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December 1, 2009

**ADVICE LETTER 2130-E/1907-G**

(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: INCREASE OF THE INCOME TAX COMPONENT OF CONTRIBUTIONS AND  
ADVANCES PROVISION**

San Diego Gas & Electric Company (SDG&E) hereby submits for approval the following revisions to its electric and gas tariffs as shown in Attachments A and B, respectively.

**PURPOSE**

Pursuant to Ordering Paragraph 7 of California Public Utilities Commission (Commission) Decision (D.) 87-09-026 in OII 86-11-019, SDG&E hereby revises the tax factor contained in the Income Tax Component of Contributions and Advances Provision (ITCCAP) of the electric and gas Preliminary Statements (Sections VI. and VIII., respectively).

**BACKGROUND**

SDG&E's electric and gas Preliminary Statements provide that Contributions in Aid of Construction (CIAC) and Advances for Construction (Contributions) consist of two components: 1) ITC and 2) the balance of the Contribution or Advance, excluding income taxes (Balance of Contribution). The ITC is calculated by multiplying the Balance of Contribution or Advance by the tax factor. The tax factor is developed by using the Maryland Method as set forth in Commission D.87-09-026.

D.87-09-026 directs the respondent utilities to file an advice letter to reflect any change in the tax factor, which would increase or decrease the rate by five percentage points or more. Accordingly, the tax factor is being revised to reflect a change in the Federal business provisions of the Internal Revenue Code, pursuant to Division B, Title I, Section 1201(a) of the American Recovery and Reinvestment Act of 2009 (H.R. 1, Signed by the President on February 17, 2009). A copy of this provision, which provides an additional depreciation allowance, will expire on December 31, 2009; therefore, SDG&E's tax factor will increase beginning January 1, 2010. A copy of this provision is included herein as Attachment C.

**DISCUSSION**

By this filing, SDG&E hereby revises its electric and gas Preliminary Statements to reflect an increase in the tax factor, which is used to compute the ITC associated with Contribution in Aid of Construction and Advances for Construction (Contribution). The tax factor will increase from 22% to 35% for electric and from 20% to 31% for gas, as shown in Attachment D. The electric and gas factors differ because all gas assets currently have a federal tax depreciable life of 15 years whereas electric distribution property has a life of 20 years.<sup>1</sup> Effective January 1, 2010, the additional depreciation allowance is no longer allowed and property contributed to SDG&E after December 31, 2009 will be subject to the authorized tax factor of 35% for electric and 31% for gas.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

**EFFECTIVE DATE**

SDG&E believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore, SDG&E requests that the tariffs proposed herein be approved effective January 1, 2010, the date on which the additional allowances are no longer available.

**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 ([jni@cpuc.ca.gov](mailto:jni@cpuc.ca.gov)) and Maria Salinas ([mas@cpuc.ca.gov](mailto: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  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1748

---

<sup>1</sup> Gas distribution property was dropped from 20 years to 15 years for the period between 4/15/2005 and 12/31/2010.

E-mail: [MCaulson@semprautilities.com](mailto:MCaulson@semprautilities.com)

**NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, 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](mailto:SDG&ETariffs@semprautilities.com).

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RON VAN DER LEEDEN  
Director – Rates, Revenues & Tariffs

(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: Christina Sondrini

Phone #: (858) 636-5736

E-mail: csondrini@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) #: 2130-E / 1907-G

Subject of AL: Increase of the Income Tax Component of Contributions and Advances Provision

Keywords (choose from CPUC listing): Preliminary Statement

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

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 AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 1/1/10

No. of tariff sheets: 6

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: Please See Table of Contents

Service affected and changes proposed<sup>1</sup>: 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**

<sup>1</sup> 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  
H. Gatchalian  
D. Lafrenz  
M. Salinas

CA. Energy Commission

R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell  
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

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Children's Hospital & Health Center

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City of Chula Vista

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E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
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Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

H. Nanjo  
M. Clark

Douglass & Liddell

D. Douglass  
D. Liddell  
G. Klatt

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  
J. Heather Patrick  
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

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Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

Matthew V. Brady & Associates

M. Brady

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

M. Huffman  
S. Lawrie  
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman  
J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

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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

ATTACHMENT A  
ADVICE LETTER 2130-E

| Cal. P.U.C.<br>Sheet No. | Title of Sheet   | Canceling Cal.<br>P.U.C. Sheet No. |
|--------------------------|--|------------------------------------|
| Revised 21516-E          | PRELIMINARY STATEMENT, VI. MISCELLANEOUS, INCOME<br>TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES<br>PROVISION (ITCCAP), Sheet 1 | Revised 21119-E                    |
| Revised 21517-E          | TABLE OF CONTENTS, Sheet 1   | Revised 21514-E                    |
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**PRELIMINARY STATEMENT**

Sheet 1

VI. MISCELLANEOUS

INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (ITCCAP)

1. General

Pursuant to Decision 87-09-026, dated September 10, 1987, in OII 86-11-019, all Contributions to the utility, including Contributions in Aid of Construction (CIAC), and Advances for Construction (Contributions), made pursuant to the utility's tariffs shall include a cost component to cover the utility's estimated time value of money cost related to its liability for State and Federal Income Tax resulting therefrom. Effective January 1, 1992, the cost component shall be revised to cover the utility's estimated liability for both Federal and State Income Tax, pursuant to Resolution E-3243, dated September 25, 1991.

2. Definitions

a. Contributions: Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the utility. The value of all Contributions and Advances shall be based on the utility's estimates. Contributions shall consist of two components for purposes of recording transactions as follows:

- (1) Income Tax Component (ITC), and
- (2) The Balance of the Contribution or Advance, excluding income taxes (Balance of Contribution).

b. ITC: The ITC shall be calculated by multiplying the Balance of Contribution or Advance by the tax factor of 0.35 beginning January 1, 2010 and thereafter.

Under the "Periodic Review" provisions contained in Section E.2.of Rule 15, the ITC shall be adjusted for any state and federal income tax liability when such changes result in a change of five percentage points or more. The ITC should also be adjusted for any state income tax liability, effective January 1, 1992. Prior to the contemplated filing date for any revision of the system average unit costs contained in Rule 15, any filings for changes in ITC shall be made to reflect changes in income tax liability.

c. Tax Factor: The tax factor is established by using the "Maryland Method" as set forth in Decision 87-09-026 in I.86-11-019. Should the Internal Revenue Service (IRS) deem the "Maryland Method" to be in violation of the tax normalization rules, any penalties, interest or taxes incurred by the utility shall be recovered through general rates.

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Advice Ltr. No. 2130-E

Decision No. \_\_\_\_\_

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Dec 1, 2009

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_



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**PRELIMINARY STATEMENT**

Sheet 1

VIII. MISCELLANEOUS

INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (ITCCAP)

1. General

Pursuant to Decision 87-09-026, dated September 10, 1987, in OII 86-11-019, all Contributions to the utility, including Contributions in Aid of Construction (CIAC), and Advances for Construction (Contributions), made pursuant to the utility's tariffs shall include a cost component to cover the utility's estimated time value of money cost related to its liability for Federal Income Tax resulting therefrom. Effective January 1, 1992, the cost component shall be revised to cover the utility's estimated liability for both Federal and State Income Tax, pursuant to Resolution E-3243, dated September 25, 1991.

2. Definitions

a. **Contributions:** Contributions in Aid of Construction and Advances for Construction shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the utility. The value of all Contributions and Advances shall be based on the utility's estimates. Contributions shall consist of two components for purposes of recording transactions as follows:

- (1) Income Tax Component (ITC), and
- (2) The Balance of the Contribution or Advance, excluding income taxes (Balance of Contribution).

b. **ITC:** The ITC shall be calculated by multiplying the Balance of Contribution or Advance by the tax factor of 0.31 beginning January 1, 2010 and thereafter.

Under the "Periodic Review" provisions contained in Section E.2 of Rules 15 and 16, the ITC shall be adjusted for any state and federal income tax liability when such changes result in a change of five percentage points or more. The ITC should also be adjusted for any state income tax liability, effective January 1, 1992. Prior to the contemplated filing date for any revision of the system average unit costs contained in Rules 15 and 16, any filing for changes in ITC shall be made to reflect changes in income tax liability.

c. **Tax Factor:** The tax factor is established by using the "Maryland Method" as set forth in Decision 87-09-026 in I.86-11-019. Should the Internal Revenue Service (IRS) deem the "Maryland Method" to be in violation of the tax normalization rules, any penalties, interest or taxes incurred by the utility shall be recovered through general rates.

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**SDG&E Advice Letter 2130-E/1907-G  
Attachment C**

**American Recovery and Reinvestment Act of 2009**

**DIVISION B—TAX, UNEMPLOYMENT, HEALTH,  
STATE FISCAL RELIEF, AND OTHER PROVISIONS**

**TITLE I—TAX PROVISIONS**

**SEC. 1201. SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED DURING 2009.**

(a) EXTENSION OF SPECIAL ALLOWANCE.—

(1) IN GENERAL.—Paragraph (2) of section 168(k) is amended—

(A) by striking “January 1, 2010” and inserting “January 1, 2011”, and

(B) by striking “January 1, 2009” each place it appears and inserting “January 1, 2010”.

(2) CONFORMING AMENDMENTS.—

(A) The heading for subsection (k) of section 168 is amended by striking “JANUARY 1, 2009” and inserting “JANUARY 1, 2010”.

(B) The heading for clause (ii) of section 168(k)(2)(B) is amended by striking “PRE-JANUARY 1, 2009” and inserting “PRE-JANUARY 1, 2010”.

(C) Subparagraph (B) of section 168(l)(5) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(D) Subparagraph (C) of section 168(n)(2) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(E) Subparagraph (B) of section 1400N(d)(3) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(3) TECHNICAL AMENDMENTS.—

(A) Subparagraph (D) of section 168(k)(4) is amended—

(i) by striking “and” at the end of clause (i), (ii) by redesignating clause (ii) as clause (iii), and (iii) by inserting after clause (i) the following new clause: “(ii) ‘April 1, 2008’ shall be substituted for ‘January 1, 2008’ in subparagraph (A)(iii)(I) thereof, and”.

(B) Subparagraph (A) of section 6211(b)(4) is amended by inserting “168(k)(4),” after “53(e),”.

(b) EXTENSION OF ELECTION TO ACCELERATE THE AMT AND RESEARCH CREDITS IN LIEU OF BONUS DEPRECIATION.—

(1) IN GENERAL.—Section 168(k)(4) (relating to election to accelerate the AMT and research credits in lieu of bonus depreciation) is amended—

(A) by striking “2009” and inserting “2010” in subparagraph (D)(iii) (as redesignated by subsection (a)(3)), and

(B) by adding at the end the following new subparagraph:

“(H) SPECIAL RULES FOR EXTENSION PROPERTY.—

“(i) TAXPAYERS PREVIOUSLY ELECTING ACCELERATION.— In the case of a taxpayer who made the election under subparagraph (A) for its first taxable year ending after March 31, 2008—

“(I) the taxpayer may elect not to have this paragraph apply to extension property, but

“(II) if the taxpayer does not make the election under subclause (I), in applying this paragraph to the taxpayer a separate bonus depreciation amount, maximum amount, and maximum increase amount shall be computed and applied to eligible qualified property which is extension property and to eligible qualified property which is not extension property.

“(ii) TAXPAYERS NOT PREVIOUSLY ELECTING ACCELERATION.— In the case of a taxpayer who did not make the election under subparagraph (A) for its first taxable year ending after March 31, 2008—

“(I) the taxpayer may elect to have this paragraph apply to its first taxable year ending after December 31, 2008, and each subsequent taxable year, and

“(II) if the taxpayer makes the election under subclause (I), this paragraph shall only apply to eligible qualified property which is extension property.

“(iii) EXTENSION PROPERTY.—For purposes of this subparagraph, the term ‘extension property’ means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 1201(a) of the American Recovery and Reinvestment Tax Act of 2009 (and the application of such extension to this paragraph pursuant to the amendment made by section 1201(b)(1) of such Act).”.

(2) TECHNICAL AMENDMENT.—Section 6211(b)(4)(A) is amended by inserting “168(k)(4),” after “53(e),”.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after December 31, 2008, in taxable years ending after such date.

(2) TECHNICAL AMENDMENTS.—The amendments made by subsections (a)(3) and (b)(2) shall apply to taxable years ending after March 31, 2008.

**SDG&E Advice Letter 2130-E/1907-G  
Attachment D (Electric)**

**CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES  
Electric Property**

| (A)  | (B)  | (C)          | (D)                                 | (E)                 | (F)                     | (G)                        | (H)                    | (I)                       | (J)                          | (K)                                  | (L)                  | (M)  | (N)                        | (O)  |
|------|--|--------------|-------------------------------------|---------------------|-------------------------|----------------------------|------------------------|---------------------------|------------------------------|--------------------------------------|----------------------|--|----------------------------|--|
| YEAR | TAX<br>PMT/(BEN)<br>REFLECTING<br>CIAC<br>OF \$1,000 | TAX<br>BASIS | CALIFORNIA<br>DEPRECIATION<br>RATES | CALIFORNIA<br>RATES | STATE<br>TAX<br>BENEFIT | MODIFIED<br>MACRS<br>RATES | FEDERAL<br>TAX<br>RATE | FEDERAL<br>TAX<br>BENEFIT | REMAINING<br>CIAC<br>PAYABLE | WTD. AVG.<br>UNRECOVERED<br>TAX PMT. | RATE<br>OF<br>RETURN | REVENUE<br>REQUIREMENT<br>ON REMAINING<br>INVESTMENT | DISCOUNT<br>FACTOR<br>0.12 | DISCOUNTED<br>REVENUE<br>REQUIREMENT<br>ON REMAINING<br>INVESTMENT |
| 1    | 438.4  | 1,000        | 3.334%                              | 8.840%              | 2.9473                  | 3.750%                     | 35.00%                 | 13.1250                   | 422.3277                     | 430.3639                             | 17.000%              | 73.1619  | 0.8929                     | 65.3263  |
| 2    | -30.94   |              | 6.445%                              |                     | 5.6974                  | 7.219%                     |                        | 24.2350                   | 361.4554                     | 391.8916                             | 17.000%              | 66.6216  | 0.7972                     | 53.1103  |
| 3    |  |              | 6.016%                              |                     | 5.3181                  | 6.677%                     |                        | 21.3754                   | 334.7618                     | 348.1086                             | 17.000%              | 59.1785  | 0.7118                     | 42.1221  |
| 4    |  |              | 5.615%                              |                     | 4.9637                  | 6.177%                     |                        | 19.7581                   | 310.0401                     | 322.4009                             | 17.000%              | 54.8082  | 0.6355                     | 34.8316  |
| 5    |  |              | 5.241%                              |                     | 4.6330                  | 5.713%                     |                        | 18.2582                   | 287.1488                     | 298.5944                             | 17.000%              | 50.7611  | 0.5674                     | 28.8032  |
| 6    |  |              | 4.892%                              |                     | 4.3245                  | 5.285%                     |                        | 16.8759                   | 265.9484                     | 276.5486                             | 17.000%              | 47.0133  | 0.5066                     | 23.8184  |
| 7    |  |              | 4.566%                              |                     | 4.0363                  | 4.888%                     |                        | 15.5944                   | 246.3176                     | 256.1330                             | 17.000%              | 43.5426  | 0.4523                     | 19.6965  |
| 8    |  |              | 4.261%                              |                     | 3.7667                  | 4.522%                     |                        | 14.4143                   | 228.1366                     | 237.2271                             | 17.000%              | 40.3286  | 0.4039                     | 16.2880  |
| 9    |  |              | 3.977%                              |                     | 3.5157                  | 4.462%                     |                        | 14.2986                   | 210.3224                     | 219.2295                             | 17.000%              | 37.2690  | 0.3606                     | 13.4396  |
| 10   |  |              | 3.712%                              |                     | 3.2814                  | 4.461%                     |                        | 14.3830                   | 192.6579                     | 201.4901                             | 17.000%              | 34.2533  | 0.3220                     | 11.0286  |
| 11   |  |              | 3.465%                              |                     | 3.0631                  | 4.462%                     |                        | 14.4685                   | 175.1264                     | 183.8922                             | 17.000%              | 31.2617  | 0.2875                     | 8.9870   |
| 12   |  |              | 3.234%                              |                     | 2.8589                  | 4.461%                     |                        | 14.5414                   | 157.7261                     | 166.4263                             | 17.000%              | 28.2925  | 0.2567                     | 7.2620   |
| 13   |  |              | 3.018%                              |                     | 2.6679                  | 4.462%                     |                        | 14.6164                   | 140.4418                     | 149.0840                             | 17.000%              | 25.3443  | 0.2292                     | 5.8083   |
| 14   |  |              | 2.817%                              |                     | 2.4902                  | 4.461%                     |                        | 14.6797                   | 123.2719                     | 131.8569                             | 17.000%              | 22.4157  | 0.2046                     | 4.5867   |
| 15   |  |              | 2.630%                              |                     | 2.3249                  | 4.462%                     |                        | 14.7454                   | 106.2016                     | 114.7367                             | 17.000%              | 19.5052  | 0.1827                     | 3.5635   |
| 16   |  |              | 2.455%                              |                     | 2.1702                  | 4.461%                     |                        | 14.7998                   | 89.2315                      | 97.7166                              | 17.000%              | 16.6118  | 0.1631                     | 2.7097   |
| 17   |  |              | 2.367%                              |                     | 2.0924                  | 4.462%                     |                        | 14.8574                   | 72.2817                      | 80.7566                              | 17.000%              | 13.7286  | 0.1456                     | 1.9995   |
| 18   |  |              | 2.367%                              |                     | 2.0924                  | 4.461%                     |                        | 14.8812                   | 55.3081                      | 63.7949                              | 17.000%              | 10.8451  | 0.1300                     | 1.4103   |
| 19   |  |              | 2.367%                              |                     | 2.0924                  | 4.462%                     |                        | 14.8847                   | 38.3310                      | 46.8195                              | 17.000%              | 7.9593   | 0.1161                     | 0.9241   |
| 20   |  |              | 2.367%                              |                     | 2.0924                  | 4.461%                     |                        | 14.8812                   | 21.3573                      | 29.8442                              | 17.000%              | 5.0735   | 0.1037                     | 0.5260   |
| 21   |  |              | 2.367%                              |                     | 2.0924                  | 2.231%                     |                        | 7.0762                    | 12.1887                      | 16.7730                              | 17.000%              | 2.8514   | 0.0926                     | 0.2639   |
| 22   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 10.8286                      | 11.5086                              | 17.000%              | 1.9565   | 0.0826                     | 0.1617   |
| 23   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 9.4685                       | 10.1485                              | 17.000%              | 1.7252   | 0.0738                     | 0.1273   |
| 24   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 8.1083                       | 8.7884                               | 17.000%              | 1.4940   | 0.0659                     | 0.0984   |
| 25   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 6.7482                       | 7.4283                               | 17.000%              | 1.2628   | 0.0588                     | 0.0743   |
| 26   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 5.3881                       | 6.0681                               | 17.000%              | 1.0316   | 0.0525                     | 0.0542   |
| 27   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 4.0279                       | 4.7080                               | 17.000%              | 0.8004   | 0.0469                     | 0.0375   |
| 28   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 2.6678                       | 3.3479                               | 17.000%              | 0.5691   | 0.0419                     | 0.0238   |
| 29   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | 1.3077                       | 1.9877                               | 17.000%              | 0.3379   | 0.0374                     | 0.0126   |
| 30   |  |              | 2.367%                              |                     | 2.0924                  |                            |                        | (0.7323)                  | (0.0524)                     | 0.6276                               | 17.000%              | 0.1067   | 0.0334                     | 0.0036   |
| 31   |  |              | 1.184%                              |                     | 1.0467                  |                            |                        | (0.7323)                  | (0.3668)                     | (0.2096)                             | 17.000%              | (0.0356)   | 0.0298                     | -0.0011  |
| 32   |  |              |                                     |                     | 0.0000                  |                            |                        | (0.3663)                  | (0.0005)                     | (0.1836)                             | 17.000%              | (0.0312)   | 0.0266                     | -0.0008  |
|      |  |              | <u>100.000%</u>                     |                     | <u>88.4000</u>          | <u>100.000%</u>            |                        | <u>319.0605</u>           |                              |                                      |                      | <u>700.0446</u>                                      |                            | <u>347.0972</u>  |
|      | <u>407.46</u>  |              |                                     |                     |                         |                            |                        | <u>407.4605</u>           |                              |                                      |                      | 347.0972   | / 1000                     | <u>34.7100%</u>  |
|      |  |              |                                     |                     |                         |                            |                        |                           |                              |                                      |                      |  | Rate:                      | <u>35.0000%</u>  |

**SDG&E Advice Letter 2130-E/1907-G  
Attachment D (Gas)**

**CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES  
Gas Property**

| (A)  | (B)  | (C)          | (D)                                 | (E)                 | (F)                     | (G)                        | (H)                    | (I)                       | (J)                          | (K)                                  | (L)                  | (M)  | (N)                        | (O)  |
|------|--|--------------|-------------------------------------|---------------------|-------------------------|----------------------------|------------------------|---------------------------|------------------------------|--------------------------------------|----------------------|--|----------------------------|--|
| YEAR | TAX<br>PMT/(BEN)<br>REFLECTING<br>CIAC<br>OF \$1,000 | TAX<br>BASIS | CALIFORNIA<br>DEPRECIATION<br>RATES | CALIFORNIA<br>RATES | STATE<br>TAX<br>BENEFIT | MODIFIED<br>MACRS<br>RATES | FEDERAL<br>TAX<br>RATE | FEDERAL<br>TAX<br>BENEFIT | REMAINING<br>CIAC<br>PAYABLE | WTD. AVG.<br>UNRECOVERED<br>TAX PMT. | RATE<br>OF<br>RETURN | REVENUE<br>REQUIREMENT<br>ON REMAINING<br>INVESTMENT | DISCOUNT<br>FACTOR<br>0.12 | DISCOUNTED<br>REVENUE<br>REQUIREMENT<br>ON REMAINING<br>INVESTMENT |
| 1    | 438.4  | 1,000        | 2.857%                              | 8.840%              | 2.5256                  | 5.000%                     | 35.00%                 | 17.5000                   | 418.3744                     | 428.3872                             | 17.000%              | 72.8258  | 0.8929                     | 65.0262  |
| 2    | -30.94   |              | 5.551%                              |                     | 4.9071                  | 9.500%                     |                        | 32.3660                   | 350.1613                     | 384.2679                             | 17.000%              | 65.3255  | 0.7972                     | 52.0771  |
| 3    |  |              | 5.234%                              |                     | 4.6269                  | 8.550%                     |                        | 28.2075                   | 317.3270                     | 333.7442                             | 17.000%              | 56.7365  | 0.7118                     | 40.3839  |
| 4    |  |              | 4.935%                              |                     | 4.3625                  | 7.700%                     |                        | 25.3306                   | 287.6338                     | 302.4804                             | 17.000%              | 51.4217  | 0.6355                     | 32.6794  |
| 5    |  |              | 4.653%                              |                     | 4.1133                  | 6.930%                     |                        | 22.7281                   | 260.7925                     | 274.2132                             | 17.000%              | 46.6162  | 0.5674                     | 26.4513  |
| 6    |  |              | 4.387%                              |                     | 3.8781                  | 6.230%                     |                        | 20.3654                   | 236.5490                     | 248.6707                             | 17.000%              | 42.2740  | 0.5066                     | 21.4173  |
| 7    |  |              | 4.137%                              |                     | 3.6571                  | 5.900%                     |                        | 19.2927                   | 213.5992                     | 225.0741                             | 17.000%              | 38.2626  | 0.4523                     | 17.3081  |
| 8    |  |              | 3.901%                              |                     | 3.4485                  | 5.900%                     |                        | 19.3700                   | 190.7807                     | 202.1899                             | 17.000%              | 34.3723  | 0.4039                     | 13.8824  |
| 9    |  |              | 3.678%                              |                     | 3.2514                  | 5.910%                     |                        | 19.4780                   | 168.0513                     | 179.4160                             | 17.000%              | 30.5007  | 0.3606                     | 10.9989  |
| 10   |  |              | 3.468%                              |                     | 3.0657                  | 5.900%                     |                        | 19.5120                   | 145.4736                     | 156.7625                             | 17.000%              | 26.6496  | 0.3220                     | 8.5805   |
| 11   |  |              | 3.270%                              |                     | 2.8907                  | 5.910%                     |                        | 19.6120                   | 122.9709                     | 134.2223                             | 17.000%              | 22.8178  | 0.2875                     | 6.5596   |
| 12   |  |              | 3.084%                              |                     | 2.7263                  | 5.900%                     |                        | 19.6383                   | 100.6064                     | 111.7887                             | 17.000%              | 19.0041  | 0.2567                     | 4.8779   |
| 13   |  |              | 2.908%                              |                     | 2.5707                  | 5.910%                     |                        | 19.7308                   | 78.3049                      | 89.4556                              | 17.000%              | 15.2075  | 0.2292                     | 3.4852   |
| 14   |  |              | 2.742%                              |                     | 2.4239                  | 5.900%                     |                        | 19.7503                   | 56.1307                      | 67.2178                              | 17.000%              | 11.4270  | 0.2046                     | 2.3382   |
| 15   |  |              | 2.585%                              |                     | 2.2851                  | 5.910%                     |                        | 19.8366                   | 34.0089                      | 45.0698                              | 17.000%              | 7.6619   | 0.1827                     | 1.3998   |
| 16   |  |              | 2.438%                              |                     | 2.1552                  | 2.950%                     |                        | 9.5252                    | 22.3285                      | 28.1687                              | 17.000%              | 4.7887   | 0.1631                     | 0.7811   |
| 17   |  |              | 2.299%                              |                     | 2.0323                  |                            |                        | (0.7543)                  | 21.0505                      | 21.6895                              | 17.000%              | 3.6872   | 0.1456                     | 0.5370   |
| 18   |  |              | 2.168%                              |                     | 1.9165                  |                            |                        | (0.7113)                  | 19.8453                      | 20.4479                              | 17.000%              | 3.4761   | 0.1300                     | 0.4520   |
| 19   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6708)                  | 18.7128                      | 19.2790                              | 17.000%              | 3.2774   | 0.1161                     | 0.3805   |
| 20   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 17.5406                      | 18.1267                              | 17.000%              | 3.0815   | 0.1037                     | 0.3194   |
| 21   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 16.3684                      | 16.9545                              | 17.000%              | 2.8823   | 0.0926                     | 0.2668   |
| 22   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 15.1963                      | 15.7824                              | 17.000%              | 2.6830   | 0.0826                     | 0.2217   |
| 23   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 14.0241                      | 14.6102                              | 17.000%              | 2.4837   | 0.0738                     | 0.1833   |
| 24   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 12.8520                      | 13.4380                              | 17.000%              | 2.2845   | 0.0659                     | 0.1505   |
| 25   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 11.6798                      | 12.2659                              | 17.000%              | 2.0852   | 0.0588                     | 0.1227   |
| 26   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 10.5076                      | 11.0937                              | 17.000%              | 1.8859   | 0.0525                     | 0.0990   |
| 27   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 9.3355                       | 9.9216                               | 17.000%              | 1.6867   | 0.0469                     | 0.0791   |
| 28   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 8.1633                       | 8.7494                               | 17.000%              | 1.4874   | 0.0419                     | 0.0623   |
| 29   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 6.9912                       | 7.5772                               | 17.000%              | 1.2881   | 0.0374                     | 0.0482   |
| 30   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 5.8190                       | 6.4051                               | 17.000%              | 1.0889   | 0.0334                     | 0.0363   |
| 31   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 4.6468                       | 5.2329                               | 17.000%              | 0.8896   | 0.0298                     | 0.0265   |
| 32   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 3.4747                       | 4.0608                               | 17.000%              | 0.6903   | 0.0266                     | 0.0184   |
| 33   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 2.3025                       | 2.8886                               | 17.000%              | 0.4911   | 0.0238                     | 0.0117   |
| 34   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | 1.1304                       | 1.7164                               | 17.000%              | 0.2918   | 0.0212                     | 0.0062   |
| 35   |  |              | 2.040%                              |                     | 1.8034                  |                            |                        | (0.6312)                  | (0.0418)                     | 0.5443                               | 17.000%              | 0.0925   | 0.0189                     | 0.0018   |
| 36   |  |              | 1.025%                              |                     | 0.9061                  |                            |                        | (0.6312)                  | (0.3167)                     | (0.1792)                             | 17.000%              | (0.0305)   | 0.0169                     | -0.0005  |
| 37   |  |              |                                     |                     | 0.0000                  |                            |                        | (0.3171)                  | 0.0004                       | (0.1581)                             | 17.000%              | (0.0269)   | 0.0151                     | -0.0004  |
|      |  |              | <u>100.000%</u>                     |                     | <u>88.4000</u>          | <u>100.000%</u>            |                        | <u>319.0596</u>           |                              |                                      |                      | <u>581.6677</u>                                      |                            | <u>311.2692</u>  |
|      | <u>407.46</u>  |              |                                     |                     |                         |                            |                        | <u>407.4596</u>           |                              |                                      |                      | 311.2692   | / 1000                     | <u>31.1300%</u>  |
|      |  |              |                                     |                     |                         |                            |                        |                           |                              |                                      |                      |  | Rate:                      | <u>31.0000%</u>  |

**SDG&E Advice Letter 2130-E/1907-G  
Attachment D (Gas)**

**CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES**

| (A)<br>YEAR | (B)<br>TAX<br>PMT/(BEN)<br>REFLECTING<br>CIAC<br>OF \$1,000 | (C)<br>TAX<br>BASIS | (D)<br>CALIFORNIA<br>DEPRECIATION<br>RATES | (E)<br>CALIFORNIA<br>RATES | (F)<br>STATE<br>TAX<br>BENEFIT | (G)<br>MODIFIED<br>MACRS<br>RATES | (H)<br>FEDERAL<br>TAX<br>RATE | (I)<br>FEDERAL<br>TAX<br>BENEFIT | (J)<br>REMAINING<br>CIAC<br>PAYABLE | (K)<br>WTD. AVG.<br>UNRECOVERED<br>TAX PMT. | (L)<br>RATE<br>OF<br>RETURN | (M)<br>REVENUE<br>REQUIREMENT<br>ON REMAINING<br>INVESTMENT | (N)<br>DISCOUNT<br>FACTOR<br>0.12 | (O)<br>DISCOUNTED<br>REVENUE<br>REQUIREMENT<br>ON REMAINING<br>INVESTMENT |
|-------------|---|---------------------|--|----------------------------|--------------------------------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------------|---|-----------------------------|---|-----------------------------------|---|
| 1           | 438.4   | 1,000               | 3.334%                                     | 8.840%                     | 2.9473                         | 5.000%                            | 35.00%                        | 17.5000                          | 417.9527                            | 428.1764                                    | 17.000%                     | 72.7900   | 0.8929                            | 64.9942   |
| 2           | -30.94  |                     | 6.445%                                     |                            | 5.6974                         | 9.500%                            |                               | 32.2185                          | 349.0969                            | 383.5248                                    | 17.000%                     | 65.1992   | 0.7972                            | 51.9764   |
| 3           |   |                     | 6.016%                                     |                            | 5.3181                         | 8.550%                            |                               | 27.9309                          | 315.8478                            | 332.4723                                    | 17.000%                     | 56.5203   | 0.7118                            | 40.2300   |
| 4           |   |                     | 5.615%                                     |                            | 4.9637                         | 7.700%                            |                               | 25.0886                          | 285.7956                            | 300.8217                                    | 17.000%                     | 51.1397   | 0.6355                            | 32.5002   |
| 5           |   |                     | 5.241%                                     |                            | 4.6330                         | 6.930%                            |                               | 22.5177                          | 258.6448                            | 272.2202                                    | 17.000%                     | 46.2774   | 0.5674                            | 26.2590   |
| 6           |   |                     | 4.892%                                     |                            | 4.3245                         | 6.230%                            |                               | 20.1834                          | 234.1369                            | 246.3909                                    | 17.000%                     | 41.8864   | 0.5066                            | 21.2210   |
| 7           |   |                     | 4.566%                                     |                            | 4.0363                         | 5.900%                            |                               | 19.1364                          | 210.9641                            | 222.5505                                    | 17.000%                     | 37.8336   | 0.4523                            | 17.1140   |
| 8           |   |                     | 4.261%                                     |                            | 3.7667                         | 5.900%                            |                               | 19.2373                          | 187.9601                            | 199.4621                                    | 17.000%                     | 33.9086   | 0.4039                            | 13.6951   |
| 9           |   |                     | 3.977%                                     |                            | 3.5157                         | 5.910%                            |                               | 19.3666                          | 165.0779                            | 176.5190                                    | 17.000%                     | 30.0082   | 0.3606                            | 10.8213   |
| 10          |   |                     | 3.712%                                     |                            | 3.2814                         | 5.900%                            |                               | 19.4195                          | 142.3769                            | 153.7274                                    | 17.000%                     | 26.1337   | 0.3220                            | 8.4144  |
| 11          |   |                     | 3.465%                                     |                            | 3.0631                         | 5.910%                            |                               | 19.5365                          | 119.7774                            | 131.0772                                    | 17.000%                     | 22.2831   | 0.2875                            | 6.4059  |
| 12          |   |                     | 3.234%                                     |                            | 2.8589                         | 5.900%                            |                               | 19.5779                          | 97.3406                             | 108.5590                                    | 17.000%                     | 18.4550   | 0.2567                            | 4.7369  |
| 13          |   |                     | 3.018%                                     |                            | 2.6679                         | 5.910%                            |                               | 19.6844                          | 74.9883                             | 86.1645                                     | 17.000%                     | 14.6480   | 0.2292                            | 3.3569  |
| 14          |   |                     | 2.817%                                     |                            | 2.4902                         | 5.900%                            |                               | 19.7162                          | 52.7819                             | 63.8851                                     | 17.000%                     | 10.8605   | 0.2046                            | 2.2223  |
| 15          |   |                     | 2.630%                                     |                            | 2.3249                         | 5.910%                            |                               | 19.8134                          | 30.6436                             | 41.7127                                     | 17.000%                     | 7.0912  | 0.1827                            | 1.2955  |
| 16          |   |                     | 2.455%                                     |                            | 2.1702                         | 2.950%                            |                               | 9.5113                           | 18.9620                             | 24.8028                                     | 17.000%                     | 4.2165  | 0.1631                            | 0.6878  |
| 17          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7596)                         | 17.6292                             | 18.2956                                     | 17.000%                     | 3.1103  | 0.1456                            | 0.4530  |
| 18          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 16.2691                             | 16.9492                                     | 17.000%                     | 2.8814  | 0.1300                            | 0.3747  |
| 19          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 14.9090                             | 15.5890                                     | 17.000%                     | 2.6501  | 0.1161                            | 0.3077  |
| 20          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 13.5488                             | 14.2289                                     | 17.000%                     | 2.4189  | 0.1037                            | 0.2508  |
| 21          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 12.1887                             | 12.8688                                     | 17.000%                     | 2.1877  | 0.0926                            | 0.2025  |
| 22          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 10.8286                             | 11.5086                                     | 17.000%                     | 1.9565  | 0.0826                            | 0.1617  |
| 23          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 9.4685                              | 10.1485                                     | 17.000%                     | 1.7252  | 0.0738                            | 0.1273  |
| 24          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 8.1083                              | 8.7884                                      | 17.000%                     | 1.4940  | 0.0659                            | 0.0984  |
| 25          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 6.7482                              | 7.4283                                      | 17.000%                     | 1.2628  | 0.0588                            | 0.0743  |
| 26          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 5.3881                              | 6.0681                                      | 17.000%                     | 1.0316  | 0.0525                            | 0.0542  |
| 27          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 4.0279                              | 4.7080                                      | 17.000%                     | 0.8004  | 0.0469                            | 0.0375  |
| 28          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 2.6678                              | 3.3479                                      | 17.000%                     | 0.5691  | 0.0419                            | 0.0238  |
| 29          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 1.3077                              | 1.9877                                      | 17.000%                     | 0.3379  | 0.0374                            | 0.0126  |
| 30          |   |                     | 2.367%                                     |                            | 2.0924                         |                                   |                               | (0.7323)                         | 0.0524                              | 0.6276                                      | 17.000%                     | 0.1067  | 0.0334                            | 0.0036  |
| 31          |   |                     | 1.184%                                     |                            | 1.0467                         |                                   |                               | (0.7323)                         | (0.3668)                            | (0.2096)                                    | 17.000%                     | (0.0356)  | 0.0298                            | -0.0011   |
| 32          |   |                     |  |                            | 0.0000                         |                                   |                               | (0.3663)                         | (0.0005)                            | (0.1836)                                    | 17.000%                     | (0.0312)  | 0.0266                            | -0.0008   |
|             |   |                     | <u>100.000%</u>                            |                            | <u>88.4000</u>                 | <u>100.000%</u>                   |                               | <u>319.0605</u>                  |                                     |   |                             | <u>561.7172</u>   |                                   | <u>308.1111</u>   |
|             | <u>407.46</u>   |                     |  |                            |                                |                                   |                               | <u>407.4605</u>                  |                                     |   |                             | 308.1111  | / 1000                            | <u>30.8100%</u>   |
|             |   |                     |  |                            |                                |                                   |                               |                                  |                                     |   |                             |   | Rate:                             | <u>31.0000%</u>   |