between:

1. SDG&E's actual cost of providing transmission service during the applicable True-Up Period as determined by application of the PYRR component of the TO5 Formula; and
2. Actual revenues billed by SDG&E and paid by transmission customers for transmission service during the True-Up Period.

The True-Up Adjustment shall be calculated in accordance with the Formula Rate Spreadsheet.⁶

⁶ The End Use Customer and CAISO wholesale True-Up cost of service will be derived pursuant to Attachment 1. The End Use Customer recorded revenues used to derive the End Use Customer True-Up Adjustment will come from the books of SDG&E. The CAISO revenues used to derive the CAISO wholesale True-Up Adjustment will be reflected in Attachment 1. The latter revenues will be derived and filed annually as work papers that support the data in Attachment 1 and will be part of each annual Informational Filing.

F. USE OF INFORMATION

Information produced pursuant to these Protocols may be used in any administrative or judicial proceeding; provided, however, that to the extent that any information provided pursuant to these Protocols has been designated and provided as Protected Materials, the use of such information shall be governed by the Protective Order. This section shall not apply to any information provided in the course of Commission-established settlement proceedings pursuant to the Commission's rules and regulations governing settlement.

G. RESERVATION OF RIGHTS

1. Nothing in these Protocols shall limit or shall be deemed to limit in any way the right of any Interested Party to file a request for relief under any applicable provision of the FPA and/or the Commission's regulations or to participate in Informational Filing proceedings.
2. Except as set forth in Sections B and D above below, nothing in these Protocols shall be deemed to limit in any way SDG&E's right to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to seek to change or cancel the TO5 Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.

APPENDIX VIII

ATTACHMENT 1

FORMULA RATE PROTOCOLS

A. INTRODUCTION

This Attachment sets forth details with respect to the determination each year of San Diego Gas & Electric Company's ("SDG&E") Base Transmission Revenue Requirements ("BTRR") used to derive the charges assessed by SDG&E to its End Use Customers ("BTRR_{EU}") and SDG&E's BTRR used to derive the transmission charges assessed by SDG&E pursuant to its Transmission Owner ("TO") Tariff and by the California Independent System Operator Corporation ("CAISO") pursuant to the CAISO Tariff ("BTRR_{CAISO}"). SDG&E's ~~Fourth-Fifth~~ TO Formula ("~~TO4-TO5~~ Formula") rate mechanism consists of Appendix VIII of SDG&E's TO Tariff and its two attachments: the Formula Rate Protocols ("Protocols") (Attachment 1) and the Formula Rate Spreadsheet (Attachment 2). Capitalized terms shall have the meaning ascribed to them herein or in Appendix VIII of SDG&E's TO Tariff.

The BTRR_{EU} and BTRR_{CAISO} for each Rate Effective Period will consist of the following four parts:

- (i) the Prior Year Revenue Requirements ("PYRR");
- (ii) the Forecast Period Capital Addition Revenue Requirements ("FC");
- (iii) a True-Up Adjustment; and
- (iv) an Interest True-Up Adjustment.

The PYRR, FC and True-Up Adjustment, including the Interest True-Up Adjustment, shall be designed to quantify SDG&E's cost to own, operate and maintain its transmission facilities.

The PYRR will be an annual calculation based on the previous calendar year's data as shown in SDG&E's Federal Energy Regulatory Commission ("FERC" or the "Commission") Form No. 1: Annual Report of Major Electric Utilities, Licensees, and Others ("Form 1") for that year and underlying ledger accounts. SDG&E shall make available the data reflected in the underlying ledger accounts used to determine SDG&E's PYRR in the annual Informational Filing described below. ~~Valley Rainbow Project Costs (as defined below) shall be recovered commencing October 1, 2003 through September 2013 in accordance with this Appendix VIII as a component of PYRR.~~ CPUC Intervenor Funding Expense, South Georgia tax impacts, and uncollectibles will be recovered as a component of PYRR for End Use Customers, but not for CAISO customers. The FC component will be an annual calculation based on an estimate of the revenue requirement associated with the transmission-related plant investments expected to be placed in service during the Forecast Period.

SDG&E shall calculate its BTRRs¹ using the formula rate that is presented in the Formula Rate Spreadsheet. The Formula Rate Spreadsheet contains fixed formulae that are described in Appendix VIII. If there is any conflict between the provisions of Appendix VIII and the Formula Rate Spreadsheet, the Formula Rate Spreadsheet shall control. The fixed formulae in the Formula Rate Spreadsheet are subject to change only pursuant to Sections 205 and 206 of the Federal Power Act ("FPA") and, ~~in accordance with Section G.3 and~~ will be populated with data from SDG&E's annual Form 1 filing or SDG&E's underlying ledger accounts. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing. The sources of the data used in the ~~FO4~~TO5 Formula will be: (a) identified in the Formula Rate Spreadsheet by fixed

¹ The term "BTRRs" includes the BTRR_{EU} and the BTRR_{CAISO} that are calculated in each annual update.

references to specific locations in FERC Form 1, or (b) provided by SDG&E in accordance with Section C of these Protocols.

B. TERM OF SDG&E'S ~~TO4~~TO5 FORMULA

Retail and wholesale transmission rates shall become effective on ~~September 1, 2013~~January 1, 2019, and shall be re-determined annually thereafter in accordance with these Protocols and the ~~TO4~~TO5 Formula.

The ~~TO4~~TO5 Formula shall be in effect ~~through December 31, 2018~~from January 1, 2019 and each year thereafter, unless the Commission modifies or replaces the TO5 Formula, subject to the following two sentences. Each party to ~~Docket No. ER13-941~~SDG&E's TO5 Formula rate filing proceeding at FERC, whether the Cycle 1 filing or subsequent Annual Informational Filings (referred to collectively as "Parties" and individually as a "Party"),² and SDG&E, shall each have a ~~one-time~~ right to terminate the ~~TO4~~TO5 Formula, to be exercised on an annual basis beginning with the 2022 annual cycle (TO5 Cycle 4), by providing notice to SDG&E and to each Party notice no later than June 30, ~~2016, 2021 or any year thereafter~~ ("Notice of Termination"). Following the Notice of Termination, SDG&E shall file a successor rate pursuant to Section 205, which shall include a request for an effective date that is January 1, ~~2017 of the upcoming year~~. All Parties retain their full rights to oppose the filing.

After termination of the ~~TO4~~TO5 Formula, SDG&E shall calculate a Final True-Up Adjustment. The Final True-Up Adjustment shall cover the period of time ending on the date the

²~~Parties to Docket No. ER13-941 are: the California Public Utilities Commission, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; the M-S-R Public Power Agency; the City of Santa Clara, California and the City of Redding, California; the Modesto Irrigation District; the Transmission Agency of Northern California; the Northern California Power Agency; and the California Department of Water Resources State Water Project, Pacific Gas and Electric Company, Southern California Edison Company, Trans Bay Cable LLC, State Water Contractors and Sacramento Municipal Utility District.~~

~~TO4TO5~~ Formula terminated and beginning on the day after the period covered by the most recent Annual True-Up Adjustment that was included in the BTRRs. The Final True-Up Adjustment shall be determined using the same calculation methodology as the Annual True-Up Adjustment and shall be applied to the next successor rate.

Notwithstanding the foregoing, the existing rates in effect at the time the ~~TO4TO5~~ Formula terminates shall remain in effect until superseded by subsequent Commission-approved rates, ~~consistent with section 2.4(e) of the Commission's regulations.~~³.

C. PROCEDURES FOR UPDATING THE BASE TRR

SDG&E shall update its BTRRs according to the timelines and procedures described in this Section. A summary of the procedures for updating the BTRRs ~~in Cycle 1, Cycle 2, and for Cycle 3 and beyond are~~ is set forth ~~in the following tables below.~~

TO4 Cycle 1

Base Period	12 Months ending May 31, 2012
Forecast Period	June 1, 2012 to August 31, 2014 (27 Months)
Rate Effective Period	September 1, 2013—December 31, 2014

TO4 Cycle 2

Base Period	Calendar year 2013
TO4 Cycle 2 True-Up Period and TO3 Final True-Up	September 1, 2013—December 31, 2013
Forecast Period	January 1, 2014—December 31, 2015
Post Draft Base Period and First True-Up Adjustment	June 15, 2014
Start of Discovery	June 15, 2014
Post Forecast Period Plant Additions and BTRRs	September 1, 2014
End of Discovery⁴	October 15, 2014
Annual Informational Filing	December 1, 2014
Rate Effective Period	January 1, 2015—December 31, 2015

³ ~~18 C.F.R. §2.4(e) (2013-2017).~~

⁴ ~~Discovery requests may be sent through October 15, and SDG&E will use best efforts to respond in 10 business days.~~

TO4 Cycle 3⁵ going forward

<u>Base Period</u>	<u>Calendar year 2014</u>
<u>True-Up Period</u>	<u>Calendar year 2014</u>
<u>Forecast Period</u>	<u>January 1, 2015—December 31, 2016</u>
<u>Post Draft Base Period and True-Up Adjustment</u>	<u>June 15, 2015</u>
<u>Start of Discovery</u>	<u>June 15, 2015</u>
<u>Post Forecast Period Plant Additions and BTRRs</u>	<u>September 1, 2015</u>
<u>End of Discovery</u>	<u>October 15, 2015</u>
<u>Annual Informational Filing</u>	<u>December 1, 2015</u>
<u>Rate Effective Period</u>	<u>January 1, 2016—December 31, 2016</u>

<u>Event</u>	<u>Date</u>
<u>Posting of Draft Informational Filing</u>	<u>July 15June 15</u>
<u>Informational Requests</u>	<u>July 15June 15—October 31</u>
<u>Draft Informational Filing Meeting</u>	<u>On or before August 7July 15</u>
<u>Annual Informational Filing</u>	<u>On or before December 1</u>

SDG&E will update the BTRR in each cycle as follows:

TO5 Cycle 1

<u>Rate Effective Period</u>	<u>January 1, 2019 – December 31, 2019</u>
<u>Base Period</u>	<u>12 Months ended December 31, 2017</u>
<u>Forecast Period</u>	<u>24 Months, January 2018 - December 2019</u>
<u>TU Adjustment</u>	<u>2017 calendar year applicable to TO4 Cycle 4</u>
<u>Interest TU Adjustment</u>	<u>January 1, 2017 – December 31, 2018</u>

TO5 Cycle 2

<u>Rate Effective Period</u>	<u>January 1, 2020 – December 31, 2020</u>
<u>Base Period</u>	<u>12 Months ended December 31, 2018</u>
<u>Forecast Period</u>	<u>24 Months, January 2019 - December 2020</u>

⁵ ~~The dates indicated above apply only to SDG&E's TO4/TO5 Cycle 3 filing; going forward future filings dates shall change accordingly.~~

<u>TU Adjustment</u>	<u>2018 calendar year applicable to TO4 Cycle 5</u>
<u>Interest TU Adjustment</u>	<u>January 1, 2018 – December 31, 2019</u>

TO5 Cycle 3

<u>Rate Effective Period</u>	<u>January 1, 2021 – December 31, 2021</u>
<u>Base Period</u>	<u>12 Months ended December 31, 2019</u>
<u>Forecast Period</u>	<u>24 Months, January 2020 - December 2021</u>
<u>TU Adjustment</u>	<u>2019 calendar year applicable to TO5 Cycle 1</u>
<u>Interest TU Adjustment</u>	<u>January 1, 2019 – December 31, 2020</u>

After Cycle 3, successive TO5 cycles will be consistent with Cycle 3 with regards to timing and the length of the Base Period, Forecast Period, TU Period, and Rate Effective Period.

1. Draft Informational Filing

On or before ~~June~~ July 15 of each year, SDG&E shall post on its OASIS at <https://www.sdge.com/rates-and-regulations/tariff-information/open-access-ferc-tariffs>~~www.sdge.com/rates-regulations/tariff-information/open-access-ferc-tariffs~~, a draft of the Informational Filing (the “Draft Informational Filing”) for review, comment and discussion prior to filing the Informational Filing at FERC on December 1. SDG&E will provide electronic notice of its posting to the Service List.⁶

The Draft Informational Filing shall include the following:

⁶ The “Service List” includes: (1) any state regulatory agency with jurisdiction over SDG&E’s rates, charges or services; (2) any consumer advocacy agencies and attorneys general in a state with a regulatory agency that has jurisdiction over SDG&E’s rates; (3) any person or entity admitted as a party ~~to FERC Docket No. ER13-941~~in the FERC proceedings concerning SDG&E’s TO5 Formula rate tariff filing; and (4) any person or entity admitted as a party in any Annual Informational Filing proceeding filed by SDG&E in accordance with these Protocols. For purposes of communications with parties on the Service List, SDG&E will include the individuals on the service list in in the FERC proceedings concerning SDG&E’s TO5 Formula rate tariff filing ~~Docket No. ER13-941~~ and parties that are admitted in future FERC proceedings involving SDG&E’s Annual Informational Filings. Any references to an “Interested Party” in these Protocols shall include the Service List or any customer of SDG&E.

- a. The populated version of the Formula Rate Spreadsheet itself ~~and accompanying workpapers in fully functional, native format, with all formulas and links intact.~~
- b. Workpapers supporting all inputs that are not taken from the FERC Form 1.
- c. Data and calculations for items such as ADIT that require adjustments from FERC Form 1 data, Taxes Other Than Income taxes, prepayments that may require plant-related and labor-related sub-amounts, certain A&G items, revenue credits and rate divisors, and thirteen-month balances.
- d. Identification and explanation of any material changes, such as a description of any Material Accounting Changes.⁷
- e. Identification and explanation of any aspects of the ~~TO4~~TO5 Formula rate or its inputs that are the subject of an ongoing dispute in any FERC proceeding on a prior Informational Filing.

2. Draft Informational Filing Meeting

SDG&E will provide notice to Interested Parties of a one-day meeting to take place on or before ~~August 7~~July 15 of each year to discuss any details or questions regarding SDG&E's Draft Informational Filing. By mutual agreement of SDG&E and Interested Parties, such meeting may take place in-person, via telephone, or video-conference. SDG&E shall make appropriate personnel available for such meeting. Additional meetings to discuss the Draft

⁷ "Material Accounting Changes" shall mean any change in SDG&E's (i) accounting policies and practices from those in effect for the Rate Effective Year upon which the immediately preceding Annual Informational Filing was based, including changes in estimation methods or policies and/or adoption of any new accounting standard or policy; (ii) internal corporate cost allocation policies or practices from those policies and/or practices in effect for the Rate Effective Year upon which the immediately preceding Informational Filing was based; or (iii) changes to income tax elections.

Informational Filing shall be scheduled as SDG&E and the Interested Parties may mutually agree.

3. Information Requests

- a. Interested Parties may submit reasonable information requests to SDG&E regarding the Draft Informational Filing.
- b. SDG&E shall make a good faith effort to respond to information requests in writing within 10 business days of receipt, or sooner depending on the timing of the information requests. SDG&E shall contemporaneously provide copies of all responses to all parties on the Service List that have indicated to SDG&E that they wish to receive such copies. SDG&E and the Interested Party serving the information request on SDG&E will work cooperatively and in good faith to resolve any questions, objections, or disputes relating to the information requests.
- c. Responses to information requests shall not be designated as settlement communications or produced under the Commission's rules and regulations governing settlements, unless provided as a privileged settlement communication in a Commission proceeding being conducted under the Commission's settlement rules. SDG&E may mark materials provided in response to an information request as Protected Materials in accordance with the Protective Order adopted in [the FERC proceedings concerning SDG&E's TO5 Formula rate tariff filing Docket No. E13-941](#) ("Protective Order").⁸ Interested Parties will have all rights provided to

⁸ ~~San Diego Gas & Electric Company, 144 FERC ¶ 63,005 (2013).~~

them under the Protective Order to challenge SDG&E's classification of any materials as Protected Materials. To the extent an information request response calls for the production of Protected Materials, SDG&E will provide such materials only to the parties that have signed non-disclosure certificates agreeing to abide by the terms of the Protective Order.⁹

- d. To the extent SDG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these protocols, SDG&E or any Interested Party may petition the FERC to appoint an Administrative Law Judge as a discovery master after reasonable attempts to resolve the dispute have been made by SDG&E and any Interested Party. Neither SDG&E nor any Interested Party shall object to a request for a discovery master. The discovery master shall have the authority to issue binding orders to resolve discovery disputes and compel the production of discovery, if appropriate, in accordance with the Protocols and consistent with FERC's discovery rules. The discovery master's orders shall be subject to appeal to the Commission and to the courts to the same extent and under the same rules as would be applicable to an Initial Decision issued under Rule 708 of the Commission's Rules of Practice and Procedure. In the event the Commission establishes hearing or settlement procedures for an Annual Informational Filing, the discovery

⁹ Nothing in these Protocols limits the CPUC's statutory or Constitutional authority to seek information from SDG&E.

master's responsibility shall be transferred to the Presiding Judge for such hearing or settlement procedures, effective upon his or her appointment.

4. Annual Informational Filing

- a. SDG&E shall submit to the Commission on or before December 1 of each year, starting in ~~2014~~2019, an Annual Informational Filing (the "Informational Filing") showing the rates to be in effect for the Rate Effective Period of the succeeding calendar year. The information provided in the Draft Informational Filing procedures (C.1.a through e. of these Protocols) shall also be included in the Annual Informational Filing, modified as necessary to reflect any changes resulting from the Draft Informational Filing procedures. Further, the Informational Filing shall show:

- (i) for the PYRR for the Base Period, each of the thirteen monthly balances (and thirteen-month average of those balances) for transmission plant investment and the transmission plant retirements, reclassifications or additions reflected in each monthly balance; and
- (ii) for the Forecast Period, any weighted forecast plant additions to transmission-related plant net of forecast retirements and reclassifications of Transmission Plant anticipated during that Forecast Period.

- b. It is expressly intended by these Protocols that the Commission will issue public notice of the Informational Filing inviting public comment, and

SDG&E shall request in its Informational Filing that the Commission issue public notice of the Informational Filing inviting public comment.

- c. The Informational Filing shall not modify the ~~TO4~~TO5 Formula set forth in Appendix VIII and shall not constitute a rate change under Section 205 of the FPA. The Informational Filing shall not subject the ~~TO4~~TO5 Formula to modification.
- d. Any person may comment on or protest the Informational Filing. Any person may request that FERC establish hearing and/or settlement procedures regarding an Informational Filing, and all Parties to the FERC proceedings concerning SDG&E's TO5 Formula rate tariff filing to Docket No. ER13-941 reserve their rights to oppose such requests on their merits, ~~but may not object to such requests on the basis that hearing and/or settlement procedures are prohibited by these Protocols or the Offer of Settlement in Docket No. ER13-941.~~ More particularly, any person may challenge the justness and reasonableness of SDG&E's implementation of the ~~TO4~~TO5 Formula with respect to such matters as:
- (i) whether the costs and expenditures included for recovery have been or will be prudently incurred, consistent with Commission precedent regarding prudence;
 - (ii) whether SDG&E has properly and reasonably applied the ~~TO4~~TO5 Formula as described in Appendix VIII, the Formula Rate Spreadsheet and these Protocols;

- (iii) whether the costs to be recovered through the BTRRs have been accurately stated, properly recorded and accounted for pursuant to applicable FERC accounting rules, and are consistent with the formula;
 - (iv) whether SDG&E's calculation methodologies are consistent with the formula;
 - (v) whether any Material Accounting Changes are reasonable and consistent with applicable FERC accounting rules; and
 - (vi) whether forecasts and projections have been reasonably made.
- e. Nothing in these Protocols shall act as a bar to a person raising an issue in comments or in protests to the Informational Filing that it has not raised in a prior Informational Filing proceeding (including pre-filing phases of such proceeding) or with respect to which it has not previously exercised its rights under the FPA.
- f. It is expressly intended by these Protocols that FERC will issue an order taking action, assuming any action is requested, on the Informational Filing if protests and/or comments on the Informational Filing are filed.
- g. In any proceeding on SDG&E's Informational Filing, SDG&E shall bear the burden of showing the justness and reasonableness of the implementation of its ~~TO4~~TO5 Formula on matters set forth in subsections d. (i) through (vi) above in accordance with Commission precedent.

- h. SDG&E will make any revisions to the BTRRs and associated rates that are required by a final¹⁰ Commission order with respect to each Informational Filing. Unless otherwise ordered by the Commission, such revisions shall be effective as of the first day of the applicable Rate Effective Year and shall be reflected, with interest calculated pursuant to the interest rates in Section 35.19a of the Commission's regulations, in the next subsequent Informational Filing as a component of the True-Up Adjustment. If the term of the ~~TQ4TO5~~ Formula is ending so that there will be no future Informational Filing, SDG&E shall include the TRR difference in the Final True-Up Adjustment.

5. Adjustments to Reflect Correction of Errors

- a. In the event SDG&E or any Interested Party identifies an error in the ~~TQ4TO5~~ Formula or the FERC Form 1 data or data based on SDG&E's books and records that is used as an input to the formula, or SDG&E is required by applicable law, a court, or regulatory body to correct an error, and such error affects the True-Up TRR calculated in an Informational Filing, SDG&E shall include in its next subsequent Informational Filing a brief description of the errors included in its prior Informational Filing that must be corrected. SDG&E's subsequent Informational Filing shall:
- (i) Recalculate the True-Up TRR for all affected Prior Years;

¹⁰ All references in these Protocols to Commission orders or actions refer to the final form of such orders or actions (in accordance with the FPA and applicable Commission regulations, including without limitation Commission regulations with respect to a stay of a Commission order upon rehearing and/or an appeal), including as they may be modified as a result of a request for rehearing or Court appeal.

- (ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up TRR and the revised correct True Up; and
 - (iii) Determine the cumulative amount of the difference in Section C.5.a.ii, including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a, through the date of implementation of the correction.
- b. Absent an order requiring refunds outside of the True-Up process, the difference in Section C.5.a.(iii) shall be included as an additional component to SDG&E's True-Up Adjustment in its next Informational Filing or Final True-Up Adjustment, as applicable, as a one-time True-Up Adjustment in accordance with the ~~TO4~~TO5 Formula.

D. SINGLE-ISSUE FILINGS

1. Post-Employment Benefits Other Than Pensions

If the expense levels for SDG&E's Post-Employment Benefits Other than Pensions ("PBOP"), as recorded in FERC Account No. 926, Employee Pensions and Benefits, change from those expense levels contained in SDG&E's ~~TO4~~TO5 Filing submitted in ~~Docket No. ER13-941~~connection with SDG&E's TO5 Formula rate tariff filing, then:

- a. SDG&E may make a single-issue filing under Section 205 of the FPA, to recover such changed PBOP expense pursuant to the ~~TO4~~TO5 Formula; or
- b. Any person may exercise its rights under Section 206 of the FPA to request that the Commission direct SDG&E to reflect any changed PBOP expense pursuant to the ~~TO4~~TO5 Formula.

- c. SDG&E and/or any other person shall retain full rights to oppose such filings under the FPA and in accordance with the Commission's Rules of Practice and Procedure.
- d. If there is a change from the PBOP expense levels contained in SDG&E's ~~TO4~~TO5 Filing and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the Service List as part of its Draft Informational Filing.

2. Project-Specific Incentives

If SDG&E requests and is authorized by the Commission to recover project-specific incentives, SDG&E will incorporate the values associated with the approved incentives as a line item in the placeholders set forth in Appendix VIII. Such placeholders will not change absent approval of a separate Section 205 filing seeking such a change.

- a. During the term of the ~~TO4~~TO5 Formula, SDG&E shall have the right to seek transmission project-specific incentives, and all persons shall retain their rights to oppose the requested incentives. The following conditions on SDG&E's right to seek incentives shall apply:
- b. SDG&E may not seek to include construction work in progress ("CWIP") in rate base except for any transmission project for which construction commenced in good faith during the term of the ~~TO4~~TO5 Formula. For any project for which the Commission grants SDG&E a CWIP incentive, SDG&E will reflect an Allowance for Funds Used During Construction ("AFUDC"), rather than 100% of CWIP, on project costs incurred prior to the date SDG&E obtains: (i) any required licensing approval from the

CPUC for the project; and (ii) CAISO approval for the project through the applicable CAISO planning or interconnection process.

- c. SDG&E may not seek to recover 100% of prudently-incurred abandoned plant costs except for any transmission project for which construction commenced in good faith during the term of the ~~T04~~T05 Formula. Further, for any transmission project that requires CAISO approval, SDG&E may not seek to recover 100% of prudently-incurred abandoned plant costs unless the project is included in the CAISO transmission plan.

~~d. SDG&E will not seek a rate of return on equity incentive for any transmission project for which construction commenced in good faith prior to September 1, 2013 or for which all necessary permits, including environmental permits, were granted prior to September 1, 2013.~~

3. FERC Form 1

SDG&E may make a single-issue Section 205 filing to update the references in the ~~T04~~T05 Formula to reflect any changes to the format and/or content of the FERC Form 1 or the Uniform System of Accounts that affect the calculations set forth in the ~~T04~~T05 Formula in the event that a Commission order revises the format and/or content of the FERC Form 1 or the Uniform System of Accounts. This filing shall be submitted within thirty days of any FERC decision to revise the FERC Form 1 or the Uniform System of Accounts, and shall be effective on the same date as the revisions to the FERC Form 1 or Uniform System of Accounts, as applicable, become effective. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure. If there is a change to the format and/or content of the FERC Form 1 or the Uniform System of Accounts that affects

the calculations set forth in the ~~T04~~T05 Formula, and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the Service List as part of its Draft Informational Filing. Information in the Reference sections and footnotes of the Formula Rate Spreadsheet may, however, be changed without a Section 205 or Section 206 filing.

4. Abandoned Plant for Non-Incentive Projects

SDG&E reserves the right to make a single-issue Section 205 filing to seek [recovery of](#) abandoned project costs for non-incentive projects. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure.

5. Depreciation Rates and/or Amortization Periods for General Plant, Common Plant and/or Intangible Plant

SDG&E reserves the right to make a single-issue Section 205 filing to change the depreciation rates for General Plant and Common Plant and the amortization periods for Intangible Plant upon approval by the CPUC of revised depreciation rates and/or amortization periods for these plant categories. SDG&E shall make a filing at the Commission, as set forth in this section, by the later of either the filing date for the next Informational Filing following issuance of the CPUC ruling or sixty days after issuance of the CPUC ruling. All persons retain full rights to oppose such filing under the FPA and in accordance with the Commission's Rules of Practice and Procedure. If there is a change in the depreciation rates for General Plant and Common Plant and/or in the amortization periods for Intangible Plant, and SDG&E elects not to make a filing, SDG&E will provide notice of the change to the Service List as part of its Draft Informational Filing. However, SDG&E will not then be able to incorporate the CPUC-approved change in its ~~T04~~T05 Formula.

6. Restriction on other Single-Issue Filings

Unless otherwise provided for in this Section D., SDG&E may not make single-issue filings during the term of the ~~T04T05~~ Formula.

E. TRUE-UP ADJUSTMENT

The True-Up Adjustment for each True-Up Period will be a reconciliation of the difference between:

1. SDG&E's actual cost of providing transmission service during the applicable True-Up Period as determined by application of the PYRR component of the ~~T04T05~~ Formula; and
2. Actual revenues billed by SDG&E and paid by transmission customers for transmission service during the True-Up Period.

The True-Up Adjustment shall be calculated in accordance with the Formula Rate Spreadsheet.¹¹

F. USE OF INFORMATION

Information produced pursuant to these Protocols may be used in any administrative or judicial proceeding; provided, however, that to the extent that any information provided pursuant to these Protocols has been designated and provided as Protected Materials, the use of such information shall be governed by the Protective Order. This section shall not apply to any information provided in the course of Commission-established settlement proceedings pursuant to the Commission's rules and regulations governing settlement.

¹¹ The End Use Customer and CAISO wholesale True-Up cost of service will be derived pursuant to Attachment 1. The End Use Customer recorded revenues used to derive the End Use Customer True-Up Adjustment will come from the books of SDG&E. The CAISO revenues used to derive the CAISO wholesale True-Up Adjustment will be reflected in Attachment 1. The latter revenues will be derived and filed annually as work papers that support the data in Attachment 1 and will be part of each annual Informational Filing.

G. RESERVATION OF RIGHTS ~~AND STANDARD OF REVIEW~~

1. Nothing in these Protocols shall limit or shall be deemed to limit in any way the right of any Interested Party to file a request for relief under any applicable provision of the FPA and/or the Commission's regulations or to participate in Informational Filing proceedings.
2. Except as set forth in Sections B and D above ~~and subject to Section G.3~~ below, nothing in these Protocols shall be deemed to limit in any way SDG&E's right to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to seek to change or cancel the ~~TO4~~TO5 Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.

~~Except for the one-time right to terminate the TO4 Formula pursuant to Section B above and the single-issue filings permitted in accordance with Section D above, the standard of review for SDG&E and any Party to Docket No. ER13-941 unilaterally filing to change the TO4 Formula under FPA Sections 205 or 206 shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956); *Fed. Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956); *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish County*, 554 U.S. 527 (2008); and *NRG Power Mktg., LLC v. Maine Pub. Utilities Comm'n*, 558 U.S. 165 (2010). The "public interest" standard of review shall not apply to future changes adopted by the Commission acting *sua sponte* or at the request of an entity that was not a Party to this proceeding, as identified in footnote 2 herein~~

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
A. Revenues:			
1	\$ -	Statement AH; Line 9	1
2			2
3	#DIV/0!	Statement AH; Line 31	3
4			4
5	-	Negative of Statement AH; Line 16	5
6	#DIV/0!	Sum Lines 1 thru 5	6
7			7
8	#DIV/0!	Statement AJ; Line 17	8
9			9
10	-	Statement AJ; Line 23	10
11			11
12	#DIV/0!	Statement AK; Line 13	12
13			13
14	#DIV/0!	Statement AK; Line 20	14
15	#DIV/0!	Sum Lines 6 thru 14	15
16			16
17	#DIV/0!	Statement AV2; Line 31	17
18	#DIV/0!	Page 2; Line 26	18
19	#DIV/0!	Line 17 x Line 18	19
20			20
21	\$ -	Statement AQ; Line 5	21
22	-	Statement AU; Line 13	22
23	-	Statement Misc; Line 1	23
24	-	Statement AU; Line 15	24
25			25
26	#DIV/0!	Line 15 + (Sum Lines 19 thru 24)	26
27			27
28	B. Incentive ROE Project Transmission Revenue: ^{1,2}		
29	\$ -	Statement AJ; Line 19	29
30			30
31	0.0000%	Statement AV3; Line 31	31
32	\$ -	Page 2; Line 31	32
33	\$ -	Line 31 x Line 32	33
34			34
35	\$ -	Line 29 + Line 33	35
36			36
37	C. Incentive Transmission Plant Abandoned Project Revenue: ^{1,2}		
38	\$ -	Statement AJ; Line 21	38
39			39
40	\$ -	Page 2; Line 36	40
41	#DIV/0!	Statement AV2; Line 31	41
42	#DIV/0!	Line 40 x Line 41	42
43			43
44	#DIV/0!	Line 38 + Line 42	44
45			45
46	D. Incentive Transmission Construction Work In Progress (CWIP) Revenue: ^{1,2}		
47	\$ -	Page 2; Line 38	47
48	#DIV/0!	Statement AV2; Line 31	48
49	#DIV/0!	Line 47 x Line 48	49
50			50
51	#DIV/0!	Sum Lines 35, 44, 49	51
52			52
53	#DIV/0!	Line 26 + Line 51	53

¹ Blank lines that show up in the Formula Rate Spreadsheet will not be populated with any numbers absent a Section 205 filing to approve the blank lines.

² The FERC approved incentives for each project will be tracked and shown separately by repeating the applicable lines. As a result, the data on this page may carryover to the next page.

³ Total Prior Year Revenues (PYRR) or Base Period Revenue is for 12 months ending the applicable cycle base period.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
<u>A. Transmission Rate Base:</u>			
1			1
<u>Net Transmission Plant:</u>			
2	\$ -	Page 3; Line 16	2
3	#DIV/0!	Page 3; Line 17	3
4	#DIV/0!	Page 3; Line 18	4
5	#DIV/0!	Page 3; Line 19	5
6	#DIV/0!	Sum Lines 2 thru 5	6
7			7
<u>Rate Base Additions:</u>			
9	\$ -	Statement AG; Line 1	9
10	-	Statement Misc; Line 3	10
11	\$ -	Line 9 + Line 10	11
12			12
<u>Rate Base Reductions:</u>			
14	\$ -	Statement AF; Line 7	14
15	-	Statement AF; Line 11	15
16	\$ -	Line 14 + Line 15	16
17			17
<u>Working Capital:</u>			
19	#DIV/0!	Statement AL; Line 5	19
20	#DIV/0!	Statement AL; Line 9	20
21	#DIV/0!	Statement AL; Line 19	21
22	#DIV/0!	Sum Lines 19 thru 21	22
23			23
24	\$ -	Statement Misc; Line 5	24
25			25
26	#DIV/0!	Sum Lines 6, 11, 16, 22, 24	26
27			27
<u>B. Incentive ROE Project Transmission Rate Base:</u> ¹			
29	\$ -	Page 3; Line 25	29
30	-	Statement AF; Line 9	30
31	\$ -	Line 29 + Line 30	31
32			32
<u>C. Incentive Transmission Plant Abandoned Project Rate Base:</u> ¹			
34	\$ -	Statement Misc; Line 7	34
35	-	Statement AF; Line 13	35
36	\$ -	Line 34 + Line 35	36
37			37
38	\$ -	Statement AM; Line 1	38

¹ The FERC approved incentives for each project will be tracked and shown separately by repeating the applicable lines. As a result, the data on this page may carryover to the next page.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period & True-Up Period Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
<u>A. Transmission Plant:</u>			
1			1
<u>Gross Transmission Plant:</u>			
2	\$ -	Statement AD; Line 11	2
3	#DIV/0!	Statement AD; Line 27	3
4	#DIV/0!	Statement AD; Line 29	4
5	#DIV/0!	Statement AD; Line 31	5
6	#DIV/0!	Sum Lines 2 thru 5	6
7			7
<u>Transmission Related Depreciation Reserve:</u>			
8			8
9	\$ -	Statement AE; Line 1	9
10	#DIV/0!	Statement AE; Line 11	10
11	#DIV/0!	Statement AE; Line 13	11
12	#DIV/0!	Statement AE; Line 15	12
13	#DIV/0!	Sum Lines 9 thru 12	13
14			14
<u>Net Transmission Plant:</u>			
15			15
16	\$ -	Line 2 Minus Line 9	16
17	#DIV/0!	Line 3 Minus Line 10	17
18	#DIV/0!	Line 4 Minus Line 11	18
19	#DIV/0!	Line 5 Minus Line 12	19
20	#DIV/0!	Sum Lines 16 thru 19	20
21			21
<u>B. Incentive Project Transmission Plant:</u> ¹			
22			22
23	\$ -	Statement AD; Line 13	23
24	-	Statement AE; Line 19	24
25	\$ -	Line 23 Minus Line 24	25

¹ The Incentive ROE Transmission plant and depreciation reserve will be tracked and shown for each incentive project and lines 23 through 25 will be repeated for each project.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Forecast Period Capital Additions Revenue Requirements (FC_{EU})
For the Forecast Period xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
<u>ANNUAL FIXED CHARGES APPLICABLE TO CAPITAL PROJECTS</u>			
1			1
<u>A. Derivation of Annual Fix Charge Rate (AFCR_{EU}) Applicable to</u>			
2			2
<u>Weighted Forecast Plant Additions:</u>			
3		Page 1; Line 26	3
4	#DIV/0!	Negative of Page 1; Line 1 x 50%	4
5	-	Negative of Page 1; Line 3 x 50%	5
6	#DIV/0!	Negative of Page 1; Line 5	6
7	-	Negative of Page 1; Line 21	7
8	-	Negative of Page 1; Line 24	8
9	-	Sum Lines 3 thru 8	9
10			10
11	#DIV/0!	Page 3; Line 20	11
12			12
13	#DIV/0!	Line 9 / Line 11	13
14			14
15	\$ -	Summary of HV/LV Splits for Forecast Plant Additions; Line 5; Col. f	15
16			16
17	0.00%	Statement AJ; Page AJ-1B; Line 33; Col. c	17
18	\$ -	Line 15 x Line 17	18
19			19
20	\$ -	Line 15 minus Line 18	20
21			21
22	#DIV/0!	Line 13 x Line 20	22

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Forecast Period Capital Additions Revenue Requirements (FC_{EU})
For the Forecast Period xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
<u>ANNUAL FIXED CHARGES APPLICABLE TO INCENTIVE CAPITAL PROJECTS</u>			
1			1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26
27			27
28			28
29			29

¹ The Incentive Annual Fixed Charge Rate will be tracked and shown for each incentive project as applicable.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-1
Derivation of End Use Base Transmission Revenue Requirements (BTRR_{EU})
For the Rate Effective Period xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26

SAN DIEGO GAS & ELECTRIC COMPANY
Statement BK-2

Derivation of CAISO HV Transmission Facility (BTRR_{CAISO-HV}) & LV Transmission Facility (BTRR_{CAISO-LV}) Revenue Requirements
For the Rate Effective Period xxxxxx
(\$1,000)

Line No.	Total	Reference			Line No.
A. Derivation of Revenues Related With Total Transmission Facilities:					
1	#DIV/0!	Statement BK-1; Page 6; Line 17			1
2					2
3	-	Negative of Statement BK-1; Page 1; Line 5			3
4					4
5	#DIV/0!	Negative of Statement AL; Line 30			5
6					6
7	-	Negative of Statement AQ; Line 1			7
8					8
9	#DIV/0!	Sum Lines 1 thru 7			9
10					10
11	(a)	(b)	(c)		11
12	Total	High Voltage	Low Voltage	Reference	12
B. Derivation of Split Between HV and LV: ¹					
1. Percent Split Between HV & LV for Recorded Non-Incentive & Incentive Gross Transmission Plant Facilities and Incentive CWIP:					
14	0.00%	0.00%	0.00%	Summary of HV/LV Plant Allocation Study; Line 40; Col. c and b	14
15	#DIV/0!	#DIV/0!	#DIV/0!	Col. a = Line 9 minus Line 19	15
16				Col. b and c = Line 14 x (Line 15; Col. a)	16
17					17
2. Percent Split Between HV & LV Forecast Plant Additions:					
18	#DIV/0!	#DIV/0!	#DIV/0!	Summary of HV/LV Splits for Forecast Plant Additions; Line 19; Col. d and e	18
19	#DIV/0!	#DIV/0!	#DIV/0!	Col. a = Statement BK-1; Page 6; Sum Lines 11 thru 15	19
20				Col. b and c = Line 18 x (Line 19; Col. a)	20
21					21
C. Summary of CAISO Transmission Facilities by High Voltage and Low Voltage Classification:					
23	#DIV/0!	#DIV/0!	#DIV/0!	Line 15 + Line 19	23
24	0.0000%	#DIV/0!	#DIV/0!	Line 23 x Franchise Fee Rate	24
25	#DIV/0!	#DIV/0!	#DIV/0!	Line 23 + Line 24	25
26					26
27	-	-	-	Col. a = Cost Adjustment Workpapers	27
28				Col. b and c = Line 14 x (Line 27; Col. a)	28
29					29
30	#DIV/0!	#DIV/0!	#DIV/0!	Line 25 + Line 27	30

¹ SDG&E has followed the CAISO's guidelines to separate all elements of its Transmission facilities into HV and LV components as outlined in Appendix F; Schedule 3; Section 12 of the CAISO tariff.

² Base franchise fees are applicable to all SDG&E customers.

³ The following HV/LV Wholesale Base Transmission Revenue Requirements will be used by the CAISO to develop the TAC rates for the applicable rate effective period.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AD - Workpapers

Cost of Plant

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.	
1	Total Steam Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		\$ -	AD-1; Line 18	1	
2						2	
3	Total Nuclear Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-2; Line 18	3	
4						4	
5	Total Hydraulic Production Plant ^{1,3}			-	AD-3; Line 18	5	
6						6	
7	Total Other Production Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-4; Line 18	7	
8						8	
9	Total Distribution Plant ^{2,3}	450.1; Sch. Pg. 204; 104; b	\$ -	\$ -	-	AD-5; Line 6	9
10						10	
11	Transmission Plant ^{1,3}	450.1; Sch. Pg. 204; 104; b		-	AD-6; Line 18	11	
12						12	
13	Incentive Transmission Plant ¹			-	AD-7; Line 18	13	
14						14	
15	Total Electric Miscellaneous Intangible Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	-	AD-8; Line 6	15
16						16	
17	Total General Plant ^{2,4}	450.1; Sch. Pg. 204; 104; b	-	-	-	AD-9; Line 6	17
18						18	
19	Total Common Plant ^{2,4}		-	-	-	AD-10; Line 10	19
20						20	
21	Total Plant in Service			\$ -	Sum Lines 1 thru 19	21	
22						22	
23	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement AI; Line 15	23	
24						24	
25	Total Transmission Plant & Incentive Transmission Plant			\$ -	Line 11 + Line 13	25	
26						26	
27	Transmission Related Electric Miscellaneous Intangible Plant			#DIV/0!	Line 15 x Line 23	27	
28						28	
29	Transmission Related General Plant			#DIV/0!	Line 17 x Line 23	29	
30						30	
31	Transmission Related Common Plant			#DIV/0!	Line 19 x Line 23	31	
32						32	
33	Transmission Related Total Plant in Service			#DIV/0!	Sum Lines 25 thru 31	33	
34						34	
35	Transmission Plant Allocation Factor ⁵			#DIV/0!	Line 33 / Line 21	35	

¹ The balances for Steam, Nuclear, Hydraulic, Other Production, Transmission, and Incentive Transmission plant are derived based on a 13-month average balance.

² The balances for Electric Miscellaneous Intangible, Distribution, General and Common plant are derived based on a simple average balance using beginning and ending year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

⁵ Used to allocate all elements of working capital, other than working cash.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AE - Workpapers
Accumulated Depreciation and Amortization
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	Transmission Plant Depreciation Reserve ^{1,3}			\$ -	AE-1; Line 18	1
2						2
3	Electric Misc. Intangible Plant Amortization Reserve ^{2,4}	\$ -	\$ -	-	AE-2; Line 6	3
4						4
5	General Plant Depreciation Reserve ^{2,4}	-	-	-	AE-3; Line 6	5
6						6
7	Common Plant Depreciation Reserve ^{2,4}	-	-	-	AE-4; Line 10	7
8						8
9	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement AI; Line 15	9
10						10
11	Transmission Related Electric Misc. Intangible Plant Amortization Reserve			#DIV/0!	Line 3 x Line 9	11
12						12
13	Transmission Related General Plant Depreciation Reserve			#DIV/0!	Line 5 x Line 9	13
14						14
15	Transmission Related Common Plant Depreciation Reserve			#DIV/0!	Line 7 x Line 9	15
16						16
17	Total Transmission Related Depreciation Reserve			#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18						18
19	Incentive Transmission Plant Depreciation Reserve ¹			\$ -	AE-5; Line 18	19

¹ The depreciation reserve for Transmission and Incentive Transmission plant is derived based on a 13-month average balance.

² The depreciation reserve for Electric Miscellaneous Intangible, General, and Common plant is derived based on a simple average of beginning and end of year balances.

³ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between core electric functional areas.

⁴ Not affected by the "Seven-Element Adjustment Factor".

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AF - Workpapers

Deferred Credits

Base Period & True-Up Period 12 - Months Ending xxxxx

(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	(a) 31-Dec-xx	(b) 31-Dec-xx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No.
1	FERC Account 190 450.1; Sch. Pg. 234; 2; b and c	\$ -	\$ -	\$ -	AF-1 and AF-2; Line 7; Col. d	1
2						2
3	FERC Account 282 450.1; Sch. Pg. 274; 2; b and k	-	-	-	AF-1 and AF-2; Line 14; Col. d	3
4						4
5	FERC Account 283 450.1; Sch. Pg. 276; 9; b and k	-	-	-	AF-1 and AF-2; Line 22; Col. d	5
6						6
7	Total Transmission Related ADIT ¹	\$ -	\$ -	\$ -	Sum Lines 1 thru 5	7
8						8
9	Incentive Transmission Plant ADIT	\$ -	\$ -	\$ -	AF-3; Line 1; Col. c	9
10						10
11	Transmission Plant Abandoned ADIT	\$ -	\$ -	\$ -	AF-3; Line 3; Col. c	11
12						12
13	Incentive Transmission Plant Abandoned Project Cost ADIT	\$ -	\$ -	\$ -	AF-3; Line 5; Col. c	13

¹ The allocated general and common accumulated deferred income taxes are included in the total transmission related accumulated deferred income taxes. See FERC Form 1; Page 450.1; Sch. Pg. 274; Line 2; Col. b and k.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AG - Workpapers
Specified Plant Account (Other than Plant in Service) and Deferred Debits
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Average Balance	Reference	Line No.
1	Transmission Plant Held for Future Use ¹	\$ -	AG-1; Line 18	1

¹ The balances for Transmission Plant Held for Future Use are derived based on a 13-month average balance.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AH - Workpapers
Operation and Maintenance Expenses

Base Period & True-Up Period 12 - Months Ending xxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1				1
<u>Derivation of Transmission Operation and Maintenance Expense:</u>				
2				2
3	321; 112; b	\$ -	AH-1; Line 33; Col. a	3
<u>Adjustments to Per Book Transmission O&M Expense:</u>				
4		-	Negative of AH-1; Line 37; Col. b	4
5		-	Negative of AH-1; Line 38; Col. b	5
6		-	Negative of AH-1; Line 39; Col. b	6
7		-	Negative of AH-1; Line 44; Col. b	7
8		-	Not Applicable to XXXX Base Period	8
9		\$ -	Sum Lines 2 thru 8	9
10				10
<u>Derivation of Administrative and General Expense:</u>				
11				11
12	323; 197; b	\$ -	AH-2; Line 16; Col. a	12
13				13
<u>Adjustments to Per Book A&G Expense:</u>				
14		-	Negative of AH-2; Line 31; Col. b	14
15		-	Negative of AH-2; Sum Lines 20, 22, 24, 30, 32; Col. a or b	15
16		-	Negative of AH-2; Line 25; Col. a	16
17		-	Negative of AH-2; Line 26; Col. a	17
18		-	Negative of AH-2; Line 27; Col. a	18
19		-	Negative of AH-2; Line 21; Col. a	19
20		-	Negative of AH-2; Line 29; Col. b	20
21		-	Negative of AH-2; Line 23; Col. b	21
22		-	Negative of AH-2; Line 33; Col. b	22
23		-	Negative of AH-2; Line 28; Col. a	23
24		-	Not Applicable to XXXX Base Period	24
25		\$ -	Sum Lines 12 thru 24	25
26		-	Negative of AH-2; Line 5; Col. c	26
27		\$ -	Line 25 + Line 26	27
28		#DIV/0!	Statement A; Line 15	28
29		#DIV/0!	Line 27 x Line 28	29
30		#DIV/0!	Negative of Line 26 x Line 50	30
31		#DIV/0!	Line 29 + Line 30	31
32				32
<u>Derivation of Transmission Plant Property Insurance Allocation Factor:</u>				
33				33
34		\$ -	Statement AD; Line 25	34
35		-	Shall be Zero	35
36		#DIV/0!	Statement AD; Line 29	36
37		#DIV/0!	Statement AD; Line 31	37
38		#DIV/0!	Sum Lines 34 thru 37	38
39				39
40		\$ -	Line 34 Above	40
41		-	Statement AD; Line 1	41
42		-	Shall be Zero	42
43		-	Statement AD; Line 7	43
44		-	Statement AD; Line 9	44
45		-	Shall be Zero	45
46		-	Statement AD; Line 17	46
47		-	Statement AD; Line 19	47
48		\$ -	Sum Lines 40 thru 47	48
49				49
50		#DIV/0!	Line 38 / Line 48	50

¹ The CPUC Intervenor Expense for Transmission shall be treated as an exclusion in A&G but added back to the Retail BTRR on BK-1; Page 1; Line 5. This expense will be excluded in Wholesale BTRR on BK-2; Line 3.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AI - Workpapers
Wages and Salaries

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Production Wages & Salaries (Includes Steam & Other Power Supply)	\$ -		1
2				2
3	Transmission Wages & Salaries	-		3
4				4
5	Distribution Wages & Salaries	-		5
6				6
7	Customer Accounts Wages & Salaries	-		7
8				8
9	Customer Services and Informational Wages & Salaries	-		9
10				10
11	Sales Wages & Salaries	-		11
12				12
13	Total Operating & Maintenance Wages & Salaries Excl. A&G	\$ -	Sum Lines 1 thru 11	13
14				14
15	Transmission Wages and Salaries Allocation Factor	<u>#DIV/0!</u>	Line 3 / Line 13	15

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AJ - Workpapers

Depreciation and Amortization Expense

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense	\$ -	AJ-1; Line 12	1
2				2
3	Electric Miscellaneous Intangible Plant Amortization Expense	-	AJ-2; Line 1	3
4				4
5	General Plant Depreciation Expense	-	AJ-3; Line 1	5
6				6
7	Common Plant Depreciation Expense	-	AJ-4; Line 3	7
8				8
9	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 15	9
10				10
11	Transmission Related Electric Misc. Intangible Plant Amortization Expense	#DIV/0!	Line 3 x Line 9	11
12				12
13	Transmission Related General Plant Depreciation Expense	#DIV/0!	Line 5 x Line 9	13
14				14
15	Transmission Related Common Plant Depreciation Expense	#DIV/0!	Line 7 x Line 9	15
16				16
17	Total Transmission, General, Common, and Electric Misc. Intangible Exp.	#DIV/0!	Line 1 + (Sum Lines 11 thru 15)	17
18				18
19	Incentive Transmission Plant Depreciation Expense	\$ -	AJ-5; Line 12	19
20				20
21	Incentive Transmission Plant Abandoned Project Cost Amortization Expense ¹	\$ -	AJ-6; Line 1	21
22				22
23	Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	AJ-7; Line 1	23

¹ Net of Incentive Transmission Plant Depreciation Expense.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AK - Workpapers
Taxes Other Than Income Taxes

Base Period & True-Up Period 12 - Months Ending xxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Total Property Taxes ¹	263; 2; i	\$ -	1
2				2
3	Less: Other Taxes (Business license taxes) ²	-	Not Applicable to XXXX Base Period	3
4				4
5	Net Property Taxes	\$ -	Line 1 + Line 3	5
6				6
7	Less: SONGS Property Taxes	450.1; Sch. Pg. 262; 2; i	-	7
8				8
9	Total Property Taxes Expense	\$ -	Line 5 + Line 7	9
10				10
11	Transmission Property Insurance and Tax Allocation Factor	#DIV/0!	Statement AH; Line 50	11
12				12
13	Transmission Related Property Taxes Expense	#DIV/0!	Line 9 x Line 11	13
14				14
15				15
16	Total Payroll Taxes Expense ³	263; 10, 18, 19, 20; i	\$ -	16
17				17
18	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 15	18
19				19
20	Transmission Related Payroll Taxes Expense	#DIV/0!	Line 16 x Line 18	20

¹ Property tax expense excludes Citizens property taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 2; Col. i.

² Business license taxes are no longer recorded in Total Property Taxes and are separately shown in FERC Form 1; Page 263; Line 4; Col. i.

³ Payroll tax expense excludes Citizens payroll taxes as shown in FERC Form 1; Page 450.1; Sch. Pg. 262; Line 18; Col. i.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AL - Workpapers
Working Capital

Base Period & True-Up Period 12 - Months Ending xxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Working Cash	13-Months Average Balance	Reference	Line No.
1	A. Plant Materials and Operating Supplies ¹	450.1; Sch. Pg. 227; 12; c	\$ -	AL-1; Line 18	1
2					2
3	Transmission Plant Allocation Factor		#DIV/0!	Statement AD; Line 35	3
4					4
5	Transmission Related Materials and Supplies		#DIV/0!	Line 1 x Line 3	5
6					6
7	B. Prepayments ¹	450.1; Sch. Pg. 110; 57; c	\$ -	AL-2; Line 18	7
8					8
9	Transmission Related Prepayments		#DIV/0!	Line 3 x Line 7	9
10					10
11	<u>C. Derivation of Transmission Related Cash Working Capital - Retail:</u>				11
12	Transmission O&M Expense	\$ -		Statement AH; Line 9	12
13	Transmission Related A&G Expense - Excl. Intervenor Funding Expense	#DIV/0!		Statement AH; Line 31	13
14	CPUC Intervenor Funding Expense - Transmission	-		Negative of Statement AH; Line 16	14
15	Total	#DIV/0!		Sum Lines 12 thru 14	15
16					16
17	One Eighth O&M Rule	12.50%		FERC Method = 1/8 of O&M Expense	17
18					18
19	Transmission Related Cash Working Capital - Retail Customers	#DIV/0!		Line 15 x Line 17	19
20					20
21	<u>D. Adj. to Back Out CPUC Intervenor Funding Exp. Embedded in Retail Working Cash:</u>				21
22	CPUC Intervenor Funding Expense - Transmission	\$ -		Line 14 Above	22
23					23
24	One Eighth O&M Rule	12.50%		Line 17 Above	24
25					25
26	Adj. to Transmission Related Cash Working Capital - Wholesale Customers	\$ -		Line 22 x Line 24	26
27					27
28	Cost of Capital Rate (COCR)	#DIV/0!		Statement AV2; Line 31	28
29					29
30	CPUC Intervenor Funding Expense Revenue Adj. ²	#DIV/0!		Line 26 x Line 28	30

¹ The balances for Materials & Supplies and Prepayments are derived based on a 13-month average balance.

² This adjustment is being made to BK-2; Page 1; Line 5 to show that Wholesale customers should not pay for this working cash item.

SAN DIEGO GAS & ELECTRIC COMPANY

Statement AM - Workpapers

Construction Work In Progress (CWIP)

Base Period & True-Up Period 12 - Months Ending xxxxxx
 (\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	13-Months Average Balance	Reference	Line No.
1	Incentive Transmission Construction Work In Progress ¹	\$ -	AM-1; Line 18	1

¹ The balance for Incentive Transmission Construction Work In Progress is derived based on a 13-month average balance. A line will be shown for each applicable project.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AQ - Workpapers
Federal Income Tax Deductions, Other Than Interest
Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	South Georgia Income Tax Adjustment	██████████		1
2				2
3	Other Federal Income Tax Deductions	██████████ -	Not Applicable to XXXX Base Period	3
4				4
5	Total Federal Income Tax Deductions Other Than Interest	<u>\$ -</u>	Line 1 + Line 3	5

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AR - Workpapers
Federal Tax Adjustments

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Amortization of Investment Tax Credits	\$ -		1
2				2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities			3
4	FERC Account 190	-	AR-1; Line 7; Col. c	4
5	FERC Account 282	-	AR-1; Line 14; Col. c	5
6	FERC Account 283	-	AR-1; Line 22; Col. c	6
7	Total Transmission Related Amortization of Excess Deferred Tax Liabilities	\$ -	Sum Lines 4 thru 6	7
8				8
9	Other Federal Tax Adjustments	-	Not Applicable to XXXX Base Period	9
10				10
11	Total Federal Tax Adjustments	<u>\$ -</u>	Sum Lines 1, 7, 9	11

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AU - Workpapers
Revenue Credits

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	(451) Miscellaneous Service Revenues ¹	\$ -		1
2				2
3	(453) Sales of Water and Water Power	-		3
4				4
5	(454) Rent from Electric Property	-	AU-1; Page 2; Line 4; Col. m	5
6				6
7	(455) Interdepartmental Rents	-		7
8				8
9	(456) Other Electric Revenues	-	AU-1; Page 2; Line 18; Col. m	9
10				10
11	Electric Transmission Revenues from Citizens	-	AU-1; Page 2; Line 23; Col. m	11
12				12
13	Transmission Related Revenue Credits	\$ -	Sum Lines 1 thru 11	13
14				14
15	(411.6 & 411.7) Gain or Loss From Sale of Plant Held for Future Use	\$ -	FERC Accounts 411.6 and 411.7	15

¹ Confirmed the amounts reported for Acct 451 on FERC Form 1; Page 450.1; Sch. Pg. 300; Line 17; Col. b are not Transmission-related with an exception for Franchise Fees. Part of the Franchise Fees reported are Transmission-related, however, they are excluded in Statement AU because they are collected as a part of the BTRR in the BK Cost Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV - Workpapers
Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.			
1	<u>Long-Term Debt Component - Denominator:</u>			1			
2	Bonds (Acct 221)	\$ -		2			
3	Less: Reacquired Bonds (Acct 222)	-		3			
4	Other Long-Term Debt (Acct 224)	-		4			
5	Unamortized Premium on Long-Term Debt (Acct 225)	-		5			
6	Less: Unamortized Discount on Long-Term Debt-Debit (Acct 226)	-		6			
7	LTD = Long Term Debt	\$ -	Sum Lines 2 thru 6	7			
8				8			
9	<u>Long-Term Debt Component - Numerator:</u>			9			
10	Interest on Long-Term Debt (Acct 427)	\$ -		10			
11	Amort. of Debt Disc. and Expense (Acct 428)	-		11			
12	Amortization of Loss on Reacquired Debt (Acct 428.1)	-		12			
13	Less: Amort. of Premium on Debt-Credit (Acct 429)	-		13			
14	Less: Amortization of Gain on Reacquired Debt-Credit (Acct 429.1)	-		14			
15	i = LTD interest	\$ -	Sum Lines 10 thru 14	15			
16				16			
17	<u>Cost of Long-Term Debt:</u>	<u>#DIV/0!</u>	Line 15 / Line 7	17			
18				18			
19	<u>Preferred Equity Component:</u>			19			
20	PF = Preferred Stock (Acct 204)	\$ -		20			
21	d(pf) = Total Dividends Declared-Preferred Stocks (Acct 437)	\$ -		21			
22	Cost of Preferred Equity	0.00%	Line 21 / Line 20	22			
23				23			
24	<u>Common Equity Component:</u>			24			
25	Proprietary Capital	\$ -		25			
26	Less: Preferred Stock (Acct 204)	-	Negative of Line 20 Above	26			
27	Less: Unappropriated Undistributed Subsidiary Earnings (Acct 216.1)	-		27			
28	Accumulated Other Comprehensive Income (Acct 219)	-		28			
29	CS = Common Stock	\$ -	Sum Lines 25 thru 28	29			
30				30			
31				31			
32	<u>Return on Common Equity:</u>	0.00%	SDG&E Return on Equity	32			
33				33			
34		(a) (b) (c) (d) = (b) x (c)		34			
35	<u>Weighted Cost of Capital:</u>	Amounts ¹ Cap. Struct. Ratio Cost of Capital Weighted Cost of Capital		35			
36				36			
37	Long-Term Debt	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	Col. c = Line 17 Above	37
38	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Line 22 Above	38
39	Common Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Line 32 Above	39
40	Total Capital	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	Sum Lines 37 thru 39	40
41							41
42	<u>Cost of Equity Component (Preferred & Common):</u>		#DIV/0!			Line 38 + Line 39; Col. d	42
43							43
44							44
45	<u>Incentive Return on Common Equity:</u> ²			0.00%			45
46							46
47		(a) (b) (c) (d) = (b) x (c)					47
48	<u>Incentive Weighted Cost of Capital:</u>	Amounts ¹ Cap. Struct. Ratio Cost of Capital Weighted Cost of Capital					48
49							49
50	Long-Term Debt	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	Col. c = Line 17 Above	50
51	Preferred Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Line 22 Above	51
52	Common Equity	-	#DIV/0!	0.00%	#DIV/0!	Col. c = Line 45 Above	52
53	Total Capital	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	Sum Lines 50 thru 52	53
54							54
55	<u>Incentive Cost of Equity Component (Preferred & Common):</u>			#DIV/0!		Line 51 + Line 52; Col. d	55

¹ Amount is based upon December 31 balances.

² The Incentive Return on Common Equity will be tracked and shown separately for each project. As a result, lines 45 through 55 will be repeated for each project.

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26
27			27
28			28
29			29
30			30
31			31

SAN DIEGO GAS & ELECTRIC COMPANY
Statement AV

Cost of Capital and Fair Rate of Return

Base Period & True-Up Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
1			1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26
27			27
28			28
29			29
30			30
31			31

¹ The Incentive Cost of Capital Rate calculation will be tracked and shown separately for each project. As a result, lines 1 through 31 will be repeated for each project.

SAN DIEGO GAS & ELECTRIC COMPANY

Miscellaneous Statement

Base Period & True-Up Period 12 - Months Ending xxxxxx
 (\$1,000)

Line No.	FERC Form 1 Page; Line; Col.	Amounts	Reference	Line No.
1	Transmission Related Regulatory Debits/Credits ¹	\$ -		1
2				2
3	Transmission Plant Abandoned Project Cost ¹	\$ -		3
4				4
5	Other Regulatory Assets/Liabilities ¹	\$ -		5
6				6
7	Incentive Transmission Plant Abandoned Project Cost ¹	\$ -		7

¹ None of the above items apply to SDG&E's TO5 Cycle x filing. However, as one or more of these items apply, subject to FERC approval, the applicable data field will be filled.

SAN DIEGO GAS & ELECTRIC COMPANY
TOS-Cycle X True-Up Adjustment
For 12-Month True-Up Period XXXXX
(\$1,000)

Line No.	Reference	Col.1	Col.2	Col.3	Col.4	Col.5	Col.6	Col.7	Col.8	Col.9	Col.10	Col.11	Line No.
1	Total Prior Year Revenue Requirements Excluding FF&U ¹												1
2	Franchise Fees	0.0000%											2
3	Uncollectible Expense	0.0000%											3
4	Total True-Up Cost of Service												4
5													5
6	Calculations:												6
7													7
8													8
9													9
10													10
11													11
12													12
13													13
14	January	XXXX											14
15	February	XXXX											15
16	March	XXXX											16
17	April	XXXX											17
18	May	XXXX											18
19	June	XXXX											19
20	July	XXXX											20
21	August	XXXX											21
22	September	XXXX											22
23	October	XXXX											23
24	November	XXXX											24
25	December	XXXX											25
26													26

1 The Total Prior Year Revenue Requirements ("PYRR") is for the 12-months ending Dec 31 for the applicable cycle filing base period and represents the actual cost of service for true-up purposes.
2 SDG&E's recorded Retail Transmission revenues, excluding TACBAA and TRBAA, during the true-up period.
3 Adjustment to back-out the prior year true-up adjustment that is included in the recorded monthly true-up revenues in Column 3.
4 Adjustment to back-out Other BTRR Adjustments from a prior year BK-1; Page 6, which is included in the recorded monthly true-up revenues in Column 3. Such adjustments include, but are not limited to, error adjustments and out-of-cycle recovery or refunds ordered by the Commission for a previous year.
5 Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.
6 Derived using the prior month balance in Column 11 plus the current month balance in Column 7.
7 Interest is calculated using an average of beginning and ending balances: 1) in month 1, the average is 1/2 of balance in Column 7; and 2) in subsequent months is the average of prior month balance in Column 11 and the current month balance in Column 9.

SAN DIEGO GAS & ELECTRIC COMPANY
T05-Cycle x Interest True-Up Adjustment
For 12-Month True-Up Period xxxxxx
(\$1,000)

Line No.	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>	<u>Col. 6</u>	Line No.
1							1
2	Calculations:						2
3							3
4		Prior Cycle True Up Adjustment ¹	Monthly Interest Rate	Cumulative Overcollection (-) or Undercollection (+) in Revenue wo Interest	Interest	Cumulative Overcollection (-) or Undercollection (+) in Revenue with Interest	4
5							5
6							6
7	Month	Year	Rate				7
8	January	xxxx	0.00%		\$ -	\$ -	8
9	February	xxxx	0.00%		-	-	9
10	March	xxxx	0.00%		-	-	10
11	April	xxxx	0.00%		-	-	11
12	May	xxxx	0.00%		-	-	12
13	June	xxxx	0.00%		-	-	13
14	July	xxxx	0.00%		-	-	14
15	August	xxxx	0.00%		-	-	15
16	September	xxxx	0.00%		-	-	16
17	October	xxxx	0.00%		-	-	17
18	November	xxxx	0.00%		-	-	18
19	December	xxxx	0.00%		-	-	19
					\$ -		

1 Represents the true-up adjustment from the previous annual cycle filing. SDG&E accrues interest until the amount is fully collected/refunded in rates.
2 Rates specified on the FERC website pursuant to Section 35.19a of the Commission regulation.
3 The Cumulative Overcollection / Undercollection is: 1) the beginning balance in Column 2 for January; and 2) the previous month balance in Column 6 for all subsequent months.
4 Interest is calculated using an average of beginning and ending balances: 1) January uses the entire balance from Column 4; and 2) subsequent months use the average of the prior month balance in Column 6 and the current month balance from Column 4.

SAN DIEGO GAS & ELECTRIC COMPANY
TO5-Cycle x Interest True-Up Adjustment
For 12-Month True-Up Period xxxxxx
(\$1,000)

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Line No.
	Year	Monthly Interest Rate ¹	Month Beginning Balance	Amortization	Principal	Interest	Month Ending Balance	
			Balance				Balance	
1	#VALUE!	0.00%	\$ -	#DIV/0!	#DIV/0!	\$ -	#DIV/0!	1
2	#VALUE!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	2
3	#VALUE!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	3
4	#VALUE!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4
5	#VALUE!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	5
6	#VALUE!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	6
7	January							7
8	February							8
9	March							9
10	April							10
11	May							11
12	June							12
13	July							13
14	August							14
15	September							15
16	October							16
17	November							17
18	December							18
19								19
20								20
21	True Up Adjustment	\$ -						21
22	Interest True Up Adjustment	#DIV/0!						22
23	Total	#DIV/0!						23

1 Rate is an average of the base period FERC Rates presented in the True-Up worksheet in Column 7 to derive a more accurate and consistent amortization amount (Column 4).
 2 The Beginning Balance is: 1) the balance in Column 6; Line 18 from the Interest True-Up Base Period for January; and 2) the balance from previous month in Column 7 of this worksheet for all subsequent months.
 3 Amortization reduces the beginning balance to zero by the end of December and is derived as follows:
 Beginning Balance / {[(1+Rate)¹²⁻¹] / [Rate*(1+Rate)¹²]}

SAN DIEGO GAS & ELECTRIC COMPANY
Summary of HV/LV Splits for Forecast Plant Additions
24-Month Forecast Period xxxxxx
(\$1,000)

Line No.	(a) Gross HV	(b) Gross LV	(c) = (a) + (b) Unweighted Total	(d) Net Wtd-HV	(e) Net Wtd-LV	(f) = (d) + (e) Weighted Total	Reference	Line No.
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See Footnote 1	1
2								2
3							See Footnote 2	3
4							Line 1 + Line 3	4
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		5
6								6
7								7
8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	See Footnote 3	8
9								9
10							See Footnote 4	10
11								11
12							See Footnote 5	12
13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Sum Lines 8 thru 12	13
14								14
15								15
16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Line 5 + Line 14	16
17								17
18							HV = Line 16; Col. d / Line 16; Col. f	18
19				#DIV/0!	#DIV/0!	#DIV/0!	LV = Line 16; Col. e / Line 16; Col. f	19
20								20

1 See Summary of Weighted Transmission Plant Additions Workpaper; Line 25.
2 See Summary of Weighted Transmission Related Common, General and Electric Miscellaneous Intangible Plant Additions Workpaper; Line 25.
3 See Summary of Weighted Incentive Transmission Plant Additions Workpaper; Line 25.
4 See Summary of Weighted Incentive Transmission CWIP - A Workpaper; Line 25.
5 See Summary of Weighted Incentive Transmission CWIP - B Workpaper; Line 25.