

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) to Proceed With Phase 2 of Their Pipeline Safety Enhancement Plan and Establish Memorandum Accounts to Record Phase 2 Costs.

A.15-06-____
(Filed June 17, 2015)

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY
(U 904 G) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G)
TO PROCEED WITH PHASE 2 OF THEIR PIPELINE SAFETY
ENHANCEMENT PLAN AND ESTABLISH MEMORANDUM
ACCOUNTS TO RECORD PHASE 2 COSTS**

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June 17, 2015

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I.

INTRODUCTION

In accordance with Article 2 of the Commission's Rules of Practice and Procedure, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) submit this application (Application) for authorization to proceed with Phase 2 of their Pipeline Safety Enhancement Plan (PSEP) and to establish memorandum accounts for the purpose of recording Phase 2 planning and engineering design costs for subsequent review and approval by the Commission. This Application does not request authority to increase rates at this time. SoCalGas and SDG&E propose to move forward with Phase 2 planning and engineering design work in order to develop detailed Phase 2 project cost estimates, which will include the recorded planning and engineering costs, to be submitted for rate recovery in subsequent applications over a multi-year period beginning in 2016.

This Application, accompanying direct testimony, and supporting workpapers demonstrate that the regulatory accounting treatment proposed for these planning and engineering design costs is reasonable and should be adopted. As discussed in greater detail below and in the supporting Testimony of Rick Phillips, this approach will allow SoCalGas and SDG&E to continue to maximize the cost effectiveness of PSEP by having a seamless transition between Phase 1 and Phase 2. The bundled approach will also allow for the opportunity to refresh the estimates prior to each filing to reflect more current construction and material costs and to incorporate lessons learned.

II.

BACKGROUND

In August 2011, SoCalGas and SDG&E filed their Pipeline Safety Enhancement Plan in response to the Commission's order directing all California natural gas pipeline operators "to prepare and file a comprehensive Implementation Plan to replace or pressure test all natural gas transmission pipeline in California that has not been tested or for which reliable records are not available."¹ The Commission required that the plans provide for testing or replacing all such pipelines "as soon as practicable."² In addition, the Commission required operators to implement interim safety enhancement measures, "including increased patrols and leak surveys, pressure reductions, prioritization of pressure testing for critical pipelines that must run at or near [Maximum Allowable Operating Pressure (MAOP)] values which result in hoop stress levels at or above 30% of [Specified Minimum Yield Stress (SMYS)], and other such measures that will enhance public safety during the implementation period."³

¹ D.11-06-017, *mimeo.*, at 18-19.

² D.11-06-017, *mimeo.*, at 19.

³ D.11-06-017, *mimeo.*, at 29 (Ordering Paragraph 5).

The PSEP includes a Decision-Tree process, which establishes a phased approach to prioritizing pipelines for further action and sets forth criteria for determining whether to pressure test or replace identified pipeline segments. In Phase 1, the PSEP addresses transmission pipelines in populated areas, as well as pipeline segments that were installed before 1946 that are non-piggable.⁴ In Phase 2, the PSEP will address pipelines operated in less populated areas, as well as pipelines that were pressure tested prior to the adoption of Federal pressure testing regulations in 1971.

In D.14-06-007 (the PSEP Decision), the Commission approved the proposed PSEP, with some limited exceptions, but did not authorize the pre-approval of PSEP implementation costs. Specifically, the decision “adopt[ed] the concepts embodied in the Decision Tree,”⁵ “adopt[ed] the intended scope of work as summarized by the Decision Tree,”⁶ and “adopt[ed] the Phase 1 analytical approach for Safety Enhancement...as embodied in the Decision Tree. . . and related descriptive testimony.”⁷ Rather than pre-approve cost recovery based on SoCalGas and SDG&E’s preliminary cost forecasts, the Commission adopted a process for reviewing and approving Phase 1 implementation costs after-the-fact.

The PSEP Decision did not establish a regulatory mechanism for approval or recovery of Phase 2 costs,⁸ and the Decision Tree approved in the PSEP Decision did not expressly indicate that the concepts embodied in the Decision Tree would be applied for Phase 2. Through this Application, SoCalGas and SDG&E seek express authority to proceed with Phase 2 following

⁴ Direct Testimony of Rick Phillips, p. 3.

⁵ D.14-06-007, *mimeo.*, at 2.

⁶ D.14-06-007, *mimeo.*, at 22.

⁷ D.14-06-007, *mimeo.*, at 59 (Ordering Paragraph 1).

⁸ Phase 2 is mentioned only twice in D.14-06-007: On page 14, in a general discussion of the phased approach outlined in the Decision Tree, and on page 16 where the Commission states that Line 3602 “and all other new construction must be addressed in either new applications for those projects or in the new application for Phase 2.”

the same Decision Tree concepts embodied in the Phase 1 Decision Tree approved by the Commission in D.14-06-007 and further seek authority to establish memorandum accounts to record planning and engineering design costs for Phase 2 projects, so that SoCalGas and SDG&E can present detailed cost estimates for Phase 2 projects for Commission review and approval in subsequent filings.

III.

SOCALGAS AND SDG&E SEEK APPROVAL TO COMPLETE PLANNING AND ENGINEERING DESIGN WORK FOR APPROXIMATELY 660 MILES OF PHASE 2 PIPELINE USING THE SAME DECISION TREE PRINCIPLES APPROVED BY THE COMMISSION IN D.14-06-007

A. SoCalGas and SDG&E Seek Authority to Complete Planning and Engineering Design Work for Approximately 660 Miles of Phase 2 Pipelines That Lack Sufficient Documentation of a Pressure Test

Whereas Phase 1 of the PSEP addresses pipelines located in more populated areas and pre-1946 non-piggable pipe, Phase 2 will address approximately 660 miles of remaining transmission pipelines that do not have sufficient documentation of a pressure test to at least 1.25 times the Maximum Allowable Operating Pressure (MAOP) that are located in less populated areas. Phase 2 also includes approximately 1,200 miles of pipeline segments that were pressure tested prior to the implementation of Federal pressure testing standards in 1971.⁹ This Application addresses solely the planning and engineering design costs associated with developing detailed cost estimates for the approximately 660 miles of pipeline that do not have sufficient documentation of a pressure test to at least 1.25 times MAOP.¹⁰ Over a multi-year period, SoCalGas and SDG&E anticipate filing two or three subsequent applications to seek

⁹ Direct Testimony of Rick Phillips, p. 3.

¹⁰ This Application does not address pipeline segments that were tested to at least 1.25 times MAOP prior to 1971.

recovery of individual estimated project costs based upon the detailed cost estimates. These subsequent applications will request recovery of the estimated costs of these Phase 2 projects, as well as a balancing account mechanism to true-up the actual costs incurred to complete the projects.

Based on preliminary analysis of the approximately 660 miles of Phase 2 pipelines,¹¹ SoCalGas and SDG&E estimate that 600 of these miles will be pressure tested, and 60 miles will be replaced. The preliminary analysis will be validated as part of the planning and engineering design process in order to develop robust detailed cost estimates.¹² The estimated cost of performing the planning and engineering design work necessary to develop robust detailed cost estimates is approximately \$22.2 million.

B. For Phase 2, SoCalGas and SDG&E Propose to Follow the Same Decision Tree Principles Approved by the Commission for Phase 1

For Phase 2, SoCalGas and SDG&E propose to follow the same Decision Tree principles approved by the Commission in D.14-06-007. Through the regulatory process proposed here, supporting documentation of the Decision Tree process for each project will be included as part of the detailed cost estimates that will be provided for Commission review and approval in subsequent applications.

C. Through This Process, SoCalGas and SDG&E Will Develop More Detailed Phase 2 Project Scope and Cost Estimates for Commission Consideration

SoCalGas and SDG&E will work with one of its third-party engineering support contractors to develop the detailed project cost estimates. The work to be undertaken includes the following key components:

¹¹ These miles are in the SoCalGas service territory.

¹² Direct Testimony of Rick Phillips, p. 3.

Planning and Engineering Design: For the purposes of developing replacement estimates, the planning and engineering design work is anticipated to include the assessment and confirmation of project parameters, site visits, development of relocation routes, development of preliminary design for Geographic Information Systems (GIS) alignment sheets showing required work area and pipeline location, identification and design of any special crossings, environmental restrictions to work locations, seasonal restrictions, identification of valve sites, identification of access roads as required, and identification of workspaces including potential material staging areas.

For the purposes of developing pressure test estimates, the planning and engineering design work is anticipated to include the assessment and confirmation of project parameters, site visits, review of feature studies and coordination with SoCalGas/SDG&E Gas Engineering and Pipeline Integrity groups to identify repairs/cut-outs for anomalies and in-line inspection compatibility, development of pipeline profile using ground elevation data, determination of maximum and minimum allowable test and spike test pressures and corresponding segmentation of the pipeline into test sections, development of preliminary design for each work site, environmental restrictions to work locations, seasonal restrictions, and determination of additional valve installations as required.

Development of the Project Cost Estimate: As part of the project scope definition process described above, a thorough identification of each of the major project components related to cost will occur. Subject Matter Experts representing key areas (*e.g.*, Construction, Materials, Land Services, and Environmental) will support the project team to generate cost estimates for their respective areas of expertise.

IV.

THE PHASE 2 REGULATORY PROCESS PROPOSED IN THIS APPLICATION WILL PROMOTE EFFICIENCY AND ENHANCE TRANSPARENCY

SoCalGas and SDG&E request authorization to begin with the planning and engineering design analysis necessary to develop detailed cost estimates for Phase 2 projects and to record the planning and engineering design costs in memorandum accounts. The objective is to develop more detailed and accurate project estimates to be presented in subsequent Phase 2 applications for review and approval by the Commission. This approach will enhance transparency by providing the Commission and interested parties with more detailed and accurate planning and engineering design information and cost estimates prior to the commencement of construction. Through this process, SoCalGas and SDG&E can avoid presenting Phase 2 cost estimates for Commission consideration that are “too rudimentary to preapprove”¹³ and enhance transparency by providing the Commission and interested parties with more detailed scope and cost information prior to initiating construction on Phase 2 projects.

Dividing the Phase 2 work into separate applications as proposed here will foster efficiency and support the Commission’s directive to complete PSEP “as soon as practicable.”¹⁴ SoCalGas and SDG&E estimate the volume of Phase 1 construction work will begin to decrease in 2017. Therefore, it would be more efficient from a programmatic standpoint to begin construction of Phase 2 lines in 2017 to maintain a consistent level of resources familiar with PSEP. One of the lessons learned in Phase 1 was the length of time required to establish a fully knowledgeable, well-integrated team encompassing all subject matter areas of PSEP. If there is a gap in time between Phase 1 and Phase 2, this may recreate this learning curve as resources

¹³ D.11-06-017, p. 2.

¹⁴ D.11-06-017, at pp. 19, 20, 29 (Conclusions of Law) and 31 (Ordering Paragraph 5).

leave PSEP due to lack of work. A delay would also likely increase material costs. Purchasing in larger quantities generally results in better pricing. A seamless transition from Phase 1 to Phase 2 should allow for the combining of purchases for both phases.¹⁵

Accordingly, in order to achieve SoCalGas and SDG&E's efficiency objectives, it is imperative to begin the planning and engineering design work for Phase 2 as soon as practicable. The process and schedule outlined here would support beginning construction of Phase 2 in 2017 as Phase 1 ramps down. A continuous work stream will enable personnel to transition seamlessly from Phase 1 to Phase 2, retaining skill and expertise gained during Phase 1. A delay in starting Phase 2 would likely result in the loss of key PSEP resources.

Phase 2 construction will occur over a multi-year period, and SoCalGas and SDG&E anticipate filing an application in early 2016 to seek recovery of the detailed project cost estimates developed from the planning and engineering design work described here for the first two to three years (2017-2019) of projects. SoCalGas and SDG&E anticipate filing subsequent applications for the remainder of Phase 2 in 2018 and 2020. Filing multiple applications for project cost recovery will allow for updating material and construction labor costs.¹⁶

V.

THE ESTIMATED COST OF COMPLETING THE PLANNING AND ENGINEERING DESIGN WORK FOR PHASE 2 DESCRIBED IN THIS APPLICATION IS APPROXIMATELY \$22.2 MILLION

The estimated cost for completing the planning and engineering design work for Phase 2 described in this Application is \$22.2 million. These costs include direct costs adjusted for applicable overhead loaders, escalation, and other necessary costs associated with planning and

¹⁵ Direct Testimony of Rick Phillips, p. 13.

¹⁶ Direct Testimony of Rick Phillips, p. 13.

engineering design efforts for the development of detailed project cost estimates that will be used in a future project cost recovery application.¹⁷

Overhead rates are applied to each direct cost input, consistent with its classification as company labor, contract labor, or purchased services and materials.¹⁸ Overhead rates are estimated using Year 2014 actuals but are only intended to be illustrative for forecasting purposes. Actual overhead rates for each year will be used in the calculation of the actual costs recorded to the proposed PSEP Memorandum Accounts (PSEPMAAs). Only overheads associated with incremental labor and additional procurement activities are included in the total cost estimate. The overhead-loaded constant-dollar values for the Phase 2 PSEP incremental capital and O&M costs are escalated for inflation using the escalation factors published in IHS Global Insight's First Quarter 2015 Utility Cost Forecast.¹⁹ In addition, the estimated costs include other components required to support the investment during the construction period, such as allowance for funds used during construction (AFUDC) and capitalized property taxes associated with Phase 2 PSEP capital expenditures.

SoCalGas and SDG&E propose to establish PSEPMAAs to record actual planning and engineering design costs for Phase 2. To begin this planning and engineering design work in an expeditious manner, SoCalGas and SDG&E are concurrently filing a motion to establish the PSEPMAAs to be effective as of the date this Application is filed. As described above, SoCalGas and SDG&E propose that the disposition of the PSEPMAA balances be addressed through subsequent applications for approval to recover the estimated costs for Phase 2 projects.

¹⁷ Direct Testimony of Reginald M. Austria, p. 1.

¹⁸ The inclusion of overhead costs for incremental Capital and Operations and Maintenance (O&M) costs is consistent with other approved incremental projects such as SoCalGas' and SDG&E's advanced meter infrastructure projects and Phase 1 PSEP.

¹⁹ Direct Testimony of Reginald M. Austria, p. 2.

VI.

DESCRIPTION OF TESTIMONY

Support for SoCalGas and SDG&E’s request is provided in the prepared direct testimony served concurrently with this Application, and supporting workpapers will be provided upon request. The table below lists the direct testimony chapter number and sponsoring witness and provides a brief description of the testimony.

Chapter	Witness	Description
I	Rick Phillips	Chapter I provides an overview of the PSEP work completed to date during Phase 1, the current estimated scope of Phase 2 and rationale for developing detailed cost estimates, a description of the Phase 2 Decision Tree, a description of the Phase 2 planning and engineering design work to be recorded to the PSEPMA’s, and an explanation of the importance of a seamless transition between Phase 1 and Phase 2.
II	Reginald M. Austria	Chapter II details and sponsors the regulatory account treatment for the planning and engineering design costs associated with developing detailed project cost estimates for Phase 2.

VII.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1 (a) – (c)

This Application is made pursuant to Sections 451, 454, 489, 491, 701, 728, and 729 of the Public Utilities Code of the State of California, the Commission’s Rules of Practice and Procedure, and relevant decisions, orders, and resolutions of the Commission. In accordance with Rule 2.1 (a) - (c) of the Commission’s Rules of Practice and Procedure, SoCalGas and SDG&E provide the following information.

1. Rule 2.1 (a) - Legal Name

SoCalGas is a public utility corporation organized and existing under the laws of the State of California. SoCalGas' principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California, 90013.

SDG&E is a public utility corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California, 92123.

2. Rule 2.1 (b) - Correspondence

All correspondence and communications to SoCalGas and SDG&E regarding this

Application should be addressed to:

Shirley Amrany
Regulatory Case Manager
SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, Suite 1400
Los Angeles, CA 90013
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Facsimile: (213) 244-4957
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A copy should also be sent to:

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555 West Fifth Street, Suite 1400
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Telephone: (213) 244-3979
Facsimile: (213) 629-9620
Email: SYang@semprautilities.com

3. Rule 2.1 (c)

(a) Proposed Category of Proceeding

SoCalGas and SDG&E propose that this proceeding be categorized as “ratesetting” under Rule 1.3(e) because the Application will have a potential future effect on SoCalGas and SDG&E’s rates.

(b) Need for Hearings

SoCalGas and SDG&E do not anticipate that disputed issues of material fact will arise in connection with this Application and, therefore, do not anticipate that evidentiary hearings will be necessary.

(c) Issues to be Considered

The principal issues to be considered in this proceeding are: (1) whether SoCalGas and SDG&E should be authorized to move forward with planning and design work for Phase 2 at this time; (2) whether SoCalGas and SDG&E should continue to follow the Decision Tree principles approved for Phase 1 in Phase 2; (3) whether the regulatory process and timeline for review and approval of the scope and detailed estimated costs for Phase 2 projects outlined here are reasonable.

(d) Proposed Schedule

SoCalGas and SDG&E propose the following schedule for this Application:

ITEM	DATE
Application	June 17, 2015
Responses/Protests	July 17, 2015
SoCalGas/SDG&E Reply Responses/Protests	July 27, 2015
Prehearing Conference	August 2015
Intervenor Testimony	October 2015
Rebuttal Testimony	November 2015
Opening Briefs	January 2016
Reply Briefs	February 2016
Proposed Decision	March 2016
Commission Decision	April 2016

B. Rule 2.2 – Articles of Incorporation

A copy of SoCalGas' Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on October 1, 1998, in connection with A.98-10-012, and is incorporated herein by reference.

A copy of SDG&E's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on September 10, 2014 in connection with SDG&E's Application No. 14-09-008, and is incorporated herein by reference.

C. Rule 2.3 – Financial Statements and Balance Sheets

SoCalGas and SDG&E's Financial Statements and Balance Sheets for the twelve-month period ending December 31, 2014 are included with this Application as Attachment A and Attachment B.

D. Rule 3.2 – Not Applicable to this Application

Rule 3.2 of the Commission's Rules of Practice and Procedure applies to applications "for authority to increase rates, or to implement changes that would result in increased rates." Because this Application does not seek authority to increase rates, or to implement changes that would result in increased rates, Rule 3.2 is not applicable. Although SoCalGas is not seeking any rate change in this Application, SoCalGas and SDG&E provide the following information for informational purposes only:

1. Description of Applicant's Property and Equipment

A general description of SoCalGas' property and equipment was previously filed with the Commission on May 3, 2004 in connection with SoCalGas' Application 04-05-008, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve for the 12-month period ending March, 2015 is attached as Attachment C.

A general description of SDG&E's property and equipment was filed with the Commission on October 5, 2001, in connection with Application 01-10-005, and is incorporated herein by reference. A statement of Original Cost and Depreciation Reserve for the six-month period ending March 31, 2015 is attached as Attachment D.

2. Summary of Earnings

The summary of earnings for SoCalGas and SDG&E are included herein as Attachment E and Attachment F.

3. Depreciation

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SoCalGas and SDG&E generally compute depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, "flow through accounting" has been adopted for such properties. For tax property additions in years 1981 through 1986, SoCalGas and SDG&E have computed their tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas and SDG&E have computed their tax depreciation using the Modified Accelerated Cost Recovery Systems and,

since 1982, have normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

4. Proxy Statement

A copy of SoCalGas' most recent proxy statement, dated April 24, 2015, was mailed to the Commission on April 28, 2015, and is incorporated herein by reference.

A copy of most recent proxy statement sent to all shareholders of SDG&E's parent company, Sempra Energy, dated March 2, 2015, was mailed to the Commission on April 28, 2015, and is incorporated herein by reference.

E. Service

This is a new application and no service list has been established. Accordingly, SoCalGas and SDG&E will serve this Application on the parties to the service lists for A.14-12-016 and A.11-11-002 by electronic mail and by U.S. mail to those parties who have not provided an electronic address to the Commission. Hard copies will be sent by overnight mail to the Assigned Commissioners and Administrative Law Judges in A.14-12-016 and A.11-11-002.

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Attachment A

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2014**

1. UTILITY PLANT		<u>2014</u>
101	UTILITY PLANT IN SERVICE	\$12,049,758,290
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	668,346,256
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,674,207,977)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(44,244,476)
117	GAS STORED-UNDERGROUND	<u>60,484,878</u>
	TOTAL NET UTILITY PLANT	<u>8,060,136,971</u>
 2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	119,749,773
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(86,178,509)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	122
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>3,000,000</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>36,571,386</u>

Data from SPL as of April 23, 2015.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2014**

3. CURRENT AND ACCRUED ASSETS		2014
131	CASH	24,919,462
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	92,976
136	TEMPORARY CASH INVESTMENTS	60,450,000
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	615,527,120
143	OTHER ACCOUNTS RECEIVABLE	35,481,901
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(5,806,338)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	6
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	4,088,143
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	26,363,080
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
158	GHG ALLOWANCE	4,266,108
163	STORES EXPENSE UNDISTRIBUTED	553,419
164	GAS STORED	155,391,580
165	PREPAYMENTS	25,925,967
171	INTEREST AND DIVIDENDS RECEIVABLE	3,643,722
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	29,793,558
175	DERIVATIVE INSTRUMENT ASSETS	2,813,079
176	LONG TERM PORTION OF DERIVATIVE ASSETS - HEDGES	-
TOTAL CURRENT AND ACCRUED ASSETS		983,503,783
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	14,556,508
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,710,645,365
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	-
184	CLEARING ACCOUNTS	908,811
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	107,498,496
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	10,926,699
190	ACCUMULATED DEFERRED INCOME TAXES	154,416,517
191	UNRECOVERED PURCHASED GAS COSTS	-
TOTAL DEFERRED DEBITS		1,998,952,396
TOTAL ASSETS AND OTHER DEBITS		\$ 11,079,164,536

Data from SPL as of April 23, 2015.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2014**

5. PROPRIETARY CAPITAL

	2014
201 COMMON STOCK ISSUED	(834,888,907)
204 PREFERRED STOCK ISSUED	(21,551,075)
207 PREMIUM ON CAPITAL STOCK	-
208 OTHER PAID-IN CAPITAL	-
210 GAIN ON RETIRED CAPITAL STOCK	(9,722)
211 MISCELLANEOUS PAID-IN CAPITAL	(31,306,680)
214 CAPITAL STOCK EXPENSE	143,261
216 UNAPPROPRIATED RETAINED EARNINGS	(1,912,496,300)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	17,974,594
	(2,782,134,829)

6. LONG-TERM DEBT

221 BONDS	(1,900,000,000)
224 OTHER LONG-TERM DEBT	(12,475,533)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	6,665,945
	(1,905,809,588)

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(232,055)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(200,337,870)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(681,557,376)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	(1,275,675,535)
	(2,157,802,836)

Data from SPL as of April 23, 2015.

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2014**

8. CURRENT AND ACCRUED LIABILITES		2014
231	NOTES PAYABLE	(49,997,222)
232	ACCOUNTS PAYABLE	(563,866,285)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(13,186,835)
235	CUSTOMER DEPOSITS	(74,916,750)
236	TAXES ACCRUED	(5,552,498)
237	INTEREST ACCRUED	(18,129,224)
238	DIVIDENDS DECLARED	(323,265)
241	TAX COLLECTIONS PAYABLE	(17,672,346)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(220,587,243)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(361,655)
244	DERIVATIVE INSTRUMENT LIABILITIES	(519,786)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	(965,113,109)
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(80,670,241)
253	OTHER DEFERRED CREDITS	(140,088,540)
254	OTHER REGULATORY LIABILITIES	(1,616,153,662)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(15,819,512)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,180,701,739)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(234,870,480)
	TOTAL DEFERRED CREDITS	(3,268,304,174)
	TOTAL LIABILITIES AND OTHER CREDITS	\$ (11,079,164,536)

Data from SPL as of April 23, 2015.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2014

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		3,848,870,363
401	OPERATING EXPENSES	2,594,936,417	
402	MAINTENANCE EXPENSES	216,123,504	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	430,691,537	
408.1	TAXES OTHER THAN INCOME TAXES	85,595,815	
409.1	INCOME TAXES	8,313,704	
410.1	PROVISION FOR DEFERRED INCOME TAXES	602,860,870	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(473,788,573)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,198,849)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		3,462,534,425
	NET OPERATING INCOME		386,335,938

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK		-
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(204,935)	
418	NONOPERATING RENTAL INCOME	436,040	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	584,691	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	25,807,110	
421	MISCELLANEOUS NONOPERATING INCOME	71,001	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	26,693,907	
425	MISCELLANEOUS AMORTIZATION	(16,892)	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(6,402,263)	
		(6,419,155)	
408.2	TAXES OTHER THAN INCOME TAXES	(131,079)	
409.2	INCOME TAXES	629,114	
410.2	PROVISION FOR DEFERRED INCOME TAXES	(7,325,647)	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	3,143,412	
420	INVESTMENT TAX CREDITS	-	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(3,684,200)	
	TOTAL OTHER INCOME AND DEDUCTIONS		16,590,552
	INCOME BEFORE INTEREST CHARGES		402,926,490
	NET INTEREST CHARGES*		69,426,544
	NET INCOME		\$333,499,946

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$8,025,804)

Data from SPL as of April 23, 2015.

**STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2014**

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$1,680,289,418
NET INCOME (FROM PRECEDING PAGE)	333,499,946
DIVIDEND TO PARENT COMPANY	(100,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	(1,293,064)
OTHER RETAINED EARNINGS ADJUSTMENT	<u>-</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$1,912,496,300</u></u>

SOUTHERN CALIFORNIA GAS COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 2014

(a) Amounts and Kinds of Stock Authorized:

Preferred Stock	160,000	shares	Par Value \$4,000,000
Preferred Stock	840,000	shares	Par Value \$21,000,000
Preferred Stock	5,000,000	shares	Without Par Value
Preference Stock	5,000,000	shares	Without Par Value
Common Stock	100,000,000	shares	Without Par Value

Amounts and Kinds of Stock Outstanding:

PREFERRED STOCK

6.0%	79,011	shares	\$1,975,275
6.0%	783,032	shares	19,575,800

COMMON STOCK

91,300,000	shares	834,888,907
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(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application No. 96-09-046, to which references are hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application No. 09-09-046 to which reference is hereby made.

(d) Number and Amount of Bonds Authorized and Issued:

	Nominal Date of Issue	Par Value		Interest Paid in 2014
		Authorized and Issued	Outstanding	
<u>First Mortgage Bonds:</u>				
5.45% Series HH, due 2018	10-14-03	250,000,000	250,000,000	13,625,000
5.75% Series KK, due 2035	11-18-05	250,000,000	250,000,000	14,375,000
5.50% Series LL, due 2014	11-21-08	250,000,000	250,000,000	13,750,000
5.125% Series MM, due 2040	11-18-10	300,000,000	300,000,000	15,375,000
3.750% Series NN, due 2042	09-21-12	350,000,000	350,000,000	13,125,000
4.450% Series OO, due 2044	03-13-14	250,000,000	250,000,000	11,125,000
3.150% Series PP, due 2024	09-11-14	500,000,000	500,000,000	15,750,000
<u>Other Long-Term Debt</u>				
4.750% SFr. Foreign Interest Payment Securities	05-14-06	7,475,533	7,475,533	355,088
5.67% Medium-Term Note, due 2028	01-15-03	5,000,000	5,000,000	283,500

Attachment B

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2014**

	1. UTILITY PLANT	<u>2014</u>
101	UTILITY PLANT IN SERVICE	\$13,693,402,841
102	UTILITY PLANT PURCHASED OR SOLD	-
104	UTILITY PLANT LEASED TO OTHERS	85,194,000
105	PLANT HELD FOR FUTURE USE	13,092,996
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	759,555,843
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,260,691,496)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(433,846,233)
114	ELEC PLANT ACQUISITION ADJ	3,750,722
115	ACCUM PROVISION FOR AMORT OF ELECTRIC PLANT ACQUIS ADJ	(750,144)
118	OTHER UTILITY PLANT	978,734,880
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(269,500,675)
120	NUCLEAR FUEL - NET	-
	TOTAL NET UTILITY PLANT	<u>10,568,942,734</u>
	2. OTHER PROPERTY AND INVESTMENTS	
121	NONUTILITY PROPERTY	5,946,615
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(364,300)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>1,131,021,297</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>1,136,603,612</u>

Data from SPL as of April 20, 2015

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2014**

3. CURRENT AND ACCRUED ASSETS		2014
131	CASH	3,168,373
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	500
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	224,616,006
143	OTHER ACCOUNTS RECEIVABLE	35,390,390
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,928,074)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	1,231,008
151	FUEL STOCK	7,521,721
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	100,373,918
156	OTHER MATERIALS AND SUPPLIES	-
158	ALLOWANCES	109,816,816
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	360,930
165	PREPAYMENTS	198,451,723
171	INTEREST AND DIVIDENDS RECEIVABLE	714,386
173	ACCRUED UTILITY REVENUES	64,451,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	2,540,350
175	DERIVATIVE INSTRUMENT ASSETS	123,436,676
TOTAL CURRENT AND ACCRUED ASSETS		868,145,723
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	33,220,663
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	3,605,413,270
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	4,963,452
184	CLEARING ACCOUNTS	333,767
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	30,014,718
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	12,083,237
190	ACCUMULATED DEFERRED INCOME TAXES	591,358,980
TOTAL DEFERRED DEBITS		4,277,388,087
TOTAL ASSETS AND OTHER DEBITS		16,851,080,156

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2014**

5. PROPRIETARY CAPITAL

	2014
201 COMMON STOCK ISSUED	(\$291,458,395)
204 PREFERRED STOCK ISSUED	-
207 PREMIUM ON CAPITAL STOCK	(591,282,978)
210 GAIN ON RETIRED CAPITAL STOCK	-
211 MISCELLANEOUS PAID-IN CAPITAL	(479,665,368)
214 CAPITAL STOCK EXPENSE	24,605,640
216 UNAPPROPRIATED RETAINED EARNINGS	(3,608,175,171)
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	11,998,026
TOTAL PROPRIETARY CAPITAL	(4,933,978,246)

6. LONG-TERM DEBT

221 BONDS	(3,912,505,000)
223 ADVANCES FROM ASSOCIATED COMPANIES	-
224 OTHER LONG-TERM DEBT	(223,900,000)
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	10,327,638
TOTAL LONG-TERM DEBT	(4,126,077,362)

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	(655,885,021)
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	(28,829,083)
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	(220,581,904)
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	(871,879,253)
TOTAL OTHER NONCURRENT LIABILITIES	(1,777,175,261)

Data from SPL as of April 20, 2015

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2014**

8. CURRENT AND ACCRUED LIABILITES		2014
231	NOTES PAYABLE	(245,572,061)
232	ACCOUNTS PAYABLE	(480,486,749)
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	(21,149,206)
235	CUSTOMER DEPOSITS	(71,379,130)
236	TAXES ACCRUED	(166,987,400)
237	INTEREST ACCRUED	(44,591,625)
238	DIVIDENDS DECLARED	-
241	TAX COLLECTIONS PAYABLE	(4,444,520)
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	(302,454,605)
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	(37,489,385)
244	DERIVATIVE INSTRUMENT LIABILITIES	(146,624,987)
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
TOTAL CURRENT AND ACCRUED LIABILITIES		(1,521,179,668)
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	(36,839,313)
253	OTHER DEFERRED CREDITS	(309,715,655)
254	OTHER REGULATORY LIABILITIES	(1,406,095,528)
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(21,615,165)
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	(1,975,475,446)
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	(742,928,512)
TOTAL DEFERRED CREDITS		(4,492,669,619)
TOTAL LIABILITIES AND OTHER CREDITS		(\$16,851,080,156)

Data from SPL as of April 20, 2015

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2014

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$5,138,995,326
401	OPERATING EXPENSES	\$3,422,546,042	
402	MAINTENANCE EXPENSES	155,271,046	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	502,759,326	
408.1	TAXES OTHER THAN INCOME TAXES	114,434,033	
409.1	INCOME TAXES	45,933,214	
410.1	PROVISION FOR DEFERRED INCOME TAXES	1,020,664,504	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(803,595,539)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,245,608)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		4,455,767,018
	NET OPERATING INCOME		683,228,308

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES OF NONUTILITY OPERATIONS	1,602	
417.1	EXPENSES OF NONUTILITY OPERATIONS	-	
418	NONOPERATING RENTAL INCOME	411,985	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	7,541,395	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	37,118,230	
421	MISCELLANEOUS NONOPERATING INCOME	1,560,404	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	46,633,616	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
425	MISCELLANEOUS AMORTIZATION	250,048	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	20,278,036	
	TOTAL OTHER INCOME DEDUCTIONS	20,528,084	
408.2	TAXES OTHER THAN INCOME TAXES	643,546	
409.2	INCOME TAXES	1,944,220	
410.2	PROVISION FOR DEFERRED INCOME TAXES	23,157,299	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(17,123,884)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	8,621,181	
	TOTAL OTHER INCOME AND DEDUCTIONS		17,484,351
	INCOME BEFORE INTEREST CHARGES		700,712,659
	EXTRAORDINARY ITEMS AFTER TAXES		7,125,009
	NET INTEREST CHARGES*		186,336,950
	NET INCOME		\$507,250,700

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (\$14,744,740)

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2014

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$3,300,924,471
NET INCOME (FROM PRECEDING PAGE)	507,250,700
DIVIDEND TO PARENT COMPANY	(200,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	0
OTHER RETAINED EARNINGS ADJUSTMENTS	0
RETAINED EARNINGS AT END OF PERIOD	<u>\$3,608,175,171</u>

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
December 31, 2014

(a) **Amounts and Kinds of Stock Authorized:**

Common Stock	255,000,000	shares	Without Par Value
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Amounts and Kinds of Stock Outstanding:

Common Stock	116,583,358	shares	291,458,395
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(b) **Brief Description of Mortgage:**

Full information as to this item is given in Application Nos. 08-07-029, 10-10-023 and 12-03-005 to which references are hereby made.

(c) **Number and Amount of Bonds Authorized and Issued:**

	Nominal Date of Issue	Par Value Authorized and Issued	Outstanding	Interest Paid in 2014
First Mortgage Bonds:				
Var% Series OO, due 2027	12-01-92	250,000,000	150,000,000	7,612,500
5.875% Series VV, due 2034	06-17-04	43,615,000	43,615,000	2,562,373
5.875% Series WW, due 2034	06-17-04	40,000,000	40,000,000	2,350,000
5.875% Series XX, due 2034	06-17-04	35,000,000	35,000,000	2,056,250
5.875% Series YY, due 2034	06-17-04	24,000,000	24,000,000	1,410,000
5.875% Series ZZ, due 2034	06-17-04	33,650,000	33,650,000	1,976,938
4.00% Series AAA, due 2039	06-17-04	75,000,000	75,000,000	3,000,000
5.35% Series BBB, due 2035	05-19-05	250,000,000	250,000,000	13,375,000
5.30% Series CCC, due 2015	11-15-05	250,000,000	250,000,000	13,250,000
6.00% Series DDD, due 2026	06-08-06	250,000,000	250,000,000	15,000,000
1.65% Series EEE, due 2018	09-21-06	161,240,000	161,240,000	2,660,460
6.125% Series FFF, due 2037	09-20-07	250,000,000	250,000,000	15,312,500
6.00% Series GGG, due 2039	05-14-09	300,000,000	300,000,000	18,000,000
5.35% Series HHH, due 2040	05-13-10	250,000,000	250,000,000	13,375,000
4.50% Series III, due 2040	08-26-10	500,000,000	500,000,000	22,500,000
3.00% Series JJJ, due 2021	08-18-11	350,000,000	350,000,000	10,500,000
3.95% Series LLL, due 2041	11-17-11	250,000,000	250,000,000	9,875,000
4.30% Series MMM, due 2042	03-22-12	250,000,000	250,000,000	10,750,000
3.60% Series NNN, due 2023	09-09-13	450,000,000	450,000,000	15,840,000
Total 1st. Mortgage Bonds:				181,406,020
Unsecured Bonds:				
5.30% CV96A, due 2021	08-02-96	38,900,000	38,900,000	2,061,700
5.50% CV96B, due 2021	11-21-96	60,000,000	60,000,000	3,300,000
4.90% CV97A, due 2023	10-31-97	25,000,000	25,000,000	1,225,000
Total Unsecured Bonds				6,586,700

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
December 31, 2014

Other Indebtedness:	Date of Issue	Date of Maturity	Interest Rate	Outstanding	Interest Paid 2014
Commercial Paper & ST Bank	Various	Various	Various	245,580,000	\$103,346

Amounts and Rates of Dividends Declared:

The amounts and rates of dividends during the past five fiscal years are as follows:

Preferred Stock	Shares Outstanding 12-31-13	2010	2011	2012	2013	2014
5.0%		\$375,000	\$375,000	\$375,000	\$281,250	\$0
4.50%		270,000	270,000	270,000	202,500	0
4.40%		286,000	286,000	286,000	214,500	0
4.60%		343,868	343,868	343,868	257,901	0
\$ 1.70		2,380,000	2,380,000	2,380,000	1,785,000	0
\$ 1.82		1,164,800	1,164,800	1,164,800	873,600	0
Total	0	\$4,819,668	\$4,819,668	\$4,819,668	\$3,614,751	\$0

Common Stock

Dividend to Parent	[1]	\$0	\$0	\$0	\$0	\$200,000,000
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A balance sheet and a statement of income and retained earnings of applicant for the [twelve months ended December 31, 2014](#) are attached hereto.

[1] [San Diego Gas & Electric Company dividend to parent.](#)

Attachment C

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of March, 2015

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
INTANGIBLE ASSETS				
301	Organization	\$ 76,457	\$ -	\$ 76,457
302	Franchise and Consents	\$ 574,560	\$ -	\$ 574,560
	Total Intangible Assets	\$ 651,017	\$ 0	\$ 651,017
PRODUCTION:				
325	Other Land Rights	\$ 15,321	\$ -	\$ 15,321
330	Prd Gas Wells Const	\$ 5,557,139	\$ (1,415)	\$ 5,555,724
331	Prd Gas Wells Eqp	\$ 454,718	\$ (55)	\$ 454,663
332	Field Lines	\$ 1,731,111	\$ -	\$ 1,731,111
334	FldMeas&RegStnEquip	\$ 536,249	\$ -	\$ 536,249
336	Prf Eqpt	\$ 485,415	\$ -	\$ 485,415
	Total Production	\$ 8,779,952	\$ (1,470)	\$ 8,778,482
UNDERGROUND STORAGE:				
350	Land	\$ 4,539,484	\$ -	\$ 4,539,484
350SR	Storage Rights	\$ 17,935,798	\$ (17,500,414)	\$ 435,383
350RW	Rights-of-Way	\$ 25,354	\$ (15,765)	\$ 9,589
351	Structures and Improvements	\$ 45,102,729	\$ (20,271,483)	\$ 24,831,246
352	Wells	\$ 318,018,293	\$ (173,209,686)	\$ 144,808,607
353	Lines	\$ 109,755,055	\$ (94,851,749)	\$ 14,903,306
354	Compressor Station and Equipment	\$ 144,136,867	\$ (64,723,818)	\$ 79,413,049
355	Measuring And Regulator Equipment	\$ 7,111,548	\$ (2,034,180)	\$ 5,077,368
356	Purification Equipment	\$ 133,922,023	\$ (68,904,378)	\$ 65,017,644
357	Other Equipment	\$ 44,799,163	\$ (9,262,725)	\$ 35,536,438
	Total Underground Storage	\$ 825,346,313	\$ (450,774,199)	\$ 374,572,114
TRANSMISSION PLANT- OTHER:				
365	Land	\$ 2,209,232	\$ -	\$ 2,209,232
365LRTS	Land Rights	\$ 22,134,243	\$ (15,625,782)	\$ 6,508,461
366	Structures and Improvements	\$ 36,149,059	\$ (21,469,134)	\$ 14,679,924
367	Mains	\$ 1,463,216,752	\$ (605,397,929)	\$ 857,818,823
368	Compressor Station and Equipment	\$ 215,594,666	\$ (108,122,460)	\$ 107,472,206
369	Measuring And Regulator Equipment	\$ 72,644,818	\$ (26,726,069)	\$ 45,918,749
371	Other Equipment	\$ 4,627,115	\$ (2,898,507)	\$ 1,728,608
	Total Transmission Plant	\$ 1,816,575,884	\$ (780,239,882)	\$ 1,036,336,002
DISTRIBUTION PLANT:				
374	Land	\$ 28,985,409	\$ -	\$ 28,985,409
374LRTS	Land Rights	\$ 2,948,180	\$ (12,264)	\$ 2,935,916
375	Structures and Improvements	\$ 250,823,326	\$ (73,400,605)	\$ 177,422,721
376	Mains	\$ 3,608,518,392	\$ (2,080,607,502)	\$ 1,527,910,891
378	Measuring And Regulator Equipment	\$ 96,331,955	\$ (64,823,310)	\$ 31,508,645
380	Services	\$ 2,289,451,034	\$ (1,904,240,327)	\$ 385,210,707
381	Meters	\$ 757,914,985	\$ (148,499,572)	\$ 609,415,412
382	Meter Installation	\$ 434,018,618	\$ (152,495,787)	\$ 281,522,831
383	House Regulators	\$ 149,391,779	\$ (60,637,226)	\$ 88,754,553
387	Other Equipment	\$ 34,231,101	\$ (22,144,566)	\$ 12,086,535
	Total Distribution Plant	\$ 7,652,614,777	\$ (4,506,861,159)	\$ 3,145,753,618
GENERAL PLANT:				
389	Land	\$ 1,342,839	\$ -	\$ 1,342,839
389LRTS	Land Rights	\$ 74,300	\$ -	\$ 74,300
390	Structures and Improvements	\$ 188,695,532	\$ (173,879,365)	\$ 14,816,167
391	Office Furniture and Equipment	\$ 889,016,288	\$ (430,874,226)	\$ 458,142,062
392	Transportation Equipment	\$ 392,412	\$ (172,864)	\$ 219,548
393	Stores Equipment	\$ 99,134	\$ (63,995)	\$ 35,139
394	Shop and Garage Equipment	\$ 55,827,376	\$ (24,546,534)	\$ 31,280,842
395	Laboratory Equipment	\$ 5,186,979	\$ (3,236,905)	\$ 1,950,074
396	Construction Equipment	\$ 11,957	\$ 8,124	\$ 20,081
397	Communication Equipments	\$ 156,040,222	\$ (63,981,919)	\$ 92,058,303
398	Miscellaneous Equipment	\$ 2,901,703	\$ (289,734)	\$ 2,611,969
	Total General Plant	\$ 1,299,588,743	\$ (697,037,420)	\$ 602,551,323
	Grand Total	\$ 11,603,556,687	\$ (6,434,914,130)	\$ 5,168,642,557

Attachment D

SAN DIEGO GAS & ELECTRIC COMPANY
COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETO
AS OF MARCH 31, 2015

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
ELECTRIC DEPARTMENT			
302	Franchises and Consents	222,841.36	202,900.30
303	Misc. Intangible Plant	<u>130,750,032.14</u>	<u>44,123,923.34</u>
	TOTAL INTANGIBLE PLANT	<u>130,972,873.50</u>	<u>44,326,823.64</u>
310.1	Land	14,526,518.29	46,518.29
310.2	Land Rights	0.00	0.00
311	Structures and Improvements	94,373,291.24	36,558,156.06
312	Boiler Plant Equipment	166,496,015.17	62,428,319.39
314	Turbogenerator Units	131,184,022.25	41,460,062.21
315	Accessory Electric Equipment	85,658,938.03	29,923,835.25
316	Miscellaneous Power Plant Equipment	41,272,941.25	7,853,102.40
	Steam Production Decommissioning	<u>0.00</u>	<u>0.00</u>
	TOTAL STEAM PRODUCTION	<u>533,511,726.23</u>	<u>178,269,993.60</u>
320.1	Land	0.00	0.00
320.2	Land Rights	283,677.11	283,677.11
321	Structures and Improvements	277,056,869.05	271,035,015.47
322	Boiler Plant Equipment	591,918,694.87	414,486,820.04
323	Turbogenerator Units	144,904,264.99	137,460,463.10
324	Accessory Electric Equipment	173,367,620.53	168,082,213.69
325	Miscellaneous Power Plant Equipment	316,952,221.59	243,619,477.31
101	SONGS PLANT CLOSURE GROSS PLANT-	<u>(340,525,292.74)</u>	<u>(71,009,611.29)</u>
	TOTAL NUCLEAR PRODUCTION	<u>1,163,958,055.40</u>	<u>1,163,958,055.43</u>
340.1	Land	143,475.87	0.00
340.2	Land Rights	56,032.61	5,380.39
341	Structures and Improvements	22,703,423.92	5,518,875.81
342	Fuel Holders, Producers & Accessories	20,348,101.38	6,106,067.96
343	Prime Movers	85,663,135.71	27,626,417.85
344	Generators	341,381,604.65	110,916,508.39
345	Accessory Electric Equipment	32,506,374.56	10,216,465.20
346	Miscellaneous Power Plant Equipment	<u>26,202,255.74</u>	<u>11,384,098.55</u>
	TOTAL OTHER PRODUCTION	<u>529,004,404.44</u>	<u>171,773,814.15</u>
	TOTAL ELECTRIC PRODUCTION	<u>2,226,474,186.07</u>	<u>1,514,001,863.18</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	68,244,923.80	0.00
350.2	Land Rights	155,798,711.10	17,063,880.94
352	Structures and Improvements	382,472,816.08	51,239,619.90
353	Station Equipment	1,170,893,458.56	215,758,902.71
354	Towers and Fixtures	895,569,559.18	133,217,984.87
355	Poles and Fixtures	368,894,949.26	71,554,679.30
356	Overhead Conductors and Devices	514,229,156.93	201,687,115.41
357	Underground Conduit	331,712,940.31	39,958,824.13
358	Underground Conductors and Devices	353,266,375.08	40,986,206.59
359	Roads and Trails	305,809,689.05	19,330,074.79
101	SONGS PLANT CLOSURE GROSS PLANT-	(5,943,752.68)	(5,943,752.68)
	TOTAL TRANSMISSION	4,540,948,826.67	784,853,535.96
360.1	Land	16,176,227.80	0.00
360.2	Land Rights	82,330,177.09	37,427,330.56
361	Structures and Improvements	3,995,243.29	1,786,368.30
362	Station Equipment	469,255,160.23	130,401,112.93
363	Storage Battery Equipment	12,025,421.12	997,809.71
364	Poles, Towers and Fixtures	600,508,389.13	253,241,254.43
365	Overhead Conductors and Devices	477,508,481.33	183,559,955.49
366	Underground Conduit	1,066,629,378.30	424,034,465.89
367	Underground Conductors and Devices	1,382,191,806.27	829,622,471.36
368.1	Line Transformers	546,175,383.93	110,931,674.86
368.2	Protective Devices and Capacitors	22,765,556.57	(3,647,500.75)
369.1	Services Overhead	131,499,649.39	121,066,305.84
369.2	Services Underground	325,976,182.18	230,410,189.15
370.1	Meters	190,865,818.58	56,925,241.96
370.2	Meter Installations	55,670,470.16	14,189,379.17
371	Installations on Customers' Premises	7,898,830.34	10,791,007.41
373.1	St. Lighting & Signal Sys.-Transformers	0.00	0.00
373.2	Street Lighting & Signal Systems	26,593,201.69	19,356,966.47
	TOTAL DISTRIBUTION PLANT	5,418,065,377.40	2,421,094,032.78
389.1	Land	7,312,142.54	0.00
389.2	Land Rights	0.00	0.00
390	Structures and Improvements	32,300,384.48	23,115,761.04
392.1	Transportation Equipment - Autos	0.00	49,884.21
392.2	Transportation Equipment - Trailers	58,145.67	9,033.58
393	Stores Equipment	15,720.46	15,307.68
394.1	Portable Tools	22,720,448.31	7,334,000.50
394.2	Shop Equipment	341,135.67	231,299.92
395	Laboratory Equipment	2,145,336.65	133,688.42
396	Power Operated Equipment	60,528.93	117,501.67
397	Communication Equipment	237,155,596.48	84,603,439.90
398	Miscellaneous Equipment	2,991,920.73	445,861.22
	TOTAL GENERAL PLANT	305,101,359.92	116,055,778.14
101	TOTAL ELECTRIC PLANT	12,621,562,623.56	4,880,332,033.70

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
GAS PLANT			
302	Franchises and Consents	86,104.20	86,104.20
303	Miscellaneous Intangible Plant	0.00	0.00
	TOTAL INTANGIBLE PLANT	86,104.20	86,104.20
360.1	Land	0.00	0.00
361	Structures and Improvements	43,992.02	43,992.02
362.1	Gas Holders	0.00	0.00
362.2	Liquefied Natural Gas Holders	0.00	0.00
363	Purification Equipment	0.00	0.00
363.1	Liquefaction Equipment	0.00	0.00
363.2	Vaporizing Equipment	0.00	0.00
363.3	Compressor Equipment	0.00	0.00
363.4	Measuring and Regulating Equipment	0.00	0.00
363.5	Other Equipment	0.00	0.00
363.6	LNG Distribution Storage Equipment	2,052,614.24	924,950.70
	TOTAL STORAGE PLANT	2,096,606.26	968,942.72
365.1	Land	4,649,143.75	0.00
365.2	Land Rights	2,232,343.80	1,317,475.09
366	Structures and Improvements	11,981,697.11	9,846,121.89
367	Mains	183,519,677.29	66,281,952.41
368	Compressor Station Equipment	84,133,772.55	67,175,328.79
369	Measuring and Regulating Equipment	20,941,863.45	15,965,808.80
371	Other Equipment	0.00	0.00
	TOTAL TRANSMISSION PLANT	307,458,497.95	160,586,686.98
374.1	Land	102,187.24	0.00
374.2	Land Rights	8,226,459.55	6,559,126.52
375	Structures and Improvements	43,446.91	61,253.10
376	Mains	640,411,868.46	346,684,467.27
378	Measuring & Regulating Station Equipment	17,808,313.53	7,350,535.44
380	Distribution Services	250,795,634.14	290,824,938.85
381	Meters and Regulators	155,192,999.65	49,554,738.62
382	Meter and Regulator Installations	91,239,969.20	33,010,128.27
385	Ind. Measuring & Regulating Station Equipment	1,516,810.70	1,135,235.66
386	Other Property On Customers' Premises	0.00	0.00
387	Other Equipment	5,223,271.51	4,852,912.81
	TOTAL DISTRIBUTION PLANT	1,170,560,960.89	740,033,336.54

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	0.00	25,503.00
392.2	Transportation Equipment - Trailers	74,500.55	74,500.68
394.1	Portable Tools	7,930,780.12	3,676,032.33
394.2	Shop Equipment	76,864.06	44,629.09
395	Laboratory Equipment	283,093.66	269,762.45
396	Power Operated Equipment	162,284.40	145,690.25
397	Communication Equipment	2,457,947.16	764,265.71
398	Miscellaneous Equipment	157,056.49	51,413.55
	TOTAL GENERAL PLANT	11,142,526.44	5,051,797.06
101	TOTAL GAS PLANT	1,491,344,695.74	906,726,867.50
COMMON PLANT			
303	Miscellaneous Intangible Plant	269,212,641.70	178,500,724.82
350.1	Land	0.00	0.00
360.1	Land	0.00	0.00
389.1	Land	7,168,914.56	0.00
389.2	Land Rights	1,080,961.15	27,776.34
390	Structures and Improvements	305,448,479.24	130,296,623.18
391.1	Office Furniture and Equipment - Other	26,321,488.32	12,574,340.36
391.2	Office Furniture and Equipment - Computer E	51,159,665.33	28,002,688.31
392.1	Transportation Equipment - Autos	33,942.29	(338,930.17)
392.2	Transportation Equipment - Trailers	33,369.38	24,278.83
393	Stores Equipment	79,141.34	59,194.74
394.1	Portable Tools	1,232,026.51	272,448.83
394.2	Shop Equipment	213,047.56	132,248.69
394.3	Garage Equipment	1,094,037.06	113,985.85
395	Laboratory Equipment	1,997,982.48	856,558.56
396	Power Operated Equipment	0.00	(192,979.10)
397	Communication Equipment	175,055,442.60	60,688,034.19
398	Miscellaneous Equipment	2,287,818.69	1,310,728.31
118.1	TOTAL COMMON PLANT	842,418,958.21	412,327,721.74
	TOTAL ELECTRIC PLANT	12,621,562,623.56	4,880,332,033.70
	TOTAL GAS PLANT	1,491,344,695.74	906,726,867.50
	TOTAL COMMON PLANT	842,418,958.21	412,327,721.74
101 & 118.1	TOTAL	14,955,326,277.51	6,199,386,622.94
101	PLANT IN SERV-SONGS FULLY RECOVER	(1,163,958,055.43)	(1,163,958,055.43)
101	PLANT IN SERV-ELECTRIC NON-RECON Electric	(2,540,241.64)	0.00

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	PLANT IN SERV-ASSETS HELD FOR SALE		
	Electric	0.00	0.00
	Common	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-LEGACY METER RECLASS		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
101	PLANT IN SERV-SUNRISE FIRE MITIGATION		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
118	PLANT IN SERV-COMMON NON-RECON		
	Common - Transferred Asset Adjustment	(1,652,471.31)	(1,652,471.31)
		<u>(1,652,471.31)</u>	<u>(1,652,471.31)</u>
101	Accrual for Retirements		
	Electric	(3,582,874.22)	(3,582,874.22)
	Gas	(122,174.11)	(122,174.11)
		<u>(3,705,048.33)</u>	<u>(3,705,048.33)</u>
	TOTAL PLANT IN SERV-ACCRUAL FOR RE	<u>(3,705,048.33)</u>	<u>(3,705,048.33)</u>
102	Electric	0.00	0.00
	Gas	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
	TOTAL PLANT PURCHASED OR SOLD	<u>0.00</u>	<u>0.00</u>
104	Electric	85,194,000.02	9,264,542.12
	Gas	0.00	0.00
		<u>85,194,000.02</u>	<u>9,264,542.12</u>
	TOTAL PLANT LEASED TO OTHERS	<u>85,194,000.02</u>	<u>9,264,542.12</u>
105	Plant Held for Future Use		
	Electric	11,307,727.50	0.00
	Gas	0.00	0.00
		<u>11,307,727.50</u>	<u>0.00</u>
	TOTAL PLANT HELD FOR FUTURE USE	<u>11,307,727.50</u>	<u>0.00</u>
107	Construction Work in Progress		
	Electric	623,130,934.78	
	Gas	122,268,270.58	
	Common	115,005,306.22	
		<u>860,404,511.58</u>	<u>0.00</u>
	TOTAL CONSTRUCTION WORK IN PROGRESS	<u>860,404,511.58</u>	<u>0.00</u>
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0.00	0.00
		<u>0.00</u>	<u>0.00</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
108.5	Accumulated Nuclear Decommissioning Electric	0.00	999,116,107.65
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	0.00	999,116,107.65
101.1	ELECTRIC CAPITAL LEASES	837,939,281.00	154,695,369.00
118.1	COMMON CAPITAL LEASE	19,634,004.78	18,308,057.38
		857,573,285.78	173,003,426.38
120	NUCLEAR FUEL FABRICATION	62,963,775.37	40,861,208.00
120	SONGS PLANT CLOSURE-NUCLEAR FUEL	(62,963,775.37)	(40,861,208.00)
143	FAS 143 ASSETS - Legal Obligation	271,718,404.13	(933,420,294.69)
	SONGS Plant Closure - FAS 143 contra	(270,338,553.03)	(61,166,058.00)
	FIN 47 ASSETS - Non-Legal Obligation	69,819,775.07	28,560,831.60
143	FAS 143 ASSETS - Legal Obligation	0.00	(1,342,317,463.35)
	TOTAL FAS 143	71,199,626.17	(2,308,342,984.44)
	UTILITY PLANT TOTAL	15,669,149,611.85	3,903,112,139.58

Attachment E

**SOUTHERN CALIFORNIA GAS COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2014
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,849
2	Operating Expenses	<u>3,463</u>
3	Net Operating Income	<u><u>\$386</u></u>
4	Weighted Average Rate Base	\$4,009
5	Rate of Return*	8.02%

*Authorized Cost of Capital

Attachment F

**SAN DIEGO GAS & ELECTRIC COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2014
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$5,139
2	Operating Expenses	<u>4,456</u>
3	Net Operating Income	<u><u>\$683</u></u>
4	Weighted Average Rate Base	\$7,217
5	Rate of Return*	7.79%

*Authorized Cost of Capital