

Decision 16-09-043 September 26, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2016.

Application 14-11-003
(Filed November 14, 2014)

And Related Matter.

Application 14-11-004

ORDER CORRECTING INADVERTENT TYPOGRAPHICAL ERRORS OR OMISSIONS IN DECISION 16-06-054

Summary

Decision (D.) 16-06-054 was adopted at the Commission meeting of June 23, 2016, and issued on July 1, 2016. D.16-06-054 addressed the test year 2016 general rate applications of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas).¹

On August 5, 2016, the Applicants wrote to the Commission’s Executive Director requesting that “two types of obvious typographical errors or omissions” in D.16-06-054 be corrected pursuant to Rule 16.5 of the Commission’s Rules of Practice and Procedure. The proposed corrections were explained in the letter, and the proposed corrections were appended to the letter. A copy of the letter and the appendices was served on the service list of these proceedings.

¹ SDG&E and SoCalGas are referred to jointly as the “Applicants.”

Today's decision corrects the errors and omissions noted in the Applicants' letter. Changes to SDG&E's summary of earnings tables, which appear in D.16-06-054 as Appendix A, have been made. The revised summary of earnings tables for SDG&E are shown in Appendix 1 of this decision.

In addition, the changes to the text of D.16-06-054, as requested by the Applicants, have been made as well. The changes to the text of D.16-06-054 appear in Appendix 2 of this decision.

1. Discussion

a. Introduction

San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCal Gas) (Applicants) contend that the typographical errors or omissions in Decision (D.) 16-06-054 consist of two types of errors. The first error is related to the San Onofre Nuclear Generating Station (SONGS) marine mitigation costs. The second error pertains to various amounts reflected in Appendix A and B of D.16-06-054, but which were not reflected in D.16-06-054 because the amounts were not updated in the text of the decision.

b. SONGS Marine Mitigation Costs

With respect to the SONGS marine mitigation costs, the Applicants state the following in the letter:

Conclusion of Law 11 on page 315 of D.16-06-054 adopts "SDG&E's request to update its revenue requirement to reflect its 20% share of SONGS-related marine mitigation costs and escalation authorized by the Commission in SCE's TY2015 GRC" In SCE's 2015 GRC decision (D.15-11-021), Finding of Fact 366 on page 516, the Commission adopted a zero dollar capital forecast for marine mitigation. D.16-06-054 reflects a zero value for SDG&E's marine mitigation's capital forecast, but does not reflect a zero value for beginning Construction Work in Progress (CWIP) and Allowance for Funds Used During Construction (AFUDC), which is internally inconsistent. D.16-06-054 Appendix A (showing summaries of earnings) thus should be corrected for SDG&E to reflect a reduction

in the total of \$0.591 million in the RO model, and a reduction in revenue requirement of \$0.176 million.

Attachment B to this letter shows a revised SDG&E summary of earnings that reflects the above reductions. The revised summary of earnings is intended to assist in correcting the SONGS Marine Mitigation error in D.16-06-054 Appendix A and throughout D.16-06-054 (as shown in Attachment A). SONGS Marine Mitigation errors identified in Attachment A cite the summary of earnings worksheet in Attachment B to support each correction.

Due to the marine mitigation costs being expensed, this requires a change to the adopted summary of earnings tables for San Diego Gas & Electric (SDG&E) that are attached to D.16-06-054 as Appendix A (at pages 2 to 7). In particular, the column heading labeled "Adopted CPUC Total (2016\$)" would change as a result of the corrections requested by the Applicants. The corrected tables that the Applicants propose be used are shown in Attachment B of the letter under the column heading of "2016 Proposed Rates (2016\$)."

We have reviewed the proposed corrections that the Applicants have requested as a result of the marine mitigation costs. As a result, the summary of earnings tables for SDG&E should be corrected to reflect a reduction of \$0.591 million in the Results of Operation (RO) model, and a reduction in the adopted revenue requirement for SDG&E in the amount of \$0.176 million.² These reductions are reflected in the tables shown in Attachment B of the letter. Accordingly, we have rerun the RO model, using the corrections that the Applicants have requested. That results in a revised set of summary of earnings tables for SDG&E, as shown in Appendix 1 of this decision. Appendix 1 of this decision corrects the SDG&E summary of earnings tables shown in Appendix A of D.16-06-054 at pages 2 to 7.

² D.16-06-054 adopted a Test Year 2016 revenue requirement of \$1,791,273,000 for SDG&E. Due to the corrections attributable to the SONGS marine mitigation costs, the adopted revenue requirement is reduced in this decision to \$1,791,097,000 a reduction of \$176,000.

As a result of the corrections due to the SONGS marine mitigation costs, various numerical references in the text of D.16-06-054 need to be changed as well. These corrections to the numerical references are discussed below.

c. Other Typographical Errors

The Applicants request that various numerical and other references in D.16-06-054 be corrected. These proposed corrections are shown in Attachment A of the Applicants' letter. The Applicants request that these corrections be made for the following reasons:

Findings of Fact 15 and 16 on page 288 of D.16-06-054 adopt the summary of earnings and revenue requirement reflected in Appendix A and B of the decision. However, D.16-06-054 does not reflect the values shown in Appendix A and B in numerous places, reflecting an internal inconsistency. The remaining errors identified in the Attachment to this letter reflect incorrect amounts that were carried over from the proposed decision (PD) and not updated consistent with Appendix A and B of D.16-06-054. The Attachment reflects redlined suggestions for how to correct these errors, with bracketed supporting citations.

We have reviewed the proposed corrections that the Applicants set forth in Attachment A of their letter, and adopt those corrections in their entirety. For ease of reference and comparison, we have reorganized the Applicants' corrections by the sequential progression of the text of D.16-06-054. Appendix 2 of this decision reflects the corrections that have been made to D.16-06-054.

d. Corrections Pursuant to Resolution A-4661 and Rule 16.5

Resolution A-4661 states in part that: "The Executive Director is authorized to sign, on behalf of the Commission, orders involving the correction of typographical and clerical errors, and other obvious, inadvertent errors and omissions in the decisions and order of the Commission."

Rule 16.5 of the Commission's Rules of Practice and Procedure states: "Correction of obvious typographical errors or omission in Commission

decisions may be requested by letter to the Executive Director, with a copy sent at the same time to all parties to the proceeding.”

The errors and omissions that the Applicants request be corrected are due to certain numbers that were not updated in D.16-06-054 due to the erroneous inclusion of marine mitigation costs, and from not updating certain numbers in the text of the decision that differed from the amounts shown in the summary of earnings table in D.16-06-054. In reviewing the Applicants’ proposed changes, it is apparent that the changes adopted in this decision are obvious typographical errors or omissions. Furthermore, no one has objected to the proposed corrections that the Applicants seek.

Pursuant to the authority of Resolution A-4661, and Rule 16.5 of the Commission’s Rules of Practice and Procedure, the corrections shown in Appendix 1 and Appendix 2 of this decision are made to D.16-06-054. Due to the lower revenue requirement for SDG&E as a result of these changes, SDG&E should be directed to supplement Advice Letters 2917-E and 2490-G to reflect the revised revenue requirement.

Application 14-11-003 and Application 14-11-004 should remain open to address the requests for an award of intervenor compensation that have been filed.

Findings of Fact

1. On August 5, 2016, the Applicants wrote to the Commission’s Executive Director requesting that obvious typographical errors and omissions in D.16-06-054 be corrected.
2. The Applicants’ proposed corrections were explained in the letter, and the proposed corrections were appended to the letter.
3. A copy of the letter and the appendices were served on the service list.

4. The corrections attributable to the SONGS marine mitigation costs, as shown in Attachment B of the Applicants' letter, affect the adopted summary of earnings tables for SDG&E that are attached to D.16-06-054, and reduces the adopted revenue requirement for SDG&E by \$176,000.
5. The various proposed corrections to numerical and other references in D.16-06-054 are shown in Attachment A of the Applicants' letter.
6. No one has objected to the proposed corrections that the Applicants seek.

Conclusions of Law

1. Appendix 1 of this decision corrects the SDG&E summary of earnings tables shown in Appendix A of D.16-06-054 at pages 2 to 7.
2. Appendix 2 of this decision reflects the corrections that have been made to the text of D.16-06-054.
3. In reviewing the Applicants' proposed changes, it is apparent that the changes adopted in this decision are obvious typographical errors or omissions.
4. Pursuant to the authority of Resolution A-4661, and Rule 16.5 of the Commission's Rules of Practice and Procedure, the corrections shown in Appendix 1 and Appendix 2 of this decision are made to D.16-06-054, and SDG&E should be ordered to supplement Advice Letters 2917-E and 2490-G to reflect the lower adopted revenue requirement.
5. Application 14-11-003 and Application 14-11-004 should remain open to

address the requests for award of intervenor compensation.

IT IS ORDERED that:

1. Pursuant to Resolution A-4661, and Rule 16.5 of the Commission's Rules of Practice and Procedure, Decision 16-06-054 is modified to reflect the adopted corrections as described below.
2. The summary of earnings tables for San Diego Gas & Electric Company, that is attached to Appendix A of Decision 16-06-054 at pages 2 to 7, is replaced by the summary of earnings tables attached to this decision as Appendix 1.
3. The text of Decision 16-06-054 at various pages is replaced by the insertions and deletions shown in Appendix 2 of this decision.
4. Due to the reduction in the adopted revenue requirement, as a result of the corrections made in this decision, San Diego Gas & Electric Company shall supplement Advice Letters 2917-E and 2490-G to reflect the revised revenue requirement amount.
5. Application 14-11-003 and Application 14-11-004 remain open to address the requests for award of intervenor compensation.

This order is effective today.

Dated September 26, 2016, at San Francisco, California.

/s/ TIMOTHY J. SULLIVAN
Timothy J. Sullivan
Executive Director

RESULTS OF OPERATION MODEL
SAN DIEGO GAS & ELECTRIC COMPANY
TEST YEAR 2016
COMBINED SUMMARY OF EARNINGS
(Thousands of Dollars)

Line No.	Description	Update Testimony (2016\$)	Settlement (2016\$)	Adopted CPUC Total (2016\$)	Difference (Adopted less Reques (2016\$)
1	Base Margin	\$ 1,876,202	\$ 1,790,472	1,771,039	\$ (105,163)
2	Miscellaneous Revenues	19,235	20,061	20,057	822
3	Revenue Requirement	\$ 1,895,437	\$ 1,810,533	1,791,097	\$ (104,340)
OPERATING & MAINTENANCE EXPENSES					
4	Distribution	159,348	150,756	150,756	(8,592)
5	Gas Transmission	4,631	4,663	4,663	32
6	PSEP	-	-	-	-
7	Generation	54,415	53,333	53,333	(1,082)
8	Nuclear Generation (SONGS)	1,293	1,293	1,329	36
9	Engineering	12,294	11,919	11,919	(375)
10	Procurement	8,757	8,757	8,757	-
11	Customer Services	89,628	85,448	85,448	(4,180)
12	Information Technology	109,115	106,368	106,368	(2,747)
13	Support Services	105,627	102,961	102,961	(2,666)
14	Administrative and General	431,532	388,342	387,760	(43,772)
15	Subtotal (2013\$)	976,640	913,840	913,294	(63,346)
16	Shared Services Adjustments	(91,061)	(90,216)	(90,216)	845
17	Reassignments	(127,510)	(114,924)	(114,924)	12,586
18	FERC Transmission Costs	(60,446)	(55,666)	(55,593)	4,853
19	Escalation	22,245	21,172	21,172	(1,073)
20	Uncollectibles	3,263	3,114	3,080	(183)
21	Franchise Fees	59,965	57,215	56,571	(3,394)
22	#REF!	783,096	734,536	733,384	(49,712)
23	Depreciation & Amortization	439,813	432,059	431,206	(8,607)
24	Taxes on Income	163,233	152,735	146,989	(16,244)
25	Taxes Other Than on Income	94,746	91,325	90,820	(3,926)
26	Total Operating Expenses	\$ 1,480,889	\$ 1,410,655	1,402,399	\$ (78,490)
27	Return	414,548	399,878	388,698	(25,850)
28	Rate Base	5,321,539	5,133,222	4,989,705	(331,834)
29	Rate of Return	7.79%	7.79%	7.79%	0.00%
30	Derivation of Base Margin				
31	O&M Expenses	\$ 783,096	\$ 734,536	\$733,384	\$ (49,712)
32	Depreciation	439,813	432,059	431,206	(8,607)
33	Taxes	257,979	244,060	237,809	(20,170)
34	Return	414,548	399,878	388,698	(25,850)
35	Revenue Requirement	1,895,437	1,810,533	1,791,097	(104,340)
36	Less: Misc. Revenues	19,235	20,061	20,057	822
37	Base Margin	\$ 1,876,202	\$ 1,790,472	\$1,771,039	\$ (105,163)

RESULTS OF OPERATION MODEL
SAN DIEGO GAS & ELECTRIC COMPANY
TEST YEAR 2016
ELECTRIC SUMMARY OF EARNINGS
(Thousands of Dollars)

Line No.	Description	Update Testimony (2016\$)	Settlement (2016\$)	Adopted CPUC Total (2016\$)	Difference (Adopted less Reques (2016\$)
1	Base Margin	\$ 1,556,022	\$ 1,484,192	\$ 1,466,368	\$ (89,654)
2	Miscellaneous Revenues	15,227	15,854	15,852	625
3	Revenue Requirement	\$ 1,571,249	\$ 1,500,046	\$ 1,482,219	\$ (89,030)
OPERATING & MAINTENANCE EXPENSES					
4	Distribution	134,150	126,760	126,760	(7,390)
5	Gas Transmission	-	-	-	-
6	PSEP	-	-	-	-
7	Generation	53,864	52,802	52,802	(1,062)
8	Nuclear Generation (SONGS)	1,293	1,293	1,329	36
9	Engineering	584	330	330	(254)
10	Procurement	8,647	8,647	8,647	(0)
11	Customer Services	57,485	53,986	53,986	(3,499)
12	Information Technology	80,735	78,625	78,625	(2,110)
13	Support Services	82,418	80,316	80,316	(2,102)
14	Administrative and General	346,516	313,829	313,394	(33,122)
15	Subtotal (2013\$)	765,691	716,589	716,189	(49,502)
16	Shared Services Adjustments	(72,605)	(71,855)	(71,855)	750
17	Reassignments	(97,510)	(88,022)	(88,022)	9,488
18	FERC Transmission Costs	(60,446)	(55,666)	(55,593)	4,853
19	Escalation	15,688	15,044	15,044	(644)
20	Uncollectibles (0.174%)	2,706	2,581	2,550	(156)
21	Franchise Fees (3.4273%)	53,328	50,867	50,256	(3,072)
22	#REF!	606,853	569,538	568,570	
23	Depreciation & Amortization	382,132	374,980	374,127	(8,005)
24	Taxes on Income	143,633	133,676	128,378	(15,255)
25	Taxes Other Than on Income	79,765	76,726	76,283	(3,482)
26	Total Operating Expenses	\$ 1,212,382	\$ 1,154,921	\$ 1,147,357	\$ (65,025)
27	Return	358,867	345,125	334,862	(24,005)
28	Rate Base	4,606,766	4,430,365	4,298,617	(308,149)
29	Rate of Return	7.79%	7.79%	7.79%	0.00%
30	Derivation of Base Margin				
31	O&M Expenses	\$ 606,853	\$ 569,538	\$ 568,570	\$ (38,283)
32	Depreciation	382,132	374,980	374,127	(8,005)
33	Taxes	223,397	210,402	204,661	(18,736)
34	Return	358,867	345,125	334,862	(24,005)
35	Revenue Requirement	1,571,249	1,500,046	1,482,219	(89,030)
36	Less: Misc. Revenues	15,227	15,854	15,852	625
37	Base Margin	\$ 1,556,022	\$ 1,484,192	\$ 1,466,368	\$ (89,654)

RESULTS OF OPERATION MODEL
SAN DIEGO GAS & ELECTRIC COMPANY
TEST YEAR 2016
ELECTRIC DISTRIBUTION SUMMARY OF EARNINGS
(Thousands of Dollars)

Line No.	Description	Update Testimony Excl. Legacy Meter (2016\$)	Update Testimony Legacy Meter* (2016\$)	Settlement Incl. Legacy Meter (2016\$)	Adopted CPUC Total Incl. Legacy Meter (2016\$)	Difference CPUC Total Incl. Legacy Meter (2016\$)
1	Base Margin	\$ 1,323,463	\$ 18,774	\$ 1,274,425	\$ 1,258,817	\$ (83,420)
2	Miscellaneous Revenues	15,227	-	15,854	15,852	625
3	Revenue Requirement	\$ 1,338,690	\$ 18,774	\$ 1,290,279	\$ 1,274,669	\$ (82,795)
OPERATING & MAINTENANCE EXPENSES						
4	Distribution	133,645	-	126,294	126,294	(7,351)
5	Gas Transmission	-	-	-	-	-
6	PSEP	-	-	-	-	-
7	Generation	1,634	-	1,561	1,561	(73)
8	Nuclear Generation (SONGS)	-	-	-	-	-
9	Engineering	576	327	327	327	(249)
10	Procurement	8,634	8,634	8,634	8,634	0
11	Customer Services	57,447	53,948	53,948	53,948	(3,499)
12	Information Technology	77,626	75,619	75,619	75,619	(2,007)
13	Support Services	80,307	78,218	78,218	78,218	(2,089)
14	Administrative and General	335,515	304,121	304,121	303,704	(31,811)
15	Subtotal (2013\$)	695,385	-	648,721	648,304	(47,081)
16	Shared Services Adjustments	(69,480)	(68,770)	(68,770)	(68,770)	710
17	Reassignments	(94,166)	(84,668)	(84,668)	(84,668)	9,498
18	FERC Transmission Costs	(60,446)	(55,666)	(55,666)	(55,593)	4,853
19	Escalation	14,101	13,284	13,284	13,284	(817)
20	Uncollectibles	2,303	32	2,216	2,189	(145)
21	Franchise Fees	45,359	642	43,677	43,142	(2,859)
22	#REF!	533,055	674	498,795	497,888	(35,841)
23	Depreciation & Amortization	320,877	18,100	332,019	332,019	(6,958)
24	Taxes on Income	112,028	102,584	102,584	97,683	(14,345)
25	Taxes Other Than on Income	67,135	64,147	64,147	63,779	(3,356)
26	Total Operating Expenses	\$ 1,033,096	\$ 18,774	\$ 997,545	\$ 991,370	\$ (60,500)
27	Return	305,594	-	292,734	283,299	(22,295)
28	Rate Base	3,922,901	-	3,757,819	\$ 3,636,707	(286,194)
29	Rate of Return	7.79%	0.00%	7.79%	7.79%	0.00%
30	Derivation of Base Margin					
31	O&M Expenses (Line 21)	\$ 533,055	\$ 674	\$ 498,795	\$ 497,888	\$ (35,841)
32	Depreciation (Line 22)	320,877	18,100	332,019	332,019	(6,958)
33	Taxes (Line 23+24)	179,164	-	166,731	161,462	(17,702)
34	Return (Line 26)	305,594	-	292,734	283,299	(22,295)
35	Revenue Requirement	1,338,690	18,774	1,290,279	1,274,669	(82,795)
36	Less: Misc. Revenues (Line 2)	15,227	-	15,854	15,852	625
37	Base Margin (Line 1)	\$ 1,323,463	\$ 18,774	\$ 1,274,425	\$ 1,258,817	\$ (83,420)

RESULTS OF OPERATION MODEL
SAN DIEGO GAS & ELECTRIC COMPANY
TEST YEAR 2016
GENERATION SUMMARY OF EARNINGS
(Thousands of Dollars)

Line No.	Description	Update Testimony (2016\$)	Settlement (2016\$)	Adopted CPUC Total (2016\$)	Difference (Adopted less Reque: (2016\$)
1	Base Margin	\$ 210,441	\$ 206,423	\$ 206,172	\$ (4,269)
2	Miscellaneous Revenues	-	-	-	-
3	Revenue Requirement	\$ 210,441	\$ 206,423	\$ 206,172	\$ (4,269)
OPERATING & MAINTENANCE EXPENSES					
4	Distribution	505	466	466	(39)
5	Gas Transmission	-	-	-	-
6	PSEP	-	-	-	-
7	Generation	52,229	51,241	51,241	(988)
8	Nuclear Generation (SONGS)	-	-	-	-
9	Engineering	8	3	3	(5)
10	Procurement	13	13	13	-
11	Customer Services	38	38	38	-
12	Information Technology	3,109	3,007	3,007	(102)
13	Support Services	2,111	2,098	2,098	(13)
14	Administrative and General	11,000	9,709	9,691	(1,310)
15	Subtotal (2013\$)	69,014	66,575	66,557	(2,457)
16	Shared Services Adjustments	(3,125)	(3,085)	(3,085)	40
17	Reassignments	(3,344)	(3,354)	(3,354)	(10)
18	FERC Transmission Costs	-	-	-	-
19	Escalation	1,587	1,760	1,760	173
20	Uncollectibles	366	359	359	(7)
21	Franchise Fees	7,212	7,075	7,066	(146)
22	#REF!	71,710	69,330	69,303	(2,407)
23	Depreciation & Amortization	42,301	42,108	42,108	(194)
24	Taxes on Income	31,277	30,764	30,695	(582)
25	Taxes Other Than on Income	12,564	12,514	12,504	(60)
26	Total Operating Expenses	\$ 157,853	\$ 154,716	\$ 154,609	\$ (3,244)
27	Return	52,588	51,706	51,563	(1,025)
28	Rate Base	\$ 675,072	\$ 663,754	\$ 661,909	\$ (13,162)
29	Rate of Return	7.79%	7.79%	7.79%	0.00%
30	Derivation of Base Margin				
31	O&M Expenses	\$ 71,710	\$ 69,330	\$ 69,303	\$ (2,407)
32	Depreciation	42,301	42,108	42,108	(194)
33	Taxes	43,841	43,279	43,199	(642)
34	Return	52,588	51,706	51,563	(1,025)
35	Revenue Requirement	210,441	206,423	206,172	(4,269)
36	Less: Misc. Revenues	-	-	-	-
37	Base Margin	\$ 210,441	\$ 206,423	\$ 206,172	\$ (4,269)

RESULTS OF OPERATION MODEL
SAN DIEGO GAS & ELECTRIC COMPANY
TEST YEAR 2016
SONGS SUMMARY OF EARNINGS
(Thousands of Dollars)

Line No.	Description	Update Testimony (2016\$)	Settlement (2016\$)	Adopted CPUC Total (2016\$)	Difference (Adopted less Request) (2016\$)
1	Base Margin	\$ 3,344	\$ 3,344	\$ 1,379	\$ (1,965)
2	Miscellaneous Revenues	-	-	-	-
3	Revenue Requirement	\$ 3,344	\$ 3,344	\$ 1,379	\$ (1,965)
OPERATING & MAINTENANCE EXPENSES					
4	Distribution	-	-	-	-
5	Gas Transmission	-	-	-	-
6	PSEP	-	-	-	-
7	Generation	1,293	1,293	1,329	36
8	Nuclear Generation (SONGS)	-	-	-	-
9	Engineering	-	-	-	-
10	Procurement	-	-	-	-
11	Customer Services	-	-	-	-
12	Information Technology	-	-	-	-
13	Support Services	-	-	-	-
14	Administrative and General	-	-	-	-
15	Subtotal (2013\$)	1,293	1,293	1,329	36
16	Shared Services Adjustments	-	-	-	-
17	Reassignments	-	-	-	-
18	FERC Transmission Costs	-	-	-	-
19	Escalation	-	-	-	-
20	Uncollectibles	6	6	2	(4)
21	Franchise Fees	115	115	47	(68)
22	#REF!	1,413	1,413	1,379	(34)
23	Depreciation & Amortization	853	853	-	-
24	Taxes on Income	327	327	-	(327)
25	Taxes Other Than on Income	65	65	-	-
26	Total Operating Expenses	\$ 2,659	\$ 2,659	\$ 1,379	\$ (1,280)
27	Return	685	685	-	-
28	Rate Base	\$ 8,793	\$ 8,792	-	-
29	Rate of Return	7.79%	7.79%	-	-
30	Derivation of Base Margin	-	-	-	-
31	O&M Expenses	\$ 1,413	\$ 1,413	\$ 1,379	\$ (34)
32	Depreciation	853	853	-	-
33	Taxes	393	393	-	(393)
34	Return	685	685	-	(685)
35	Revenue Requirement	3,344	3,344	1,379	(1,965)
36	Less: Misc. Revenues	-	-	-	-
37	Base Margin	\$ 3,344	\$ 3,344	\$ 1,379	\$ (1,965)

RESULTS OF OPERATION MODEL
 SAN DIEGO GAS & ELECTRIC COMPANY
 TEST YEAR 2016
 GAS SUMMARY OF EARNINGS
 (Thousands of Dollars)

Line No.	Description	Update Testimony (2016\$)	Settlement (2016\$)	Adopted CPUC Total (2016\$)	Difference (Adopted less Reques (2016\$)
1	Base Margin	\$ 320,180	\$ 306,281	\$ 304,672	\$ (15,508)
2	Miscellaneous Revenues	4,008	4,207	4,206	198
3	Revenue Requirement	\$ 324,188	\$ 310,487	\$ 308,877	\$ (15,310)
OPERATING & MAINTENANCE EXPENSES					
4	Distribution	25,198	23,996	23,996	(1,202)
5	Gas Transmission	4,631	4,663	4,663	32
6	PSEP	-	-	-	-
7	Generation	552	531	531	(21)
8	Nuclear Generation (SONGS)	-	-	-	-
9	Engineering	11,710	11,589	11,589	(121)
10	Procurement	110	110	110	-
11	Customer Services	32,143	31,462	31,462	(681)
12	Information Technology	28,380	27,743	27,743	(638)
13	Support Services	23,209	22,645	22,645	(564)
14	Administrative and General	85,016	74,512	74,366	(10,650)
15	Subtotal (2013\$)	210,949	197,251	197,105	(13,844)
16	Shared Services Adjustments	(18,456)	(18,361)	(18,361)	95
17	Reassignments	(30,000)	(26,903)	(26,903)	3,097
18	FERC Transmission Costs				
19	Escalation	6,557	6,129	6,129	(429)
20	Uncollectibles (0.174%)	557	533	530	(27)
21	Franchise Fees (2.0727%)	6,636	6,348	6,315	(321)
22	#REF!	176,244	164,997	164,814	(11,429)
23	Depreciation & Amortization	57,681	57,079	57,079	(602)
24	Taxes on Income	19,601	19,059	18,611	(990)
25	Taxes Other Than on Income	14,981	14,599	14,537	(444)
26	Total Operating Expenses	\$ 268,507	\$ 255,735	\$ 255,041	\$ (13,465)
27	Return	55,681	54,753	53,836	(1,845)
28	Rate Base	714,773	702,858	691,088	(23,684)
29	Rate of Return	7.79%	7.79%	7.79%	(0.00)%
30	Derivation of Base Margin				
31	O&M Expenses	\$ 176,244	\$ 164,997	\$ 164,814	\$ (11,429)
32	Depreciation	57,681	57,079	57,079	(602)
33	Taxes	34,581	33,658	33,148	(1,434)
34	Return	55,681	54,753	53,836	(1,845)
35	Revenue Requirement	324,188	310,487	308,877	(15,310)
36	Less: Misc. Revenues	4,008	4,207	4,206	198
37	Base Margin	\$ 320,180	\$ 306,281	\$ 304,672	\$ (15,508)

Appendix 2

Page Reference in D.16-06-054	Adopted Addition or Deletion Shown In Bold
Page 3	With these three adjustments, today's decision adopts a test year 2016 revenue requirement of \$1,791,097,000 for SDG&E's combined operations (\$1,482,219,000 for its electric operations, and \$308,877,000 for its gas operations).
Page 162	Since the settling parties have agreed to a TY 2016 revenue requirement of \$1.811 billion, it is reasonable to use the uncollectibles formula embedded in the RO model, as adjusted by the bonus depreciation adjustment, which results in an uncollectibles amount of \$3.080 million, and that embedded formula should be adopted.
Pages 194-195	As shown in Appendix B of this decision, we make reductions to the rate base of SDG&E and SoCalGas in the amounts of \$54.952 million, and \$37.958 million, respectively.
Page 195	These rate base reductions are based on the net present value of the future excess costs to ratepayers resulting from the Applicants' tax treatment for the repairs deductions from 2011- 2014 , compared to the cost if no change in the repairs deduction was made until 2016.
Page 195	As shown in Appendix B , the net present value of the future excess costs to SDG&E's ratepayers is \$75.972 million, and to SoCalGas' ratepayers of \$50.361 million.

Page Reference in D.16-06-054	Adopted Addition or Deletion Shown In Bold
Page 195	The rate base reductions have the effect of reducing SDG&E's revenue requirement for TY 2016 by \$6.913 million, and by \$4.726 million for SoCalGas, as calculated by the RO model.
Page 213	By including bonus depreciation for 2015 and 2016, this results in a reduction of \$10.705 million to the revenue requirement of SDG&E, and a reduction of \$10.714 million to the revenue requirement of SoCalGas.
Page 219	Comparing the positions of SDG&E, ORA, FEA and TURN on the amount of rate base that should be included in the calculation of the return on rate base, the capital-related costs that the settling parties have agreed to, and the adjustment that we adopt for the repairs deduction, it is reasonable to adopt the amount of \$4,989,705,000 as the rate base amount.
Page 219	Using the adjusted rate base amount of \$4,989,705,000 and the rate of return of 7.79%, that results in the TY 2016 return on rate base amount of \$388.698 million as shown on line 27 of SDG&E's combined summary of earning table.
Page 230	...a TY 2016 revenue requirement of \$1,791,097,000 for the combined operations of SDG&E.
Page 271	The use of ORA's uncollectibles rate, as applied to the agreed upon revenue requirement, and as adjusted by the bonus depreciation adjustment, results in an uncollectibles amount of \$6.152 million .

Page Reference in D.16-06-054	Adopted Addition or Deletion Shown In Bold
Page 272	...as adjusted by the bonus depreciation adjustment, which yields a franchise fees amount of \$30.142 million, and that embedded franchise fee factor should be adopted.
Page 277	...the capital-related costs that the settling parties have agreed to, and the adjustment that we adopt for the repairs deduction, it is reasonable to adopt the amount of \$4,006,248,000 as the rate base amount.
Page 278	Using the adopted rate base amount of \$4,006,248,000 and the rate of return of 8.02%, that results in the TY 2016 return on rate base amount of \$321.301 million.
Page 297, FOF 96	As discussed in the section on FERC transmission costs, the amount of \$55.593 million to be excluded is reasonable .
Page 298, FOF 98	As discussed in the section on uncollectibles, it is reasonable to use the uncollectibles formula embedded in the RO model which results in an uncollectibles amount of \$3.080 million.
Page 298, FOF 99	As discussed in the section on franchise fees, it is reasonable to use the franchise fee factors embedded in the RO model, which results in a total franchise fees amount of \$56.571 million.
Page 302, FOF 130	The rate base reductions, as calculated by the RO model, have the effect of reducing SDG&E's revenue requirement for TY 2016 by \$6.913 million, and by \$4.726 million for SoCalGas.

Page Reference in D.16-06-054	Adopted Addition or Deletion Shown In Bold
Page 303, FOF 143	Including an adjustment to bonus depreciation for 2015 and 2016 will result in a reduction of \$10.705 million to the revenue requirement of SDG&E, and a reduction of \$10.714 million to the revenue requirement of SoCalGas.
Page 304, FOF 145	As discussed in the section on taxes other than on income, the methodology agreed to by the settling parties for taxes other than income and which generated the amount of \$90.820 million, is reasonable.
Page 304, FOF 148	As discussed in the section on rate base, the rate base amount of \$4,989,705,000 is reasonable.
Page 304, FOF 152	Given the adopted rate base of \$4,989,705,000 and rate of return of 7.79%, the TY 2016 return on rate base amount is \$388.698 million.
Page 305, FOF 157	As discussed in the section on miscellaneous revenues, the amount of \$20.057 million is reasonable.
Page 312, FOF 212	As discussed in the SoCalGas section on administrative and general, the O&M costs of \$377.267 million is reasonable.
Page 312, FOF 219	As discussed in the SoCalGas section on franchise fees, the use of the embedded franchise fee factor in the RO model, which results in \$30.142 million, is reasonable.

Page Reference in D.16-06-054	Adopted Addition or Deletion Shown In Bold
Page 313, FOF 223	As discussed in the SoCalGas section on taxes other than on income, the methodology agreed to by the settling parties, and which generated the amount of \$95.001 million, is reasonable.
Page 313, FOF 226	Using the agreed upon rate base amount of \$4,006,248,000 and rate of return of 8.02%, results in the TY 2016 return on rate base amount of \$321.301 million.
Page 313, FOF 227	As discussed in the SoCalGas section on miscellaneous revenues, the amount of \$98.685 million is reasonable.
Page 322, COL 65	...and the SONGS offsite storage costs, today's decision should adopt a TY 2016 revenue requirement of \$1,791,097,000 for the combined operations of SDG&E.
Page 326, OP 1.d.	With the three adjustments referenced above, a Test Year 2016 revenue requirement of \$1,791,097,000 for the combined operations (\$1,482,219,000 for electric operations, and \$308,877,000 for gas operations) of SDG&E is adopted.

END OF APPENDIX 2