Application No.: A.18-03-XXX
Exhibit No.: SDGE-04
Witnesses: Michael Woodruff
Carina Coleman
Ragan Reeves
Norma Jasso

PREPARED DIRECT TESTIMONY

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

(Financial Modeling, Trust Fund Contributions, Tax Issues and Regulatory Accounting)

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

March 15, 2018

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PREPARED DIRECT TESTIMONY
ON BEHALF OF SDG&E

I. AMOUNT OF NUCLEAR DECOMMISSIONING TRUST FUND CONTRIBUTIONS (M. WOODRUFF)

A. Introduction

The purpose of my testimony is to review, update and provide support that San Diego Gas & Electric Company ("SDG&E") San Onofre Nuclear Generating Station ("SONGS") Units 1 – 3 ("SONGS 1 – 3") Nuclear Decommissioning Trusts ("NDT" or "NDTs")[1] are adequately funded for this triennial period and no contributions are required.

B. Present Funding Levels and Trust Balances for SONGS 1 - 3

SDG&E does not currently contribute funds to its SONGS Unit 1 ("SONGS 1") NDTs. As of December 31, 2017, the market value of SDG&E's NDTs for SONGS 1 was $153.1 million.[2] This equates to a liquidation value, after fees and taxes, of $150.6 million. The liquidation value of the NDTs represents the amount of funds available to fund decommissioning activities.

SDG&E does not currently contribute funds to its SONGS 2&3 NDTs. As of December 31, 2017, the market value of SDG&E's Trusts for SONGS 2 was $407.7 million & SONGS 3 was $ 472.3 million. This equates to a liquidation value, after fees and taxes, of $369.0 million for SONGS 2 and $423.7 million for SONGS 3. The liquidation value of the Trusts represents the amount of funds available to fund decommissioning activities.

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[1] This includes the Non-Qualified and Qualified trusts for SONGS 1 & 2 and the Qualified trust for SONGS 3. SONGS 3 only has a Qualified trust at this time.

[2] The total trust balance for all three Units was publicly reported in SDG&E's 10-K, filed on February 27, 2018.

II. FINANCIAL ASSUMPTIONS AND RATE OF RETURN (C. COLEMAN)

A. Introduction

In this testimony I address the financial assumptions, rate of return, and overall investment management of SDG&E's NDTs.

B. Trust Funds

California statute and the California Public Utilities Commission ("CPUC" or "the Commission") require SDG&E to establish externally managed trust funds as the vehicles for accumulating funds for the decommissioning of SONGS. SDG&E established one trust as the vehicle to hold the decommissioning funds for contributions that qualify for an income tax deduction under Section 468A of the Internal Revenue Code ("Qualified Trust"). SDG&E also established one Non-Qualified Trust, which does not qualify for an income tax deduction under Section 468A of the IRC ("Non-Qualified Trust"). SDG&E refers to the Qualified Trust and the Non-Qualified Trust for SONGS 1, 2 and 3 collectively as "the Trust."

C. Portfolio Management and Asset Allocations

The SDG&E Nuclear Decommissioning Trust Fund Committee ("Committee") recently engaged LCG Associates to perform an asset allocation study ("Study") of the SONGS 2&3 to recommend equity scale down and investment allocations based on the expected cash flows as per the most recent Decommissioning Cost Estimate ("DCE") performed by The Kenrich Group, LLC. Based on this study the Committee has approved the recommended assets allocations and glidepath as discussed below.[3]

SDG&E's Trust allocations are targeted to minimize downside risk while maintaining a margin of safety at the end of the decommissioning to account for unexpected costs. SDG&E

[3] SONGS 1 scaled down its equity asset allocation in mid-2017.

forecasts a five-year scale down out of equities for SONGS 2&3. The purpose of SDG&E's equity scale-down is to reduce equity market risk in the years immediately prior to and during the years in which substantial decommissioning costs are expected to be incurred. The overall asset allocation will gradually shift, such that the allocation to equity will fall in each year by six percentage points until reaching 30 percent in 2022. By 2022, SDG&E's SONGS 2&3 Qualified Trust will be allocated approximately 30 percent to equities and 70 percent to fixed income. The Trusts will maintain the 30% equity allocation until 2048 when the equity portfolio will be fully liquidated and all trust funds will be invested 50% in municipal bonds and 50% in short duration fixed income for the remaining years of decommissioning.

SDG&E will continue to invest the equity portion of its SONGS 2&3 Qualified Trust in domestic and international securities. The weighting to domestic equity and international equity will continue to be approximately 70 percent and 30 percent, respectively.

SDG&E will invest its fixed income portion of its SONGS 2&3 Qualified Trust in intermediate municipal bonds, intermediate credit, and high quality short duration securities. The weighting to intermediate municipal bonds and intermediate credit will be split evenly across the two asset classes. The weighting to high quality short duration securities will vary depending upon 12 month rolling liquidity requirements.

Both SDG&E's SONGS 1 Qualified Trust and SONGS 1 Non-Qualified Trust are currently allocated 100 percent to fixed income. The investments in SDG&E's SONGS 2&3 Qualified Trust are currently allocated approximately 58 percent to equities and 42 percent to fixed income. The SONGS 2 Non-Qualified Trust will remain exclusively invested in municipal bonds.

D. Rate of Return

Based on a simple weighted average of long-term capital market assumptions provided by four investment consulting firms (i.e., Mercer, Aon-Hewitt, Willis Towers Watson, and LCG Associates), SDG&E estimated projected returns for each asset class in the Qualified and Non-Qualified Trust. From 2018 to 2047 the projected Qualified Trust pre-tax returns are 7.22 percent and 3.57 percent for equity and fixed income, respectively. From 2048 through 2051 the projected Qualified Trust fixed income pre-tax return is 3.18 percent.

The Non-Qualified Trust is 100 percent invested in municipal bonds; therefore, SDG&E does not have an equity return assumption for the Non-Qualified Trust. The updated pre-tax return is 3.40 percent for the Non-Qualified Trust.

III. REQUIREMENTS REGARDING THE TRUST FUND COMMITTEE (C. COLEMAN)

Ordering Paragraph 13 of D.14-12-082 states:

> Southern California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company shall ensure that their respective Nuclear Decommissioning Trust Fund Committee members timely receive the following information:
>
> - Audited financial statements for the decommissioning trust funds;
> - Initiation of investment fund manager searches;
> - Decommissioning cost schedules, including acceleration or any other significant changes;
> - Approval of nuclear facility license extension; and
> - Withdrawals of Trust Funds for decommissioning expenses.

This section describes SDG&E's efforts to keep its Committee informed in accordance with D.14-12-082:

1) Annual U.S. GAAP compliant audited financial statements for the decommissioning trust funds are sent to Committee members as statements are

available. Quarterly audited statements from our custodian are submitted to the Committee each quarter. These were last submitted to the Committee at the March 7, 2018 meeting.

2) The Committee approves of the initiation of all investment manager searches. This typically occurs when the Committee changes the overall asset allocation or terminates an investment fund manager. In addition, quarterly performance reports detail investment manager returns and attribution.

3) SDG&E provides periodic updates to the Committee on decommissioning cost schedules, including cost acceleration or any other significant changes. SDG&E presents detailed decommissioning cost estimates, as appropriate, to the Committee when conducting asset liability modeling studies. This was most recently conducted in March 2018 to review the updated projected cash flows, which are an input in the asset liability modeling process.

4) The license extension requirement for SONGS is not applicable since the facility is being decommissioned.

5) SDG&E has informed the Committee of withdrawals of trust funds for decommissioning expenses on a quarterly basis as part of the reporting on funded status of each Trust. Trust withdrawals and expenses are included in the audited financial statements.

IV. CALCULATING ANNUAL DECOMMISSIONING CONTRIBUTIONS (M. WOODRUFF)

There are four key elements used in determining the annual rate payer contribution amount: (1) trust fund liquidation values, (2) current-dollar decommissioning cost studies,

(3) cost escalation rates,[4] and (4) after-tax rates of return. Annual cost escalation rates convert the DCE from current dollars to the dollars of the year when they will actually be incurred, and these future cost estimates are treated as withdrawals from the trust fund balances. The estimated after-tax rates of return are used to calculate the expected growth in the decommissioning trust fund balances. SDG&E forecasts that the Trusts contain sufficient funds to complete SDG&E's share of SONGS Units 1 - 3 decommissioning and as a result, SDG&E proposes that ratepayer contributions to the Trusts remain at zero ($0.00).

A. Proposed Funding Levels for SONGS 1 – 3

Using the current financial assumptions and the resulting liquidation value of the NDTs, the 2017 SONGS 1 DCE,[5] projected escalation of decommissioning costs, SDG&E-only costs, and estimated trust returns, SDG&E forecasts that the NDTs contain sufficient funds to complete SDG&E's 20 percent share of SONGS Unit 1 decommissioning and to cover SDG&E-only costs. Therefore, SDG&E proposes to maintain the annual ratepayer contribution rate at zero ($0.00). This is based on SDG&E's 20 percent share of the 2017 SONGS 1 DCE as well as SDG&E-only costs, for a total of $46.7 million (2017$), for the years 2018 - 2051.[6] This calculation includes SDG&E's 20 percent share of the DCE, as well as the SDG&E-only costs outlined in Attachment A to Ex. SDGE-03.

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[4] SDG&E uses the same cost escalation rates for this testimony that Southern California Edison Company ("SCE") uses.

[5] The Kenrich Group, LLC 2017 SONGS 1 DCE dated March 5, 2018, provided as Appendix B to Exhibit ("Ex.") SCE-02 to the Application.

[6] The contribution model employs decommissioning costs for SONGS 1-3 in 2017 base dollars to calculate contribution requirements.

Using the current liquidation value of the Trusts, the 2017 DCE,[7] projected escalation of decommissioning costs, SDG&E-only costs, and estimated trust returns, SDG&E forecasts that the Trusts contain sufficient funds to complete SDG&E's 20 percent share of SONGS 2&3 decommissioning and to cover SDG&E-only costs. Therefore, SDG&E proposes the annual ratepayer contribution rate remain at zero ($0.00).

SDG&E's share of SONGS decommissioning costs is estimated to be $346.4 million (2017$) for SONGS 2 and $396.7 million (2017$) for SONGS 3, for the years 2018 - 2051. This calculation includes SDG&E's 20 percent share of the DCE, Spent Fuel Management adjustments[8] as well as the SDG&E-only costs outlined in Attachment A to Ex. SDGE-03.

The funding could change based on many factors including but not limited to, changes in economic conditions, changes in timing of and/or amount of decommissioning costs, changes in interest rates, and changes in escalation rates. Therefore, SDG&E recommends that any projected surplus funds remain in the Trusts to meet future uncertainties and assure that there is adequate funding for all remaining decommissioning activities. In addition, SDG&E's request for $0.00 (zero) contributions at this time is not a waiver of any future requests by SDG&E for ratepayer contributions to the Trusts.

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[7] The Kenrich Group, LLC 2017 SONGS 2&3 DCE, dated January 26, 2018 (revised March 8, 2018), provided as Appendix B to Ex. SCE-03 to the Application.

[8] The 2017 Spent Fuel Management ("SFM") Costs paid to SCE, but not yet withdrawn from the trusts total approximately $22.7 million. Because we cannot estimate how much of this will be reimbursed by the Department of Energy ("DOE"), we are assuming the entire $22.7 million will come from the SONGS 2 & SONGS 3 trusts.

V. TAX RELATED MATTERS (R. REEVES)

A. Treatment of the Nuclear Decommissioning Trusts

In this testimony, I address the tax treatment of the Trusts. SDG&E maintains external funds for the sole purpose of satisfying SDG&E's obligation to fully decommission its portion of the SONGS units. These external funds are maintained in trusts that are subject to a Qualified Master Trust Agreement or a Non-Qualified Master Trust Agreement that govern separate trust accounts for each of the nuclear power plant units.[9] The Qualified Master Trust Agreement applies to tax-advantaged trusts that satisfy the requirements of Internal Revenue Code ("IRC") Section 468A. The Non-Qualified Master Trust Agreement applies to trusts that do not have to satisfy the requirements of IRC Section 468A.

1. Qualified Trusts

Approximately 97% of SDG&E's trust funds are held in Qualified Trusts.[10] Qualified Trusts are tax-advantaged trusts that must meet the requirements of IRC Section 468A and its related Treasury Regulations. The tax-advantaged attributes include the ability of SDG&E to deduct amounts contributed into Qualified Trusts. In addition, the Federal income tax rate for Qualified Trusts when investment gains are realized is 20%, instead of the Federal corporate income tax rate of 21%.[11]

Regulations promulgated under IRC Section 468A by the IRS provide that taxpayers electing to establish a qualified nuclear decommissioning fund may maintain only one fund for

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[9] SDG&E, the CPUC and the Trustee (currently BNY Mellon Bank) are the signatories to the SDG&E Qualified and Non-Qualified Master Trust Agreements.

[10] This calculation is based on trust fund balances as of December 31, 2017.

[11] The Tax Cuts and Jobs Act, which is discussed in more detail, below, reduced the Federal corporate income tax rate from 35% to 21%, effective for tax years beginning on or after January 1, 2018. *See* P.L. 115-97, Sec. 13001(a) (amending IRC Section 11(b)).

each nuclear power plant (or unit thereof),[12] and the assets maintained in each fund may be used solely to satisfy the nuclear decommissioning liability of the nuclear power plant (or unit thereof) to which the nuclear decommissioning fund relates.[13] Each of the SONGS Units 1 through 3 maintains Qualified Trusts for the sole purpose of decommissioning that particular unit. Thus, for example, funds held in a Qualified Trust to decommission Unit 2 cannot be redirected to decommission Unit 3 without violating the IRS regulations. Once the funds are placed into a Qualified Trust, such funds can only be used for purposes of: (1) satisfying, in whole or in part, any of SDG&E's liability for the decommissioning of the SONGS unit, (2) paying administrative costs (including income taxes on investment returns) and other incidental expenses of the trust (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of the trust, and (3) making investments.[14] For purposes of satisfying SDG&E's decommissioning liability, amounts extracted from the Qualified Trusts must only be for "nuclear decommissioning costs" as defined in Treasury Regulations Section 1.468A-1(b)(5)[15] and related guidance.[16] In addition, as amounts are extracted from the Qualified Trusts, SDG&E is required to recognize such amounts as taxable income in its tax returns. The Qualified Trusts are also required to comply with the terms of the SDG&E Qualified Master Trust Agreement.

If SDG&E were to use Qualified Trust funds contrary to the IRC or Treasury Regulations, it would jeopardize the beneficial tax status of the entire Qualified Trust and could

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12 Treasury Regulations Section 1.468A-5(a)(1)(iii).

13 Treasury Regulations Section 1.468A-5(a)(3)(i)(A).

14 *See* IRC Section 468A(e)(4).

15 Available at: https://www.gpo.gov/fdsys/pkg/CFR-2004-title26-vol6/pdf/CFR-2004-title26-vol6-sec1-468A-1.pdf.

16 "Related guidance" includes, but is not limited to, IRS responses to requests for private letter rulings.

cause the Trust to be treated as having distributed all of its funds in a taxable transaction to SDG&E on the date of such disqualification.[17]

2. Non-Qualified Trusts

SDG&E's remaining trust funds (approximately 3%) are held in Non-Qualified Trusts.[18] Non-Qualified Trusts are trusts that do not need to meet the requirements of IRC Section 468A and its related Treasury Regulations. SDG&E's Non-Qualified Trusts are treated as grantor trusts of SDG&E, and any contributions paid into these Non-Qualified Trusts were not deductible by SDG&E. In addition, any realized investment gains are taxed at the same Federal corporate income tax rate as SDG&E (i.e., 21%).

Funds that are placed into the Non-Qualified Trusts are not subject to the "use limitations" of IRC Section 468A, but are required to comply with the terms of the SDG&E Non-Qualified Master Trust Agreement. As amounts are extracted from the Non-Qualified Trusts to reimburse the Company for its share of decommissioning expenditures, SDG&E is not required to recognize such amounts as taxable income in its tax returns.

B. Impact of the Tax Cuts and Jobs Act on the Qualified Trusts

The Tax Cuts and Jobs Act ("TCJA") was enacted into law on December 22, 2017. The TCJA made several changes to the Federal tax law, but it did not change any of the rules for Qualified Trusts under IRC Section 468A. One change under the TCJA outside of Section 468A that will affect the taxation of Qualified Trusts is the reduction of the Federal corporate income tax rate from 35% to 21%, effective for tax years beginning on or after January 1, 2018.[19] As a

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[17] IRC Section 468A(e)(6).

[18] This calculation is based on trust fund balances as of December 31, 2017.

[19] *See* P.L. 115-97, Sec. 13001(a) (amending IRC Section 11(b)).

result, beginning in 2018, the impact of the favorable 20% Federal income tax rate for Qualified Trusts has been greatly diminished. However, the most significant tax advantage for Qualified Trusts remains intact after the TCJA, which is the ability to accelerate the timing of deductions by allowing taxpayers to deduct contributions into Qualified Trusts at the time of contribution, instead of having to wait until the funds are used to pay decommissioning costs before claiming the tax deduction. In addition, the tax consequences of violating the Qualified Trust rules remains intact after the TCJA (*i.e.*, the trust could be treated as having distributed all of its funds in a taxable transaction on the date of such disqualification).

C. Proposed Tax Regulations for NDTs

In recent years, questions have arisen regarding whether Qualified Trust funds could be used to pay for the construction and maintenance of independent spent fuel storage installation ("ISFSI") facilities. Much of the uncertainty has centered on the deductibility of ISFSI costs that are potentially recoverable through litigation with the United States Department of Energy ("DOE").[20] For example, in March 2015, the IRS issued a private letter ruling ("PLR") to a non-California utility owner of a nuclear power plant, concluding that ISFSI costs were costs "related to the decommissioning of Plant and are within the definition of nuclear decommissioning costs."[21] However, the IRS also stated in the private letter ruling that Treas. Reg. Section 1.468A-1(b)(6) requires all nuclear decommissioning costs to be "otherwise deductible" in order "to be included in the ambit" of the definition of nuclear decommissioning costs that are eligible to be paid out of a Qualified Trust. Furthermore, the private letter ruling stated that "if there is a

[20] The Nuclear Waste Policy Act of 1982 made the DOE responsible for accepting, transporting, and disposing of spent nuclear fuel. However, it is uncertain when the DOE will begin accepting spent nuclear fuel from nuclear power plants.

[21] *See* p. 4 of IRS PLR 201510030, Index No. 468A.01-00, release date March 6, 2015. This private letter ruling is commonly known as the "Dominion" Ruling in the industry.

reasonable chance of recovery" of ISFSI costs, such costs "may not be deductible" and, as such, "may not be paid out of a qualified fund." The effect of the private letter ruling was that, to the extent that the IRS could assert that ISFSI costs are not "otherwise deductible" nuclear decommissioning costs because "there is a reasonable chance of recovery" from DOE, the owner of a nuclear power plant would be precluded from using Qualified Trust funds to pay for such costs pending possible recovery from DOE.

On December 29, 2016, the IRS and the U.S. Department of the Treasury ("Treasury") issued proposed regulations under IRC Section 468A (the "Proposed Regulations"). The Preamble to the Proposed Regulations states that the Proposed Regulations are intended to clarify the definition of "nuclear decommissioning costs" under Treas. Reg. Sec. 1.468A-1(b)(5)[22] to specifically provide for costs related to ISFSI facilities. This definition is used to determine what costs may be paid for or reimbursed from a Qualified Trust fund.

While the language in the Preamble is helpful as to the intent of the Proposed Regulations, the IRS and Treasury nonetheless retained the "otherwise deductible" language in the body of the Proposed Regulations that apply to decommissioning costs generally and to ISFSI costs specifically.[23] Accordingly, the timing of when an owner of a nuclear power plant may use Qualified Trust funds to pay for ISFSI costs remains unclear under the Proposed Regulations as currently drafted.[24]

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[22] Available at: https://www.federalregister.gov/documents/2016/12/29/2016-31205/nuclear-decommissioning-funds.

[23] *See* Prop. Reg. Sec. 1.468A-1(b)(6). Available at: https://www.federalregister.gov/documents/2016/12/29/2016-31205/nuclear-decommissioning-funds.

[24] The proposed regulations will be effective prospectively once they are finalized.

The Utility Decommissioning Tax Group ("UDTG"), of which SDG&E is a member, submitted comments to the Proposed Regulations on March 29, 2017 and participated in a public hearing on the Proposed Regulations on October 25, 2017. In its comments, the UDTG requested that the Proposed Regulations under Prop. Treas. Reg. Sec. 1.468A-1(b)(5) be clarified to: (1) eliminate any remaining references to "otherwise deductible" in the regulations; and (2) further clarify the definition of nuclear decommissioning costs to eliminate the "otherwise deductible" requirement with respect to ISFSI costs and all storage costs.

SDG&E supports clarification of the proposed regulations for access to Qualified Trust funds for reimbursement or payment of the ISFSI costs that were or will be incurred in subsequent years. However, it is unclear if the clarifications sought by UDTG and supported by SDG&E will be adopted by the IRS and Treasury, or when the Proposed Regulations will be finalized. Regardless of whether UDTG's recommended clarifications to the Proposed Regulations are adopted, SDG&E will continue to support SCE in its pursuit of claims on behalf of the SONGS co-owners against the DOE for its failure to timely accept the spent nuclear fuel.

VI. REGULATORY ACCOUNTING (N. JASSO)

In this testimony, I address the activity recorded in SDG&E's Nuclear Decommissioning Adjustment Mechanism ("NDAM") from January 2016 through December 2017.

The purpose of the NDAM is to track the authorized revenue requirement for SDG&E's contributions to the NDTs, plus authorized revenue requirement for costs relating to SONGS 1 Offsite Spent Fuel Storage. This is done by comparing the authorized revenue requirement with revenues billed to ratepayers through the Nuclear Decommissioning ("ND") component of SDG&E's rates.

In 2016, the Commission approved SDG&E's request to reduce the revenue requirement for Trust contributions from $8 million to $0.00 (zero) and to return to ratepayers the forecasted overcollection.[25] SDG&E implemented the change effective August 1, 2016 with a 17-month amortization as authorized in Advice Letter 2922-E.[26] Thus, from January 2016 through July 2017, SDG&E collected from ratepayers a portion of the $8 million previously approved, and returned those funds to ratepayers in the period from August 2016 through December 2017.

The Unit 1 Spent Fuel Storage revenue requirement of $1 million per year was approved by the Commission in the Energy Resource Recovery Account ("ERRA") Forecast proceedings.[27] SDG&E also recorded in NDAM two separate Department of Energy ("DOE") settlement proceeds regarding Unit 1 spent fuel management costs.[28]

SUMMARY OF 2016-2017 NDAM ACTIVITY

Year	Authorized Trust Contrib Rev Req	Authorized Unit 1 Rev Req	Revenue (Billed) / Refunded	SONGS DOE Settlement	Interest	NDAM Under/(Over) Collected
2015						$ 1,493,765
2016	3,321,050	1,064,000	(5,705,177)	(7,573,375)	(19,071)	$ (7,418,808)
2017	(3,327,478)	1,026,000	8,744,532	(2,005,516)	(56,702)	$ (3,037,971)

The NDAM balance at December 31, 2017 is $3.038 million overcollected. Of this balance $2.003 million was authorized per AL 3137-E[29] to be amortized in January 1, 2018 rates as a return to ratepayers. SDG&E has implemented in rates this amortization and will continue in the future to address the NDAM year-end projected balance in its Annual Electric Regulatory Account Update.

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25 D.16-04-019 Ordering Paragraph 3.

26 Dated July 15, 2016, and approved August 25, 2016 with effective date of August 1, 2016.

27 ERRA 2016 Forecast approved in D.15-12-032 and implemented in rates effective January 1, 2016. ERRA 2017 Forecast approved in D.16-12-053 and implemented in rates effective March 1, 2017.

28 Ex. SDGE-01 at 12-14.

29 Annual Electric Regulatory Account Update Effective January 1, 2018. Filed October 27, 2017 and approved on December 20, 2017 effective as of November 27, 2017.

This concludes our prepared direct testimony.

VII. STATEMENT OF QUALIFICATIONS

WITNESS QUALIFICATIONS FOR MICHAEL R. WOODRUFF

My name is Michael R. Woodruff. My business address is 8330 Century Park Court, San Diego, California 92123. I am employed by SDG&E as a Finance Manager in Financial & Strategic Analysis. I am responsible for overseeing the financial analysis and development of revenue requirements for SDG&E projects. I joined SDG&E in 2011. Prior to SDG&E, I was employed by Wells Fargo & Co. for twelve years, six years as a Financial Analyst and six years as a Finance Manager. I received a Bachelor of Science degree in Liberal Arts and Sciences from Iowa State University in 1994. I received a Master's of Business Administration degree with an emphasis in Finance from the University of Iowa in 1999.

I have previously testified before this Commission.

WITNESS QUALIFICATIONS FOR CARINA COLEMAN

My name is Carina E. Coleman. I am currently employed by Sempra Energy as the Director of Pension & Trust Investments. My business address is 488 8th Avenue, San Diego, California 92101. In this capacity, I oversee the investments of our qualified and non-qualified pension and retiree health and welfare plans as well as the assets of SDG&E's Nuclear Decommissioning Trusts. My responsibilities include asset allocation, the formulation of investment strategy, and the selection of investment managers. I received a Bachelor of Arts Degree in Economics/International Area Studies and German Studies from the University of California, Los Angeles in December 1996. I earned a MBA with a major in Finance from The Wharton School of Business and a MA in International Studies from The Lauder Institute at the University of Pennsylvania in May 2004. I hold the Chartered Financial Analyst professional designation and have been in good standing with The CFA Institute since September 2003. From June 1999 until April 2002, I worked for a fixed income asset management firm, Bradford & Marzec, LLC, in Los Angeles as a Research Associate supporting the portfolio management, credit research, and trading teams. From September 2004 until June of 2009, I worked for The Walt Disney Company as an Associate and later Manager within the Investments Group of the Corporate Treasury Department, overseeing various asset classes of the company's defined benefit pension plan as well as the investment menu of the company's 401(k) plan. Currently, I am a Board of Administration and Investment Committee member of the San Diego City Employees' Retirement System and a member of the Finance Council and Investment Committee for the Diocese of San Diego.

I have previously testified before this Commission.

WITNESS QUALIFICATIONS OF RAGAN G. REEVES

My name is Ragan G. Reeves. I am employed by Sempra Energy, SDG&E's parent company, as a Principal Tax Counsel. My business address is 488 8th Avenue, San Diego, California 92101. I advise SDG&E on the implications of federal and state tax law, including tax compliance issues, tax audit issues and strategies, and regulatory tax issues.

Prior to joining Sempra Energy in 2005, I worked as a tax attorney for eight years at Miller & Chevalier, Chartered, in Washington, D.C., where my practice focused on tax credits, tax litigation, and tax controversy matters.

I received a Bachelor's of Business Administration in Accounting, a Masters in Professional Accounting, and a Juris Doctorate from the University of Texas at Austin. I am licensed to practice law in the District of Columbia and Texas, and I am a registered in-house counsel in California. I also am a licensed Certified Public Accountant in Texas.

I have previously testified before this Commission.

WITNESS QUALIFICATIONS OF NORMA JASSO

My name is Norma Jasso. I am employed by SDG&E as the Regulatory Accounts Analysis Manager in the Regulatory Accounts Department. My business address is 8330 Century Park Court, San Diego, California 92123. My current responsibilities include the development, implementation and analysis of regulatory balancing and memorandum accounts.

I earned a Bachelor of Business Administration degree with emphasis in Accounting from the University of San Diego in 1981. I also earned a Masters of Business Administration from the University of Phoenix in 1996. I have been employed by SDG&E and Sempra Energy since December 1997. In addition to my current position, I served as Sundry Services Policy and Compliance Project Manager II, Affiliate Compliance Manager, Senior Business Analyst, and Accounting Systems Analyst.

I have previously testified before this Commission.