

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U-902M) for authorization to: (1) issue Debt Securities in an aggregate principal amount up to \$2,583 million of debt capital, in addition to previously-authorized amounts; (2) issue Roll-Over Debt Securities in an aggregate principal amount up to \$1,348 million of debt capital, in addition to previously-authorized amounts; (3) include certain features in the Debt Securities, or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of the debt portfolio, and with the goal of lowering the cost of money for the benefit of ratepayers; (4) hedge planned issuances of Debt Securities; and: (5) take all other necessary, related actions.

Application 26-03-008

**DECISION AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY
TO ISSUE UP TO \$3.9 BILLION IN DEBT SECURITIES,
TO UTILIZE CERTAIN FEATURES IN DEBT SECURITIES OR DERIVATIVE
TRANSACTIONS, AND TO HEDGE ISSUANCE OF DEBT SECURITIES**

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TO HEDGE ISSUANCE OF DEBT
SECURITIES**

Summary

This decision grants San Diego Gas and Electric Company (SDG&E) authority to issue up to \$2.583 billion of new debt and up to \$1.348 billion of roll-over debt securities, in addition to previously authorized amounts. This decision also authorizes SDG&E to issue certain tax-exempt debt securities to guarantee the obligations of others, to include certain features or enter into certain derivative transactions with the goal of lowering SDG&E's cost of money for the benefit of ratepayers, to hedge when appropriate and in accordance with the new Financing Rule, and to take specific related actions as described in this decision.

The uncontested application is approved, and the proceeding is closed.

1. Background

San Diego Gas & Electric Company (SDG&E) filed Application (A.) 26-03-008 on March 13, 2026. SDG&E seeks Commission approval to, among other things: (1) issue debt securities, as defined in SDG&E's Application, in an aggregate principal amount up to \$2.583 billion of debt capital, in addition to previously authorized amounts; (2) issue roll-over debt securities for refinancing existing debt, in an aggregate principal amount up to \$1.348 billion of debt capital, in addition to previously-authorized amounts; (3) include certain features in the debt securities or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of the debt portfolio and with the goal of lowering the cost of money for the benefit of

ratepayers; (4) hedge planned issuances of debt securities; and (5) take all other necessary, related actions. In this application, SDG&E requests all the same types of debt securities requested in its previous long-term debt financing application.¹

No protests or responses to the application were filed. On May 13, 2026, the assigned Administrative Law Judge (ALJ) granted the motion for party status of the Public Advocates Office at the California Public Utilities Commission.

A prehearing conference was held on Webex on May 28, 2026 to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. Assigned Commissioner Christine Harada issued the Scoping Memo and Ruling on July 24, 2026, categorizing the proceeding as ratesetting and determining that evidentiary hearings were not necessary.

SDG&E is a public utility under the jurisdiction of the California Public Utilities Commission.

1.1. Submission Date

This matter was submitted on July 24, 2026, upon issuance of the Scoping Memo and Ruling.

2. Issues Before the Commission

The issues to be determined or otherwise considered are whether the Commission should approve SDG&E's requests to issue the securities described in the application with the features described in the application. In considering SDG&E's requests, we address:

¹ The Commission approved SDG&E's previous long-term debt financing Application 22-04-007 with the issuance of Decision (D.) 22-12-011.

1. Whether the requests comply with all applicable Commission rules, the Public Utilities (Pub. Util.) Code, General Orders (GO), Commission decisions, and other legal requirements; and
2. Whether the requests are reasonable and in the public interest.

3. Overview

SDG&E requests additional long-term financing authority to continue to fund safety and reliability capital investments. SDG&E states that some of its capital investment plans were approved in SDG&E's 2024 General Rate Case, and others are in capital-related requests it has filed or anticipates filing before the Commission.² Additionally, SDG&E states the significant investments it plans to make "support the integrity and modernization of our gas infrastructure, enhancements to emphasize safety in electric transmission and distribution and in mitigation strategies for risks identified in the Risk Assessment Mitigation Phase proceeding."³

SDG&E requests authorization to issue up to \$2.583 billion in new debt securities to fund forecasted capital investments in 2027 through 2029, after accounting for an estimated \$167 million remaining new debt authorization previously authorized by the Commission in D.22-12-011.⁴ SDG&E also seeks authority to issue an additional \$1.348 billion in debt securities to be utilized as roll-over authority to replace existing debt maturing in 2026 and 2028, and to

² Application at 3. The Commission approved SDG&E's Test Year 2024 General Rate Case in D.24-12-074.

³ *Ibid.*

⁴ SDG&E's application identifies the same amount of remaining new long-term debt authority of \$1.769 billion as of December 31, 2025, and February 2026, because SDG&E issued no new long-term debt during this time period.

allow it flexibility to refinance other debt if reduced financing costs become available.⁵ Combined, SDG&E's requested amount of authorization for long-term debt is \$3.931 billion, in addition to previously authorized amounts that are unused.⁶

Specifically, SDG&E seeks authorization from the Commission to:

1. To issue First Mortgage Bonds (FMBs), debentures, overseas indebtedness, foreign securities, long-term loans, accounts receivable financing, tax exempt debt securities in order to guarantee the obligations of others, variable-rate debt, and "fall away" FMBs in an aggregate principal amount of up to \$2.583 billion of new debt capital, in addition to previously authorized amounts. SDG&E's management or Board of Directors will determine the principal amount and the terms and conditions of each issue of debt securities according to market conditions at the time of sale;
2. To issue roll-over debt securities in an aggregate principal amount up to \$1.348 billion of debt capital, in addition to previously authorized roll-over debt amounts;
3. To include certain features in SDG&E's debt securities or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of SDG&E's debt portfolio and with the goal of lowering SDG&E's cost of money for the benefit of ratepayers;

⁵ Application at 4-5.

⁶ The Commission previously authorized SDG&E authority in D.22-12-011, D.10-10-023, D.06-05,015, D.04-01-009, D.93-09-069, and D.92-03-049. The unused authority per grant of authorization is shown in Schedule XII of the Application.

4. To hedge, when appropriate, planned issuances of debt securities within reasonable limits established by the new Financing Rule; and
5. To take all necessary and related actions, including but not limited to:
 - a. Specifically finding, as required by Pub. Util. Code § 818, that in the opinion of the Commission, the money, property, or labor to be procured or paid for by such issues is reasonably required for the purposes so specified, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidence of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
 - b. Providing that the authority granted in such Order shall be effective upon payment of the fee prescribed in Pub. Util. Code §§ 1904(b) and 1904.1.⁷
 - c. Providing that if SDG&E intends to use any portion of the authority described in Section 3 of this decision that it currently expects to use for the potential refinancing of securities previously issued instead for capital expenditures, it shall notify the Commission and pay the corresponding fee before making such use.
 - d. Providing that the authority granted in such order shall be in addition to the authority previously granted in D.22-12-011, D.20-04-015, D.18-02-012, D.10-10-023, D.06-05-015, D.04-01-009, and D.93-09-069.
 - e. Granting such additional authorizations as this Commission may deem appropriate.

⁷ All statutory references are to the Public Utilities Code unless otherwise noted.

3.1 Types of Debt Securities

SDG&E states that each series of debt securities is expected to have a maturity of between one year and one-hundred years. With the exception of long-term loans and accounts-receivable financing, each issue of debt securities may be issued under an indenture or a supplement to an existing indenture to be delivered to the trustee for such issue. The indenture or supplemental indenture would set forth the terms and conditions of each issue of debt securities.

3.1.1 Secured Debt

Secured debt may be secured by a lien on property or through other credit-enhancement arrangements described in Section 3.2 of this decision. FMBs will be issued in accordance with SDG&E's trust indenture dated July 1, 1940, as amended and supplemented and which heretofore has been filed with the Commission. The supplemental indenture delivered in connection with each new series of FMBs will be in a form consistent with supplemental indentures previously filed with the Commission.

Secured debt may be sold to either domestic or foreign investors. It may be sold to underwriters who in turn will offer the secured debt to investors, or it may be sold directly to investors either with or without the assistance of a private placement agent. Secured debt may be registered with the Securities and Exchange Commission (SEC), depending on the method of offering and sale, and may be listed on a stock exchange. In certain instances, SDG&E may enter into contractual agreements whereby a third party will provide appropriate credit facilities as security for a secured debt issue. "Sustainability, including Green or Social, or Sustainability-linked bonds" may also be used to finance the development of environmentally friendly projects. The cost of the credit facilities will be included in determining the issue's overall cost.

3.1.2 Unsecured Debt (Debentures)

Debentures may be sold to either domestic or foreign investors. They may be sold to underwriters who in turn will offer the debentures to investors, or they may be sold directly to investors either with or without the assistance of a placement agent. They may also be sold as 'green bonds' used to finance the

development of environmentally friendly projects. Debentures may be registered with the SEC and may be listed on a stock exchange. Unsecured debt may be senior or subordinated.

3.1.3 Foreign Capital Markets

Debt securities issued by SDG&E in foreign capital markets may be denominated in, or proceeds from their sale received in, United States (U.S.) dollars or in other currencies. International bond issuance is commonly separated into two categories, U.S.-pay and foreign-pay. The U.S.-pay international bond market consists primarily of Eurodollar bonds, which are issued and traded outside of the U.S. and denominated in U.S. dollars. The foreign-pay, or simply foreign, bond market describes issues sold in a country outside of the U.S. in the local currency.

Certain circumstances may make international borrowing attractive to a U.S. utility. Competition among global investment banks may create low-cost offshore funding opportunities. Foreign bond markets may have a better appetite for a particular debt security than domestic markets. Finally, a domestic utility may find international markets more accessible during a time when domestic bond markets are not. To reduce or eliminate the risk of currency fluctuations, SDG&E may engage in currency swaps, defined in Section 3.2.6 below, or other arrangements.

3.1.4 Direct Long-Term Loans

SDG&E may enter into long-term loans, debt securities with a maturity of greater than one year, pursuant to a line of credit with banks, insurance

companies, or other financial institutions. SDG&E may enter into loans when it finds that interest rates or other circumstances make it attractive to do so.

3.1.5 Accounts Receivable Financing

SDG&E may issue debt securities secured by a pledge, sale or assignment of its accounts receivable. SDG&E anticipates that the transactions would be structured to be a true sale for bankruptcy purposes, a sale for financial reporting, and debt for tax purposes although other structures may be developed using accounts receivable as security or collateral.

Because accounts receivable financing would be an encumbrance on utility properties to the extent that accounts receivable are considered to be utility property, SDG&E requests authorization under Pub. Util. Code § 851 to mortgage and encumber utility property.

3.1.6 Tax Exempt Debt

SDG&E anticipates that from time to time the cost of debt securities may be reduced by placing such securities with one or more political subdivisions (Authority) and unconditionally guaranteeing or otherwise securing such Authority's obligations in respect of its issuances of tax-exempt debt in connection with the financing of SDG&E facilities. SDG&E anticipates having the ability to use the tax-exempt option whenever: (1) its facilities qualify for tax-exempt financing under federal law, either as eligible pollution control facilities or facilities that may be financed by tax-exempt revenue bonds under the "two-county" rule, and (2) it receives sufficient "volume cap," or tax-exempt borrowing authority, from the California Debt Limit Allocation Committee

(CDLAC). Such tax-exempt financings may be structured substantially as follows:

1. An Authority would issue and sell one or more series of its bonds, notes, debentures or other securities (Authority Bonds) to a group of underwriters who would ultimately market such Authority Bonds to investors. Concurrently with the sale and delivery of such Authority Bonds and in consideration for the proceeds of the Authority Bonds, SDG&E would enter into a loan agreement or other security agreement with the Authority, or would enter into an installment-sale agreement with the Authority pursuant to which the eligible facilities would be conveyed to the Authority in consideration for the proceeds of the Authority Bonds, and the eligible facilities would be reconveyed to SDG&E in consideration for its debt securities. The operation and control of such facilities would remain with SDG&E or the project operator at all times.
2. Concurrently with the sale and delivery of such Authority Bonds, SDG&E would issue and deliver to the Authority, in consideration of the Authority's obligations set forth above, SDG&E debt securities plus accrued interest (the terms and conditions of such indebtedness would be substantially consistent with the terms and conditions of such Authority Bonds) or would unconditionally guarantee or otherwise secure such Authority's obligations in respect of the Authority Bonds. All rights and title of such Authority in company debt securities would be assigned to a trustee under an indenture pursuant to which the Authority Bonds would have been issued as security for the purchasers of the Authority Bonds.

3.1.7 Variable Rate Debt

SDG&E anticipates that from time to time the cost of SDG&E debt may be reduced by issuing variable-rate debt securities. A variable-rate debt security includes, but is not limited to, either debt securities bearing interest based on the Secured Overnight Financing Rate, a generally accepted replacement for the London Interbank Offered Rate, which is being discontinued, or some other replacement interest rate. A variable-rate debt security may also be a debt security for which investors possess a series of periodic, mandatory put options that require SDG&E to repurchase all or a portion of the debt securities, and which may be coupled with a re-marketing obligation by SDG&E of the repurchased debt security.

Certain variable-rate debt securities require credit support, such as bank lines. These bank lines may be in the form of a short-term or long-term bank line agreement. Since these credit facilities are an integral part of the variable-rate debt issuance, such facilities (and any borrowing thereunder) should not be considered by the Commission to count against existing short-term debt authorizations.

3.1.8 “Fall-Away” Mortgage Bonds

SDG&E may issue debt that is initially secured and subsequently convertible into unsecured debt, known as “fall-away bonds.” These senior notes are initially secured under their indenture by collateral FMBs issued in equal principal amount under the existing 1940 first mortgage indenture and delivered to the fall-away indenture trustee. Subsequent to the redemption or maturity of all outstanding FMBs (other than the collateral FMBs held by the fall-away

indenture trustee), the fall-away bonds will become unsecured general obligations of SDG&E. The fall-away bonds' indenture will contain a negative pledge clause, which provides that the newly unsecured obligations will be secured equally with any secured bonds that may be issued in the future.

SDG&E may also wish to issue debt that is initially unsecured and subsequently convertible into secured debt.

3.2 Debt Securities Enhancements

SDG&E requests authority to employ the following features of SDG&E's debt securities, or to enter into certain derivative transactions related to the underlying debt. SDG&E states it would employ these features in order to improve the terms and conditions of its debt securities and to lower the overall cost of money. As with its proposed types of debt securities, the features are the same types as previously approved by the Commission in D.22-12-011.

3.2.1 Put Options

SDG&E anticipates that from time to time the cost of its debt Securities may be reduced by the inclusion of a put option. This feature grants to a debt security owner the right to require SDG&E to repurchase all or a portion of that holder's securities, commonly referred to as "putting" the security back to the company. Debt holders are willing to accept a lower interest rate in exchange for the protection against rising interest rates offered by the put option.

3.2.2 Call Options

SDG&E anticipates that from time to time it may retain the right to retire, fully or partially, a debt security before the scheduled maturity date. This is commonly referred to as "calling" the security. The chief benefit of such a feature

is that it permits SDG&E, should market rates fall, to replace the bond issue with a lower-cost issue, thus producing a net benefit to ratepayers.

3.2.3 Sinking Funds

SDG&E anticipates that from time to time the cost of SDG&E debt securities may be reduced by the use of a sinking fund. A sinking fund typically operates in one of two ways: (1) SDG&E may set aside a sum of money periodically so that at the maturity date of the bond issue there is a pool of cash available to redeem the issue, or (2) SDG&E may periodically redeem a specified portion of the bond issue. Typically, SDG&E would have the right to meet its sinking fund obligations in the latter fashion by either calling a certain number of bonds or purchasing the bonds in the open market.

3.2.4 Interest Rate Swaps

An interest rate swap is a contractual agreement between two parties to exchange a series of payments for a stated period. In a typical interest rate swap, one party pays the other fixed-rate interest while the other, in turn, pays floating rate interest, both payment obligations based on a notional principal amount (*i.e.*, no principal exchanged). Swaps are generally used to reduce either fixed-rate or floating-rate costs, or to convert fixed-rate borrowing to floating.

3.2.5 Caps and Collars

In order to reduce ratepayers' exposure to interest rate risk on variable-rate securities, SDG&E may negotiate some type of maximum rate, usually called a cap. In that case, even if variable rates increase above the cap (or ceiling) rate, SDG&E would only pay the ceiling rate. In addition to the ceiling rate, sometimes a counterparty will desire a "floor" rate. In the event that the variable

rate falls below the floor rate, SDG&E would pay the floor rate. The combination of a floor and a ceiling rate is called an interest-rate collar because SDG&E's interest expense is restricted to a band negotiated by SDG&E and the counterparty.

3.2.6 Currency Swaps

A currency swap is an arrangement in which one party agrees to make periodic payments in its domestic currency, based on either fixed or floating interest rates, to a counterparty, which in turn makes periodic payments to the first party in a different currency. The payments are based on principal amounts that are exchanged at the initiation of the swap and re-exchanged at maturity. Currency swaps are useful in the management of exchange risk and will be used when necessary to hedge exposures created by debt securities denominated in foreign currencies.

3.2.7 Credit Enhancements

SDG&E may obtain credit enhancements for debt securities, such as letters of credit, standby bond purchase agreements, surety bonds or insurance policies, or other credit support arrangements. Such credit enhancements may be included to reduce interest costs or improve other credit terms; and the cost of such credit enhancements would be included in the cost of the debt securities.

3.3 Hedging the Issuance of Securities

SDG&E seeks authorization to hedge the issuance of debt securities when necessary. Circumstances requiring hedging may include, matters where legal, regulatory, and/or administrative matters preclude SDG&E from acting on a low-cost funding opportunity during a time of market volatility; or where

SDG&E may have an immediate need for funds, but is reluctant to fix the cost at prevailing interest rates. Issuance-hedging strategies grant the ability to enter financial markets at times when interest rates or other circumstances appear most favorable.

3.3.1 “Price Today, Fund Later” Strategies

These hedges allow SDG&E to lock in today’s interest rate and issue securities at some later date:

Treasury Lock

This approach is used to lock in the Treasury component of SDG&E’s borrowing cost. SDG&E’s borrowing cost (*i.e.*, the interest rate paid on bonds) is comprised of two components: the yield on U.S. Treasury bonds of comparable maturity plus the credit spread, the market’s assessment of SDG&E’s ability to service its debt over time. The Treasury lock approach is used to determine in advance the Treasury-yield component of the interest rate that SDG&E will pay on a future bond offering.

Treasury Options

The purchase of Treasury put options is an alternative to the Treasury lock. In this transaction, SDG&E would purchase put options entitling it to sell Treasury securities of a maturity comparable to that of the contemplated security issuance at a specified yield (the strike yield) at any time before the option's expiration date. If interest rates rise above the put’s strike yield, SDG&E will exercise the put and the resulting profit offsets the increased cost of borrowing. If interest rates decline, SDG&E will let the option expire as worthless and issue securities at prevailing lower rates.

Interest Rate Swaps

A forward-starting interest rate swap allows SDG&E to delay a securities issuance and capture current yields. As the fixed-rate payer in an interest rate swap, SDG&E hedges its

borrowing cost: if interest rates rise, unwinding the swap at a profit offsets higher borrowing costs. Conversely, if rates decline, lower borrowing costs offset the loss caused by unwinding the swap.

3.3.2 “Fund Today, Price Later” Strategies

These hedges allow SDG&E to fund immediately and price the securities at some future date.

a. Long Hedge

This approach allows SDG&E to issue now and capture its current credit spread but leave all-in cost of the securities issue open. SDG&E establishes a long hedge by issuing securities today and investing the proceeds in Treasury securities of a comparable maturity. If interest rates subsequently decline, the gain in the value of the Treasury portfolio will compensate SDG&E for the lost opportunity to finance at lower rates. On the other hand, if rates rise, the interest expense savings realized by issuing immediately will be offset by the decline in value of the Treasury portfolio. Thus, the Treasury component of SDG&E's effective borrowing cost will be determined by the Treasury rates prevailing when it chooses to unwind the hedge; the credit spread is determined at the time of issuance.

b. Treasury Options

The purchase of Treasury call options is an alternative to the long hedge. With this approach, SDG&E would issue securities today and purchase call options on Treasury securities of a comparable maturity. Such a call option allows the holder to purchase Treasury securities at the strike yield any time before the expiration date. If rates decline below the strike yield, exercising the option produces a gain used to offset the interest cost of the securities issued today. If interest rates rise above the strike

yield, the option will expire unexercised. In this case SDG&E benefits from the lower borrowing rate.

c. Interest Rate Swaps

A forward-starting interest rate swap allows SDG&E to issue securities immediately and benefit from a subsequent fall in interest rates. As the floating-rate payer in an interest rate swap, SDG&E hedges its borrowing cost: if interest rates decline, unwinding the swap at a profit will compensate SDG&E for the lost opportunity to finance at lower rates. Conversely, if rates rise, the interest expense savings realized by issuing immediately will be offset by the loss caused by unwinding the swap.

4. Roll-Over Debt Authority

SDG&E had \$502 million of existing remaining “roll-over” long-term debt authority for refinancing existing debt as of December 31, 2025. SDG&E plans to use roll-over authority to replace \$1.350 billion of long-term debt maturities in 2026 and 2028, from Series QQQ, DDD, and AAA. Additionally, SDG&E asserts that additional roll-over authority will pre-position SDG&E to act upon potential refinancing opportunities that could reduce SDG&E’s embedded cost of debt.

If approved, SDG&E will be used for retirements or refinancing of securities previously issued and which SDG&E previously paid the required regulatory fee. Therefore, this amount is excluded from the fee calculation presented in Section 5.3 of this decision.

5. Statutory and Regulatory Requirements

5.1 Public Utilities Code § 816, 817, 818

SDG&E’s request for authority is subject to Pub. Util. Code §§ 816, 817, and 818. The Commission has broad discretion under Pub. Util. Code § 816 et seq. to determine if a utility should be authorized to issue debt. Where necessary and

appropriate, the Commission may attach conditions to the issuance of debt to protect and promote the public interest.

Section 817 identifies the purposes for which a utility may issue long-term debt (property acquisition, activities related to facilities construction and payments related to previously issued debt or capital expenditures advanced from the corporate Treasury). Those purposes not listed in Publ. Util. Code § 817 may only be paid with funds from normal utility operations.

SDG&E's supports its request for authority in confidentially filed Schedules I-III, VII and IX of its Application. Section 7 of this decision grants SDG&E's request to keep confidential these schedules, which contain forecasts and sources of SDG&E's projected construction expenses, cash flow requirements, and capitalization ratios. Therefore, the details of SDG&E's sources and forecast are not provided herein. More generally, SDG&E discusses the issuance of \$3.931 billion in debt securities for the following purposes: (1) various SDG&E capital projects; (2) reimbursing SDG&E's treasury for monies expended or planned to be expended for the expansion and enhancement of its utility plant, and (3) potential contingencies such as unforeseen capital needs or financial market disruptions.⁸ Based on our review of Schedules I-III, we have determined that SDG&E's forecasted sources and uses are reasonable to rely on in order to determine SDG&E's need for new financing.

Pub. Util. Code § 818 states that no public utility may issue notes or other evidences of indebtedness payable at periods of more than 12 months unless, in

⁸ Application at 5-6.

addition to the other requirements of law, it shall first have secured from the Commission an order authorizing the issue, stating the amount thereof and the purposes to which the issue or the proceeds thereof are to be applied. In general, each series of long-term and medium-term debt securities issued pursuant to Pub. Util. Code § 817 must have a term of greater than 12 months. SDG&E may, however, issue short-term debt securities that have a maturity of 12 months or less within the parameters of Pub. Util. Code § 823(c). In this application, SDG&E is not requesting authority to issue short-term debt securities in excess of the threshold provided in Pub. Util. Code § 823(c).

We conclude that SDG&E's request herein to issue new debt satisfies the requirement of Pub. Util. Code § 817 and should be granted for up to \$3.931 billion in debt securities. We also conclude that the proposed types of debt securities do not present an undue risk and that there is no other cause to deny the request. This granting of authority to issue new debt does not obligate the Commission to approve any capital project financed by that debt. Each capital project remains subject to appropriate regulatory review.

5.2 Financing Rule and General Order 24-C

In D.12-06-015, the Commission replaced the Competitive Bidding Rule with the Utility Long-Term Debt Financing Rule (Financing Rule) to govern the issuance of debt securities. The Financing Rule establishes the following regulations regarding the issuance of new long-term debt:

- Public utilities must issue debt in a prudent manner, consistent with market standards that encompass competition and transparency, with the goal of achieving the lowest long-term cost of capital.

- Public utilities must determine the financing terms of debt issues with due regard for (i) their full financial condition and requirements, and (ii) current and anticipated market conditions.
- Public utilities may choose whether to issue debt securities via competitive or negotiated bid, as long as the basis for the method is chosen to achieve the lowest cost of capital.
- Public utilities with annual operating revenues of \$25 million or more must make every effort to encourage, assist, and recruit Women-, Minority-, and Disabled Veteran-Owned Business Enterprises in being appointed as lead underwriter, book runner, or co-manager of debt and equity securities offerings.
- Public utilities may use debt enhancements, swaps, and hedges for debt securities, subject to certain restrictions and reporting requirements.

The financing rule applies to SDG&E. SDG&E states its intention to comply with each of the five elements of the financing rule.⁹

As a condition of exercising the authority granted in the Decision, SDG&E must also comply with GO 24-C. GO 24-C requires public utilities that issue debt or equity to file a semi-annual report with the Commission that includes the following information for the applicable semi-annual period:

1. A description of the debt and equity issued during the semiannual period, if any, including the principal amount of each issuance, the commissions paid for each issuance, and the net proceeds received for each issuance.

⁹ Application at 16.

2. The total amount of stock issued and outstanding at the end of the semiannual period, including the total number of shares issued and the par value, if any, of such shares.
3. The total bonds and other debt issued and outstanding at the end of the semiannual period, including the principal amount of such bonds and other debt.
4. Expenditures must be reported in a way that allows the Commission to ascertain the utility's compliance with Pub. Util. Code § 817 and the related authorizing decision. In addition to the above-listed reporting requirements, GO 24-C requires utilities to maintain records that demonstrate that the proceeds from the issuance of debt and equity have been used in a manner authorized by Pub. Util. Code § 817 and the related authorizing decision. Utilities must make the records available to Commission Staff upon written request.

SDG&E states that it will comply with these debt-issuance reporting requirements that were also established in D.12-06-015.¹⁰

5.3 Public Utilities Code § 1904(b) Fee

Pub. Util. Code §§ 1904(b) and 1904.1 require utilities to pay a fee for authority to issue debt securities. The fee does not apply when the authorized debt is used to retire or refund maturing securities for which the fee was paid previously. The fee is calculated as follows:

¹⁰ Application at 16.

CPUC Fee Calculation¹¹		
Step 1: Amount of Debt and Preferred Equity on which the Fee is Owed		
Long-Term debt authorized by the order		\$2,583,000,000.00
New debt subject to fees		\$2,583,000,000.00
Step 2: Computation of Fee		
	Cost per \$1,000	Total Cost
Fee on First \$1 Million	\$2.00	\$ 2,000.00
Fee on \$1 Million to \$10 Million	\$1.00	\$ 9,000.00
Fee on Over \$10 Million	\$0.50	\$1,286,500.00
TOTAL FEES: \$1,297,500.00		

SDG&E expects to use \$2.583 billion of the requested debt securities for: (1) various SDG&E capital projects, (2) reimbursing SDG&E's treasury for monies expended or planned to be expended for the expansion and enhancement of its utility plant, and (3) potential contingencies such as unforeseen capital needs or financial market disruptions. The addition \$1.348 billion of authorization requested for roll-over authority is expected to be used for the retirement or refunding of securities previously issued and upon which SDG&E previously paid a fee, and will therefore not be subject to a fee. Therefore, under Pub. Util. Code §§ 1904(b) and 1904.1, SDG&E expects that the Commission will charge a fee of \$1,297,500.00 on the authorization granted (see calculation above). If SDG&E intends to use any of the additional roll-over authority it currently expects to use for the potential refinancing opportunities of securities instead for

¹¹ Schedule X, Application.

capital expenditures, SDG&E must notify the Commission, and pay the corresponding fee, before making such use.

6. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. No public comments were submitted in this proceeding.

7. Motion to File Confidential Information Under Seal

On March 13, 2026, SDG&E filed a motion pursuant to Rule 11.4 of the Commission’s Rules of Practice and Procedure requesting that Schedules I, II, III-A, III-B, and IX be received under seal as confidential information. In D.22-12-011, our decision in SDG&E’s most recent application to issue debt securities, we granted confidential treatment to the same documents, finding that if released the information could harm investors and increase borrowing costs. We find that to be true in this proceeding as well.

The granting of this request, like other Commission decisions, does not establish a precedent for approval of similar requests for confidentiality in the future. Furthermore, parties in other proceedings are not to use this approval as justification for obtaining confidential treatment of their data, as confidentiality must be determined on a case-by-case basis and not categorically.

8. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), and

Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

9. Assignment of Proceeding

Christine Harada is the assigned Commissioner, and Camille Watts-Zagha is the assigned Administrative Law Judge, in this proceeding.

Findings of Fact

1. The financing authority requested by SDG&E is reasonably required for proper purposes to support SDG&E's forecasted capital investments between 2027 through 2029.

2. Judicious use of long-term securities with the features approved in this decision will benefit ratepayers by allowing SDG&E to raise the funds necessary to serve its customers at the lowest cost and to fund the expenditures approved by the Commission.

3. The proposed new financing requested by SDG&E and the associated money, property, or labor to be procured or paid for with the proceeds of this proposed new financing, are, pursuant to Pub. Util. Code §§ 816-818, reasonably required for proper purposes, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

4. On June 7, 2012, the Commission adopted the Financing Rule in D.12-06-015, replacing the Competitive Bidding Rule that applied to the issuance of debt securities.

5. SDG&E intends to comply with the requirements of the Financing Rule.

6. GO 24-C requires utilities to submit a semi-annual report to the Commission containing, among other things: (a) the amount of debt issued by

7. the utility during the previous six-month period; (b) the total amount of debt outstanding at the end of the six-month period; (c) the purposes for which the utility expended the proceeds realized from the issuance of debt during the prior six-month period; and (d) a statement covering the last six-month period, of the separate bank account that the utility is required to maintain for all receipts and disbursements of money obtained from the issuance of debt.

8. This application does not propose, and today's decision does not authorize, any specific new construction or changes in use of existing assets and facilities.

9. Pursuant to Pub. Util. Code § 1904(b), the required fee for this application is \$1,297,500.

Conclusions of Law

1. SDG&E should be authorized to issue up to \$2,583,000,000 in new debt securities for the purposes identified in the application and in this decision pursuant to Pub. Util. Code § 817. That authority is for purposes allowed by § 817.

2. SDG&E should be authorized to issue up to \$1,348,000,000 in additional roll-over debt securities.

3. SDG&E's proposed new financing authority and the use of the proceeds from that authority are for proper purposes and consistent with the requirements of Pub. Util. Code §§ 816-818.

4. SDG&E should remit a fee of \$1,297,500 to the Commission prior to the issuance of the authorized debt securities.

5. SDG&E's motion for leave to file and maintain Schedules I, II, III-A, III-B, and IX under seal for a period of three years should be granted.

6. Pursuant to Pub. Util. Code § 818, the money, property, or labor to be procured or paid for by such issues is reasonably required for the purposes so specified, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidence of indebtedness.

7. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company (SDG&E) is authorized to do the following pursuant to Public Utilities Code Section 817:

- a) To issue First Mortgage Bonds (FMBs), debentures, overseas indebtedness, foreign securities, long-term loans, accounts receivable financing, tax exempt debt securities in order to guarantee the obligations of others, variable-rate debt, and "fall away" FMBs in an aggregate principal amount of up to \$2.583 billion of new debt capital, in addition to previously authorized amounts. SDG&E's management or Board of Directors will determine the principal amount and the terms and conditions of each issue of debt securities according to market conditions at the time of sale;
- b) To issue roll-over debt securities in an aggregate principal amount up to \$1.348 billion of debt capital, in addition to previously authorized roll-over debt amounts;
- c) To include the features described in section 3.2 of this decision in SDG&E's debt securities or to enter into certain derivative transactions related to underlying debt in order to improve the terms and conditions of SDG&E's debt portfolio and with

the goal of lowering SDG&E's cost of money for the benefit of ratepayers; and...

- d) To hedge, when appropriate, planned issuances of debt securities within reasonable limits established by the new Financing Rule.

2. The authority granted in Ordering Paragraph 1 is in addition to the authority previously granted in Commission Decision (D.) 22-12-011, D.20-04-015, D.18-02-012, D.10-10-023, D.06-05-015, D.04-01-009, and D.93-09-069.

3. San Diego Gas & Electric Company shall notify the Commission and pay the corresponding fee before using any portion of the authority granted for the potential refinancing of securities previously issued instead for capital expenditures.

4. San Diego Gas & Electric Company shall comply with the Commission Financing Rule adopted by Decision (D.) 12-06-015, as corrected by D.12-07-003 and General Order 24-C, when exercising any of the authority authorized by this decision.

5. This decision does not authorize or approve any capital projects, construction expenditures, rate base, capital structure, or cost of money.

6. San Diego Gas & Electric Company may not use proceeds from debt securities authorized by this order to finance a project until it has obtained all necessary project approvals.

7. Within 30 days from the effective date of this Decision, San Diego Gas & Electric Company shall remit \$1,297,500 to the Commission pursuant to Public Utilities Code Sections 1904(b) and 1904.1. The payment shall be remitted to the California Public Utilities Commission's Fiscal Office through a check provided

to or sent to Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. The decision number of this Decision must appear on the face of the check. The authority granted by this Decision shall become effective when the fee required by Pub. Util. Code §1904 has been paid. At the discretion of and if authorized by the Commission's Fiscal Office, San Diego Gas & Electric Company may coordinate with the Commission's Fiscal Office to remit the funds through wire transfer; if remitted through this mechanism, the decision number must be clearly communicated with the wire transfer.

8. San Diego Gas & Electric Company's motion for leave to file and maintain confidential materials under seal, Schedules I, II, III-A, III-B, and IX to the application, is granted. The information will remain under seal for a period of three years after the date of this order and shall not be made accessible or disclosed to anyone other than the Commission staff or on the further order or ruling of the Commission, assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion ALJ, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If San Diego Gas & Electric Company believes that it is necessary for this information to remain under seal for longer than three years, San Diego Gas & Electric Company may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

9. Application 26-03-008 is closed.

This order is effective today.

Dated September __, 2026, at Sacramento, California.

