

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

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In the Matter of the Application of Southern  
California Gas Company (U 904 G) and San Diego  
Gas & Electric Company (U 902 G) for Approval of  
their Combined Core Portfolio 2008-09 Winter  
Hedging Program

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A.08-05-\_\_\_\_\_  
(Filed May 29, 2008)

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN  
DIEGO GAS & ELECTRIC COMPANY (U 902 G) FOR APPROVAL OF THEIR  
COMBINED PORTFOLIO 2008-2009 WINTER HEDGING PROGRAM**

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May 29, 2008

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COMBINED PORTFOLIO 2008-2009 WINTER HEDGING PROGRAM**

In accordance with the Commission’s Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas”) and San Diego Gas & Electric Company (“SDG&E”) hereby submit this application (“Application”) for approval of their combined portfolio 2008-2009 Winter Hedging Program.

**I. BACKGROUND**

In D.07-12-019, the Commission approved the consolidation of SoCalGas’ and SDG&E’s core procurement functions into a single core procurement portfolio managed by SoCalGas.<sup>1</sup> The Commission also authorized SoCalGas to engage in winter hedging for the single SoCalGas/SDG&E procurement portfolio outside of SoCalGas’ Gas Cost Incentive Mechanism (“GCIM”).<sup>2</sup> This treatment of winter hedges was based upon the Commission’s conclusion that “[h]igher gas costs and increased volatility have increased the costs of winter hedges to the point that continued inclusion of winter hedges in the GCIM could create a

<sup>1</sup> D.07-12-019, mimeo., at 110 (Ordering Paragraph No. 4). Core procurement consolidation became effective on April 1, 2008.

<sup>2</sup> D.07-12-019, mimeo., at 111 (Ordering Paragraph No. 12).

disincentive to hedge at an appropriate level.”<sup>3</sup> This treatment is consistent with Commission decisions over the past three winters authorizing SoCalGas, SDG&E, and Pacific Gas and Electric Company (“PG&E”) to enter into winter hedges outside of their respective natural gas procurement incentive mechanisms.<sup>4</sup> Pursuant to this approach, all financial transactions used by SoCalGas to hedge natural gas prices for the combined core portfolio for the period from November through March each year are excluded from the calculation of costs and savings allocated under the GCIM.<sup>5</sup> As a result, SoCalGas and SDG&E core customers are allocated 100% of gains and losses from such hedge transactions.<sup>6</sup>

The Commission’s authorization for SoCalGas and SDG&E to engage in winter hedging outside of the GCIM is subject to revaluation after three years, and subject to revision pending disposition of the upcoming generic rulemaking regarding gas utilities’ treatment of hedging under incentive mechanisms.<sup>7</sup> Moreover, in order to preserve accountability on the part of utility management for winter hedging and give the Commission an adequate opportunity to review our proposed hedge transactions, SoCalGas and SDG&E must file an application each year for approval of their proposed winter hedge plans.<sup>8</sup>

In compliance with this requirement, SoCalGas and SDG&E are hereby presenting their proposed SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Plan for Commission review and approval. SoCalGas has discussed this Application with the Division of Ratepayer Advocates (“DRA”) and The Utility Reform Network (“TURN”). DRA and TURN have authorized SoCalGas to state that they do not object to this Application.

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<sup>3</sup> D.07-12-019, mimeo., at 103 (Finding of Fact No. 22).

<sup>4</sup> See, e.g., D.07-06-027 (SoCalGas’ 2007-2008 winter hedging program), D.07-07-011 (SDG&E’s 2007-2008 winter hedging program), D. 07-06-013 (PG&E’s 2007-2008 winter hedging program).

<sup>5</sup> D.07-12-019, mimeo., at 102 (Finding of Fact No. 21).

<sup>6</sup> D.07-12-019, mimeo., at 102 (Finding of Fact No. 21).

<sup>7</sup> D.07-12-019, mimeo., at 111-12 (Ordering Paragraph 12).

<sup>8</sup> D.07-12-019, mimeo., at 48-49 and 103 (Finding of Fact No. 23).

## II. RELIEF REQUESTED

The relief requested by SoCalGas and SDG&E in this current Application is straightforward – approval of our proposed Combined Core Portfolio 2008-2009 Winter Hedging Program. As discussed in more detail below, this program is similar to SoCalGas winter hedging programs approved by the Commission each of the past three winters. Approval of this program would be consistent with the winter hedging authorizations provided by the Commission each of the last three winters to SoCalGas, SDG&E, and PG&E.<sup>9</sup>

The relief requested by SoCalGas and SDG&E in this Application could be accomplished by a decision from the Commission which provides as follows:

1. SoCalGas is hereby authorized to purchase additional hedges for the combined SoCalGas/SDG&E core portfolio in 2008 and 2009 for the 2008-2009 winter.
2. The level of the hedges and the expiration dates thereof are specified in the SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Plan attached as confidential Addendum A to SoCalGas' and SDG&E's Application.
3. Pursuant to D.07-12-019, all costs and benefits associated with the approved SoCalGas/SDG&E combined core portfolio 2008-2009 Winter Hedging Program shall flow directly to SoCalGas' and SDG&E's core gas customers.
4. All costs and benefits associated with the approved SoCalGas/SDG&E combined core portfolio 2008-2009 Winter Hedging Program already entered into by SoCalGas at the time of the Commission's order shall flow directly to SoCalGas' and SDG&E's core customers.

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<sup>9</sup> See the three 2007 decisions cited in footnote No. 4 above, as well as D.06-08-027 (SoCalGas' and SDG&E's 2006-2007 winter hedging programs), D.06-08-027 (PG&E's 2006-2007 winter hedging program), D.05-10-043 (SoCalGas' and SDG&E's 2005-2006 winter hedging programs), and D.05-10-015 (PG&E's 2005-2006 winter hedging program).

5. Pursuant to D.07-12-019, neither the costs or the benefits associated with these hedges will be shared by SoCalGas' or SDG&E's shareholders.
6. All transactions associated with the approved 2008-2009 Winter Gas Hedging Program shall be separately recorded and identified in monthly and annual reports filed by SoCalGas with the Commission. In addition, supplemental reporting on a more current basis will be provided to the Commission staff upon request.
7. SoCalGas is authorized to spend up to \$13 per SoCalGas and SDG&E core customer on average for the 2008/2009 winter season, or up to the amount requested in the attached SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Plan — whichever is lower.
8. SoCalGas shall submit a report to the Energy Division and DRA, no later than April 1, 2009, that provides information about the SoCalGas/SDG&E combined core portfolio 2008-2009 Winter Hedging Program; and
9. The cost of SoCalGas' hedging activities on behalf of the SoCalGas/SDG&E combined core portfolio shall continue to be calculated and collected as it is currently, through SoCalGas' Purchased Gas Account ("PGA"). Costs shall be allocated to all core customers and the amounts included in the monthly core procurement advice letters filed by SoCalGas and SDG&E.

Note that these proposed ordering provisions are very similar to the relevant ordering provisions from D.07-06-027 (the Commission's decision approving SoCalGas' 2007-2008 winter hedging program). Changes are to reflect the fact that SoCalGas will now be hedging for SDG&E's core customers as well as its own, that the Commission has already decided in D.07-12-019 that all costs and benefits from the hedges will flow directly to core customers, and that

the overall per-customer hedging limit this year will be \$13/customer rather than \$14/customer. In addition, we have dropped language from D.07-06-027 excluding swaps and futures from the hedging limits specified in paragraph No. 7. Any hedges entered into by SoCalGas for the upcoming winter, including swaps and futures, would be subject to the hedging limits we have proposed, so this language is not necessary.

### **III. NEED FOR RELIEF**

Hedging is a form of insurance that protects ratepayers from price spikes in the natural gas markets.<sup>10</sup> In order to protect their core customers from potential substantial natural gas price spikes this winter, SoCalGas and SDG&E need the same sort of winter hedging authorization the Commission provided to SoCalGas, SDG&E, and PG&E for the past three winters.

In D.05-10-015, the Commission encouraged “all of the utilities to hedge as it appears most appropriate to protect core customers.”<sup>11</sup> The Commission explained that “Properly applied hedges act as insurance against the highest prices and protect consumers from the impact these higher prices have on bills.”<sup>12</sup> This reasoning applies with equal force to the upcoming winter.

Like the last three winters, SoCalGas is not proposing to enter into any multi-year hedges in 2008 or 2009. Moreover, even with extremely high natural gas prices and price volatility so far in 2008, SoCalGas and SDG&E are proposing a maximum expenditure level of \$13 per SoCalGas and SDG&E core customer on average for the 2008/2009 winter season, which is actually \$1 less than the \$14 maximum expenditure level for each SoCalGas core customer last winter specified in D.07-06-027.<sup>13</sup> As explained in the attached Declaration of James P. Harrigan, SoCalGas’ Vice President – Gas Acquisition, the relief requested by SoCalGas in this

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<sup>10</sup> D.06-08-027, mimeo., at 13.

<sup>11</sup> D.05-10-015, mimeo., at 23; D.05-10-043, mimeo., at 11.

<sup>12</sup> D.05-10-015, mimeo., at 15; D.05-10-043, mimeo., at 11.

<sup>13</sup> See D.07-06-027, mimeo., at 8 (Ordering Paragraph No. 8).

Application will, if granted by the Commission, enable SoCalGas and SDG&E to secure a significant amount of price protection for their core customers in case natural gas prices spike this winter.<sup>14</sup>

As with the last three winters, the cost of the hedging SoCalGas plans to undertake is small compared to the total cost of gas it will spend this winter. As with the last three winters, SoCalGas and SDG&E should have the necessary tools and flexibility to protect their core customers against high winter gas prices. To do otherwise runs the risk of even higher winter natural gas rates. The hedging SoCalGas proposes to undertake on behalf of the combined SoCalGas/SDG&E core portfolio has the potential to benefit core ratepayers substantially if natural gas prices spike during the coming winter. Such a strategy will hopefully provide the core customers of SoCalGas and SDG&E “with the proper amount of protection for potential winter price runups while maintaining just and reasonable rates.”<sup>15</sup>

#### **IV. NEED FOR EXPEDITED COMMISSION ACTION**

In the interest of protecting SoCalGas’ and SDG&E’s core gas customers from rate shock caused by rapidly rising natural gas prices, SoCalGas and SDG&E respectfully request that the Commission grant the relief requested in their Application on an expedited basis, just as the Commission did in 2005, 2006, and 2007 when it provided additional winter natural gas hedging authorization to SoCalGas, SDG&E, and PG&E. Circumstances once again warrant expedited Commission action.

In 2008, natural gas prices continue to remain both volatile and high compared with historical averages, and do not appear likely to return to historical experience any time soon. In this volatile, high-priced environment, any sudden, major disruption in natural gas markets (such

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<sup>14</sup> Attachment A.

<sup>15</sup> D.05-10-015, mimeo., at 22; D.05-10-043, mimeo., at 13.

as that caused in 2005 by Hurricanes Katrina and Rita) would likely create an immediate and significant upward effect on prices and increase the cost of winter hedges sharply. Therefore, SoCalGas wants the ability to enter into hedges in the near future, before hurricanes or other major disruptions push the price of protecting our customers higher. The Commission should act quickly on this hedging proposal to avoid possible significant harm to natural gas consumers in southern California: “An effective hedging strategy plans ahead and does not wait for an adverse event to occur before being enacted . . . Prudence dictates that we act now rather than waiting for an unforeseen event.”<sup>16</sup>

## V. HEDGING PLAN

The SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Plan is similar in substance and approach to SoCalGas winter hedging plans approved by the Commission each of the past three winters. SoCalGas and SDG&E are proposing certain limited changes to SoCalGas’ hedging limits last winter. These changes are needed to account for the fact that SoCalGas will now be hedging for core customers of both utilities, and the fact that natural gas prices and oil prices this year are even higher and more volatile than in the last several years. Even with these changes, however, the proposed maximum expenditure level is \$13 per SoCalGas and SDG&E core customer on average for the 2008/2009 winter season, which is \$1 less than the \$14 maximum expenditure level for each SoCalGas core customer last winter specified in D.07-06-027.<sup>17</sup>

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<sup>16</sup> D.06-08-027, mimeo., at 13.

<sup>17</sup> Note that SoCalGas is not proposing to lower its level of winter hedging per customer, so the decrease in maximum expenditure level really relates to this number more closely tracking the maximum number shown in our confidential winter hedging plan. As with last year, the authorization SoCalGas and SDG&E are requesting from the Commission is the lower of \$13/customer or the amount requested in the confidential winter hedging plan.

Approval of this plan would be consistent with the winter hedging authorizations provided by the Commission each of the last three winters to SoCalGas, SDG&E, and PG&E.<sup>18</sup> Additional hedging has made sense for SoCalGas, SDG&E, and PG&E core customers the last three winters because of high natural gas prices and price volatility. Additional hedging makes even more sense this upcoming winter with the very high natural gas prices and price volatility we are experiencing this year. In the current unsettled environment of volatile and high natural gas prices, SoCalGas' and SDG&E's core customers still need protection against natural gas price spikes. To provide much-needed supplemental protection from possible dramatic natural gas price increases during the winter of 2008-2009, SoCalGas should be authorized to purchase the additional hedges in 2008 and 2009 for the 2008-2009 winter that are outlined in the SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Plan.

## **VI. AFFILIATES AFFECTED AND ALTERNATIVES CONSIDERED**

Sempra Commodities participates in the marketplace for hedges, and could be affected by SoCalGas procuring additional hedges for the combined SoCalGas/SDG&E core portfolio. Any hedging transactions involving Sempra Commodities would be the result of blind matching by independent brokers. The only alternative SoCalGas and SDG&E considered was whether or not to seek additional hedging authorization for the winter of 2008-2009. Given the real risk of substantial price spikes in this volatile, high-priced environment, SoCalGas and SDG&E decided that it is in the best interests of their core customers for the utilities to seek additional hedging authorization for the winter of 2008-2009.

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<sup>18</sup> See footnote No. 9 above.

## **VII. STATUTORY AND PROCEDURAL REQUIREMENTS**

### **A. Category, Need for Hearings, Issues, and Schedule - Rule 2(1)(c)**

#### **1. Category**

SoCalGas and SDG&E propose that this proceeding be categorized as "ratesetting" because the winter hedging proposals in the Application will have a future effect on the rates of SoCalGas and SDG&E.

#### **2. Need for Hearings**

SoCalGas and SDG&E do not believe that hearings will be necessary. The SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Plan is similar in substance and approach to the winter hedging plans that the Commission adopted for SoCalGas for the last three winters. Even with very high natural gas prices and price volatility so far this year, the proposed maximum expenditure level of \$13 per SoCalGas and SDG&E core customer on average for the 2008/2009 winter season is \$1 less than the \$14 maximum expenditure level for each SoCalGas core customer last winter specified in D.07-06-027.

SoCalGas and SDG&E are not proposing changes to established regulatory review processes or regulatory accounting. Plus, in D.07-12-019 the Commission determined that winter hedges should be outside the GCIM for a three-year period, and that GCIM sharing percentages should not be changed as a result of allowing winter hedging outside of the GCIM for this three-year period, so the most contentious issues from past winter hedging applications have already been resolved. Finally, as noted above, SoCalGas has discussed this Application with DRA and TURN, and DRA and TURN have authorized SoCalGas to state that they do not object to this Application. Hearings were not needed for either SoCalGas' or SDG&E's winter hedging applications last year.<sup>19</sup> Given the circumstances just noted, hearings should not be necessary this year either.

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<sup>19</sup> See D.07-06-027, mimeo., at 5; D.07-07-011, mimeo., at 6.

**3. Issues to be Considered**

The issues to be considered in this proceeding are whether the Commission should make the determinations and orders requested by SoCalGas and SDG&E in this Application.

**4. Proposed Schedule**

SoCalGas and SDG&E propose the following procedural schedule:

<u>EVENT</u>	<u>DATE</u>
Application	May 29, 2008
Responses	June 13, 2008
SoCalGas Response to Protests	June 20, 2008
Hearings (if necessary)	June 30, 2008
Proposed Decision	July 10, 2008
Commission Decision	August 11, 2008

**B. Authority - Rule 2.1**

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.

**C. Corporate information and Correspondence - Rules 2.1(a) and 2.1(b)**

SoCalGas is a public utility 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 organized and existing under the laws of the State of California. SDG&E's principal place of business and mailing address is 8306 Century Park Court, San Diego, California, 92123.

All correspondence and communications to SoCalGas and SDG&E regarding this Application should be addressed to:

Dean Kinports  
Regulatory Case Analyst  
555 West Fifth Street, GT-14D6  
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with a copy to:

Michael R. Thorp  
Attorney for  
Southern California Gas Company and  
San Diego Gas & Electric Company  
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Los Angeles, California 90013-1011  
Telephone: (213) 244-2981  
Facsimile: (213) 629-9620  
E-mail: mthorp@sempra.com

**D. Organization and Qualification to Transact Business – Rule 2.2**

SoCalGas previously filed a certified copy of its Restated Articles of Incorporation with Application No. 98-10-012, and these articles are incorporated herein by reference. SDG&E previously filed a certified copy of its Restated Articles of Incorporation with Application No. 97-12-012, and these articles are incorporated herein by reference

**E. Balance Sheet and Income Statement – Rule 3.2(a)(1)**

Attachment B to this Application is SoCalGas' Balance Sheet as of December 31, 2007, and SoCalGas' Income Statement for the three-month period ended December 31, 2007. Attachment C to this Application is SDG&E's Balance Sheet as of December 31, 2007, and SDG&E's Income Statement for the three-month period ended December 31, 2007.

**F. Rates - Rules 3.2(a)(2) and 3.2(a)(3)**

The costs and benefits of the proposed SoCalGas/SDG&E Combined Core Portfolio 2008-2009 Winter Hedging Program are largely dependent on natural gas prices over the next several months. Accordingly, it is impossible to accurately estimate exact rate impacts of this program. However, SoCalGas and SDG&E are proposing to limit the cost of their winter hedging program to no more than \$13 per SoCalGas and SDG&E core customer on average for the 2008/2009 winter season. Therefore, the maximum cost SoCalGas' and SDG&E's core customers could see as a result of the Commission's approval of this Application as proposed by SoCalGas and SDG&E would be \$13 per customer.

**G. Property and Equipment - Rule 3.2(a)(4)**

A general description of SoCalGas' property and equipment was previously filed with the Commission on May 31, 2004, in connection with SoCalGas' Application No. 04-05-008 and is incorporated herein by reference. A statement of the original cost and depreciation reserve attributable thereto is Attachment D to this Application.

A general description of SDG&E's property and equipment was previously filed with the Commission on October 5, 2001, in connection with SDG&E's Application No. 01-10-005 and is incorporated herein by reference. A statement of the original cost and depreciation reserve attributable thereto is Attachment E to this Application.

**H. Summary of Earnings - Rules 3.2(a)(5) and (6)**

Attachment F to this Application is a SoCalGas Summary of Earnings for the 12 months ended December 31, 2007. Attachment G to this Application is a SDG&E Summary of Earnings for the 12 months ended December 31, 2007.

**I. Depreciation - Rule 3.2(a)(7)**

For financial statement purposes, depreciation of utility plant for both SoCalGas and SDG&E 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.

**J. Proxy Statement - Rule 3.2(a)(8)**

A copy of SoCalGas’ and SDG&E’s latest proxy statements, dated April 4, 2008, were mailed to the Commission on April 29, 2008, and are incorporated herein by reference.

**K. Pass Through of Costs - Rule 3.2(a)(10)**

The rate changes sought by SoCalGas and SDG&E in this Application would simply pass through to customers of SoCalGas and SDG&E only increased costs to SoCalGas and SDG&E for services and commodities furnished by them.

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## VERIFICATION

I am an officer of Southern California Gas Company and San Diego Gas & Electric Company, and am authorized to make this verification on its behalf. The matters stated in the foregoing Application are true to my own knowledge, except as to matters that are stated therein on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 28th day of May, 2008, at Los Angeles, California.

*/s/ Lee Schavrien*

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Lee Schavrien  
Senior Vice President  
Regulatory Affairs

# **ATTACHMENT A**



# **ATTACHMENT B**

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
DECEMBER 31, 2007**

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<b>1. UTILITY PLANT</b>		<u>2007</u>
101	UTILITY PLANT IN SERVICE	\$8,089,647,314
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	180,008,877
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,391,629,042)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(16,288,136)
117	GAS STORED-UNDERGROUND	<u>55,521,950</u>
	TOTAL NET UTILITY PLANT	<u>4,917,260,963</u>

<b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	120,468,312
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(95,696,986)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	70,535
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>62,994,051</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>87,835,912</u>

**SOUTHERN CALIFORNIA GAS COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**DECEMBER 31, 2007**

<b>3. CURRENT AND ACCRUED ASSETS</b>		2007
131	CASH	30,238,491
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	97,820
136	TEMPORARY CASH INVESTMENTS	28,600,000
141	NOTES RECEIVABLE	9,739
142	CUSTOMER ACCOUNTS RECEIVABLE	679,908,534
143	OTHER ACCOUNTS RECEIVABLE	8,388,326
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(4,797,837)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	136,189,553
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	442,917
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	20,157,107
155	MERCHANDISE	66,827
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	80,238,148
165	PREPAYMENTS	25,203,306
171	INTEREST AND DIVIDENDS RECEIVABLE	271,987
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	12,195,246
175	DERIVATIVE INSTRUMENT ASSETS	7,793,016
176	LONG TERM PORTION OF DERIVATIVE ASSETS - HEDGES	4,667,158
	TOTAL CURRENT AND ACCRUED ASSETS	1,029,670,338
<b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	5,184,101
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	217,616,792
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	1,418,972
184	CLEARING ACCOUNTS	98,913
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	6,164,363
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	33,549,738
190	ACCUMULATED DEFERRED INCOME TAXES	32,970,302
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	297,003,181
	TOTAL ASSETS AND OTHER DEBITS	\$ 6,331,770,394

**SOUTHERN CALIFORNIA GAS COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**DECEMBER 31, 2007**

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**5. PROPRIETARY CAPITAL**

	<u>2007</u>
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	586,583,206
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	<u>(3,791,398)</u>
 TOTAL PROPRIETARY CAPITAL	 <u>1,470,404,931</u>

**6. LONG-TERM DEBT**

221 BONDS	1,100,000,000
224 OTHER LONG-TERM DEBT	12,475,533
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	<u>(2,110,369)</u>
 TOTAL LONG-TERM DEBT	 <u>1,110,365,164</u>

**7. OTHER NONCURRENT LIABILITIES**

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	76,130,652
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	94,245,582
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	<u>576,867,113</u>
 TOTAL OTHER NONCURRENT LIABILITIES	 <u>747,243,347</u>

**SOUTHERN CALIFORNIA GAS COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
DECEMBER 31, 2007**

<b>8. CURRENT AND ACCRUED LIABILITES</b>		2007
231	NOTES PAYABLE	-
232	ACCOUNTS PAYABLE	421,260,461
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	29,144,070
235	CUSTOMER DEPOSITS	90,356,955
236	TAXES ACCRUED	45,269,144
237	INTEREST ACCRUED	16,682,167
238	DIVIDENDS DECLARED	150,323,266
241	TAX COLLECTIONS PAYABLE	20,837,897
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	187,213,497
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244	DERIVATIVE INSTRUMENT LIABILITIES	45,063
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	961,132,520
<b>9. DEFERRED CREDITS</b>		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	86,779,503
253	OTHER DEFERRED CREDITS	250,149,055
254	OTHER REGULATORY LIABILITIES	1,540,219,390
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	32,958,047
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	-
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	116,832,438
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	15,685,999
	TOTAL DEFERRED CREDITS	2,042,624,432
	TOTAL LIABILITIES AND OTHER CREDITS	\$ 6,331,770,394

**SOUTHERN CALIFORNIA GAS COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2007**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		\$4,325,048,227
401	OPERATING EXPENSES	\$3,416,131,744	
402	MAINTENANCE EXPENSES	125,850,116	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	280,637,549	
408.1	TAXES OTHER THAN INCOME TAXES	65,720,120	
409.1	INCOME TAXES	151,551,816	
410.1	PROVISION FOR DEFERRED INCOME TAXES	57,508,013	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(50,619,725)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,662,755)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		<u>4,044,116,878</u>
	NET OPERATING INCOME		280,931,349

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	180,757	
418	NONOPERATING RENTAL INCOME	328,931	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	21,686,710	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	5,460,930	
421	MISCELLANEOUS NONOPERATING INCOME	575,553	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	<u>28,232,881</u>	
425	MISCELLANEOUS AMORTIZATION	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	3,585,277	
		<u>3,585,277</u>	
408.2	TAXES OTHER THAN INCOME TAXES	129,555	
409.2	INCOME TAXES	243,271	
410.2	PROVISION FOR DEFERRED INCOME TAXES	4,561,605	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(1,136,774)	
420	INVESTMENT TAX CREDITS	(46,120)	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>3,751,537</u>	
	TOTAL OTHER INCOME AND DEDUCTIONS		<u>20,896,067</u>
	INCOME BEFORE INTEREST CHARGES		301,827,416
	NET INTEREST CHARGES*		<u>70,713,540</u>
	NET INCOME		<u>\$231,113,876</u>

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$2,167,726).

**SOUTHERN CALIFORNIA GAS COMPANY  
STATEMENT OF INCOME AND RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2007**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$608,151,433
NET INCOME (FROM PRECEDING PAGE)	231,113,876
DIVIDEND TO PARENT COMPANY	(250,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	(1,293,065)
OTHER RETAINED EARNINGS ADJUSTMENT	<u>(1,389,038)</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$586,583,206</u></u>

# **ATTACHMENT C**

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**  
**DECEMBER 31, 2007**

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<b>1. UTILITY PLANT</b>		<u>2007</u>
101	UTILITY PLANT IN SERVICE	\$8,398,180,798
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	4,420,116
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	209,515,345
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,868,497,580)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(209,138,759)
118	OTHER UTILITY PLANT	536,417,026
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(139,587,600)
120	NUCLEAR FUEL - NET	<u>36,680,097</u>
TOTAL NET UTILITY PLANT		<u>4,967,989,443</u>
 <b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	3,678,303
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(442,999)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	3,290,000
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>740,241,709</u>
TOTAL OTHER PROPERTY AND INVESTMENTS		<u>746,767,013</u>

**SAN DIEGO GAS & ELECTRIC COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
DECEMBER 31, 2007**

<b>3. CURRENT AND ACCRUED ASSETS</b>		<b>2007</b>
131	CASH	23,099,930
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	50,866
136	TEMPORARY CASH INVESTMENTS	120,196,911
141	NOTES RECEIVABLE	156,935
142	CUSTOMER ACCOUNTS RECEIVABLE	162,017,417
143	OTHER ACCOUNTS RECEIVABLE	49,164,851
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(2,355,836)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	4,950,475
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	23,174,292
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	63,618,289
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	48,899,078
165	PREPAYMENTS	69,166,536
171	INTEREST AND DIVIDENDS RECEIVABLE	11,160,695
173	ACCRUED UTILITY REVENUES	47,394,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	16,977,983
175	DERIVATIVE INSTRUMENT ASSETS	28,383,908
TOTAL CURRENT AND ACCRUED ASSETS		666,056,330
<b>4. DEFERRED DEBITS</b>		
181	UNAMORTIZED DEBT EXPENSE	21,023,623
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,107,975,385
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	67,513,475
184	CLEARING ACCOUNTS	30,814
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	18,732,930
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	34,287,949
190	ACCUMULATED DEFERRED INCOME TAXES	207,058,974
TOTAL DEFERRED DEBITS		1,456,623,150
TOTAL ASSETS AND OTHER DEBITS		\$7,837,435,936

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**DECEMBER 31, 2007**

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**5. PROPRIETARY CAPITAL**

	<u>2007</u>
201 COMMON STOCK ISSUED	\$291,458,395
204 PREFERRED STOCK ISSUED	78,475,400
207 PREMIUM ON CAPITAL STOCK	592,222,753
210 GAIN ON RETIRED CAPITAL STOCK	-
211 MISCELLANEOUS PAID-IN CAPITAL	279,618,042
214 CAPITAL STOCK EXPENSE	(25,688,571)
216 UNAPPROPRIATED RETAINED EARNINGS	1,078,672,830
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	<u>(15,469,094)</u>
TOTAL PROPRIETARY CAPITAL	<u>2,279,289,755</u>

**6. LONG-TERM DEBT**

221 BONDS	1,636,905,000
223 ADVANCES FROM ASSOCIATED COMPANIES	-
224 OTHER LONG-TERM DEBT	267,470,000
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	<u>(2,860,270)</u>
TOTAL LONG-TERM DEBT	<u>1,901,514,730</u>

**7. OTHER NONCURRENT LIABILITIES**

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	31,402,167
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	194,167,078
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	<u>568,424,467</u>
TOTAL OTHER NONCURRENT LIABILITIES	<u>793,993,712</u>

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**DECEMBER 31, 2007**

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**8. CURRENT AND ACCRUED LIABILITES**

	<u>2007</u>
231 NOTES PAYABLE	-
232 ACCOUNTS PAYABLE	303,169,075
233 NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	836,765
235 CUSTOMER DEPOSITS	51,723,308
236 TAXES ACCRUED	1,781,842
237 INTEREST ACCRUED	15,576,335
238 DIVIDENDS DECLARED	1,204,917
241 TAX COLLECTIONS PAYABLE	2,893,269
242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	187,059,145
243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244 DERIVATIVE INSTRUMENT LIABILITIES	369,487,812
245 DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	<u>1,853,839</u>
TOTAL CURRENT AND ACCRUED LIABILITIES	<u>935,586,307</u>

**9. DEFERRED CREDITS**

252 CUSTOMER ADVANCES FOR CONSTRUCTION	23,926,275
253 OTHER DEFERRED CREDITS	155,443,594
254 OTHER REGULATORY LIABILITIES	1,068,596,976
255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	28,482,509
257 UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	5,201,256
282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	521,157,360
283 ACCUMULATED DEFERRED INCOME TAXES - OTHER	<u>124,243,462</u>
TOTAL DEFERRED CREDITS	<u>1,927,051,432</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u><u>\$7,837,435,936</u></u>

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2007**

**1. UTILITY OPERATING INCOME**

400	OPERATING REVENUES		\$2,914,453,325
401	OPERATING EXPENSES	\$1,906,205,153	
402	MAINTENANCE EXPENSES	146,381,639	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	300,972,852	
408.1	TAXES OTHER THAN INCOME TAXES	62,963,269	
409.1	INCOME TAXES	178,631,455	
410.1	PROVISION FOR DEFERRED INCOME TAXES	58,858,191	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(87,727,718)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,800,000)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	<u>(1,875,781)</u>	
	TOTAL OPERATING REVENUE DEDUCTIONS		<u>2,561,609,060</u>
	NET OPERATING INCOME		352,844,265

**2. OTHER INCOME AND DEDUCTIONS**

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(463,459)	
418	NONOPERATING RENTAL INCOME	411,774	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	28,946,576	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	16,773,673	
421	MISCELLANEOUS NONOPERATING INCOME	2,791,079	
421.1	GAIN ON DISPOSITION OF PROPERTY	<u>-</u>	
	TOTAL OTHER INCOME	<u>48,459,643</u>	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	<u>932,651</u>	
	TOTAL OTHER INCOME DEDUCTIONS	<u>932,651</u>	
408.2	TAXES OTHER THAN INCOME TAXES	318,039	
409.2	INCOME TAXES	(4,039,894)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	2,458,264	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	<u>(222,554)</u>	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>(1,486,145)</u>	
	TOTAL OTHER INCOME AND DEDUCTIONS		<u>50,878,439</u>
	INCOME BEFORE INTEREST CHARGES		403,722,704
	NET INTEREST CHARGES*		<u>115,997,643</u>
	NET INCOME		<u><u>\$287,725,061</u></u>

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (6,642,159)

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2007**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$797,169,413
NET INCOME (FROM PRECEDING PAGE)	287,725,061
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(4,819,669)
OTHER RETAINED EARNINGS ADJUSTMENTS	<u>(1,401,975)</u>
RETAINED EARNINGS AT END OF PERIOD	<u>\$1,078,672,830</u>

# **ATTACHMENT D**

## SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of December 31, 2007

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE
<b>INTANGIBLE ASSETS</b>			
301	Organization	\$ 76,457	\$ -
302	Franchise and Consents	532,578	
	Total Intangible Assets	<u>\$ 609,035</u>	<u>\$ -</u>
<b>UNDERGROUND STORAGE:</b>			
350	Land	\$ 5,150,548	\$ -
350	Storage Rights	17,649,213	16,275,872
350	Rights-of-Way	25,354	11,648
351	Structures and Improvements	31,798,988	16,654,700
352	Wells	185,145,225	121,411,115
353	Lines	81,300,145	90,437,578
354	Compressor Station and Equipment	102,124,155	66,917,174
355	Measuring And Regulator Equipment	4,652,555	1,232,488
356	Purification Equipment	76,998,518	56,253,869
357	Other Equipment	8,213,356	2,340,420
	Total Underground Storage	<u>\$ 513,058,059</u>	<u>\$ 371,534,864</u>
<b>TRANSMISSION PLANT- OTHER:</b>			
365	Land	\$ 2,666,000	\$ -
365	Land Rights	20,456,148	12,445,453
366	Structures and Improvements	28,064,131	19,688,289
367	Mains	885,293,157	473,989,787
368	Compressor Station and Equipment	173,180,269	91,819,152
369	Measuring And Regulator Equipment	41,511,887	24,334,787
371	Other Equipment	3,915,341	1,839,813
	Total Transmission Plant	<u>\$ 1,155,086,933</u>	<u>\$ 624,117,282</u>
<b>DISTRIBUTION PLANT:</b>			
374	Land	\$ 29,277,069	\$ -
374	Land Rights	2,646,609	12,264
375	Structures and Improvements	187,642,657	45,348,267
376	Mains	2,723,135,952	1,511,175,412
378	Measuring And Regulator Equipment	56,247,614	38,246,147
380	Services	1,880,615,264	1,503,206,526
381	Meters	387,704,866	117,899,443
382	Meter Installation	231,579,800	148,467,075
383	House Regulators	106,792,074	42,396,271
387	Other Equipment	22,626,386	18,034,361
	Total Distribution Plant	<u>\$ 5,628,268,291</u>	<u>\$ 3,424,785,765</u>
<b>GENERAL PLANT:</b>			
389	Land	\$ 1,243,021	\$ -
389	Land Rights	74,300	-
390	Structures and Improvements	103,784,503	82,777,301
391	Office Furniture and Equipment	334,751,422	174,092,919
392	Transportation Equipment	1,836,625	1,276,077
393	Stores Equipment	106,344	104,633
394	Shop and Garage Equipment	48,984,775	21,119,954
395	Laboratory Equipment	6,948,704	3,885,532
396	Construction Equipment	94,507	68,556
397	Communication Equipments	64,158,484	29,167,980
398	Miscellaneous Equipment	3,987,669	(2,151,678)

**SOUTHERN CALIFORNIA GAS COMPANY**

Plant Investment and Accumulated Depreciation

As of December 31, 2007

<b>ACCOUNT NUMBER</b>	<b>DESCRIPTION</b>	<b>ORIGINAL COSTS</b>	<b>ACCUMULATED RESERVE</b>
	Total General Plant	<u>\$ 565,970,354</u>	<u>\$ 310,341,274</u>

# **ATTACHMENT E**

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**COST OF PROPERTY AND**  
**DEPRECIATION RESERVE APPLICABLE THERETC**  
**AS OF DECEMBER 31, 2007**

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
<b>ELECTRIC DEPARTMENT</b>			
302	Franchises and Consents	\$ 222,841	\$ 202,900
303	Misc. Intangible Plant	26,878,263	21,540,738
	<b>TOTAL INTANGIBLE PLANT</b>	<b>27,101,104</b>	<b>21,743,638</b>
310.1	Land	14,526,518	46,518
310.2	Land Rights	0	0
311	Structures and Improvements	40,899,464	9,764,455
312	Boiler Plant Equipment	115,839,127	12,331,787
314	Turbogenerator Units	97,698,061	12,832,710
315	Accessory Electric Equipment	33,364,110	4,005,025
316	Miscellaneous Power Plant Equipment	18,950,591	1,321,367
	Steam Production Decommissioning	0	0
	<b>TOTAL STEAM PRODUCTION</b>	<b>321,277,871</b>	<b>40,301,862</b>
320.1	Land	0	0
320.2	Land Rights	283,677	283,677
321	Structures and Improvements	268,718,936	265,450,449
322	Boiler Plant Equipment	393,511,631	393,511,631
323	Turbogenerator Units	137,756,920	135,498,300
324	Accessory Electric Equipment	166,938,296	166,732,806
325	Miscellaneous Power Plant Equipment	258,022,543	208,016,121
107	ICIP CWIP	0	5,748,505
	<b>TOTAL NUCLEAR PRODUCTION</b>	<b>1,225,232,003</b>	<b>1,175,241,488</b>
340.1	Land	143,476	0
340.2	Land Rights	2,428	2,428
341	Structures and Improvements	4,421,921	342,528
342	Fuel Holders, Producers & Accessories	15,295,980	932,131
343	Prime Movers	20,824,413	2,051,771
344	Generators	163,319,936	9,426,861
345	Accessory Electric Equipment	9,103,734	730,861
346	Miscellaneous Power Plant Equipment	359,058	35,376
	<b>TOTAL OTHER PRODUCTION</b>	<b>213,470,946</b>	<b>13,521,958</b>
	<b>TOTAL ELECTRIC PRODUCTION</b>	<b>1,759,980,820</b>	<b>1,229,065,308</b>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	\$ 35,194,970	\$ 0
350.2	Land Rights	61,121,952	9,478,972
352	Structures and Improvements	80,918,914	27,008,543
353	Station Equipment	528,563,033	124,382,733
354	Towers and Fixtures	104,682,106	76,783,639
355	Poles and Fixtures	126,723,541	40,358,519
356	Overhead Conductors and Devices	215,753,429	146,936,733
357	Underground Conduit	105,508,143	9,321,337
358	Underground Conductors and Devices	91,483,794	12,396,130
359	Roads and Trails	21,628,728	5,032,573
	<b>TOTAL TRANSMISSION</b>	<b>1,371,578,610</b>	<b>451,699,177</b>
360.1	Land	16,850,971	0
360.2	Land Rights	66,736,155	26,317,813
361	Structures and Improvements	3,271,362	1,824,736
362	Station Equipment	305,374,354	69,108,477
364	Poles, Towers and Fixtures	395,120,520	183,993,354
365	Overhead Conductors and Devices	308,662,885	100,390,553
366	Underground Conduit	770,992,532	296,701,324
367	Underground Conductors and Devices	1,038,237,800	553,909,018
368.1	Line Transformers	381,708,393	62,476,139
368.2	Protective Devices and Capacitors	21,060,282	59,628
369.1	Services Overhead	97,595,120	118,019,819
369.2	Services Underground	265,622,785	158,675,212
370.1	Meters	86,461,721	31,969,452
370.2	Meter Installations	41,738,532	9,830,043
371	Installations on Customers' Premises	6,074,857	9,194,585
373.1	St. Lighting & Signal Sys.-Transformers	0	0
373.2	Street Lighting & Signal Systems	23,518,825	16,890,372
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>3,829,027,094</b>	<b>1,639,360,525</b>
389.1	Land	7,511,040	0
389.2	Land Rights	0	0
390	Structures and Improvements	29,317,937	11,427,532
392.1	Transportation Equipment - Autos	0	49,884
392.2	Transportation Equipment - Trailers	175,979	133,052
393	Stores Equipment	54,331	47,304
394.1	Portable Tools	13,005,844	4,061,549
394.2	Shop Equipment	572,160	340,714
395	Laboratory Equipment	300,344	(39,773)
396	Power Operated Equipment	92,162	149,134
397	Communication Equipment	100,620,725	45,500,154
398	Miscellaneous Equipment	431,093	(36,142)
	<b>TOTAL GENERAL PLANT</b>	<b>152,081,614</b>	<b>61,633,409</b>
101	<b>TOTAL ELECTRIC PLANT</b>	<b>7,139,769,242</b>	<b>3,403,502,057</b>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
<b>GAS PLANT</b>			
302	Franchises and Consents	\$ 86,104	\$ 86,104
303	Miscellaneous Intangible Plant	713,559	574,758
	<b>TOTAL INTANGIBLE PLANT</b>	<b>799,663</b>	<b>660,862</b>
360.1	Land	0	0
361	Structures and Improvements	43,992	43,992
362.1	Gas Holders	0	0
362.2	Liquefied Natural Gas Holders	0	0
363	Purification Equipment	0	0
363.1	Liquefaction Equipment	0	0
363.2	Vaporizing Equipment	0	0
363.3	Compressor Equipment	0	0
363.4	Measuring and Regulating Equipment	0	0
363.5	Other Equipment	0	0
363.6	LNG Distribution Storage Equipment	407,546	358,228
	<b>TOTAL STORAGE PLANT</b>	<b>451,538</b>	<b>402,220</b>
365.1	Land	4,649,144	0
365.2	Land Rights	2,217,185	1,017,259
366	Structures and Improvements	10,874,587	7,557,626
367	Mains	122,184,181	47,618,722
368	Compressor Station Equipment	60,648,818	38,811,290
369	Measuring and Regulating Equipment	16,806,292	10,309,574
371	Other Equipment	0	0
	<b>TOTAL TRANSMISSION PLANT</b>	<b>217,380,208</b>	<b>105,314,472</b>
374.1	Land	102,187	0
374.2	Land Rights	7,928,330	4,981,739
375	Structures and Improvements	43,447	61,253
376	Mains	494,105,437	269,020,089
378	Measuring & Regulating Station Equipment	8,514,938	5,606,064
380	Distribution Services	228,479,160	253,763,680
381	Meters and Regulators	73,022,204	30,516,369
382	Meter and Regulator Installations	58,721,151	22,019,311
385	Ind. Measuring & Regulating Station Equipm	1,531,457	775,340
386	Other Property On Customers' Premises	0	0
387	Other Equipment	4,545,427	4,091,619
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>876,993,739</b>	<b>590,835,464</b>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	\$ 0	\$ 25,503
392.2	Transportation Equipment - Trailers	74,501	74,501
394.1	Portable Tools	6,804,395	2,196,097
394.2	Shop Equipment	84,597	4,342
395	Laboratory Equipment	312,157	(117,388)
396	Power Operated Equipment	162,284	(3,443)
397	Communication Equipment	2,958,618	1,651,648
398	Miscellaneous Equipment	294,233	58,326
	TOTAL GENERAL PLANT	10,690,785	3,889,587
101	TOTAL GAS PLANT	1,106,315,933	701,102,606
<b>COMMON PLANT</b>			
303	Miscellaneous Intangible Plant	172,285,048	144,578,577
350.1	Land	0	0
360.1	Land	0	0
389.1	Land	5,654,409	0
389.2	Land Rights	1,397,590	27,275
390	Structures and Improvements	140,127,168	53,547,088
391.1	Office Furniture and Equipment - Other	23,694,454	11,462,853
391.2	Office Furniture and Equipment - Computer E	42,451,211	28,375,442
392.1	Transportation Equipment - Autos	33,942	(338,930)
392.2	Transportation Equipment - Trailers	33,369	(89,079)
393	Stores Equipment	140,123	(168,430)
394.1	Portable Tools	168,535	3,368
394.2	Shop Equipment	312,954	135,271
394.3	Garage Equipment	2,651,973	718,101
395	Laboratory Equipment	2,460,188	823,055
396	Power Operated Equipment	0	(192,979)
397	Communication Equipment	72,563,444	44,318,089
398	Miscellaneous Equipment	2,924,131	935,024
118.1	TOTAL COMMON PLANT	466,898,540	284,134,725
	TOTAL ELECTRIC PLANT	7,139,769,242	3,403,502,057
	TOTAL GAS PLANT	1,106,315,933	701,102,606
	TOTAL COMMON PLANT	466,898,540	284,134,725
101 & 118.1	TOTAL	8,712,983,714	4,388,739,389
101	PLANT IN SERV-SONGS FULLY RECOVER	\$ (1,167,020,770)	\$ (1,167,020,770)
101	PLANT IN SERV-ELECTRIC NON-RECON Electric	\$ 0	\$ 0

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	Accrual for Retirements		
	Electric	\$ (3,394,214)	\$ (3,394,214)
	Gas	(65,424)	(65,424)
	TOTAL PLANT IN SERV-NON RECON ACC	<u>(3,459,638)</u>	<u>(3,459,638)</u>
	Electric	0	0
	Gas	0	0
	TOTAL PLANT PURCHASED OR SOLD	<u>0</u>	<u>0</u>
105	Plant Held for Future Use		
	Electric	4,420,116	0
	Gas	0	0
	TOTAL PLANT HELD FOR FUTURE USE	<u>4,420,116</u>	<u>0</u>
107	Construction Work in Progress		
	Electric	220,305,156	
	Gas	7,834,114	
	Common	68,738,035	
	TOTAL CONSTRUCTION WORK IN PROGRESS	<u>296,877,305</u>	<u>0</u>
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0	4,600,000
108	Accum. Depr SONGS SGRP Removal		
	Electric	0	1,130,000
108.5	Accumulated Nuclear Decommissioning		
	Electric	0	645,751,481
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	<u>0</u>	<u>645,751,481</u>
120	NUCLEAR FUEL FABRICATION	<u>68,199,160</u>	<u>50,142,988</u>
143	FAS 143 ASSETS - Legal Obligation	112,254,030	(576,412,883)
	FIN 47 ASSETS - Legal Obligation	40,622,045	18,720,244
143	FAS 143 ASSETS - Non-legal Obligation	0	(1,073,581,165)
	TOTAL FAS 143	152,876,075	(1,631,273,805)
	UTILITY PLANT TOTAL	<u>\$ 8,064,875,962</u>	<u>\$ 2,288,609,645</u>

# **ATTACHMENT F**

**SOUTHERN CALIFORNIA GAS COMPANY  
SUMMARY OF EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2007  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$4,325
2	Operating Expenses	<u>4,044</u>
3	Net Operating Income	<u><u>\$281</u></u>
4	Weighted Average Rate Base	\$2,642
5	Rate of Return*	8.68%

\*Authorized Cost of Capital

# **ATTACHMENT G**

**SAN DIEGO GAS & ELECTRIC COMPANY  
SUMMARY OF EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2007  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$2,915
2	Operating Expenses	<u>2,562</u>
3	Net Operating Income	<u><u>\$353</u></u>
4	Weighted Average Rate Base	\$3,999
5	Rate of Return*	8.23%

\*Authorized Cost of Capital

**ADDENDUM A**

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

\_\_\_\_\_  
In the Matter of the Application of Southern )  
California Gas Company (U 904 G) and San Diego )  
Gas & Electric Company (U 902 G) for Approval of )  
their Combined Core Portfolio 2008-09 Winter )  
Hedging Program )  
\_\_\_\_\_

A.08-05-\_\_\_\_\_  
(Filed May 29, 2008)

**SOCALGAS/SDG&E COMBINED CORE PORTFOLIO  
2008/2009 WINTER HEDGING PLAN**

**MOTION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO  
GAS AND ELECTRIC COMPANY (U 902 G) FOR AUTHORITY TO FILE AND  
MAINTAIN CONFIDENTIAL, COMMERCIALY SENSITIVE, PROPRIETARY  
INFORMATION UNDER SEAL AND REQUEST FOR EXPEDITED TREATMENT**

MICHAEL R. THORP

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