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October 30, 2009

ADVICE LETTER 2119-E
(U-902 E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: ANNUAL ELECTRIC REGULATORY ACCOUNT UPDATE EFFECTIVE
JANUARY 1, 2010**

PURPOSE

The purpose of this Advice Letter is to describe the adjustments that are being made to San Diego Gas & Electric Company's (SDG&E) electric distribution and commodity rates effective January 1, 2010, resulting from the amortization of certain electric regulatory accounts, as described below.

BACKGROUND

Pursuant to the provisions of its adopted tariffs, SDG&E is authorized to amortize the projected year-end balances of certain accounts in electric distribution and commodity rates on an annual basis. It should be noted that the rate impacts of this filing do not include other revenue requirement adjustments authorized or expected to be authorized by the Commission which will be included in SDG&E's Electric Consolidated Advice Filing, filed in December 2009 for implementation in SDG&E's rates effective January 1, 2010.¹

DISCUSSION

SDG&E is to file an advice letter during October of each year to update the regulatory account amortizations for rates effective January 1 of the following year. In this filing, SDG&E forecasts a \$22.8 million decrease in its projected year-end 2009 balances to be amortized over 12 months. The following summarizes the projected year-end balances for implementation in rates effective January 1, 2010.

Electric Distribution Fixed Cost Account (EDFCA)

The projected 2009 year-end balance for amortization in electric distribution rates effective January 1, 2010 is a \$28.5 million undercollection, resulting in a revenue requirement increase of \$28.2 million from the undercollection currently amortized in rates. The increase in the projected under-collected balance is mainly the result of the 2008 year end EDFCA

¹ Including electric attrition as authorized in SDG&E's most recent General Rate Case (GRC), revenue requirements for the California Solar Initiative (CSI), Self-Generation, and Smart Meter programs as well as other commodity and electric transmission revenue requirement changes.

undercollection exceeding the forecasted amount implemented in 2009 rates combined with actual 2009 sales less than authorized.

Rewards and Penalties Balancing Account (RPBA)

The RPBA includes the projected year-end balances in the Advanced Metering and Demand Response Memorandum Account (AMDRMA), the Advanced Metering Infrastructure Memorandum Account (AMIMA), the Hazardous Substance Cleanup Cost Account (HSCCA), and the Gain/Loss on Sale Memorandum Account (GLOSMA). The current electric RPBA balance in rates is a \$25.9 million undercollection. The projected 2009 year-end balance for amortization is a \$31.2 million undercollection, resulting in an electric revenue requirement increase of \$5.3 million for 2010². The increase in the projected under-collected balance is mainly the result of the 2008 year end AMDRMA undercollection exceeding the forecasted amount implemented in 2009 rates.

Tree Trimming Balancing Account (TTBA)

The projected year-end balance in the TTBA is a \$1.5 million overcollection, to be amortized as a credit in electric distribution rates effective January 1, 2010, resulting in a \$0.8 million decrease in revenue requirement from the \$0.7 million overcollection in current rates.

Electric Vehicle Balancing Account (EVBA)

The projected year-end balance in the EVBA is a \$0.08 million overcollection. As authorized in Advice Letter 2037-E, this residual balance will be transferred to the EDFCA and amortized in electric distribution rates effective January 1, 2010 and the EVBA eliminated³.

Pension Balancing Account (PBA)

Pursuant to Decision (D.) 08-07-046, SDG&E's latest GRC, SDG&E is authorized to collect in rates an annual authorized revenue requirement for pension costs that are balanced in the PBA until the next GRC decision. SDG&E filed a Petition for Modification (PFM) of this decision requesting to true-up the PBA on an annual basis in the interest of customer rate stability. On September 10, 2009, the Commission issued D.09-09-011 authorizing SDG&E to amortize the PBA on an annual basis by including the PBA in this advice filing. As a result, SDG&E's projects the December 31, 2009 balance in the electric PBA to be a \$3.5 million overcollection to be amortized in 2010 electric distribution rates as referenced in Attachment C.

Post-Retirement Benefits other than Pensions Balancing Account (PBOPBA)

Pursuant to Decision (D.) 08-07-046, SDG&E's latest GRC, SDG&E is authorized to collect in rates an annual authorized revenue requirement for PBOP costs that are balanced in the PBOPBA until the next GRC decision. Consistent with the PBA, the Commission issued D.09-09-011 authorizing SDG&E to amortize the PBOPBA on an annual basis by including the PBOPBA in this advice filing. As referenced in Attachment D, SDG&E's projects the December 31, 2009 balance in the electric PBOPBA to be a \$2.9 million overcollection to be amortized in 2010 electric distribution rates.

² Projected year-end balance does not include approximately \$10 million in Energy Efficiency Awards currently pending Commission approval of R.09-01-019. If the awards are approved by year end 2009, SDG&E will include this amount in its Consolidated Filing for 2010 rates.

³ Elimination of the EVBA tariff will be filed with the 2009 Electric Consolidated filing.

Streamlining Residual Account (SRA)

Resolution E-3514 authorizes the recording of miscellaneous non-generation related costs into the SRA. These costs include intervener compensation as authorized by the Commission, certain employee transfer costs, and Commission consultant and advisory costs. The projected 2009 year end balance is a \$0.7 undercollection primarily related to Intervener compensation paid by SDG&E as authorized by the Commission⁴ to be amortized in the 2010 electric distribution rates.

Baseline Balancing Account (BBA)

The purpose of BBA is to record the revenues and expenses associated with the utility's baseline programs as authorized in Commission Decision (D.) 02-04-026, D.02-05-010 and D.04-02-057. The BBA contains the Family Electric Rate Assistance (FERA) subaccount to record revenue shortfalls and administrative costs that result from the FERA program. The balance in the BBA is forecasted to be a \$0.02 million undercollection at December 31, 2009 to be amortized in 2010 electric distribution rates.

Common Area Balancing Account (CABA)

The purpose of CABA is to record the revenue under/(over) collection that results from customers who switch their residential common area accounts from residential to commercial rate schedules as authorized in Commission Decision (D.) 04-02-057. The projected 2009 year-end balance in the CABA is \$0.75 million undercollection to be amortized in the 2010 electric distribution rates for residential customers with common area accounts.

General Rate Case Revenue Requirement Memorandum Account (GRCRRMA)

Pursuant to D.07-12-053, SDG&E was authorized to establish the GRCRRMA effective January 1, 2008 to track the shortfall resulting from the difference between the rates in effect at that time and the final rates adopted in Phase 1 of SDG&E's GRC D.08-07-046. As authorized in Advice Letter 2037-E, the amount recorded in the account was amortized in 2009 rates, any residual balance in the GRCRRMA electric distribution or commodity sub-accounts remaining at the end of 2009 will be transferred to the EDFCA and Non-Fuel Generation Balancing Account, respectively, and the GRCRRMA will be eliminated⁵.

Summary

This Advice Letter implements the above-described changes in SDG&E's electric distribution and commodity rates commencing January 1, 2010. The total net \$22.8 million decrease to the revenue requirement resulting from the amortization of SDG&E's regulatory accounts is summarized in Attachment A. SDG&E's total system average electric rates will decrease by approximately -0.12 cents/kWh -0.73%. Attachment B shows the rate impact, by customer class, resulting from the amortization of the balances described above.

Furthermore, Attachments C and D show the calculation of the Pension Balancing Account (PBA) and Post-Retirement Benefits Other than Pensions Balancing Account (PBOPBA) balances to be included in 2010 rates. Attachments E and F show the supporting calculations of the minimum contributions made to the Pension/PBOP Trusts for 2009⁶.

⁴ Intervener compensation amounts approved in 2009 include \$0.2 million, D.09-01-032, and \$0.3 million, D.09-04-031, paid to the Utility Consumer Action Network (UCAN) for their contributions to D. 08-07-046, 2008 General Rate Case (GRC), and D.07-04-043, AML settlement agreement, respectively. Additionally, \$0.04 million, D.09-01-034, was paid to Aglet Consumer Alliance for their contribution to D.08-07-046, 2008 GRC.

⁵ Elimination of the GRCRRMA tariff will be filed with the 2009 Electric Consolidated filing.

⁶ Pursuant to R. van der Leeden's declaration as referenced on Page 5 of D.09-09-011

ACCOUNT NAME	Revenue Requirement Increase/(Decrease) (\$ Million)
Electric Distribution Fixed Cost Account (EDFCA)	28.1
Rewards & Penalties Balancing Account (RPBA)	5.3
Tree Trimming Balancing Account (TTBA)	(.8)
Electric Vehicle Balancing Account (EVBA)	(.4)
Pension Balancing Account (PBA)	(3.5)
Post-Retirement Benefits other than Pensions Balancing Account (PBOPBA)	(2.9)
Other Accounts: SRA; BBA, CABA	1.5
General Rate Case Revenue Requirement Memorandum Account (GRCRRMA).	(49.5)
Total Increase/(Decrease) (w/o FF&U)	(22.2)
Total Increase/(Decrease) (w/ FF&U)	(22.8)

Prior to the end of this year, there will be additional electric rate adjustments authorized by the Commission to become effective on January 1, 2010. Therefore, at least three days prior to January 1, SDG&E will file an advice letter, including appropriate tariff sheets, to consolidate all of the rate changes to become effective on January 1, 2010. The advice letter will include the tariff revisions associated with the eliminated accounts described herein.

EFFECTIVE DATE

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on January 1, 2010, more than 30 days after the date filed.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
 Attention: Tariff Unit
 505 Van Ness Avenue
 San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (inj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8315 Century Park Court, Room 32
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: mcaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service list A.06-12-009, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues and Tariffs

Enclosures
(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2119-E

Subject of AL: Annual Electric Regulatory Account Update Effective January 1, 2010

Keywords (choose from CPUC listing): Compliance, Balancing Accounts

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.08-08-036

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation:

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: January 1, 2010

No. of tariff sheets: 0

Estimated system annual revenue effect (%): (\$22.8)

Estimated system average rate effect (%): (0.73%)

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: NA

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
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H. Gatchalian
D. Lafrenz
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CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

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American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

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Braun & Blaising, P.C.

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California Energy Markets

S. O'Donnell
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California Farm Bureau Federation

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Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
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Goodrich Aerostructures Group

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Hanna and Morton LLP

N. Pedersen

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Luce, Forward, Hamilton & Scripps LLP

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Matthew V. Brady & Associates

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Modesto Irrigation District

C. Mayer

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P. Hanschen

MRW & Associates

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OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate Reduction

M. Rochman
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties In:

A.06-12-009

SAN DIEGO GAS & ELECTRIC
Advice Letter 2119-E
Present and Proposed Regulatory Account Balances
Attachment A

Line	Regulatory Account Name	Present 1/1/09 Amortization (\$000)	Proposed 1/1/10 Amortization ^{1/} (\$000)	Change ^{1/} (\$000)
1	Electric Distribution Fixed Cost Account (EDFCA)	288	28,450	28,162
2	Rewards & Penalties Balancing Account (RPBA)			-
3	- Advanced Metering and Demand Response Memo. Account	15,390	16,585	1,195
4	- Advanced Metering Infrastructure Memo. Account	24	-	(24)
5	- Hazardous Substance Cleanup Cost Account	242	349	107
6	-Gain/Loss on Sale Memorandum Account	(923)	(400)	523
7	- Other (RPBA) ^{2/, 3/}	<u>11,188</u>	<u>14,708</u>	3,520
8	Sub-total RPBA	25,921	31,242	5,321
9	Tree Trimming Balancing Account (TTBA)	(725)	(1,525)	(800)
10	Electric Vehicle Balancing Account (EVBA)	315	(81)	(396)
11	Pension Account	-	(3,516)	(3,516)
12	PBOP Account	-	(2,907)	(2,907)
13	Streamlining Residual Account ^{4/}	-	707	707
14	Baseline Balancing Account (BBA)	-	19	19
15	Common Area Balancing Account (CABA)	-	752	752
16	GRC Revenue Requirement Memorandum Account (GRCRRMA)	49,528	-	(49,528)
17	Total ^{1/}	75,327	53,141	(22,186)
18	Total w/FF&U ^{1/}	78,262	55,446	(22,816)

- 1/ The proposed regulatory account balances herein do not include other revenue requirement adjustments authorized or expected to be authorized by the Commission which will be included in SDG&E's Electric Consolidated Advice Filing, filed in December 2009 for implementation in SDG&E's rates effective January 1, 2010 including electric attrition as authorized in SDG&E's most recent General Rate Case (GRC), revenue requirements for the California Solar Initiative (CSI), Self-Generation, and Smart Meter programs as well as other commodity and electric transmission revenue requirement changes.
- 2/ Includes the amortization of 2008 PBR rewards, which were authorized by approval of Advice letter 2081-E dated May 1, 2009.
- 3/ Projected year-end balance does not include approximately \$10 million in Energy Efficiency Awards currently pending Commission approval of R.09-01-019. If the awards are approved by year end 2009, SDG&E will include this amount in its Consolidated Advice Filing filed in December 2009 for implementation in SDG&E's rates effective January 1, 2010.
- 4/ Projected year-end balance does not include any amounts for intervenor compensation applications currently pending Commission approval. If any additional intervenor compensation amounts are approved by year end 2009, SDG&E will include this amount in its Consolidated Advice Filing filed in December 2009 for rates effective January 1, 2010.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

SDG&E Advice Letter 2119-E

Attachment B

CLASS AVERAGE RATES

	Current Total Rate (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	18.000	17.852	(0.148)	-0.82%
Small Commercial	18.221	18.091	(0.130)	-0.71%
Medium and Large C&I	15.292	15.196	(0.096)	-0.63%
Agriculture	17.666	17.538	(0.128)	-0.72%
Lighting	15.799	15.711	(0.088)	-0.56%
System Total	16.540	16.420	(0.120)	-0.73%

ATTACHMENT C
2009
San Diego Gas & Electric
PENSION BALANCING ACCOUNT - Electric
(Over)/Under Collection M\$

Line		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
		actl	actl	actl	actl	actl	actl	actl	actl	fcst	fcst	fcst	fcst	
1	Beginning Balance	1,434	(213)	(1,943)	(3,649)	(565)	(2,247)	(6,849)	(5,728)	(7,911)	(10,287)	132	(1,657)	1,434
1a	Prior Period Adjustment	0	0	0	0	0	(2,653)	0	0	0	0	0	0	(2,653)
1b	Adj. Beginning Balance (1+1a):	1,434	(213)	(1,943)	(3,649)	(565)	(4,901)	(6,849)	(5,728)	(7,911)	(10,287)	132	(1,657)	(1,219)
2	Authorized Cost	1,654	1,727	1,694	1,634	1,687	1,878	2,092	2,135	2,316	1,960	1,785	1,847	22,410
3	Recorded cost	6	(2)	(10)	4,719	5	(48)	3,215	(47)	(58)	12,379	(3)	(12)	20,144
4	Total cost (3-2):	(1,648)	(1,730)	(1,704)	3,085	(1,682)	(1,926)	1,123	(2,182)	(2,374)	10,420	(1,788)	(1,859)	(2,266)
5	Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Current Month Adjustment (4-5):	(1,648)	(1,730)	(1,704)	3,085	(1,682)	(1,926)	1,123	(2,182)	(2,374)	10,420	(1,788)	(1,859)	(2,266)
7	Current Month Interest**:	0	(0)	(1)	(1)	(0)	(22)	(1)	(2)	(2)	(2)	(0)	(1)	(32)
8	Total Current Month Activity (6+7):	(1,648)	(1,730)	(1,706)	3,084	(1,683)	(1,948)	1,122	(2,183)	(2,376)	10,418	(1,788)	(1,860)	(2,297)
9	Ending Balance (1b+8):	(213)	(1,943)	(3,649)	(565)	(2,247)	(6,849)	(5,728)	(7,911)	(10,287)	132	(1,657)	(3,516)	(3,516)

** Interest applied to average monthly balance as follows: (((Beg. Bal.+(Beg. Bal.+Current Month Adjustment))/2)*(Int.Rate/12)

Interest Assumption: 0.97% 0.31% 0.48% 0.37% 0.28% 0.23% 0.26% 0.28% 0.24% 0.36% 0.36% 0.36%

Supporting Calculation - 2009 Net Pension Revenue/Costs

	Authorized Cost	Recorded Cost
Gross Revenue/costs	53,500	56,883
Less: Electric Transmission carve out	5,936	5,941
Less: Gas Allocation	11,610	15,571
Net Electric Distribution Revenue Allocation	35,955	35,371
Less: Amount capitalized	(10,255)	(11,673)
Less: Billings to SoCal Gas/Unregulated Affiliates	(3,570)	(5,200)
Plus: Billings from SoCal Gas	280	1,354
Accounting Adjustments 1/		(1,963)
Depreciation/Return 2/		(400)
Net Costs	<u>\$22,410</u>	<u>\$17,491</u>

1/ Adjustments to reverse the recording of prior GRC cycle depreciation and return differential associated with amounts embedded in rates compared to actual rates.

2/ Reflects the depreciation and return differential associated with authorized/actual capitalization.

ATTACHMENT D
2009
San Diego Gas & Electric
PBOP BALANCING ACCOUNT - Electric
(Over)/Under Collection M\$

Line		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
		actl	actl	actl	actl	actl	actl	actl	actl	fcst	fcst	fcst	fcst	
1	Beginning Balance	(755)	(1,268)	(1,807)	(851)	(1,357)	(1,881)	(1,982)	(2,648)	(3,333)	(2,546)	(3,174)	(3,751)	(755)
1a	Prior Period Adjustment	0	0	0	0	0	(1,151)	0	0	0	0	0	0	(1,151)
1b	Adj. Beginning Balance (1+1a):	(755)	(1,268)	(1,807)	(851)	(1,357)	(3,032)	(1,982)	(2,648)	(3,333)	(2,546)	(3,174)	(3,751)	(1,906)
2	Authorized Cost	536	559	549	530	547	606	672	685	742	631	577	596	7,231
3	Recorded cost	24	20	1,506	25	23	1,665	6	2	1,529	4	1	1,441	6,246
4	Total cost (3-2):	(512)	(539)	957	(505)	(524)	1,059	(666)	(684)	787	(627)	(575)	845	(985)
5	Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Current Month Adjustment (4-5):	(512)	(539)	957	(505)	(524)	1,059	(666)	(684)	787	(627)	(575)	845	(985)
7	Current Month Interest**:	(1)	(0)	(1)	(0)	(0)	(9)	(1)	(1)	(1)	(1)	(1)	(1)	(16)
8	Total Current Month Activity (6+7):	(513)	(539)	956	(506)	(525)	1,050	(666)	(684)	787	(628)	(576)	844	(1,001)
9	Ending Balance (1b+8):	(1,268)	(1,807)	(851)	(1,357)	(1,881)	(1,982)	(2,648)	(3,333)	(2,546)	(3,174)	(3,751)	(2,907)	(2,907)

** Interest applied to average monthly balance as follows: (((Beg. Bal.+(Beg. Bal.+Current Month Adjustment))/2)*(Int.Rate/12)

Interest Assumption:	0.97%	0.31%	0.48%	0.37%	0.28%	0.23%	0.26%	0.28%	0.24%	0.36%	0.36%	0.36%
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Supporting Calculation - 2009 Net PBOP Revenue/Costs

	Authorized Cost	Recorded Cost
Gross Revenue/costs	15,500	16,695
Less: Electric Transmission carve out	1,720	1,744
Less: Gas Allcoation	3,364	4,570
Net Electric Distribution Revenue Allocation	10,417	10,381
Less: Amount capitalized	(2,971)	(3,426)
Less: Billings to SoCal Gas/Unregulated Affiliates	(577)	(1,526)
Plus: Billings from SoCal Gas	362	520
Accounting Adjustments 1/		(889)
Depreciation/Return 2/		35
Net Costs	<u>\$7,231</u>	<u>\$5,095</u>

1/ Adjustments to reverse the recording of prior GRC cycle depreciation and return differential associated with amounts embedded in rates compared to actual rates.

2/ Reflects the depreciation and return differential associated with authorized/actual capitalization.

ATTACHMENT E

**San Diego Gas & Electric Company Cash Balance Plan
Scenario Assuming 7% Asset Return in 2009, 7% Thereafter**

Development of 2009 Minimum Required Contribution

1. 2009 Funding target liability	\$736,290,448	
[Net Effective Interest Rate]	6.37%	
2. 2009 Plan Assets	\$527,632,112	
3. 2009 Plan Normal Cost		\$26,461,292
[includes estimated plan expenses of \$4,900,000]		
4. Phase-in funded percentage	94%	
5. 2009 total funding shortfall [(1) * (4) - (2)]	\$164,480,909	
6. Remaining unamortized 2008 funding shortfall	\$29,234,081	
7. Amortization of 2008 shortfall		\$5,566,968
8. Funding shortfall for 2009 amortization [(5) - (6)]	\$135,246,828	
9. 2009 Amortization factor	0.16839	
[based on amortization of shortfall over 7 years, assuming a 5.32% rate for the first 5 years and 6.45% rate for the final 2 years]		
10. Amortization of 2009 shortfall [(8) * (9)]		\$22,774,136
11. 2009 Minimum required contribution		\$54,802,396
[(3) + (7) + (10), amount as of 1/1/2009]		

Timing of 2009 Minimum Required Contribution

The 2009 quarterly contribution requirement prior to the passage of WRERA was \$9,677,000

The 2009 quarterly contribution requirement after the passage of WRERA was \$7,033,000

	Funding Policy*
First quarterly contribution due on April 15, 2009	
Contribution made on April 1, 2009	\$13,000,000
Second quarterly contribution due on July 15, 2009	
Contribution made on July 1, 2009	\$10,000,000
Third quarterly contribution due on October 15, 2009	
Contribution made on October 2, 2009	\$33,833,140
Fourth quarterly contribution due on January 15, 2010	
Final 2009 contribution made on December 31, 2009	\$0
Sum of payments made for the 2009 Plan Year	\$56,833,140
1/1/2009 Present value of 2009 Plan Year contributions	\$54,802,396

*Note: The funding policy includes 2010 plan year contributions being made entirely during the current calendar year. The timing and amount of contributions made throughout the year are intended to satisfy the quarterly requirements. Contributions may be accelerated to provide a margin of safety so as not to trigger a claim on the surety bond covering the plan.

ATTACHMENT F

**San Diego Gas & Electric Company
Postretirement Welfare Plans**

Development of Estimated 2009 Contribution*

1. 2009 APBO	\$147,580,000	
2. Discount rate	6.10%	
3. 2009 Fair Value of Assets	\$60,834,000	
4. 2009 Plan Service Cost		\$5,878,000
5. Interest cost		9,158,000
6. Expected return on assets [based on expected return of 7% on 401h assets and 4% on noncollectively bargained VEBA assets]		(3,702,000)
7. Transition obligation amortization		1,021,000
8. Prior service cost amortization		4,016,000
9. Unrecognized (gain)/loss amortization		331,000
10. Net periodic benefit cost		\$16,702,000

Timing of Estimated 2009 Contribution

Funding Policy**

Contributions through December 31 made in quarterly installments

\$16,702,000

* Costs do not yet include the effect of the HRA effective in 2009 for represented employees, nor does it include mental health benefits or adjustments in the retiree cost shift premium

** The funding policy involves contributing the lesser of the current year's net periodic benefit cost and the maximum tax deductible contribution.