

Application of San Diego Gas & Electric Company
(U 902 M) for Authorization to Recover costs related to the
2007 Southern California Fires Recorded in the
Catastrophic Event Memorandum Account (CEMA)

Application 09-03-_____
(Filed March 6, 2009)

Exhibit No.: _____

PREPARED DIRECT TESTIMONY
OF R. CRAIG GENTES
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

March 6, 2009

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I. PURPOSE OF TESTIMONY

The purpose of this testimony is to present and request the Commission approve the recovery of the San Diego Gas & Electric Company (SDG&E) incremental costs recorded in the Catastrophic Event Memorandum Account (CEMA) related to the company's response to restore service to its customers caused by the 2007 Southern California fires (hereafter, "2007 Fires"), pursuant to SDG&E's authorized CEMA tariff. In addition, this testimony will describe the accounting procedures which SDG&E used in recording the costs incurred for restoring utility service to customers and repairing, replacing, or restoring damaged utility facilities in connection with the 2007 Fires. This testimony also includes the criteria used in determining incremental costs and how these costs were recorded in the CEMA.

II. EXECUTIVE SUMMARY

Total recorded costs of the 2007 Fires through December 31, 2008 were \$112.1 million, of which \$82.1 million is under California Public Utilities Commission (Commission, or CPUC) jurisdiction and \$30.1 million in Federal Energy Regulatory Commission (FERC) jurisdiction. Of the \$82.1 million under CPUC jurisdiction, \$6.8 million Operation and Maintenance (O&M) and \$43.0 million capital are determined to be incremental and recoverable through this Application. For the \$43.0 million in capital costs, SDG&E is requesting the recovery of depreciation, return and taxes that have already been expensed or will be expensed through 2011, or until SDG&E's next General Rate Case (GRC) becomes effective.¹ The incremental costs reflected in this Application were reviewed to determine whether that cost would have been otherwise incurred had the 2007 Fires not occurred.

¹ Pursuant to the 4-year term of SDG&E's Test-Year 2008 General Rate Case authorized in D.08- 07-046.

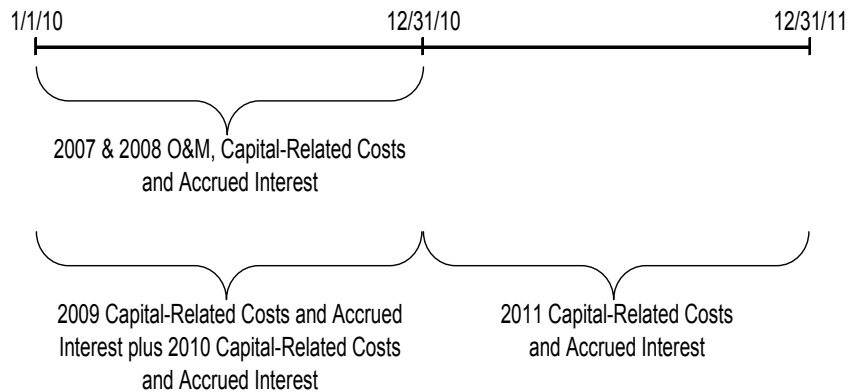
1 In this Application, SDG&E is requesting to recover an electric distribution
 2 revenue requirement of \$11.2 million, and a gas distribution revenue requirement of \$0.4
 3 million related to incremental costs incurred during 2007 and 2008 as recorded to the
 4 CEMA. In addition, SDG&E is requesting to recover the on-going annual electric and gas
 5 capital-related costs of \$7.3 million, \$6.8 million, and \$6.5 million for 2009, 2010, and
 6 2011, respectively, for a total cumulative authorized revenue requirement of \$32.2 million
 7 including interest.

Revenue Requirement, by year, \$000

	2007	2008	2009	2010	2011	Total
Electric	\$ 3,963	\$ 7,199	\$ 7,205	\$ 6,700	\$ 6,452	\$ 31,519
Gas	\$ 360	\$ 102	\$ 82	\$ 62	\$ 61	\$ 667
Total	\$ 4,323	\$ 7,301	\$ 7,287	\$ 6,762	\$ 6,513	\$ 32,186

8
 9 \$11.3 million is recorded in the CEMA through December 31, 2008. SDG&E is
 10 requesting the 2007 through 2010 revenue requirement of \$25.1 million be amortized into
 11 electric distribution rates over a period of no less than twelve months ending December 31,
 12 2010. The 2011 revenue requirement related to on-going annual capital-related costs
 13 should be recovered in that year. This proposal for the recovery of the electric distribution
 14 revenue requirement is illustrated in Chart A below. SDG&E is further requesting
 15 recovery of the gas portion of the revenue requirements of \$0.6 million via a transfer to the
 16 Core and Noncore Fixed Cost Accounts beginning in 2010.

17 Chart A – Proposed Timing for Recovery of Electric Revenue Requirements



19
 20

1
2 **III. CEMA BACKGROUND**

3 **A. AUTHORIZATION TO ESTABLISH CEMA**

4 Pursuant to Resolution E-3238, dated July 24, 1991, SDG&E notified the Executive
5 Director of the CPUC by letter on November 20, 2007, that it had invoked its CEMA for
6 both its electric and gas departments to record the costs associated with the 2007 Fires. In
7 accordance with SDG&E's adopted CEMA tariff, the letter stated that the event had been
8 declared a state of emergency by the federal and state governments. The letter included a
9 description of the event as well as a preliminary total cost estimate, which was updated by
10 letter on January 16, 2008. Upon the submittal of the letter of notification, SDG&E was
11 authorized to record to CEMA the appropriate costs incurred as a result of the catastrophic
12 event. A copy of both letters to the Executive Director is included with this testimony as
13 Exhibit A and B.

14 **B. CEMA TARIFF**

15 In accordance with the adopted CEMA tariff, SDG&E is authorized to record to the
16 account the incremental O&M and capital-related costs associated with restoring utility
17 services to customers and repairing, replacing or restoring damaged utility facilities with an
18 event declared as a disaster. (CPUC Advice Letters 1820-E and 1632-G point 1.) Interest
19 is accrued on the average monthly CEMA balance at a rate equal to 1/12 the annual interest
20 rate on three-month commercial paper as reported in the Federal Reserve Statistical
21 Release H.15 or its successor. (CPUC Advice Letters 1820-E and 1632-G point 4.e.)
22

23 **IV. ACCOUNTING FOR THE 2007 FIRES**

24 In response to an emergency notification from the SDG&E Emergency Operation
25 Center (EOC) on Sunday October 21, 2007, SDG&E's Cost Accounting department had a
26 representative at the EOC the following day to efficiently and effectively support the
27 company's efforts. On Monday October 22, 2007, SDG&E's Cost Accounting department
28 activated various work orders to capture the costs of the emergency work, including time
29 spent by field personnel to restore the infrastructure and power to customers. These orders

1 were preliminarily established after the 2003 fires for use in capturing costs should a
2 similar catastrophic event occur in the future. As field personnel alerted the EOC about
3 extensive damage to both distribution and transmission facilities and the nature of the
4 restoration / repair activity, additional work orders were established to ensure all fire
5 related costs were captured and to facilitate the cost recovery efforts. To assure employees
6 were properly charging work orders, the Cost Accounting department actively
7 communicated with the operating organizations.

8 Having the Cost Accounting department presence at the EOC during the critical
9 initial days of the 2007 Fires enabled accounting personnel to provide timely guidance to
10 other EOC departments on the proper charging of fire-related costs. The accounting
11 personnel in the EOC were also able to communicate the company's needs and requests to
12 the back office accounting personnel in an efficient manner. This proactive and timely
13 involvement resulted in an efficient cost capturing process.

14 **A. WORK ORDERS USED TO TRACK COSTS**

15 Two primary work orders were established to capture Electric and Gas restoration
16 work. Within these work orders, associated internal orders were established to further
17 categorize work activities between capital and O&M and by FERC account. These internal
18 orders also allowed for the differentiation of electric distribution versus electric
19 transmission costs.

20 To determine the total costs incurred as a result of the 2007 Fires, other support
21 costs associated with the restoration of utility service, or the repair or replacement of utility
22 facilities, were also tracked in specific internal orders. These support orders were
23 established to record costs such as crew support for food services, environmental support,
24 fleet support and Construction Services contract administration support. The groups that
25 charged these support orders were not directly in the field restoring service, but were in the
26 back office supporting the employees in the field.

27 **B. COMMUNICATIONS OF ACCOUNTING PROCEDURES TO RECORD COSTS**

28 To provide guidance and a common understanding of how to charge costs during
29 the 2007 Fires, the Cost Accounting department issued a utility-wide communication on
30 Monday, October 22, 2007. This corporate communication included attachments that

1 provided comprehensive accounting procedures, lists of the various internal orders and
2 their account descriptions, as well as Frequently Asked Questions and Answers (FAQ).
3 The FAQ document was developed in response to questions about how to record costs and
4 to ensure consistent capturing and reporting of fire costs. With this communication,
5 supervisory personnel in the field instructed the employees and their support groups about
6 how and what costs to charge to the fire restoration efforts. These groups were then able to
7 review time postings and code invoices so that the costs were appropriately captured. This
8 initial communication was followed by an update on October 26, 2007, that included a
9 revised list of internal orders. The list of internal orders continued to be updated as needed
10 to appropriately capture the costs of the fire restoration activities.

11 Subsequent to the initial communication, all accounting information related to the
12 2007 Fires charging was posted on the SDG&E UtiliNet website for ease of accessibility.
13 Key Cost Accounting and Regulatory department staff provided telephone assistance to
14 inquiries directly from the EOC and from other field support groups regarding the
15 designation of fire costs and posting costs using the appropriate work orders.

16 C. COST RECOVERY TEAM

17 SDG&E established a fire-related Cost Recovery Team to analyze costs incurred in
18 the 2007 Fires and determine the appropriate costs for recovery in the CEMA. The
19 primary focus of the team was to validate the costs accumulated in the fire-related work
20 orders and ensure that the costs are consistent with the CEMA tariff.

21 The Cost Recovery Team was based upon the groups that participated in the 2003
22 fires process, and included representatives from the key areas of SDG&E involved in the
23 fire restoration efforts. The initial meeting held in November 2007 was to discuss the
24 purpose and responsibilities of the team, and to have these areas review and analyze their
25 expenditures to ensure that costs were appropriately charged, understand the records and
26 documentation used to assign the various crews, identify costs which required accruals at
27 year end, as well as develop projections of future expenses.

1 **V. SUMMARY OF TOTAL FIRE-RELATED COSTS**

2 **A. TOTAL COSTS**

- 3 • Total fire-related costs recorded through December 31, 2008 are \$112.1
4 million for Electric Transmission, Electric Distribution, and Gas
5 (Distribution and Transmission).

6 **B. TOTAL CPUC VERSUS FERC COSTS**

- 7 • Total CPUC costs are \$82.1 million (\$79.9 million for Electric
8 Distribution and \$2.2 million for Gas) and FERC costs are \$30.1 million
9 (for Electric Transmission).

10 **C. CPUC INCREMENTAL VERSUS NON-INCREMENTAL COSTS**

- 11 • Of the \$82.1 million CPUC Costs, \$49.8 million are incremental costs
12 and \$32.3 million are non-incremental costs.

13 **D. CEMA COSTS**

- 14 • The balance recorded to the CEMA at December 31, 2008 is \$11.3
15 million (Electric Distribution \$10.8 million and Gas \$0.5 million). This
16 amount includes incremental O&M expenses of \$6.8 million (Electric
17 Distribution \$6.3 million and Gas \$0.5 million), capital-related expenses
18 (depreciation, taxes and return on incremental ratebase) of \$4.3 million
19 (Electric Distribution \$4.4 million and Gas \$(0.1) million), and interest
20 on the CEMA balance of \$0.2 million. A schedule reflecting the costs
21 recorded to the CEMA through December 31, 2008 is included as
22 Exhibit H.

23 **E. TOTAL COSTS BY COST CATEGORY**

24 As shown in Exhibit C, total fire-related costs recorded through December 31, 2008
25 are \$112.1 million. This total recorded amount reflects all fire-related costs: distribution
26 and transmission; O&M and capital; for electric and gas operations. As described in
27 Sections VII and VIII herein, SDG&E is seeking recovery of only the CPUC jurisdictional
28 incremental O&M and capital-related costs incurred as a result of the 2007 Fires in this

1 application (as shown in Exhibit D) To analyze the total costs incurred in determining
2 incremental versus non-incremental expenses, the costs are summarized into major cost
3 categories. These include internal labor, materials, overhead, vehicle charges, external
4 labor and services/other as described below:

5 Internal Labor

6 Total internal labor incurred by SDG&E totaled \$18.0 million. Straight time labor
7 totaled \$5.5 million and overtime costs totaled \$12.5 million. The majority of the internal
8 overtime costs incurred were by SDG&E crews and operations staff in performing
9 replacement and repair for distribution and transmission poles. There was also labor
10 incurred for various support work including providing crew support, fleet support, as well
11 as performing contract administration functions. As noted later, only incremental labor is
12 included in the CEMA request.

13 Materials

14 The SDG&E Supply Management Team responded to the continuously evolving
15 assessment reports for materials required for the field restoration efforts. As described in
16 the direct testimony of Mr. Dulgeroff, as the 2007 Fires expanded from one to eight major
17 burn areas, Supply Management supplemented the current inventory of materials with
18 expedited purchases from contracted suppliers and material distributors. In total,
19 approximately \$11.4 million of material costs were incurred coming from existing
20 inventory and purchases from suppliers. These suppliers worked tirelessly and in lockstep
21 with SDG&E's Logistics organization, cross-docking material and making deliveries
22 around the clock to SDG&E warehouses and remote staging areas. The majority of the
23 material costs were for poles, insulators and hardware.

24 Overhead

25 Overhead costs loaded on both O&M and capital work totaled \$31.9 million.
26 Common overheads are loaded whether the work is capital or O&M. These overheads are
27 core labor loaders (including pension and benefits, incentive compensation plan (ICP),
28 vacation and sickness, and payroll tax loaders), contract administration and purchasing and
29 warehouse.

1 Additional overheads are loaded on capital work only. These overheads are local
2 engineering, department overheads and administrative & general. As noted later, only
3 incremental overheads are included in the CEMA request.

4 Vehicle Charges

5 Transportation costs included SDG&E vehicle and equipment costs used by the
6 various crews. The usage of the company fleet and equipment totaled \$2.3 million. As
7 noted later, only incremental vehicle costs are included in the CEMA request.

8 External Labor

9 Costs totaled \$31.2 million for external labor acquired specifically for fire-related
10 restoration of utility service or the repair / replacement of facilities. As stated in Mr.
11 Dulgeroff's testimony, contract crews and mutual assistance crews were required to assist
12 SDG&E internal crews in order to meet the challenges created by the 2007 Fires.

13 i. Contract Crews

14 Contract crew costs totaled \$27.1 million. At the peak of the 2007 Fires over 200
15 contract crews provided fire-related assistance clearing downed power lines and removing
16 debris, digging pole holes, reconstructing electric transmission and distribution systems,
17 and cleaning up destroyed facilities. SDG&E's Construction Services department was the
18 primary group involved in the contracting and accounting of contract crew costs. As
19 described below, strong internal and system controls were demonstrated in contracting and
20 accounting for contract crew costs.

21 The local contractors used during the 2007 Fires were the same contractors used in
22 normal business operations. The current agreements for each of the sub-contractors at the
23 existing rates for labor and equipment remained in effect for the electrical and digging
24 work. Other supplemental contractor services reflected competitively-bid rates. Local
25 contracted crews were called off their normal routine work and assigned to the fire-related
26 restoration efforts.

27 The Construction Services department established special purchase orders in
28 SDG&E's accounting system, SAP, to isolate 2007 Fires contract crew charges from
29 normal business contract work. Each of the contractors was issued individual purchase

1 orders by district and work type, such as distribution pole digging, transmission pole
2 digging, and clean-up. The purchase orders were established with the appropriate fire-
3 related accounting information to properly charge the contract crew costs. Each of the
4 contractors continued to submit their invoices for their fire-related labor and equipment by
5 crew and work date through the existing on-line Construction Contracting and
6 Management System (CCMS) which they were already familiar with, referencing the
7 special fire-related purchase order and accounting information.

8 Based upon the SDG&E Contract Administrator's direct knowledge of the fire-
9 related job, and the field notes and daily crew activity reports that were signed by both the
10 Contract Administrator and the crew foreman, the invoices were reviewed and approved as
11 appropriate. Once the invoices were approved, the invoices were posted and payment
12 made in accordance to the purchase order terms.

13 ii. Mutual Assistance Crews

14 Mutual Assistance costs totaled \$4.4 million for the six (6) companies that provided
15 utility crews which supported SDG&E in the restoration of utility services. As referenced
16 in the direct testimony of Mr. Dulgeroff, there were three (3) utilities from the California
17 Utilities Emergency Association (CUEA) Mutual Assistance Agreement and three (3) non-
18 CUEA companies that played an essential part in SDG&E's effort to respond quickly to
19 restore utility service interrupted during the 2007 Fires.

20 The costs incurred for additional support by each of the Mutual Assistance crews
21 are provided below:

22		
23	Pacific Gas and Electric (PG&E)	\$2,053,864 (a)
24	Salt River Project (SRP)	788,894
25	Sierra Pacific Power Company	579,051 (a)
26	Southern California Edison (SCE)	454,356 (a)
27	Imperial Irrigation District (IID)	261,241
28	Southern California Gas Company (SCG)	232,541

29 (a) Signatory of the CUEA

30

1 The contracting and accounting responsibilities for the Mutual Assistance Crews
2 were shared among the EOC, Cost Accounting and various Transmission and Distribution
3 groups. Appropriate controls and documentation were utilized in the development of the
4 contracts, in the review and in the approval of the mutual assistance invoices.

5 Services/Other

6 This category of costs reflects outside services (other than contract crews and
7 mutual assistance crews) such as food, construction, helicopter and tree trimming services,
8 among others. Approximately \$17.3 million was incurred for such external services.

9 The most significant cost was for food services totaling \$8.1 million. Food service,
10 provided via existing vendors, is comprised of food, set-up and rental of canopies, tables
11 and chairs and sales tax. Meals were available 24/7 during the emergency period at
12 approximately 26 field sites, with over 124,700 meals served. SDG&E Supply
13 Management and one of the company's current catering vendors negotiated a contract with
14 discounts for the anticipated fire-related catering volume and service needs. The contract
15 contained unit pricing for meals, snacks, beverages, and rentals. The catering contract,
16 made effective on October 22, 2007, also included a discount provision providing a twenty
17 percent reduction on all catering-company owned rental equipment if SDG&E surpassed a
18 five (5) million dollar expenditure threshold between 10/22/07 and 12/31/07. The end date
19 for this clause was set in advance of knowing when the predominant fire-related activity
20 would end, but with the intent of instituting a time limit on the discount to fire-related
21 expenditures. In total, the negotiated discounts resulted in food service savings of a little
22 over \$1.4 million.

23
24 **VI. CPUC VERSUS FERC COST SPLIT CRITERIA**

25 As previously mentioned, SDG&E's Cost Accounting department set up the
26 accounting infrastructure to capture fire-related costs separately between the CPUC and
27 FERC jurisdictions. Costs categorized under CPUC jurisdiction are electric distribution
28 and gas service, plus an allocation of supporting costs. Costs categorized under FERC
29 jurisdiction are electric transmission, plus an allocation of supporting costs. Due to the
30 reporting architecture arranged by the Cost Accounting department following the 2003

1 fires in the event of future fires, distinct internal orders were set-up with the appropriate
2 FERC accounts to capture costs for the work activities required to restore services. As the
3 need arose, additional internal orders were also established. These accounting
4 classifications are in accordance with the Uniform System of Accounts as established by
5 the FERC and also utilized by the CPUC.

6 The costs that were charged to the support orders (i.e., indirect costs) were
7 allocated between CPUC and FERC based upon the amount of the direct costs charged into
8 the primary internal orders. The supporting activity levels were deemed to closely mirror
9 the direct charges in the field for fire-related activities. Exhibit C shows the total recorded
10 costs of \$112.1 million and the total CPUC-specific jurisdictional costs of \$82.1 million
11 incurred by SDG&E pursuant to this Application.

12 13 **VII. INCREMENTAL COST CRITERIA**

14 Of the \$82.1 million in total CPUC-specific jurisdictional fire-related costs, \$6.8
15 million of the O&M costs are considered incremental (Electric Distribution \$6.3 million
16 and Gas \$0.5 million) and \$43.0 million of the capital costs are considered incremental
17 (Electric Distribution \$42.4 million and Gas \$0.6 million).

18 Incremental costs recoverable through the CEMA are defined as costs which are
19 directly related to the restoring of utility services to customers; repairing, replacing, or
20 restoring damaged facilities; and not already recovered through the utility's current rates.
21 (CPUC Advice Letters 1820-E and 1632-G point 1.) In determining what costs should be
22 deemed incremental and recoverable in its CEMA, SDG&E identified fire-related costs at
23 the individual account level and determined whether that cost would have otherwise been
24 incurred (and recovered in rates) had the 2007 Fires not occurred (see Exhibit E). If the
25 cost would have been incurred, absent the 2007 Fires, the account is not considered
26 incremental (for example, straight time labor). The Cost Recovery Team researched
27 potential exceptions to the fundamental criteria and identified certain exceptions. First, the
28 costs related to a small number of poles that met the CEMA criteria were deemed to be
29 non-incremental and are not included in the CEMA account since the poles were due for
30 normal replacement and/or retirement. Also, for part-time employees that worked full-time

1 during the 2007 Fires, their additional straight-time hours were considered incremental and
2 included in the CEMA account.

3 In determining CEMA eligibility, the accounts for each primary category of costs
4 were reviewed for adherence to the above criteria. Specifically as it relates to each cost
5 category, the determination of incremental costs is discussed below:

6 Internal Labor

7 Reflects primarily overtime labor (time and one-half and double time) costs as the
8 straight time portion is considered to already be included in authorized rates and would
9 have been incurred with or without the 2007 Fires. Regular work was deferred until a later
10 time because all available resources were being utilized to restore and repair damaged
11 facilities. Also, during the period Mutual Assistance Crews were utilized, normal work
12 had ceased and internal labor was dedicated to the restoration efforts.

13 Materials

14 Includes material costs incurred in the repair and restoration of SDG&E's damaged
15 facilities. The majority of material, whether issued from inventory or directly purchased
16 from suppliers and utilized in the fire-related work, were incremental. This determination
17 was made because the material went directly to the fire-related repair and restoration effort,
18 and inventories have to be replenished to satisfy normal business operations.

19 Overhead

20 Only payroll taxes and the ICP overhead assigned to overtime labor are deemed
21 incremental for the 2007 Fires. Payroll taxes represent SDG&E's portion of required
22 contributions to the State Unemployment Insurance, Federal Unemployment Insurance, and
23 Federal Retirement and Medical Insurance. For the CEMA Application the statutory
24 payroll tax rate (7.65%) is used to calculate the incremental cost (see Exhibit F). The
25 incentive compensation plan represents labor costs paid to Company employees based on
26 individual and utility performance as compared to pre-established goals. For the CEMA
27 filing the ICP payout was assumed to be at target which is 15% for management employees
28 and 10% for associate employees. For hourly employees the ICP pay-out increases
29 incrementally with each additional hour worked above a standard 2,080 hour work year
30 (see the calculation at Exhibit G). Other overhead expenses assigned to labor or non-labor,

1 such as pension and benefits and worker's compensation, were excluded from CEMA since
2 these costs would have been incurred in the same amounts absent the 2007 Fires.

3 Vehicle Charges

4 Since vehicle costs are already recovered in rates, only additional fuel costs and
5 maintenance expenses resulting from the 2007 Fires are considered incremental.

6 External Labor

7 All external labor costs are categorized incremental due to the fact these are outside
8 crews (contract crews and mutual assistance crews) who responded to SDG&E's need for
9 immediate and necessary restoration work. For those local contract crews used during the
10 2007 Fires that are also used routinely for SDG&E construction projects, the charges
11 assigned to the fires were deemed incremental as their normal projects were delayed to be
12 resumed at a later time. To make up for the work delay, these contract crews will be
13 utilized to complete the same work that would have been completed during this period, in
14 addition to the on-going level of work.

15 Services/Other

16 This category includes a wide variety of costs incurred to support the fire-related
17 recovery efforts. These costs were captured in the support orders and included catering
18 costs, lodging, travel costs for the crews involved in the restoration of service, and
19 environmental costs for hazardous cleanup and erosion control. While most of the costs for
20 this category are considered incremental, only those costs directly associated with system
21 repair and service restoration are included as incremental costs for purposes of this
22 Application. The costs which are excluded were deemed to be discretionary and therefore
23 paid for by the shareholders (e.g., employee evacuation lodging, employee child care and
24 appreciation gifts).

25
26 **VIII. RATE IMPACT OF PROPOSED CEMA REVENUE REQUIREMENT**

27 **A. TOTAL ANNUAL CEMA REVENUE REQUIREMENT**

28 Exhibit I shows the annual revenue requirement associated with the 2007 Fires
29 needed to recover the incremental O&M and depreciation, return and taxes on incremental

1 ratebase through 2011. The total forecasted electric department revenue requirement is
2 \$31.5 million and total forecasted gas department revenue requirement is \$0.7 million.

3 Annual revenue requirements include the incremental CPUC jurisdictional O&M
4 and capital-related costs, (i.e., return on ratebase, taxes, and depreciation) as well as
5 franchise fees and uncollectible expense. In addition to revenue requirement, interest on
6 the projected balance of the CEMA is included in this request. This request does not
7 include FERC jurisdictional costs nor any costs related to the San Onofre Nuclear
8 Generating Station (SONGS). The rate of return (ROR) used in this filing to determine the
9 return component of the revenue requirement is 8.23% authorized for 2007 (D.05-12-043)
10 and 8.40% for the years 2008-2010 based on the prevailing SDG&E Cost of Capital
11 Decision (D.07-12-049), and will be adjusted in the event SDG&E's ROR is updated in a
12 future Cost of Capital. Franchise fees and uncollectible expenses are based on current rate
13 authorized in the current General Rate Case (D. 08-07-046). Interest accrued on the
14 CEMA balance is based on the latest available January 2009 forecast of the 3-month
15 commercial paper rate.

16 17 **B. PROPOSAL FOR RECOVERY OF CEMA COSTS**

18 To facilitate the recovery of the CEMA and consistent with D.05-08-037 for the
19 authorized recovery of the 2003 fires, SDG&E proposes that upon a Commission decision
20 in this Application, the 2007 and 2008 O&M and capital-related revenue requirement be
21 amortized over a period of no less than twelve months into electric distribution rates, along
22 with the capital-related 2009 and 2010 revenue requirements (shown in Exhibit I) ending
23 December 31, 2010. An additional adjustment would be made to rates on January 1, 2011
24 in order to recover the annual capital-related costs associated with that year.

25 To effectuate the amortization of the CEMA balance, SDG&E requests that the
26 account balance at 12/31/09 or as soon after a decision is rendered in this proceeding be
27 transferred to the Electric Distribution Fixed Cost Account (EDFCA), so that the
28 distribution revenues collecting the CEMA balance are matched with the recorded CEMA
29 costs. For the gas CEMA, SDG&E requests that the balance in the CEMA be transferred
30 to the Core and Noncore Fixed Cost Accounts (C/NCFCA).

1 **IX. QUALIFICATIONS**

2 My name is R. Craig Gentes. My business address is 8330 Century Park Court, San
3 Diego, California 92123. I am employed by San Diego Gas & Electric Company
4 (SDG&E) as the Director – Accounting Operations within the Controller’s organization.

5 In 2007, I assumed my current role of Director of Accounting Operations. I am
6 responsible for the Cost Accounting, the Affiliate Billing and Costing and Sundry Services
7 functions for both utilities. The Cost Accounting groups acted as the leads for the fire-
8 related accounting efforts and were responsible for setting-up the accounting procedures by
9 which the utility captured costs related to the fire projects and work activities.

10 Previously I have served as Director of Compliance, responsible for the CPUC and
11 FERC Affiliate Compliance activities, the Accounts Payable function, and Financial
12 Policies and Controls; Manager of Financial Policies and Controls, responsible for the
13 implementation of the compliance process to meet the requirements of the Sarbanes-Oxley
14 Act; and Financial Accounting Manager, primarily responsible for the monthly closing of
15 the financial statements, GAAP accounting issues and research, and participating in SEC
16 and CPUC financial reporting issues and requirements.

17 Prior to joining SDG&E, I worked for Deloitte Haskins & Sells, now Deloitte &
18 Touche, in the auditing department. I obtained my California CPA license in 1984, and
19 that license is currently in active status.

20 I received a Bachelor of Science degree in Business Administration with a major in
21 Accounting from the University of Nebraska-Lincoln in 1982.

22 I have previously testified before the CPUC. The purpose of my testimony is to
23 sponsor the Gas and Electric cost-related section of SDG&E’s CEMA Application related
24 to the 2007 Fires.

25
26

EXHIBIT LIST

Letter Sent to CPUC to Invoke CEMA	A
Letter Sent to CPUC to Update the CEMA Anticipated Costs	B
Total Fire-Related Costs Recorded Through 12/31/08	C
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Schedule of CEMA Balances Recorded Through 12/31/08	H
Total Annual CEMA Revenue Requirement	I

EXHIBIT A



Ken Deremer
Director
Tariffs & Regulatory Accounts
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 858.654.1756
Fax: 858.654.1788
kderemer@semprautilities.com

November 20, 2007

Mr. Paul Clanon
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: **State of Emergency Proclamation – 2007 Wildfires**

Dear Mr. Clanon:

Pursuant to Resolution E-3238, San Diego Gas and Electric (SDG&E) is providing notification that it has invoked its electric and gas Catastrophic Event Memorandum Accounts (CEMA) to track costs incurred by SDG&E in response to a catastrophic event that has been officially declared a disaster by government authorities. This letter is being provided in accordance with Section III.A of the Preliminary Statement of SDG&E's electric tariff book and Section V.A of the Preliminary Statement in SDG&E's gas tariff book, which require SDG&E to provide information concerning the impact of the catastrophic event on its facilities and an estimate of costs that have been or will be incurred in response to the catastrophic event.

Catastrophic Event Declared – 2007 Wildfires

On October 21, 2007, Governor Arnold Schwarzenegger proclaimed a State of Emergency in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura resulting from a series of more than a dozen major wildfires in those areas that commenced on October 21, 2007. On October 23, 2007, President Bush declared an Emergency Disaster for California, and ordered greater federal aid to supplement state and local response activities in the affected areas. On October 24, 2007, President Bush declared a Major Disaster for California, which provided federal disaster relief for people impacted by these severe wildfires.

Background

The CEMA requires that within 30 days of the event SDG&E provide the Executive Director of the California Public Utilities Commission (CPUC) information concerning the catastrophic event including the impact on its facilities and a preliminary estimate of the costs that have been or will be incurred in response to the catastrophic event. CEMA records the incremental costs associated with 1) restoring utility services to customers, 2) repairing, replacing, or restoring damaged utility facilities, and 3) complying with governmental agency orders in connection with events declared disasters. Costs recorded in the CEMA shall only

be those incremental costs incurred by SDG&E in response to the event declared a disaster by government authorities.

The amount to be recorded to the CEMA will not include costs incurred in response to the event related to electric transmission since these operations are subject to regulation by the Federal Energy Regulatory Commission (FERC).

Impact on Service and Facilities

As a result of the 2007 wildfires, SDG&E has restored service to approximately 80,000 customers since October 21, 2007. The areas impacted by the fires are primarily located in the north and eastern portions of San Diego County. A preliminary estimate is that over 1900 poles and approximately 100 miles of overhead power wires have been or need to be replaced/reconstructed due to this catastrophic event, many of which are contained in rugged terrain. Over 1,500 homes and structures were destroyed and others damaged by these wildfires. Restoration efforts have included the use of over 1,000 SDG&E employees and many mutual assistance crews as well as contract crews working around the clock to replace destroyed utility property, repair damage to utility property and restore power to our customers. Preliminary estimates of the total costs incurred by SDG&E in response to the event, which are primarily capital-related, associated with the restoration of electric and/or natural gas service and the repair or replacement of facilities due to the wildfires are anticipated to be in the range of \$65 - 85 million. A complete cost estimate, separated by capital and expense items, will be provided as soon as it is available.

If you have any questions, please feel free to contact me at (858) 654-1756.

Sincerely,

KEN DEREMER
Director—Tariffs and Regulatory Accounts

cc: CPUC President Michael R. Peevey
Commissioner John Bohn
Commissioner Rachelle Chong
Commissioner Dian M. Grueneich
Commissioner Timothy Alan Simon
Sean Gallagher, Energy Division

EXHIBIT B



A  Sempra Energy utility®

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January 16, 2008

Mr. Paul Clanon
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Updated Total Cost Anticipated as a Result of the 2007 Wildfires

Dear Mr. Clanon:

On November 20, 2007, pursuant to Resolution E-3238, San Diego Gas and Electric (SDG&E) provided notification that it had invoked its Catastrophic Event Memorandum Account (CEMA) to track costs associated with the restoration of utility service to customers impacted by the 2007 wildfires that had been officially declared a disaster by state or federal authorities.

Where physically possible, SDG&E has restored service to all customers impacted by the wildfires and will continue to work with customers whose service was fully abandoned due to loss of structure. The restoration of service for these customers will be completed when it is safe to do so and rebuilding commences.

After further review, SDG&E has determined that the total costs to restore service to its customers as a result of these wildfires are anticipated to be in the range of \$100 - \$120 million. SDG&E plans to file a CEMA application for the recovery of the costs associated with the 2007 wildfires to include costs above the current funding embedded in authorized base rates. This filing will not include costs incurred in response to the event related to electric transmission since these operations are subject to regulation by the Federal Energy Regulatory Commission (FERC).

If you have any questions, please feel free to contact me at (858) 654-1756.

Sincerely,

KEN DEREMER

Director

Tariffs and Regulatory Accounts

cc: CPUC President Michael R. Peevey
Commissioner John Bohn
Commissioner Rachelle Chong
Commissioner Dian M. Grueneich
Commissioner Timothy Alan Simon
Sean Gallagher, Energy Division

EXHIBIT C

EXHIBIT C
SAN DIEGO GAS & ELECTRIC
TOTAL FIRE-RELATED COSTS RECORDED THROUGH 12/31/08
(in thousands of dollars)

	Total Costs	FERC Electric Transmission	Electric Distribution	CPUC Gas	Total CPUC
<u>O&M Expenses:</u>					
Internal Labor	5,276	1,744	3,159	373	3,532
Materials	1,291	225	974	92	1,066
Overhead	3,411	1,203	1,930	278	2,208
Vehicle Charges	634	347	261	26	287
External Labor	1,956	153	1,774	29	1,803
Services/Other	4,635	1,732	2,734	169	2,903
Total O&M	17,203	5,404	10,832	967	11,799
<u>Capital Costs:</u>					
Internal Labor	12,676	1,660	10,700	316	11,016
Materials	10,154	4,680	5,378	96	5,474
Overhead	28,524	4,862	23,138	524	23,662
Vehicle Charges	1,686	136	1,529	21	1,550
External Labor	29,271	9,177	20,064	30	20,094
Services/Other	12,625	4,150	8,212	263	8,475
Total Capital	94,936	24,665	69,021	1,250	70,271
Total	112,139	30,069	79,853	2,217	82,070

EXHIBIT D

EXHIBIT D
SAN DIEGO GAS & ELECTRIC
TOTAL CEMA-ELIGIBLE (INCREMENTAL) FIRE-RELATED COSTS RECORDED THROUGH 12/31/08
(in thousands of dollars)

	Total CPUC	Non-Incr Excluded	Total Incremental	CPUC Incremental	
				Electric Distribution	Gas
<u>O&M Expenses:</u>					
Internal Labor	3,532	1,996	1,536	1,324	212
Materials	1,066	249	817	730	87
Overhead	2,208	2,058	150	127	23
Vehicle Charges	287	287	-	-	-
External Labor	1,803	-	1,803	1,776	27
Services/Other	2,903	451	2,452	2,294	158
Total O&M	11,799	5,041	6,758	6,251	507
<u>Capital Costs:</u>					
Internal Labor	11,016	2,729	8,287	8,110	177
Materials	5,474	-	5,474	5,381	93
Overhead	23,662	22,999	663	641	22
Vehicle Charges	1,550	1,550	-	-	-
External Labor	20,094	-	20,094	20,065	29
Services/Other	8,475	-	8,475	8,224	251
Total Capital	70,271	27,278	42,993	42,421	572
Total	82,070	32,319	49,751	48,672	1,079

EXHIBIT E

EXHIBIT E

**SAN DIEGO GAS & ELECTRIC
ACCOUNT-LEVEL DETERMINATION OF CEMA ELIGIBLE (INCREMENTAL) &
INELIGIBLE (NON-INCREMENTAL) FIRE-RELATED COSTS**

CE#	CE NAME	Incremental	Non-Incremental	Cost Type
6110010	SALARIES-EXECUTIVE		X	Internal Labor
6110020	SAL-MGMT S/T		X	Internal Labor
6110030	SAL-MGMT T&1/2	X		Internal Labor
6110040	SAL-MGMT D/T	X		Internal Labor
6110080	SAL-CLERICAL/TECH ST		X	Internal Labor
6110090	SAL-CLERICAL/TEC T&H	X		Internal Labor
6110100	SAL-CLERICAL/TECH DT	X		Internal Labor
6110110	SAL-UNION S/T		X	Internal Labor
6110120	SAL-UNION T&1/2	X		Internal Labor
6110130	SALARIES-UNION DOUBLE TIME	X		Internal Labor
6110140	SALARIES-TEMP FULL-TIME STRAIGHT-TIME	X		Internal Labor
6110170	SAL-TEMP P-T S/T	X		Internal Labor
6110180	SALARIES-TEMP PART-TIME TIME AND ONE HALF	X		Internal Labor
6110190	SALARIES-TEMP PART-TIME DOUBLE TIME	X		Internal Labor
6110200	SALARIES-UNION CALL IN STRAIGHT-TIME		X	Internal Labor
6110210	SALARIES-UNION CALL IN TIME AND ONE HALF	X		Internal Labor
6110220	SALARIES-UNION CALL IN DOUBLE TIME	X		Internal Labor
6110230	SALARIES-NON UNION CALL IN STRAIGHT-TIME		X	Internal Labor
6110240	SALARIES-NON UNION CALL IN TIME AND ONE HALF	X		Internal Labor
6110250	SAL-NONUNCALLIN D/T	X		Internal Labor
6110256	SAL-MISC	X		Internal Labor
6110330	SAL-OTHER CASH AWDS		X	Internal Labor
6110335	SALARIES-DELAYED LUNCH PREMIUM	X		Internal Labor
6120000	EMPLOYEE BENEFITS	X		Services/Other
6120009	EMP BEN-EMPLOYEE ASSISTANCE PROGRAMS	X		Services/Other
6120010	EMP BEN-EMPLOYEE WELLNESS PROGRAM	X		Services/Other
6120014	EMP BEN-SRV RECOGNITION	X		Services/Other
6120053	EMP BEN-EMPLOYEE BENEFITS MISC	X		Services/Other
6130000	EMP BEN-EXPENSES	X		Services/Other
6130001	EMP TRAVEL-AIR	X		Services/Other
6130002	EMP TRAVEL-EMP RAIL	X		Services/Other
6130010	EMP TRVL-MEALS&TIP	X		Services/Other
6130011	EMP TRAVEL-INCIDENTALS	X		Services/Other
6130012	EMP TRAVEL-MILEAGE	X		Services/Other
6130013	EMP TRAVEL-PER DIEM	X		Services/Other
6130014	EMP TRAVEL-PARKING	X		Services/Other
6130015	EMP TRAVEL-MEALS/ENT	X		Services/Other
6130016	EMP TRAVEL-CAR RENTAL	X		Services/Other
6130017	EMP TRAVEL-TAXI & SHUTTLE	X		Services/Other
6130020	EMP TRAVEL-HOTEL/LODG	X		Services/Other
6130050	EMP TRAVEL-OTHER	X		Services/Other
6210000	PURCHASED MATERIALS	X		Materials
6210195	MATL-EXEMPT GAS	X		Materials
6210196	MATL-EXEMPT ELECTRIC	X		Materials
6210200	MATL-MATERIAL CONSUMPTION COSTS	X		Materials
6210220	MATL-SCRAP MATL EXP	X		Materials
6211265	MATL-FIRST AID SUPPLIES	X		Materials
6211380	MATL-ELECTRICAL PARTS	X		Materials
6211470	MATL-PRINTED MATERIALS	X		Materials
6213005	MATL-OFFICE SUPPLIES	X		Materials
6213010	MATL-PCARD/FIELD CARD	X		Materials
6213020	MATL-OFFICE EQUIPMENT (EXCEPT FURNITURE)	X		Materials
6213025	MATL-COMPUTER EQUIPMENT	X		Materials
6213030	MATL-SOFTWARE	X		Materials
6213035	MATL-GAS&DIESEL FUEL	X		Materials
6213060	MATL-VEHICLE PARTS	X		Materials

EXHIBIT E

**SAN DIEGO GAS & ELECTRIC
ACCOUNT-LEVEL DETERMINATION OF CEMA ELIGIBLE (INCREMENTAL) &
INELIGIBLE (NON-INCREMENTAL) FIRE-RELATED COSTS**

CE#	CE NAME	Incremental	Non-Incremental	Cost Type
6213070	MATL-PARTS	X		Materials
6213080	MATL-REPAIR PARTS	X		Materials
6213085	MATL-MISCELLANEOUS	X		Materials
6213090	MATL-FREIGHT	X		Materials
6213115	MATL-ASPHALT	X		Materials
6213120	MATL-AUDIO VISUAL EQUIPMENT	X		Materials
6213130	MATL-BOTTLED WATER	X		Materials
6213140	MATL-BUILDING MATERIALS	X		Materials
6213180	MATL-COMPUTER HARDWARE	X		Materials
6213185	MATL-CONCR VAULT PTS	X		Materials
6213200	MATL-CONSTRUCTION EQUIPMENT	X		Materials
6213275	MATL-GAS OPERATIONS	X		Materials
6213300	MATL-GASES-INDUSTRIAL	X		Materials
6213315	MATL-GENERATORS	X		Materials
6213325	MATL-HARDWARE	X		Materials
6213360	MATL-LOCKS	X		Materials
6213385	MATL-ELEC MISC	X		Materials
6213455	MATL-TOOLS	X		Materials
6213460	MATL-POLELINE HARDWA	X		Materials
6213500	MATL-ROCK SAND DIRT	X		Materials
6213505	MATL-SAFETY	X		Materials
6213510	MATL-SAFETY EQUIPMNT	X		Materials
6213540	MATL-WAREHOUSE STORAGE EQUIPMENT	X		Materials
6213555	MATL-WOOD POLES	X		Materials
6213558	MATL-METAL POLES	X		Materials
6213560	MATL-TELECOM EQUIPMT	X		Materials
6213570	MATL-PWR PLANT FUELS COAL NATL GAS NUCLR	X		Materials
6213580	MATL-LANDSCAPING SUP	X		Materials
6215070	MI-KEARNY WRHSE	X		Materials
6215075	MI-NORTHCOAST WRHSE	X		Materials
6215080	MI-NORTHEAST WRHSE	X		Materials
6215085	MI-BEACH CITIES WRHS	X		Materials
6215090	MI-METRO WRHSE	X		Materials
6215095	MI-MTN. EMPIRE WRHSE	X		Materials
6215100	MI-EASTERN WRHSE	X		Materials
6215105	MI-ORANGE COUNTY WRH	X		Materials
6215110	MI-MIRAMAR WRHSE	X		Materials
6215115	MI-RAMONA WRHSE	X		Materials
6220000	PURCHASED SERVICES	X		Services/Other
6220002	SRV-CONSULTING	X		Services/Other
6220004	SRV-CONTRACTORS-CONTRACT LABOR	X		Services/Other
6220005	SRV-CONTRACTORS-MAJOR PROJECTS	X		Services/Other
6220006	SRV-C/SVC DEPT ONLY	X		External Labor
6220007	SRV-CONTR-TIME&EQUIP	X		Services/Other
6220008	SRV-CONTRACTORS	X		Services/Other
6220009	SRV-CONTR-SPECFC JBS	X		Services/Other
6220017	SRV-DISASTER RECOVERY	X		Services/Other
6220025	SRV-HLNG AND DISPSAL	X		Services/Other
6220050	SRV-ADVERTISING AND MARKETING	X		Services/Other
6220060	SRV-CATERING	X		Services/Other
6220062	SRV-FOOD SERVICE-MAINT & REPAIRS-CBS USE	X		Services/Other
6220070	SRV-NEWSPAPER ADVERT	X		Services/Other
6220100	SRV-TREE TRIMMING	X		Services/Other
6220130	SRV-RADIO ADVERTISNG	X		Services/Other
6220360	SRV-CMPTR ORD FLFLMT	X		Services/Other
6220380	SRV-TEMPORARY AGENCY LABOR	X		Services/Other

EXHIBIT E

**SAN DIEGO GAS & ELECTRIC
ACCOUNT-LEVEL DETERMINATION OF CEMA ELIGIBLE (INCREMENTAL) &
INELIGIBLE (NON-INCREMENTAL) FIRE-RELATED COSTS**

CE#	CE NAME	Incremental	Non-Incremental	Cost Type
6220390	SRV-PRINT/GRAPHICS	X		Services/Other
6220391	SRV-GRAPHICS SERV-CONSULT/PROD (VENDOR)	X		Services/Other
6220400	SRV-PRINTING BUSINESS FORMS (STOCK)	X		Services/Other
6220420	SRV-COPIER & QUICK COPY CENTER	X		Services/Other
6220421	SRV-COPY-ENGINEERING	X		Services/Other
6220422	SRV-COPY-SERVICE CENTER	X		Services/Other
6220450	SRV-MAIL/MESSENGER-POSTAGE	X		Services/Other
6220480	SRV-ENGINEERING	X		Services/Other
6220530	SRV-CONSTRUCTION-OTHER	X		Services/Other
6220580	SRV-ON-LINE SERVICES/MISCELLANEOUS	X		Services/Other
6220590	SRV-MISCELLANEOUS OTHER SERVICES	X		Services/Other
6220640	SRV-TRAINING & SEMINARS IN-HOUSE	X		Services/Other
6220840	SRV-VEH&EQUIP RENTAL	X		Services/Other
6220842	SRV-VEH REPAIR & MNT	X		Services/Other
6220843	SRV-VEHICLE WASHING & DETAIL	X		Services/Other
6220846	SRV-VEHICLE TOWING	X		Services/Other
6220850	SRV-VEH&EQUIP W/OPER	X		Services/Other
6220855	SRV-LAUNDRY/RENTAL OF UNIFORMS	X		Services/Other
6220860	SRV-MAINTENANCE AND REPAIRS	X		Services/Other
6220880	SRV-CONSTR-GAS PIPE	X		Services/Other
6220890	SRV-LANDSCAPING	X		Services/Other
6220900	SRV-TRASH COLLECTION	X		Services/Other
6220910	SRV-HAZ WASTE DISPOS	X		Services/Other
6220920	SRV-SAFETY RELATED	X		Services/Other
6220960	SRV-MOVING	X		Services/Other
6221000	SRV-CONSTRUCTION-ELECTRIC	X		Services/Other
6221010	SRV-STORAGE	X		Services/Other
6221020	SRV-COLLECTION SERVICES	X		Services/Other
6221050	SRV-LABORATORY	X		Services/Other
6230390	SRV-PNTG GRPH VIDEO	X		Services/Other
6230610	SRV-WATER	X		Services/Other
6230911	SRV-MUTUAL ASSISTANC	X		External Labor
6261050	VEHICLE UTILIZATION-LABOR		X	Transportation
6262050	VEHICLE UTILIZATION-NONLABOR		X	Transportation
6280001	GOV PYMNTS-PERMITS	X		Services/Other
6290030	CUSTOMER REFUNDS/SETTLEMENTS-CIAC TAXABLE	X		Services/Other
6290400	MISC REIMBURSEMENTS	X		Services/Other
6310020	PAYMENT FOR EASEMENT / RIGHT OF WAY	X		Services/Other
6320000	TELEPHONE/COMMUNICATIONS	X		Services/Other
6320002	TELEPHONE-CELLULAR PHONES	X		Services/Other
6340000	DISCOUNTS ON SERVICES/MATERIALS	X		Services/Other
6400360	A&G-STORAGE RENTAL	X		Services/Other
6405701	ACCT ADJFIRE INCREMENTAL	X		Acct Adj
6405702	ACCT ADJFIRE NON-INCREMENTAL		X	Acct Adj
6900200	ACCOUNTING ADJUSTMENT		X	Acct Adj
9XXXXXX	OVERHEADS		X	Overheads

EXHIBIT F

EXHIBIT F
SAN DIEGO GAS AND ELECTRIC
CPUC AND FERC COSTS
PAYROLL TAX CALCULATION SUMMARY
RECORDED THROUGH 12/31/08
(in thousands of dollars)

INCREMENTAL LABOR - MONTHLY CHARGES

G/L#	G/L Name	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	TOTAL
6110030	SAL-MGMT T&1/2	-	719	(101)	4	6	(2)	-	1	2	5	-	-	-	-	-	634
6110040	SAL-MGMT D/T	-	80	10	(12)	3	-	-	-	4	(1)	-	-	-	-	-	84
6110090	SAL-CLERICAL/TEC T&H	-	40	(6)	-	-	-	-	-	-	-	-	-	-	-	-	34
6110100	SAL-CLERICAL/TECH DT	-	197	(41)	(1)	-	-	-	-	-	-	-	-	-	-	-	155
6110120	SAL-UNION T&1/2	-	378	(25)	4	5	4	7	3	12	(2)	2	2	1	3	-	394
6110130	SAL-UNION D/T	-	13,755	(3,491)	(12)	20	17	19	16	106	(27)	4	(1)	8	8	(5)	10,417
6110140	SAL-TEMP F-T S/T	-	9	(4)	-	1	-	1	-	-	-	-	-	-	-	-	7
6110170	SAL-TEMP P-T S/T	-	16	(6)	-	-	-	-	-	-	-	-	-	-	-	-	10
6110180	SAL-TEMP P-T T&1/2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
6110190	SAL-TEMP P-T D/T	-	5	(1)	-	-	-	-	-	-	-	-	-	-	-	-	4
6110210	SAL-UNIONCALLINT&1/2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	2
6110220	SAL-UNION CALLIN D/T	-	19	(5)	-	-	-	-	-	-	-	-	-	-	-	-	14
6110240	SAL-NONUNCALLINT&1/2	-	25	(5)	-	-	-	-	-	-	-	-	-	-	-	-	20
6110250	SAL-NONUNCALLIN D/T	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	8
6110335	SAL-DEL LUNCH PREM	-	291	(80)	1	1	1	2	-	5	(2)	-	-	-	-	-	219
Total		-	15,537	(3,747)	(16)	36	20	29	20	129	(27)	6	1	9	11	(5)	12,003

Payroll Tax Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Payroll Tax Rate - Plus C&T ICP	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%	8.42%
Payroll Tax Rate - Plus Mgmt ICP	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%

Clerical & Technical Employees	-	20	(4)	-	-	-	-	-	-	-	-	-	-	-	-	-	16
Management Employees	-	70	(8)	(1)	-	1	-	-	-	1	-	-	-	-	-	-	63
Temp/Agency Employees	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Union Employees	-	1,107	(276)	-	2	2	2	2	1	9	(2)	-	-	1	1	-	847
Total	-	1,199	(288)	(1)	3	2	2	2	1	10	(2)	-	-	1	1	-	928

EXHIBIT G

EXHIBIT H

**EXHIBIT H
SAN DIEGO GAS & ELECTRIC
SCHEDULE OF CEMA BALANCES RECORDED THROUGH 12/31/08**

Electric

MONTHS	REVENUE	MONTHLY O&M EXPENSE	Property Tax	Depreciation	Return	Tax on Return	AMOUNT	1/2 CURRENT	ADD PREVIOUS BALANCE	INTEREST RATE	INTEREST EXPENSE	BALANCE W/ INTEREST	ACCOUNT BALANCE
Jan-07	-	-	-	-	-	-	-	-	-	5.19%	-	-	-
Feb-07	-	-	-	-	-	-	-	-	-	5.17%	-	-	-
Mar-07	-	-	-	-	-	-	-	-	-	5.18%	-	-	-
Apr-07	-	-	-	-	-	-	-	-	-	5.20%	-	-	-
May-07	-	-	-	-	-	-	-	-	-	5.20%	-	-	-
Jun-07	-	-	-	-	-	-	-	-	-	5.19%	-	-	-
Jul-07	-	-	-	-	-	-	-	-	-	5.23%	-	-	-
Aug-07	-	-	-	-	-	-	-	-	-	5.22%	-	-	-
Sep-07	-	-	-	-	-	-	-	-	-	5.25%	-	-	-
Oct-07	-	5,935	-	-	-	-	5,935	2,968	-	4.92%	12	5,947	5,947
Nov-07	-	3,780,365	-	2,676	4,617	(5,801)	3,781,857	1,890,929	5,947	4.63%	7,319	3,789,176	3,795,123
Dec-07	-	2,517,568	-	57,394	133,160	(1,001,848)	1,706,274	853,137	3,928,728	4.42%	17,625	1,723,899	5,519,022
Jan-08	-	45,197	-	59,802	128,696	105,136	338,831	169,416	5,519,022	4.23%	20,052	358,883	5,877,905
Feb-08	-	(77,746)	-	124,864	250,451	117,386	414,955	207,478	5,877,905	3.25%	16,481	431,436	6,309,341
Mar-08	-	930,845	-	133,284	269,039	128,619	1,461,787	730,894	6,309,341	2.72%	15,958	1,477,745	7,787,086
Apr-08	-	(219,940)	-	139,116	277,167	143,965	340,308	170,154	7,787,086	2.35%	15,583	355,891	8,142,977
May-08	-	225,266	-	139,567	276,483	167,670	808,986	396,181	8,142,977	1.99%	17,465	826,451	8,969,428
Jun-08	-	(353,233)	-	164,142	278,023	(75,817)	13,115	323,696	8,324,030	2.00%	3,292	16,407	8,985,835
Jul-08	-	(1,265,414)	-	143,823	280,245	173,803	(667,543)	(333,772)	8,985,835	2.21%	15,934	(651,609)	8,334,226
Aug-08	-	(72,889)	-	141,911	275,543	159,913	504,478	252,239	8,334,226	2.18%	15,599	520,077	8,854,303
Sep-08	-	94,934	104,610	141,293	273,117	139,605	753,561	348,224	8,911,875	2.08%	(12,750)	740,809	9,595,112
Oct-08	-	(24)	34,870	141,695	272,823	117,861	567,225	283,613	9,595,112	2.13%	17,535	584,760	10,179,872
Nov-08	-	162	34,870	142,237	272,701	(1,414,502)	(964,532)	(482,266)	10,179,872	2.07%	16,728	(947,804)	9,232,068
Dec-08	-	640,064	69,848	224,217	412,090	218,010	1,564,227	468,616	9,232,068	1.45%	30,252	1,594,480	10,826,548
Total	-	6,251,090	244,198	1,756,021	3,404,155	(1,026,000)	10,629,464				197,085	10,826,548	

Established per Resolution E-3238.

**EXHIBIT H
SAN DIEGO GAS & ELECTRIC
SCHEDULE OF CEMA BALANCES RECORDED THROUGH 12/31/08**

Gas

MONTHS	REVENUE	MONTHLY O&M EXPENSE	Property Tax	Depreciation	Return	Tax on Return	AMOUNT	1/2 CURRENT	ADD PREVIOUS BALANCE	INTEREST RATE	INTEREST EXPENSE	BALANCE W/ INTEREST	ACCOUNT BALANCE
Jan-07	-	-	-	-	-	-	-	-	-	5.19%	-	-	-
Feb-07	-	-	-	-	-	-	-	-	-	5.17%	-	-	-
Mar-07	-	-	-	-	-	-	-	-	-	5.18%	-	-	-
Apr-07	-	-	-	-	-	-	-	-	-	5.20%	-	-	-
May-07	-	-	-	-	-	-	-	-	-	5.20%	-	-	-
Jun-07	-	-	-	-	-	-	-	-	-	5.19%	-	-	-
Jul-07	-	-	-	-	-	-	-	-	-	5.23%	-	-	-
Aug-07	-	-	-	-	-	-	-	-	-	5.22%	-	-	-
Sep-07	-	-	-	-	-	-	-	-	-	5.25%	-	-	-
Oct-07	-	1,736	-	-	-	-	1,736	868	-	4.92%	4	1,740	1,740
Nov-07	-	261,975	-	14	23	4	262,016	131,008	10,740	4.63%	512	262,528	264,268
Dec-07	-	151,256	-	78	1,875	(54,722)	98,487	49,243	212,269	4.42%	959	99,446	363,714
Jan-08	-	(33,470)	-	91	1,308	1,734	(30,337)	(15,169)	363,714	4.23%	1,229	(29,108)	334,606
Feb-08	-	1,865	-	217	1,566	414	4,062	2,031	334,606	3.25%	912	4,974	339,580
Mar-08	-	21,012	-	286	1,733	1,908	24,939	12,470	339,580	2.72%	798	25,737	365,317
Apr-08	-	11,292	-	318	1,796	1,977	15,383	7,692	365,317	2.35%	730	16,113	381,430
May-08	-	255,884	-	385	1,887	3,659	261,815	68,484	381,430	1.99%	1,180	262,995	644,425
Jun-08	-	(152,165)	-	(44)	2,458	(54,053)	(203,804)	(101,902)	644,425	2.00%	904	(202,900)	441,525
Jul-08	-	(19,535)	-	305	3,092	3,361	(12,777)	(6,389)	441,525	2.21%	801	(11,976)	429,549
Aug-08	-	(6,326)	-	309	3,095	2,738	(184)	(92)	429,549	2.18%	780	596	430,145
Sep-08	-	6,807	636	311	3,084	6,739	17,577	7,408	432,856	2.08%	(13,260)	4,317	434,462
Oct-08	-	27	212	312	3,083	674	4,308	2,154	434,462	2.13%	775	5,083	439,545
Nov-08	-	52	212	320	3,122	(88,533)	(84,827)	(42,414)	439,545	2.07%	685	(84,142)	355,403
Dec-08	-	6,913	420	558	4,950	83,100	95,941	45,071	355,403	1.45%	658	96,599	452,002
Total	-	507,323	1,480	3,460	33,072	(91,000)	454,335				(2,333)	452,002	

Established per Resolution E-3238.

EXHIBIT I

EXHIBIT I
SAN DIEGO GAS & ELECTRIC
TOTAL ANNUAL CEMA REVENUE REQUIREMENT AND INTEREST
(in thousands of dollars)

Line	<u>Electric</u>	2007	2008	2009	2010	2011
1	O&M + Payroll Taxes	6,304	(53)	-	-	-
2	Depreciation	59	1,697	1,709	1,709	1,709
3	Ad Valorem Taxes	-	209	436	441	419
4	Income Taxes	(2,669)	1,643	1,494	1,376	1,316
5	Return 2007(8.23%), 2008-2011(8.40%)	88	3,274	3,097	2,935	2,778
6	Total Capital Related	(2,522)	6,823	6,736	6,461	6,222
7	Interest on CEMA Balance	25	172	212	-	-
8	Total Recoverable Costs (Line 1+6+7)	3,807	6,942	6,948	6,461	6,222
9	FF&U 2007(FF=3.67%, U=.2660%), 2008-2011(FF=3.43%, U=.141%)	156	257	257	239	230
10	Total Annual Revenue Requirement	<u>3,963</u>	<u>7,199</u>	<u>7,205</u>	<u>6,700</u>	<u>6,452</u>
11	Ratebase	1,072	38,980	36,868	34,941	33,075
	<u>Gas</u>					
12	O&M + Payroll Taxes	415	92	-	-	-
13	Depreciation	-	3	4	4	4
14	Ad Valorem Taxes	-	2	4	5	5
15	Income Taxes	(66)	(26)	30	16	16
16	Return 2007(8.23%), 2008-2011(8.40%)	-	33	36	36	35
17	Total Capital Related	(66)	12	74	61	60
18	Interest on CEMA Balance	2	(4)	6	-	-
19	Total Recoverable Costs (Line 12+17+18)	351	100	80	61	60
20	FF&U 2007(FF=2.13%, U=.2660%), 2008-2011(FF=2.12%, U=.141%)	9	2	2	1	1
21	Total Annual Revenue Requirement	<u>360</u>	<u>102</u>	<u>82</u>	<u>62</u>	<u>61</u>
22	Ratebase	(717)	395	430	424	418
	<u>Total</u>					
23	O&M + Payroll Taxes	6,719	39	-	-	-
24	Depreciation	59	1,700	1,713	1,713	1,713
25	Ad Valorem Taxes	-	211	440	446	424
26	Income Taxes	(2,735)	1,617	1,524	1,392	1,332
27	Return 2007(8.23%), 2008-2011(8.40%)	88	3,307	3,133	2,971	2,813
28	Total Capital Related	(2,588)	6,835	6,810	6,522	6,282
29	Interest on CEMA Balance	27	168	218	-	-
30	Total Recoverable Costs (Line 23+28+29)	4,158	7,042	7,028	6,522	6,282
31	FF&U 2007(FF=3.67%, U=.2660%), 2008-2011(FF=3.43%, U=.141%)	165	259	259	240	231
32	Total Annual Revenue Requirement	<u>4,323</u>	<u>7,301</u>	<u>7,287</u>	<u>6,762</u>	<u>6,513</u>
33	Ratebase	355	39,375	37,298	35,365	33,493

Notes:

Revenue requirement includes recorded data through December 31, 2008.