



**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

SAN DIEGO GAS & ELECTRIC COMPANY) DOCKET NOS. ER10-1629-000, *et. al.*

SAN DIEGO GAS & ELECTRIC COMPANY

TRANSMISSION OWNER TARIFF

VOLUME NO. 11

JUNE 29, 2010, as amended

1. Preamble. The Participating TO's revenue requirements and applicable rates and charges for transmission access over the ISO Controlled Grid and the terms and conditions for transmission expansion and interconnection are set forth in this TO Tariff and the ISO Tariff.
- 1.1 Transmission Access for Participating TOs. Participating TOs are able to participate in the ISO and utilize the entire ISO controlled Grid to serve their End-Use Customers. The applicable High Voltage Access Charges and Transition Charges shall be paid by Participating TOs to the ISO pursuant to the ISO Tariff. If a Participating TO utilizes the Low Voltage Transmission Facilities of another Participating TO, such Participating TO shall also pay the Low Voltage Access Charge of the other Participating TO.
- 1.2 Transmission Access for Wheeling Customers. Wheeling allows Scheduling Coordinators to deliver Energy through or out of the ISO Controlled Grid to serve a load located outside the transmission or distribution system of a Participating TO. Wheeling Access Charges shall be paid by Scheduling Coordinators to the ISO pursuant to the ISO Tariff.
- 1.3 Transmission Access for End-Users. End-Users receive transmission service over the ISO Controlled Grid through the Participating TO to whose transmission or distribution facilities the End-User is directly connected. Charges to End-Users for access to the ISO Controlled Grid shall be paid to the applicable Participating TO to whose transmission or distribution facilities the End-User is directly connected.

2. Effective Date. This TO Tariff will not be effective until all of the following conditions have been met:
 - 2.1 Adverse Determinations. FERC has made this TO Tariff effective with no material conditions unacceptable to the Participating TO.
 - 2.2 Necessary Regulatory Approvals. The Participating TO has received all necessary regulatory approvals to transfer control of facilities to and participate in the ISO.

3. TO Definitions. Capitalized terms used in this TO Tariff shall have the meanings set out below unless otherwise stated or the context otherwise requires. Capitalized terms used in this tariff and not defined below shall have the meanings set out in the ISO Tariff.
- 3.1. Access Charge. A charge paid to the ISO by all UDCs, MSSs and, in certain cases, Scheduling Coordinators, delivering Energy to Gross Load, as set forth in Section 7.1 of the ISO Tariff. The Access Charge includes the High Voltage Access Charge, the Transition Charge, and the Low Voltage Access Charge.
- 3.2. AGC. Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.
- 3.3. Ancillary Services. Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.
- 3.4. Applicable Reliability Criteria. The reliability standards established by NERC, WSCC, and Local Reliability Criteria as amended from time to time,

including any requirements of the Nuclear Regulatory Commission.

- 3.5. Available Transfer Capacity. For a given transmission path, the capacity rating in MW of the path established consistent with ISO and WSCC transmission capacity rating guidelines, less any reserved uses applicable to the path.
- 3.6. Base Transmission Revenue Requirement. The Transmission Revenue Requirement which does not reflect the Transmission Revenue Balancing Account Adjustment (TRBAA) and Standby Transmission Revenues.
- 3.7. Black Start. The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
- 3.8. Business Day. A day on which banks are open to conduct general banking business in California.
- 3.9. Completed Application Date. The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
- 3.10. Completed Interconnection Application. An Interconnection Application that satisfies all of the information and other requirements of Section 10.3 of the TO Tariff and, if applicable, the information requirements as specified by the ISO and posted on the ISO Home Page.
- 3.11. Congestion. A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.

- 3.12. Congestion Management. The alleviation of Congestion in accordance with applicable ISO Protocols and Good Utility Practice.
- 3.13. Converted Rights. Those transmission service rights as defined in Section 2.4.4.2.1 of the ISO Tariff.
- 3.14. CPUC. The California Public Utilities Commission, or its successor.
- 3.15. Delivery Upgrade. The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled Grid and to ensure the delivery of energy from a New Facility to Load.
- 3.16. Demand. The rate at which Energy is delivered to Loads and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples thereof, e.g., 1,000 W = 1 kW, 1,000 kW = 1 MW, etc.
- 3.17. Direct Assignment Facilities. Facilities or portions of facilities that are owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting Interconnection under this TO Tariff to the ISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.
- 3.18. Dispatch. The operating control of an integrated electric system to: i) assign specific Generation Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and

- equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.
- 3.19. Distribution System. The distribution assets of a TO or UDC or MSS.
- 3.20. Eligible Customer. (i) Any utility (including Participating TOs, Market Participants and any power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212(h)(2) of the Federal Power Act; and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Participating TO.
- 3.21. Encumbrance. A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other legal restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the ISO Operations date, if any; and (2) legal restrictions or

- covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date.
- 3.22. End Use Customer or End-User. A purchaser of electric power who purchases such power to satisfy a Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power.
- 3.23. Energy. The electrical energy produced, flowing, or supplied by generation, transmission or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof, e.g., 1,000 Wh = 1 kWh, 1,000 kWh = 1 MWh, etc.
- 3.24. Entitlements. The right of the Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
- 3.241 Exceptional Dispatch. As defined in Appendix A of the currently effective MRTU Tariff, a Dispatch Instruction issued for the purposes specified in Section 34.9 of the MRTU Tariff.
- 3.25. Existing Contracts. The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contacts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

- 3.26. Existing Rights. Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.
- 3.27. Expedited Interconnection Agreement. A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO to agree to process, on an expedited basis, the Completed Interconnection Application of such party and which sets forth the terms, conditions, and cost responsibilities for such interconnection.
- 3.28. Facilities Study Agreement. An agreement between a Participating TO and either a party requesting Interconnection to the ISO Controlled Grid, Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the party requesting such Interconnection, Market Participants, Project Sponsor, or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Facilities Study.
- 3.29. Facility or Facilities Study. An engineering study conducted to determine required modifications to the Participating TO's transmission system, including the estimated cost and scheduled completion date for such modifications that will be required to provide needed services.
- 3.30. FERC. The Federal Energy Regulatory Commission, or its successor.
- 3.31. FPA. Parts II and III of the Federal Power Act, 16 U.S.C. § 824 et seq., as they may be amended from time to time.
- 3.32. FTR (Firm Transmission Right). A contractual right, subject to the terms and conditions of the ISO Tariff, that entitles the FTR Holder to receive, for each hour of the term of the FTR, a portion of the Usage Charges received by the ISO for transportation of energy from a specific originating

- Zone to a specific receiving Zone and, in the event of an uneconomic curtailment to manage Day-Ahead congestion, to a Day-Ahead scheduling priority higher than that of a schedule using Converted Rights capacity that does not have an FTR.
- 3.33. FTR Holder. The owner of an FTR, as registered with the ISO.
- 3.34. Generating Unit. An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is: (a) located within the ISO Control Area; (b) connected to the ISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities, and (c) that is capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).
- 3.35. Generation. Energy delivered from a Generating Unit.
- 3.36. Good Utility Practice. Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- 3.37. Gross Load. Gross Load is all energy (adjusted for distribution losses) delivered for the supply of End-User Loads directly connected to the

- transmission facilities or distribution system of the Participating TO. Gross Load shall exclude the portion of the load of an individual End-Use Customer of the Participating TO that is served by a Generating Unit that:
- (a) is located on the customer's site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; (c) was serving the customer's Load on or before March 31, 2000; and (d) secured Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC as applicable, as of March 31, 2000 and continues to secure Standby Service from the Participating TO or can be curtailed concurrently with an outage of the Generating Unit serving the Load.
- 3.38. High Voltage Access Charge. A component of the Access Charge determined by the ISO and assessed to the Participating TO under Section 7.1 of the ISO Tariff.
- 3.39. High Voltage Transmission Facility. A transmission facility under the operational control of the ISO that is owned by the Participating TO or to which the Participating TO has an Entitlement that is represented by a Converted right and that operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.
- 3.40. High Voltage Transmission Revenue Requirement. The portion of the Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Converted Rights associated with High Voltage Transmission Facilities.
- 3.41. High Voltage Utility Specific Rate. The Participating TO's High Voltage Transmission Revenue Requirement divided by the Participating TO's

- forecasted Gross Load.
- 3.42. High Voltage Wheeling Access Charge. The Wheeling Access Charge assessed by the ISO associated with the recovery of the Participating TOs' High Voltage Transmission Revenue Requirements in accordance with Section 7.1 of the ISO Tariff.
- 3.43. Inter-Zonal Interface. The (i) group of transmission paths between two adjacent Zones of the ISO Controlled Grid, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; (ii) the group of transmission paths between an ISO Zone and an adjacent Scheduling Point, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; or (iii) the group of transmission paths between two adjacent Scheduling Points, where the group of paths has an established transfer capability and established transmission rights.
- 3.44. Interconnection. Transmission facilities, other than additions or replacements to existing facilities that: i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; or ii) are identified as radial transmission lines pursuant to contract; or iii) produced Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled

Grid.

- 3.45. Interconnection Agreement. A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.
- 3.46. Interconnection Application. An application that requests Interconnection to the ISO Controlled Grid.
- 3.47. Interest. Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii)(1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.
- 3.48. Independent System Operator ("ISO"). The California Independent System Operator Corporation, as state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
- 3.49. ISO ADR Procedures. The procedures for resolution of disputes or differences set out in Section 13 of the ISO Tariff, as amended from time to time.
- 3.50. ISO Controlled Grid. The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.
- 3.51. ISO Protocols. The rules, protocols, procedures and standards attached to the ISO Tariff as Appendix L, promulgated by the ISO (as amended from time to time) to be complied with by the ISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the ISO Controlled Grid and the participation in the markets for Energy and Ancillary

Services in accordance with the ISO Tariff.

- 3.52. ISO Tariff. The California Independent System Operator Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.
- 3.53. Load. An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.
- 3.54. Local Furnishing Bond. Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).
- 3.55. Local Furnishing Participating TO. Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.
- 3.56. Local Publicly Owned Electric Utilities. A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, and irrigation district furnishing electric services, or a joint powers authority that include one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.
- 3.57. Local Regulatory Authority. The state or local governmental authority responsible for the regulation or oversight of a utility.
- 3.58. Local Reliability Criteria. Reliability criteria established at the ISO Operations Date, unique to the transmission systems of each of the Participating TOs.
- 3.59. Low Voltage Access Charge. The Access Charge applicable under Section 7.1 of the ISO Tariff to recover the Low Voltage Transmission Revenue Requirement of the Participating TO.
- 3.60. Low Voltage Transmission Facility. A transmission facility under the operational control of the ISO owned by the Participating TO or to which the

- Participating TO has an Entitlement that is represented by a Converted Right, which is not a High Voltage Transmission Facility, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.
- 3.61. Low Voltage Transmission Revenue Requirement. The portion of the Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities.
- 3.62. Low Voltage Wheeling Access Charge. The Wheeling Access Charge associated with the recovery of the Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 7.1 of the ISO Tariff.
- 3.63. Market Participant. An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the ISO Controlled Grid.
- 3.64. MSS (Metered Subsystem). A geographically contiguous system of a New Participating TO, located within a single Zone which has been operating for a number of years prior to the ISO Operations Date subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO certified revenue quality meters on all Generating Units internal to the system, which is operated in accordance with an agreement described in Section 3.3.1 of the ISO Tariff.
- 3.65. NERC. The North American Electric Reliability Council or its successor.
- 3.66. New Facility. (a) Each generating unit that proposes to sell its Generation at wholesale that seeks to connect to the ISO Controlled Grid; (b) each existing generating unit directly interconnected to the ISO Controlled Grid that will be repowered and increases the total capability of the power plant; or (c) each

- existing generating unit directly interconnected to the ISO Controlled Grid that will be repowered, increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its reenergization may violate Applicable Reliability Criteria and require additional Direct Assignment Facilities or Reliability Upgrades.
- 3.67. New Facility Operator. The owner of a planned New Facility, or its designee.
- 3.68. New High Voltage Transmission Facility. A High Voltage Transmission Facility of the Participating TO that enters service after the beginning of the transmission period described in Section 4 of Schedule 3 of Appendix F of the ISO Tariff, or a capital addition made after the beginning of the transition period described in Section 4.1 of Schedule 3 of Appendix F of the ISO Tariff to an Existing High Voltage Transmission Facility.
- 3.69. New Participating TO. A Participating TO that is not an Original Participating TO.
- 3.70. Non-Participating TO. A TO that is not a party to the TCA or for the purposes of Sections 2.4.3 and 2.4.4 of the ISO Tariff the holder of transmission service rights under an Existing Contract that is not a Participating TO.
- 3.71. Non-Self-Sufficient Access Charge. A charge for access to the ISO Controlled Grid, referenced in certain Existing Contracts to be paid by the Existing Contract holder to the Participating TO. The Participating TO's non-self-sufficient contract demand rate shall be calculated by dividing the Base Transmission Revenue Requirement by the sum of the highest hourly system demand forecast to be delivered by the Participating TO to End-Use Customers connected to its transmission and distribution facilities for each month of the year used by the Participating TO for base transmission rate development.

- 3.72. Non-Spinning Reserve. The portion of off-line generating capacity that is capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.
- 3.73. Operational Control. The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.
- 3.74. Original Participating TO. A participating TO that was a Participating TO as of January 1, 2000. The Original Participating TO's are Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company.
- 3.75. Participating TO. A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the ISO's Operational Control in accordance with the TCA. A Participating TO may be an Original Participating TO or a New Participating TO. For purposes of this TO Tariff, the Participating TO is San Diego Gas & Electric Company.
- 3.76. Participation Agreement. An agreement between a Participating TO and a Project Sponsor that specifies the terms and conditions under which the Participating TO will construct a transmission addition or upgrade on behalf of the Project Sponsor.
- 3.77. Physical Scheduling Plant. A group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single

- Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: i) multiple generating components are related by a common flow of fuel which cannot be interrupted without a substantial loss of efficiency of the combined output of all components; ii) the Energy production from one component necessarily causes Energy production from other components; iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; iv) the level of coordination required to schedule individual generating components would cause the ISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or v) metered output is available only for the combined output of related multiple generation components and separate generating component metering is either impractical or economically inefficient.
- 3.78. Project Proponent. A Market Participant or group of Market Participants that: (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition and upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the ISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.
- 3.79. Project Sponsor. A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff.
- 3.80. Regional Transmission Group ("RTG"). A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion and use of transmission on a regional and inter-regional basis.
- 3.81. Regulation. The service provided by Generating Units equipped and operating with

AGC which will enable such units to respond to the ISO's direct digital control signals in an upward and downward direction to match, on a real time basis, Demand and resources, consistent with established NERC and WSCC operating criteria.

Regulation is used to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

- 3.82. Reliability Criteria. Pre-established criteria that are to be followed in order to maintain desired performance of the ISO Controlled Grid under contingency or steady state conditions.
- 3.83. Reliability Services. Those services provided by the ISO: 1) that are deemed by the ISO as necessary to maintain reliable electric in the ISO Control Area; and 2) whose costs are billed by the ISO to the Participating TO pursuant to the ISO Tariff. In addition, Reliability Services shall include services provided by the Participating TO as a result of implementing ISO Operating Procedure M-438, whose stated purpose is to enhance reliability grid operations and local area reliability; services obtained from Reliability Must Run units; local out of market dispatch calls; generation committed pursuant to the ISO's must-offer requirement when the unit is committed for local reliability; and local out of market dispatch calls; upon implementation of Market Redesign and Technology Upgrade, generators committed pursuant to the ISO's Exceptional Dispatch authority, and any default loss pursuant to ISO Tariff section 11.29.17.2.1 billed to the Participating TO resulting from the ISO's use of its Exceptional Dispatch authority.
- 3.84. Reliability Upgrade. The transmission facilities, other than Direct

- Assignment Facilities, beyond the first point of Interconnection necessary to interconnect a New Facility or wholesale load safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the Interconnection of a New Facility or wholesale load, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility or wholesale load to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's or wholesale load's interconnection may have on a path's WSCC path rating. Reliability Upgrades shall be specified in the Interconnection Agreement that governs Interconnection service to the New Facility Operator or wholesale load and shall be subject to FERC approval.
- 3.85. Replacement Reserve. Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and ramping to a specified Load point within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.
- 3.86. Request for Expedited Interconnection Procedures. A written request by which an applicant for Interconnection can request expedited processing of its Interconnection Application.
- 3.87. Scheduling Coordinator. An entity certified by the ISO for the purposes of undertaking the functions specified in Section 2.2.6 of the ISO Tariff.
- 3.88. Scheduling Point. A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion

- Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, a Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.
- 3.89. Spinning Reserve. The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.
- 3.90. Standby Rate. A rate assessed a Standby Service Customer by the Participating TO, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things for costs of High Voltage Transmission Facilities.
- 3.91. Standby Service. Service provided by the Participating TO which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a generating Unit serving the customer's Load.
- 3.92. Standby Service Customer. A retail End-Use Customer of the Participating TO that receives Standby Service and pays a Standby Rate.
- 3.93. Standby Transmission Revenue. The transmission rate revenues associated with Standby Service collected by the Participating TO from

those Standby Service Customers who are not billed for Standby Service on a Gross Load basis.

- 3.94. System Impact Study. An engineering study conducted to determine whether a request for Interconnection to the ISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.
- 3.95. System Impact Study Agreement. An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.
- 3.96. Rate Effective Period. The period during which transmission service rates calculated pursuant to the formula rate provisions contained in Appendix IX are effective. The initial Rate Effective Period shall be October 1, 2003, or such other date as may be provided by FERC, through June 30, 2004. Each subsequent Rate Effective Period shall be the twelve-month period from July 1 through June 30.
- 3.97. TO Tariff. This Transmission Owner Tariff, as it may be amended or superseded.
- 3.98. Transition Charge. A component of the Access charge determined by the ISO and assessed the Participating TO along with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3 of the ISO Tariff.
- 3.99. Transmission Access Charge Balancing Account Adjustment ("TACBAA"). A mechanism established by the Participating TO which will ensure that the difference between (i) the actual billings by the ISO pursuant to Section

- 7.1.2 of the ISO Tariff for the High Voltage Access Charge and Transition Charge and (ii) the revenues disbursed by the ISO pursuant to Section 7.1.3 of the ISO Tariff are recovered from the Participating TO's End-Use Customers.
- 3.100. Transmission Control Agreement ("TCA"). The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and each Participating TO will discharge their respective duties and responsibilities, as may be modified from time to time.
- 3.101. Transmission Owner ("TO"). An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
- 3.102. Transmission Revenue Balancing Account Adjustment ("TRBAA"). A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to transmission customers.
- 3.103. Transmission Revenue Credit. The net of: 1) the revenues received by the Participating TO from the ISO for Wheeling service, Usage Charges (excluding any Usage Charges received by the Participating TO as an FTR Holder) and from the sale of an FTR; 2) Existing Transmission Contract ("ETC") and Transmission Ownership Rights ("TOR") Cost Differentials which include the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols; 3) ISO Charge Type 4575 identified as Settlements, Metering, and Client Relations charge; and 4) CAISO Charge Types 7989 and

- 7999, identified as Invoice Deviation Interest Distribution and Invoice Deviation Interest Allocation, as determined by the CAISO and consistent with the CAISO tariff.
- 3.104. Transmission Revenue Requirement ("TRR"). The TRR is the total annual authorized revenue requirement associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights. The TRR is shown in Appendix I.
- 3.105. Uncontrollable Force. Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO or Market Participant (as the case may be) which could not be avoided through the exercise of Good Utility Practice.
- 3.106. Usage Charge. The amount of money, per 1kW of scheduled flow, that the ISO charges a Scheduling Coordinator for use of a specific congested Inter-Zonal Interface during a given hour.
- 3.107. Utility Distribution Company ("UDC"). An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-

- Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.
- 3.108. Voltage Support. Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.
- 3.109. Western System Coordinating Council ("WSCC"). The Western Systems Coordinating Council or its successor.
- 3.110. Wheeling Access Charge. The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 7.1 of the ISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge may consist of a High Voltage Wheeling Access Charge and a Low Voltage Wheeling Access Charge.
- 3.111. Wheeling Out. Except for Existing Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4. of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and Distribution system of a Participating TO.
- 3.112. Wheeling Through. Except for Existing Rights and Non-Converted Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a resource located

outside the ISO Controlled Grid to serve a Load located outside the transmission and distribution system of a Participating TO.

- 3.113. Wheeling. Wheeling Out or Wheeling Through.
- 3.114. Wholesale Customer. A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
- 3.115. Zone. A portion of the ISO Controlled Grid within which Congestion is expected to be small in magnitude or to occur infrequently. "Zonal" shall be construed accordingly.

4. Eligibility. Transmission service over a Participating TO's system shall be provided only to Eligible Customers. Any dispute as to whether a customer is eligible for wholesale transmission service shall be resolved by FERC and any dispute as to whether an End-Use Customer is eligible for service under this TO Tariff shall be resolved by the Local Regulatory Authority.

5. Access Charges and Transmission Rates.

5.1. Low Voltage Access Charge. The Low Voltage Access Charge shall be determined in accordance with the ISO Tariff. The Low Voltage Access Charge customer, shall pay the Participating TO, Low Voltage Access Charge equal to the product of the Participating TO's Low Voltage Access Charge rate and the Low Voltage Access Charge customer's Gross Load, as provided by the ISO. The Participating TO's monthly charges to be applied to Low Voltage Access Charge customers are determined pursuant to the provisions of Appendices VIII and IX hereof. The Low Voltage Access Charge applicable for the current Rate Effective Period is shown on SDG&E's OASIS, which can be accessed at www.sdge.com\toforum, or through a link to SDG&E's web page that is located on the CAISO website at www.caiso.com.

5.2. Wheeling Access Charge. The Wheeling Access Charge shall be determined in accordance with the ISO Tariff. The Wheeling Access Charge, assessed by the ISO, consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge. The High Voltage Wheeling Access Charge is set forth in the ISO Tariff. The Participating TO's Low Voltage Wheeling Access Charge is determined pursuant to the provisions of Appendices VIII and IX hereof. The Low Voltage Wheeling Access Charge applicable for the current Rate Effective Period is available on SDG&E's OASIS, which is shown at www.sdge.com\toforum, or through a link to SDG&E's web page that is accessible through the CAISO's OASIS at www.caiso.com.

5.3. End-User Transmission Rates. End-User transmission rates for a FERC-jurisdictional Participating TO shall be based on the Base Transmission Revenue Requirement authorized by FERC. In addition, all End-Use Customers of a FERC-jurisdictional Participating TO shall be subject to the FERC-authorized TRBAA rate and TACBAA rate. For a Local Publicly Owned Electric Utility that is a Participating TO, such rates shall be submitted to the ISO for information only. In addition, all customers of a Local Publicly Owned Electric Utility that is a Participating TO shall be subject to the Local Regulatory Authority authorized TRBAA, which shall also be submitted to the ISO. The Participating TO's End-User transmission rates, by retail rate schedule, are determined pursuant to the provisions of Appendices VIII and IX hereof. The End-User transmission rates applicable during the Rate Effective Period are available on SDG&E's OASIS, which is shown at www.sdge.com/toforum, or through a link to SDG&E's web page that is accessible through the CAISO's OASIS at www.caiso.com. An End-User shall pay the same End-User transmission rate as other similarly situated End-Use Customers of the Participating TO regardless of its energy supplier. End-Users withdrawing power from the Participating TO's transmission or distribution facilities shall not qualify for transmission access under the Wheeling Access Charge if FERC would be prohibited from ordering transmission service for such customer by Section 212(h) of the FPA.

5.4. Transmission Revenue Requirement. As set forth in the ISO Tariff, the Transmission Revenue Requirement for each Participating TO shall be used to develop the Access Charges set forth in the ISO Tariff. The Transmission Revenue Requirement, High Voltage Transmission Revenue Requirement,

and Low Voltage Transmission Revenue Requirement for the Participating TO are set forth in Appendix I.

5.5. Transmission Revenue Balancing Account Adjustment (TRBAA). The Participating TO shall maintain a Transmission Revenue Balancing Account Adjustment ("TRBAA") that will ensure that all Transmission Revenue Credits and the refunds, specified in Sections 6 and 8 of Appendix F. Schedule 3 of the ISO Tariff, associated with transmission service are flowed through to customers taking transmission service from the ISO. The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I} + \text{FF\&U}$$

Where:

Cr = The principal balance in the TRBAA recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBAA from the previous period and the difference in the amount of revenues from Transmission Revenue Credits and the amount of such revenues that has been refunded to customers through operation of the TRBAA, adjusted for franchise fees and uncollectible accounts expense;

Cf = The forecast of Transmission Revenue Credits for the following calendar year;

I = The interest balance for the TRBAA, which shall be calculated using the interest rate pursuant to Section 35.19(a) of FERC's regulations under the Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated based on the average

TRBAA principal balance each month, compounded quarterly;
and

FF&U= An adjustment for franchise fees and uncollectible accounts.

Beginning in January of each year, the bills of End-Use Customers of the Participating TO shall include, as a component of the End-User transmission rates, a TRBAA rate per kilowatt-hour (rounded to the nearest \$0.00001) equal to:

$$\text{TRBAA Rate} = \frac{\text{TRBAA}}{S}$$

S

Where:

S = The total kilowatt-hours of Gross Load measured at the customer meter level as recorded for the twelve month period ending September 30 of the year prior to commencement of the January billing cycle.

5.6 Transmission Access Charge Balancing Account Adjustment (TACBAA).

Commencing on the transition date determined under Section 4 of Schedule 3 to Appendix F of the ISO Tariff, the Participating TO shall maintain a Transmission Access Charge Balancing Account Adjustment (TACBAA). Each month the Participating TO shall make two entries to the TACBAA. One entry will equal the difference between (i) the actual charges by the ISO to the Participating TO pursuant to Section 26.1.2 of the ISO Tariff for the High Voltage Access Charge and Transition Charge and (ii) the Revenues disbursed

by the ISO to the Participating TO pursuant to Section 26.1.3 of the ISO Tariff. The second entry will equal the TACBAA rate revenues, adjusted for franchise fees and uncollectible accounts expense, billed to End-Use Customers during the month. Interest on the amounts accumulated in the TACBAA shall be calculated based on the average TACBAA principal balance each month, compounded quarterly, using the interest rate pursuant to Section 35.19(a) of FERC's regulations under the Federal Power Act (18 C F R Section 35.19(a)). For service rendered on and after the effective date of new retail rates, authorized by the CPUC, modifying the frozen retail rates established pursuant to California Assembly Bill 1890, the bills of End-Use Customers of the Participating TO shall include, as a component of the End- User transmission rates, a TACBAA rate per kilowatt-hour (rounded to the nearest \$0.00001) equal to:

$$\text{TACBAA Rate} = \frac{\text{Br} + \text{Bf} - \text{Rf} + \text{FF\&U}}{\text{S}}$$

S

Where:

Br = The Balance in the TACBAA, including interest, consisting of the recorded balance and the projected change for the remaining months of the period prior to the commencement of the billing cycle implementing a new rate;

Bf = A forecast of the annual Access Charge billings from the ISO;

Rf = A forecast of the annual revenues disbursed by the ISO to the Participating TO pursuant to Section 26.1.3 of the ISO Tariff;

FF&U = An adjustment for franchise fees and uncollectible accounts; and

S = Total Gross Load, in kilowatt-hours measured at the customer meter level,

recorded for the most recent twelve-month period to the Participating TOs filing with the FERC to revise the TACBAA rate.

The TACBAA shall be revised January 1 of each year; however, nothing herein shall preclude the Participating TO from filing with the FERC to revise the TACBAA rate at any other time.

6. Ancillary Services – Applicability and Charges. Ancillary Services are needed to maintain reliability within the ISO Controlled Grid. Ancillary Services may be provided to the ISO. The prices for Ancillary Services shall be determined in accordance with the ISO Tariff.

7. Billing and Payment.

7.1 End-Users. Billing and payment rules applicable to End-Users and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service area shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

7.2 Low Voltage Access Charge Revenues.

7.2.1 Billing Procedure. Within a reasonable time after the Participating TO receives from the ISO the monthly kilowatt-hours to which the Low Voltage Access Charge applies, the Participating TO shall submit an invoice to the applicable UDC, MSS or Scheduling Coordinator for the Low Voltage Access Charge billing. The invoice shall be paid by the UDC, MSS, or Scheduling Coordinator within twenty days of receipt. All payments shall be made in immediately available funds payable to the Participating TO, or by wire transfer to a bank named by the Participating TO.

7.2.2 Interest on Unpaid Balances. Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Participating TO.

7.2.3 Default. In the event the UDC, MSS, or Scheduling Coordinator fails, for any

reason other than a billing dispute as described below, to make payment to the Participating TO on or before the due date as described above, and such failure of payment is not corrected within 30 calendar days after the Participating TO notifies the applicable UDC, MSS, or Scheduling Coordinator Dependent Participating TO to cure such failure, a default by the Dependent Participating TO shall be deemed to exist. Upon the occurrence of a default, the Participating TO may initiate a proceeding with FERC (or the Local Regulatory Authority for a Local Publicly Owned Electric Utility) to terminate service but shall not terminate service until FERC, or the Local Regulatory Authority, as applicable, so approves any such request. In the event of a billing dispute between the Participating TO and the UDC, MSS, or Scheduling Coordinator, the Participating TO will continue to provide service under this TO Tariff as long as the applicable UDC, MSS, or Scheduling Coordinator: (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the UDC, MSS, or Scheduling Coordinator fails to meet these two requirements for continuation of service, then the Participating TO may provide notice to the UDC, MSS, or Scheduling Coordinator of its intention to suspend service in sixty days, in accordance with FERC policy.

7.3 Wheeling and Usage Charge Revenues. The ISO, pursuant to the ISO Tariff, shall pay to Participating TOs all Wheeling and Usage Charge revenues, excluding Usage Charge revenues payable to FTR Holders.

8. Obligation to Interconnect or Construct Transmission Expansions & Facility Upgrades.

8.1. Participating TO Obligation to Interconnect. The Participating TO shall, at the request of a third party pursuant to Section 10, interconnect its system to the generation or load of such third party, or modify an existing Interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the FPA. Interconnections requested by entities or individuals that are not so eligible shall be governed by the Local Regulatory Authority.

8.1.1. Interconnection to Transmission System. Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, and ISO reliability criteria for the ISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair system reliability, or would otherwise adversely affect the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its Encumbrances in the System Impact Study performed pursuant to Section 10.7. To the extent that Participating TO determines that the Interconnection of a New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.

8.1.2. Costs Associated with Interconnection. Each party requesting Interconnection shall pay the costs of planning, installing, operating, and maintaining Direct Assignment Facilities and if applicable, any Reliability

Upgrades required to provide the requested Interconnection. In addition, such party shall implement all existing operating procedures necessary to safely and reliably interconnect such party's generation or wholesale load to the facilities of the Participating TO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. A New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of the New Facility, in which case the New Facility Operator shall be responsible only for the incremental costs associated with the earlier installation of the facility. Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff and Section 9 of this TO Tariff, any Delivery Upgrades. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the ISO Tariff for transmission expansions or upgrades.

- 8.1.3. Interconnection Agreement. Pursuant to Section 10.4, 10.7.1, or 10.9.1, a party requesting Interconnection shall request in writing that the Participating TO tender to such party. The Participating TO shall tender to the party requesting Interconnection an Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility. The Interconnection Agreement will include, without limitation, cost, responsibilities and payment provisions for any engineering, equipment, construction, operation and maintenance costs for any Direct Assignment

Facilities and any Reliability Upgrades, and Delivery Upgrades, if applicable, and for any other mitigation measures. For an Interconnection request to remain a Completed Interconnection Application, the party requesting the Interconnection shall execute the Interconnection Agreement and return it to the Participating TO within thirty (30) Calendar days of receipt. Alternatively, if an Eligible Customer requesting the Interconnection requests the Participating TO to file an unexecuted Interconnection Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Interconnection Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted Interconnection Agreement or commence construction of the Interconnection facilities or incur other costs under the Interconnection Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Interconnection Agreement has been issued by the applicable court or regulatory authority. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the applicant not covered by any System Impact Study Agreement or Facilities Study Agreement.

- 8.1.3.1 Queuing Provisions. To maintain its queue position, the New Facility Operator must timely comply with the interconnection requirements of Section 5.7 of the ISO Tariff and Sections 8.1 and 10 of this TO Tariff. If the New Facility Operator fails to timely comply with such interconnection requirements, such New Facility Operator shall pay the reasonable costs of revising the System Impact Studies for other New Facility Operator's that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the queuing provisions in Section 5.7.4.4 of the ISO Tariff.
- 8.1.4 Due Diligence to Construct. The Participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and, as applicable, Section 5.7 of the ISO Tariff.
- 8.1.5 Energization. The Participating TO shall not be obligated to energize, nor shall the New Facility Operator or wholesale load be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3, and becomes effective and such New Facility Operator or wholesale load has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of Section 5.7 of the ISO Tariff and the requirements of this TO Tariff.
- 8.1.6 Coordination with ISO on Interconnection Requests. The Participating TO shall coordinate with the ISO, pursuant to the provisions of the TCA, in developing Interconnection standards and guidelines for processing Interconnection requests under this TO Tariff.

- 8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to: (1) perform System Impact or Facility Studies where the Project Sponsor or the ISO agrees to pay the study cost and specifies the project objectives to be achieved, and (2) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations of Section 3.2, the ISO Tariff, and this TO Tariff.
- 8.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand Interconnection facilities, transmission facilities or system upgrades unless and until the conditions stated in Section 9.2.1 hereof have been satisfied.
- 8.2.2 Local Furnishing Participating TO Obligation to Construct. A Local Furnishing Participating TO shall not be obligated to construct or expand Interconnection facilities, transmission facilities or system upgrades unless and until the conditions stated in Section 9.3.3 hereof have been satisfied.
- 8.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual determinations of the ISO, (including the ISO's ADR Procedures), the CPUC, WSCC, or RTG coordination planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9. Expansion Process.

9.1. Determination of Facilities. A Participating TO shall perform a Facilities Study in accordance with this Section where (1) the Participating TO is obligated to construct or expand facilities in accordance with Section 3.2 of the ISO Tariff and this TO Tariff; (2) a Market Participant agrees to pay the costs of the Facilities Study and specifies the project objectives to be achieved in terms of increased capacity or reduced congestion; or (3) the Participating TO is required to perform a Facilities Study pursuant to the ISO Tariff.

9.1.1. Payment of Facilities Study's Cost.

9.1.1.1. Market Participant to Pay for Facilities Study. Where a Market Participant requests a Facilities Study and the need for the transmission addition or upgrade has not yet been established in accordance with the procedures established herein and the ISO Tariff, the Market Participant shall pay the cost of the Facilities Study.

9.1.1.2. Project Sponsor or Project Proponent to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein and the ISO Tariff, the Project Sponsor, Project Proponent, or the ISO requesting the study shall pay the reasonable cost of the Facilities Study. When the Participating TO is the Project Sponsor in accordance with the ISO Tariff, the costs of the Facilities Study shall be recovered through the Access Charges and transmission rates.

9.1.1.3. Principal Beneficiaries to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the ISO or ISO ADR Procedures in accordance with the ISO Tariff, the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Facilities Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the ISO ADR Procedures.

9.1.2. Payment Procedure. Where a Facilities Study is being conducted pursuant to this TO Tariff, the Participating TO shall, as soon as practicable, tender to the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, a Facilities Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facilities Study. If the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facilities Study Agreement, they shall execute the Facilities Study Agreement and return it to the Participating TO within ten Business Days. If such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiary elects not to execute a Facilities Study Agreement, the Participating TO shall have no obligation to complete a Facilities Study.

9.1.3. Facilities Study Procedures. Upon receipt of an executed Facilities Study

Agreement, a copy of which has been provided to the ISO by the party requesting the Facilities Study, the Participating TO will use due diligence to complete the required Facilities Study in accordance with the terms of the Facilities Study Agreement.

9.2. Obligation to Build.

9.2.1. Due Diligence to Construct. Subject to Section 9.3.3 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the ISO Tariff and this TO Tariff. The Participating TO's obligation to build will be subject to: 1) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state, and local laws; 2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the ISO Tariff; and 3) a signed Participation Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system reliability as determined through systems analysis based on the Applicable Reliability Criteria.

9.2.2. Delay in Construction or Expansion. If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify: (1) the Project Sponsor with regard to facilities determined to be needed; (2) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the ISO Tariff where principal beneficiaries were identified; and (3) the ISO. In such circumstances, the Participating TO shall, within thirty days of notifying such Project Sponsor, Parties

to the Participation Agreement, and the ISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the ISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

9.2.2.1 Alternatives to the Original Facility Additions. If the review process of Section 9.2.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the ISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the ISO, or Parties to the Participation Agreement may request that the Participating TO prepare a revised Facility Study pursuant to Sections 9.1.1, 9.1.2, and 9.1.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Participation Agreement or the ISO disagree, the dispute shall be resolved pursuant to the ISO ADR Procedure.

9.2.2.2 Refund Obligation for Unfinished Facility Additions. If the Participating TO and the Project Sponsor, the ISO, or Parties to the

Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Regulation 35.19(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

9.3. Provisions Relating to Transmission Construction on the Systems of Other TOs.

9.3.1 Responsibility for Third Party Additions. A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

9.3.2. Coordination of Third-Party System Additions. Where transmission additions or upgrades being built pursuant to the ISO Tariff require additions or upgrades on other systems, to the extent consistent with Section 9.3.3 of this TO Tariff, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after

consultation with the ISO, the Project Sponsor, and Parties to the Participation Agreement, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the ISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Within forty Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation Agreement, or the ISO may challenge the decision in accordance with the ISO ADR Procedure.

- 9.3.3. Expansion by "Local Furnishing Participating TO's". Notwithstanding any other provision of this TO Tariff, prior to requesting that a Local Furnishing Participating TO construct or expand facilities, or utilize existing facilities, the ISO or Project Sponsor, if necessary as determined by the Local Furnishing Participating TO, shall tender (or cause to be tendered) an application under Section 211 of the FPA requesting FERC to issue an order directing the Local Furnishing Participating TO to construct or expand facilities as necessary to provide Interconnection or transmission service as determined pursuant to the ISO Tariff. Such Local Furnishing Participating TO shall thereafter, within ten Business Days of receiving a copy of the Section 211 application, waive its right to a request for service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 212(c) of the FPA. Upon receipt of a final order from FERC under Section 211 of the FPA that is no longer subject to rehearing or appeal, such

Local Furnishing Participating TO shall construct or expand facilities, or permit the utilization of existing facilities, to comply with that FERC order and shall transfer to the ISO Operational Control over the Local Furnishing Participating TO's expanded transmission facilities in accordance with the ISO Tariff.

10. Interconnection Process.

10.1. Applicability. All requests for Interconnection directly to the ISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10.

10.2. Applications. Except as provided in Section 10.2.1, a party requesting Interconnection shall submit written Interconnection Applications which provides the information required in Section 10.3 to the Participating TO and shall send a copy of the application to the ISO. The Participating TO shall time-stamp the application to establish study priority.

10.2.1. New Facility Operator. If the party requesting Interconnection to the ISO Controlled Grid is a New Facility Operator, such party shall submit a written Interconnection Application to the ISO pursuant to Section 5.7.3 of the ISO Tariff that shall include the information required in Section 10.3 of this TO Tariff.

10.3. Completed Interconnection Application. A Completed Interconnection Application shall provide all of the information listed in 18 CFR § 2.20, including, but not limited to, the following:

- (i) The identity, address, telephone number, and facsimile number of the party requesting Interconnection;
- (ii) The Interconnection point(s) to the ISO Controlled Grid

- contemplated by the applicant;
- (iii) The resultant (or new) maximum amount of Interconnection capacity;
- (iv) The proposed date for energizing the Interconnection and the term of the Interconnection service
- (v) If the applicant is a New Facility Operator, completed generator data sheets pursuant to the requirements of the Participating TO.
- (vi) Such other information as the Participating TO reasonably requires to process the application. In addition to the information specified above, the following information may also be provided in order to properly evaluate system conditions.
- (vii) If the applicant is a wholesale load, the electrical of the source of the power (if known) to be transmitted pursuant to the applicant's request for Interconnection. If the source of the power is not known, a system sale will be assumed; and
- (viii) The electrical location of the ultimate load (if known). If the location of the load is not known, a system sale will be assumed.

In addition, if the applicant proposes to perform or cause a third party to perform any required System Impact Study or any required Facilities Study, it shall so indicate in its Interconnection Application. The results of any study or studies performed by a New Facility Operator must be approved by both the ISO and the Participating TO. Within 10 Business Days after receipt of an Interconnection Application, the Participating TO, and the ISO, if applicable, shall determine whether the application is complete ("Completed Interconnection Application"). Wherever possible, the Participating TO will attempt to remedy deficiencies in the Interconnection

Application through informal communications with the applicant. If such efforts are unsuccessful, the Participating TO shall return the Interconnection Application to the applicant or to the ISO if the applicant is a New Facility Operator. The Participating TO will treat the information provided in the Interconnection Application, including the applicant's identity, as confidential at the request of the applicant except to the extent that disclosure of this information is required by this TO Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG or ISO transmission information sharing agreements. The Participating TO shall treat this information consistent with the standards of conduct contained in Part 37 of FERC's regulations.

- 10.3.1 Amendment to Completed Interconnection Application. An applicant shall only be limited to amending its Completed Interconnection Application once. Such amendment shall occur on or before ten (10) Business Days following the date the Participating TO tenders any Facilities Study Agreement. Specifically, as an alternative to executing and returning Facilities Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 5.7.4.2.1 of the ISO Tariff and Section 10.7 of this TO Tariff, the New Facility Operator's Completed Interconnection Application shall not be deemed withdrawn; and the New Facility Operator shall maintain its existing queue position, if (a) the amended Completed Interconnection Application is received by the Participating TO within ten (10) Business Days of the Participating TO's

tender of a Facilities Study Agreement; and (b) the New Facility Operator has not submitted a previous amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

- 10.4 Review of Completed Interconnection Agreement. After receiving a Completed Interconnection Application, the Participating TO, and the ISO, if applicable, will determine on a non-discriminatory basis whether a System Impact Study is required. Whenever the Participating TO, and the ISO, if applicable, determines that a System Impact Study is not required and that neither Reliability Upgrades nor changes in existing operating procedures are required, the Participating TO shall notify the applicant within fifteen (15) Business Days of the Completed Application Date. If the Interconnection can be accommodated without any Direct Assignment Facilities, within thirty (30) Business Days of such notice from the Participating TO, the applicant shall request the Participating TO to tender to the applicant an Interconnection Agreement. Within twenty (20) Business Days of such request, the Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If the Participating TO determines, upon the review of the Completed Interconnection Application, that Direct Assignment Facilities are required, the Participating TO shall tender to the applicant a Facilities Study Agreement within twenty (20) Business Days of the Completed Application Date and continue the Interconnection process pursuant to Section 10.8.

10.5 Notice of Need for System Impact Study. If the Participating TO, and the ISO, if applicable, determines that a System Impact Study is necessary to accommodate the requested Interconnection, the Participating TO shall so inform the applicant as soon as practicable. In such cases, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of performing or reviewing the required System Impact Study. A description of the Participating TO's transmission assessment practices for completing a System Impact Study is provided in the Participating TO's FERC Form 715. Alternatively, if the New Facility Operator will perform the System Impact Study, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of reviewing the required System Impact Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the System Impact Study Agreement and return it to the Participating TO within

ten (10) Business Days together with payment for the reasonable estimated cost of the System Impact Study or reviewing the New Facility Operator's System Impact Study. Alternatively, if the applicant requests the Participating TO to proceed with the System Impact Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the System Impact Study provided that such request is accompanied by payment for the reasonable estimated cost of the System Impact Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures. If the applicant elects not to execute a System Impact Study Agreement, and does not request that the Participating TO proceed with the System Impact Study or review thereof, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application.

10.6 System Impact Study Cost Reimbursement.

10.6.1 Cost Reimbursement. The System Impact Study Agreement shall clearly specify the charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable actual cost of the study. In performing the System Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any modifications

to existing planning studies that are reasonably necessary to evaluate the impact of the applicant's request.

10.6.2 Multiple Parties. If multiple parties request Interconnection at the same location, the Participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

10.7 System Impact Study Procedures. Upon receipt of an executed System Impact Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for estimated study costs, the Participating TO will use due diligence to either (a) complete the required System Impact Study within a sixty (60) day period or (b) complete its review of a New Facility Operator's System Impact Study within thirty (30) Calendar Days of its receipt of the completed study. The System Impact Study will identify whether any Direct Assignment Facilities or Reliability Upgrades as well as, if applicable, any Delivery Upgrades are necessary to deliver a New Facility's full output over the ISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the applicant's New Facility Operator's Completed Application Date. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the applicant and the ISO. The Participating TO will use the same due diligence

in completing the System Impact Study for others as it uses when completing studies for its affiliated UDC. The Participating TO shall notify the applicant and the ISO immediately upon completion of the System Impact Study.

- 10.7.1 Procedures Upon Completion of System Impact Study. Within fifteen (15) Business Days of completion of the System Impact Study or review and approval of a New Facility Operator's System Impact Study, the Participating TO shall notify the applicant whether the transmission system will be adequate to accommodate all of a request for Interconnection. If no costs are likely to be incurred for any Direct Assignment Facilities, any Reliability Upgrades, or implementing any operating procedures, then within thirty (30) Business Days of receipt of the completed System Impact Study performed by the Participating TO or receipt of written approval of the New Facility Operator's System Impact Study from the Participating TO and the ISO, the applicant shall request the Participating TO to tender an Interconnection Agreement. Within twenty (20) Business Days of such request, the Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If costs are likely to be incurred to accommodate a request for Interconnection, the Participating TO shall tender to the applicant a Facilities Study Agreement pursuant to Section 10.8.
- 10.8 Notice of Need for Facilities Study. If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy an applicant's request for Interconnection, the Participating TO shall, within

fifteen (15) Business Days of the completion date of the System Impact Study, or the completion of review and approval of the New Facility Operator's System Impact Study by the Participating TO and the ISO, tender to the applicant a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete the required study; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of performing the required Facilities Study. Alternatively, if the New Facility Operator will perform the Facilities Study, the Participating TO shall within fifteen (15) Business Days of the completion date of the System Impact Study or the completion of review and approval of the New Facility Operator's System Impact Study, tender a Facilities Study Agreement that defines the scope, content, assumptions and term of reference for such study to be reviewed by the Participating TO; the estimated time required to complete the required review; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual cost of reviewing the required Facilities Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the Facilities Study Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated cost of the Facilities Study or reviewing the New Facility Operator's Facilities Study. Alternatively, if the applicant requests the Participating TO to proceed with the Facilities Study or review thereof and commits to abide by the terms, conditions, and cost

assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study provided that such request is accompanied by payment for the reasonable estimated cost of the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO ADR Procedures. If the applicant elects not to execute a Facilities Study Agreement and does not request that the Participating TO proceed with the Facilities Study, its application shall be deemed withdrawn and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the System Impact Study Agreement.

- 10.9 Facilities Study Procedure. Upon receipt of an executed Facilities Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for the estimated study costs, the Participating TO will use due diligence to either (a) complete the required Facilities Study within a sixty (60) Calendar day period or (b) complete its review of a New Facility Operator's Facilities Study within thirty (30) Calendar Days of its receipt of the completed study. In the event that the Participating TO is unable to complete the required Facilities Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Facilities Study shall be made available to the applicant.

- 10.9.1 Execution of Interconnection Agreement. Within thirty (30) Business Days of receipt of the completed Facilities Study performed by the Participating TO or receipt of written approval of the New Facility Operator's Facilities Study from the Participating TO, the applicant shall request the Participating TO to tender an Interconnection Agreement. Within twenty (20) Business Days of such request, the Participating TO shall tender to applicant an Interconnection Agreement as provided in Section 8.1.3.
- 10.10 Partial Interim Service. If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount requested in a Completed Interconnection Application, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additional Direct Assignment Facilities or Reliability Upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires such additional facilities or upgrades to the transmission system until such facilities or upgrades have been placed in service.
- 10.11 Expedited Interconnection Procedures. In lieu of the procedures set forth above, the applicant shall have the option to expedite the processing of its Completed Interconnection Application. In order to exercise this option, the applicant shall submit in writing a Request for Expedited Interconnection Procedures to the Participating TO, and to the ISO, if the applicant is a New Facility Operator, within ten (10) Business Days after receiving a copy of the System Impact Study for the proposed Interconnection. Within ten (10) Business Days after receiving a Request

for Expedited Procedures, the Participating TO shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this TO Tariff for processing the Completed Interconnection Application and providing the requested Interconnection. While the Participating TO agrees to provide the applicant with its best estimate of the costs of any needed Direct Assignment Facilities and, if applicable, Reliability Upgrades and other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all actual interconnection costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Interconnection Agreement within ten (10) Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Interconnection Application and will be deemed terminated and withdrawn. In that event, the applicant shall reimburse the Participating TO for all costs reasonably incurred in processing the application not covered by the terms of the System Impact Study Agreement.

11. Uncontrollable Forces and Indemnification.

11.1 Procedures to Follow if Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (i) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (ii) not be entitled to suspend performance in any greater scope or longer duration than is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) keep the other Parties apprised of such efforts on a continual basis and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this

TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12. Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of any FERC-jurisdictional Participating TO furnishing services in accordance with this TO Tariff, or any tariff and rate schedule which results from or incorporates this TO Tariff, unilaterally to make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its rates, including changes in rate methodology, or for a change in designation of transmission facilities to be placed under the ISO's control, in each case under Section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder.
- 12.1. Open Access. For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the ISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.
- 12.2. Stranded Cost Recovery. If a retail customer becomes a legitimate wholesale transmission customer of a public utility or transmitting utility, e.g., through municipalization, and costs are stranded as a result of the retail turned wholesale customer's access to wholesale transmission under this TO Tariff, the utility may seek recovery of such costs through rates for wholesale transmission services to that customer, as provided in FERC Order Nos. 888 and 888-A, provided that nothing in this Section 12.2 shall be deemed in derogation of stranded cost recovery rights under state law.

13. Creditworthiness.

- 13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Low Voltage Transmission Facilities. For the purpose of determining the ability of a UDC, MSS, and Scheduling Coordinator to meet its obligations related to service using the Participating TO's Low Voltage Transmission Facilities hereunder, the Participating TO may require reasonable credit review procedures for the UDC, MSS, or Scheduling Coordinator. This review shall be made in accordance with standard commercial practices. In addition, the Participating TO may require the UDC, MSS, or Scheduling Coordinator to provide and maintain in effect during the term of the service, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this TO Tariff, or an alternative form of security proposed by the UDC, MSS, or Scheduling Coordinator and acceptable to the Participating TO, and consistent with commercial practices established by the Uniform Commercial Code, that protect the Participating TO against the risk of non-payment.
- 13.2 End-Users and Certain Wholesale Customers. Creditworthiness rules applicable to End-Users and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service Area shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

14. Disputes. Except as limited below or as otherwise limited by law, the ISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facilities Study Agreement, System Impact Study Agreement or expedited Service Agreement. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

15. Recovery of Reliability Service Costs. Reliability Service costs payable by a utility that is a Participating TO pursuant to the ISO Tariff shall be recovered from End-Users located in the Service Area of that utility and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service Area. Such utility shall file with the Commission and/or the appropriate Local Regulatory Authority(ies) a mechanism for such cost recovery. The recovery of Reliability Service charges applicable to such End Users and certain Wholesale Customers serving load in San Diego Gas & Electric Company's Service Area, is set forth in Appendices V, VI, and VII attached hereto.

16. Miscellaneous

16.1 Notices. Any notice, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon delivery if delivered by prepaid commercial courier service, in each case addressed to a Party at the address set forth in Appendix IV. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix IV to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff or in connection with operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

16.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

16.3 Confidentiality.

16.3.1 Maintaining Confidentiality If Not for Public Disclosure. The Participating

TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Party that such Party may designate as confidential, provided, however, that the information will not be held confidential by the receiving Party if (1) the designating Party is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the public on a non-confidential basis (other than from the receiving Party).

16.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 16.3.2 to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 16.3.2, the Party may disclose such information; provided, however, that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- 16.4 TO Tariff Supersedes Existing Tariffs. This TO Tariff, together with the ISO Tariff and wholesale distribution access tariff, if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 16.5 Titles. The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 16.6 Severability. If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 16.7 Preservation of Obligations. Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.

16.8 Governing Law. This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.

16.9 Appendices Incorporated. The several appendices to this TO Tariff, as may be revised from time to time, are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.

APPENDIX I

Transmission Revenue Requirement

1. End-Use Customers: For the purpose of the calculation of the End-User Access Charge for transmission services, the Transmission Revenue Requirement is equal to the retail Base Transmission Revenue Requirement determined pursuant to the formula stated in Appendix VIII reduced by the TRBAA associated with End-Use Customers.
2. For purposes of the ISO's calculation of Access Charges:
 - a. The High Voltage Transmission Revenue Requirement is comprised of the Base Transmission Revenue Requirement associated with High Voltage Transmission Facilities determined pursuant to the formula stated in Appendix VIII hereof, the TRBAA associated with High Voltage Transmission Facilities, and Stand-by Transmission Revenues determined pursuant to Appendices VIII and IX hereof.
 - b. The Low Voltage Transmission Revenue Requirement is comprised of the Base Transmission Revenue Requirement associated with Low Voltage Transmission Facilities determined pursuant to the formula stated in Appendix VIII hereof, the TRBAA associated with Low Voltage Transmission Facilities, and Stand-by Transmission Revenues determined pursuant to Appendices VIII and IX hereof.
 - c. Gross Load consistent with the High Voltage Transmission Revenue Requirement shall be 19,404,874-megawatt hours.

APPENDIX II

Charges For Wholesale Transmission Services

High Voltage Wheeling Access Charge	See ISO Tariff
Low Voltage Wheeling Access Charge	Determined in accordance with Appendices VIII and IX
Low Voltage Access Charge	Determined in accordance with Appendices VIII and IX
High Voltage Utility-Specific Rate (1)	Determined in accordance with Appendices VIII and IX

(1) High Voltage Utility Specific Rate reflects Transmission Surcharge rate per Docket ER01-3074-000 and Security Revenues in Docket ER02-1687-000.

APPENDIX III

Access Charges for End-Use Customers

[SEE ATTACHED]

Retail Transmission Revenue Balancing Account Adjustment Rate (TRBAA)

A Transmission Revenue Balancing Account Adjustment Rate equal to (\$0.00170) per kilowatt-hour shall be applied to all SDG&E End-User Customers bills.

ISO Wholesale Transmission Revenue Balancing Account Adjustment TRBAA Service Year 2017

A:	High Voltage TRBAA	\$	(31,191,079)
B.	Low Voltage TRBAA		<u>(1,923,958)</u>
C.	Total ISO Wholesale TRBAA:	\$	<u>(33,115,037)</u>

APPENDIX III

Access Charges for End-Use Customers

Transmission Access Charge Balancing Account Adjustment Rate (TACBAA)

A Transmission Access Charge Balancing Account Adjustment Rate equal to
(\$0.00895) per kilowatt-hour shall be billed to all SDG&E End-User Customers.

APPENDIX IV

Notices

Designated Representative:

Chris Lyons
Senior Counsel
8330 Century Park Ct.
San Diego, CA 92123
Telephone: (858) 654-1559

Shivani Sidhar
Regulatory Case Manager
8330 Century Park Ct.
San Diego, CA 92123
Telephone: (858) 637-7914

APPENDIX V

Reliability Services Revenue Requirement

1. The Reliability Services Revenue Requirement of \$3,114,000 is equal to the forecast of Reliability Services payments the Participating TO will make to the ISO during the twelve Month period following the Effective Date of the Rate Schedule, the balance in the RS balancing account from the preceding year, including an adjustment for franchise fees and uncollectible accounts expense.
2. The amount in (1) shall be effective until amended by the Participating TO in accordance with Appendix VI to this Tariff.

APPENDIX VI

Reliability Services Rate Schedule

1. **Applicability.** This rate schedule is applicable to all End-Users of SDG&E and Wholesale Customers serving load in SDG&E's Service Area.
2. **Description.** The purpose of this Reliability Services Rate Schedule is to set forth rates to be charged by the Participating TO for the recovery of Reliability Services costs billed to the Participating TO by the ISO for Reliability Services that enhance reliable grid operations and local area reliability. RS costs incurred by the ISO are recovered from the utility that is a party to a Transmission Control Agreement, consistent with the ISO Tariff and section 3.83 of this TO Tariff.
3. **Intentionally Omitted**
4. **Reliability Service Revenue Requirement.** The initial RS revenue requirement, that is effective beginning on the Effective Date of this rate schedule, shall be established through a filing by the Participating TO with the FERC under Section 205 of the Federal Power Act. The initial RS revenue requirement shall be equal to the forecast RS payments the Participating TO will make to the ISO during the twelve-month period following the Effective Date.

Subsequent to the establishment of the initial RS revenue requirement, the revenue requirement and associated RS charges shall be revised annually effective on January 1 of each year. To implement this annual revision, the Participating TO shall file with the FERC for a revision to the RS revenue requirement and RMR

charges in December of the year prior to January 1 of the following calendar year, requesting as necessary, waiver of all prior notice requirements. In the annual revision, the RS revenue requirement shall be established based on the forecast of RS costs for the calendar year, plus the recorded balance in the RS balancing account (RSBA) as of November 30 of the year prior to commencement of the following calendar year.

The RSBA is a mechanism that is designed to ensure that SDG&E neither under recovers nor over recovers from customers the RS costs. The balance in the account represents the cumulative difference between the revenues billed by SDG&E under RS charges to End User Customers and Wholesale Customers serving load in SDG&E's Service Area and the RS costs paid by SDG&E to the ISO, plus costs incurred by SDG&E pursuant to Section 3 of this Appendix VI, plus interest. Interest shall be calculated using the interest rate pursuant to Section 35.19a of the FERC's regulations under the Federal Power Act (18 CFR Section 35.19a). Interest shall be calculated based on the average RSBA balance each month, compounded quarterly.

5. **RS Charges.** Charges for recovery of the RS Requirement are provided in Appendix VII.

6. **Effective Date.** This rate schedule is effective for service rendered on and after the date designated by the Commission.

APPENDIX VII

Reliability Must-Run Charges for End Users¹

[SEE ATTACHED]

¹ These charges represent the rates for recovery of the RMR revenue requirement.

Summary of Reliability Services Retail Transmission Rates

Line No.	Customer Classes	(A) Transmission Level Energy Rates \$/kWh	(B) Transmission Level Demand Rates \$/kW-Mo	(C) Primary Level Demand Rates \$/kW-Mo	(D) Secondary Level Demand Rates \$/kW-Mo	Line No.
1	Residential	0.00019				1
2						2
3	Small Commercial	0.00015				3
4						4
5	Medium & Large Commercial/Industrial (1)	0.00002	0.04	0.04	0.05	5
6	Vehicle Grid Integration Rate (3)	0.00014				6
7						7
8	Agricultural					8
9	Schedules PA and TOU- PA	0.00011				9
10	Schedules PA-T-1(1)	0.00002	0.02	0.02	0.02	10
11						11
12	Street Lighting	0.00013				12
13						13
14	Standby Rate (2)		0.02	0.02	0.02	14

2017 Service Year

- (1) Demand rate applied to customers monthly maximum demand.
- (2) Demand rate applied to standby customers contract demand.
- (3) Volumetric rate applied to customer participants on the Vehicle Grid Integration Pilot Program.

Wholesale RS Rate

	\$/kWh
Wholesale RS rate	0.00016

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 Allocation Factor
 - 5. Transmission Related Property Tax Allocation Factor
 - 6. 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
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38. Payroll Taxes
39. Prepayments
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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 Depreciated 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. Transmission Related Electric Miscellaneous Intangible Plant
- 70. Transmission Related Electric Miscellaneous Intangible Plant
Accumulated Deferred Income Taxes
- 71. Transmission Related Electric Miscellaneous Intangible Plant
Amortization Expense
- 72. Transmission Related Electric Miscellaneous Intangible Plant
Amortization Reserve
- 73. Transmission Related Materials & Supplies
- 74. Transmission Related Municipal Franchise Tax Expense
- 75. Transmission Related Payroll Tax Expense
- 76. Transmission Related Prepayments
- 77. Transmission Related Property Taxes
- 78. Transmission Related Regulatory Debits
- 79. Transmission Related Revenue Credits
- 80. Transmission Related Uncollectible Expense
- 81. True-Up Period
- 82. Uncollectible Expense
- 83. Valley Rainbow Project Costs Amortization Expense
- 84. 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 "TO4 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.

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

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

Protocols.

SDG&E has the right to modify the TO4 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. 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 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. 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, (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 Allocation Factor shall equal the ratio of the sum of SDG&E's total investment in Transmission Plant and Transmission Related General Plant and 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").
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. 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).
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.
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 TO4 Cycle 1, the Forecast Period will be 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 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 TO4 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 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 Cycle1 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 begin January 1 and end 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%, 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 product of sum of (a) Transmission Plant Depreciation Expense, (b) General Plant Depreciation Expense, (c) Common Plant Depreciation Expense, 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 transmission costs recorded in FERC Account Nos. 561.4 and 561.8, minus transmission costs currently recorded in 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, minus CAISO Grid Management 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, Reliability Must Run and Market Redesign Technology Update ("MRTU") 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 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 TO4 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 TO4. However, the overall composite depreciation rate of 2.52% (based on plant balances as of 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 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, 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 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 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.
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 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. 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. 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 Allocation Factor.
72. 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 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. Transmission Related Materials & Supplies shall equal SDG&E's electric balance of Materials and Supplies multiplied by the Transmission Plant Allocation Factor.
74. 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. Transmission Related Payroll Taxes Expense shall equal SDG&E's total

electric Payroll Taxes expense recorded in FERC Account No. 408.1, multiplied by the Transmission Wages and Salaries Allocation Factor.

76. 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. Transmission Related Property Taxes shall equal Property Taxes, excluding property taxes directly assigned to SONGS, multiplied by the Transmission Related Property 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. Transmission Related Regulatory Debits shall equal SDG&E's amortization expense associated with Other Regulatory Assets/Liabilities debited to FERC Account No. 407.3 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. Transmission Related Revenue Credits shall include 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. 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. 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. 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. 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 and Common 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 TO4 Formula Rate Spreadsheet consists of the following:

- Statement BK1 (Derives End Use BTRR) and BK2 (Derives CAISO BTRR),
- 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 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 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_

TO4 FORMULA RATE PROTOCOLS

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 TO Formula ("TO4 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. The sources of the data used in the TO4 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 TO4 FORMULA

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

The TO4 Formula shall be in effect through December 31, 2018, subject to the following sentence. Each party to Docket No. ER13-941 (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 Formula by providing notice to SDG&E and to each Party no later than June 30, 2016 ("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. All Parties retain their full rights to oppose the filing.

After termination of the TO4 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 TO4 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.

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.

Notwithstanding the foregoing, the existing rates in effect at the time the TO4 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 set forth in the following tables.

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 Discovery ⁴	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).

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

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

1. Draft Informational Filing

On or before June 15 of each year, SDG&E shall post on its OASIS at 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:

- a. The populated version of the Formula Rate Spreadsheet itself and accompanying workpapers in fully functional, native format, with all formulas and links intact.

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

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; 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 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.

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

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.

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 Docket No. E13-941 ("Protective Order").⁸ Interested Parties will have all rights provided to them under the Protective Order to challenge SDG&E's classification of any materials as Protected

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

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 master's responsibility shall be transferred to the Presiding

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

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, 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 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 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 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 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 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 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

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

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 TO4 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 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, 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

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.

(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 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 Filing submitted in Docket No. ER13-941, 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 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 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 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 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 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 TO4 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 TO4 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 TO4 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 TO4 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.

4. Abandoned Plant for Non-Incentive Projects

SDG&E reserves the right to make a single-issue Section 205 filing to seek 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 TO4 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 TO4 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 TO4 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.

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

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.

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 Formula, or to submit any other request for relief under any applicable provision of the FPA and/or the Commission's regulations.
3. 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

TO4 FORMULA
APPENDIX VIII
ATTACHMENT 2
FORMULA RATE
SPREADSHEET

San Diego Gas & Electric Company
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period Ending xxxxxx
(\$1,000)

Line No.		Amounts ⁵	Reference	Line No.
1	<u>A. Revenues:</u>			1
2	Transmission Operation & Maintenance Expense	\$ -	Statement AH; Page 5, Line 9	2
3				3
4	Transmission Related A&G Expense	#DIV/0!	Statement AH; Page 5, Line 56	4
5				5
6	CPUC Intervenor Funding Expense - Transmission	-	Statement AH; Page 5, Line 17	6
7				7
8	Total O&M Expenses	#DIV/0!	Sum Lines 2 thru 6	8
9				9
10	Transmission, General, Common Plant Depn. Exp., and Electric Misc. Intangible Plant Amort. Exp.	#DIV/0!	Statement AJ; Page 7, Line 17	10
11				11
12	Valley Rainbow Project Cost Amortization Expense	-	Statement AJ; Page 7, Line 19	12
13				13
14	Transmission Plant Abandoned Project Cost Amortization Expense	-	Statement AJ; Page 7, Line 23	14
15				15
16	Transmission Related Property Taxes Expense	#DIV/0!	Statement AK; Page 8, Line 27	16
17				17
18	Transmission Related Payroll Taxes Expense	#DIV/0!	Statement AK; Page 8, Line 33	18
19				19
20	Sub-Total Expense	#DIV/0!	Sum Lines 8 thru 18	20
21				21
22	Cost of Capital Rate (COCR)	#DIV/0!	Statement AV; Page 15, Line 31	22
23	Transmission Rate Base	#DIV/0!	Statement BK-1; Page 2, Line 26	23
24	Return and Associated Income Taxes	#DIV/0!	Line 22 x Line 23	24
25				25
26	South Georgia Income Tax Adjustment	\$ -	Statement AQ; Page 11, Line 1	26
27	Transmission Related Amortization of Investment Tax Credits	-	Statement AR; Page 12, Line 1	27
28	Transmission Related Amortization of Excess Deferred Tax Liabilities	-	Statement AR; Page 12, Line 3	28
29	Transmission Related Revenue Credits	-	Statement AU; Page 13, Line 11	29
30	Transmission Related Regulatory Debits	-	Misc. Statement; Page 17, Line 1	30
31	(Gains)/Losses from Sale of Plant Held for Future Use	-	Statement AU; Page 13, Line 13	31
32				32
33	End of Prior Year Revenues (PYRR _{EU}) Excluding FF&U	#DIV/0!	Line 20 + Sum Lines (24 thru 31)	33
34				34
35	<u>B. Incentive ROE Project Transmission Revenue:</u>			35
36	Incentive Transmission Plant Depreciation Expense	\$ -	Statement AJ; Page 7; Line 21	36
37				37
38	Incentive Cost of Capital Rate (COCR) ¹	#DIV/0! ⁴	Statement AV; Page 16, Line 31	38
39	Total Incentive ROE Project Transmission Rate Base	\$ -	Statement BK-1; Page 2; Line 31	39
40	Incentive ROE Project Return and Associated Income Taxes	#DIV/0!	Line 38 x Line 39	40
41				41
42	Total Incentive ROE Project Transmission Revenue	#DIV/0!	Sum Lines 36; 40	42
43				43
44	<u>C. Incentive Transmission Plant Abandoned Project Revenue:</u>			44
45	Incentive Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	Statement AJ; Page 7; Line 25	45
46				46
47	Total Incentive Transmission Plant Abandoned Project Cost Rate Base	\$ -	Statement BK-1; Page 2; Line 36	47
48	Cost of Capital Rate (COCR)	#DIV/0!	Statement AV; Page 15, Line 31	48
49	Incentive Transmission Plant Abandoned Project Return and Associated Income Taxes	#DIV/0!	Line 47 x Line 48	49
50				50
51	Total Incentive Transmission Plant Abandoned Project Revenue	#DIV/0!	Sum Lines 45; 49	51
52				52
53	<u>D. Incentive Transmission Construction Work In Progress (CWIP) Revenue:</u>			53
54	Incentive Transmission Construction Work In Progress ²	\$ -	Statement BK-1; Page 2; Line 38	54
55	Cost of Capital Rate (COCR)	#DIV/0!	Statement AV; Page 15, Line 31	55
56	Incentive CWIP Return and Associated Income Taxes	#DIV/0!	Line 54 x Line 55	56
57				57
58	Total Incentive End of Prior Year Revenues (PYRR _{EU-IR}) Excluding FF&U	#DIV/0!	Sum Lines 42; 51; 56	58
59				59
60	<u>E. Total (PYRR_{EU}) Excluding FF&U ³</u>	#DIV/0!	Sum Lines 33; 58	60

¹ The incentive rate cost components for each ROE incentive project will be tracked and shown separately for each project and lines 36 through 40 will be repeated for each project. As a result, the data on this page may carryover to the next page.

² Incentive Transmission CWIP shall be the CWIP for which SDG&E is authorized to collect incentives under FERC Order No. 679 and will be tracked and shown for each project and lines 54 through 56 will be repeated for each project.

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

⁴ The Incentive Cost of Capital Rate will be tracked and shown separately for each project. However, this will be entered as 0% in BK-1 when there's no incentive project to show.

⁵ 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.

San Diego Gas & Electric Company
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})

For the Base Period Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>A. Transmission Rate Base:</u>			
1	Net Transmission Plant:			1
2	Transmission Plant	\$ -	Statement BK-1; Page 3; Line 16	2
3	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Statement BK-1; Page 3; Line 17	3
4	Transmission Related General Plant	#DIV/0!	Statement BK-1; Page 3; Line 18	4
5	Transmission Related Common Plant	#DIV/0!	Statement BK-1; Page 3; Line 19	5
6	Total Net Transmission Plant	#DIV/0!	Sum Lines 2 thru 5	6
7				7
8	<u>Rate Base Additions:</u>			8
9	Transmission Plant Held for Future Use	\$ -	Statement AG; Page 4; Line 1	9
10	Transmission Plant Abandoned Project Cost	-	Misc. Statement; Page 17, Line 4	10
11	Total Rate Base Additions	\$ -	Sum Lines 9 thru 10	11
12				12
13	<u>Rate Base Reductions:</u>			13
14	Transmission Related Accum. Def. Inc. Taxes	\$ -	Statement AF; Page 3; Line 5	14
15	Transmission Plant Abandoned Accum. Def. Inc. Taxes	-	Statement AF; Page 3; Line 9	15
16	Total Rate Base Reductions	\$ -	Sum Lines 14 thru 15	16
17				17
18	<u>Working Capital:</u>			18
19	Transmission Related Materials and Supplies	#DIV/0!	Statement AL; Page 9; Line 5	19
20	Transmission Related Prepayments	#DIV/0!	Statement AL; Page 9; Line 9	20
21	Transmission Related Cash Working Capital	#DIV/0!	Statement AL; Page 9; Line 19	21
22	Total Working Capital	#DIV/0!	Sum Lines 19 thru 21	22
23				23
24	Other Regulatory Assets/Liabilities	-	Misc. Statement; Page 17, Line 7	24
25				25
26	Total Transmission Rate Base	#DIV/0!	Sum Lines 6; 11; 16; 22; 24	26
27				27
28	<u>B. Incentive ROE Project Transmission Rate Base:</u>			28
29	Net Incentive Transmission Plant ¹	\$ -	Statement BK-1; Page 3; Line 25	29
30	Incentive Transmission Plant Accum. Def. Income Taxes	-	Statement AF; Page 3; Line 7	30
31	Total Incentive ROE Project Transmission Rate Base	\$ -	Sum Lines 29 thru 30	31
32				32
33	<u>C. Incentive Transmission Plant Abandoned Project Rate Base:</u>			33
34	Incentive Transmission Plant Abandoned Project Cost	\$ -	Misc. Statement; Page 17, Line 10	34
35	Incentive Transmission Plant Abandoned Project Cost Accum. Def. Inc. Taxes	-	Statement AF; Page 3; Line 11	35
36	Total Incentive Transmission Plant Abandoned Project Cost Rate Base	\$ -	Sum Lines 34 thru 35	36
37				37
38	<u>D. Incentive Transmission Construction Work In Progress ²</u>	\$ -	Statement AM; Page 10; Line 1	38

¹ The Incentive ROE Transmission Plant will be tracked and shown for each incentive project and lines 29 through 31 will be repeated for each project.

² Incentive CWIP projects will be tracked separately and line 38 will be shown for each project.

San Diego Gas & Electric Company
Statement BK-1
Derivation of End Use Prior Year Revenue Requirements (PYRR_{EU})
For the Base Period Ending xxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
	<u>A. Transmission Plant:</u>			
1	Gross Transmission Plant:			1
2	Transmission Plant	\$ -	Statement AD; Page 1, Line 15	2
3	Transmission Related Electric Misc. Intangible Plant	#DIV/0!	Statement AD; Page 1, Line 31	3
4	Transmission Related General Plant	#DIV/0!	Statement AD; Page 1, Line 33	4
5	Transmission Related Common Plant	#DIV/0!	Statement AD; Page 1, Line 35	5
6	Total Gross Transmission Plant	#DIV/0!	Sum Lines 2 thru 5	6
7				7
8	<u>Transmission Related Depreciation Reserve:</u>			8
9	Transmission Plant Depreciation Reserve	\$ -	Statement AE; Page 2, Line 1	9
10	Transmission Related Electric Misc. Intangible Plant Amortization Reserve	#DIV/0!	Statement AE; Page 2, Line 11	10
11	Transmission Related General Plant Depr Reserve	#DIV/0!	Statement AE; Page 2, Line 13	11
12	Transmission Related Common Plant Depr Reserve	#DIV/0!	Statement AE; Page 2, Line 15	12
13	Total Transmission Related Depreciation Reserve	#DIV/0!	Sum Lines 9 thru 12	13
14				14
15	<u>Net Transmission Plant:</u>			15
16	Transmission Plant	\$ -	Line 2 Minus Line 9	16
17	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Line 3 Minus Line 10	17
18	Transmission Related General Plant	#DIV/0!	Line 4 Minus Line 11	18
19	Transmission Related Common Plant	#DIV/0!	Line 5 Minus Line 12	19
20	Total Net Transmission Plant	#DIV/0!	Sum Lines 16 thru 19	20
21				21
22	<u>B. Incentive Project Transmission Plant:</u>			22
23	Incentive Transmission Plant ¹	\$ -	Statement AD; Page 1, Line 17	23
24	Incentive Transmission Plant Depreciation Reserve ¹	-	Statement AE; Page 2, Line 19	24
25	Total Net Incentive Transmission Plant	\$ -	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 and 24 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	<u>A. Derivation of Annual Fix Charge Rate (AFCR_{EU}) Applicable to</u>			1
2	<u>Weighted Forecast Plant Additions:</u>			2
3	PYRR _{EU} Excluding Franchise Fees and Uncollectible	#DIV/0!	Statement BK-1; Page 1; Line 33	3
4	50% of Transmission O&M Expense	-	Statement BK-1; Page 1; Line 2 * 50%	4
5	50% of Transmission Related A&G Expense	#DIV/0!	Statement BK-1; Page 1; Line 4 * 50%	5
6	CPUC Intervenor Funding Expense - Transmission	-	Statement BK-1; Page 1; Line 6	6
7	Valley Rainbow Project Cost Amortization Expense	-	Statement BK-1; Page 1; Line 12	7
8	South Georgia Income Tax Adjustment	-	Statement BK-1; Page 1; Line 26	8
9	Transmission Related Amortization of Investment Tax Credit	-	Statement BK-1; Page 1; Line 27	9
10	Transmission Related Amortization of Excess Deferred Tax Liabilities	-	Statement BK-1; Page 1; Line 28	10
11	(Gains)/Losses from Sale of Plant Held for Future Use	-	Statement BK-1; Page 1; Line 31	11
12	Adjusted Total (PYRR _{EU}) Excluding FF&U	#DIV/0!	Sum Lines 3 thru 11	12
13				13
14	Gross Transmission Plant	#DIV/0!	Statement BK-1; Page 3, Line 6	14
15				15
16	Annual Fix Charge Rate (AFCR _{EU})	#DIV/0!	Line 12 / Line 14	16
17				17
18	Weighted Forecast Plant Additions	\$ -	Summary of HV-LV Plant Additions; Pg 1; Ln 5, Col. (f)	18
19				19
20	Forecast Period Capital Addition Revenue Requirements	#DIV/0!	Line 16 x Line 18	20

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	<u>A. Derivation of Annual Fix Charge Rate (AFCR_{EU-IR-ROE}) Applicable to</u>			1
2	<u>Incentive Weighted Forecast Plant Additions (ROE Incentive Only):</u>			2
3	PYRR _{EU-IR-ROE} Excluding Franchise Fees and Uncollectible	#DIV/0!	Statement BK-1; Page 1; Line 33 + Line 42	3
4	50% of Transmission O&M Expense	-	Statement BK-1; Page 1; Line 2 * 50%	4
5	50% of Transmission Related A&G Expense	#DIV/0!	Statement BK-1; Page 1; Line 4 * 50%	5
6	CPUC Intervenor Funding Expense - Transmission	-	Statement BK-1; Page 1; Line 6	6
7	Valley Rainbow Project Cost Amortization Expense	-	Statement BK-1; Page 1; Line 12	7
8	South Georgia Income Tax Adjustment	-	Statement BK-1; Page 1; Line 26	8
9	Transmission Related Amortization of Investment Tax Credit	-	Statement BK-1; Page 1; Line 27	9
10	Transmission Related Amortization of Excess Deferred Tax Liabilities	-	Statement BK-1; Page 1; Line 28	10
11	(Gains)/Losses from Sale of Plant Held for Future Use	-	Statement BK-1; Page 1; Line 31	11
12	Adjusted Total (PYRR _{EU-IR-ROE}) Excluding FF&U	#DIV/0!	Sum Lines 3 thru 11	12
13				13
14	Gross Transmission Plant & Incentive Transmission Plant	#DIV/0!	Statement BK-1; Page 3, Line 6 + Line 23	14
15				15
16	Incentive Annual Fix Charge Rate (AFCR _{EU-IR-ROE}) ¹	#DIV/0!	Line 12 / Line 14	16
17				17
18	Incentive Weighted Forecast Plant Additions	\$ -	Summary of HV-LV Plant Additions; Pg 1; Ln 8; Col. (f)	18
19				19
20	Forecast Period Incentive Capital Addition Revenue Requirements (FC _{EU-IR-ROE})	#DIV/0!	Line 16 x Line 18	20
21				21
22	<u>B. Derivation of Incentive Forecast Transmission CWIP Revenues:</u>			22
23	<u>1. For the Period After the Base Period and Before the Rate Effective Period:</u>			23
24	Incentive Weighted Forecast Transmission Construction Work In Progress	\$ -	Summary of HV-LV Plant Additions; Pg 1; Ln 10; Col. (f)	24
25				25
26	Cost of Capital Rate (COCR)	#DIV/0!	Statement AV; Page 15, Line 31	26
27				27
28	Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Line 24 x Line 26	28
29				29
30	<u>2. For the Period During the Rate Effective Period:</u>			30
31	Incentive Weighted Forecast Transmission Construction Work In Progress	\$ -	Summary of HV-LV Plant Additions; Pg 1; Ln 12; Col. (f)	31
32				32
33	Cost of Capital Rate (COCR)	#DIV/0!	Statement AV; Page 15, Line 31	33
34				34
35	Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Line 31 x Line 33	35
36				36
37	Total Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Sum Lines 28; 35	37

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	<u>A. End Use Customer Base Transmission Revenue Requirement (BTRR_{EU}):</u>			1
2				2
3	End of Prior Year Revenues (PYRR _{EU}) Excluding FF&U	#DIV/0!	Statement BK-1; Page 1; Line 33	3
4				4
5	Incentive End of Prior Year Revenues (PYRR _{EU-IR}) Excluding FF&U	#DIV/0!	Statement BK-1; Page 1; Line 58	5
6				6
7	Sub-Total Base Period Revenues	#DIV/0!	Sum Lines 3 thru 5	7
8				8
9	Retail True-Up Period Adjustment	\$ -	(Retail TU Adj; Total Col; Line 29) / 1,000	9
10				10
11	Retail Interest True-Up Adjustment	-	(Retl Int TU-1 + Retl Int TU-2; Ttl Col; Ln 20)/1,000	11
12				12
13	Sub-Total True-Up Adjustments	\$ -	Sum Lines 9 thru 11	13
14				14
15	<u>B. Annual Fixed Charges Applicable to Capital Projects:</u>			15
16				16
17	Forecast Period Capital Addition Revenue Requirements	#DIV/0!	Statement BK-1; Page 4, Line 20	17
18				18
19	<u>C. Annual Fixed Charges Applicable to Incentive Capital Projects:</u>			19
20				20
21	Forecast Period Incentive Capital Additions Revenue Requirements (FC _{EU-IR-ROE})	#DIV/0!	Statement BK-1; Page 5, Line 20	21
22				22
23	<u>D. Incentive Forecast Transmission CWIP Revenues:</u>			23
24				24
25	Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Statement BK-1; Page 5, Line 37	25
26				26
27	<u>E. Subtotal BTRR_{EU} Excluding FF&U:</u>	#DIV/0!	Sum Lines 7; 13; 17; 21; 25	27
28				28
29	Transmission Related Municipal Franchise Fees Expenses	#DIV/0!	Line 27 x 1.031%	29
30	Transmission Related Uncollectible Expense	#DIV/0!	Line 27 x 0.174%	30
31				31
32	<u>F. Total Retail BTRR_{EU} With FF&U</u>	#DIV/0!	Sum Lines 27 thru 30	32

San Diego Gas & Electric Company
Statement BK-2
Derivation of CAISO Total Base Transmission Revenue Requirements
For the Base Period Ending xxxxxx
(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>A. Total (PYRR_{EU}) Excluding FF&U: ¹</u>	#DIV/0!	Statement BK-1; Page 1; Line 60	1
2				2
3	<u>B. Wholesale BTRR Adjustments:</u>			3
4	CPUC Intervenor Funding Expense - Transmission	-	Statement BK-1; Page 1; Line 6	4
5				5
6	CPUC Intervenor Funding Expense Revenue Adjustment	#DIV/0!	Statement AL; Page 9; Line 30	6
7				7
8	South Georgia Income Tax Adjustment	-	Statement BK-1; Page 1; Line 26	8
9				9
10	Transmission Related Amortization of Excess Deferred Tax Liabilities	-	Statement BK-1; Page 1; Line 28	10
11				11
12	Total Wholesale BTRR Adjustments	<u>#DIV/0!</u>	Sum Lines 4 thru 10	12
13				13
14	Wholesale Prior Year Revenue Requirements (PYRR _{CAISO})	#DIV/0!	Sum Lines 1; 12	14
15				15
16	Wholesale True-Up Adjustment	-	(Wholesale TU Adj; Total Col; Line 29) / 1,000	16
17				17
18	Wholesale Interest True-Up Adjustment	<u>-</u>	(Wholesale Int TU-1 + Wholesale Int TU-2; Ttl Col; Ln 20) / 1000	18
19				19
20	Wholesale BTRR Before Forecast Prior Year Revenue Requirements (PYRR _{CAISO})	#DIV/0!	Sum Lines 14 thru 18	20
21				21
22	Forecast Period Capital Addition Revenue Requirements	#DIV/0!	Statement BK-1; Page 4; Line 20	22
23				23
24	Forecast Period Incentive Capital Addition Revenue Requirements (FC _{EU-IR-ROE})	#DIV/0!	Statement BK-1; Page 5; Line 20	24
25				25
26	Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Statement BK-1; Page 5; Line 37	26
27				27
28	<u>C. Total Wholesale BTRR Excluding Franchise Fees</u>	<u>#DIV/0!</u>	Sum Lines 20 thru 26	28

¹ 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-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.
<u>A. Derivation of Revenues Related With Total Transmission Facilities:</u>						
1	Wholesale BTRR Before Forecast Prior Year Revenue Requirements (PYRR _{CAISO})	#DIV/0!	Statement BK-2; Page 1; Line 20			1
2						2
3	Forecast Period Capital Addition Revenue Requirements	#DIV/0!	Statement BK-2; Page 1; Line 22			3
4						4
5	Forecast Period Incentive Capital Additions Revenue Requirements (FC _{EU-IR-ROE})	#DIV/0!	Statement BK-2; Page 1; Line 24			5
6						6
7	Incentive Transmission Forecast CWIP Projects Revenue Requirements	#DIV/0!	Statement BK-2; Page 1; Line 26			7
8						8
9	Total Wholesale BTRR Excluding Franchise Fees	#DIV/0!	Sum Lines 1 thru 7			9
10						10
<u>B. Derivation of Split Between HV and LV: ¹</u>						11
		(a)	(b)	(c)		11
		Total	High Voltage	Low Voltage	Reference	12
<u>1. Percent Split Between HV & LV for Recorded Non-Incentive & Incentive Gross Transmission Plant Facilities and Incentive CWIP:</u>						13
14	Gross Transmission Plant Facilities ²	\$ -	\$ -	\$ -	HV-LV Study, Line 3 below ⁶	14
15	HV-LV Plant Allocation Ratios ³	#DIV/0!	#DIV/0!	#DIV/0!	Ratios Based on Line 14	15
16	Total HV-LV Transmission Plant Facilities Revenues	#DIV/0!	#DIV/0!	#DIV/0!	Line 15 x Line 16; Col A	16
17						17
<u>2. Percent Split Between HV and LV of Forecast Plant Adds Applicable to Forecast Period:</u>					Summary of HV-LV Splits for	18
19		\$ -	\$ -	\$ -	Forecast Plant Adds; Page 1; Line 16	19
20	HV-LV Plant Allocation Ratios Based on Forecast Plant Additions	#DIV/0!	#DIV/0!	#DIV/0!	Ratios Based on Line 19	20
21	Total HV-LV Transmission Forecast Plant Additions Revenues	#DIV/0!	#DIV/0!	#DIV/0!	Line 20 x Line 21; Col A	21
22						22
<u>C. Summary of CAISO Transmission Facilities by High Voltage and Low Voltage Classification:</u>						23
24						24
25	Recorded Transmission Facilities (BTRR _{CAISO}) Excluding Franchise Fees	#DIV/0!	#DIV/0!	#DIV/0!	Line 16 From Above	25
26	Franchise Fee (FF) @ 1.031% ⁴	#DIV/0!	#DIV/0!	#DIV/0!	Line 25 x 1.031%	26
27	Total Recorded Transmission Facilities BTRR _{CAISO} With Franchise Fees	#DIV/0!	#DIV/0!	#DIV/0!	Sum Lines 25 thru 26	27
28						28
29	Forecast Transmission Facilities (BTRR _{CAISO}) Excluding Franchise Fees	#DIV/0!	#DIV/0!	#DIV/0!	Line 21 From Above	29
30	Franchise Fee (FF) @ 1.031% ⁴	#DIV/0!	#DIV/0!	#DIV/0!	Line 29 x 1.031%	30
31	Total Recorded Transmission Facilities BTRR _{CAISO} With Franchise Fees	#DIV/0!	#DIV/0!	#DIV/0!	Sum Lines 29 thru 30	31
32						32
33	<u>D. Total (BTRR_{CAISO}) With Franchise Fees ⁵</u>	#DIV/0!	#DIV/0!	#DIV/0!	Line 27 + Line 31	33

¹ Pursuant to the CAISO's July 5, 2005 filing in compliance with the Commission's December 21, 2004 order, 109 FERC ¶ 61,301 (December 21, Order) and June 2, 2005 Order, 111 FERC ¶ 61,337 (June 2 Order), SDG&E in the instant filing has followed the CAISO's new guidelines to separate all elements of its transmission facilities into HV and LV components. TRBAA cost components shown in the instant filing are separated into the HV and LV components applicable to the CAISO's HV and LV guidelines in effect 1/1/2005 pursuant to CAISO Tariff Appendix F, Sch.3, Section 8.1.

² Use gross plant facilities as of December 31 for the applicable base period.

³ HV-LV plant ratios based upon footnote 2.

⁴ Base franchise fees are applicable to all SDG&E customers.

⁵ The following HV-LV Wholesale Base Transmission Revenue Requirements will be used by the CAISO to develop the TAC rates for the rate effective applicable period.

⁶ Transmission Plant HV/LV Study Classification Summary (\$1,000):

Existing
New
Total

Ln	Total	HV	LV
1	\$ -		
2	-		
3	\$ -	\$ -	\$ -

See HV-LV Study WP

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AD

Cost of Plant

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No		Amounts	Reference	Line No
1	Total Electric Miscellaneous Intangible Plant ¹	\$ -	Stmnt AD WP; Page AD1; Line 1	1
2				2
3	Total Steam Production Plant	-	Stmnt AD WP; Page AD1; Line 3	3
4				4
5	Total Nuclear Production Plant	-	Stmnt AD WP; Page AD1; Line 5	5
6				6
7	Total Hydraulic Production Plant	-	Stmnt AD WP; Page AD1; Line 7	7
8				8
9	Total Other Production Plant	-	Stmnt AD WP; Page AD1; Line 9	9
10				10
11	Total Production Plant and Intangible Plant	\$ -	Sum Lines 1 thru 9	11
12				12
13	Total Distribution Plant	\$ -	Stmnt AD WP; Page AD1; Line 13	13
14				14
15	Transmission Plant ²	\$ -	Stmnt AD WP; Page AD1; Line 15	15
16				16
17	Incentive Transmission Plant ³	-	Stmnt AD WP; Page AD1; Line 17	17
18				18
19	Total Transmission Plant & Incentive Transmission Plant	\$ -	Sum Lines 15 thru 17	19
20				20
21	Total General Plant ¹	\$ -	Stmnt AD WP; Page AD1; Line 21	21
22				22
23	Total Common Plant ¹	\$ -	Stmnt AD WP; Page AD1; Line 23	23
24				24
25	Total Plant in Service	\$ -	Sum Lines 11; 13; 19; 21; 23	25
26				26
27	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 19	27
28				28
29	Total Transmission Plant & Incentive Transmission Plant	\$ -	See Line 19 Above	29
30				30
31	Transmission Related Electric Miscellaneous Intangible Plant	#DIV/0!	Line 1 x Line 27	31
32				32
33	Transmission Related General Plant	#DIV/0!	Line 21 x Line 27	33
34				34
35	Transmission Related Common Plant	#DIV/0!	Line 23 x Line 27	35
36				36
37	Transmission Related Total Plant in Service	#DIV/0!	Sum Lines 29; 31; 33; 35	37
38				38
39	Transmission Plant Allocation Factor ⁴	#DIV/0!	Line 37 / Line 25	39

¹ Electric Miscellaneous Intangible Plant, General Plant, and Common Plant are not affected by the "Seven-Element Adjustment Factor" because there's no transfer of transmission or distribution plant among these categories.

² The amounts stated above are ratemaking utility plant in service and as a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between generation and distribution functions.

³ The purpose of this footnote is to indicate for incentive projects the cost of the project.

⁴ Used to allocate all elements of working capital, other than working cash.

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

Line No	Amounts	Reference	Line No
1 Transmission Plant Depreciation Reserve ¹	\$ -	Stmnt AE WP; Page AE1; Line 1	1
2			2
3 Electric Miscellaneous Intangible Plant Amortization Reserve ²	\$ -	Stmnt AE WP; Page AE1; Line 3	3
4			4
5 General Plant Depreciation Reserve ²	-	Stmnt AE WP; Page AE1; Line 5	5
6			6
7 Common Plant Depreciation Reserve ²	-	Stmnt AE WP; Page AE1; Line 7	7
8			8
9 Transmission Wages and Salaries Allocation Factor	#DIV/0!	Stmnt AE WP; Page AE1; Line 9	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!	Sum Lines 1; 11; 13; 15	17
18			18
19 Incentive Transmission Plant Depreciation Reserve	\$ -	Stmnt AE WP; Page AE1; Line 19	19

¹ The amounts stated above are ratemaking utility plant in service as a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between generation and distribution functions.

² Electric Miscellaneous Intangible Plant, General Plant, and Common Plant are not affected by the "Seven-Element Adjustment Factor" because there's no transfer of transmission or distribution plant among these categories.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AF

Deferred Credits

Base Period 12 - Months Ending xxxxx

(\$1,000)

Line No		Amounts	Reference	Line No
1	Transmission Related ADIT- Excluding Bonus Depreciation	\$ -	Stmnt AF WP; Page AF1; Line 1	1
2				2
3	Transmission Related ADIT from Bonus Depreciation	-	Stmnt AF WP; Page AF1; Line 3	3
4				4
5	Total Transmission Related ADIT	\$ -	Sum Lines 1 thru 3	5
6				6
7	Incentive Transmission Plant ADIT	\$ -	Stmnt AF WP; Page AF1; Line 8	7
8				8
9	Transmission Plant Abandoned ADIT	\$ -	Stmnt AF WP; Page AF1; Line 10	9
10				10
11	Incentive Transmission Plant Abandoned Project Cost ADIT	\$ -	Stmnt AF WP; Page AF1; Line 12	11

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AG

Specified Plant Account (Other than Plant in Service) and Deferred Debits

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No		Amounts	Reference	Line No
1	Transmission Plant Held for Future Use ¹	\$ -	Stmnt AG WP; Page AG1; Line 1	1

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

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AH

Operation and Maintenance Expenses

Base Period 12 - Months Ending xxxxx

(\$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
32			32
33			33
34			34
35			35
36			36
37			37
38			38
39			39
40			40
41			41
42			42
43			43
44			44
45			45
46			46
47			47
48			48
49			49
50			50
51			51
52			52
53			53
54			54
55			55
56			56

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 6.
This expense will be excluded in Wholesale BTRR on BK-2, page 1, line 4.

SAN DIEGO GAS AND ELECTRIC COMPANY

**Statement AI
Wages and Salaries**

Base Period 12 - Months Ending xxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Production Wages & Salaries	\$ -	Stmnt AI WP; Page AII; Line 1	1
2				2
3	Transmission Wages & Salaries	-	Stmnt AI WP; Page AII; Line 3	3
4				4
5	Distribution Wages & Salaries	-	Stmnt AI WP; Page AII; Line 5	5
6				6
7	Customer Accounts Wages & Salaries	-	Stmnt AI WP; Page AII; Line 7	7
8				8
9	Customer Services and Informational Wages & Salaries	-	Stmnt AI WP; Page AII; Line 9	9
10				10
11	Sales Wages & Salaries	-	Stmnt AI WP; Page AII; Line 11	11
12				12
13	Sub-Total	\$ -	Sum Lines 1 thru 11	13
14				14
15	Administrative and General Wages & Salaries	\$ -	Stmnt AI WP; Page AII; Line 15	15
16				16
17	Total Operating & Maintenance Wages & Salaries	\$ -	Sum Lines 13; 15	17
18				18
19	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Line 3 / Line 13	19

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AJ

Depreciation and Amortization Expense

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense (net of incentive depreciation expense on line 21)	\$ -	Stmnt AJ WP; Page AJ1; Line 1	1
2				2
3	Electric Miscellaneous Intangible Plant Amortization Expense	\$ -	Stmnt AJ WP; Page AJ1; Line 3	3
4				4
5	General Plant Depreciation Expense	-	Stmnt AJ WP; Page AJ1; Line 5	5
6				6
7	Common Plant Depreciation Expense	-	Stmnt AJ WP; Page AJ1; Line 7	7
8				8
9	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Stmnt AJ WP; Page AJ1; Line 9	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 Plant Depn. Exp., and Electric Misc. Intangible Plant Amort. Exp.	#DIV/0!	Sum Lines 1; 11; 13; 15	17
18				18
19	Valley Rainbow Project Cost Amortization Expense ¹	\$ -	Stmnt AJ WP; Page AJ1; Line 19	19
20				20
21	Incentive Transmission Plant Depreciation Expense	\$ -	Stmnt AJ WP; Page AJ1; Line 21	21
22				22
23	Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	Stmnt AJ WP; Page AJ1; Line 23	23
24				24
25	Incentive Transmission Plant Abandoned Project Cost Amortization Expense	\$ -	Stmnt AJ WP; Page AJ1; Line 25	25

¹ Amortization approval per ER03-601-000 issued May 2, 2003 for a 10-year period beginning October 2003 and ending September 2013.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AK

Taxes Other Than Income Taxes

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Total Property Taxes	\$ -	Stmnt AK WP; Page AK1; Line 5	1
2				2
3	Less: SONGS Property Taxes	-	Stmnt AK WP; Page AK1; Line 7	3
4				4
5	Property Taxes Less SONGS	\$ -	Line 1 Minus Line 3	5
6				6
7				7
8	<u>Derivation of Transmission Related Property Tax Allocation Factor:</u>			8
9	Total Transmission Plant & Incentive Transmission Plant	\$ -	Stmnt AD WP; Page AD1; Line 29	9
10	Transmission Related Electric Miscellaneous Intangible Plant	0	Shall be Zero	10
11	Transmission Related General Plant	#DIV/0!	Stmnt AD WP; Page AD1; Line 33	11
12	Transmission Related Common Plant	#DIV/0!	Stmnt AD WP; Page AD1; Line 35	12
13	Total	#DIV/0!	Sum Lines 9 thru 12	13
14				14
15	Total Transmission Plant & Incentive Transmission Plant	-	Stmnt AD WP; Page AD1; Line 29	15
16	Total Electric Miscellaneous Intangible Plant	0	Shall be Zero	16
17	Total Steam Plant	-	Stmnt AD WP; Page AD1; Line 3	17
18	Total Nuclear Plant	0	Shall be Zero	18
19	Total Other Production Plant	-	Stmnt AD WP; Page AD1; Line 9	19
20	Total Distribution Plant	-	Stmnt AD WP; Page AD1; Line 13	20
21	Total General Plant	-	Stmnt AD WP; Page AD1; Line 21	21
22	Total Common Plant	-	Stmnt AD WP; Page AD1; Line 23	22
23	Total Investment in Plant Excluding SONGS	\$ -	Sum Lines 15 thru 22	23
24				24
25	Transmission Related Property Tax Allocation Factor	#DIV/0!	Line 13 / Line 23	25
26				26
27	Transmission Related Property Taxes Expense	#DIV/0!	Line 5 x Line 25	27
28				28
29	Payroll Taxes	\$ -	Stmnt AK WP; Page AK1; Line 16	29
30				30
31	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 19	31
32				32
33	Transmission Related Payroll Taxes Expense	#DIV/0!	Line 29 x Line 31	33

SAN DIEGO GAS AND ELECTRIC COMPANY

**Statement AL
Working Capital**

Base Period 12 - Months Ending xxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	A. Plant Materials and Operating Supplies ^a	\$ -	Stmnt AL WP; Page AL1; Line 1	1
2				2
3	Transmission Plant Allocation Factor	#DIV/0!	Stmnt AD WP; Page AD1; Line 39	3
4				4
5	Transmission Related Materials and Supplies	#DIV/0!	Line 1 x Line 3	5
6				6
7	B. Prepayments ^a	\$ -	Stmnt AL WP; Page AL1; Line 7	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:</u>			11
12	Transmission Operation & Maintenance Expense	\$ -	Stmnt AL WP; Page AL1; Line 12	12
13	Transmission Related Administrative & General Expense	#DIV/0!	Stmnt AL WP; Page AL1; Line 13	13
14	CPUC Intervenor Funding Expense - Transmission	-	Stmnt AL WP; Page AL1; Line 14	14
15	Total	#DIV/0!	Sum Lines 12 thru 14	15
16				16
17	One Eighth O&M Method	12.50%	FERC Method = 1/8 of O&M	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	\$ -	Stmnt AL WP; Page AL1; Line 22	22
23				23
24	One Eighth O&M Rule	12.50%	FERC Method = 1/8 of O&M	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!	Stmnt AL WP; Page AL1; Line 28	28
29				29
30	CPUC Intervenor Funding Exp. Revenue Adj. ^b	#DIV/0!	Line 26 x Line 28	30

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

^b This adjustment is being made to BK-2, page 1, line 6 to show that wholesale customers should not pay for this working cash item.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AM

Construction Work In Progress

Base Period 12 - Months Ending xxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Incentive Transmission Construction Work In Progress ^a	\$ -	Stmnt AM WP; Page AM1; Line 1	1

^a 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 AND ELECTRIC COMPANY
Statement AQ
Federal Income Tax Deductions, Other Than Interest
Base Period 12 - Months Ending xxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
1 South Georgia Income Tax Adjustment	\$ -	Stmnt AQ WP; Page AQ1; Line 1	1

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AR

Federal Tax Adjustments

Base Period 12 - Months Ending xxxxx

(\$1,000)

<u>Line No.</u>		<u>Amounts</u>	<u>Reference</u>	<u>Line No.</u>
1	Transmission Related Amortization of Investment Tax Credits	\$ -	Stmnt AR WP; Page AR1; Line 1	1
2				2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities	-	Stmnt AR WP; Page AR1; Line 3	3
4				4
5	Total	<u>\$ -</u>	Sum Lines 1 thru 3	5

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AU

Revenue Credits

Base Period 12 - Months Ending xxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	(451) Miscellaneous Service Revenues	\$ -	Stmnt AU WP; Page AU1; Line 1	1
2				2
3	(453) Sales of Water and Water Power	-	Stmnt AU WP; Page AU1; Line 3	3
4				4
5	(454) Rent from Electric Property	-	Stmnt AU WP; Page AU1; Line 5	5
6				6
7	(455) Interdepartmental Rents	-	Stmnt AU WP; Page AU1; Line 7	7
8				8
9	(456) Other Electric Revenues	-	Stmnt AU WP; Page AU1; Line 9	9
10				10
11	Transmission Related Revenue Credits	\$ -	Sum Lines 1 thru 9	11
12				12
13	(411.6 & 411.7) Gain or Loss From Sale of Plant Held for Future Use	\$ -	Stmnt AU WP; Page AU1; Line 13	13

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>Long-Term Debt Component - Denominator:</u>			1
2	(Plus): Account 221 - Bonds	\$ -	Stmnt AV WP; Page AV1; Line 2	2
3	(Less): Account 222 - Reacquired Bonds	-	Stmnt AV WP; Page AV1; Line 3	3
4	(Plus): Account 224 - Other Long-Term Debt (Acct. 224)	-	Stmnt AV WP; Page AV1; Line 4	4
5	(Plus): Account 225 - Unamortized Premium on Long-Term Debt	-	Stmnt AV WP; Page AV1; Line 5	5
6	(Less): Account 226 - Unamortized Discount on Long-Term Debt-Debit	-	Stmnt AV WP; Page AV1; Line 6	6
			Line 2 Minus Line 3 Plus Lines 4 & 5 Minus	
7	Total Long Term Debt (LTD)	\$ -	Line 6	7
8				8
9	<u>Long-Term Debt Component - Numerator:</u>			9
10	(Plus): Account 427 - Interest on Long-Term Debt	\$ -	Stmnt AV WP; Page AV1; Line 10	10
11	(Plus): Account 428 - Amort. of Debt Disc. and Expense	-	Stmnt AV WP; Page AV1; Line 11	11
12	(Plus): Account 428.1 - Amortization of Loss on Reacquired Debt	-	Stmnt AV WP; Page AV1; Line 12	12
13	(Less): Account 429 - Amort. of Premium on Debt-Credit	-	Stmnt AV WP; Page AV1; Line 13	13
14	(Less): Account 429.1 - Amortization of Gain on Reacquired Debt-Credit	-	Stmnt AV WP; Page AV1; Line 14	14
15	Total LTD Interest = (i)	\$ -	Sum Lines 10; 11; 12 Minus Lines 13 & 14	15
16				16
17	<u>Cost of Long-Term Debt:</u>	#DIV/0!	Line 15 / Line 7	17
18				18
19	<u>Preferred Equity Component:</u>			19
20	PF = Preferred Stock - Account 204	\$ -	Stmnt AV WP; Page AV1; Line 20	20
21	d(pf) = Total Dividends Declared-Preferred Stocks - Account 437	\$ -	Stmnt AV WP; Page AV1; Line 21	21
22	Cost of Preferred Equity	#DIV/0!	Line 21 / Line 20	22
23				23
24	<u>Common Equity Component:</u>			24
25	Proprietary Capital	\$ -	Stmnt AV WP; Page AV1; Line 25	25
26	(Less): Account 204 - Preferred Stock	-	Stmnt AV WP; Page AV1; Line 26	26
27	(Less): Account 216.1 - Unappropriated Undistributed Subsidiary Earnings	-	Stmnt AV WP; Page AV1; Line 27	27
28	(Less): Account 219 - Accumulated Other Comprehensive Income	-	Stmnt AV WP; Page AV1; Line 28	28
29	CS = Common Stock	\$ -	Line 25 Minus Lines 26, 27 & 28	29
30				30
31	<u>Return on Common Equity</u>	10.05%	Stmnt AV WP; Page AV1; Line 31	31
32				32
33	(a) (b) (c) (d) = (b) x (c)			33
	Cap. Struct. Cost of Weighted			
34	<u>Weighted Cost of Capital:</u>	Amount ¹ Ratio Capital Cost of Capital		34
35				35
36	Long-Term Debt	\$ - #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 17 Above	36
37	Preferred Equity	- #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 22 Above	37
38	Common Equity	- #DIV/0! 10.05% #DIV/0!	Col. C = Line 31 Above	38
39	Total Capital	\$ - #DIV/0! #DIV/0!	Sum Lines 36 thru 38	39
40				40
41	<u>Cost of Equity Component (Preferred & Common):</u>	#DIV/0!	Sum Lines 37; 38; Col. (d)	41
42				42
43				43
44	<u>Incentive Return on Common Equity:</u> ²	0.00%	Stmnt AV WP; Page AV1; Line 44	44
45				45
46	(a) (b) (c) (d) = (b) x (c)			46
	Cap. Struct. Cost of Weighted			
47	<u>Weighted Cost of Capital:</u>	Amount ¹ Ratio Capital Cost of Capital		47
48				48
49	Long-Term Debt	\$ - #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 17 Above	49
50	Preferred Equity	- #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 22 Above	50
51	Common Equity	- #DIV/0! 0.00% #DIV/0!	Col. C = Line 44 Above	51
52	Total Capital	\$ - #DIV/0! #DIV/0!	Sum Lines 49 thru 51	52
53				53
54	<u>Incentive Cost of Equity Component (Preferred & Common):</u>	#DIV/0!	Sum Lines 50; 51; Col. (d)	54

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 44 through 54 will be repeated for each project.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>Cost of Capital Rate (COCR) Calculation:</u>			1
2				2
3	<u>a) Federal Income Tax Component:</u>			3
4				4
5	<u>Where:</u>			5
6	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Statement AV; Page 14; Line 41	6
7	B = Trans. Related Amort. of ITC and Excess Deferred Tax Liab.	\$ -	Statement AR; Page 12; Line 5	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Stmnt AV WP; Page AV2; Line 8	8
9	D = Transmission Rate Base	#DIV/0!	Statement BK1; Page 2; Line 26	9
10	FT = Federal Income Tax Rate @ 35%	0%	Stmnt AV WP; Page AV2; Line 10	10
11				11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	#DIV/0!	Federal Income Tax Expense	12
13				13
14				14
15	<u>b) State Income Tax Component:</u>			15
16				16
17	<u>Where:</u>			17
18	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Statement AV; Page 14; Line 41	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Line 8 Above	19
20	C = Transmission Rate Base	#DIV/0!	Statement BK1; Page 2; Line 26	20
21	FT = Federal Income Tax Expense	#DIV/0!	Line 12 Above	21
22	ST = State Income Tax Rate @ 8.84%	0.00%	Stmnt AV WP; Page AV2; Line 22	22
23				23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	#DIV/0!	State Income Tax Expense	24
25				25
26				26
27	<u>c) Total Federal & State Income Tax Expense:</u>	#DIV/0!	Sum Lines 12; 24	27
28				28
29	<u>d) Total Weighted Cost of Capital:</u>	#DIV/0!	Statement AV; Page 14; Line 39	29
30				30
31	<u>e) Cost of Capital Rate (COCR):</u>	#DIV/0!	Sum Lines 27; 29	31

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period 12 - Months Ending xxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	<u>Incentive Cost of Capital Rate (ICOCR) Calculation:</u> ¹			1
2				2
3	<u>a) Federal Income Tax Component:</u>			3
4				4
5	<u>Where:</u>			5
6	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Statement AV; Page 14; Line 54	6
7	B = Trans. Related Amort. of ITC and Excess Deferred Tax Liab.	\$ -	Stmnt AV WP; Page AV3; Line 7	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Stmnt AV WP; Page AV3; Line 8	8
9	D = Incentive ROE Project Transmission Rate Base	\$ -	Statement BK1; Page 2; Line 31	9
10	FT = Federal Income Tax Rate @ 35%	0%	Stmnt AV WP; Page AV3; Line 10	10
11				11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	#DIV/0!	Federal Income Tax Expense	12
13				13
14				14
15	<u>b) State Income Tax Component:</u>			15
16				16
17	<u>Where:</u>			17
18	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	Statement AV; Page 14; Line 54	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	Line 8 Above	19
20	C = Incentive ROE Project Transmission Rate Base	\$ -	Line 9 Above	20
21	FT = Federal Income Tax Expense	#DIV/0!	Line 12 Above	21
22	ST = State Income Tax Rate @ 8.84%	0.00%	Stmnt AV WP; Page AV3; Line 22	22
23				23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	#DIV/0!	State Income Tax Expense	24
25				25
26				26
27	<u>c) Total Federal & State Income Tax Expense:</u>	#DIV/0!	Sum Lines 12; 24	27
28				28
29	<u>d) Total Incentive Weighted Cost of Capital:</u>	#DIV/0!	Statement AV; Page 14; Line 52	29
30				30
31	<u>e) Incentive Cost of Capital Rate (ICOCR):</u>	#DIV/0! ¹	Sum Lines 27; 29	31

¹ The Incentive Cost of Capital Rate Calculation will be tracked and shown separately for each project. As a result, lines 3 through 31 will be repeated for each project. However, this will be entered as 0% in BK-1 when there's no incentive project to show.

SAN DIEGO GAS AND ELECTRIC COMPANY

Miscellaneous Statement

Base Period 12 - Months Ending xxxxxx

(\$1,000)

<u>Line No.</u>		<u>Amounts</u>	<u>Reference</u>	<u>Line No.</u>
1	Transmission Related Regulatory Debits		Note 1	1
2				2
3				3
4	Transmission Plant Abandoned Project Cost		Note 1	4
5				5
6				6
7	Other Regulatory Assets/Liabilities		Note 1	7
8				8
9				9
10	Incentive Transmission Plant Abandoned Project Cost		Note 1	10

¹ None of the above items apply to SDG&E's TO4 Cycle 1 filing. However, as one or more of these items apply, subject to FERC approval, the applicable data field will be filled.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AD - Workpapers
Cost of Plant

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

Line No		(a) 12/31/xxxx	(b) 12/31/xxxx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No
1	Total Electric Miscellaneous Intangible Plant ^{a, 1}			\$ -	Stmt AD WP; Page AD	1
2						2
3	Total Steam Production Plant ^b				Stmt AD WP; Page AD	3
4						4
5	Total Nuclear Production Plant ^b				Stmt AD WP; Page AD	5
6						6
7	Total Hydraulic Production Plant ^b			-	Stmt AD WP; Page AD	7
8						8
9	Total Other Production Plant ^b				Stmt AD WP; Page AD	9
10						10
11	Total Production Plant and Intangible Plant			\$ -	Sum Lines 1 thru 9	11
12						12
13	Total Distribution Plant ^a			-	Stmt AD WP; Page AD	13
14						14
15	Transmission Plant ^{b, 2}				Stmt AD WP; Page AD	15
16						16
17	Incentive Transmission Plant ³			-	Stmt AD WP; Page AD	17
18						18
19	Total Transmission Plant & Incentive Transmission Plant			-	Sum Lines 15 thru 17	19
20						20
21	Total General Plant ^{a, 1}			-	Stmt AD WP; Page AD	21
22						22
23	Total Common Plant ^{a, 1}			-	Stmt AD WP; Page AD	23
24						24
25	Total Plant in Service			\$ -	Sum Lines 11; 13; 19; 21; 23	25
26						26
27	Transmission Wages and Salaries Allocation Factor			#DIV/0!	Statement AI; Line 19	27
28						28
29	Total Transmission Plant & Incentive Transmission Plant			\$ -	See Line 19 Above	29
30						30
31	Transmission Related Electric Miscellaneous Intangible Plant			#DIV/0!	Line 1 x Line 27	31
32						32
33	Transmission Related General Plant			#DIV/0!	Line 21 x Line 27	33
34						34
35	Transmission Related Common Plant			#DIV/0!	Line 23 x Line 27	35
36						36
37	Transmission Related Total Plant in Service			#DIV/0!	Sum Lines 29; 31; 33; 35	37
38						38
39	Transmission Plant Allocation Factor ⁴			#DIV/0!	Line 37 / Line 25	39

^a 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.

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

¹ Electric Miscellaneous Intangible Plant, General Plant, and Common Plant are not affected by the "Seven-Element Adjustment Factor" because there's no transfer of transmission or distribution plant among these categories.

² The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between generation and distribution functions.

³ The purpose of this footnote is to indicate for incentive projects the cost of the project.

⁴ Used to allocate all elements of working capital, other than working cash.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AE - Workpapers

Accumulated Depreciation and Amortization

Base Period 12 - Months Ending xxxxxx

(\$1,000)

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

^a The depreciation reserve for transmission plant is derived based on a 13-month average balance.

^b 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.

¹ The amounts stated above are ratemaking utility plant in service and a result of implementing the "Seven-Element Adjustment Factor" which reflects transfers between generation and distribution functions.

² Electric Miscellaneous Intangible Plant, General Plant, and Common Plant are not affected by the "Seven-Element Adjustment Factor" because there's no transfer of transmission or distribution plant among these categories.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AF - Workpapers
Deferred Credits

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No		(a) 12/31/xxxx	(b) 12/31/xxxx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No
1	Transmission Related ADIT- Excluding Bonus Depreciation			\$ -	Stmt AF WP; Page AF	1
2						2
3	Transmission Related ADIT from Bonus Depreciation			-	Stmt AF WP; Page AF	3
4						4
5	Total Transmission Related ADIT	\$ -	\$ -	\$ -	Sum of Lines 1 thru 3	5
6					Form 1; Pg. 450.1; Sch. Pg. 274; Ln 2; Cols. b and k	6
7						7
8	Incentive Transmission Plant ADIT			\$ -	Stmt AF WP; Page AF	8
9						9
10	Transmission Plant Abandoned ADIT			\$ -	Stmt AF WP; Page AF	10
11						11
12	Incentive Transmission Plant Abandoned Project Cost ADIT			\$ -	Stmt AF WP; Page AF	12

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

Line No	(a) 12/31/xxxx	(b) 12/31/xxxx	(c) = [(a)+(b)]/2 Average Balance	Reference	Line No
1	Transmission Plant Held for Future Use ¹			Stmt AG WP; Page AG	1

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

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AH - Workpapers
Operation and Maintenance Expenses
Base Period 12 - Months Ending xxxxxx
(\$1,000)

Line No.	Amounts	Reference	Line No.
1	<u>Derivation of Transmission Operation and Maintenance Expense:</u>		1
2	Total Transmission O&M Expense	Stmnt AH WP; Page AH	2
3	Adjustments to Per Book Transmission O&M Expense:		3
4	FERC Acct 561.4 - Scheduling, System Control & Dispatch Services	Stmnt AH WP; Page AH	4
5	FERC Acct 561.8 - Reliability, Planning & Standards Development	Stmnt AH WP; Page AH	5
6	FERC Acct 565 - Transmission of Electricity by Others	Stmnt AH WP; Page AH	6
7	FERC Acct 566 - Miscellaneous Transmission Expense	Stmnt AH WP; Page AH	7
8	Other Transmission O&M Exclusion Adjustments	Stmnt AH WP; Page AH	8
9	Total Adjusted Transmission O&M Expenses	Sum Lines 2 thru 8	9
10			10
11	<u>Derivation of Administrative and General Expense:</u>		11
12	Total Administrative & General Expense	Stmnt AH WP; Page AH	12
13	Adjustments to Per Book A&G Expense:		13
14	Nuclear liability insurance expense	Stmnt AH WP; Page AH	14
15	Damages & Injuries - Wildfire Insurance Premium	Stmnt AH WP; Page AH	15
16	Damages & Injuries - Wildfire Damage Claims	Stmnt AH WP; Page AH	16
17	CPUC Intervenor Funding Expense - Transmission ¹	Stmnt AH WP; Page AH	17
18	CPUC Intervenor Funding Expense - Distribution	Stmnt AH WP; Page AH	18
19	CPUC reimbursement fees	Stmnt AH WP; Page AH	19
20	FERC Acct 930.1 - General Advertising Expenses	Stmnt AH WP; Page AH	20
21	Litigation expenses - Litigation Cost Memorandum Account (LCMA)	Stmnt AH WP; Page AH	21
22	CPUC energy efficiency programs	Stmnt AH WP; Page AH	22
23	Advanced Metering Infrastructure (AMI) lease facilities	Stmnt AH WP; Page AH	23
24	Hazardous substances - Hazardous Substance Cleanup Cost Account	Stmnt AH WP; Page AH	24
25	Other A&G Exclusion Adjustments	Stmnt AH WP; Page AH	25
26	Total Adjusted A&G Expenses Including Property Insurance	Sum Lines 12 thru 25	26
27	Less: Property Insurance (Reflected on Line 50 below due to different allocation factor)	Stmnt AH WP; Page AH	27
28	Total Adjusted A&G Expenses Excluding Property Insurance	Sum Lines 26 and 27	28
29	Transmission Wages and Salaries Allocation Factor	Statement AI; Line 19	29
30	Transmission Related Administrative & General Expenses	Line 28 x Line 29	30
31			31
32	<u>Derivation of Transmission Plant Property Insurance Allocation Factor:</u>		32
33	Transmission Plant & Incentive Transmission Plant	Stmnt AD WP; Page AD1; Line 29	33
34	Transmission Related Electric Miscellaneous Intangible Plant	Shall be Zero	34
35	Transmission Related General Plant	Stmnt AD WP; Page AD1; Line 3	35
36	Transmission Related Common Plant	Stmnt AD WP; Page AD1; Line 35	36
37	Total Transmission Related Investment in Plant	Sum Lines 33 thru 36	37
38			38
39	Total Transmission Plant & Incentive Transmission Plant	Stmnt AD WP; Page AD1; Line 29	39
40	Total Steam Production Plant	Stmnt AD WP; Page AD1; Line 3	40
42	Total Nuclear Production Plant	Shall be Zero	42
41	Total Other Production Plant	Stmnt AD WP; Page AD1; Line 9	41
43	Total Distribution Plant	Stmnt AD WP; Page AD1; Line 13	43
44	Total General Plant	Stmnt AD WP; Page AD1; Line 21	44
45	Total Common Plant	Stmnt AD WP; Page AD1; Line 23	45
46	Total Plant in Service Excluding SONGS	Sum Lines 39 thru 45	46
47			47
48	Transmission Plant Property Insurance Allocation Factor	Line 37 / Line 46	48
49			49
50	Total Property Insurance	See Line 27 Above	50
51			51
52	Property Insurance Allocated to Transmission, General, and Common Plant	Line 48 x Line 50	52
53			53
54	Transmission Related A & G Expense Excluding Property Insurance Expense	See Line 30 Above	54
55			55
56	Transmission Related A & G Expense Including Property Insurance Expense	Sum Lines 52 & 54	56

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 6. This expense will be excluded in Wholesale BTRR on BK-2, page 1, line 4.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AI - Workpapers

Wages and Salaries

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Production Wages & Salaries (Includes Steam & Other Power Supply)		Form 1; Page 354; Line 20; Col. b	1
2				2
3	Transmission Wages & Salaries		Form 1; Page 354; Line 21; Col. b	3
4				4
5	Distribution Wages & Salaries		Form 1; Page 354; Line 23; Col. b	5
6				6
7	Customer Accounts Wages & Salaries		Form 1; Page 354; Line 24; Col. b	7
8				8
9	Customer Services and Informational Wages & Salaries		Form 1; Page 354; Line 25; Col. b	9
10				10
11	Sales Wages & Salaries		Form 1; Page 354; Line 26; Col. b	11
12				12
13	Sub-Total	\$ -	Sum Lines 1 thru 11	13
14				14
15	Administrative and General Wages & Salaries		Form 1; Page 354; Line 27; Col. b	15
16				16
17	Total Operating & Maintenance Wages & Salaries	<u>\$ -</u>	Sum Lines 13; 15	17
18				18
19	Transmission Wages and Salaries Allocation Factor	<u><u>#DIV/0!</u></u>	Line 3 / Line 13	19

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AJ - Workpapers

Depreciation and Amortization Expense

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Transmission Plant Depreciation Expense (net of incentive depreciation expense on line 21)		Stmt AJ WP; Page AJ	1
2				2
3	Electric Miscellaneous Intangible Plant Amortization Expense		Stmt AJ WP; Page AJ	3
4				4
5	General Plant Depreciation Expense		Stmt AJ WP; Page AJ	5
6				6
7	Common Plant Depreciation Expense		Stmt AJ WP; Page AJ	7
8				8
9	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 19	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 Plant Depn. Exp., and Electric Misc. Intangible Plant Amort. Exp.	#DIV/0!	Sum Lines 1; 11; 13; 15	17
18				18
19	Valley Rainbow Project Cost Amortization Expense ¹		Stmt AJ WP; Page AJ	19
20				20
21	Incentive Transmission Plant Depreciation Expense		Stmt AJ WP; Page AJ	21
22				22
23	Transmission Plant Abandoned Project Cost Amortization Expense		Stmt AJ WP; Page AJ	23
24				24
25	Incentive Transmission Plant Abandoned Project Cost Amortization Expense		Stmt AJ WP; Page AJ	25

¹ Amortization approval per ER03-601-000 issued May 2, 2003 for a 10-year period beginning October 2003 and ending September 2013.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AJ - Workpapers
TO4 - Annual Transmission Plant Depreciation Rates ¹

Line No	FERC Account	Description	(a) Life Rate	(b) Removal Rate	(c) = a + b Total Rate	Line No
1	E352.10	Other	1.36%	0.82%	2.18%	1
2	E352.20	SWPL	1.01%	0.61%	1.62%	2
3	E352.60	SRPL	1.39%	0.00%	1.39%	3
4	E352 - Total	Struct & Improv	1.36%	0.32%	1.68%	4
5	E353.10	Other	2.20%	1.32%	3.52%	5
6	E353.20	SWPL	2.51%	1.51%	4.02%	6
7	E353.40	CTC	2.03%	1.22%	3.25%	7
8	E353.60	SRPL	2.01%	0.00%	2.01%	8
9	E353	Station Equip	2.20%	1.00%	3.20%	9
10	E354.10	Other	1.57%	1.56%	3.13%	10
11	E354.20	SWPL	1.33%	1.32%	2.65%	11
12	E354.60	SRPL	1.47%	0.00%	1.47%	12
13	E354	Towers & Fixtrs	1.46%	0.24%	1.70%	13
14	E355.10	Other	2.33%	2.32%	4.65%	14
15	E355.20	SWPL	2.54%	2.54%	5.08%	15
16	E355.60	SRPL	2.26%	0.00%	2.26%	16
17	E355	Poles & Fixtrs	2.33%	2.26%	4.59%	17
18	E356.10	Other	1.60%	1.60%	3.20%	18
19	E356.20	SWPL	0.89%	0.88%	1.77%	19
20	E356.60	SRPL	1.75%	0.00%	1.75%	20
21	E356	OVH Cnd & Dev	1.57%	1.10%	2.67%	21
22	E357.00	Other & SWPL	1.68%	0.75%	2.43%	22
23	E357.60	Other & SRPL	1.69%	0.00%	1.69%	23
24	E357	Trans UG Cnduit	1.69%	0.36%	2.05%	24
25	E358.00	Other & SWPL	1.89%	0.19%	2.08%	25
26	E358.60	Other & SRPL	2.02%	0.00%	2.02%	26
27	E358	Trans UG Cndctr	1.98%	0.07%	2.05%	27
28	E359.10	Other	1.65%	0.00%	1.65%	28
29	E359.20	SWPL	1.44%	0.00%	1.44%	29
30	E359.60	SRPL	1.68%	0.00%	1.68%	30
31	E359	Roads & Trails	1.67%	0.00%	1.67%	31
32						32
33	Composite Depreciation Rate		1.82%	0.70%	2.52%	33

¹ The rates in these subaccounts will not change during the term of the TO4 Formula. Workpapers will be included in each Annual Information Filing that will calculate the annual composite rates shown on Line 33 pursuant to Term 53 in Appendix VIII.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AJ - Workpapers
TO4 - Annual Intangible Plant Authorized Amortization Period

Line No	FERC Acct No	DESCRIPTION	Amortization Period (Yrs) ¹	Line No
1				1
2		ELECTRIC DISTRIBUTION		2
3	E303	Electric Distribution Software		3
4	E360	Electric Distribution Easements (land rights)		4
5				5
6		ELECTRIC TRANSMISSION		6
7	E350	Electric Transmission Easements (land rights)		7
8				8

- ¹ These periods may not be changed absent a section 205 or 206 filing. The annual Information Filing will reference the docket number of the FERC proceeding that establishes new General Plant and Common Plant depreciation rates and Intangible Plant amortization periods.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AJ - Workpapers
TO4 - Annual General Plant Depreciation Rates
Cycle x, For 12 - Months Ending xxxxx

20xx General Rates ¹

Rates based on 12/31/20xx Plant Balances						
Line No	FERC Account	Description	(a) Life Rate	(b) Removal Rate	(c) = a + b Total Rate	Line No
1						1
2	E0139000	Struct. and Improv.			0.00%	2
3	E0139220	Transprt'n Eq-Trailer			0.00%	3
4	E0139310	Stores Equip.-Other			0.00%	4
5	E0139411	Portable Tools-Other			0.00%	5
6	E0139420	Shop Equipment			0.00%	6
7	E0139510	Laboratory Eq.-Other			0.00%	7
8	E0139710	Commun. Equip.-Other			0.00%	8
9	E0139720	Commun. Equip.-SWPL			0.00%	9
10	E0139760	Commun. Equip.-SRPL			0.00%	10
11	E0139810	Misc. Equip. - Other			0.00%	11
12						12

- ¹ These rates may not be changed absent a section 205 or 206 filing.
The annual Information Filing will reference the docket number of the FERC proceeding that establishes new General Plant and Common Plant depreciation rates and Intangible Plant amortization periods.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AJ - Workpapers
TO4 Annual Common Plant Depreciation Rates
Cycle x, For 12 - Months Ending xxxxx

20xx Common Rates ¹

Rates based on 12/31/20xx Plant Balances						
Line No	FERC Account	Description	(a) Life Rate	(b) Removal Rate	(c) = a + b Total Rate	Line No
1						1
2	C1839010	Struct & Imprv-Other			0.00%	2
3	C1839110	Offc Furn & Eq-Other			0.00%	3
4	C1839120	Offc Furn & Eq-Cmptr			0.00%	4
5	C1839220	Transprt Eq-Trailer			0.00%	5
6	C1839310	Stores Equip.-Other			0.00%	6
7	C1839411	Portable Tools-Other			0.00%	7
8	C1839421	Shop Equip. - Other			0.00%	8
9	C1839431	Garage Equip.-Other			0.00%	9
10	C1839510	Laboratory Eq.-Other			0.00%	10
11	C1839710	Commun. Equip.-Other			0.00%	11
12	C1839810	Misc. Equip. - Other			0.00%	12
13						13

- ¹ These rates may not be changed absent a section 205 or 206 filing.
The annual Information Filing will reference the docket number of the FERC proceeding that establishes new General Plant and Common Plant depreciation rates and Intangible Plant amortization periods.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AK - Workpapers

Taxes Other Than Income Taxes

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.		Amounts	Reference	Line No.
1	Total Property Taxes		Form 1; Page 263; Line 2; Col. i	1
2				2
3	Less: Other Taxes (Business license taxes)		Stmt AK WP; Page AK	3
4				4
5	Net Property Taxes	\$ -	Line 1 Minus Lines 3	5
6				6
7	Less: SONGS Property Taxes		Form 1; Page 450.1; Sch. Pg. 262; Line 2	7
8				8
9	Total Property Taxes Expense	\$ -	Line 5 Minus Line 7	9
10				10
11	Transmission Related Property Tax Allocation Factor	#DIV/0!	Cost Statement AK; Pg 8 of 17; Line 25	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		Form 1; Pg. 263; Lns 10;18;19;20; Col. i	16
17				17
18	Transmission Wages and Salaries Allocation Factor	#DIV/0!	Statement AI; Line 19	18
19				19
20	Transmission Related Payroll Taxes Expense	#DIV/0!	Line 16 x Line 18	20

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

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

Line No.		Working Cash	13 Months Average Balance	Reference	Line No.
1	A. Plant Materials and Operating Supplies ^a			Stmt AL WP; Page AL	1
2					2
3	Transmission Plant Allocation Factor		#DIV/0!	Stmnt AD WP; Page AD1; Line 39	3
4					4
5	Transmission Related Materials and Supplies		#DIV/0!	Line 1 x Line 3	5
6					6
7	B. Prepayments ^a			Stmt AL WP; Page AL	7
8					8
9	Transmission Related Prepayments		#DIV/0!	Line 3 x Line 7	9
10					10
11	C. Derivation of Transmission Related Cash Working Capital - Retail:				11
12	Transmission O&M Expense - Excl. Intervenor Funding Expense	\$ -		Stmnt AH WP; Page AH1; Line 9	12
13	Transmission Related Administrative & General Expense	#DIV/0!		Stmnt AH WP; Page AH1; Line 56	13
14	CPUC Intervenor Funding Expense - Transmission	-		Stmnt AH WP; Page AH1; Line 17	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	D. Adj. to Back Out CPUC Intervenor Funding Exp. Embedded in Retail Working Cash:				21
22	CPUC Intervenor Funding Expense - Transmission	\$ -		See Line 14 Above	22
23					23
24	One Eighth O&M Rule	12.50%		FERC Method = 1/8 of O&M Expense	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!		Stmnt AV WP; Page AV2; Line 31	28
29					29
30	CPUC Intervenor Funding Exp. Revenue Adj. ^b	#DIV/0!		Line 26 x Line 28	30

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

^b This adjustment is being made to BK-2, page 1, line 6 to show that wholesale customers should not pay for this working cash item.

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AM - Workpapers

Construction Work In Progress (CWIP)

Base Period 12 - Months Ending xxxxxx

(\$1,000)

<u>Line No</u>		<u>13 Months Average Balance</u>	<u>Reference</u>	<u>Line No</u>
1	Incentive Transmission Construction Work In Progress ^a		Stmt AM WP; Page AM	1

^a 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 AND ELECTRIC COMPANY
Statement AQ - Workpapers
Federal Income Tax Deductions, Other Than Interest
Base Period 12 - Months Ending xxxxxx
(\$1,000)

<u>Line No.</u>	<u>Amounts</u>	<u>Reference</u>	<u>Line No.</u>
1		Stmt AQ WP; Page AQ	1
South Georgia Income Tax Adjustment			

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AR - Workpapers

Federal Tax Adjustments

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

Line No.		Amounts	Reference	Line No.
1	Transmission Related Amortization of Investment Tax Credits		Stmt AR WP; Page AR	1
2				2
3	Transmission Related Amortization of Excess Deferred Tax Liabilities		Form 1; Page 450.1; Sch. Pg 234; Line 2	3
4				4
5	Total	\$ -	Sum Lines 1; 3	5

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AU - Workpapers

Revenue Credits

Base Period 12 - Months Ending xxxxxx

(\$1,000)

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

SAN DIEGO GAS AND ELECTRIC COMPANY

Statement AV - Workpapers

Cost of Capital and Fair Rate of Return

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
1	<u>Long-Term Debt Component - Denominator:</u>		1
2	(Plus) Bonds (Acct. 221) (p112.Line18c)	Form 1; Page 112; Line 18c	2
3	(Less) Reacquired Bonds (Acct. 222) (p112.Line19c)	Form 1; Page 112; Line 19c	3
4	(Plus) Other Long-Term Debt (Acct. 224) (p112.Line21c)	Form 1; Page 112; Line 21c	4
5	(Plus) Unamortized Premium on Long-Term Debt (Acct 225) (p112.Line22c)	Form 1; Page 112; Line 22c	5
6	(Less) Unamortized Discount on Long-Term Debt-Debit (Acct 226) (p112.Line23c)	Form 1; Page 112; Line 23c	6
7	LTD = Long Term Debt (p112, sum of Line17d thru Line22d, details on p256-257)	Line 2 Minus Line 3 Plus Lines 4 & 5	7
8		Minus Line 6	8
9	<u>Long-Term Debt Component - Numerator:</u>		9
10	(Plus) Interest on Long-Term Debt (427) (p117.Line62c)	Form 1; Page 117; Line 62c	10
11	(Plus) Amort. of Debt Disc. and Expense (428) (p117.Line63c)	Form 1; Page 117; Line 63c	11
12	(Plus) Amortization of Loss on Reacquired Debt (428.1) (p117.Line64c)	Form 1; Page 117; Line 64c	12
13	(Less) Amort. of Premium on Debt-Credit (429) (p117.Line65c)	Form 1; Page 117; Line 65c	13
14	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1) (p117.Line66c)	Form 1; Page 117; Line 66c	14
15	i = LTD interest (p117, sum of Line56c thru Line60c, details on p257))	Sum Lines 10; 11; 12 Minus Lines 13 & 14	15
16			16
17	<u>Cost of Long-Term Debt:</u>	#DIV/0!	17
18		Line 15 / Line 7	18
19	<u>Preferred Equity Component:</u>		19
20	PF = Preferred Stock - Acct 204 (p112.3c)	Form 1; Page 112; Line 3c	20
21	d(pf) = Total Dividends Declared-Preferred Stocks (Acct. 437) (p118.29c)	Form 1; Page 118; Line 29c	21
22	Cost of Preferred Equity	#DIV/0!	22
23		Line 21 / Line 20	23
24	<u>Common Equity Component:</u>		24
25	Proprietary Capital (p112.16c)	Form 1; Page 112; Line 16c	25
26	(Less) Preferred Stock - Acct 204 (p112.3c)	Form 1; Page 112; Line 3c	26
27	(Less) Unappropriated Undistributed Subsidiary Earnings (Acct. 216.1) (p112.12c)	Form 1; Page 112; Line 12c	27
28	(Less) Accumulated Other Comprehensive Income (Acct. 219) (p112.15c)	Form 1; Page 112; Line 15c	28
29	CS = Common Stock	Line 25 Minus Lines 26, 27 & 28	29
30			30
31	<u>Return on Common Equity:</u>	10.05%	31
32		Offer of Settlement in FERC Docket No. ER13-941-001	32
33	(a) (b) (c) (d) = (b) x (c)		33
34	Weighted Cost of Capital:	Weighted Cost of Capital	34
35	Amount ¹ Ratio Capital	Cost of Capital	35
36	Long-Term Debt \$ - #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 17 Above	36
37	Preferred Equity - #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 22 Above	37
38	Common Equity - #DIV/0! 10.05% #DIV/0!	Col. C = Line 31 Above	38
39	Total Capital \$ - #DIV/0! #DIV/0!	Sum Lines 36 thru 38	39
40			40
41	<u>Cost of Equity Component (Preferred & Common):</u>	#DIV/0!	41
42		Sum Lines 37; 38; Col. (d)	42
43			43
44	<u>Incentive Return on Common Equity:</u> ²		44
45	(a) (b) (c) (d) = (b) x (c)	Stmt AV WP; Page AV	45
46	Cap. Struct. Cost of Weighted		46
47	Weighted Cost of Capital:	Cost of Capital	47
48	Amount ¹ Ratio Capital	Cost of Capital	48
49	Long-Term Debt \$ - #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 17 Above	49
50	Preferred Equity - #DIV/0! #DIV/0! #DIV/0!	Col. C = Line 22 Above	50
51	Common Equity - #DIV/0! 0.00% #DIV/0!	Col. C = Line 44 Above	51
52	Total Capital \$ - #DIV/0! #DIV/0!	Sum Lines 49 thru 51	52
53			53
54	<u>Incentive Cost of Equity Component (Preferred & Common):</u>	#DIV/0!	54
		Sum Lines 50; 51; Col. (d)	

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 44 through 54 will be repeated for each project.

SAN DIEGO GAS AND ELECTRIC COMPANY
Statement AV
Cost of Capital and Fair Rate of Return
Base 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 AND ELECTRIC COMPANY

Statement AV

Cost of Capital and Fair Rate of Return

Base Period 12 - Months Ending xxxxxx

(\$1,000)

Line No.	Amounts	Reference	Line No.
1	<u>Incentive Cost of Capital Rate (ICOCR) Calculation:</u> ¹		1
2			2
3	<u>a. Federal Income Tax Component:</u>		3
4			4
5	Where:		5
6	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	6
7	B = Trans. Related Amort. of ITC and Excess Deferred Tax Liab.	0	7
8	C = Equity AFUDC Component of Transmission Depreciation Expense		8
9	D = Incentive ROE Project Transmission Rate Base	\$ -	9
10	FT = Federal Income Tax Rate @ 35%	0%	10
11			11
12	Federal Income Tax = $\frac{(((A) + (C / D)) * FT) - (B / D)}{(1 - FT)}$	#DIV/0!	12
13		Federal Income Tax Expense	13
14			14
15	<u>B. State Income Tax Component:</u>		15
16			16
17	Where:		17
18	A = Sum of Preferred Stock and Return on Equity Component	#DIV/0!	18
19	B = Equity AFUDC Component of Transmission Depreciation Expense	\$ -	19
20	C = Incentive ROE Project Transmission Rate Base	\$ -	20
21	FT = Federal Income Tax Expense	#DIV/0!	21
22	ST = State Income Tax Rate @ 8.84%	0.00%	22
23			23
24	State Income Tax = $\frac{((A) + (B / C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$	#DIV/0!	24
25		State Income Tax Expense	25
26			26
27	<u>C. Total Federal & State Income Tax Rate:</u>	#DIV/0!	27
28		Sum Lines 12; 24	28
29	<u>D. Total Incentive Weighted Cost of Capital:</u>	#DIV/0!	29
30			30
31	<u>E. Incentive Cost of Capital Rate (ICOCR):</u>	#DIV/0! ¹	31
		Sum Lines 27; 29	

¹ The Incentive Cost of Capital Rate Calculation will be tracked and shown separately for each project. As a result, lines 3 through 31 will be repeated for each project. However, this will be entered as 0% in BK-1 when there's no incentive project to show.

San Diego Gas & Electric Company
Summary of HV-LV Splits for Forecast Plant Additions
Forecast Period from June 2012 - August 2014
(\$1,000)

Line No.		(a) Gross HV	(b) Gross LV	(c) Unweighted Total	(d) Net Wtd-HV	(e) Net Wtd-LV	(f) Weighted Total	Reference	Line No.
1	Non-Incentive Projects:								1
2	Forecast Period - Transmission Plant Additions			\$ -			\$ -	See Note 1 Below	2
3	Forecast Period - Transmission Related General; Common; and Electric Misc. Intangible Plant							See Note 2 Below	3
4									4
5	Sub-Total Non-Incentive Projects Forecast Plant Additions	-	-	-	-	-	-	Sum Lines 1 thru 3	5
6									6
7	Incentive Projects:								7
8	Forecast Period - Incentive Transmission Plant Additions			-			-	See Note 3 Below	8
9									9
10	Forecast Period - Incentive Transmission CWIP for the period after the base period and before the effective period			-			-	See Note 4 Below	10
11									11
12	Forecast Period - Incentive Transmission CWIP for the period during the rate effective period			-			-	See Note 5 Below	12
13									13
14	Sub-Total Incentive Projects Forecast Plant Additions	-	-	-	-	-	-	Sum Lines 8 thru 12	14
15									15
16	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Sum Lines 5; 14	16
17									17
18	HV-LV Ratio (Weighted Transmission Forecast Plant Additions)				#DIV/0!	#DIV/0!	#DIV/0!	HV = Line 16; Col (d) / Line 16; Col (f) LV = Line 16; Col (e) / Line 16; Col (f)	18
19									19

- 1 See Summary of Weighted Transmission Plant Additions Workpapers
- 2 See Summary of Weighted Transmission Related General; Common; & Electric Misc. Intangible Plant Additions Workpapers
- 3 See Summary of Weighted Incentive Transmission Plant Additions Workpapers
- 4 See Summary of Weighted Incentive CWIP for the period after the base period and before the effective period Workpapers
- 5 See Summary of Weighted Incentive CWIP for the period during the rate effective period Workpapers

San Diego Gas & Electric Co.
TO4 - Annual RETAIL True-Up Adjustment Calculation

Line No.	TO4 Formula Cycle in Effect Description	Current Cycle Jan	Current Cycle Feb	Current Cycle Mar	Current Cycle Apr	Current Cycle May	Current Cycle Jun	Current Cycle Jul	Current Cycle Aug
1	Beginning Balance (Overcollection)/Undercollection: Total Recorded Retail Revenues @ Meter Level¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
3		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4									
5	Amortization of True-Up Adjustment and Interest True-Up Adjustment: a) Amortization of Prior Cycle True-Up Adjustment and Prior Interest True-Up Adjustment: i. Amortization of Prior Cycle True-Up Adjustment. ² ii. Amortization of Prior Interest True-Up Adjustment. ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6									
7		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Total Amortization of True-Up Adjustments & Interest True-Up Adjustment								
10									
11									
12									
13	Adjusted Total Recorded Retail Revenues @ Meter Level³ Total True-Up Revenues (TU Cost of Service)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14									
15		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16									
17	Net Monthly (Overcollection)/Undercollection: Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18									
19		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Ending Balance (Overcollection)/Undercollection: FERC INTEREST RATE⁴ Days in Year Days in Month ⁵ Monthly Interest Rate - Calculated FERC Interest Rates - Website ⁴ Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22									
23		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24									
25	NOTES: A The above format of the True-Up Adjustment Calculation will be used for each cycle, with the exception of the cycle 2 4-month true-up adjustment. For the cycle 2 True-Up Adjustment, the above format will be used for the months of Sep 2013 - Dec 2013. 1 For the Retail True-Up Adjustment Calculation, the Recorded Retail Revenues are measured at the Meter Level. 2 The amortization of prior cycle True-Up Adjustment and prior Interest True-Up Adjustment will be repeated as needed in deriving the True-Up Adjustment. 3 For the Retail True-Up Adjustment Calculation, the Adjusted Total Recorded Retail Revenues are measured at the Meter Level. 4 The FERC interest rate information comes from the FERC website. 5 These are fixed days for each month except February for leap vs. non-leap years.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26									
27		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29									
30									
31									
32									
33									
34									
35									
36									
37									

San Diego Gas & Electric Co.

TO4 - Annual RETAIL True-Up Adjustment Calculation

Line No.	TO4-Formula Cycle in Effect Description	Current Cycle			Current Cycle			Current Cycle			Total	Reference	Line No.
		Sep	Oct	Nov	Dec	Sep	Oct	Nov	Dec	Sep			
1	Beginning Balance (Overcollection)/Undercollection: Total Recorded Retail Revenues @ Meter Level¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	Previous Month's Balance	1
2												See Related Work Papers; Pages; Lines.	2
3													3
4													4
5													5
6	Amortization of True-Up Adjustment and Interest True-Up Adjustment: a) Amortization of Prior Cycle True-Up Adjustment and Prior Interest True-Up Adjustment: i. Amortization of Prior Cycle True-Up Adjustment. ² ii. Amortization of Prior Interest True-Up Adjustment. ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	See Related Work Papers; Pages; Lines.	6
7													7
8													8
9													9
10													10
11	Total Amortization of True-Up Adjustments & Interest True-Up Adjustment												11
12													12
13													13
14		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	Sum Lines 7 through 12	14
15													15
16	Adjusted Total Recorded Retail Revenues @ Meter Level³ Total True-Up Revenues (TU Cost of Service)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	Sum Lines 3 & 14	16
17													17
18													18
19													19
20		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	See Related Work Papers; Pages; Lines.	20
21	Net Monthly (Overcollection)/Undercollection:											Line 18 Minus Line 16	21
22	Interest Expense Calculations: Beginning Balance for Interest Calculation Monthly Activity Included in Interest Calculation Basis Basis for Interest Expense Calculation Monthly Interest Rate Interest Expense Ending Balance (Overcollection)/Undercollection:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		Beginning Quarterly Balances	22
23												Interest Calculation Basis	23
24		0	0	0	0	0	0	0	0	0		Sum Lines 23 & 24	24
25		0	0	0	0	0	0	0	0	0		FERC Monthly Rates	25
26		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		Line 25 x Line 26	26
27		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-		27
28													28
29		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	Sum Lines 1; 20; & 27	29
30													30
31													31
32	FERC INTEREST RATE ⁴ Days in Year Days in Month ⁵ Monthly Interest Rate - Calculated FERC Interest Rates - Website ⁴ Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		Annual Interest Rate - FERC Website	32
33		337	337	337	337	337	337	337	337	337	337	Line 34 Below Total Col.	33
34		30	31	30	31	30	31	30	31	30	337	Number of Days Per Month	34
35		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(Line 32)/(Line 33)x(Line 34)	35
36		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Monthly Interest Rate - FERC Website	36
37		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Line 35 - Line 36	37

NOTES:

- A The above format of the True-Up Adjustment Calculation will be used for each cycle, with the exception of the cycle 2 4-month true-up adjustment. For the cycle 2 True-Up Adjustment, the above format will be used for the months of Sep 2013 - Dec 2013.
- 1 For the Retail True-Up Adjustment Calculation, the Recorded Retail Revenues are measured at the Meter Level.
- 2 The amortization of prior cycle True-Up Adjustment and prior Interest True-Up Adjustment will be repeated as needed in deriving the True-Up Adjustment.
- 3 For the Retail True-Up Adjustment Calculation, the Adjusted Total Recorded Retail Revenues are measured at the Meter Level.
- 4 The FERC interest rate information comes from the FERC website.
- 5 These are fixed days for each month except February for leap vs. non-leap years.

San Diego Gas & Electric Co.
TO4 - Annual Transmission Formula Filing
Derivation of RETAIL Interest True-Up Adjustment

Line No.	(Base Period Following the end of the True-Up Period)	(a) ^b Jan	(b) ^b Feb	(c) ^b Mar	(d) ^b Apr	(e) ^b May	(f) ^b Jun	(g) ^b Jul	(h) ^b Aug
1	Beginning True-Up Adjustment (Overcollection)/Undercollection ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
5	Part A1: Amortization of True-Up Adjustment Balance:								
6	Total Recorded Sales in KWHs	-	-	-	-	-	-	-	-
7									
8	Amortization Rate Per KWH ^f	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9									
10	Amortization of True-Up Adjustment Balance + Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11									
12	Net Monthly Collection/(Refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13									
14	Part A2: Calculation of Interest on Remaining TU Balance:								
15	Interest Expense Calculations:								
16	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0	0	0	0	0
18	Basis for Interest Expense Calculation	0	0	0	0	0	0	0	0
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21									
22	Ending Balance (Overcollection)/Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23									
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	Days in Year	337	337	337	337	337	337	337	337
26	Days in Month ^g	31	31	31	30	31	30	31	31
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z," is a component of BTTR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
- c** Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
- d** **Monthly Activity Calculated as Follows:**
- a) 1st Month of Quarter = Column A, Line 12 Divided by 2
- b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
- c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2), Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g** These are fixed days for each month except February for leap vs. non-leap years.

Line No.	(Base Period Following the end of the True-Up Period)	(i) ^b Sep	(j) ^b Oct	(k) ^b Nov	(l) ^b Dec	(m) Total	Reference	Line No.
1	Beginning True-Up Adjustment (Overcollection)/Undercollection ^a	\$ -	\$ -	\$ -	\$ -		Previous Month's Ending Balance from Line 22	1
2								2
5	Part A1: Amortization of True-Up Adjustment Balance:							5
6	Total Recorded Sales in KWHs	-	-	-	-	-	See Related Work Papers; Pages; Lines	6
7								7
8	Amortization Rate Per KWH ^f	-	-	-	-	-	See Related Work Papers; Pages; Lines	8
9								9
10	Amortization of True-Up Adjustment Balance + Accrued Interest	-	-	-	-	-	Line 6 x Line 8	10
11								11
12	Net Monthly Collection/(Refunds)	-	-	-	-	-	Minus Line 10 from Columns (a) through (l)	12
13	Part A2: Calculation of Interest on Remaining TU Balance:							13
14	Interest Expense Calculations:							14
15	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -		Balance at Beginning of Quarter (See Footnote C)	15
16	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0	0	See Footnote D	16
17	Basis for Interest Expense Calculation	0	0	0	0	0	Line 16 + Line 17	17
18	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	FERC Monthly Rates From Line 28 Below	18
19	Interest Expense	-	-	-	-	-	Line 18 x Line 19 - Columns (a) through (l)	19
20								20
21								21
22	Ending Balance (Overcollection)/Undercollection	-	-	-	-	-	Line 1 + Line 12 + Line 20	22
23	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%		Annual Interest Rate from FERC Website	23
24	Days in Year	337	337	337	337	337	Line 26 Below, Col (m)	24
25								25
26	Days in Month ^g	30	31	30	31	337	Number of Days Per Month	26
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	(Line 24)/(Line 25)(Line 26)	27
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	Monthly Interest Rate from FERC Website	28
29	Difference					0.00%	Line 27 Minus Line 28	29

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTRR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
- c** Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
- d** **Monthly Activity Calculated as Follows:**
- a) 1st Month of Quarter = Column A, Line 12 Divided by 2
- b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
- c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g** These are fixed days for each month except February for leap vs. non-leap years.

Line No.	Rate Effective Period from Prior Cycle Filing	(n) ^b Jan	(o) ^b Feb	(p) ^b Mar	(q) ^b Apr	(r) ^b May	(s) ^b Jun	(t) ^b Jul	(u) ^b Aug
1	Beginning True-Up Adjustment (Overcollection)/Undercollection ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
5	Part A1: Amortization of True-Up Adjustment Balance:								
6	Total Recorded Sales in KWHs	-	-	-	-	-	-	-	-
7									
8	Amortization Rate Per KWH ^f	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9									
10	Amortization of True-Up Adjustment Balance + Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11									
12	Net Monthly Collection/(Refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13									
14	Part A2: Calculation of Interest on Remaining TU Balance:								
15	Interest Expense Calculations:								
16	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0	0	0	0	0
18	Basis for Interest Expense Calculation	0	0	0	0	0	0	0	0
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21									
22	Ending Balance (Overcollection)/Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23									
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	Days in Year	337	337	337	337	337	337	337	337
26	Days in Month ^g	31		31	30	31	30	31	31
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES:

- a The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTTR.
- b The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
For December, Col (y), line 10 is the amount necessary to fully amortize the balance to zero. See applicable paperwork.
- c Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
- d Monthly Activity Calculated as Follows:
a) 1st Month of Quarter = Column A, Line 12 Divided by 2
b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e The FERC interest rate information comes from the FERC website.
- f The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g These are fixed days for each month except February for leap vs. non-leap years.

Line No.	Rate Effective Period from Prior Cycle Filing	(v) ^b Sep	(w) ^b Oct	(x) ^b Nov	(y) ^b Dec	(z) Total	Reference	Line No.
1	Beginning True-Up Adjustment (Overcollection)/Undercollection^a	\$ -	\$ -	\$ -	\$ -		Previous Month's Ending Balance from Line 22	1
2								2
5	Part A1: Amortization of True-Up Adjustment Balance:							5
6	Total Recorded Sales in KWHs	-	-	-	-	-	See Related Work Papers; Pages; Lines	6
7								7
8	Amortization Rate Per KWH ^f	-	-	-	-	-	See Related Work Papers; Pages; Lines	8
9								9
10	Amortization of True-Up Adjustment Balance + Accrued Interest	-	-	-	-	-	Line 6 x Line 8	10
11								11
12	Net Monthly Collection/(Refunds)	-	-	-	-	-	Minus Line 10 from Columns (a) through (l)	12
13								13
14	Part A2: Calculation of Interest on Remaining TU Balance:							14
15	Interest Expense Calculations:							15
16	Beginning Balance for Interest Calculation ^e	-	-	-	-	-	Balance at Beginning of Quarter (See Footnote C)	16
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0	0	See Footnote D Line 16 + Line 17	17
18	Basis for Interest Expense Calculation	0	0	0	0	0		18
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	FERC Monthly Rates From Line 28 Below Line 18 x Line 19 - Columns (n) through (y)	19
20	Interest Expense	-	-	-	-	-		20
21								21
22	Ending Balance (Overcollection)/Undercollection	-	-	-	-	-	Line 1 + Line 12 + Line 20	22
23								23
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%	0.00%	Annual Interest Rate from FERC Website Line 26 Below, Col (z)	24
25	Days in Year	337	337	337	337	337		25
26	Days in Month ^g	30	31	30	31	337	Number of Days Per Month (Line 24)/(Line 25)(Line 26)	26
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%		27
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	Monthly Interest Rate from FERC Website Line 27 Minus Line 28	28
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%		29

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTRR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
For December, Col (y), line 10 is the amount necessary to fully amortize the balance to zero. See applicable paperwork.
- c** Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
- d** **Monthly Activity Calculated as Follows:**
a) 1st Month of Quarter = Column A, Line 12 Divided by 2
b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g** These are fixed days for each month except February for leap vs. non-leap years.

San Diego Gas & Electric Co.
TO4 - Annual WHOLESALE True-Up Adjustment Calculation

Line No.	TO4-Formula Cycle in Effect Description	Current Cycle Jan	Current Cycle Feb	Current Cycle Mar	Current Cycle Apr	Current Cycle May	Current Cycle Jun	Current Cycle Jul	Current Cycle Aug
1	Beginning Balance (Overcollection)/Undercollection: Total Recorded Retail Revenues @ Transmission Level¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
3		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4									
5	Amortization of True-Up Adjustment and Interest True-Up Adjustment: a) Amortization of Prior Cycle True-Up Adjustment and Prior Interest True-Up Adjustment: i. Amortization of Prior Cycle True-Up Adjustment. ² ii. Amortization of Prior Interest True-Up Adjustment. ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6									
7		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Total Amortization of True-Up Adjustments & Interest True-Up Adjustment								
10									
11		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12									
13	Adjusted Total Recorded Retail Revenues @ Transmission Level³ Total True-Up Revenues (TU Cost of Service)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14									
15		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16									
17	Net Monthly (Overcollection)/Undercollection:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18									
19		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20									
21	Interest Expense Calculations: Beginning Balance for Interest Calculation Monthly Activity Included in Interest Calculation Basis Basis for Interest Expense Calculation Monthly Interest Rate Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22		0	0	0	0	0	0	0	0
23		0	0	0	0	0	0	0	0
24		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	Ending Balance (Overcollection)/Undercollection:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26									
27		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28									
29	FERC INTEREST RATE ⁴ Days in Year Days in Month ⁵ Monthly Interest Rate - Calculated FERC Interest Rates - Website ⁴ Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30		337	337	337	337	337	337	337	337
31		31	31	31	31	31	31	31	31
32		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
33									
34									
35									
36									
37									

NOTES:

- A The above format of the True-Up Adjustment Calculation will be used for each cycle, with the exception of the cycle 2 4-month true-up adjustment. For the cycle 2 True-Up Adjustment, the above format will be used for the months of Sep 2013 - Dec 2013.
- 1 For the Retail True-Up Adjustment Calculation, the Recorded Retail Revenues are measured at the Transmission Level.
- 2 The amortization of prior cycle True-Up Adjustment and prior Interest True-Up Adjustment will be repeated as needed in deriving the True-Up Adjustment.
- 3 For the Retail True-Up Adjustment Calculation, the Adjusted Total Recorded Retail Revenues are measured at the Transmission Level.
- 4 The FERC interest rate information comes from the FERC website.
- 5 These are fixed days for each month except February for leap vs. non-leap years.

TO4 - Annual WHOLESale True-Up Adjustment Calculation

Line No.	TO4-Formula Cycle in Effect Description	Current Cycle Sep	Current Cycle Oct	Current Cycle Nov	Current Cycle Dec	Total	Reference	Line No.
1	Beginning Balance (Overcollection)/Undercollection: Total Recorded Retail Revenues @ Transmission Level¹	\$ -	\$ -	\$ -	\$ -	\$ -	Previous Month's Balance	1
2							See Related Work Papers; Pages; Lines.	2
3								3
4								4
5								5
6								6
7	Amortization of True-Up Adjustment and Interest True-Up Adjustment: aa) Amortization of Prior Cycle True-Up Adjustment and Prior Interest True-Up Adjustment: i. Amortization of Prior Cycle True-Up Adjustment. ² ii. Amortization of Prior Interest True-Up Adjustment. ²	\$ -	\$ -	\$ -	\$ -	\$ -	See Related Work Papers; Pages; Lines.	7
8		\$ -	\$ -	\$ -	\$ -	\$ -	See Related Work Papers; Pages; Lines.	8
9								9
10								10
11								11
12								12
13	Total Amortization of True-Up Adjustments & Interest True-Up Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	Sum Lines 7 through 12	13
14								14
15								15
16		\$ -	\$ -	\$ -	\$ -	\$ -	Sum Lines 3 & 14	16
17							See Related Work Papers; Pages; Lines.	17
18		\$ -	\$ -	\$ -	\$ -	\$ -	Line 18 Minus Line 16	18
19	Adjusted Total Recorded Retail Revenues @ Transmission Level³ Total True-Up Revenues (TU Cost of Service) Net Monthly (Overcollection)/Undercollection:	\$ -	\$ -	\$ -	\$ -	\$ -		19
20								20
21								21
22								22
23		\$ -	\$ -	\$ -	\$ -	\$ -	Beginning Quarterly Balances	23
24		0	0	0	0	0	Interest Calculation Basis	24
25	Interest Expense Calculations: Beginning Balance for Interest Calculation Monthly Activity Included in Interest Calculation Basis Basis for Interest Expense Calculation Monthly Interest Rate Interest Expense	0	0	0	0	0	Sum Lines 23 & 24	25
26		0.00%	0.00%	0.00%	0.00%	0.00%	FERC Monthly Rates	26
27		\$ -	\$ -	\$ -	\$ -	\$ -	Line 25 x Line 26	27
28								28
29		\$ -	\$ -	\$ -	\$ -	\$ -	Sum Lines 1; 20; & 27	29
30								30
31	Ending Balance (Overcollection)/Undercollection: FERC INTEREST RATE ⁴ Days in Year Days in Month ⁵ Monthly Interest Rate - Calculated FERC Interest Rates - Website ⁴ Difference	0.00%	0.00%	0.00%	0.00%	0.00%	Annual Interest Rate - FERC Website	31
32		337	337	337	337	337	Line 34 Below Total Col.	32
33		30	31	30	31	31	Number of Days Per Month	33
34		0.00%	0.00%	0.00%	0.00%	0.00%	(Line 32)/(Line 33)x(Line 34)	34
35		0.00%	0.00%	0.00%	0.00%	0.00%	Monthly Interest Rate - FERC Website	35
36		0.00%	0.00%	0.00%	0.00%	0.00%	Line 35 - Line 36	36
37								37

NOTES:

- A The above format of the True-Up Adjustment Calculation will be used for each cycle, with the exception of the cycle 2 4-month true-up adjustment. For the cycle 2 True-Up Adjustment, the above format will be used for the months of Sep 2013 - Dec 2013.
- 1 For the Retail True-Up Adjustment Calculation, the Recorded Retail Revenues are measured at the Transmission Level.
- 2 The amortization of prior cycle True-Up Adjustment and prior Interest True-Up Adjustment will be repeated as needed in deriving the True-Up Adjustment.
- 3 For the Retail True-Up Adjustment Calculation, the Adjusted Total Recorded Retail Revenues are measured at the Transmission Level.
- 4 The FERC interest rate information comes from the FERC website.
- 5 These are fixed days for each month except February for leap vs. non-leap years.

Line No.	(Base Period Following the end of the True-Up Period)	(a) ^b Jan	(b) ^b Feb	(c) ^b Mar	(d) ^b Apr	(c) ^b May	(f) ^b Jun	(g) ^b Jul	(h) ^b Aug
1	Beginning True-Up Adjustment (Overcollection)/Undercollection ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
5	Part A1: Amortization of True-Up Adjustment Balance:								
6	Total Recorded Sales in KWHs	-	-	-	-	-	-	-	-
7									
8	Amortization Rate Per KWH ^f	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9									
10	Amortization of True-Up Adjustment Balance + Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11									
12	Net Monthly Collection/(Refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13									
14	Part A2: Calculation of Interest on Remaining TU Balance:								
15	Interest Expense Calculations:								
16	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0	0	0	0	0
18	Basis for Interest Expense Calculation	0	0	0	0	0	0	0	0
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21									
22	Ending Balance (Overcollection)/Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23									
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	Days in Year	337	337	337	337	337	337	337	337
26	Days in Month ^g	31		31	30	31	30	31	31
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SD&GE follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTTR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
- c** Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
- d** **Monthly Activity Calculated as Follows:**
- a) 1st Month of Quarter = Column A, Line 12 Divided by 2
- b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
- c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g** These are fixed days for each month except February for leap vs. non-leap years.

San Diego Gas & Electric Co.
 T04 - Annual Transmission Formula Filing
 Derivation of WHOLESale Interest True-Up Adjustment

Line No.	(Base Period Following the end of the True-Up Period)	(i) ^b Sep	(j) ^b Oct	(k) ^b Nov	(l) ^b Dec	(m) Total	Reference	Line No.
1	Beginning True-Up Adjustment (Overcollection)/Undercollection^a	\$ -	\$ -	\$ -	\$ -		Previous Month's Ending Balance from Line 22	1
2								2
5	Part A1: Amortization of True-Up Adjustment Balance:							5
6	Total Recorded Sales in KWHs	-	-	-	-	-	See Related Work Papers; Pages; Lines	6
7								7
8	Amortization Rate Per KWH ^f	\$ -	\$ -	\$ -	\$ -		See Related Work Papers; Pages; Lines	8
9								9
10	Amortization of True-Up Adjustment Balance + Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	Line 6 x Line 8	10
11								11
12	Net Monthly Collection/(Refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	Minus Line 10 from Columns (a) through (l)	12
13								13
14	Part A2: Calculation of Interest on Remaining TU Balance:							14
15	Interest Expense Calculations:							15
16	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -		Balance at Beginning of Quarter (See Footnote C)	16
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0		See Footnote D	17
18	Basis for Interest Expense Calculation	0	0	0	0		Line 16 + Line 17	18
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%		FERC Monthly Rates From Line 28 Below	19
20	Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	Line 18 x Line 19 - Columns (a) through (l)	20
21								21
22	Ending Balance (Overcollection)/Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	Line 1 + Line 12 + Line 20	22
23								23
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%		Annual Interest Rate from FERC Website	24
25	Days in Year	337	337	337	337	337	Line 26 Below, Col (m)	25
26	Days in Month ^g	30	31	30	31	337	Number of Days Per Month	26
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	(Line 24)/(Line 25)(Line 26)	27
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	Monthly Interest Rate from FERC Website	28
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%	Line 27 Minus Line 28	29

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTRR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
- c**
- d** **Monthly Activity Calculated as Follows:**
- a) 1st Month of Quarter = Column A, Line 12 Divided by 2
- b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
- c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g**
- h** These are fixed days for each month except February for leap vs. non-leap years.

Line No.	Rate Effective Period from Prior Cycle Filing	(n) ^b Jan	(o) ^b Feb	(p) ^b Mar	(q) ^b Apr	(r) ^b May	(s) ^b Jun	(t) ^b Jul	(u) ^b Aug
1	Beginning True-Up Adjustment (Overcollection)/Undercollection ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
5	Part A1: Amortization of True-Up Adjustment Balance:								
6	Total Recorded Sales in KWHs	-	-	-	-	-	-	-	-
7									
8	Amortization Rate Per KWH ^f	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9									
10	Amortization of True-Up Adjustment Balance + Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11									
12	Net Monthly Collection/(Refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13									
14	Part A2: Calculation of Interest on Remaining TU Balance:								
15	Interest Expense Calculations:								
16	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0	0	0	0	0
18	Basis for Interest Expense Calculation	0	0	0	0	0	0	0	0
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21									
22	Ending Balance (Overcollection)/Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23									
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	Days in Year	337	337	337	337	337	337	337	337
26	Days in Month ^g	31		31	30	31	30	31	31
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTTR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
For December, Col (y), line 10 is the amount necessary to fully amortize the balance to zero. See applicable paperwork.
- c**
- d** **Monthly Activity Calculated as Follows:**
Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
a) 1st Month of Quarter = Column A, Line 12 Divided by 2
b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g** These are fixed days for each month except February for leap vs. non-leap years.

San Diego Gas & Electric Co.
TO4 - Annual Transmission Formula Filing
Derivation of WHOLESale Interest True-Up Adjustment

Line No.	Rate Effective Period from Prior Cycle Filing	(v) ^b Sep	(w) ^b Oct	(x) ^b Nov	(y) ^b Dec	(z) Total	Reference	Line No.
1	Beginning True-Up Adjustment (Overcollection)/Undercollection^a	\$ -	\$ -	\$ -	\$ -		Previous Month's Ending Balance from Line 22	1
2								2
5	Part A1: Amortization of True-Up Adjustment Balance:							5
6	Total Recorded Sales in KWHs	-	-	-	-	-	See Related Work Papers; Pages; Lines	6
7								7
8	Amortization Rate Per KWH ^f	\$ -	\$ -	\$ -	\$ -		See Related Work Papers; Pages; Lines	8
9								9
10	Amortization of True-Up Adjustment Balance + Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	Line 6 x Line 8	10
11								11
12	Net Monthly Collection/(Refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	Minus Line 10 from Columns (a) through (l)	12
13								13
14	Part A2: Calculation of Interest on Remaining TU Balance:							14
15	Interest Expense Calculations:							15
16	Beginning Balance for Interest Calculation ^e	\$ -	\$ -	\$ -	\$ -		Balance at Beginning of Quarter (See Footnote 1)	16
17	Monthly Activity Included in Interest Calculation Basis ^d	0	0	0	0		See Footnote 2	17
18	Basis for Interest Expense Calculation	0	0	0	0		Line 16 + Line 17	18
19	Monthly Interest Rate	0.00%	0.00%	0.00%	0.00%		FERC Monthly Rates From Line 28 Below	19
20	Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	Line 18 x Line 19 - Columns (n) through (y)	20
21								21
22	Ending Balance (Overcollection)/Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	Line 1 + Line 12 + Line 20	22
23								23
24	FERC INTEREST RATE ^e	0.00%	0.00%	0.00%	0.00%		Annual Interest Rate from FERC Website	24
25	Days in Year	337	337	337	337	337	Line 26 Below, Col (z)	25
26	Days in Month ^g	30	31	30	31	337	Number of Days Per Month	26
27	Monthly Interest Rate - Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	(Line 24)/(Line 25)(Line 26)	27
28	FERC Interest Rates - Website ^e	0.00%	0.00%	0.00%	0.00%	0.00%	Monthly Interest Rate from FERC Website	28
29	Difference	0.00%	0.00%	0.00%	0.00%	0.00%	Line 27 Minus Line 28	29

NOTES:

- a** The (overcollection)/undercollection balance in column (a), line 1, comes from the prior year's True-Up Adjustment calculation. The Interest True-Up Adjustment accrues interest on the unamortized balance of the True-Up Adjustment from the end of the True-Up Period through the end of the prior cycle's Rate Effective Period. SDG&E follows a convention of fully amortizing the True-Up Adjustment plus accrued interest at the end of the Rate Effective Period. The total Interest True-Up Adjustment amount, as shown on line 20, column "z" is a component of BTRR.
- b** The months indicated in columns (a) through (l) pertain to the 12-month Base Period following the end of the True-Up Period, while columns (n) through (y) pertain to the prior cycle's Rate Effective Period.
For December, Col (y), line 10 is the amount necessary to fully amortize the balance to zero. See applicable paperwork.
- c** Beginning Balance for Interest Calculation Remains Constant for each 3 Month Quarter as Interest is Compounded Quarterly on these amounts pursuant to FERC Interest Methodology - per 18 CFR Section 35.19 (2) (iii) (B).
- d** **Monthly Activity Calculated as Follows:**
a) 1st Month of Quarter = Column A, Line 12 Divided by 2
b) 2nd Month of Quarter = Column A, Line 12 + (Column B, Line 12 Divided by 2)
c) 3rd Month of Quarter = Column A, Line 12 + Column B, Line 12 + (Column C, Line 12 Divided by 2). Column D, E, F, etc. repeats the process outlined in (a), (b), and (c) above.
- e** The FERC interest rate information comes from the FERC website.
- f** The Amortization Rate per KWH in column (n), line 8, represents the amount of the prior year's True-Up Adjustment + Accrued Interest, amortized over the 12-month prior cycle's rate effective period.
- g** These are fixed days for each month except February for leap vs. non-leap years.

APPENDIX IX

DETERMINATION OF SDG&E'S END USE CUSTOMER CLASS TRANSMISSION CHARGES, LOW VOLTAGE ACCESS CHARGE, AND HIGH VOLTAGE UTILITY-SPECIFIC RATE, AND ALLOCATION OF BTRR APPLICABLE TO HIGH VOLTAGE AND LOW VOLTAGE TRANSMISSION FACILITIES

I. INTRODUCTION

This Appendix IX describes the method by which SDG&E:

1. allocates Base Transmission Revenue Requirements (as determined in Appendix VIII) to End Use Customer classes, and designs transmission rates applicable to such End Use Customer classes assessed by SDG&E pursuant to this Transmission Owner (TO) Tariff;
2. allocates Base Transmission Revenue Requirements (as determined in Appendix VIII) applicable to High Voltage Transmission Facilities and Low Voltage Transmission Facilities for purposes of designing voltage-differentiated Wheeling Access Charges assessed pursuant to the ISO Tariff;
3. calculates the applicable Low Voltage Access Charge to be assessed pursuant to SDG&E's TO Tariff; and
4. calculates a High Voltage Utility-Specific Rate.

SDG&E shall provide the California Independent System Operator Corporation (CAISO or ISO) its determination of the High Voltage Utility-Specific Rate, as updated annually pursuant to the formula rate contained in Appendix VIII of this TO Tariff, for use by the ISO to calculate the High Voltage Wheeling Access Charge assessed by the ISO pursuant to the ISO Tariff. SDG&E shall also provide the ISO SDG&E's determination of the Low Voltage Wheeling Access Charge that is assessed by the ISO pursuant to the ISO Tariff.

A. END-USE CUSTOMER CLASSES FOR TRANSMISSION SERVICE:

The following applies only to End-Use Customers that receive transmission service over the ISO Controlled Grid through SDG&E's transmission or distribution facilities. End-Use Customers

shall take service under the following rate designations:

Residential
Small Commercial
Medium and Large Commercial/Industrial
Agricultural
Street Lighting
Stand-by Service

Rates applicable to the current Rate Effective Period shall be posted on SDG&E's OASIS, which can be accessed at www.sdge.com/toforum. The rates are also accessible through a link to SDG&E's web page that is located at the CAISO OASIS at www.caiso.com.

B. DERIVATION OF SDG&E'S END-USE CUSTOMER TRANSMISSION RATES:

The transmission rate components of SDG&E's End-Use Customer rates are determined as follows:

1. Allocate the Base Transmission Revenue Requirements applicable to End Use Customers (BTRREU) under the TO Tariff as calculated pursuant to the formula rate contained in Appendix VIII of SDG&E's TO Tariff among End-Use Customer rate classes based upon the most recent 5-year coincident peak data averaged by month to derive the 12-month average coincident peak data adjusted to reflect distribution losses to the transmission level.
2. To mitigate the impact of rate increases to Street Lighting and Stand-by Service classes, the rates effective October 1, 2003, for these customer classes shall be limited to a 100% rate increase under the otherwise applicable rate design. Beginning with rates that become effective July 1, 2004, SDG&E shall design transmission rates applicable to Street Lighting and Stand-by Service classes based on total cost of service without such mitigation measures. The revenue requirement under-recovery attributable to this mitigation measure that occurs

during the first Rate Effective Period shall be allocated among other customer classes in proportion to these classes' respective contribution to SDG&E's 12-month average coincident peak excluding the contribution to such coincident peak from Street Lighting and Stand-by Service classes.

3. Divide the results of the allocation described paragraph "1", as adjusted by paragraph "2" above, by the appropriate forecast End Use Customer billing determinants applicable to the Rate Effective Period to determine the transmission prices for the respective End Use Customer classes. End Use Customer classes shall be determined in accordance with SDG&E's CPUC tariffs. The billing determinants used to design transmission rates applicable to End Use Customer classes shall be as follows:
 - a. Residential – forecast metered energy (kWh) for the Rate Effective Period;
 - b. Small Commercial– forecast metered energy (kWh) for the Rate Effective Period;
 - c. Medium and Large Commercial/Industrial – forecast metered maximum non coincident peak demand (kW), forecast metered maximum monthly demand, forecast seasonally differentiated peak period demands (kW), and forecast seasonally differentiated monthly coincident peak demands (kW), with seasons, as determined in accordance with SDG&E's CPUC Tariff, for the Rate Effective Period. For the rate applicable to the Vehicle Grid Integration Pilot, forecasted metered energy (kWh) shall be used for the Rate Effective Period;
 - d. Agricultural – forecast metered (kWh) for tariff for the Rate Effective Period for all applicable tariffs except tariff PA-T-1; for tariff PA-T-1 forecast metered maximum non coincident demand (kW) for the Rate Effective Period; and
 - e. Street Lighting – forecast energy (kWh) used by all lamps in service for the

Rate Effective Period;

Stand-by Service – contract demands (kW) applicable to Stand-by Service for the Rate Effective Period.

For the Medium and Large Commercial/Industrial class of customers, a portion of the allocated revenue requirement shall be recovered through a maximum non coincident demand charge and the remaining portion of the allocated revenue requirement shall be recovered through either a seasonally-differentiated peak period demand charge (e.g., 4 p.m. to 9 p.m. every day year-round) or a seasonally-differentiated coincident peak demand charge. The rate design methodology is delineated below in paragraph “4”.

4. The rate design for the recovery of allocated revenue requirements for the Medium and Large Commercial/Industrial Class is as follows:
 - a. For Rate Schedule AD, the maximum non-coincident demand charge shall be determined as the revenue requirement allocated to the Medium and Large Commercial/Industrial Class described in paragraph “1”, as adjusted by paragraph “2” above, divided by the forecast metered maximum non coincident peak demand (kW) for the Rate Effective Period.
 - b. For the Rate Schedules listed below,¹ the maximum non-coincident demand charge, described in paragraph “4.a” above, shall be reduced by 10%.
 - c. For Rate Schedules AY-TOU, AL-TOU, and DG-R the residual 10% of revenue referenced in paragraph “4.b” above shall be recovered through a seasonally-differentiated peak period demand charge.

¹ The maximum non-coincident demand charge is being reduced by 10 percent for: Schedules AY-TOU, AL-TOU, DG-R and A6-TOU. All of SDG&E’s currently-effective rate schedules are available at the following website: <http://www.sdge.com/regulatory/currentEffectiveTariffs.shtml>

- d. For Rate Schedule A6-TOU, the residual 10% of revenue referenced in paragraph "4.b" above shall be recovered through a seasonally-differentiated coincident peak demand charge.

C. ALLOCATION OF SDG&E'S BASE TRANSMISSION REVENUE REQUIREMENTS AND DERIVATION OF UTILITY SPECIFIC HIGH VOLTAGE TRANSMISSION RATE AND LOW VOLTAGE RATES APPLICABLE TO LOW VOLTAGE WHEELING ACCESS CHARGE:

- 1. The Base Transmission Revenue Requirements applicable to Wheeling Access Charges pursuant to the ISO Tariff (hereinafter referred to as the "BTRR_{ISO}") shall be allocated among the following:

- a) High Voltage (HV) Transmission Facilities
- b) Low Voltage (LV) Transmission Facilities

The Transmission Revenue Balancing Account Adjustment (TRBAA) shall be allocated between High Voltage and Low Voltage Transmission.

- 2. The HV Utility Specific transmission rate shall be derived by taking the High Voltage Transmission Revenue Requirements ("HVTRR") and dividing it by SDG&E's total retail forecast kWh billing determinants (adjusted for distribution losses) applicable during the Rate Effective Period.
- 3. SDG&E's Low Voltage Access Charge and Low Voltage Wheeling Access Charge shall be derived by taking the Low Voltage Transmission Revenue Requirements ("LVTRR") and dividing it by SDG&E's Gross Load forecast applicable during the Rate Effective Period.

APPENDIX X

FORMULA FOR CALCULATING THE ALLOCATED COSTS TO THE CITIZENS BORDER EAST LINE RATE UNDER SDG&E'S TRANSMISSION OWNER TARIFF

Appendix X sets forth the formula for calculating the Citizens Border East Line Rate which includes direct and non-direct Operating & Maintenance ("O&M") expenses, and other costs explained in various sections of this appendix. Appendix X is organized into the following sections:

I. Introduction

II. Definitions

A. Allocation Factors

B. Carrying Charge Percentages

C. Terms

- 1. [DELETED]**
- 2. Allocated General and Common Accumulated Deferred Income Taxes**
- 3. Administrative and General Expense**
- 4. Base Period Cost of Service**
- 5. Citizens Border East Line Accumulated Deferred Tax Asset**
- 6. Citizens Border East Line Accumulated Deferred Tax Liability**
- 7. Citizens Border East Line Incremental Accumulated Deferred Income Tax Liability**
- 8. Citizens Border East Line Allocated Property Taxes**
- 9. Citizens Border East Line Leased Amount**
- 10. Citizens Border East Line Rate**
- 11. Common Plant**
- 12. Common Plant Depreciation Expense**
- 13. Cost Component Containing Other Specific Expenses**
- 14. Cost of Capital Rate**

- 15. Cost of Equity Component**
- 16. Direct Maintenance Expense Cost Component**
- 17. Federal Income Tax**
- 18. General Plant**
- 19. General Plant Depreciation Expense**
- 20. General and Common Plant ADIT**
- 21. General and Common Plant Depreciation Rate**
- 22. General and Common Plant Fixed Charged Rate**
- 23. General and Common Total Gross Plant**
- 24. General and Common Plant Revenues**
- 25. Interest True Up Adjustment**
- 26. Materials and Supplies**
- 27. Municipal Franchise Tax Percentage**
- 28. Non-Deductibility of Depreciation on Equity Allowance for Funds Used During Construction (AFUDC) Revenue Component**
- 29. Non Direct Expenses Cost Component**
- 30. Payroll Taxes**
- 31. Prepayments**
- 32. Property Insurance**
- 33. Property Taxes**
- 34. Rate Effective Period**
- 35. State Income Tax**
- 36. Sunrise Removal Rate**
- 37. Total Plant in Service**
- 38. Transmission Maintenance Expenses**
- 39. Transmission Operation Expenses**
- 40. Transmission Plant**
- 41. [DELETED]**
- 42. [DELETED]**
- 43. Transmission Related A&G Expenses**
- 44. Transmission Related A&G Expenses Including Property Insurance**

- 45. Transmission Related General and Common Plant Revenue**
- 46. Transmission Related Materials and Supplies**
- 47. Transmission Related Payroll Taxes Expense**
- 48. Transmission Related Prepayments**
- 49. Transmission Related Working Cash**
- 50. Transmission Related Working Capital Revenue**
- 51. True Up Adjustment**
- 52. True-Up Period**
- 53. Weighted Cost of Capital**
- 54. Working Cash One Eight O&M Percentage**

III. Calculation of Citizens Border East Line Rate Will Include the following cost components:

- A. Direct Maintenance Expense Cost Component
- B. Non-Direct Expenses Cost Component
- C. Cost Component Containing Other Specific Expenses
- D. True Up Adjustment
- E. Interest True-Up Adjustment

IV. Table 1

I. Introduction

This Appendix X sets forth the details with respect to the annual determination of San Diego Gas & Electric Company's ("SDG&E") Border East Line Rate. SDG&E shall assess Citizens Sunrise Transmission, LLC ("Citizens") the Border East Line Rate ("Citizens Border East Line Rate"), for its percentage share of the transfer capability of the Sunrise Border-East 30-mile, 500 kV line segment. The Citizens Border East Line Rate will consist of the following five cost components: (1) Direct Maintenance Expense Cost Component; (2) Non-Direct Expenses Cost Component; (3) Cost Component Containing Other Specific Expenses associated with the Border-East Line, (4) True-Up Adjustment and (5) Interest True-Up Adjustment. The Border-East Line segment leased to Citizens is located between SDG&E's Imperial Valley substation and the San Diego County line.

The Citizens Border East Line Rate for each Rate Effective Period will be comprised of the above five rates.

The Citizens Border East Line Rate shall be designed to reflect SDG&E's cost to own, operate and maintain the Border-East transmission line segment. It will be an annual calculation based on the previous calendar year's data as shown in SDG&E's Federal Energy Regulatory Commission (FERC) FERC Form 1: Annual report of Major Electric Utilities, Licensees, and Others ("Form 1") for that year, and the underlying ledger accounts and work papers. SDG&E shall make available the data reflected in the underlying ledger accounts and work papers used to determine Citizens Border East Line Rate in its Citizens annual informational filing described below.

The True-Up Adjustment cost component for each Rate Effective Period will be an annual reconciliation of the difference between:

- (a) SDG&E's actual costs of providing the transmission service during the most recent consecutive twelve-month period (the "True-Up Period") ending December 31 preceding that Rate Effective Period as determined by the application of the formula; less
- (b) Actual revenues billed by SDG&E and paid by Citizens Sunrise Transmission LLC for transmission services during the True-Up Period.

SDG&E shall submit to the Federal Energy Regulatory Commission

(“Commission” or “FERC”) on or before May 30 of each year an Informational Filing showing the Citizens Border East Line Rate in effect for the Rate Effective Period beginning June 1 of that year through May 31 of the subsequent year (the “Informational Filing”).

Section IV of the Appendix sets forth Table 1 delineating the FERC accounts specified in the *Order on Petition for Declaratory Order* (“PDO Order”)¹ applicable to the Citizens Border East Line. Table 1 demonstrates the affected FERC accounts that SDG&E will utilize to record and capture the direct and indirect costs associated with the Border-East Line. Column (A) reflects the normal FERC accounts SDG&E uses to account for the costs associated with its transmission business function. Column (B) lists the accounts in the PDO. Column (C) reflects the combined expenses for both SDG&E and Citizens used to develop the annual Citizens Border East Line Rate.

The Informational Filing shall not subject the Formula set forth in this Appendix X to modification. The Informational Filing shall only be contestable with respect to prudence of the costs and expenditures included for recovery, the accuracy of the data and the consistency with the Formula of the changes in data shown in the Informational Filing.

In the event SDG&E or any interested party identifies an error in the TO4 Formula or 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 law, a court, or regulatory body to correct an error, and such error affects the True-Up Adjustment calculated in an Informational Filing, SDG&E shall include in its 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 Adjustment for all affected Prior Years;
- (ii) Compare, on a monthly basis, the difference between the initial incorrect True-Up Adjustment and the revised correct True-Up; and
- (iii) Determine the cumulative amount of the difference, including interest calculated pursuant to the interest rate in 18.C.F.R. § 35.19a, through the

¹ San Diego Gas & Electric Company, *Order on Petition for Declaratory Order*, 129 FERC ¶61, 233 (2009).

date of implementation of the correction.

Absent an order requiring refunds outside of the True-Up process, the difference shall be included as an additional component to Citizens True-Up Adjustment in its next Informational Filing or Final True-Up Adjustment, as applicable, as a one-time True-Up Adjustment.

In the event of a challenge to any of the costs reflected in rates derived under this Appendix X, SDG&E shall bear the burden of demonstrating that such costs and expenditures included for recovery were prudently incurred, accurate and consistent with the Formula.

The costing methodology reflected in this Appendix X is based on the costing methodology reflected in SDG&E's Fourth Transmission Order (TO) Formula rate mechanism (TO4 Formula). Citizens and SDG&E agree that if the costing methodology in the TO4 Formula is modified in future rate filings, *e.g.*, in an SDG&E TO5 Formula, this Appendix X will be modified accordingly.

Any revisions and refunds related to the cost components of the Citizens Border East Line Rate resulting from a Commission Order in (i) any annual update proceeding involving the rates calculated under this Appendix X, (ii) any proceeding involving the rates calculated pursuant to Appendix VIII of this TO Tariff, or (iii) any other proceeding will be reflected in subsequent billings or as otherwise provided for in Commission Orders.

SDG&E shall bill Citizens through a monthly invoice issued by the 30th of each month following the service month. Payment should be due no later than 30 days following the issuance date of the invoice.

II. Definitions

Capitalized terms and allocation factors not otherwise defined in Section I of SDG&E's TO Tariff, in Appendix VIII, in the California Independent System Operator ("CAISO") Tariff, or in this Appendix X have the following definitions:

A. Allocation Factors

1. **Citizens Border-East Line Property Tax Allocation Factor** shall equal the ratio of Citizens Border East Line Leased Amount divided by Total Plant in Service, excluding SONGS, plus Citizens Border-East Line Leased Amount.
2. **Transmission Plant Allocation Factor** shall equal the ratio of SDG&E's total investment in (a) Transmission Plant, plus (b) Transmission Related General Plant and Transmission Related Common Plant, plus (c) Transmission Electric Miscellaneous Intangible Plant to SDG&E's Total Plant in Service, plus Citizens Border-East Line Leased Amount.
3. **[DELETED]**
4. **Transmission Plant Property Insurance Allocation Factor** shall equal the ratio of the sum of SDG&E's total investment in Transmission Plant and Transmission Related General Plant and 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").
5. **Transmission Wages and Salaries Allocation Factor For Citizens** shall equal the ratio of SDG&E's transmission related direct wages and salaries less the direct wages and salaries in Accounts 562, 570, 572 and 571 except for that small portion of Account 571 which will be tracked by internal accounting orders related with maintaining the Citizens Border East Line to SDG&E's total direct wages and salaries, plus direct wages and salaries in Accounts 562,570,572, and 571, excluding administrative and general wages and salaries.

B. Carrying Charge Percentages

1. **Transmission Maintenance Expense Carrying Charge Percentage** shall equal the ratio of Transmission Maintenance Expenses divided by Transmission Plant.
2. **Transmission Operations Expense Carrying Charge Percentage** shall equal the ratio of Transmission Operating Expenses divided by Transmission Plant.

3. **Transmission Related A&G Carrying Charge Percentage** shall equal the ratio of Transmission Related A&G Expenses Including Property Insurance divided by Transmission Plant.
4. **Transmission Related General and Common Plant Accumulated Deferred Income Tax Revenue Carrying Charge Percentage** – shall equal SDG&E's Total General and Common Plant ADIT, as reflected in a footnote to SDG&E's annual FERC Form 1 multiplied by the Cost of Capital Rate divided by General and Common Total Gross Plant.
5. **Transmission Related General and Common Plant Revenue Carrying Charge Percentage** - shall equal the ratio of Transmission Related General and Common Plant Revenues divided by Transmission Plant.
6. **Transmission Related Payroll Tax Carrying Charge Percentage** shall equal the ratio of Transmission Related Payroll Tax Expense divided by Transmission Plant.
7. **Transmission Related Working Capital Revenue Carrying Charge Percentage** – shall equal the ratio of Transmission Working Capital Revenue divided by Transmission Plant.

C. TERMS

1. **[DELETED]**
2. **Allocated General and Common 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.
3. **Administrative and General Expense** shall equal SDG&E's expenses recorded in FERC Account Nos. 920-935 plus the recorded Transmission Related A&G Expenses allocated and charged to Citizens as reflected in FERC Account 413, Expenses from Electric Plant Leased to Others, excluding FERC Account No. 930.1 (General Advertising Expense).
4. **Base Period Cost of Service** – except for the initial Rate Effective Period, the Base Period cost of service shall be the calendar year prior to

the following year's Rate Effective Period. The initial Base Period cost of service shall be the 12-month period ending September 30, 2011 adjusted for certain estimated expenses applicable to the initial Rate Effective period.

5. **Citizens Border East Line Accumulated Deferred Tax Asset** shall equal Citizens' accumulated deferred income tax asset generated by the net operating loss attributable to bonus depreciation.
6. **Citizens Border East Line Accumulated Deferred Tax Liability** shall equal Citizens' accumulated deferred income tax liability attributable to bonus depreciation.
7. **Citizens Border East Line Incremental Accumulated Deferred Income Tax Liability** shall be the difference between the sum of the deferred income tax liability and the deferred income tax asset computed with bonus depreciation less the deferred income tax liability computed without bonus tax depreciation.
8. **Citizens Border East Line Allocated Property Taxes** shall equal Property Taxes, plus Citizens allocated property taxes, excluding property taxes directly assigned to SONGS, multiplied by Citizens Border-East Line Property 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.
9. **Citizens Border East Line Leased Amount** shall equal the amount of the Border East Line that SDG&E leases to Citizens.
10. **Citizens Border East Line Rate** shall be equal to the sum of the following: Direct Maintenance Expenses Cost Component, plus Non Direct Expenses Cost Component; plus Cost Component Containing Other Specific Expenses, plus the True Up Adjustment, plus the Interest True Up Adjustment.
11. **Common Plant** shall equal SDG&E's gross plant balance recorded in FERC Accounts Nos. 303 and 389 through 398 assigned to electric services.

12. **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.
13. **Cost Component Containing Other Specific Expenses** allocated to Citizens shall be equal to that as indicated in Section III.C of Appendix X.
14. **Cost of Capital Rate** – shall equal (a) SDG&E's Weighted Cost of Capital, plus (b) Federal Income Tax Rate Component as defined in Section 1, Terms, plus (c) State Income Tax Rate Component as defined in Section 1, Terms.
15. **Cost of Equity Component** - shall equal the cost of equity as approved by the FERC in SDG&E's most current order.
16. **Direct Maintenance Expenses Cost Component** shall be equal to that calculated in Section III.A of Appendix X.
17. **Federal Income Tax** shall equal

$$\frac{(((A) + (C/D)) * FT) - (B/D)}{(1 - FT)}$$

Where:

A = Sum of Preferred Stock and Return on Equity Component

B = Trans. Related Amortization of ITC and Excess Deferred Tax Liability

C = Equity AFUDC Component of Transmission Depreciation Expense

D = Transmission Rate Base

FT = Federal Income Tax Rate @ 35%

18. **General Plant** – shall equal SDG&E's Gross Plant balance recorded in FERC Account Nos. 389-399.
19. **General Plant Depreciation Expense** shall equal SDG&E's depreciation expense 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 authorized by the CPUC.
20. **General and Common Plant ADIT** shall equal to the amount reflected in the footnote to the annual FERC Form 1 filing.
21. **General and Common Plant Depreciation Rate** shall equal the ratio of the sum of SDG&E's General and Common Plant Depreciation expense and General and Common Gross Plant.
22. **General and Common Plant Fixed Charge Rate** shall be the Annual Fixed Charge Rate for purposes of determining the amount of revenue requirement associated with General and Common Plant calculated as follows: (1) General and Common Plant Depreciation Rate; plus (2) Federal and State Income Tax Rate; plus (3) Rate of Return; plus (4) General and Common ADIT Adjustment Rate.
23. **General and Common Total Gross Plant** shall equal the sum of Common Plant and General Plant.
24. **General and Common Plant Revenue** – shall be the product of General and Common Gross Plant and the Annual General and Common Plant Fixed Charged Rate.
25. **Interest True Up Adjustment** shall be equal to that calculated in Section III E of Appendix X.
26. **Materials and Supplies** shall equal SDG&E's balance of 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.

27. **Municipal Franchise Tax Percentage** shall be equal to the most current Municipal Franchise Tax Expense percentage approved by the CPUC.
28. **Non-Deductibility of Depreciation on Equity Allowance for Funds Used During Construction (AFUDC) Revenue Component** shall be the product of the annual book depreciation of Equity AFUDC multiplied by the combined federal and state tax rate and the result multiplied by a gross up factor to determine the amount of revenue requirement associated with the non-deductibility of Equity AFUDC embedded in the Plant cost of Citizens Border East Line, which shall be calculated as shown in Section III.C.3.
29. **Non Direct Expenses Cost Component** shall be equal to that calculated in Section III B of Appendix X.
30. **Payroll Taxes** shall equal those payroll tax expenses recorded in FERC Account No. 408.1. The total Payroll Taxes expense is the sum of SDG&E's total Payroll Taxes expense plus that portion of the payroll tax expense which was allocated and charged to Citizens.
31. **Prepayments** shall equal SDG&E's prepayment balance recorded in FERC Account No. 165.
32. **Property Insurance** shall equal SDG&E's expenses recorded in FERC Account No. 924 plus the Transmission Related Property Insurance Expense allocated and charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others.
33. **Property Taxes** shall equal SDG&E's expenses recorded in FERC Account No. 408.1. Property Taxes Expense is the sum of SDG&E's property taxes expense and that portion of the property tax expense which was allocated and charged to Citizens.
34. **Rate Effective Period** The Initial Rate Effective Period is for 12-months, commencing with the date that Sunrise goes into service, currently projected to be June 1, 2012, through May 31, 2013. However, if Sunrise

goes into service either earlier or later than June 1, the Initial Rate Effective Period will commence on that date and end May 31, 2013

- 35. State Income Tax** shall equal
- $$\frac{((A) + (B/C) + \text{Federal Income Tax}) * (ST)}{(1 - ST)}$$

Where:

A = Sum of Preferred Stock and Return on Equity Component

B = Equity AFUDC Component of Transmission Depreciation Expense

C = Transmission Rate Base

FT = Federal Incomes Tax Expense

ST = State Income Tax Rate @ 8.84%

- 36. Sunrise Removal Rate** for FERC Account No. 354 (Towers and Fixtures) and FERC Account No. 356 (Overhead Conductors and Devices) shall be equal to the Sunrise Removal Rates of zero, as set forth in SDG&E's TO4 Formula.
- 37. Total Plant in Service** shall equal SDG&E's total gross plant balance recorded in FERC Account Nos. 301 through 399.
- 38. Transmission Maintenance Expenses** shall equal FERC accounts 568 through 573 less accounts 569 (Maintenance of Structures) 570 (Maintenance of Station Equipment), 571 (Maintenance of Overhead Lines), and 572 (Maintenance of Underground Lines), plus the Transmission Maintenance Expenses charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others.
- 39. Transmission Operation Expenses** shall equal FERC accounts 560 through 567 less account 562 (Station Expenses), plus the Transmission Operation Expenses charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others.
- 40. 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, plus Citizens Border-East Line Leased Amount.

41. [DELETED]

42. [DELETED]

43. Transmission Related A&G Expenses – shall equal (1) SDG&E's Administrative and General Expenses included in FERC Account Nos. 920-935 plus the Transmission Related A&G Expenses allocated and charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others, excluding non-transmission related expenses, 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 No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), and any CPUC Intervener Funding Expense recorded in FERC Account No. 928 (Regulatory Commission Expenses), multiplied by the Transmission Wages and Salaries Allocation Factor for Citizens.

44. Transmission Related A&G Expenses Including Property Insurance – shall equal (1) SDG&E's Administrative and General Expenses included in FERC Account Nos. 920-935 plus the Transmission Related A&G Expenses allocated and charged to Citizens as recorded in FERC Account 413, Expenses from Electric Plant Leased to Others, excluding non-transmission related expenses, 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 No. 930.2 (Miscellaneous General Expenses), and FERC Account No. 935 (Maintenance of General Plant), and any CPUC Intervener Funding Expense recorded in FERC Account No. 928 (Regulatory Commission Expenses), multiplied by the Transmission Wages and Salaries Allocation Factor for Citizens, 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 Allocation Factor.

45. **Transmission Related General and Common Plant Revenue** shall equal the product of General and Common Plant Revenue and Transmission Wages and Salaries Labor Ratio for Citizens.
46. **Transmission Related Materials and Supplies** – shall be the product of SDG&E's electric plant 13 month weighted average balance of Materials and Supplies times the Transmission Plant Allocation Factor.
47. **Transmission Related Payroll Taxes Expense** – shall equal SDG&E's total electric Payroll Taxes expense recorded in FERC Account No. 408.1, plus the Transmission Payroll Taxes allocated to Citizens multiplied by the Transmission Wages and Salaries Allocation Factor for Citizens.
48. **Transmission Related Prepayments** – shall be the product of SDG&E's electric plant prepayments 13 month weighted average balance times the Transmission Plant Allocation Factor.
49. **Transmission Related Working Cash** shall equal the Working Cash One Eight O&M Percentage multiplied by the sum of Transmission Operation Expenses, plus Transmission Maintenance Expenses, plus Transmission Related A&G expenses.
50. **Transmission Related Working Capital Revenue** shall equal the sum of Transmission Related M&S, Transmission Related Prepayments, and Transmission Related Working Cash, multiplied by the sum of Rate of Return, Federal Income Tax, and State Income tax.
51. **True-Up Adjustment** shall be equal to that calculated in Section II D of Appendix X.
52. **True-Up Period** – shall be 12 months ended December 31 of each year; provided, that the initial True-Up Period shall be the 6 months ending December 31, 2012.

- 53. Weighted Cost of Capital** shall be based upon December 31 balances in accordance with the format of Statement AV of the TO4 Formula Rate Spreadsheet.
- 54. Working Cash One Eight O&M Percentage** shall equal 12.5% (45 days/360 days).

III. CALCULATION OF CITIZENS BORDER EAST LINE RATE

A. Calculation of Direct Maintenance Expenses Cost Component Assigned to Citizens

The directly assigned transmission maintenance expenses applicable to the Citizens Border East Line that are embedded in Account 571, Maintenance of Overhead Lines shall be determined as follows:

The sum of: 1) Citizens percentage share of transfer capability of the expenses related to the internal orders to track the total direct maintenance expenses; 2) the revenue requirements applicable to the cash working capital related to the direct expense which is determined by multiplying item (1) by the 1/8 O&M Rate and Capital Cost; and 3) the Municipal Franchise Tax Percentage.

B. Calculation of Non-Direct Expenses Cost Component Allocated to Citizens

1. The Non-Direct Expense Cost Component shall be equal to the sum of the following carrying charge percentages:
 - (a) Transmission Maintenance Expense Carrying Charge Percentage,
plus
 - (b) Transmission Operations Expense Carrying Charge Percentage,
plus
 - (c) Transmission Related A&G Carrying Charge Percentage, plus
 - (d) Transmission Related Payroll Tax Carrying Charge Percentage,
plus
 - (e) Transmission Related General and Common Plant Revenue
Carrying Charge Percentage, plus

- (f) Transmission Related Working Capital Revenue Carrying Charge Percentage, multiplied by the Municipal Franchise Tax Percentage, whose product is multiplied by the Citizens Border East Line Leased Amount.

C. Calculation of a Cost Component Containing Other Specific Expenses Allocated to Citizens

1. Calculation of the Allocation to Citizens of Sunrise's Net Accumulated Deferred Income Tax Liability Attributable to Bonus Depreciation Offset by the Accumulated Deferred Tax Asset Generated by the Net Operating Loss

The allocation to Citizens of Sunrise's net accumulated deferred Federal income tax liability attributable to bonus depreciation offset by the accumulated deferred tax asset generated by the net operating loss shall be calculated as follows:

The average of the beginning and ending Citizens Border East Line Incremental Accumulated Deferred Income Tax Liability multiplied by the Cost of Capital Rate, and the product multiplied by the Municipal Franchise Tax Percentage.

2. Calculation of the Property Taxes Allocated to Citizens

The portion of property taxes allocated to Citizens Border-East Line Leased Amount shall be calculated as follows:

Citizens Border East Line Property Tax Allocation Factor multiplied by Citizens Border East Line Leased Amount, and then whose product will be multiplied by the Municipal Franchise Tax Percentage.

3. Calculation of the Non-Deductibility of Depreciation on Equity Allowance for Funds Used During Construction (AFUDC) Revenue Component

The allocation of the annual book depreciation on the Equity AFUDC allocated to Citizens Border-East Line shall be calculated as follows: The annual book depreciation on Equity AFUDC multiplied by the Federal and State Income Tax

Rate, the product of which is multiplied by the Gross-Up Factor.

4. Calculation of the Removal Costs Related to Citizens Border East Line

The allocation of annual removal costs allocated to Citizens Border East Line shall be calculated as follows:

The sum of FERC Account No. 354 (Towers & Fixtures) and FERC Account No. 356 (Overhead Conductors & Devices) Cost of Removal Rate multiplied by the Border East Line Leased Amount in these accounts, and then whose product is multiplied by the Municipal Franchise Tax Percentage.

D. Derivation of the True-Up Adjustment

1. Derivation of the Annual True-Up Adjustment

The derivation of the annual True-Up Adjustment shall be calculated as follows:
The sum of the monthly recorded Citizens Rate revenue, excluding the True Up Adjustment and Interest True Up Adjustment for the Base Period minus True Up Cost of Service for the same Base Period.

2. Derivation of a One-Time Four Month (September 1 – December 31, 2013) True-Up Adjustment

The derivation of the Four Month True-Up Adjustment shall be calculated as follows: The sum of Citizens monthly recorded rate revenue for the four months of September 1, 2013 to December 31, 2013, excluding the True-Up Adjustment and Interest True-Up Adjustment for the 4 month True-Up Period, minus the 4-Month True-Cost of Service for the same 4 True-Up Period.

E. Derivation of the Interest True-Up Adjustment

The derivation of the annual Interest True-Up Adjustment for Citizens Rate filing shall be calculated as follows:

The True-Up Adjustment balance calculated as of December 31 of the Base Period plus monthly interest from January to May after the Base Period calculated pursuant to Title 18 of the Code of Federal Regulation Section 35.19a. Such interest accumulated from January through May shall be fully amortized in equal amounts over each month of the Rate Effective Period commencing in June.

IV. Table 1

[Remainder of page intentionally left blank]

San Diego Gas & Electric Co.
FERC Accounting Guidelines for Recording Citizens' Costs Applicable to Appendix X
Per Order on Petition for Declaratory Order ("PDO")

Line No	Description	(A)		(B)		(C) = (A) + (B)		Line No
		SDG&E Normal FERC Accounts		FERC Accounts Per PDO		TOTAL		
1	Total Transmission Plant (Acct 101) and Electric Plant Leased to Others (Acct 104)	101		104		(1)		1
2	Normal* Transmission O&M and Expenses from Electric Plant Leased to Others	560 - 573		413		(1)		2
3	Normal* A&G Expenses and Electric Plant Leased to Others	920 - 935		413		(1)		3
4	Normal* Property Taxes and Property Taxes on Electric Plant Leased to Others	408.1		408.1		(1)		4
5	Normal* Payroll Taxes and Payroll Taxes related to Electric Plant Leased to Others	408.1		408.1		(1)		5
6	Normal* Property Insurance and Property Insurance related to Electric Plant Leased to Others	924		413		(1)		6
7	Accts 282, 283 & 190 Related with Normal* Sunrise ADIT and ADIT allocated Citizens	282,283 and 190		282,283 and 190 - (6)		(1)		7
8	Annual Carrying Cost Portion of General and Common Plant Allocated to Citizens	(2)		(2)		(1)		8
9	Annual Carrying Cost Portion of M&S and Prepayments Allocated to Citizens	(2)		(2)		(1)		9
10	Border East Line Depreciation Expense and Accumulated Depreciation	(3)		108 - (3)		-		10
11	Citizens Prepaid Lease Payment and the Amortization of Citizens Prepaid Lease Payment	(4)		253 - (4)		-		11
12	Citizens Revenues from Electric Plant Leased to Others	(5)		412 - (4) & (5)		-		12

(1) Column C reflects the combined expenses for both of SDG&E's normal FERC Form 1 accounts and those allocated to Citizens, which are used to develop the Annual Border East Line Rate as reflected in Appendix X.

(2) Because it is not feasible to record each allocated cost component of general and common plant to Citizens (plant, depreciation, accumulated deferred income taxes) to Column B, SDG&E will charge the total annual carrying cost related to this allocation to Account 413, and credit this annual carrying cost amount to SDG&E future transmission cost of services.

Because it is not feasible to record each allocated cost component of M&S and prepayments to Citizens in Column B, SDG&E will charge the total annual carrying costs related to this allocation to Account 413, and credit this annual carrying cost amount to future transmission cost of services.

(3) SDG&E will depreciate the cost of electric plant in account 104, Electric Plant Leased to Others, using Account 413 and 108, Expenses From Electric Plant Leased to Others and Accumulated Provision for Depreciation of Electric Utility Plant respectively.

(4) SDG&E will record the Citizens Prepaid Lease Payment in Account 253, Other Deferred Credits, and amortize the amount to Account 412, Revenues from Electric Plant Leased to Others, over the life of the lease.

(5) SDG&E will record the Citizens Revenues from Electric Plant Leased to Others in Account 412.

(6) Accounts 282, 283, and 190 were not identified in the FERC's PDO, but SDG&E will use these accounts to record the Accumulated Deferred Income Tax allocated to Citizens.

(*) Normal costs referenced above are those costs reflected in the FERC Form 1 accounts other than those costs recorded to the Lease Accounts shown in Column B.

APPENDIX XI

Generation Interconnection O&M Fixed Charge Rate

SDG&E shall apply the Generation Interconnection O&M Fixed Charge Rate (“Fixed Charge Rate”) to interconnection facility capital costs specified in each Interconnection Agreement to which SDG&E is a party and pursuant to which a generation facility owned by a third party is interconnected to a transmission facility owned by SDG&E. The Fixed Charge Rate shall equal 5.35414 % when billed on an annual basis and 0.44618 % when billed on a monthly basis. The Fixed Charge Rate compensates SDG&E for ongoing costs incurred on behalf or for the benefit of SDG&E’s Interconnection Agreement counterparties. SDG&E-owned generation facilities shall be subject to the Fixed Charge Rate on the same basis as third-party generation.