

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012.

A.10-12-005
(Filed December 15, 2010)

Application of Southern California Gas Company (U904G) for authority to update its gas revenue requirement and base rates effective on January 1, 2012.

A.10-12-006
(Filed December 15, 2010)

Application 10-12-006
Exhibit No.: (SCG-25-R)

REVISED
PREPARED DIRECT TESTIMONY OF
PATRICK D. MOERSEN
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

JULY 2011



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CHANGE LOG

1 The utility owning the shared asset bills the other companies using allocation
2 percentages, which are based on factors that reflect the usage level of the asset by the other
3 companies. These utilization factors will vary depending upon the asset. For example, a
4 software project for a specific customer process may utilize the number of customers as the
5 measure of utilization, whereas, a software project which is used internally may rely upon a
6 count of the number of employees using the software.

7 These allocation percentages are reviewed annually and are adjusted as needed in
8 accordance with the Shared Asset Policy if there are material changes to the business activities.
9 This review is conducted by the organization responsible for the asset and is coordinated by the
10 Affiliate Billing and Costing organization. If necessary, the allocation percentage will change to
11 ensure each utility and affiliate is charged the appropriate level of costs.

12 The corporate reorganization that was effective on April 2010 as described in the testimony of
13 Anne Smith (Exhibit SCG-01) did not have an impact on the Shared Asset Policy as discussed in
14 this testimony. However, it does constitute a material change to SCG's business activities, and
15 as such, will result in a review of the shared asset allocation percentages in 2011.

16 Once the asset is initially capitalized, it will remain on the utility's records even though
17 the utilization factor may change in the future. This removes the undue administrative burden
18 and associated costs (such as incremental sales tax) caused by transferring the asset from one
19 utility to the other. Therefore, if an asset is originally placed on SCG's records but usage of the
20 asset subsequently declines below 50%, SCG will nonetheless remain the owner of such asset.
21 Any additions to a shared asset will be recorded on the owner's financial records where the
22 original asset is recorded.

23 **III. SHARED ASSET BILLING**

24 SCG's shared assets consist primarily of facilities, computer hardware and software, and
25 communication (telecommunication infrastructure) plant. SCG charges the Sempra Energy
26 affiliates for the use of these assets by developing a capital revenue requirement. This revenue
27 requirement is retained by SCG or billed to other entities according to the particular allocation
28 methodology chosen for each asset to distribute the costs.

29 In developing the revenue requirement, the shared assets are placed into asset categories.
30 Assets listed in these categories include those that are currently in service, as well as the

1 forecasted additions as requested in this General Rate Case (GRC) proceeding through Test Year
2 2012 (TY2012). For SCG, the shared assets are classified into the following categories:

3 ■ Structures and Improvements

4 ■ Computer Hardware

5 ■ Computer Software

6 ○ 2-4 year life

7 ○ 5-8 year life

8 ○ 9-12 year life

9 ○ 15 year life

10 ■ Communications

11 ■ Miscellaneous

12 For each asset category, an annual weighted-average rate base is calculated. A return on
13 rate base, state and federal income taxes, estimated depreciation expense, and property taxes are
14 derived from that information, resulting in a total revenue requirement. The Appendix to this
15 testimony provides further details for the shared asset rate base calculations. The various
16 revenue requirement components are determined and sponsored by other GRC witnesses.¹

17 Once the billable charges (i.e., revenue requirements) for the asset categories are
18 determined, they are apportioned to the appropriate Sempra Energy affiliates using the allocation
19 percentages. As discussed earlier, the allocation percentages are based on utilization factors
20 developed specifically for each forecasted project by the sponsoring witness. The allocation
21 percentages have been weighted by the net book value or estimated project costs to develop
22 composite allocation percentages for the asset classes in the Results of Operations Model (RO).
23 For example, based on the weighted calculations of the various projects, the structures and
24 improvements category may end up with an allocation of 81.12% retained by SCG, 17.6%
25 allocated to SDG&E, and 1.28% allocated to other Sempra affiliates. These percentages are used
26 to determine the amounts to be charged to the appropriate Sempra Energy affiliates.

¹ The total company weighted-average rate base is sponsored by Rate Base witness, Garry G. Yee in Exhibit SCG-26. The calculation of return on rate base percentage is performed in the Results of Operations model and is sponsored by the Summary of Earnings witness, Deborah A. Hiramoto in Exhibit SCG-38. The tax expenses are sponsored by the Taxes witness, Randall G. Rose in Exhibit SCG-28. Finally, depreciation rates are sponsored by the Depreciation witness, Bob Wieczorek in Exhibit SCG-27.

1 When utility charges are billed to Corporate Center, the charges are then billed back to
 2 the utilities and other Sempra Energy affiliates based on a set of allocation percentages
 3 determined by Corporate Center. This process is discussed in the testimony of Bruce A.
 4 Folkmann (Exhibit SCG-17). However, in developing the revenue requirement, a net billing
 5 process is used for shared asset expense allocations to Corporate Center.² With the net billing
 6 process, the percentage allocation of shared asset charges billed to Corporate Center (that would
 7 then be re-allocated and billed out) is already incorporated within the percentage allocations to
 8 SDG&E and Sempra Energy affiliates and retained by SCG. This eliminates a second iteration
 9 required in developing the revenue requirement. In order to reflect this activity for the purposes
 10 of filing the GRC, the weighted allocation percentages for each company are adjusted to reflect
 11 the chargeback of shared asset expenses from Corporate Center.

12 For example, prior to the net billing process, the allocation of computer hardware was
 13 4.89% allocated to Corporate Center, 41.51% allocated to SDG&E, 53.6% retained by SCG, and
 14 0.0% allocated to the Sempra Energy non-regulated affiliates. With the net billing process,
 15 accounting for the results of the Corporate Center charge back process, the allocations would be
 16 adjusted to 0% allocated to Corporate Center, 43.28% allocated to SDG&E, 55.36% retained by
 17 SCG and 1.36% allocated to Sempra Energy non-regulated affiliates. Refer to Table SCG-PDM-
 18 1 below.

19
 20 **Table SCG-PDM-1**
 21 **Example of Net Billing Process on Allocation Percentages**
 22

	Corporate	SDGE	SCG	Non Reg's	Total
Allocation %	4.89%	41.51%	53.60%	0.00%	100.00%
	-4.89%	1.77%	1.76%	1.36%	0.00%
Net Allocation %	0.00%	43.28%	55.36%	1.36%	100.00%

23
 24 This process effectively leaves a zero allocation of shared asset costs to Corporate Center,
 25 with the Corporate Center allocations spread among SCG (retained), SDG&E, and the Sempra
 26 Energy non-regulated affiliates.
 27

² This net billing process, also called the Business Unit Charge Up (BUCU) process, is explained in the Shared Services Billing Policy and Process testimony of Edward J. Reyes in Exhibit SCG-24.

1 Table SCG-PDM-2 reflects the summary of projected revenue requirements from the RO
 2 model related to shared assets by their asset category grouping for TY2012.

3
 4 **Table SCG-PDM-2**
 5 **Summary of Shared Asset Revenue Requirements**
 6

7

2012	2012 Test Year (In Thousands)						Allocation \$	
	Weighted Avg Rate Base	Billable Return	Return Grossed Up for FIT & SIT	Annual Deprec. Expense	Annual Property Tax	Total Billable Charges	Retained	Billed
Structures & Improvements	28,875	2,506	4,230	18,276	359	22,864	18,548	4,317
Computer Hardware	79,448	6,896	11,638	26,924	987	39,550	21,895	17,655
Computer Software:								
2-4 Yrs	357	31	52	155	0	208	144	64
5-8 Yrs	55,262	4,797	8,095	16,359	0	24,454	14,589	9,865
9-12 Yrs	117,194	10,172	17,168	13,561	0	30,728	20,317	10,411
15 Yrs	72,378	6,282	10,603	12,062	0	22,665	14,385	8,279
Communications	18,070	1,569	2,647	5,838	225	8,710	4,998	3,711
Miscellaneous	1,027	89	150	0	13	163	117	46
Total	372,611	32,343	54,583	93,175	1,583	149,341	94,994	54,348

8
 9
 10 The total amount billed to the Sempra Energy affiliates as noted above is reflected in the
 11 Miscellaneous Revenues testimony of Todd J. Cahill (Exhibit SCG-32).

12 **IV. DESCRIPTION OF SHARED ASSET CATEGORIES**

13 **A. Structures and Improvements**

14 Structures and Improvements consist primarily of leasehold improvements to the Gas
 15 Company Tower and improvements to the Monterey Park Facilities. The allocations for the
 16 improvements of these assets are based on space studies developed and performed by the
 17 Facilities Management department. These projects are sponsored by the Real Estate, Land &
 18 Facilities witness, James C. Seifert (see Exhibit SCG-14).

19 **B. Computer Hardware and Software**

20 Computer Hardware and Software consists of mainframe, servers, exchange (email) and
 21 SAP Software, among others. Utilization measures for these various assets are tracked, ranging
 22 from number of users (either employees or customers) to the amount of activity used

1 (bandwidth) for each company. The utilization measures determine the allocation percentages.
2 These projects are sponsored by several witnesses. Please refer to Table SCG-PDM-3.

3 **C. Communications**

4 Communication assets include telecommunication infrastructure and network operations
5 equipment. The allocations for these assets are based on the amount of usage by the end users,
6 for example bandwidth. These projects are sponsored by several witnesses. Please refer to
7 Table SCG-PDM-3.

8 **D. Miscellaneous**

9 This category represents all other items that do not fit in the previous categories. This category
10 represents existing assets and does not include any future projects.

11 **V. SUMMARY**

12 Table SCG-PDM-3 reflects the forecasted shared asset projects for 2010 – 2012 with
13 allocation percentages (prior to the netting of Corporate Center charge-back) and the supporting
14 witness.

15 //

16 //

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Table SCG-PDM-3 Forecasted Shared Asset Projects and Allocation Percentages

Project_Name	Percentage Retained By SCG	Percentage Allocated To SDGE	Percentage Allocated To Sempra Corp and Affiliates	Witness
2011 DR Mainframe Hardware Upgrade	51%	43%	6%	Jeff Nichols
Active Directory Refresh	51%	43%	6%	Jeff Nichols
BPS Replacement	55%	40%	5%	Jeff Nichols
C&A Security Operations Management	51%	43%	6%	Jeff Nichols
California Producer	60%	40%	0%	Jeff Nichols
Citrix 6	51%	43%	6%	Jeff Nichols
CSFOE	95%	5%	0%	Jeff Nichols
DC Perimeter 2010	51%	43%	6%	Jeff Nichols
DC Rebuild 2012	51%	43%	6%	Jeff Nichols
Distributed Backup Growth 2010	51%	43%	6%	Jeff Nichols
Distributed Backup Growth 2012	51%	43%	6%	Jeff Nichols
Distributed Storage Growth 2010	51%	43%	6%	Jeff Nichols
Distributed Storage Growth 2011	51%	43%	6%	Jeff Nichols
Distributed Storage Growth 2012	51%	43%	6%	Jeff Nichols
Distributed Storage Resource Management Tool	51%	43%	6%	Jeff Nichols
DS8100 Storage Arrays Refresh 2012	51%	43%	6%	Jeff Nichols
EMF Upgrade	51%	43%	6%	Jeff Nichols
Endpoint Security 2010 SW	51%	43%	6%	Jeff Nichols
Endpoint Security 2011	60%	40%	0%	Jeff Nichols
Endpoint Security HW	51%	43%	6%	Jeff Nichols
Enhance Environmental Tracking System	60%	40%	0%	Jeff Nichols
Enterprise Command Center Display	60%	40%	0%	Jeff Nichols
Enterprise Encryption 2010 HW	51%	43%	6%	Jeff Nichols
Enterprise Encryption 2010 SW	51%	43%	6%	Jeff Nichols
Enterprise Encryption 2011	51%	43%	6%	Jeff Nichols
Enterprise Encryption 2011 SW	51%	43%	6%	Jeff Nichols
Enterprise Encryption 2012 HW	51%	43%	6%	Jeff Nichols
Enterprise Encryption 2012 SW	51%	43%	6%	Jeff Nichols
ESM Capacity Planning	51%	43%	6%	Jeff Nichols
ESM Enhancement	51%	43%	6%	Jeff Nichols
ESM Event Management	51%	43%	6%	Jeff Nichols
ESM Service Monitoring	51%	43%	6%	Jeff Nichols
E-Sourcing, Contract Lifecycle Management	60%	40%	0%	Jeff Nichols
GCT Lease Renegotiation	79%	15%	6%	Jim Seifert
Govern Risk & Complainance HW	51%	43%	6%	Jeff Nichols
Govern Risk & Compliance 2011 HW	51%	43%	6%	Jeff Nichols
Govern Risk & Compliance SW	51%	43%	6%	Jeff Nichols
GRC Model Development	60%	40%	0%	Jeff Nichols
i3 Ph 2	51%	43%	6%	Jeff Nichols
i3 Ph 3	51%	43%	6%	Jeff Nichols
IAM Phase 2 HW	51%	43%	6%	Jeff Nichols
IAM Phase 2 SW	51%	43%	6%	Jeff Nichols
IAM Phase 3	51%	43%	6%	Jeff Nichols
IEO Small Cap	51%	43%	6%	Jeff Nichols
JDK/WLS/WLP Upgrade	60%	40%	0%	Jeff Nichols
JDK/WLS/WLP Upgrade - Envoy Rules Engine	60%	40%	0%	Jeff Nichols
JDK/WLS/WLP Upgrade 2	60%	40%	0%	Jeff Nichols
JDK/WLS/WLP Upgrade 3	60%	40%	0%	Jeff Nichols
LINUX/UNIX Server Refresh Ph 5	51%	43%	6%	Jeff Nichols
LINUX/UNIX Server Refresh Ph 6	51%	43%	6%	Jeff Nichols
Logistics Mobile Refresh & Expansion	60%	40%	0%	Jeff Nichols
M4 Fleet Application Replacement	60%	40%	0%	Jeff Nichols
Mainframe Hardware Upgrade	51%	43%	6%	Jeff Nichols
Mainframe Storage Growth 2011	51%	43%	6%	Jeff Nichols
Master Data Management HW	51%	43%	6%	Jeff Nichols
Master Data Management SW	51%	43%	6%	Jeff Nichols
MCS Improvement Project	60%	40%	0%	Jeff Nichols
Messaging Project	60%	40%	0%	Jeff Nichols
Meta Data Repository HW	51%	43%	6%	Jeff Nichols
Meta Data Repository SW	51%	43%	6%	Jeff Nichols
Microwave Refresh 1	60%	40%	0%	Jeff Nichols
Microwave Refresh 2	60%	40%	0%	Jeff Nichols
Microwave Refresh3	60%	40%	0%	Jeff Nichols

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Project Name	Percentage Allocated			Witness	
	Percentage Retained By SCG	Percentage Allocated To SDGE	To Sempra Corp and Affiliates		
MPK Data Center Generators		80%	18%	2%	Jim Seifert
MPK Data Center Master Plan - Bldg C Server Room Expansion		80%	18%	2%	Jim Seifert
MPK Exterior Site Improvement		80%	18%	2%	Jim Seifert
MPK Server Room 2010		51%	43%	6%	Jeff Nichols
MPK Server Room 2011		51%	43%	6%	Jeff Nichols
MPK Server Room 2012		51%	43%	6%	Jeff Nichols
NCS Telecom Small Cap		51%	43%	6%	Jeff Nichols
NCS Network Small Cap		51%	43%	6%	Jeff Nichols
Network Middleware Refresh		51%	43%	6%	Jeff Nichols
Next Generation Envoiy		60%	40%	0%	Jeff Nichols
NMS Refresh 2011		60%	40%	0%	Jeff Nichols
NMS Refresh 2012		60%	40%	0%	Jeff Nichols
OpEx 20/20 Asset Management & Smart Grid - GIS Software		64%	36%	0%	Richard Phillips
OpEx 20/20 Asset Management & Smart Grid - GIS Software Phase 1 2011		64%	36%	0%	Richard Phillips
OpEx 20/20 Asset Management & Smart Grid - GIS Software Trailing Charges for 2012		64%	36%	0%	Richard Phillips
OpEx 20/20 Customer Care - ICE Self Service - IVR		75%	25%	0%	Richard Phillips
OpEx 20/20 Customer Care - ICE Self Service HBA		75%	25%	0%	Richard Phillips
OpEx 20/20 Customer Care - Ice Self Service IVR		75%	25%	0%	Richard Phillips
OpEx 20/20 Customer Care - Operational Insight Analytics		75%	25%	0%	Richard Phillips
OpEx 20/20 Customer Care - Single View of the Customer		75%	25%	0%	Richard Phillips
OpEx 20/20 Customer Care - Single View of the Customer		75%	25%	0%	Richard Phillips
OpEx 20/20 Enterprise PMO 2010		70%	30%	0%	Richard Phillips
OpEx 20/20 Enterprise PMO 2011		70%	30%	0%	Richard Phillips
OpEx 20/20 Enterprise PMO 2012		70%	30%	0%	Richard Phillips
OpEx 20/20 Field Force - Construction Phase		70%	30%	0%	Richard Phillips
OpEx 20/20 Field Force - Construction Phase		70%	30%	0%	Richard Phillips
OpEx 20/20 Field Force Forecasting and Scheduling - Phase 1 & 2		63%	37%	0%	Richard Phillips
OpEx 20/20 Field Force Forecasting and Scheduling - Phase 1 & 2		63%	37%	0%	Richard Phillips
OpEx 20/20 Field Force Mobile Enablement - Maintenance and Inspection Phase		73%	27%	0%	Richard Phillips
OpEx 20/20 Field Force Mobile Enablement - Maintenance and Inspection Phase		73%	27%	0%	Richard Phillips
OpEx 20/20 Field Force Work Management - Maintenance and Inspection Phase		63%	37%	0%	Richard Phillips
OpEx 20/20 Field Force Work Management - Maintenance and Inspection Phase		63%	37%	0%	Richard Phillips
OpEx 20/20 IT Enterprise Information & Analytics		70%	30%	0%	Richard Phillips
OpEx 20/20 IT Environments Project - Hardware		70%	30%	0%	Richard Phillips
Oracle Enterprise Environment HW		51%	43%	6%	Jeff Nichols
Physical Layer Refresh		51%	43%	6%	Jeff Nichols
Print Servers Upgrade - HW		51%	43%	6%	Jeff Nichols
Print Servers Upgrade - SW		51%	43%	6%	Jeff Nichols
RB Server Room 2010		51%	43%	6%	Jeff Nichols
RB Server Room 2011		51%	43%	6%	Jeff Nichols
RB Server Room 2012		51%	43%	6%	Jeff Nichols
RB Tape Library Replacement		51%	43%	6%	Jeff Nichols
Records Management Project Phase 1		60%	40%	0%	Jeff Nichols
Records Management Project Phase 2		60%	40%	0%	Jeff Nichols
Safety Performance Management Reporting		49%	44%	7%	Jeff Nichols
SAP (ERP) Upgrade EHP5		55%	40%	5%	Jeff Nichols
SAP BI Software Enterprise Agreement		55%	40%	5%	Jeff Nichols
SAP BI Upgrade		49%	44%	7%	Jeff Nichols
SAP BIA HW		55%	40%	5%	Jeff Nichols
SAP BIA SW		55%	40%	5%	Jeff Nichols
SAP GRC Tools Firefighter		55%	40%	5%	Jeff Nichols
SAP Support Pack 2011		55%	40%	5%	Jeff Nichols
SAP Support Pack 2012		55%	40%	5%	Jeff Nichols
SCG Data Warehouse Infrastructure Upgrade HW		49%	44%	7%	Jeff Nichols
SCG Data Warehouse Infrastructure Upgrade SW		49%	44%	7%	Jeff Nichols
Security Operations Management 2011 HW		51%	43%	6%	Jeff Nichols
Security Operations Management 2011 SW		51%	43%	6%	Jeff Nichols
Security Operations Management 2012 HW		51%	43%	6%	Jeff Nichols
Security Operations Management 2012 SW		51%	43%	6%	Jeff Nichols
Security Small Cap (Blanket)		51%	43%	6%	Jeff Nichols
Sharepoint Phase 3		60%	40%	0%	Jeff Nichols
Sharepoint Refresh		60%	40%	0%	Jeff Nichols
SMS Upgrade		51%	43%	6%	Jeff Nichols
Software Code Security 2011 HW+C13		51%	43%	6%	Jeff Nichols
Software Code Security 2011 SW		51%	43%	6%	Jeff Nichols
Software Code Security 2011A HW		51%	43%	6%	Jeff Nichols
Software Code Security 2011A SW		51%	43%	6%	Jeff Nichols
Software Code Security 2012B HW		51%	43%	6%	Jeff Nichols
Software Code Security 2012B SW		51%	43%	6%	Jeff Nichols
Source to Pay		55%	40%	5%	Jeff Nichols
Test Automation SAP Processes		55%	40%	5%	Jeff Nichols
Various (carved out) MPK Proj (Shared)		80%	18%	2%	Jim Seifert
Voice to Service		60%	40%	0%	Jeff Nichols
Windows 7 Remediation for CCS		51%	43%	6%	Jeff Nichols
Wintel Refresh Phase 5		51%	43%	6%	Jeff Nichols
Wintel Refresh Phase 6		51%	43%	6%	Jeff Nichols
Wired NAC		60%	40%	0%	Jeff Nichols

1 Table SCG-PDM-4 reflects the total miscellaneous revenue (allocated shared asset
2 expenses to the Sempra Energy affiliates) for SCG for 2009 Recorded Year and TY2012.

3
4 **Table SCG-PDM-4**

Shared Asset Miscellaneous Revenue (\$000's)		
2009 Recorded	2012 Test Year	Net Change
19,468	54,348	34,880

5
6
7 The main reason for the increase from 2009 recorded to TY2012 is the spending related to the
8 various Information System projects that support both SCG and Sempra Energy Affiliates. Since
9 these assets are being established on SCG's financial records, a significant revenue requirement
10 is billed to the Sempra Energy Affiliates.

11 As discussed previously, each utility will bill the other utility for the allocation of the
12 revenue requirement for each asset category. Table SCG-PDM-5 reflects the Shared Asset
13 expense allocation billed to SCG from SDG&E for 2009 Recorded and TY2012.

14
15 **Table SCG-PDM-5**

Shared Asset Expense Allocation from SDG&E (\$000's)		
2009 Recorded	2012 Test Year	Net Change
5,910	8,272	2,362

16
17
18 The main reason for the increase in the expense allocation from SDG&E is due to the
19 improvements at the Rancho Bernardo Data Center and several Information System projects that
20 are being established on SDG&E's financial records. The list of projects is identified in my
21 SDG&E Shared Asset Testimony (see Exhibit SDG&E-31, Table SDG&E-PDM-3). The
22 calculation for the shared asset expense can be found in the Appendix to this testimony.

23 This concludes my prepared direct testimony.
24

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Patrick D. Moersen. My business address is 555 W. Fifth Street, Los
3 Angeles, California, 90013. I am employed by Southern California Gas Company (SCG) as the
4 Asset and Project Accounting Manager for SCG. I have been in this position since September
5 2005.

6 I received a Bachelor of Science degree in Business, with an emphasis in Finance from
7 California State University of Northridge. I also received my Masters of Business
8 Administration, with an emphasis in Finance from California Lutheran University. I have been
9 employed by SCG in various positions and responsibilities since 1994. My experience includes
10 Asset and Project Accounting (formerly known as Cost Accounting), Accounts Payable,
11 Financial Planning and Internal Audit.

APPENDIX

SoCalGas Shared Asset Allocation

Billable Costs

2010	Weighted Avg Rate Base	Annual Return	Billable Return	Return Grossed Up for FIT & SIT	Annual Deprec. Expense	Annual Property Tax	Total Billable Charges	Allocation %				Allocation \$							
								Retained	Billed	Retained	Billed	SoCal	SDGE	Affiliate	Total				
Structures & Improvements	7,552	8.68%	656	1,106	11,006	93	12,205	80.9%	19.1%	9,873	2,332	2,287	45	2,332	Structures and Improvements	80.89%	18.74%	0.37%	100%
Computer Hardware	38,191	8.68%	3,315	5,595	15,693	470	21,757	55.4%	44.6%	12,049	9,708	9,388	320	9,708	Computer Hardware	55.38%	43.15%	1.47%	100%
Computer Software:															Computer Software 2-4 Yrs	62.12%	37.83%	0.05%	100%
2-4 Yrs	1,341	8.68%	116	196	753	16	966	62.1%	37.9%	600	366	366	0	366	Computer Software 5-8 Yrs	67.31%	31.84%	0.85%	100%
5-8 Yrs	22,130	8.68%	1,921	3,242	7,031	272	10,545	67.3%	32.7%	7,098	3,447	3,358	90	3,447	Computer Software 9-12 Yrs	68.02%	31.69%	0.29%	100%
9-12 Yrs	25,244	8.68%	2,191	3,698	2,948	310	6,957	68.0%	32.0%	4,732	2,225	2,205	20	2,225	Computer Software 15 Yrs	56.46%	42.35%	1.19%	100%
15 Yrs	36,583	8.68%	3,175	5,359	7,380	450	13,189	56.5%	43.5%	7,447	5,743	5,586	157	5,743	Communications	58.46%	40.18%	1.36%	100%
Communications	2,754	8.68%	239	403	2,261	34	2,698	58.5%	41.5%	1,577	1,121	1,084	37	1,121	Miscellaneous	71.75%	28.25%	0.00%	100%
Miscellaneous	883	8.68%	77	129	0	11	140	71.8%	28.3%	101	40	40	0	40					
Total	134,677	8.68%	11,690	19,729	47,073	1,656	68,458			24,982	24,982	0	24,313	669	24,982				

2011	Weighted Avg Rate Base	Annual Return	Billable Return	Return Grossed Up for FIT & SIT	Annual Deprec. Expense	Annual Property Tax	Total Billable Charges	Allocation %				Allocation \$							
								Retained	Billed	Retained	Billed	SoCal	SDGE	Affiliate	Total				
Structures & Improvements	3,261	8.68%	283	478	11,434	40	11,952	81.0%	19.0%	9,684	2,268	2,144	124	2,268	Structures and Improvements	81.02%	17.94%	1.04%	100%
Computer Hardware	57,115	8.68%	4,958	8,367	20,206	706	29,279	55.5%	44.6%	16,235	13,044	12,648	395	13,044	Computer Hardware	55.45%	43.20%	1.35%	100%
Computer Software:															Computer Software 2-4 Yrs	64.24%	35.76%	0.00%	100%
2-4 Yrs	818	8.68%	71	120	715	10	845	64.2%	35.8%	543	302	302	0	302	Computer Software 5-8 Yrs	62.39%	36.65%	0.96%	100%
5-8 Yrs	34,678	8.68%	3,010	5,080	10,491	429	16,000	62.4%	37.6%	9,982	6,018	5,864	154	6,018	Computer Software 9-12 Yrs	66.56%	33.35%	0.09%	100%
9-12 Yrs	54,837	8.68%	4,760	8,033	6,262	678	14,972	66.6%	33.4%	9,966	5,007	4,993	13	5,007	Computer Software 15 Yrs	59.16%	40.16%	0.68%	100%
15 Yrs	53,145	8.68%	4,613	7,785	9,723	657	18,165	59.2%	40.8%	10,746	7,419	7,295	124	7,419	Communications	56.96%	41.85%	1.19%	100%
Communications	13,729	8.68%	1,192	2,011	4,435	170	6,616	57.0%	43.0%	3,768	2,847	2,769	79	2,847	Miscellaneous	71.75%	28.25%	0.00%	100%
Miscellaneous	1,070	8.68%	93	157	0	13	170	71.8%	28.3%	122	48	48	0	48					
Total	218,652	8.68%	18,979	32,030	63,265	2,703	97,998			36,952	36,952	36,063	889	36,952					

2012	Weighted Avg Rate Base	Annual Return	Billable Return	Return Grossed Up for FIT & SIT	Annual Deprec. Expense	Annual Property Tax	Total Billable Charges	Allocation %				Allocation \$							
								Retained	Billed	Retained	Billed	SoCal	SDGE	Affiliate	Total				
Structures & Improvements	28,875	8.68%	2,506	4,230	18,276	359	22,864	81.1%	18.9%	18,548	4,317	4,024	293	4,317	Structures and Improvements	81.12%	17.60%	1.28%	100%
Computer Hardware	79,448	8.68%	6,896	11,638	26,924	987	39,550	55.4%	44.6%	21,895	17,655	17,117	538	17,655	Computer Hardware	55.36%	43.28%	1.36%	100%
Computer Software:															Computer Software 2-4 Yrs	69.25%	30.75%	0.00%	100%
2-4 Yrs	357	8.68%	31	52	155	0	208	69.3%	30.8%	144	64	64	0	64	Computer Software 5-8 Yrs	59.66%	39.35%	0.99%	100%
5-8 Yrs	55,262	8.68%	4,797	8,095	16,359	0	24,454	59.7%	40.3%	14,589	9,865	9,623	242	9,865	Computer Software 9-12 Yrs	66.12%	33.82%	0.06%	100%
9-12 Yrs	117,194	8.68%	10,172	17,168	13,561	0	30,728	66.1%	33.9%	20,317	10,411	10,392	18	10,411	Computer Software 15 Yrs	63.47%	36.15%	0.38%	100%
15 Yrs	72,378	8.68%	6,282	10,603	12,062	0	22,665	63.5%	36.5%	14,385	8,279	8,193	86	8,279	Communications	57.39%	41.71%	0.90%	100%
Communications	18,070	8.68%	1,569	2,647	5,838	225	8,710	57.4%	42.6%	4,998	3,711	3,633	78	3,711	Miscellaneous	71.75%	28.25%	0.00%	100%
Miscellaneous	1,027	8.68%	89	150	0	13	163	71.8%	28.3%	117	46	46	0	46					
Total	372,611	8.68%	32,343	54,583	93,175	1,583	149,341			54,348	54,348	53,092	1,256	54,348					

CHANGE LOG

Errata Only

Page	Line	Errata Item
PDM-5	18	Changed witness from David G. Taylor to James C. Seifert.
PDM-7 and PDM-8	all	Table SCG-PDM-3 was changed and replaced to reflect new witness (Seifert replaced Taylor).

Tax Relief Act Updates (combined with Errata Items where applicable)

Page	Line	Errata Item (Interim Step)	Tax Relief Act Item (Final)
PDM-5	4	Table SCG-PDM-2 was changed to reflect corrected data.	Table SCG-PDM-2 was changed and replaced to incorporate impacts from Tax Relief Act.
PDM-9	4	Table SCG-PDM-4 was changed to reflect corrected data.	Table SCG-PDM-4 was changed and replaced to incorporate impacts from Tax Relief Act.
PDM-9	15	Table SCG-PDM-5 was changed to reflect corrected data.	Table SCG-PDM-5 was changed and replaced to incorporate impacts from Tax Relief Act.
Appendix		Table in Appendix was changed to reflect corrected data.	Table in Appendix was changed and replaced to incorporate impacts from Tax Relief Act.