



**PRELIMINARY STATEMENT**

Sheet 1

III. MEMORANDUM ACCOUNTS

GENERATION DIVESTITURE TRANSACTION COSTS MEMORANDUM ACCOUNT (GDTCTMA)

1. Purpose

The purpose of the GDTCTMA is to record transaction costs incurred by SDG&E associated with the divestiture of its generating resources, including fossil power plants, combustion turbines, SDG&E's 20% interest in the San Onofre Nuclear Generating Station (SONGS) and SDG&E's portfolio of long-term power contracts. The divestitures are consistent with Decision 95-12-063, as modified by Decision 96-01-009, and Assembly Bill 1890. Costs recorded in the GDTCTMA shall include all costs, other than SDG&E labor costs, incurred by SDG&E to divest its generation resources, including but not limited to, fees, commissions, and costs for investment bankers, outside environmental consultants, other outside consultants, and outside attorneys.

2. Applicability

The GDTCTMA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. GDTCTMA Rates

The GDTCTMA does not currently have a rate component.

4. Accounting Procedure

SDG&E shall maintain the GDTCTMA by making entries at the end of each month as follows:

- a. A debit entry equal to SDG&E's recorded transaction costs associated with the divestiture of generation resources.
- b. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after entry 4.a. at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

5. Financial Reporting

SDG&E may, at its discretion, record the balance in the GDTCTMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary.

SDG&E may request recovery of the balance in the GDTCTMA by separate application to the Commission, or by any other means deemed appropriate by the Commission.

T

N

L

L