

**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 2009-2010 Winter)
Hedging Program)

A.09-04-_____
(Filed April 24, 2009)

**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 2009-2010 WINTER HEDGING PROGRAM**

(PUBLIC VERSION)

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April 24, 2009

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disincentive to hedge at an appropriate level.”³ This treatment is consistent with Commission decisions over the past four 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.⁴ 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.⁵ As a result, SoCalGas and SDG&E core customers are allocated 100% of gains and losses from such hedge transactions.⁶

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.⁷ 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.⁸

In compliance with this requirement, SoCalGas and SDG&E are hereby presenting their proposed SoCalGas/SDG&E Combined Core Portfolio 2009-2010 Winter Hedging Plan for Commission review and approval. SoCalGas has discussed this Application with the Division of

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

⁴ See D.08-09-005 (SoCalGas’ and SDG&E’s combined 2008-2009 winter hedging program); 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); 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 D.07-12-019, mimeo., at 102 (Finding of Fact No. 21).

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

⁷ D.07-12-019, mimeo., at 111-12 (Ordering Paragraph 12).

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

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.

II. RELIEF REQUESTED

The relief requested by SoCalGas and SDG&E in this current Application is straightforward – approval of our proposed Combined Core Portfolio 2009-2010 Winter Hedging Program. As discussed in more detail below, this program is similar to the combined SoCalGas/SDG&E winter hedging program approved by the Commission for the winter of 2008-2009 and the SoCalGas winter hedging programs authorized by the Commission for the winters of 2005-2006, 2006-2007, and 2007-2008. Approval of this program would be consistent with the winter hedging authorizations provided by the Commission each of the last four winters to SoCalGas, SDG&E, and PG&E.

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. Southern California Gas Company (SoCalGas) is hereby authorized to purchase additional hedges for the combined SoCalGas/San Diego Gas & Electric Company (SDG&E) core portfolio in 2009 and 2010 for the 2009-2010 winter, as specified in the 2009-2010 Winter Hedging Plan attached as confidential Addendum A to the Application.
2. Pursuant to Decision (D.) 07-12-019, all costs and benefits associated with the approved SoCalGas/SDG&E combined core portfolio 2009-2010 Winter Hedging Program shall flow directly to SoCalGas’ and SDG&E’s core gas customers.
3. All costs and benefits associated with the approved SoCalGas/SDG&E combined core portfolio 2009-2010 Winter Hedging Program already entered into by SoCalGas at the time of this Decision shall flow directly to SoCalGas’ and SDG&E’s core gas customers.
4. 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.

5. All transactions associated with the approved 2009-2010 Winter 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.
6. SoCalGas is authorized to spend up to \$7 per SoCalGas and SDG&E core customer on average for 2009-2010 winter season, or up to the amount requested in the approved SoCalGas/SDG&E Combined Core Portfolio 2009-2010 Winter Hedging Plan, whichever is lower.
7. SoCalGas shall submit a report to the Energy Division and to the Division of Ratepayer Advocates, no later than April 1, 2010, that provides information about its combined core portfolio 2009-2010 Winter Hedging Program.
8. The cost of SoCalGas' hedging activities on behalf of SoCalGas/SDG&E combined core portfolio shall continue to be calculated and collected as it is currently, through SoCalGas' Purchased Gas Account. 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.
9. The 2009-2010 Winter Hedging Program SoCalGas and SDG&E filed under seal is approved. The maximum hedging costs are not a "budget" that SoCalGas should be trying to fully spend, and maximum volumes being authorized for hedging are not a "target." Rather, the costs and volumes shall be viewed as a maximum "cap" that SoCalGas shall not exceed, and SoCalGas shall make every effort to keep costs low.
10. Applicants' motion for adoption of a protective order is granted.
11. Applicants' motion for authority to file and maintain confidential, commercially sensitive, proprietary information under seal is granted pursuant to the following ordering paragraph.
12. The 2009-2010 Winter Hedging Program tendered under seal as Addendum A to the application shall remain sealed for a period of three years from the effective date of this decision. If SoCalGas or SDG&E believes further protection is needed thereafter, they may file a motion stating the justification for further withholding the material from public inspection at least 30 days before the expiration of this ordering paragraph.

These proposed orders are basically the same as the ordering paragraphs from D.08-09-005, the Commission's decision approving SoCalGas' and SDG&E's combined core 2008-2009 winter hedging program. The only changes are dates and a reduction in the overall per-customer hedging limit per customer from \$13 to \$7.

III. NEED FOR RELIEF

Hedging is a form of insurance that protects ratepayers from price spikes in the natural gas markets.⁹ 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 four winters.

In D.05-10-015, the Commission encouraged "all of the utilities to hedge as it appears most appropriate to protect core customers."¹⁰ 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."¹¹ This reasoning applies with equal force to the upcoming winter.

Like the last four winters, SoCalGas is not proposing to enter into any multi-year hedges in 2009 or 2010. SoCalGas and SDG&E are proposing a maximum expenditure level of \$7 per SoCalGas and SDG&E core customer on average for the 2009-2010 winter season, which is \$6 less than the \$13 per customer maximum expenditure level for each SoCalGas and SDG&E core customer last winter specified in D.08-09-005.¹² As explained in the attached Declaration of James P. Harrigan, SoCalGas' Vice President – Gas Acquisition, the relief requested by SoCalGas in this Application will, if granted by the Commission, enable SoCalGas and

⁹ D.06-08-027, mimeo., at 13.

¹⁰ D.05-10-015, mimeo., at 23; D.05-10-043, mimeo., at 11.

¹¹ D.05-10-015, mimeo., at 15; D.05-10-043, mimeo., at 11.

¹² See D.08-09-005, mimeo., at 8 (Ordering Paragraph No. 6).

SDG&E to secure a significant amount of price protection for their core customers in case natural gas prices spike this winter.¹³

As with the last four 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 four 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.”¹⁴

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, 2007, and 2008 when it provided additional winter natural gas hedging authorization to SoCalGas, SDG&E, and PG&E. Circumstances once again warrant expedited Commission action.

In 2009, natural gas prices have decreased from the last few years. But the potential for high prices and high volatility remains. Although recently prices at the southern California border have been below \$5/MMbtu, less than 12 months ago prices were more than \$12/MMbtu. In this uncertain environment, any sudden, major disruption in natural gas markets (such as that

¹³ Attachment A.

¹⁴ D.05-10-015, mimeo., at 22; D.05-10-043, mimeo., at 13.

caused in 2005 by Hurricanes Katrina and Rita) could 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.”¹⁵

V. HEDGING PLAN

The SoCalGas/SDG&E Combined Core Portfolio 2009-2010 Winter Hedging Plan is similar in substance and approach to the combined SoCalGas/SDG&E winter hedging program approved by the Commission for last winter and the SoCalGas winter hedging programs authorized by the Commission for the winters of 2005-2006, 2006-2007, and 2007-2008. However, because of lower natural gas costs this year, SoCalGas and SDG&E are proposing a winter hedging maximum expenditure level of \$7 per SoCalGas and SDG&E core customer on average for the 2009-2010 winter season, which is \$6 less than the \$13 maximum expenditure level for each SoCalGas and SDG&E core customer last winter specified in D.08-09-005.¹⁶

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.¹⁷ Additional hedging has made sense for SoCalGas, SDG&E, and PG&E core customers the last four winters because of high natural gas prices and price volatility. In the current unsettled and potentially volatile natural gas price environment, SoCalGas’ and SDG&E’s core customers still

¹⁵ D.06-08-027, mimeo., at 13.

¹⁶ D.08-09-005, mimeo., at 8 (Ordering Paragraph No. 6).

¹⁷ See footnote No. 9 above.

need protection against natural gas price spikes. To provide much-needed supplemental protection from possible dramatic natural gas price increases during the winter of 2009-2010, SoCalGas should be authorized to purchase the additional hedges in 2009 and 2010 for the 2009-2010 winter that are outlined in the SoCalGas/SDG&E Combined Core Portfolio 2009-2010 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 2009-2010. Given the real risk of substantial price spikes in this uncertain and potentially volatile 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 2009-2010.

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 2009-2010 Winter Hedging Plan is similar in substance and approach to the combined SoCalGas/SDG&E winter hedging program approved by the Commission for the winter of 2008-2009 and the SoCalGas winter hedging programs authorized by the Commission for the winters of 2005-2006, 2006-2007, and 2007-2008. As a result of the lower natural gas prices and price volatility we have experienced so far this year, the

proposed maximum expenditure level of \$7 per SoCalGas and SDG&E core customer on average for the 2009-2010 winter season is \$6 less than the \$13 maximum expenditure level for each SoCalGas and SDG&E core customer last winter specified in D.08-09-005.

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 SoCalGas' or SDG&E's winter hedging applications in 2007 or their joint application last year.¹⁸ Given the circumstances just noted, hearings should not be necessary this year either.

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	April 24, 2009
Protests	May 8, 2009
SoCalGas/SDG&E Response to Protests	May 15, 2009
Hearings (if necessary)	May 29, 2009
Proposed Decision	June 30, 2009
Commission Decision	July 30, 2009

¹⁸ See D.07-06-027, mimeo., at 5; D.07-07-011, mimeo., at 6; D.08-09-005, mimeo., at 6 and 7 (Conclusion of Law No. 4).

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:

Greg Healy
Regulatory Case Manager
555 West Fifth Street, GT-14D6
Los Angeles, California 90013-1011
Telephone: (213) 244-3314
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E-mail: ghealy@semprautilities.com

with a copy to:

Michael R. Thorp
Attorney for
Southern California Gas Company and
San Diego Gas & Electric Company
555 West Fifth Street, GT-14E7
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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, 2008, and SoCalGas' Income Statement for the three-month period ended December 31, 2008. Attachment C to this Application is SDG&E's Balance Sheet as of December 31, 2008, and SDG&E's Income Statement for the three-month period ended December 31, 2008.

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 2009-2010 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 \$7 per SoCalGas and SDG&E core customer on average for the 2009/2010 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 \$7 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 3 months ended December 31, 2008. Attachment G to this Application is a SDG&E Summary of Earnings for the 3 months ended December 31, 2008.

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.

L. Service and Notice - Rule 1.9

SoCalGas and SDG&E are serving this Application on all parties to A.08-05-038 (SoCalGas' and SDG&E's Combined Core Portfolio 2008-2009 winter hedging application).

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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 24th day of April, 2009, at San Diego, California.

/s/ Lee Schavrien

Lee Schavrien
Senior Vice President
Regulatory & Finance

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **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 2009-2010 WINTER HEDGING PROGRAM** by electronic mail on all known parties of record in A.08-05-038 and by Federal Express to ALJ Pulsifer.

Dated at Los Angeles, California this 5th day of May, 2009.

/s/ Rose Mary Ruiz

Rose Mary Ruiz

CALIFORNIA PUBLIC UTILITIES COMMISSION

Service List - Proceeding: A.08-05-038 - Last changed: December 1, 2008

dakinports@semprautilities.com; mthorp@sempra.com; case.admin@sce.com; gloria.ing@sce.com; cem@newsdata.com; mrw@mrwassoc.com; wmc@a-klaw.com; beg@cpuc.ca.gov; trp@cpuc.ca.gov; rruiz@sempra.com; marywong@semprautilities.com; mcendejas@semprautilities.com;

ATTACHMENT A

DECLARATION

I, James P. Harrigan, declare:

1. I am employed by Southern California Gas Company (“SoCalGas”) as Vice President – Gas Acquisition. In that capacity, I am responsible for the procurement of natural gas for SoCalGas’ and SDG&E’s core customers. I make this declaration in support of SoCalGas’ and SDG&E’s request to the Commission that SoCalGas be authorized to implement the confidential SoCalGas/SDG&E Combined Core Portfolio 2009-2010 Winter Hedging Plan attached to the *Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) for Approval of their Combined Portfolio 2009-2010 Winter Hedging Program* (the “Application”).
2. By this Declaration, I verify that, to my knowledge, the statements contained in the confidential SoCalGas/SDG&E Combined Core Portfolio 2009-2010 Winter Hedging Plan are complete and accurate.
3. The relief requested by SoCalGas and SDG&E in the 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.

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

Dated: April 24, 2009

/s/ James P. Harrigan

James P. Harrigan

ATTACHMENT B

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2008**

1. UTILITY PLANT		<u>2008</u>
101	UTILITY PLANT IN SERVICE	\$8,430,752,898
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	-
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	204,545,489
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,488,100,567)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(16,500,855)
117	GAS STORED-UNDERGROUND	<u>55,521,950</u>
	TOTAL NET UTILITY PLANT	<u>5,186,218,915</u>

2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	122,691,218
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(96,830,362)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	48,035
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>62,994,051</u>
	TOTAL OTHER PROPERTY AND INVESTMENTS	<u>88,902,942</u>

Data from SPL as of March 4, 2009

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2008**

3. CURRENT AND ACCRUED ASSETS		2008
131	CASH	34,537,890
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	93,075
136	TEMPORARY CASH INVESTMENTS	171,180,000
141	NOTES RECEIVABLE	66,058
142	CUSTOMER ACCOUNTS RECEIVABLE	589,511,840
143	OTHER ACCOUNTS RECEIVABLE	15,140,706
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(9,807,180)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	28,850
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	318,645
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	27,493,473
155	MERCHANDISE	-
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	(553,821)
164	GAS STORED	142,793,701
165	PREPAYMENTS	67,043,239
171	INTEREST AND DIVIDENDS RECEIVABLE	208,950
173	ACCRUED UTILITY REVENUES	-
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	21,189,540
175	DERIVATIVE INSTRUMENT ASSETS	11,302,381
176	LONG TERM PORTION OF DERIVATIVE ASSETS - HEDGES	9,818,800
	TOTAL CURRENT AND ACCRUED ASSETS	1,080,366,147
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	6,216,316
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,044,665,728
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	1,682,036
184	CLEARING ACCOUNTS	646,913
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	(56,089,894)
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	30,161,946
190	ACCUMULATED DEFERRED INCOME TAXES	16,723,629
191	UNRECOVERED PURCHASED GAS COSTS	-
	TOTAL DEFERRED DEBITS	1,044,006,674
	TOTAL ASSETS AND OTHER DEBITS	\$ 7,399,494,678

Data from SPL as of March 4, 2009

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2008**

5. PROPRIETARY CAPITAL

	2008
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	630,633,001
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	(28,111,181)
	1,490,134,943
TOTAL PROPRIETARY CAPITAL	

6. LONG-TERM DEBT

221 BONDS	1,350,000,000
224 OTHER LONG-TERM DEBT	12,475,533
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	(2,257,392)
	1,360,218,141
TOTAL LONG-TERM DEBT	

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	92,157,509
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	868,481,615
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230 ASSET RETIREMENT OBLIGATIONS	594,858,110
	1,555,497,234
TOTAL OTHER NONCURRENT LIABILITIES	

Data from SPL as of March 4, 2009

**SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2008**

	2008
231 NOTES PAYABLE	-
232 ACCOUNTS PAYABLE	381,893,985
233 NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	22,756,741
235 CUSTOMER DEPOSITS	114,161,108
236 TAXES ACCRUED	19,163,531
237 INTEREST ACCRUED	16,514,255
238 DIVIDENDS DECLARED	323,266
241 TAX COLLECTIONS PAYABLE	23,334,911
242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	211,633,553
243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244 DERIVATIVE INSTRUMENT LIABILITIES	257,326
245 DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	790,038,676
TOTAL CURRENT AND ACCRUED LIABILITIES	790,038,676

9. DEFERRED CREDITS

252 CUSTOMER ADVANCES FOR CONSTRUCTION	98,181,090
253 OTHER DEFERRED CREDITS	206,904,933
254 OTHER REGULATORY LIABILITIES	1,662,199,907
255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	30,347,348
257 UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATEI	-
282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	190,012,292
283 ACCUMULATED DEFERRED INCOME TAXES - OTHER	15,960,114
	2,203,605,684
TOTAL DEFERRED CREDITS	2,203,605,684
TOTAL LIABILITIES AND OTHER CREDITS	\$ 7,399,494,678

Data from SPL as of March 4, 2009

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2008

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$4,757,443,806
401	OPERATING EXPENSES	\$3,854,474,324	
402	MAINTENANCE EXPENSES	120,202,972	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	279,858,779	
408.1	TAXES OTHER THAN INCOME TAXES	68,792,519	
409.1	INCOME TAXES	58,490,998	
410.1	PROVISION FOR DEFERRED INCOME TAXES	413,241,477	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(330,279,604)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,600,000)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
411.7	LOSS FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		4,462,181,465
	NET OPERATING INCOME		295,262,341

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417	REVENUES FROM NONUTILITY OPERATIONS	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(110,210)	
418	NONOPERATING RENTAL INCOME	338,796	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	7,839,556	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	8,120,440	
421	MISCELLANEOUS NONOPERATING INCOME	470,728	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	16,659,310	
425	MISCELLANEOUS AMORTIZATION	51,820	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	2,138,018	
			2,189,838
408.2	TAXES OTHER THAN INCOME TAXES	91,280	
409.2	INCOME TAXES	(5,766,267)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	8,283,489	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(1,576,454)	
420	INVESTMENT TAX CREDITS	(10,699)	
			1,021,349
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	1,021,349	
	TOTAL OTHER INCOME AND DEDUCTIONS		13,448,123
	INCOME BEFORE INTEREST CHARGES		308,710,464
	NET INTEREST CHARGES*		63,367,605
	NET INCOME		\$245,342,859

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$3,120,341).

**SOUTHERN CALIFORNIA GAS COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2008**

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$586,583,206
NET INCOME (FROM PRECEDING PAGE)	245,342,859
DIVIDEND TO PARENT COMPANY	(200,000,000)
DIVIDENDS DECLARED - PREFERRED STOCK	(1,293,064)
OTHER RETAINED EARNINGS ADJUSTMENT	<hr/>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$630,633,001</u></u>

ATTACHMENT C

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2008

1. UTILITY PLANT		<u>2008</u>
101	UTILITY PLANT IN SERVICE	\$8,800,155,757
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	2,973,017
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	276,187,392
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,039,976,970)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(226,452,636)
118	OTHER UTILITY PLANT	631,201,987
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(136,960,666)
120	NUCLEAR FUEL - NET	<u>41,199,368</u>
TOTAL NET UTILITY PLANT		<u>5,348,327,249</u>
 2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	5,849,836
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(481,512)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>602,013,834</u>
TOTAL OTHER PROPERTY AND INVESTMENTS		<u>607,382,158</u>

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2008**

3. CURRENT AND ACCRUED ASSETS		2008
131	CASH	7,502,232
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	3,000
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	571,359
142	CUSTOMER ACCOUNTS RECEIVABLE	179,709,688
143	OTHER ACCOUNTS RECEIVABLE	30,146,627
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,941,518)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	38,405,829
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	8,670,505
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	61,482,768
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	398,438
165	PREPAYMENTS	35,299,074
171	INTEREST AND DIVIDENDS RECEIVABLE	31,400
173	ACCRUED UTILITY REVENUES	48,868,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	(100)
175	DERIVATIVE INSTRUMENT ASSETS	47,976,067
	TOTAL CURRENT AND ACCRUED ASSETS	455,123,369
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	20,093,163
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,509,933,322
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	111,999,883
184	CLEARING ACCOUNTS	(309,587)
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	3,524,093
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	30,372,943
190	ACCUMULATED DEFERRED INCOME TAXES	266,036,665
	TOTAL DEFERRED DEBITS	1,941,650,482
	TOTAL ASSETS AND OTHER DEBITS	8,352,483,258

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2008**

5. PROPRIETARY CAPITAL		2008
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	1,417,747,578
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	(12,340,426)
TOTAL PROPRIETARY CAPITAL		2,621,493,171
6. LONG-TERM DEBT		
221	BONDS	1,636,905,000
223	ADVANCES FROM ASSOCIATED COMPANIES	-
224	OTHER LONG-TERM DEBT	253,720,000
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	(2,673,450)
TOTAL LONG-TERM DEBT		1,887,951,550
7. OTHER NONCURRENT LIABILITIES		
227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	29,242,420
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	423,712,774
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230	ASSET RETIREMENT OBLIGATIONS	553,771,574
TOTAL OTHER NONCURRENT LIABILITIES		1,006,726,768

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2008**

8. CURRENT AND ACCRUED LIABILITES		2008
231	NOTES PAYABLE	-
232	ACCOUNTS PAYABLE	263,930,255
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	14,783,977
235	CUSTOMER DEPOSITS	52,675,790
236	TAXES ACCRUED	2,559,478
237	INTEREST ACCRUED	31,750,737
238	DIVIDENDS DECLARED	1,204,917
241	TAX COLLECTIONS PAYABLE	8,734,423
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	214,666,462
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244	DERIVATIVE INSTRUMENT LIABILITIES	335,032,279
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	2,237,580
TOTAL CURRENT AND ACCRUED LIABILITIES		927,575,898
9. DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	19,443,844
253	OTHER DEFERRED CREDITS	175,846,372
254	OTHER REGULATORY LIABILITIES	820,463,834
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	26,357,509
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATEI	5,201,256
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	624,480,776
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	236,942,280
TOTAL DEFERRED CREDITS		1,908,735,871
TOTAL LIABILITIES AND OTHER CREDITS		\$8,352,483,258

Data from SPL as of March 5, 2009

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2008

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$3,314,028,588
401	OPERATING EXPENSES	\$2,239,372,668	
402	MAINTENANCE EXPENSES	140,602,207	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	297,761,071	
408.1	TAXES OTHER THAN INCOME TAXES	68,707,433	
409.1	INCOME TAXES	44,732,397	
410.1	PROVISION FOR DEFERRED INCOME TAXES	232,044,540	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(120,827,173)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,125,000)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	(3,157,081)	
	TOTAL OPERATING REVENUE DEDUCTIONS		2,897,111,062
	NET OPERATING INCOME		416,917,526

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(70,836)	
418	NONOPERATING RENTAL INCOME	394,501	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	14,097,980	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	27,319,884	
421	MISCELLANEOUS NONOPERATING INCOME	1,553,716	
421.1	GAIN ON DISPOSITION OF PROPERTY	-	
	TOTAL OTHER INCOME	43,295,245	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	2,413,387	
	TOTAL OTHER INCOME DEDUCTIONS	2,413,387	
408.2	TAXES OTHER THAN INCOME TAXES	313,437	
409.2	INCOME TAXES	(13,710,906)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	3,938,012	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	165,819	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	(9,293,638)	
	TOTAL OTHER INCOME AND DEDUCTIONS		55,002,270
	INCOME BEFORE INTEREST CHARGES		471,919,796
	NET INTEREST CHARGES*		128,025,379
	NET INCOME		\$343,894,417

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (10,071,740)

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2008

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$1,078,672,830
NET INCOME (FROM PRECEDING PAGE)	343,894,417
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(4,819,669)
OTHER RETAINED EARNINGS ADJUSTMENTS	-
RETAINED EARNINGS AT END OF PERIOD	<u>\$1,417,747,578</u>

ATTACHMENT D

SOUTHERN CALIFORNIA GAS COMPANY

Plant Investment and Accumulated Depreciation

As of December 31, 2008

ACCOUNT NUMBER	DESCRIPTION	ORIGINAL COSTS	ACCUMULATED RESERVE	NET BOOK VALUE
INTANGIBLE ASSETS				
301	Organization	\$ 76,457	\$ -	76,457
302	Franchise and Consents	545,453	-	545,453
	Total Intangible Assets	\$ 621,910	\$ -	\$ 621,910
UNDERGROUND STORAGE:				
350	Land	\$ 5,150,548	\$ -	5,150,548
350	Storage Rights	17,740,334	16,488,591	1,251,742
350	Rights-of-Way	25,354	12,254	13,100
351	Structures and Improvements	32,843,079	16,907,842	15,935,237
352	Wells	198,492,660	129,485,556	69,007,104
353	Lines	82,546,602	91,136,531	(8,589,929)
354	Compressor Station and Equipment	107,780,670	67,099,686	40,680,984
355	Measuring And Regulator Equipment	4,868,546	1,558,311	3,310,236
356	Purification Equipment	78,941,435	56,729,045	22,212,390
357	Other Equipment	12,557,417	2,437,579	10,119,838
	Total Underground Storage	\$ 540,946,645	\$ 381,855,396	\$ 159,091,249
TRANSMISSION PLANT- OTHER:				
365	Land	\$ 2,666,000	\$ -	2,666,000
365	Land Rights	20,456,148	12,885,260	7,570,888
366	Structures and Improvements	29,416,836	20,033,768	9,383,068
367	Mains	953,763,469	483,688,873	470,074,596
368	Compressor Station and Equipment	174,217,593	94,160,931	80,056,662
369	Measuring And Regulator Equipment	44,336,122	24,633,101	19,703,021
371	Other Equipment	3,914,288	1,954,577	1,959,711
	Total Transmission Plant	\$ 1,228,770,456	\$ 637,356,511	\$ 591,413,945
DISTRIBUTION PLANT:				
374	Land	\$ 28,254,507	\$ -	28,254,507
374	Land Rights	2,646,609	12,264	2,634,345
375	Structures and Improvements	197,410,863	48,648,816	148,762,047
376	Mains	2,816,984,425	1,585,334,641	1,231,649,784
378	Measuring And Regulator Equipment	60,929,217	41,499,298	19,429,920
380	Services	1,943,078,215	1,551,980,674	391,097,541
381	Meters	403,312,190	116,473,298	286,838,892
382	Meter Installation	243,429,067	145,508,092	97,920,975
383	House Regulators	109,500,896	44,517,998	64,982,898
387	Other Equipment	22,642,139	18,301,826	4,340,313
	Total Distribution Plant	\$ 5,828,188,130	\$ 3,552,276,907	\$ 2,275,911,223
GENERAL PLANT:				
389	Land	\$ 1,243,021	\$ -	1,243,021
389	Land Rights	74,300	-	74,300
390	Structures and Improvements	111,490,866	92,314,801	19,176,065
391	Office Furniture and Equipment	354,723,182	201,583,557	153,139,626
392	Transportation Equipment	422,609	(219,561)	642,170
393	Stores Equipment	67,916	67,122	794
394	Shop and Garage Equipment	51,229,942	22,345,505	28,884,437
395	Laboratory Equipment	6,650,179	3,915,197	2,734,983
396	Construction Equipment	94,507	68,556	25,951
397	Communication Equipments	58,213,854	27,477,554	30,736,300
398	Miscellaneous Equipment	3,830,321	(1,749,574)	5,579,895
	Total General Plant	\$ 588,040,699	\$ 345,803,157	\$ 242,237,541
	Grand Total	\$ 8,186,567,840	\$ 4,917,291,971	\$ 3,269,275,869

ATTACHMENT E

SAN DIEGO GAS & ELECTRIC COMPANY
COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETC
AS OF DECEMBER 31, 2008

<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	\$ 202,900
303	Misc. Intangible Plant	26,878,263	24,264,198
	TOTAL INTANGIBLE PLANT	27,101,104	24,467,098
310.1	Land	14,526,518	46,518
310.2	Land Rights	0	0
311	Structures and Improvements	42,779,169	11,038,705
312	Boiler Plant Equipment	115,884,317	16,573,821
314	Turbogenerator Units	99,425,091	16,034,531
315	Accessory Electric Equipment	33,388,899	5,100,307
316	Miscellaneous Power Plant Equipment	18,988,284	1,973,814
	Steam Production Decommissioning	0	0
	TOTAL STEAM PRODUCTION	324,992,278	50,767,697
320.1	Land	0	0
320.2	Land Rights	283,677	283,677
321	Structures and Improvements	272,255,875	269,019,435
322	Boiler Plant Equipment	392,828,548	392,828,548
323	Turbogenerator Units	138,179,421	135,506,884
324	Accessory Electric Equipment	166,850,728	166,659,409
325	Miscellaneous Power Plant Equipment	270,074,066	216,200,909
107	ICIP CWIP	0	0
	TOTAL NUCLEAR PRODUCTION	1,240,472,315	1,180,498,863
340.1	Land	143,476	0
340.2	Land Rights	2,428	2,428
341	Structures and Improvements	4,720,452	508,317
342	Fuel Holders, Producers & Accessories	15,295,980	1,467,491
343	Prime Movers	20,824,413	2,895,160
344	Generators	185,474,690	10,289,882
345	Accessory Electric Equipment	9,817,071	1,111,423
346	Miscellaneous Power Plant Equipment	359,058	49,451
	TOTAL OTHER PRODUCTION	236,637,567	16,324,152
	TOTAL ELECTRIC PRODUCTION	1,802,102,160	1,247,590,712

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	\$ 34,598,156	\$ 0
350.2	Land Rights	61,863,995	10,036,656
352	Structures and Improvements	95,041,076	28,552,944
353	Station Equipment	605,285,771	133,601,293
354	Towers and Fixtures	108,000,168	78,845,221
355	Poles and Fixtures	135,091,835	40,515,151
356	Overhead Conductors and Devices	230,467,911	151,781,253
357	Underground Conduit	125,052,734	12,273,899
358	Underground Conductors and Devices	101,955,594	15,009,419
359	Roads and Trails	22,647,414	5,254,381
	TOTAL TRANSMISSION	1,520,004,655	475,870,217
360.1	Land	16,176,228	0
360.2	Land Rights	68,437,315	27,646,563
361	Structures and Improvements	3,304,893	1,826,071
362	Station Equipment	318,008,418	73,401,024
364	Poles, Towers and Fixtures	409,417,131	187,478,987
365	Overhead Conductors and Devices	322,946,381	109,512,275
366	Underground Conduit	815,763,008	305,628,208
367	Underground Conductors and Devices	1,086,530,039	587,020,220
368.1	Line Transformers	406,566,462	70,305,350
368.2	Protective Devices and Capacitors	18,219,475	(2,882,415)
369.1	Services Overhead	102,917,019	119,035,083
369.2	Services Underground	275,835,836	168,895,564
370.1	Meters	90,691,585	33,205,032
370.2	Meter Installations	43,820,879	10,296,369
371	Installations on Customers' Premises	6,181,111	9,638,067
373.1	St. Lighting & Signal Sys.-Transformers	0	0
373.2	Street Lighting & Signal Systems	23,322,948	15,831,286
	TOTAL DISTRIBUTION PLANT	4,008,138,727	1,716,837,685
389.1	Land	7,511,040	0
389.2	Land Rights	0	0
390	Structures and Improvements	29,509,782	12,881,586
392.1	Transportation Equipment - Autos	0	49,884
392.2	Transportation Equipment - Trailers	175,979	145,669
393	Stores Equipment	54,331	49,015
394.1	Portable Tools	14,616,840	4,441,635
394.2	Shop Equipment	372,653	166,438
395	Laboratory Equipment	292,331	(25,022)
396	Power Operated Equipment	92,162	149,134
397	Communication Equipment	107,995,020	49,337,326
398	Miscellaneous Equipment	462,560	5,188
	TOTAL GENERAL PLANT	161,082,696	67,200,854
101	TOTAL ELECTRIC PLANT	7,518,429,342	3,531,966,566

<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	\$ 86,104
303	Miscellaneous Intangible Plant	713,559	574,758
	TOTAL INTANGIBLE PLANT	799,663	660,862
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	372,331
	TOTAL STORAGE PLANT	451,538	416,323
365.1	Land	4,649,144	0
365.2	Land Rights	2,217,185	1,059,394
366	Structures and Improvements	11,011,093	7,945,074
367	Mains	125,397,093	50,340,034
368	Compressor Station Equipment	61,559,688	41,983,909
369	Measuring and Regulating Equipment	18,332,318	11,201,083
371	Other Equipment	0	0
	TOTAL TRANSMISSION PLANT	223,166,521	112,529,494
374.1	Land	102,187	0
374.2	Land Rights	8,018,662	5,208,012
375	Structures and Improvements	43,447	61,253
376	Mains	503,971,152	279,686,499
378	Measuring & Regulating Station Equipment	8,861,891	5,784,745
380	Distribution Services	230,430,437	258,845,795
381	Meters and Regulators	73,549,237	29,431,938
382	Meter and Regulator Installations	59,476,829	22,273,436
385	Ind. Measuring & Regulating Station Equipm	1,516,811	826,974
386	Other Property On Customers' Premises	0	0
387	Other Equipment	5,210,655	4,298,965
	TOTAL DISTRIBUTION PLANT	891,181,307	606,417,618

<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	6,767,145	2,426,871
394.2	Shop Equipment	84,597	11,203
395	Laboratory Equipment	283,094	(26,193)
396	Power Operated Equipment	162,284	16,762
397	Communication Equipment	2,529,266	1,453,168
398	Miscellaneous Equipment	292,071	80,616
	TOTAL GENERAL PLANT	10,192,958	4,062,430
101	TOTAL GAS PLANT	1,125,791,988	724,086,728
COMMON PLANT			
303	Miscellaneous Intangible Plant	187,803,279	157,014,151
350.1	Land	0	0
360.1	Land	0	0
389.1	Land	5,654,409	0
389.2	Land Rights	1,385,339	27,275
390	Structures and Improvements	157,033,998	60,860,200
391.1	Office Furniture and Equipment - Other	26,709,034	12,429,678
391.2	Office Furniture and Equipment - Computer E	22,441,436	15,482,005
392.1	Transportation Equipment - Autos	33,942	(338,930)
392.2	Transportation Equipment - Trailers	33,369	(69,945)
393	Stores Equipment	140,123	(105,459)
394.1	Portable Tools	164,532	8,942
394.2	Shop Equipment	312,954	150,449
394.3	Garage Equipment	2,441,986	811,266
395	Laboratory Equipment	2,463,298	887,916
396	Power Operated Equipment	0	(192,979)
397	Communication Equipment	85,957,027	46,408,940
398	Miscellaneous Equipment	2,003,542	206,592
118.1	TOTAL COMMON PLANT	494,578,269	293,580,102
	TOTAL ELECTRIC PLANT	7,518,429,342	3,531,966,566
	TOTAL GAS PLANT	1,125,791,988	724,086,728
	TOTAL COMMON PLANT	494,578,269	293,580,102
101 & 118.1	TOTAL	9,138,799,598	4,549,633,396
101	PLANT IN SERV-SONGS FULLY RECOVER	\$ (1,164,131,236)	\$ (1,164,131,236)
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	\$ (7,457,229)	\$ (7,457,229)
	Gas	(203,215)	(203,215)
	TOTAL PLANT IN SERV-NON RECON ACC	<u>(7,660,443)</u>	<u>(7,660,443)</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	2,973,017	0
	Gas	0	0
	TOTAL PLANT HELD FOR FUTURE USE	<u>2,973,017</u>	<u>0</u>
107	Construction Work in Progress		
	Electric	270,318,132	
	Gas	12,349,681	
	Common	135,843,266	
	TOTAL CONSTRUCTION WORK IN PROGRESS	<u>418,511,078</u>	<u>0</u>
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0	304,946
108	Accum. Depr SONGS SGRP Removal		
	Electric	0	2,359,000
108.5	Accumulated Nuclear Decommissioning		
	Electric	0	521,936,451
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	<u>0</u>	<u>521,936,451</u>
120	NUCLEAR FUEL FABRICATION	<u>97,538,885</u>	<u>62,819,937</u>
143	FAS 143 ASSETS - Legal Obligation	126,668,513	(446,809,575)
	FIN 47 ASSETS - Legal Obligation	30,046,366	12,389,446
143	FAS 143 ASSETS - Non-legal Obligation	0	(1,094,055,201)
	TOTAL FAS 143	156,714,879	(1,528,475,330)
	UTILITY PLANT TOTAL	<u>\$ 8,642,745,777</u>	<u>\$ 2,436,786,720</u>

ATTACHMENT F

**SOUTHERN CALIFORNIA GAS COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$4,757
2	Operating Expenses	<u>4,462</u>
3	Net Operating Income	<u><u>\$295</u></u>
4	Weighted Average Rate Base	\$2,702
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, 2008
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,314
2	Operating Expenses	<u>2,897</u>
3	Net Operating Income	<u><u>\$417</u></u>
4	Weighted Average Rate Base	\$4,050
5	Rate of Return*	8.40%

*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 2009-10 Winter)
Hedging Program)

A.09-04-_____
(Filed April 24, 2009)

**SOCALGAS/SDG&E COMBINED CORE PORTFOLIO
2009/2010 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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