

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
San Diego Gas & Electric Company)
for Approval of Incentives Associated With its)
Accomplishments for Demand-Side)
Management Program Year 1995, Energy)
Efficiency Program Year 1999, and Low)
Income Program Years 1998 and 1999 in the)
2000 Annual Earnings Assessment)
Proceeding ("AEAP"))
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(U 902-M))

Application 00-05-_____

APPLICATION
OF
SAN DIEGO GAS & ELECTRIC COMPANY

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May 1, 2000

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APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY

San Diego Gas & Electric Company ("SDG&E") hereby initiates its 2000 Annual Earnings Assessment Proceeding ("AEAP") pursuant to the "Protocols and Procedures For the Verification of Costs, Benefits, and Shareholder Earnings From Demand-Side Management Programs" ("Protocols") for Program Year 1995, pursuant to Resolutions E-3578 and E-3592 addressing Energy Efficiency ("EE") Program Year 1999 ("PY99"), and pursuant to the Case Management Statement of the Office of Ratepayer Advocates ("ORA"), Pacific Gas and Electric Company ("PG&E"), SDG&E, Southern California Edison Company ("SCE"), Southern California Gas Company ("SoCalGas"), and Residential Energy Efficiency Clearing House, Inc. filed on November 2, 1999 and identified as Exhibit 35 ("1999 AEAP Case Management Statement") for the PY98 Low-Income Energy Efficiency ("LIEE") earnings claim.¹ By this AEAP application, SDG&E respectfully requests approval from the California Public Utilities Commission ("Commission") of SDG&E's: (1) third electric and gas earnings claim for performance of its 1995 Demand Side Management ("DSM") programs ("PY95 earnings"), (2) gas

¹ M&E Protocols Adopted by California Public Utilities Commission Decision 93-05-063; revised in January 1997 pursuant to Decisions 94-05-063, 94-10-059, 94-12-021, 95-12-054, 96-12-079, and 99-06-052.

incentives claim for performance of its 1999 gas EE programs, and (3) electric and gas incentives claim for performance of its 1998 and 1999 LIEE programs. SDG&E requests that the total award amount of \$15,952,850 for PY95, PY98, and PY99 accomplishments be recovered through SDG&E's Rewards and Penalties Balancing Accounts ("RPBAs") for its Gas and Electric Departments and transfer \$2,959,194 of electric revenues from the Public Purpose Program Balancing Account to the RPBA for its 1999 non-low-income energy efficiency programs.

I.

OVERVIEW OF INCENTIVES CLAIMS

SDG&E's PY95 third earnings claim is \$9,477,192 plus interest from July 1, 1996, franchise fees and uncollectibles in the amount of \$2,832,299. The revised total estimated lifecycle shareholder incentive earnings for SDG&E's 1995 DSM programs, as calculated based upon SDG&E's Measurement and Evaluation ("M&E") Third/Fourth Year Retention and Performance studies for those programs, are \$36,962,473. This PY95 third earnings claim is the difference between 75% of the revised lifecycle shareholder incentive earnings for 1995 DSM programs and \$18,244,663, the first and second earnings claim for 1995 DSM programs. Set forth in Appendix A hereto is SDG&E's earnings claim summary (Tables E-1, E-2, and E-3) for PY95 earnings.

SDG&E's PY99 EE electric incentives claim is \$2,959,194. Decision (D.) 97-12-103 Ordering Paragraph 10 states that utility performance incentives associated with electric Public Goods Charge ("PGC") funded activities will be funded with PGC funds authorized for energy efficiency programs. No interest, franchise fees and uncollectibles are associated with the PY99 EE electric incentives claim.

SDG&E's PY99 EE gas incentives claim is \$563,656 plus interest from July 1, 2000, franchise fees and uncollectibles in the amount of \$31,485. Appendix C contains SDG&E's PY99 Incentives claim summary tables. Appendix D contains SDG&E's approved PY99 EE performance incentive mechanism. The PY98 LIEE lifecycle

incentives claim is \$85,314. The second earnings claim for the program is \$42,657 (50% of the lifecycle incentives) plus interest from July 1, 1999, franchise fees and uncollectibles in the amount of \$4,885. Decision 98-06-063 ("Order Modifying Resolution E-3515") Ordering Paragraph No. 6 states that the existing incentive mechanism should continue to apply for low-income programs. SDG&E, therefore, applied the incentive mechanism adopted for the low-income Direct Assistance program (DAP) in D.94-10-059 ("Interim Opinion on DSM Shareholder Incentives"). The 1999 AEAP Case Management Statement, however, allowed for a collection of the first 50% of the PY98 LIEE lifecycle incentives claim upon authorization from the 1999 AEAP and for the second 50% to be authorized in the 2000 AEAP upon completion of a statewide first year load impact evaluation of the PY98 LIEE program.

SDG&E's PY99 LIEE lifecycle incentives claim is \$78,765. SDG&E is filing its claim consistent with the PY 98 LIEE earnings collection schedule. SDG&E's first earnings claim in this AEAP is \$39,383 (50% of the lifecycle incentives) plus interest from July 1, 2000, franchise fees and uncollectibles in the amount of \$2,099. SDG&E will file for the second half of its PY99 LIEE incentives in the 2001 AEAP.

Appendix B contains SDG&E's PY98 LIEE incentives claim summary table. Appendix C contains SDG&E's PY99 LIEE incentives claim summary table.

II.

BACKGROUND

The purpose of this annual AEAP filing is to provide regulatory review of: (1) earnings claims from prior year's DSM programs, 1998 LIEE Programs, 1999 EE and LIEE Programs and (2) modifications, if necessary, to the adopted M&E Protocols (as may be proposed by the California Demand Side Management Advisory Committee ("CADMAC")). This AEAP addresses SDG&E's third earnings claim for PY95 earnings, SDG&E's second incentives claim for PY98 LIEE programs, and SDG&E's incentives claims for PY99 EE and LIEE Programs.

A. PY95 THIRD EARNINGS CLAIMS

AEAP applications to claim and recover earnings from prior years' programs are governed specifically by Section I.C. of the Protocols (page 8) and Appendix C of the Protocols. SDG&E's shareholder earnings claims for prior year programs must be formally linked with Chapter VIII of SDG&E's Demand-Side Management Annual Summary and Technical Appendix ("DSM Annual Summary"). Preliminary estimates of the earnings claimed in Chapter VIII were provided to ORA on April 17, 2000. The current DSM Annual Summary is included with this Application as Exhibit SDG&E-2. The final Chapter VIII, which identifies and documents the shareholder earnings claimed presently from SDG&E's performance of its 1995 DSM programs, is contained in Exhibit SDG&E-2.

SDG&E's 1995 DSM programs, and the shareholder incentive mechanisms related thereto, have been established for several years. In Application 91-11-024 (SDG&E's 1993 Test Year General Rate Case application, filed November 1991), SDG&E presented its revenue requirement request for the program years 1993 through 1995. This request included a description of SDG&E's proposed DSM programs and the appropriate shareholder incentive mechanisms. SDG&E's proposed programs and mechanisms were filed as a Joint Recommendation between SDG&E, the Division of Ratepayer Advocates ("DRA"), and the Utility Consumers' Action Network ("UCAN") on June 5, 1992. This Joint Recommendation was adopted, with some minor modifications by the Commission, in Decision 92-12-019 (December 1992).

In Decision 94-10-059 ("Interim Opinion on DSM Shareholder Incentives"), for Program Years 1995 through 1997, the Commission adopted a new shareholder incentive mechanism for SDG&E. Under this shared savings mechanism, shareholders earn at a fixed rate of 30 percent of net resource benefits (ratepayers receive 70 percent of the net resource benefits), with no cap, for both Residential and Nonresidential Portfolios, after meeting the 75 percent minimum performance standards (for the first earnings

claim only). Additionally, there is a cost-effectiveness guarantee, which requires shareholders to compensate ratepayers for 100 percent of any losses in resource benefits. This must be done on a portfolio basis across the four earnings claims. For those DSM programs that provide services where savings are difficult to quantify or that serve equity goals, a performance adder mechanism was adopted. This mechanism essentially allows the utilities to earn 5 percent of expenditures once a minimum performance standard is achieved.

B. PY99 EE PROGRAMS

SDG&E filed Advice Letter ("AL") 1132-E/1124-G requesting approval of its 1999 Energy Efficiency program plans, budgets and performance incentive award mechanism on November 16, 1998, as required by the Assigned Commissioner's Ruling in Rulemaking 98-07-037 dated September 23, 1998. In order to avoid any disruption in program delivery due to the potential delay in the approval of its proposed PY99 programs, SDG&E filed AL 1133-E/1125-G which requested authorization to continue in 1999 the Residential Audit Services, Residential Lighting Fixtures program, Nonresidential New Construction and continue program planning and design activities for the 1999 programs. Resolution E-3581, issued December 17, 1998, granted authorization to undertake these activities through the end of February 1999.

On December 17 and 21, 1998, the California Board for Energy Efficiency ("CBEE") filed preliminary and final recommendations and comments on its review of the utilities' advice letters on their PY99 Energy Efficiency program proposals. Subsequently, the utilities submitted comments in response to the CBEE's filings and provided an alternate performance incentive award mechanism on January 13, 1999.

On February 18, 1999, the Commission issued Resolution E-3589 authorizing month-to-month funding and program delivery, and permitted pre-implementation tasks necessary for timely deployment of the 1999 programs. In addition, the Commission authorized the implementation of the large standard performance contracting ("SPC")

strategy by March 23, 1999, and the small customer SPC strategy was fully operational by April 2, 1999.

SDG&E's AL 1133-E/1125-G PY99 program area budget and revised program budget and January 13, 1999 alternative performance incentive award mechanism for PY99 Energy Efficiency programs was authorized by Resolution E-3578 issued on March 18, 1999. In addition, the resolution adopted uncontested Policy Rule changes as Interim, and also ordered the utilities to file supplemental advice letters providing additional details on the program descriptions by March 25, 1999.

Resolution E-3592, issued on April 1, 1999, adopted the final PY99 utility programs, including plans, budgets and incentive mechanisms. Furthermore, it adopted other changes to the Policy Rules. The resolution, however, did not authorize the MA&E expenditures until the utilities filed additional information on the MA&E activities. Because of the delay in the authorization of the PY99 MA&E expenditures, SDG&E, in its May 5, 1999 Supplemental Advice Letter 1132-E-B/1124-G-B, requested an extension to the submission dates for its Market Effects/ Market Changes baseline study milestones. A letter from the Energy Division dated June 7, 1999, informed the utilities that the Supplemental Advice Letters were considered compliant with Resolution E-3592, with an effective date of June 14, 1999.

A summary of the approved PY99 EE program incentives mechanism is contained in Appendix D.

C. PY98 AND PY99 LIEE PROGRAMS

Decision 98-06-063 ("Order Modifying Resolution E-3515") Ordering Paragraph No. 6 states that the existing incentive mechanism should continue to apply for low-income programs. SDG&E, therefore, applied the incentive mechanism adopted for the low-income Direct Assistance program (DAP) in D.94-10-059 ("Interim Opinion on DSM Shareholder Incentives"). The 1999 AEAP Case Management Statement, however, allowed for a collection of the first 50% of the PY98 LIEE lifecycle incentives claim upon

authorization from the 1999 AEAP and the second 50% to be authorized in the 2000 AEAP upon completion of a statewide first year load impact evaluation of the PY98 LIEE program.

SDG&E is filing its claim for its PY99 LIEE programs consistent with the PY 98 LIEE earnings collection schedule. SDG&E will file for the second half of its PY99 LIEE incentives in the 2001 AEAP.

III.

SUMMARY OF PERFORMANCE

A. PY95 DSM PROGRAMS

The PY95 third earnings claim is \$9,477,192 plus interest from July 1, 1996, franchise fees and uncollectibles in the amount of \$2,832,299. The revised total estimated lifecycle shareholder incentive earnings for SDG&E's 1995 DSM programs, as calculated based upon SDG&E's M&E Third/Fourth Year retention and performance studies for those programs, are \$36,962,473. This PY95 third earnings claim is the difference between 75% of the revised lifecycle shareholder incentive earnings for 1995 DSM programs and \$18,244,663, the first and second earnings claim for 1995 DSM programs. Set forth in Appendix A hereto is SDG&E's earnings claim summary (Tables E-1, E-2, and E-3) for PY95 earnings. The following studies were submitted for review and consideration in the 1999 AEAP in support of the PY94 third earnings claim. SDG&E has incorporated ORA's recommendations based on these studies in the calculation of its third earnings claim for PY95.

1. **Shared Savings and Variable Performance Adder Residential Portfolio**

a. **Residential Weatherization Retrofit Incentive Program**

The earnings claim for this program was updated using the fourth year retention study results from Study ID No. 957.

b. Residential Appliance Efficiency Incentives Program (“RAEI”)

The earnings claim for the lighting end use was updated using the fourth year retention study results from Study ID No. 921.

The earnings claim for the high efficiency refrigeration end use was updated using the fourth year retention study results from Study ID No. 915.

c. Residential New Construction Program (“RNC”)

The earnings claim for this program was updated using the fourth year retention study results from Study ID No. 933.

2. Shared Savings Nonresidential Portfolio

a. Commercial Energy Efficiency Incentives Program (“CEEI”)

The earnings claim for this program was updated using the fourth year retention study results from Study ID Nos. 924 and 960.

b. Industrial Energy Efficiency Incentives Program (“IEEI”)

The earnings claim for this program was updated using the fourth year retention study results from Study ID Nos. 927 and 963.

c. Agricultural Energy Efficiency Incentives Program (“AEEI”)

The earnings claim for this program was updated using the fourth year retention study results from Study ID Nos. 930 and 966.

d. Nonresidential New Construction Program (“NRNC”)

The earnings claim for this program was updated using the fourth year retention study results from Study ID Nos. 936 and 972.

In addition to these retention studies, SDG&E jointly filed with PG&E, SCE, and SoCalGas a set of performance studies used to adjust the lifecycle benefits of a specific set of measures, Study ID Nos. 2023P, 2027P, 2028P, 2031P and 2030P.

B. PY99 EE INCENTIVES

The PY99 EE electric incentives claim is \$3,522,850 and gas incentives claim is \$563,656. D.97-12-103 Ordering Paragraph 10 states that utility incentives associated

with PGC-funded activities will be funded with PGC funds authorized for energy efficiency programs. No interest, franchise fees and uncollectibles are associated with the PY99 EE electric incentives claim. The PY99 gas incentives claim is \$563,656 plus interest from July 1, 2000, franchise fees and uncollectibles in the amount of \$31,485. These incentives awards are a result of SDG&E achieving the Level 1 award for its Base, Market Changes/Market Effects and Administrative milestones, and the Aggressive Implementation award for the Residential and New Construction program areas. The following is a description of SDG&E's performance incentive award mechanism and a discussion of its accomplishments. SDG&E's 1999 performance incentive award mechanism as approved by Resolution E-3578 is included in Appendix A.

Two levels for results (Timing/Activity) were provided for each milestone, with corresponding awards for each level. If a milestone was reached in fewer days than the lower number of days in Level 2, then the Level 1 goal has been reached. If a milestone was reached in more days than the higher number of days in Level 2, then the award is zero for the milestone. The total award amount for Level 1 awards was set at 105% of the awards cap, and the total award amount for Level 2 awards was set at 70% of the awards cap. Unless otherwise indicated, the number of days used in the Timing/Activity levels referred to calendar days.

SDG&E's incentives structure provides milestones for four areas:

- **Base Award** – Milestones in this section focused on the timing of the roll-out of programs, particularly statewide efforts. SDG&E achieved the Level 1 award total of \$1.223 million for its Base Award Milestones.
- **Market Changes/Market Effects** – Milestones were provided for five programs to measure changes in the market associated with program activities. All statistically significant increases contained in the milestones in this section would be at the 90% confidence level. SDG&E achieved the Level 1 award total of \$600,000 for its Market Changes/Market Effects Milestones Award Milestones.

- **Administrative Award** – Milestones in this section addressed performance in processing program activities and results achieved in certain programs. SDG&E achieved the Level 1 award total of \$1.222 million for its Administrative Award Milestones.
- **Aggressive Implementation** – This section of the incentives structure is based on the amount of authorized funds that were spent or committed during 1999. SDG&E achieved a total of \$500,000 from its Residential and New Construction area programs.

Appendix C contains SDG&E's PY99 incentives claim summary tables. A summary of the PY99 incentive mechanism is contained in Appendix D.

C. PY98 LIEE PROGRAMS

The PY98 LIEE lifecycle earnings claim is \$85,314. The incentives are earned on the non-mandatory component of the LIEE program, subject to meeting the minimum performance threshold for the mandatory portion of the program. SDG&E weatherized 8717 homes, which exceeded the forecast of 8500 homes.

The 1999 AEAP Case Management Statement describes the agreement of the parties regarding the collection of the PY98 LIEE incentives. The parties agreed that the PY98 utility incentives would be collected in two installments: 50% to be authorized by the 1999 AEAP for collection in rates in 2000; and the remaining 50% to be authorized after the completion of the PY98 first year statewide load impact evaluation and submitted in the 2000 AEAP for collection in rates in 2001.

SDG&E jointly filed with PG&E, SCE, and SoCalGas the first year load impact evaluation of the PY98 LIEE program on April 17, 2000.

Therefore, consistent with the 1999 AEAP Case Management Statement, SDG&E's second earnings claim for the PY98 LIEE program is \$42,657, plus interest from July 1, 1999 through December 2000, franchise fees and uncollectibles in the amount of \$4,885.

D. PY99 LIEE PROGRAMS

The PY99 LIEE program lifecycle earnings claim is \$78,765. The incentives are earned on the non-mandatory component of the LIEE program, subject to meeting the minimum performance threshold for the mandatory portion of the program. SDG&E weatherized 7861 homes, which exceeds the minimum requirement of achieving 75% of the forecast of 8500 weatherized homes.

SDG&E proposes to collect the PY99 LIEE earnings in two earnings claims: 50% to be authorized in the 2000 AEAP for collection in rates in 2001; and the remaining 50% to be authorized in the 2001 AEAP for collection in rates in 2002. This two-year collection proposal is consistent with the "Joint Recommendation On The Program Year 2000 Low-Income Energy Efficiency Shareholder Incentive Mechanism" submitted on November 10, 1999 and identified as Exhibit 66 in Phase 2 of the 1999 AEAP.

Although both the 1999 AEAP Case Management Statement and the Joint Recommendation on the PY2000 LIEE shareholder mechanism require the submission of a study on the respective program years for the second year claim, SDG&E does not believe that an additional study should be completed for PY99 given that a study was completed on the PY98 program and one is expected to be completed on the PY2000 program.

Therefore SDG&E's first earnings claim for the PY99 LIEE program is \$39,383, plus interest from July 1, 2000 through December 2001, franchise fees and uncollectibles in the amount of \$2,099.

IV.

RECOVERY OF PERFORMANCE INCENTIVES EARNINGS

Amortization of the total shareholder earnings claim for PY95 (which includes applicable interest from July 1, 1996, on PY95 earnings, plus franchise fees and uncollectibles) programs of \$12,309,491, PY98 LIEE programs of \$ 47,542 (which includes applicable interest from July 1, 1999 plus franchise fees and uncollectibles),

and PY99 EE and PY99 LIEE programs of \$3,595,817 (which includes applicable interest from July 1, 2000 plus franchise fees and uncollectibles) will not require SDG&E to change its annual revenue requirements or result in a rate change.

With respect to the electric incentives related to the PY99 energy efficiency, SDG&E will book the electric award of \$2,959,194 to its Rewards and Penalties Balancing Account and transfer \$2,959,194 of electric revenues from the Public Purpose Program Balancing Account for its 1998 non-low income energy efficiency programs. This will not have any impact on electric rates.

With respect to the PY99 energy efficiency gas incentives, SDG&E will book the gas award of \$595,141 to its gas Rewards and Penalties Balancing Account. This will not have any impact on gas rates.

SDG&E therefore requests that the total incentive level for PY95, PY98 and PY99 approved by the Commission be recovered through SDG&E's Rewards and Penalties Balancing Accounts for its Gas and Electric Departments and transfer electric revenues equivalent to the amount adopted by the Commission for PY99 energy efficiency efforts from the Public Purpose Program Balancing Account.

V.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. SCOPING ISSUES – RULE 6

Commission Rule 6(a) (1) requires SDG&E to state in this Application "the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule." SDG&E proposes to categorize this Application as a ratesetting proceeding. SDG&E does not believe hearings will be necessary. The issues to be considered are (1) whether SDG&E's claims for performance incentives requested herein should be approved and (2) whether modifications to the Protocols (as may be proposed by CADMAC in testimony to be filed) should be approved. If hearings

are necessary, this application can proceed according to the schedule proposed in Appendix E.

B. STATUTORY AUTHORITY - RULE 15

This application is made pursuant to Sections 451, 454, 491, 701, 728 and 729 of the Public Utilities Code of the State of California, the Commission's Rules of Practice and Procedure, and prior decisions, orders, and resolutions of this Commission.

C. LEGAL NAME AND CORRESPONDENCE - RULES 15(A) AND 15(B)

San Diego Gas & Electric Company is a public utility organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business and mailing address is 8306 Century Park Court, San Diego, California 92123.

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D. ARTICLES OF INCORPORATION - RULE 16

A certified copy of SDG&E's Restated Articles of Incorporation was filed with the Commission on December 4, 1997 in connection with SDG&E's Application No. 97-12-012 and is incorporated herein by reference.

E. FINANCIAL STATEMENT, BALANCE SHEET, AND INCOME STATEMENT - RULE 23(A)

SDG&E's Financial Statement and Balance Sheet as of December 31, 1999, and Income Statement for the period ended December 31, 1999, are attached to this application as Appendix H.

F. PRESENT AND PROPOSED RATES - RULE 23(B) AND 23(C)

A statement of SDG&E's presently effective and proposed rates for electric and gas service are set forth in Appendices F and G, respectively. SDG&E's current rates and charges for electric and gas service are contained in its electric and gas tariffs and schedules on file with the Commission. These tariffs and schedules are filed with, and made effective by, the Commission in its decision, orders, resolutions, and approvals of advice letter filings made pursuant to Commission General Order 96-A.

G. DESCRIPTION OF PROPERTY AND EQUIPMENT - RULE 23(D)

A general description of SDG&E's property and equipment was previously filed with the Commission in connection with SDG&E's Application No. 96-03-053 and is incorporated herein by reference. A statement of account of the original cost and depreciation reserve attributable thereto is attached to this Application as Appendix I.

H. SUMMARY OF EARNINGS - RULE 23(E) AND (F)

A summary of earnings on a combined basis and by department is included herein as Appendix J.

**I. INDEX TO APPENDICES AND EXHIBITS TO THIS APPLICATION -
RULE 23(G)**

SDG&E's submission in support of this application includes the following, which are incorporated herein by reference.

Appendices to Application:

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| Appendix M | Service List of Potential Interested Parties |

Exhibits to Application:

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| SDG&E-1 | SDG&E AEAP Testimony |
| SDG&E-2 | SDG&E's Demand-Side Management Programs Annual Summary and Technical Appendix, May 1999 ("DSM Annual Summary") |
| SDG&E-3 | SDG&E's Energy Efficiency Programs Annual Summary and Technical Appendix, May 1999 ("EE Annual Summary") |

J. DEPRECIATION - RULE 23(h)

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of

plant properties. For federal income tax accrual purposes the Company generally computes 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, the Company has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, the Company has computed its tax depreciation using the Modified Accelerated Cost Recovery Systems and since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

K. PROXY STATEMENT - RULE 23(I)

A copy of SDG&E's latest Proxy Statement sent to its shareholders dated March 22, 2000 is included herein as Appendix K.

L. STATEMENT PURSUANT TO RULE 23(I)

The increase sought in this application does not reflect and pass through to customers only increased costs to SDG&E for the services or commodities furnished by it.

M. SERVICE OF NOTICE - RULE 24

A list of the cities and counties affected by the rate changes resulting from this application is attached as Appendix L. The State of California is also a customer of SDG&E whose rates would be affected by the proposed revisions. As provided in Rule 24, a notice describing in general terms the proposed revenue increases and rate changes will be mailed to the officials identified in Appendix L. The notice will state that a copy of this application and related attachments will be furnished by SDG&E upon written request.

Within ten days following the filing of this application, SDG&E will publish at least once in a newspaper of general circulation in each county in which the changes pro-

posed here will become effective, a notice, in general terms, of the changes proposed in this application. This notice will state that a copy of this application and related attachments may be examined at the Commission's offices and such offices of SDG&E as are specified in its notice. A similar notice will be included in the regular bills mailed to all customers within 45 days of the filing date of this application.

SDG&E will serve a copy of this application and related Exhibits on all parties of record to the 1999 AEAP proceeding (A.99-05-002) and to members of the Low Income Advisory Board. SDG&E will mail a Notice of Availability of this application and related exhibits to all parties of record in R.98-07-037. The service list for A.99-05-002 and R.98-07-037, identifying potentially interested parties, is Appendix M to this application.

VI.

CONCLUSION

SDG&E respectfully requests the Commission find reasonable and authorize SDG&E's incentives claims and other relief requested herein become effective January 1, 2001, and issue its decision:

1) Finding that under the DSM shareholder incentive mechanisms in effect for the 1995 programs, SDG&E's revised projected lifecycle shareholder earnings claim is \$36,962,473, resulting in a third earnings claim for SDG&E's 1995 DSM programs of \$12,309,491 including interest from July 1, 1996, franchise fees, and uncollectibles; finding that under the 1999 energy efficiency incentives mechanism, SDG&E's claim is \$3,554,335, including gas interest from July 1, 2000, franchise fees and uncollectibles; finding that under the 1999 mechanism for the PY99 LIEE program, SDG&E's claim is \$41,482, including interest from July 1, 2000, franchise fees and uncollectibles; and finding that under the 1998 mechanism, SDG&E's incentive for the LIEE program is \$47,542 including interest from July 1, 1999, franchise fees and uncollectibles;

2) Authorizing the recovery of the PY95, PY98, and PY99 electric and gas awards of \$15,952,850 through SDG&E's electric and gas Rewards and Penalties

Balancing Accounts and the transfer of \$2,959,194 of electric revenues from the Public Purpose Program Balancing Account to the RPBA for SDG&E's 1999 EE programs, all as proposed in this application;

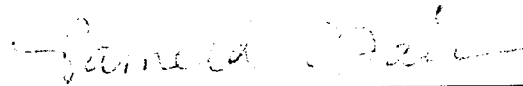
3) Approving the modifications, if any, the Protocols, as may be proposed by CADMAC; and

4) Granting such other, further, or different relief, which this Commission finds to be just and reasonable.

Dated this 1st day of May 2000.

Respectfully submitted,

SAN DIEGO GAS & ELECTRIC COMPANY



Pamela J. Fair
Vice President - Marketing & Customer Services



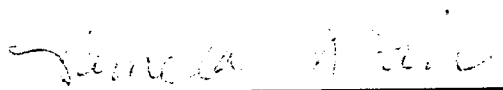
Judith L. Young
Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY

VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. The content of this document is true, except as to matters that are stated on information and belief. As to those matters, I believe them to be true.

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

Executed on May 1, 2000 at San Diego, California.



Pamela J. Fair

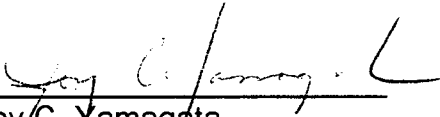
Vice President - Marketing & Customer Services

CERTIFICATE OF MAILING

(NOTICE OF MAILING)

I hereby certify that in compliance with Rule 24 of the Commission's Rules of Practice and Procedures, within ten days after the filing of this "Application" with the Commission, I will cause a notice of the proposed changes in revenues and rates to be mailed to the cities and counties on the attached list.

By:


Joy/C. Yamagata

Date: May 1, 2000

CERTIFICATE OF SERVICE

I hereby certify that a copy of the **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-M)** has been sent to all parties of record in the 1999 AEAP (A.99-05-002) and to members of the Low Income Advisory Board, properly stamped and addressed. I also have sent a Notice of Availability of this Application to all parties of record in R.98-07-037, properly stamped and addressed.

By:


Joy C. Yamagata

Date: May 1, 2000

APPENDIX A
PY95 EARNINGS CLAIM SUMMARY TABLES

**Table TA-8-1 (Table E-1)
Earnings Claim Summary Table: Performance Adder Programs
Program Year: 1995**

| | PERFORMANCE ADDER PROGRAMS | | | | | | | | | | SS & PA GRAND TOTAL |
|--|-------------------------------------|----------|-----------|----------------------------|----------|---------|-------------------|---------------------------|---------|---------|---------------------------|
| | Energy Management Services Programs | | | Direct Assistance Programs | | | PA GRAND TOTAL | SS & PA GRAND TOTAL | | | |
| | REMS | CEMS | | IEMS | AEMS | Total | | | | | |
| | | Non-Mand | Mandatory | | | Total | | | | | |
| Costs and Benefits For Earnings - Forecast (1) (000's \$) | | | | | | | | | | | |
| 1 Measurement Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,340 |
| 2 Administration | \$1,530 | \$2,454 | \$0 | \$0 | \$3,984 | \$563 | \$685 | \$1,249 | \$5,233 | \$5,233 | \$10,333 |
| 3 Program Incentives | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,120 | \$1,898 | \$4,018 | \$4,018 | \$4,018 | \$22,718 |
| 4 Program Costs | \$1,530 | \$2,454 | \$0 | \$0 | \$3,984 | \$2,684 | \$2,563 | \$5,267 | \$9,251 | \$9,251 | \$33,051 |
| 8 Incremental Measure Costs, net (IMCn) | \$101 | \$2,906 | \$0 | \$0 | \$3,007 | \$2,220 | \$1,898 | \$4,118 | \$7,125 | \$7,125 | \$34,535 |
| 9 Resource Benefits, net (RBn) | \$513 | \$4,125 | \$0 | \$0 | \$4,638 | \$1,916 | \$1,329 | \$3,245 | \$7,883 | \$7,883 | \$72,863 |
| Target Earnings | | | | | | | | | | | |
| 16 Target Earnings Rate | 5% | 5% | 5% | 5% | 5% | 5% | N/A | 5% | 5% | 5% | 24% |
| 17 Performance Earnings Basis, at target (PEB) | \$1,530 | \$2,454 | \$0 | \$0 | \$3,984 | \$2,684 | \$1,898 | \$4,582 | \$6,667 | \$6,667 | \$46,737 |
| 18 Target Earnings | \$77 | \$123 | \$0 | \$0 | \$199 | \$134 | \$134 | \$268 | \$333 | \$333 | \$11,095 |
| TRC BCR, with Earnings | 0.30 | 0.75 | 0.00 | 0.00 | 0.00 | 0.66 | 0.00 | 0.59 | 0.62 | 0.62 | 1.30 |
| UC BCR, with Earnings | 0.32 | 1.60 | 0.00 | 0.00 | 0.00 | 0.68 | 0.00 | 0.60 | 0.82 | 0.82 | 1.63 |
| Recorded Measurement Costs (3) | | | | | | | | | | | |
| Recorded Administration | \$1,096 | \$0 | \$0 | \$0 | \$1,096 | \$651 | \$505 | \$1,156 | \$2,252 | \$2,252 | \$12,062 |
| Recorded Program Incentives | \$223 | \$0 | \$0 | \$0 | \$223 | \$1,208 | \$1,783 | \$2,991 | \$2,991 | \$2,991 | \$30,017 |
| Recorded Incremental Measure Costs, net | \$242 | \$0 | \$0 | \$0 | \$242 | \$864 | \$1,469 | \$2,333 | \$2,556 | \$2,556 | \$50,623 |
| Recorded Resource Benefits, net | \$1,096 | \$0 | \$0 | \$0 | \$1,096 | \$944 | \$0 | \$944 | \$1,186 | \$1,186 | \$183,222 |
| Recorded PEB | \$45,665 | \$0 | \$0 | \$0 | \$45,665 | \$1,860 | \$1,860 | \$2,956 | \$2,956 | \$2,956 | \$137,030 |
| Recorded PEB/PEBT (%) (Minimum 75%) | 0.18 | 0.00 | 0.00 | 0.00 | 0.00 | 69.30% | N/A | 69.30% | 44.33% | 44.33% | 293.19% |
| TRC BCR, with Earnings | 0.21 | 0.00 | 0.00 | 0.00 | 0.00 | 0.58 | N/A | 0.26 | 0.24 | 0.24 | 1.85 |
| UC BCR, with Earnings | 0.25 | 0.25 | 0.00 | 0.00 | 0.25 | 0.48 | N/A | 0.22 | 0.22 | 0.22 | 2.34 |
| Earnings Distribution Share (1st Claim) | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% |
| Earnings Claim for Recovery (1st Claim) | \$11 | \$0 | \$0 | \$0 | \$11 | \$29 | N/A | \$29 | \$40 | \$40 | \$9,042 |
| Second Earnings Claim: | | | | | | | | | | | |
| Recorded Measurement Costs (3) | \$22 | \$45 | \$26 | \$9 | \$102 | \$15 | \$0 | \$15 | \$117 | \$117 | \$1,011 |
| Earnings Distribution Share | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| Recorded Earnings for Second Claim | \$23 | \$0 | \$0 | \$0 | \$23 | \$58 | N/A | \$58 | \$81 | \$81 | \$18,245 |
| Earnings Recovered from First Claim | \$11 | \$0 | \$0 | \$0 | \$11 | \$29 | N/A | \$29 | \$40 | \$40 | \$9,042 |
| Recorded Incremental Earnings | \$11 | \$0 | \$0 | \$0 | \$11 | \$29 | N/A | \$29 | \$40 | \$40 | \$9,202 |
| Third Earnings Claim: | | | | | | | | | | | |
| Recorded Measurement Costs (3) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Earnings Distribution Share | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% |
| Recorded Earnings for Third Claim | \$34 | \$0 | \$0 | \$0 | \$34 | \$87 | N/A | \$87 | \$121 | \$121 | \$27,722 |
| Earnings Recovered from First and Second Claims | \$23 | \$0 | \$0 | \$0 | \$23 | \$58 | N/A | \$58 | \$81 | \$81 | \$18,245 |
| Recorded Incremental Earnings | \$11 | \$0 | \$0 | \$0 | \$11 | \$29 | N/A | \$29 | \$40 | \$40 | \$9,477 |
| Fourth Earnings Claim: | | | | | | | | | | | |
| Recorded Measurement Costs (3) | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Earnings Distribution Share | | | | | | | | | | | |
| Recorded Earnings for Fourth Claim | | | | | | | | | | | |
| Earnings Recovered from 1st, 2nd, and 3rd Claims | | | | | | | | | | | |
| Recorded Incremental Earnings | | | | | | | | | | | |
| Total Earnings | \$11 | \$0 | \$0 | \$0 | \$11 | \$29 | N/A | \$29 | \$40 | \$40 | \$9,042 |

See footnotes at end of Appendix E

Table E-1
Earnings Claim Summary Table: Shared Savings Programs
Program Year: 1995

| | SHARED SAVINGS PROGRAMS | | | | | | | | | | | | | | Total w/MC | | | |
|---|---|----------|-----------|----------|---------|-----------|---------|---------------------------|----------|----------|-----------|-----------|-----------|-------|------------|--|--|-----------|
| | Retrofit Energy Efficiency Incentive Programs | | | | | | | New Construction Programs | | | Portfolio | | | Total | | | | |
| | RWRI | RAEI | CEEI | IEEI | AEEI | Total | Res | Nonres | Total | Res | Nonres | Total | | | | | | |
| FORECAST | | | | | | | | | | | | | | | | | | |
| Costs and Benefits For Earnings (000's \$) | | | | | | | | | | | | | | | | | | |
| 1 Measurement Costs | | \$330 | \$780 | | | \$1,110 | \$40 | \$190 | \$230 | \$370 | \$970 | \$1,340 | \$1,340 | | | | | \$1,340 |
| 2 Administration | | \$970 | \$2,960 | | | \$3,930 | \$60 | \$1,110 | \$1,170 | \$1,030 | \$4,070 | \$5,100 | \$5,100 | | | | | \$5,100 |
| 3 Program Incentives | | \$5,700 | \$11,210 | | | \$16,910 | \$680 | \$1,110 | \$1,790 | \$6,380 | \$18,220 | \$18,700 | \$18,700 | | | | | \$18,700 |
| 4 Program Costs | \$0 | \$6,670 | \$14,170 | \$0 | \$0 | \$20,840 | \$740 | \$2,220 | \$2,960 | \$7,410 | \$16,390 | \$23,800 | \$23,800 | | | | | \$23,800 |
| 5 Incremental Measure Costs, net (IMCn) | | \$4,340 | \$15,020 | | | \$19,360 | \$6,930 | \$1,120 | \$8,050 | \$11,270 | \$16,140 | \$27,410 | \$27,410 | | | | | \$27,410 |
| 6 Incremental Measure Costs, net (IMCn) | | \$10,790 | \$44,170 | | | \$54,960 | \$2,100 | \$7,720 | \$9,820 | \$12,890 | \$51,890 | \$64,780 | \$64,780 | | | | | \$64,780 |
| 7 Resource Benefits, net (RBn) | | | | | | | | | | | | | | | | | | |
| Target Earnings (000's \$) | 30.00% | \$0.00% | \$0.00% | \$0.00% | \$0.00% | \$0.00% | 9.00% | 15.10% | 13.41% | 23.82% | 27.52% | 26.86% | 26.86% | | | | | 26.86% |
| 16 Target Earnings Rate (TER) (%) | | \$0.00% | \$27.440 | \$32.480 | \$2.100 | \$7.140 | \$5.490 | \$7.590 | \$40.070 | \$32.930 | \$40.070 | \$40.070 | \$40.070 | | | | | \$40.070 |
| 17 Performance Earnings Basis, at target (PEB) | | \$1,512 | \$8,232 | \$1,018 | \$829 | \$10,744 | \$189 | \$829 | \$1,018 | \$1,701 | \$9,061 | \$10,762 | \$10,762 | | | | | \$10,762 |
| 18 Target Earnings | \$0 | \$1,512 | \$8,232 | \$1,018 | \$829 | \$10,744 | \$189 | \$829 | \$1,018 | \$1,701 | \$9,061 | \$10,762 | \$10,762 | | | | | \$10,762 |
| TRC BCR, with Earnings | | 1.58 | 1.69 | 1.77 | 1.81 | 1.87 | 2.26 | 2.53 | 2.47 | 2.04 | 1.87 | 1.87 | 1.87 | | | | | 1.87 |
| TRC BCR, with Earnings | | 1.32 | 1.97 | | | 1.80 | | | | | | | | | | | | |
| RECORDED - FIRST EARNINGS CLAIM (1995 AEP) | | | | | | | | | | | | | | | | | | |
| Costs and Benefits For Earnings (000's \$) | | | | | | | | | | | | | | | | | | |
| Recorded Measurement Costs | \$0 | \$94 | \$74 | \$0 | \$0 | \$168 | \$40 | \$0 | \$40 | \$134 | \$74 | \$208 | \$208 | | | | | \$208 |
| Recorded Administration | \$111 | \$614 | \$6,429 | \$669 | \$784 | \$7,841 | \$99 | \$1,869 | \$1,968 | \$823 | \$6,987 | \$9,810 | \$9,810 | | | | | \$9,810 |
| Recorded Program Incentives | \$826 | \$15,279 | \$755 | \$1,778 | \$2,504 | \$24,504 | \$487 | \$2,036 | \$2,522 | \$8,945 | \$18,081 | \$27,026 | \$27,026 | | | | | \$27,026 |
| Recorded Incremental Measure Costs, net | \$826 | \$9,981 | \$108,947 | \$9,693 | \$231 | \$144,445 | \$550 | \$26,206 | \$26,756 | \$26,124 | \$145,077 | \$171,201 | \$171,201 | | | | | \$171,201 |
| Recorded Resource Benefits, net | \$1,514 | \$24,060 | \$79,482 | \$7,757 | \$159 | \$102,053 | \$531 | \$20,865 | \$21,395 | \$15,356 | \$108,092 | \$123,448 | \$123,448 | | | | | \$123,448 |
| Recorded PEB/PEB (%) (Minimum 75%) | \$577 | \$14,246 | \$283% | \$2,200% | \$314% | \$2,900% | 25% | 380% | 282% | 215% | 328% | 308% | 308% | | | | | 308% |
| Recorded Earnings | \$173 | \$4,274 | \$23,845 | \$2,276 | \$48 | \$30,616 | \$44 | \$5,410 | \$5,454 | \$4,492 | \$31,578 | \$36,070 | \$36,070 | | | | | \$36,070 |
| TRC BCR, with Earnings | 1.38 | 1.92 | 2.39 | 2.62 | 2.81 | 3.20 | 2.81 | 2.69 | 2.47 | 1.83 | 2.47 | 2.35 | 2.35 | | | | | 2.35 |
| UC BCR, with Earnings | 1.38 | 1.92 | 2.39 | 2.62 | 2.81 | 3.20 | 2.81 | 2.69 | 2.47 | 1.83 | 2.47 | 2.35 | 2.35 | | | | | 2.35 |
| Earnings Distribution Share (1st Claim) | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | | | | | 25% |
| Earnings Claim for Recovery (1st Claim) | \$43 | \$1,069 | \$5,961 | \$569 | \$12 | \$7,654 | \$11 | \$1,352 | \$1,363 | \$1,123 | \$7,895 | \$9,017 | \$9,017 | | | | | \$9,017 |
| Second Earnings Claim: (1997 AEP) | | | | | | | | | | | | | | | | | | |
| Recorded Measurement Costs | \$0 | \$59 | \$503 | \$109 | \$30 | \$700 | \$1 | \$192 | \$193 | \$59 | \$834 | \$893 | \$893 | | | | | \$893 |
| Revised Resource Benefits, net | \$1,514 | \$24,936 | \$117,917 | \$6,024 | \$96 | \$152,489 | \$779 | \$24,209 | \$24,968 | \$27,229 | \$150,246 | \$177,477 | \$177,477 | | | | | \$177,477 |
| Recorded PEB | \$577 | \$15,124 | \$88,452 | \$5,918 | \$25 | \$110,097 | \$331 | \$16,869 | \$17,395 | \$16,233 | \$115,260 | \$131,492 | \$131,492 | | | | | \$131,492 |
| Revised Earnings | \$173 | \$4,537 | \$25,209 | \$1,775 | \$8 | \$31,702 | \$65 | \$4,891 | \$4,955 | \$4,775 | \$33,882 | \$36,658 | \$36,658 | | | | | \$36,658 |
| Earnings Distribution Share (2nd Claim) | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | | | | | 50% |
| Recorded Earnings (for 2nd Claim) | \$87 | \$2,269 | \$12,604 | \$888 | \$4 | \$15,851 | \$32 | \$2,445 | \$2,478 | \$2,388 | \$15,941 | \$18,329 | \$18,329 | | | | | \$18,329 |
| Earnings Recovered from 1st Claim | \$43 | \$1,069 | \$5,961 | \$569 | \$12 | \$7,654 | \$11 | \$1,352 | \$1,363 | \$1,123 | \$7,895 | \$9,017 | \$9,017 | | | | | \$9,017 |
| Recorded Incremental Earnings | \$43 | \$1,200 | \$6,643 | \$319 | (\$8) | \$8,197 | \$21 | \$1,093 | \$1,114 | \$1,265 | \$8,047 | \$9,311 | \$9,311 | | | | | \$9,311 |
| Third Earnings Claim: (2000 AEP) | | | | | | | | | | | | | | | | | | |
| Recorded Measurement Costs | \$0 | \$43 | \$56 | \$27 | \$12 | \$139 | \$6 | \$108 | \$114 | \$49 | \$203 | \$252 | \$252 | | | | | \$252 |
| Revised Resource Benefits, net | \$1,514 | \$26,871 | \$117,907 | \$7,963 | \$98 | \$154,352 | \$779 | \$24,170 | \$24,949 | \$29,164 | \$150,137 | \$179,301 | \$179,301 | | | | | \$179,301 |
| Recorded PEB | \$577 | \$17,059 | \$88,442 | \$5,857 | \$25 | \$111,960 | \$531 | \$18,829 | \$19,360 | \$18,167 | \$113,153 | \$131,320 | \$131,320 | | | | | \$131,320 |
| Revised Earnings | \$173 | \$5,118 | \$25,206 | \$1,757 | \$8 | \$32,261 | \$65 | \$4,881 | \$4,945 | \$5,355 | \$31,851 | \$37,206 | \$37,206 | | | | | \$37,206 |
| Earnings Distribution Share (3rd Claim) | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | | | | | 75% |
| Recorded Earnings (for 3rd Claim) | \$130 | \$3,838 | \$18,904 | \$1,318 | \$6 | \$24,196 | \$48 | \$3,660 | \$3,709 | \$4,017 | \$23,888 | \$27,905 | \$27,905 | | | | | \$27,905 |
| Earnings Recovered from 1st and 2nd Claim | \$87 | \$2,269 | \$12,604 | \$888 | \$4 | \$15,851 | \$32 | \$2,445 | \$2,478 | \$2,388 | \$15,941 | \$18,329 | \$18,329 | | | | | \$18,329 |
| Recorded Incremental Earnings | \$43 | \$1,570 | \$6,300 | \$430 | \$2 | \$8,345 | \$16 | \$1,215 | \$1,231 | \$1,629 | \$7,947 | \$9,576 | \$9,576 | | | | | \$9,576 |
| Fourth Earnings Claim: (2005 AEP) | | | | | | | | | | | | | | | | | | |
| Recorded Measurement Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | \$0 |
| Revised Resource Benefits, net | \$1,514 | \$26,871 | \$117,907 | \$7,963 | \$98 | \$154,352 | \$779 | \$24,170 | \$24,949 | \$29,164 | \$150,137 | \$179,301 | \$179,301 | | | | | \$179,301 |
| Recorded PEB | \$577 | \$17,059 | \$88,442 | \$5,857 | \$25 | \$111,960 | \$531 | \$18,829 | \$19,360 | \$18,167 | \$113,153 | \$131,320 | \$131,320 | | | | | \$131,320 |
| Revised Earnings | \$173 | \$5,118 | \$25,206 | \$1,757 | \$8 | \$32,261 | \$65 | \$4,881 | \$4,945 | \$5,355 | \$31,851 | \$37,206 | \$37,206 | | | | | \$37,206 |
| Earnings Distribution Share (4th Claim) | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | | | | 100% |
| Recorded Earnings (for 4th Claim) | \$173 | \$5,118 | \$25,206 | \$1,757 | \$8 | \$32,261 | \$65 | \$4,881 | \$4,945 | \$5,355 | \$31,851 | \$37,206 | \$37,206 | | | | | \$37,206 |
| Earnings Recovered from 1st, 2nd, and 3rd Claim | \$87 | \$2,269 | \$12,604 | \$888 | \$4 | \$15,851 | \$32 | \$2,445 | \$2,478 | \$2,388 | \$15,941 | \$18,329 | \$18,329 | | | | | \$18,329 |
| Recorded Incremental Earnings | \$43 | \$1,570 | \$6,300 | \$430 | \$2 | \$8,345 | \$16 | \$1,215 | \$1,231 | \$1,629 | \$7,947 | \$9,576 | \$9,576 | | | | | \$9,576 |
| Total Earnings | \$130 | \$3,838 | \$18,904 | \$1,318 | \$6 | \$24,196 | \$48 | \$3,660 | \$3,709 | \$4,017 | \$23,888 | \$27,905 | \$27,905 | | | | | \$27,905 |

Notes:
 [1] For Program Year 1995, earnings for Residential and Nonresidential New Construction Programs include a variable shared savings/performance adder treatment for contracts signed before 10/26/94. (reference A 91-11-024, 1993 Year General Rate Case Joint Recommendation between SOG&E, DRA, and UCAN dated June 5, 1992, and adopted in D.92-12-019 dated December 9, 1992).
 [2] Commercial, Industrial, and Agricultural EEI Programs are combined in the forecast filing under CEEI. No forecast was filed for Residential WRI Programs.
 [3] Measurement costs (\$1,01k) are for load impact evaluations only.
 [4] Measurement costs are included in Recorded Performance Earnings Basis (\$1,101k - 0.3 = \$330.3k), and Earnings Claim for Recovery (\$1,101k - 0.3 * 0.25 = \$62.6k) only at the Portfolio Total, per D 94-10-059

Table E-3

**Components of Resource Benefit Values
 Program Year: 1995 Third Earnings Claim
 Program: RESIDENTIAL WEATHERIZATION RETROFIT INCENTIVES [RWRI]
 (in thousands of 1995 Dollars)**

| Year | Heating | | Cooling | |
|-----------------|---------|--------|---------|----------|
| | kW | Therms | kW | Therms |
| 1995 | 38.29 | 37.67 | 0.222 | 392 |
| 1996 | 38.29 | 37.67 | 0.222 | 392 |
| 1997 | 38.29 | 37.67 | 0.222 | 392 |
| 1998 | 38.29 | 37.67 | 0.222 | 392 |
| 1999 | 38.29 | 37.67 | 0.222 | 392 |
| 2000 | 38.29 | 37.67 | 0.222 | 392 |
| 2001 | 38.29 | 37.67 | 0.222 | 392 |
| 2002 | 38.29 | 37.67 | 0.222 | 392 |
| 2003 | 38.29 | 37.67 | 0.222 | 392 |
| 2004 | 38.29 | 37.67 | 0.222 | 392 |
| 2005 | 20.51 | 17.81 | 0.113 | 199 |
| 2006 | 20.51 | 17.81 | 0.113 | 199 |
| 2007 | 20.51 | 17.81 | 0.113 | 199 |
| 2008 | 20.51 | 17.81 | 0.113 | 199 |
| 2009 | 20.51 | 17.81 | 0.113 | 199 |
| 2010 | 20.51 | 17.81 | 0.113 | 199 |
| 2011 | 20.51 | 17.81 | 0.113 | 199 |
| 2012 | 20.51 | 17.81 | 0.113 | 199 |
| 2013 | 20.51 | 17.81 | 0.113 | 199 |
| 2014 | 20.51 | 17.81 | 0.113 | 199 |
| 2015 | 20.51 | 17.81 | 0.113 | 199 |
| 2016 | 20.51 | 17.81 | 0.113 | 199 |
| 2017 | 20.51 | 17.81 | 0.113 | 199 |
| 2018 | 20.51 | 17.81 | 0.113 | 199 |
| 2019 | 20.51 | 17.81 | 0.113 | 199 |
| SUM (Lifecycle) | 587.98 | 554.75 | 0.222 | 5,902.48 |
| PV | 26,304 | 136 | 133 | 265 |

| kW | Heating | | Cooling | |
|------------|---------|--------|---------|--------|
| | kWh | Therms | kWh | Therms |
| \$ | 2,896 | 2,896 | 2,621 | 2,621 |
| \$ | 76 | 393 | 349 | 695 |
| \$ | 1.00 | 1.00 | 1.00 | 1.00 |
| \$ | 76 | 393 | 349 | 695 |
| Study ID # | | | | |
| N/A | | | | |
| N/A | | | | |
| N/A | | | | |
| N/A | | | | |

of Units:
 Resource Benefit (\$000, gross):
 Net-to-Gross Ratio:
 Resource Benefit (\$000, net):
 Impact Study References:
 Study used for Forecast
 Required 1st Yr LI Study, 2nd Claim
 Required Persistence, 3rd Claim
 Required Persistence, 4th Claim

Notes:
 (1) Values reported in lower section are used to calculate PV for each end use element in a 'top down' approach, i.e., RBG=PV multiplied by the number of units

Table E-2
Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element
Program Year: 1995 Third Earnings Claim
Program: RESIDENTIAL WEATHERIZATION RETROFIT INCENTIVES [RWRI]
(in thousands of 1995 Dollars)

| | End Use Totals | | | Number of Units | | Average Per Unit (\$ dollars) | |
|------------------------------------|----------------|---------|-------|-----------------|---------|-------------------------------|---------|
| | Heating | Cooling | Total | Heating | Cooling | Heating | Cooling |
| | \$ | \$ | \$ | | | \$ | \$ |
| 1 Measurement Costs | - | - | - | 2,896 | 2,621 | - | - |
| 2 Administration | 28 | 82 | 111 | 2,896 | 2,621 | 10 | 31 |
| 3 Program Incentives | 211 | 615 | 826 | 2,896 | 2,621 | 73 | 235 |
| 4 Program Costs | 240 | 697 | 937 | 2,896 | 2,621 | 83 | 266 |
| 5 Incremental Measure Costs, gross | 211 | 615 | 826 | 2,896 | 2,621 | 73 | 235 |
| 6 Resource Benefits, gross | 469 | 1,045 | 1,514 | 2,896 | 2,621 | 162 | 399 |
| 7 Net-to-Gross Ratio | 1.00 | 1.00 | 1.00 | 2,896 | 2,621 | NA | NA |
| 8 Incremental Measure Costs, net | 211 | 615 | 826 | 2,896 | 2,621 | 73 | 235 |
| 9 Resource Benefits, net | 469 | 1,045 | 1,514 | 2,896 | 2,621 | 162 | 399 |
| Second Earnings Claim | | | | | | | |
| Measurement Costs | - | - | - | 2,896 | 2,621 | - | - |
| Revised Net Resource Benefits | 469 | 1,045 | 1,514 | 2,896 | 2,621 | 162 | 399 |
| Third Earnings Claim | | | | | | | |
| Measurement Costs | - | - | - | 2,896 | 2,621 | - | - |
| Revised Net Resource Benefits | 469 | 1,045 | 1,514 | 2,896 | 2,621 | 162 | 399 |
| Fourth Earnings Claim | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | | | | | | | |

Notes:
There are slight dollar differences when comparing totals with Table E-1 due to rounding.

Table E-3

Components of Resource Benefit Values

Program Year: 1995 Third Earnings Claim

Program: RESIDENTIAL APPLIANCE EFFICIENCY INCENTIVES PROGRAM [RAEI]

(in thousands of 1995 Dollars)

Forecast: Average Load Impacts Per Unit (Gross)

| Year | Lighting | | | Refrigeration | | | Misc | | |
|-----------------|----------|----------|--------|---------------|----------|--------|-------|----------|--------|
| | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms |
| 1995 | 0.010 | 95.50 | | 0.090 | 164.97 | | 0.087 | 732 | 10.57 |
| 1996 | 0.010 | 95.50 | | 0.093 | 171.57 | | 0.087 | 732 | 10.57 |
| 1997 | 0.010 | 95.50 | | 0.095 | 174.87 | | 0.087 | 732 | 10.57 |
| 1998 | 0.010 | 95.50 | | 0.096 | 176.52 | | 0.087 | 732 | 10.57 |
| 1999 | 0.010 | 95.50 | | 0.097 | 178.17 | | 0.087 | 732 | 10.57 |
| 2000 | 0.010 | 95.50 | | 0.097 | 178.17 | | 0.087 | 732 | 10.57 |
| 2001 | 0.010 | 95.50 | | 0.098 | 179.82 | | 0.087 | 732 | 10.57 |
| 2002 | 0.010 | 95.50 | | 0.098 | 179.82 | | 0.087 | 732 | 10.57 |
| 2003 | 0.004 | 38.83 | | 0.098 | 179.82 | | 0.087 | 732 | 10.57 |
| 2004 | 0.004 | 38.83 | | 0.098 | 179.82 | | 0.087 | 732 | 10.57 |
| 2005 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2006 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2007 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2008 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2009 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2010 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2011 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2012 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2013 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2014 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2015 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2016 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2017 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2018 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| 2019 | 0.004 | 38.83 | | 0.099 | 181.47 | | 0.087 | 732 | 10.57 |
| SUM (Lifecycle) | 0.010 | 1,229.91 | | 0.090 | 3,215.30 | | 0.087 | 6,602.10 | 105.72 |
| PV | 6 | 62,267 | | 72 | 142 | | 29 | 345 | 28 |

| | Lighting | | | Refrigeration | | | Misc | | |
|-------------------------------------|------------|-----------|--------|----------------|----------|--------|------------|----------|--------|
| | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms |
| # of Units: | 306,803 | 306,803 | | 34,063 | 34,063 | | 4,240 | 4,240 | 4,240 |
| Resource Benefit (\$000, gross): | \$ 1,729 | \$ 19,104 | | \$ 2,456 | \$ 4,847 | | \$ 123 | \$ 1,463 | \$ 117 |
| Net-to-Gross Ratio: | 0.89 | 0.89 | | 0.97 | 0.97 | | 0.75 | 0.75 | 0.75 |
| Resource Benefit (\$000, net): | \$ 1,536 | \$ 16,974 | | \$ 2,383 | \$ 4,702 | | \$ 92 | \$ 1,097 | \$ 88 |
| Impact Study References: | Study ID # | | | | | | | | |
| Study used for Forecast | 906 | | | | | | | | |
| Required 1st Yr LJ Study, 2nd Claim | 920 | | | | | | | | |
| Required Persistence, 3rd Claim | 921 | | | | | | | | |
| Required Persistence, 4th Claim | 922 | | | | | | | | |
| | Study ID # | | | Study ID # (2) | | | Study ID # | | |
| | 906 | | | N/A | | | N/A | | |
| | 920 | | | 914 | | | 956 | | |
| | 921 | | | 915 | | | 957 | | |
| | 922 | | | 916 | | | 958 | | |

Notes:
 (1) The load impacts for CFL bulbs was modified using PY94 load impact evaluation results reported in Study ID No. 920.
 The load impacts for CFL fixtures is based on ex ante assumptions since Study ID No. 920 results are not applicable to fixtures.

**Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element**

Program Year: 1995 Third Earnings Claim

Program: RESIDENTIAL APPLIANCE EFFICIENCY INCENTIVES PROGRAM [RAEI]

(in thousands of 1995 Dollars)

| | End Use Totals | | | Total | Number of Units | | | Average Per Unit (\$ dollars) | | |
|------------------------------------|----------------|---------------|----------|-----------|-----------------|---------------|-------|-------------------------------|---------------|---------|
| | Lighting | Refrigeration | Misc | | Lighting | Refrigeration | Misc | Lighting | Refrigeration | Misc |
| 1 Measurement Costs | \$ 83 | \$ 11 | \$ - | \$ 94 | 306,803 | 34,063 | 4,240 | \$ 0.27 | \$ 0.33 | \$ - |
| 2 Administration | \$ 284 | \$ 258 | \$ 77 | \$ 619 | 306,803 | 34,063 | 4,240 | \$ 0.93 | \$ 7.56 | \$ 0.02 |
| 3 Program Incentives | \$ 4,690 | \$ 2,515 | \$ 466 | \$ 7,671 | 306,803 | 34,063 | 4,240 | \$ 15.29 | \$ 73.83 | \$ 0.11 |
| 4 Program Costs | \$ 4,974 | \$ 2,772 | \$ 544 | \$ 8,290 | 306,803 | 34,063 | 4,240 | \$ 16.21 | \$ 81.39 | \$ 0.13 |
| 5 Incremental Measure Costs, gross | \$ 7,293 | \$ 3,268 | \$ 423 | \$ 10,985 | 306,803 | 34,063 | 4,240 | \$ 23.77 | \$ 95.94 | \$ 0.10 |
| 6 Resource Benefits, gross | \$ 18,313 | \$ 6,760 | \$ 1,702 | \$ 26,775 | 306,803 | 34,063 | 4,240 | \$ 59.69 | \$ 198.47 | \$ 0.40 |
| 7 Net-to-Gross Ratio | 0.88 | 1.00 | 0.77 | 0.90 | 306,803 | 34,063 | 4,240 | NA | NA | NA |
| 8 Incremental Measure Costs, net | \$ 6,410 | \$ 3,268 | \$ 328 | \$ 10,005 | 306,803 | 34,063 | 4,240 | \$ 20.89 | \$ 95.94 | \$ 0.08 |
| 9 Resource Benefits, net | \$ 16,095 | \$ 6,760 | \$ 1,317 | \$ 24,172 | 306,803 | 34,063 | 4,240 | \$ 52.46 | \$ 198.47 | \$ 0.31 |
| Second Earnings Claim | | | | | | | | | | |
| Measurement Costs | \$ 34 | \$ 25 | \$ - | \$ 59 | 306,803 | 34,063 | 4,240 | \$ 0.11 | \$ 0.73 | \$ - |
| Revised Net Resource Benefits | \$ 17,102 | \$ 6,558 | \$ 1,277 | \$ 24,936 | 306,803 | 34,063 | 4,240 | \$ 55.74 | \$ 192.51 | \$ 0.30 |
| Third Earnings Claim | | | | | | | | | | |
| Measurement Costs | \$ 23 | \$ 20 | \$ - | \$ 43 | 306,803 | 34,063 | 4,240 | \$ 0.08 | \$ 0.59 | \$ - |
| Revised Net Resource Benefits | \$ 18,510 | \$ 7,084 | \$ 1,277 | \$ 26,871 | 306,803 | 34,063 | 4,240 | \$ 60.33 | \$ 207.97 | \$ 0.30 |
| Fourth Earnings Claim | | | | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:

There are slight dollar differences when comparing totals with Table E-1 due to rounding.

Table E-3

Components of Resource Benefit Values

Program Year: 1995 Third Earnings Claim

Program: RESIDENTIAL NEW CONSTRUCTION PROGRAM [RNC]

(in thousands of 1995 Dollars)

| Year | Space Conditioning | | | Forecast: Average Load Impacts Per Unit (Gross) | | |
|------------------------|--------------------|-------------------|---------------|---|-----------------|-----------------|
| | kW | kWh | Therms | kW | kWh | Therms |
| 1995 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 1996 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 1997 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 1998 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 1999 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2000 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2001 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2002 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2003 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2004 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2005 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2006 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2007 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2008 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2009 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2010 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2011 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2012 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2013 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2014 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2015 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2016 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2017 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2018 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| 2019 | 0.44 | 321.77 | 30.00 | 0.077 | 795.97 | 795.97 |
| SUM (Lifecycle) | 170.715 | 3,217.73 | 300.00 | 0.077 | 7,959.70 | 7,959.70 |
| PV | | 163.815 \$ | 79 | 29.626 | 407.191 | |

| | Space Conditioning | | | Misc | | |
|---|--------------------|--------|--------|------------|-------|--------|
| | kW | kWh | Therms | kW | kWh | Therms |
| # of Units: | 1,953 | 1,953 | 1,953 | 163 | 163 | 163 |
| Resource Benefit (\$000, gross): | 333 \$ | 320 \$ | 155 \$ | 5 \$ | 66 \$ | 66 \$ |
| Net-to-Gross Ratio: | 0.81 | 0.89 | 1.10 | 0.75 | 0.75 | 0.75 |
| Resource Benefit (\$000, net): | 270 \$ | 285 \$ | 170 \$ | 4 \$ | 50 \$ | 50 \$ |
| Impact Study References: | Study ID # | | | Study ID # | | |
| Study used for Forecast | N/A | | | N/A | | |
| Required 1st Yr LI Study, 2nd Claim | 932 | | | 932 | | |
| Required Persistence, 3rd Claim | 933 | | | 933 | | |
| Required Persistence, 4th Claim | 934 | | | 934 | | |

Notes:

(1) Values reported in lower section are used to calculate PV for each end use element in a 'top down' approach, i.e., RBg=PV multiplied by the number of units

Table E-2
Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element
Program Year: 1995 Third Earnings Claim
Program: RESIDENTIAL NEW CONSTRUCTION PROGRAM [RNC]
(in thousands of 1995 Dollars)

| | End Use Totals | | | Number of Units | | Average Per Unit (\$ dollars) | |
|------------------------------------|----------------|-------|----------|-----------------|------|-------------------------------|-----------|
| | Conditioning | Misc | Total | Conditioning | Misc | Conditioning | Misc |
| | | | | | | | |
| 1 Measurement Costs | \$ 40 | \$ - | \$ 40 | 1,953 | 163 | \$ 20.33 | \$ - |
| 2 Administration | \$ 86 | \$ 13 | \$ 99 | 1,953 | 163 | \$ 44.01 | \$ 78.34 |
| 3 Program Incentives | \$ 424 | \$ 63 | \$ 487 | 1,953 | 163 | \$ 216.99 | \$ 386.28 |
| 4 Program Costs | \$ 510 | \$ 76 | \$ 585 | 1,953 | 163 | \$ 261.00 | \$ 464.62 |
| 5 Incremental Measure Costs, gross | \$ 3,877 | \$ 57 | \$ 3,934 | 1,953 | 163 | \$ 1,985.31 | \$ 346.75 |
| 6 Resource Benefits, gross | \$ 479 | \$ 71 | \$ 550 | 1,953 | 163 | \$ 245.38 | \$ 436.82 |
| 7 Net-to-Gross Ratio | 1.00 | 1.00 | 1.00 | 1,953 | 163 | NA | NA |
| 8 Incremental Measure Costs, net | \$ 3,877 | \$ 57 | \$ 3,934 | 1,953 | 163 | \$ 1,985.31 | \$ 346.75 |
| 9 Resource Benefits, net | \$ 479 | \$ 71 | \$ 550 | 1,953 | 163 | \$ 245.38 | \$ 436.82 |
| Second Earnings Claim | | | | | | | |
| Measurement Costs | \$ 1 | \$ - | \$ 1 | 1953 | 163 | \$ 0.29 | \$ - |
| Revised Net Resource Benefits | \$ 726 | \$ 53 | \$ 779 | 1,953 | 163 | \$ 371.48 | \$ 327.61 |
| Third Earnings Claim | | | | | | | |
| Measurement Costs | \$ 6 | \$ - | \$ 6 | 1953 | 163 | \$ 2.83 | \$ - |
| Revised Net Resource Benefits | \$ 726 | \$ 53 | \$ 779 | 1,953 | 163 | \$ 371.48 | \$ 327.61 |
| Fourth Earnings Claim | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:
There are slight dollar differences when comparing totals with Table E-1 due to rounding.

Table E-3

Components of Resource Benefit Values

Program Year: 1995 Third Earnings Claim

Program: COMMERCIAL ENERGY EFFICIENCY INCENTIVES PROGRAM (CEEI)

(in thousands of 1995 Dollars)

| Year | Forecast: Average Load Impacts Per Unit (Gross) | | | | | | | | |
|-----------------|---|-------|--------|-------|-------|--------|-------|------------|-----------|
| | LIGHTING | | | HVAC | | | MISC | | |
| | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms |
| 1995 | 0.28 | 0.35 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,843.54 | 1,052.09 |
| 1996 | 0.28 | 0.35 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,295.32 | 1,015.72 |
| 1997 | 0.28 | 0.35 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,293.68 | 1,015.72 |
| 1998 | 0.28 | 0.35 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,293.68 | 1,015.72 |
| 1999 | 0.28 | 0.35 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,293.68 | 1,015.72 |
| 2000 | 0.27 | 0.34 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,293.68 | 545.57 |
| 2001 | 0.26 | 0.34 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,293.68 | 545.57 |
| 2002 | 0.26 | 0.34 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,291.53 | 545.57 |
| 2003 | 0.26 | 0.34 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,291.53 | 545.57 |
| 2004 | 0.26 | 0.33 | 1.55 | 0.00 | 1.55 | 0.00 | 3.45 | 31,281.71 | 545.57 |
| 2005 | 0.23 | 0.28 | 1.52 | 0.00 | 1.52 | 0.00 | 3.45 | 29,576.39 | 545.57 |
| 2006 | 0.23 | 0.28 | 1.36 | 0.00 | 1.36 | 0.00 | 3.45 | 28,834.24 | 545.57 |
| 2007 | 0.15 | 0.18 | 1.36 | 0.00 | 1.36 | 0.00 | 3.45 | 28,730.67 | 545.57 |
| 2008 | 0.15 | 0.18 | 1.36 | 0.00 | 1.36 | 0.00 | 3.45 | 28,730.67 | 545.57 |
| 2009 | 0.14 | 0.17 | 1.36 | 0.00 | 1.36 | 0.00 | 3.45 | 28,730.67 | 545.57 |
| 2010 | 0.14 | 0.17 | 0.18 | 0.00 | 0.18 | 0.00 | 0.41 | 4,069.37 | 122.09 |
| 2011 | 0.06 | 0.07 | 0.18 | 0.00 | 0.18 | 0.00 | 0.40 | 2,931.94 | 122.09 |
| 2012 | 0.06 | 0.06 | 0.18 | 0.00 | 0.18 | 0.00 | 0.40 | 2,851.14 | 122.09 |
| 2013 | 0.06 | 0.06 | 0.18 | 0.00 | 0.18 | 0.00 | 0.40 | 2,827.63 | 122.09 |
| 2014 | 0.05 | 0.06 | 0.18 | 0.00 | 0.18 | 0.00 | 0.40 | 2,827.63 | 122.09 |
| 2015 | | | | | | | | | |
| 2016 | | | | | | | | | |
| 2017 | | | | | | | | | |
| 2018 | | | | | | | | | |
| 2019 | | | | | | | | | |
| SUM (Lifecycle) | 0.278 | 4.95 | 0.000 | 0.000 | 23.37 | 0.06 | 3.447 | 474,827.95 | 11,181.06 |
| PV | 0.161 | 0.000 | 0.000 | 0.000 | 0.001 | 0.000 | 2.224 | 21,792 | 2,808 |

| # of Units: | LIGHTING | | | | | | HVAC | | | | | | MISC | | | | | | |
|--------------------------------------|------------|----|-------------|----|------------|----|------------|----|------------|----|------------|----|--------|----|-------|----|--------|----|-------|
| | kW | | kWh | | Therms | | kW | | kWh | | Therms | | kW | | kWh | | Therms | | |
| | \$ | | \$ | | \$ | | \$ | | \$ | | \$ | | \$ | | \$ | | \$ | | |
| Resource Benefit (\$000, gross): | 91,466 | | 351,144,263 | | 13,385,725 | | 13,385,725 | | 13,385,725 | | 13,385,725 | | 539 | | 539 | | 539 | | 539 |
| Net-to-Gross Ratio: | 14,751 | \$ | 82,415 | \$ | 2,838 | \$ | 14,388 | \$ | 199 | \$ | 1,199 | \$ | 11,746 | \$ | 1,513 | \$ | 0.75 | \$ | 1,513 |
| Resource Benefit (\$000, net): | 0.93 | | 0.93 | | 0.98 | | 0.98 | | 0.90 | | 0.90 | | 0.75 | | 0.75 | | 0.75 | | 0.75 |
| Impact Study References: | 13,688 | \$ | 76,364 | \$ | 2,773 | \$ | 14,058 | \$ | 179 | \$ | 859 | \$ | 8,809 | \$ | 1,135 | \$ | | | 1,135 |
| Study used for Forecast: | Study ID # | | | | | | | | | | | | | | | | | | |
| Required 1st Yr LI Study, 2nd Claim: | 903 | | | | | | | | | | | | | | | | | | |
| Required Persistence, 3rd Claim: | 959 | | | | | | | | | | | | | | | | | | |
| Required Persistence, 4th Claim: | 960 | | | | | | | | | | | | | | | | | | |
| | 961 | | | | | | | | | | | | | | | | | | |

Notes:

(1) Per SDG&E and ORA agreement as stated in SDG&E's Revised Reply Testimony dated August 13, 1996 (Exhibit No. 8 at pp. 2-3), the Commercial Lighting Average Load Impact per Unit determined the actual reduction. These revised load impacts will be used to calculate the realization rates in the first year load impact evaluation which will be the basis for SDG&E's PY95's.

(2) This table was revised to separate the combo end use into the lighting and HVAC end uses and to account for measures that were reclassified from one end use to another.

Table E-2
Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element
Program Year: 1995 Third Earnings Claim
Program: COMMERCIAL ENERGY EFFICIENCY INCENTIVES PROGRAM [CEEI]
(in thousands of 1995 Dollars)

| | End Use Totals | | | Total | Number of Units | | | Average Per Unit (\$ dollars) | | |
|------------------------------------|----------------|-----------|-----------|------------|-----------------|------------|------|-------------------------------|---------|--------------|
| | LIGHTING | HVAC | MISC | | LIGHTING | HVAC | MISC | LIGHTING | HVAC | MISC |
| 1 Measurement Costs | NA | NA | \$ - | 74 | 351,144,263 | 13,385,725 | 539 | NA | NA | \$ - |
| 2 Administration | \$ 4,683 | \$ 947 | \$ 786 | \$ 6,416 | 351,144,263 | 13,385,725 | 539 | \$ 0.01 | \$ 0.07 | \$ 1,458.96 |
| 3 Program Incentives | \$ 13,153 | \$ 891 | \$ 1,194 | \$ 15,239 | 351,144,263 | 13,385,725 | 539 | \$ 0.04 | \$ 0.07 | \$ 2,215.73 |
| 4 Program Costs | \$ 17,837 | \$ 1,838 | \$ 1,981 | \$ 21,655 | 351,144,263 | 13,385,725 | 539 | \$ 0.05 | \$ 0.14 | \$ 3,674.69 |
| 5 Incremental Measure Costs, gross | \$ 23,765 | \$ 4,062 | \$ 3,170 | \$ 30,997 | 351,144,263 | 13,385,725 | 539 | \$ 0.07 | \$ 0.30 | \$ 5,882.09 |
| 6 Resource Benefits, gross | \$ 101,841 | \$ 14,945 | \$ 14,466 | \$ 131,252 | 351,144,263 | 13,385,725 | 539 | \$ 0.29 | \$ 1.12 | \$ 26,839.09 |
| 7 Net-to-Gross Ratio | 0.84 | 0.90 | 0.80 | 0.84 | 351,144,263 | 13,385,725 | 539 | NA | NA | NA |
| 8 Incremental Measure Costs, net | \$ 20,030 | \$ 3,642 | \$ 2,534 | \$ 26,205 | 351,144,263 | 13,385,725 | 539 | \$ 0.00 | \$ 0.00 | \$ 4.70 |
| 9 Resource Benefits, net | \$ 85,833 | \$ 13,401 | \$ 11,563 | \$ 110,797 | 351,144,263 | 13,385,725 | 539 | \$ 0.00 | \$ 0.00 | \$ 21.45 |
| Second Earnings Claim | | | | | | | | | | |
| Measurement Costs | NA | NA | \$ - | 503 | 351,144,263 | 13,385,725 | 539 | NA | NA | \$ - |
| Revised Net Resource Benefits | \$ 90,064 | \$ 17,003 | \$ 10,850 | \$ 117,917 | 351,144,263 | 13,385,725 | 539 | \$ 0.00 | \$ 0.00 | \$ 20.13 |
| Third Earnings Claim | | | | | | | | | | |
| Measurement Costs | NA | NA | \$ - | 56 | 351,144,263 | 13,385,725 | 539 | NA | NA | \$ - |
| Revised Net Resource Benefits | \$ 90,053 | \$ 17,011 | \$ 10,843 | \$ 117,907 | ##### | ##### | 539 | \$ 0 | \$ 0 | \$ 20 |
| Fourth Earnings Claim | | | | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:
There are slight dollar differences when comparing totals with Table E-1 due to rounding.

Table E-3

Components of Resource Benefit Values

Program Year: 1995 Third Earnings Claim

Program: INDUSTRIAL ENERGY EFFICIENCY INCENTIVES PROGRAM (IEEI)

(In thousands of 1995 Dollars)

| Year | LIGHTING | | | MOTORS | | | PROCESS | | | MISC | | |
|-----------------|----------|------|--------|--------|----------|--------|---------|--------------|-----------|------|--------------|----------|
| | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms |
| 1995 | 0.16 | 0.31 | | 0.02 | 116.60 | | 48.69 | 423,129.83 | 2,227.04 | 9.84 | 123,636.67 | 5,205.02 |
| 1996 | 0.16 | 0.31 | | 0.02 | 116.60 | | 48.66 | 422,731.70 | 2,227.04 | 9.84 | 77,066.38 | 103.78 |
| 1997 | 0.16 | 0.31 | | 0.02 | 116.60 | | 48.55 | 421,338.24 | 2,227.04 | 9.84 | 77,066.38 | 103.78 |
| 1998 | 0.16 | 0.31 | | 0.02 | 116.60 | | 48.28 | 417,954.13 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 1999 | 0.16 | 0.31 | | 0.02 | 116.60 | | 48.01 | 414,570.02 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 2000 | 0.15 | 0.29 | | 0.02 | 116.60 | | 43.50 | 345,560.76 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 2001 | 0.15 | 0.29 | | 0.02 | 116.60 | | 43.47 | 345,162.63 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 2002 | 0.15 | 0.29 | | 0.02 | 116.60 | | 15.61 | 174,087.65 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 2003 | 0.15 | 0.29 | | 0.02 | 116.60 | | 15.61 | 174,087.65 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 2004 | 0.14 | 0.28 | | 0.02 | 116.60 | | 15.61 | 174,087.65 | 2,227.04 | 9.84 | 77,071.83 | 103.78 |
| 2005 | 0.14 | 0.27 | | 0.02 | 116.60 | | 14.86 | 164,731.58 | 2,227.04 | 9.62 | 70,293.48 | 103.78 |
| 2006 | 0.14 | 0.27 | | 0.02 | 116.60 | | 14.86 | 164,731.58 | 2,227.04 | 9.62 | 68,934.72 | 103.78 |
| 2007 | 0.09 | 0.19 | | 0.02 | 116.60 | | 14.86 | 164,731.58 | 2,227.04 | 9.62 | 68,934.72 | 103.78 |
| 2008 | 0.08 | 0.15 | | 0.02 | 116.60 | | 14.86 | 164,731.58 | 2,227.04 | 9.62 | 68,934.72 | 103.78 |
| 2009 | 0.08 | 0.15 | | 0.02 | 116.60 | | 5.40 | 61,494.22 | 2,227.04 | 4.27 | 28,011.07 | 26.78 |
| 2010 | 0.08 | 0.15 | | 0.02 | 116.60 | | 5.40 | 61,494.22 | 2,227.04 | 4.27 | 28,011.07 | 26.78 |
| 2011 | 0.04 | 0.09 | | 0.02 | 116.60 | | 5.40 | 61,494.22 | 2,227.04 | 4.27 | 28,011.07 | 26.78 |
| 2012 | 0.04 | 0.09 | | 0.02 | 116.60 | | 5.40 | 61,494.22 | 2,227.04 | 4.27 | 28,011.07 | 26.78 |
| 2013 | 0.04 | 0.09 | | 0.02 | 116.60 | | 5.40 | 61,494.22 | 2,227.04 | 4.27 | 28,011.07 | 26.78 |
| 2014 | 0.08 | 0.08 | | 0.02 | 116.60 | | 5.40 | 61,494.22 | 2,227.04 | 4.27 | 27,688.72 | 26.78 |
| 2015 | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | |
| 2018 | | | | | | | | | | | | |
| 2019 | | | | | | | | | | | | |
| SUM (Lifecycle) | 0.155 | 4.54 | | 0.02 | 1,749.99 | | 48.69 | 4,443,839.29 | 33,405.60 | 9.84 | 1,302,720.70 | 6,791.89 |
| PV | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

| | LIGHTING | | | MOTORS | | | PROCESS | | | MISC | | |
|-------------------------------------|------------|-----------|--------|--------|--------|--------|---------|----------|--------|--------|----------|--------|
| | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms | kW | kWh | Therms |
| # of Units: | 1,711 | 6,639,412 | | 1,921 | 1,921 | | 24 | 24 | | 46 | 46 | |
| Resource Benefit (\$000, gross): | \$ 157 | \$ 1,418 | | \$ 26 | \$ 158 | | \$ 417 | \$ 5,221 | | \$ 316 | \$ 2,759 | |
| Net-to-Gross Ratio: | 0.89 | 0.89 | | 0.28 | 0.29 | | 0.70 | 0.73 | | 0.75 | 0.75 | |
| Resource Benefit (\$000, net): | \$ 140 | \$ 1,262 | | \$ 7 | \$ 45 | | \$ 293 | \$ 3,822 | | \$ 237 | \$ 2,070 | |
| Impact Study References: | Study ID # | | | | | | | | | | | |
| Study used for Forecast | 903 | | | | | | | | | | | |
| Required 1st Yr LI Study, 2nd Claim | 962 | | | | | | | | | | | |
| Required Persistence, 3rd Claim | 963 | | | | | | | | | | | |
| Required Persistence, 4th Claim | 964 | | | | | | | | | | | |

Notes:

(1) This table was revised to account for measures that were reclassified from one end use to another.

Table E-2
Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element
Program Year: 1995 Third Earnings Claim
Program: INDUSTRIAL ENERGY EFFICIENCY INCENTIVES PROGRAM [IEEI]
(In thousands of 1995 Dollars)

| | End Use Totals | | | | Total | Number of Units | | | | Average Per Unit (\$ dollars) | | | | | | | |
|------------------------------------|----------------|--------|----------|----------|-----------|-----------------|-------|------|-----|-------------------------------|----------|---------------|--------------|--------------|-------------|---------------|--------------|
| | LIGHTING | | MOTORS | | | PROCESS | | MISC | | LIGHTING | | MOTORS | | PROCESS | | MISC | |
| | | | | | | | | | | | | | | | | | |
| 1 Measurement Costs | NA | NA | NA | NA | - | 1,711 | 1,921 | 24 | 46 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2 Administration | \$ 111 | \$ 17 | \$ 381 | \$ 170 | \$ 679 | 1,711 | 1,921 | 24 | 46 | \$ 64.89 | \$ 8.88 | \$ 15,866.72 | \$ 3,705.12 | \$ 13,468.18 | \$ 2,789.23 | \$ 2,789.23 | \$ 2,789.23 |
| 3 Program Incentives | \$ 283 | \$ 24 | \$ 324 | \$ 128 | \$ 759 | 1,711 | 1,921 | 24 | 46 | \$ 165.43 | \$ 12.42 | \$ 29,355.90 | \$ 6,494.35 | \$ 230.32 | \$ 21.30 | \$ 29,355.90 | \$ 6,494.35 |
| 4 Program Costs | \$ 394 | \$ 41 | \$ 705 | \$ 299 | \$ 1,438 | 1,711 | 1,921 | 24 | 46 | \$ 230.32 | \$ 21.30 | \$ 44,468.00 | \$ 11,216.75 | \$ 230.32 | \$ 21.30 | \$ 44,468.00 | \$ 11,216.75 |
| 5 Incremental Measure Costs, gross | \$ 484 | \$ 77 | \$ 1,067 | \$ 516 | \$ 2,145 | 1,711 | 1,921 | 24 | 46 | \$ 283.15 | \$ 40.06 | \$ 252,915.05 | \$ 68,745.25 | \$ 283.15 | \$ 40.06 | \$ 252,915.05 | \$ 68,745.25 |
| 6 Resource Benefits, gross | \$ 2,248 | \$ 183 | \$ 6,070 | \$ 3,162 | \$ 11,664 | 1,711 | 1,921 | 24 | 46 | \$ 1,313.84 | \$ 95.48 | \$ 39,274.43 | \$ 8,427.05 | \$ 1,313.84 | \$ 95.48 | \$ 39,274.43 | \$ 8,427.05 |
| 7 Net-to-Gross Ratio | 0.84 | 0.71 | 0.88 | 0.75 | 0.84 | 1,711 | 1,921 | 24 | 46 | NA | NA | NA | NA | NA | NA | NA | NA |
| 8 Incremental Measure Costs, net | \$ 407 | \$ 55 | \$ 943 | \$ 388 | \$ 1,792 | 1,711 | 1,921 | 24 | 46 | \$ 237.95 | \$ 28.54 | \$ 223,376.24 | \$ 51,647.73 | \$ 237.95 | \$ 28.54 | \$ 223,376.24 | \$ 51,647.73 |
| 9 Resource Benefits, net | \$ 1,889 | \$ 131 | \$ 5,361 | \$ 2,376 | \$ 9,757 | 1,711 | 1,921 | 24 | 46 | \$ 1,104.13 | \$ 68.04 | \$ 174,927.81 | \$ 51,563.94 | \$ 1,104.13 | \$ 68.04 | \$ 174,927.81 | \$ 51,563.94 |
| Second Earnings Claim | | | | | | | | | | | | | | | | | |
| Measurement Costs | NA | NA | NA | \$ - | \$ 109 | 1,711 | 1,921 | 24 | 46 | NA | NA | NA | NA | NA | NA | NA | NA |
| Revised Net Resource Benefits | \$ 1,401 | \$ 53 | \$ 4,198 | \$ 2,372 | \$ 8,024 | 1,711 | 1,921 | 24 | 46 | \$ 819.01 | \$ 27.47 | \$ 172,371.69 | \$ 51,563.24 | \$ 819.01 | \$ 27.47 | \$ 172,371.69 | \$ 51,563.24 |
| Third Earnings Claim | | | | | | | | | | | | | | | | | |
| Measurement Costs | NA | NA | NA | \$ - | \$ 27 | 1,711 | 1,921 | 24 | 46 | NA | NA | NA | NA | NA | NA | NA | NA |
| Revised Net Resource Benefits | \$ 1,401 | \$ 53 | \$ 4,137 | \$ 2,372 | \$ 7,963 | 1,711 | 1,921 | 24 | 46 | \$ 819.01 | \$ 27.47 | \$ 172,371.69 | \$ 51,563.24 | \$ 819.01 | \$ 27.47 | \$ 172,371.69 | \$ 51,563.24 |
| Fourth Earnings Claim | | | | | | | | | | | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:
There are slight dollar differences when comparing totals with Table E-1 due to rounding.

Table E-3
Components of Resource Benefit Values
Program Year: 1995 Third Earnings Claim
Program: AGRICULTURAL ENERGY EFFICIENCY INCENTIVES PROGRAM [AEEI]
(in thousands of 1995 Dollars)

| Year | PUMPING | | | MISC | | |
|------------------------|--------------|-----------------|-------------------|--------------|------------------|--------------|
| | kW | kWh | Therms | kW | kWh | Therms |
| 1995 | 0.01 | 198.50 | 10578.00 | 0.34 | 2943.36 | 0.34 |
| 1996 | 0.01 | 198.50 | 10578.00 | 0.34 | 2943.36 | 0.34 |
| 1997 | 0.01 | 198.50 | 10578.00 | 0.34 | 2943.36 | 0.34 |
| 1998 | 0.01 | 198.50 | 10578.00 | 0.34 | 2943.36 | 0.34 |
| 1999 | 0.01 | 198.50 | 8778.03 | 0.34 | 2943.36 | 0.34 |
| 2000 | 0.01 | 198.50 | 8778.03 | 0.34 | 2943.36 | 0.34 |
| 2001 | 0.01 | 198.50 | 8778.03 | 0.34 | 2943.36 | 0.34 |
| 2002 | 0.01 | 198.50 | 8778.03 | 0.34 | 2943.36 | 0.34 |
| 2003 | 0.01 | 198.50 | 8778.03 | 0.34 | 2943.36 | 0.34 |
| 2004 | 0.01 | 198.50 | 8778.03 | 0.34 | 2943.36 | 0.34 |
| 2005 | 0.01 | 198.50 | 3781.68 | 0.34 | 2943.36 | 0.34 |
| 2006 | 0.01 | 198.50 | 3781.68 | 0.34 | 2943.36 | 0.34 |
| 2007 | 0.01 | 198.50 | 3781.68 | 0.34 | 2943.36 | 0.34 |
| 2008 | 0.01 | 198.50 | 3781.68 | 0.34 | 2943.36 | 0.34 |
| 2009 | 0.01 | 198.50 | 3781.68 | 0.34 | 2943.36 | 0.34 |
| 2010 | | | | 0.34 | 2943.36 | 0.34 |
| 2011 | | | | 0.34 | 2943.36 | 0.34 |
| 2012 | | | | 0.34 | 2943.36 | 0.34 |
| 2013 | | | | 0.34 | 2943.36 | 0.34 |
| 2014 | | | | 0.34 | 2943.36 | 0.34 |
| 2015 | | | | 0.34 | 2943.36 | 0.34 |
| 2016 | | | | 0.34 | 2943.36 | 0.34 |
| 2017 | | | | 0.34 | 2943.36 | 0.34 |
| 2018 | | | | 0.34 | 2943.36 | 0.34 |
| 2019 | | | | 0.34 | 2943.36 | 0.34 |
| SUM (Lifecycle) | 0.015 | 2,977.50 | 113,888.60 | 0.336 | 58,867.20 | 0.336 |
| PV | 0 | 0 | 0 | 0 | 0 | 3 |

| # of Units: | PUMPING | | | MISC | | |
|-------------------------------------|------------|------|--------|------------|------|--------|
| | kW | kWh | Therms | kW | kWh | Therms |
| Resource Benefit (\$000, gross): | 685 | 685 | 4 | 1 | 1 | 1 |
| Net-to-Gross Ratio: | 6 | 92 | 29 | 0 | 0 | 3 |
| Resource Benefit (\$000, net): | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| Impact Study References: | 5 | 69 | 22 | 0 | 0 | 2 |
| Study used for Forecast: | Study ID # | | | Study ID # | | |
| Required 1st Yr-LI Study, 2nd Claim | 905 | | | N/A | | N/A |
| Required Persistence, 3rd Claim | 965 | | | 965 | | 965 |
| Required Persistence, 4th Claim | 966 | | | 966 | | 966 |
| | 967 | | | 967 | | 967 |

Notes:
 (1) This table was revised to reclassify the space heating measures from the miscellaneous end use to the space heating end use per the approved AEEI retroactive waiver dated

Table E-2
Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element

Program Year: 1995 Third Earnings Claim
Program: AGRICULTURAL ENERGY EFFICIENCY INCENTIVES PROGRAM [AEEI]
(in thousands of 1995 Dollars)

| | End Use Totals | | | Total | Number of Units | | | Average Per Unit (\$ dollars) | | |
|------------------------------------|----------------|---------|--------|--------|-----------------|---------|------|-------------------------------|--------------|-----------|
| | PUMPING | HEATING | MISC | | PUMPING | HEATING | MISC | PUMPING | HEATING | MISC |
| 1 Measurement Costs | NA | NA | \$ - | 30 | 685 | 4 | 1 | NA | NA | \$ - |
| 2 Administration | \$ 14 | \$ 4 | \$ 0 | \$ 19 | 685 | 4 | 1 | \$ 21.00 | \$ 1,061.20 | \$ 0.20 |
| 3 Program Incentives | \$ 9 | \$ 3 | \$ 0 | \$ 13 | 685 | 4 | 1 | \$ 13.27 | \$ 775.00 | \$ 0.35 |
| 4 Program Costs | \$ 23 | \$ 7 | \$ 1 | \$ 31 | 685 | 4 | 1 | \$ 34.27 | \$ 1,836.20 | \$ 0.55 |
| 5 Incremental Measure Costs, gross | \$ 32 | \$ 63 | \$ (0) | \$ 94 | 685 | 4 | 1 | \$ 46.81 | \$ 15,710.15 | \$ (0.50) |
| 6 Resource Benefits, gross | \$ 193 | \$ 80 | \$ 3 | \$ 275 | 685 | 4 | 1 | \$ 281.05 | \$ 19,892.00 | \$ 2.77 |
| 7 Net-to-Gross Ratio | 0.88 | 0.75 | 1.00 | 0.84 | 685 | 4 | 1 | NA | NA | NA |
| 8 Incremental Measure Costs, net | \$ 28 | \$ 47 | \$ (0) | \$ 75 | 685 | 4 | 1 | \$ 41.06 | \$ 11,782.61 | \$ (0.50) |
| 9 Resource Benefits, net | \$ 169 | \$ 60 | \$ 3 | \$ 231 | 685 | 4 | 1 | \$ 246.54 | \$ 14,919.00 | \$ 2.77 |
| Second Earnings Claim | | | | | | | | | | |
| Measurement Costs | NA | NA | \$ - | 30 | 685 | 4 | 1 | NA | NA | \$ - |
| Revised Net Resource Benefits | \$ 74 | \$ 22 | \$ 2 | \$ 98 | 685 | 4 | 1 | \$ 108.00 | \$ 5,433.78 | \$ 2.08 |
| Third Earnings Claim | | | | | | | | | | |
| Measurement Costs | NA | NA | \$ - | 12 | 685 | 4 | 1 | NA | NA | \$ - |
| Revised Net Resource Benefits | \$ 74 | \$ 22 | \$ 2 | \$ 98 | 685 | 4 | 1 | \$ 108.00 | \$ 5,433.78 | \$ 2.08 |
| Fourth Earnings Claim | | | | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:
There are slight dollar differences when comparing totals with Table E-1 due to rounding.

Table E-3

Components of Resource Benefit Values

Program Year: 1995 Third Earnings Claim

Program: NONRESIDENTIAL NEW CONSTRUCTION PROGRAM [NRNC]

(in thousands of 1995 Dollars)

| Year | WHOLE | | | MISC | | |
|-----------------|-------|--------------|--------|------|-----|------------|
| | kW | kWh | Therms | kW | kWh | Therms |
| 1995 | 28.09 | 159,045.61 | | | | 30,408.24 |
| 1996 | 28.07 | 158,994.12 | | | | 30,408.24 |
| 1997 | 28.06 | 158,971.23 | | | | 30,408.24 |
| 1998 | 28.08 | 158,983.00 | | | | 30,408.24 |
| 1999 | 28.07 | 158,971.56 | | | | 30,408.24 |
| 2000 | 25.32 | 147,584.51 | | | | 30,408.24 |
| 2001 | 25.03 | 144,770.19 | | | | 30,408.24 |
| 2002 | 25.03 | 144,764.47 | | | | 30,408.24 |
| 2003 | 24.16 | 142,038.58 | | | | 30,408.24 |
| 2004 | 23.53 | 135,937.14 | | | | 30,408.24 |
| 2005 | 23.37 | 133,917.32 | | | | 30,408.24 |
| 2006 | 23.37 | 133,851.03 | | | | 30,408.24 |
| 2007 | 23.32 | 133,478.71 | | | | 30,408.24 |
| 2008 | 23.32 | 133,478.71 | | | | 30,408.24 |
| 2009 | 18.93 | 113,047.94 | | | | 30,408.24 |
| 2010 | 10.05 | 47,640.20 | | | | 30,408.24 |
| 2011 | 3.22 | 20,130.90 | | | | 30,408.24 |
| 2012 | 3.22 | 20,130.90 | | | | 30,408.24 |
| 2013 | 3.18 | 19,909.07 | | | | 30,408.24 |
| 2014 | 3.17 | 19,893.95 | | | | 30,408.24 |
| 2015 | | | | | | |
| 2016 | | | | | | |
| 2017 | | | | | | |
| 2018 | | | | | | |
| 2019 | | | | | | |
| SUM (Lifecycle) | 28.09 | 2,285,539.14 | | | | 456,123.58 |
| PV | 16.21 | 106.59 | | | | 113.05 |

| # of Units: | WHOLE | | | MISC | | |
|-------------------------------------|----------|--------|--------|------|-----|------------|
| | kW | kWh | Therms | kW | kWh | Therms |
| Resource Benefit (\$000, gross): | 285 | 285 | | | | 44 |
| Net-to-Gross Ratio: | 4,621 \$ | 30,377 | | | | 4,974 \$ |
| Resource Benefit (\$000, net): | 0.58 | 0.58 | | | | 0.75 |
| | 2,699 \$ | 17,740 | | | | 3,731 \$ |
| Impact Study References: | | | | | | |
| Study used for Forecast | | | | | | Study ID # |
| Required 1st Yr LI Study, 2nd Claim | | | | | | N/A |
| Required Persistence, 3rd Claim | | | | | | 971 |
| Required Persistence, 4th Claim | | | | | | 972 |
| | | | | | | 973 |

Notes:
 (1) This table was revised to consolidate all individual end uses into a whole building end use as specified in the M&E protocols.

**Table E-2
Recorded Costs and Benefits for Shareholder Incentives Programs
By End Use Element**

**Program Year: 1995 Third Earnings Claim
Program: NONRESIDENTIAL NEW CONSTRUCTION PROGRAM [NRNC]
(in thousands of 1995 Dollars)**

| | End Use Totals | | | Number of Units | | Average Per Unit (\$ dollars) | |
|------------------------------------|----------------|----------|-----------|-----------------|------|-------------------------------|-----------|
| | Whole | MISC | Total | Whole | MISC | Whole | MISC |
| | | | | | | | |
| 1 Measurement Costs | \$ 192 | \$ - | \$ 192 | 285 | 44 | \$ 674.84 | \$ - |
| 2 Administration | \$ 1,565 | \$ 305 | \$ 1,869 | 285 | 44 | \$ 5,489.73 | \$ 6.93 |
| 3 Program Incentives | \$ 1,704 | \$ 332 | \$ 2,036 | 285 | 44 | \$ 5,977.43 | \$ 7.55 |
| 4 Program Costs | \$ 3,268 | \$ 637 | \$ 3,905 | 285 | 44 | \$ 11,467.16 | \$ 14.48 |
| 5 Incremental Measure Costs, gross | \$ 4,403 | \$ 858 | \$ 5,260 | 285 | 44 | \$ 15,447.38 | \$ 19.50 |
| 6 Resource Benefits, gross | \$ 25,525 | \$ 4,974 | \$ 30,499 | 285 | 44 | \$ 89,561.66 | \$ 113.05 |
| 7 Net-to-Gross Ratio | 0.87 | 0.78 | 0.85 | 285 | 44 | NA | NA |
| 8 Incremental Measure Costs, net | \$ 3,822 | \$ 668 | \$ 4,490 | 285 | 44 | \$ 13,411.05 | \$ 15.17 |
| 9 Resource Benefits, net | \$ 22,160 | \$ 3,870 | \$ 26,030 | 285 | 44 | \$ 77,755.33 | \$ 87.96 |
| Second Earnings Claim | | | | | | | |
| Measurement Costs | \$ 192 | \$ - | \$ 192 | 285 | 44 | \$ 674.84 | \$ - |
| Revised Net Resource Benefits | \$ 20,478 | \$ 3,731 | \$ 24,209 | 285 | 44 | \$ 71,853.88 | \$ 84.79 |
| Third Earnings Claim | | | | | | | |
| Measurement Costs | \$ 108 | \$ - | \$ 108 | 285 | 44 | \$ 379.10 | \$ - |
| Revised Net Resource Benefits | \$ 20,439 | \$ 3,731 | \$ 24,170 | 285 | 44 | \$ 71,715.05 | \$ 84.79 |
| Fourth Earnings Claim | | | | | | | |
| Measurement Costs | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Revised Net Resource Benefits | | | | | | | |

Notes:
There are slight dollar differences when comparing totals with Table E-1 due to rounding.

**APPENDIX B
PY98 LOW-INCOME INCENTIVES CLAIM
SUMMARY TABLES**

Earnings Claim Summary Table: Non-Mandatory Direct Assistance Program
Program Year: 1998

| | | Direct Assistance (Non-Mandatory) |
|---|--|--|
| a | Electricity Expenditures (\$000) | \$1,555 |
| b | Electricity Savings (mWh) | 2,366 |
| c | Electricity Program Cost Ratio (a/b) | 0.657 |
| d | Previous Year's Electricity Cost Ratio [1] | 0.722 |
| e | Relative Electricity Program Cost Ratio (c/d) | 0.910 |
| f | Gas Expenditures (\$000) | \$14 |
| g | Gas Savings (000s therms) | 11 |
| h | Gas Program Cost Ratio (f/g) | 1.260 |
| i | Previous Year's Gas Program Cost Ratio [1] | 1.001 |
| j | Relative Gas Program Cost Ratio (h/i) | 1.259 |
| k | Total expenditures (a+f) (\$000) | \$1,570 |
| l | Weighted Relative Program Cost Ratio [e*(a/k)+j*(f/k)] | 0.913 |
| m | Performance factor (2-l) [2] | 1.087 |
| n | Lifecycle Earnings (\$000) [k*0.05*m] | \$85 |

Notes:

[1] Previous year costs are escalated to current year dollars.

[2] The performance factor is required to be no smaller than 0.8 and no greater than 1.2.

**APPENDIX C
PY99 ENERGY EFFICIENCY AND LOW-INCOME
INCENTIVES CLAIM SUMMARY TABLES**

| 1999 SHAREHOLDER PERFORMANCE INCENTIVES | | | | |
|---|--|--------------------|--------------------|--------------------|
| Program | | LEVEL 1 | LEVEL 2 | ACHIEVED |
| Base Award | | | | |
| Statewide Res Lighting | | \$101,000 | \$51,000 | \$101,000 |
| Statewide Res Appliance | | \$101,000 | \$83,000 | \$101,000 |
| Res Lighting | | \$37,000 | \$24,000 | \$37,000 |
| Res Contractor | | \$188,000 | \$122,000 | \$188,000 |
| Res HVAC | | \$49,000 | \$32,000 | \$49,000 |
| Large SPC | | \$224,000 | \$147,000 | \$224,000 |
| Small SPC | | \$224,000 | \$147,000 | \$224,000 |
| Small Rebates | | \$102,000 | \$67,000 | \$102,000 |
| Res New Construction | | \$107,000 | \$70,000 | \$107,000 |
| Nonres New Const | | \$90,000 | \$59,000 | \$90,000 |
| Total Base Award | | \$1,223,000 | \$802,000 | \$1,223,000 |
| Market Changes/Effects | | | | |
| Res HVAC | | \$120,000 | \$80,000 | \$120,000 |
| Res Lighting | | \$120,000 | \$80,000 | \$120,000 |
| Res Appliances | | \$120,000 | \$80,000 | \$120,000 |
| Small SPC | | \$120,000 | \$80,000 | \$120,000 |
| Nonres New Const | | \$120,000 | \$80,000 | \$120,000 |
| Total Market Changes | | \$600,000 | \$400,000 | \$600,000 |
| Admin/Process | | | | |
| Res Contractor | | \$98,000 | \$64,000 | \$98,000 |
| Res Appliances | | \$81,000 | \$53,000 | \$81,000 |
| Large SPC | | \$417,000 | \$273,000 | \$417,000 |
| Small SPC | | \$130,000 | \$85,000 | \$130,000 |
| Small Retrofit | | \$65,000 | \$43,000 | \$65,000 |
| Comm Remodel/Renov | | \$114,000 | \$75,000 | \$114,000 |
| Res New Construction | | \$57,000 | \$38,000 | \$57,000 |
| Nonres New Const | | \$102,000 | \$67,000 | \$102,000 |
| Third Party Initiatives | | \$81,000 | \$53,000 | \$81,000 |
| MA&E | | \$77,000 | \$51,000 | \$77,000 |
| Total Admin/Process | | \$1,222,000 | \$802,000 | \$1,222,000 |
| Aggressive Implement | | | | |
| Residential | | \$362,000 | \$253,400 | \$334,850 |
| Nonresidential | | \$447,000 | \$312,900 | \$0 |
| New Construction | | \$143,000 | \$100,100 | \$143,000 |
| Total Agg Implement | | \$952,000 | \$666,400 | \$477,850 |
| Total Awards | | \$3,997,000 | \$2,670,400 | \$3,522,850 |

Earnings Claim Summary Table: Non-Mandatory Direct Assistance Program
Program Year: 1999

| | | Direct Assistance (Non-Mandatory) |
|---|--|--|
| a | Electricity Expenditures (\$000) | \$1,640 |
| b | Electricity Savings (mWh) | 2,204 |
| c | Electricity Program Cost Ratio (a/b) | 0.744 |
| d | Previous Year's Electricity Cost Ratio [1] | 0.922 |
| e | Relative Electricity Program Cost Ratio (c/d) | 0.807 |
| f | Gas Expenditures (\$000) | \$101 |
| g | Gas Savings (000s therms) | 19 |
| h | Gas Program Cost Ratio (f/g) | 5.422 |
| i | Previous Year's Gas Program Cost Ratio [1] | 0.941 |
| j | Relative Gas Program Cost Ratio (h/i) | 5.764 |
| k | Total expenditures (a+f) (\$000) | \$1,741 |
| l | Weighted Relative Program Cost Ratio [$e^*(a/k)+j^*(f/k)$] | 1.095 |
| m | Performance factor (2-l) [2] | 0.905 |
| n | Lifecycle Earnings (\$000) [$k*0.05^*m$] | \$79 |

Notes:

[1] Previous year costs are escalated to current year dollars.

[2] The performance factor is required to be no smaller than 0.8 and no greater than 1.2.

APPENDIX D
PY99 ENERGY EFFICIENCY PERFORMANCE
INCENTIVES MECHANISM

SDG&E's 1999 MILESTONES AND AWARD LEVELS

| Program | Milestone | Activity/Timing | Award | Activity/Timing | Award |
|---|--|--|-----------|---|-----------|
| BASE AWARD Qualifying Criteria | | LEVEL 1 | | LEVEL 2 | |
| To be Eligible for Base Award: | Program definitions | ongoing | | ongoing | |
| | Reporting: 2 systems, admin/imp, outsourcing | ongoing | | ongoing | |
| | Program descriptions | ongoing | | ongoing | |
| Base Award | | | | | |
| Residential Lighting: Statewide | 1) Select short list of bidders for lighting | within 45 days after resolution | \$77,000 | within 46-75 days after resolution | \$51,000 |
| | 2) Sign contract | within 120 days after resolution | \$24,000 | within 121-150 days after resolution | \$16,000 |
| Residential Appliances: Statewide | 1) Select short list of bidders for appliances | within 45 days after resolution | \$77,000 | within 46-75 days after resolution | \$51,000 |
| | 2) Sign contract | within 120 days after resolution | \$24,000 | within 121-150 days after resolution | \$16,000 |
| Residential Lighting | Sign contract for interim lighting program to operate while statewide program is competitively bid | within 15 days after resolution | \$37,000 | within 16-45 days after resolution | \$24,000 |
| Res Retrofit & Renovation--Res Contractor Program | 1) Complete draft statewide program design based on input from public workshop | within 60 days after last workshop or March 15, 1999 whichever is sooner | \$155,000 | within 61-90 days after last workshop or April 15, 1999 whichever is sooner | \$101,000 |
| | 2) Have program available for participation | by May 1 | \$33,000 | by June 1 | \$21,000 |
| Res Heating & Cooling--Res HVAC Training | Implement training program | within 30 days after resolution | \$49,000 | within 31-45 days after resolution | \$32,000 |
| Large Nonres Comp Retrofit--Large SPC | Have program open to accept applications, including: statewide procedures manual; a system | within 15 5 days after resolution | \$224,000 | within 16-45 6-35 days after resolution | \$147,000 |

| Program | Milestone | Activity/Timing | Award | Activity/Timing | Award |
|--|--|--|----------------------|---|----------------------|
| | | LEVEL 1 | | LEVEL 2 | |
| | consistent across the utilities to track customer applications; statewide contract | | | | |
| Small Nonres Comp Retrofit— Small/Medium SPC | Have program open to accept applications, including; statewide procedures manual; statewide M&V procedures | within 30 15 days after resolution | \$224,000 | within 31-60 16-45 days after resolution | \$147,000 |
| Small Nonres Comp Retrofit— Small/Medium Rebates | Develop statewide program and have program available for participation | within 30 days after resolution | \$102,000 | within 31-60 days after resolution | \$67,000 |
| Residential New Construction | 1) Have window/duct training available | within 60 days after resolution | \$29,000 | within 61-90 days after resolution | \$19,000 |
| | 2) Complete statewide Builder Guide Book | within 120 days after resolution | \$29,000 | within 121-180 days after resolution | \$19,000 |
| | 3) Have Comfortwise program available to builders | within 60 days after resolution | \$49,000 | within 61-90 days after resolution | \$32,000 |
| Commercial/Industrial & Agricultural New Construction | Develop statewide program and have program open to accept applications. | within 90 days after resolution or 30 days after new CEC standards adopted | \$90,000 | within 91-120 days after resolution 31-45 days after or new CEC standards adopted | \$59,000 |
| Base Award Total | | | \$1,223,000 | | \$802,000 |
| Market Changes/Market Effects | | | | | |
| Res Heating & Cooling Res HVAC Training | 1) Conduct baseline analysis to describe target market, quantify number of key actors, and design measurement plan 2) Increase number of trained contractors who employ the methods learned from training | by September 15 | \$40,000 | by December 15 | \$30,000 |
| Residential Lighting | 1) Conduct baseline analysis to describe and quantify target market for hardwired fixtures and torchieres and design pre- and post-measurement plans 2) Increase number of participating | increase by 30% over baseline by September 15 | \$80,000 \$40,000 | increase by 20% over baseline by December 15 | \$50,000 \$30,000 |
| | | increase by 30% over | \$80,000 | increase by 20% over baseline | \$50,000 |

| Program | Milestone | Activity/Timing | Award | Activity/Timing | Award |
|--|---|--|------------------|--|------------------|
| | | LEVEL 1 | | LEVEL 2 | |
| | Energy Star lighting fixtures and torchieres shipped to local retailers | baseline | | | |
| Residential Appliances | 1) Conduct baseline analysis to describe target market, quantify number of key actors, and design measurement, plan 2) Increase number of local participating Energy Star dealers | by September 15 | \$40,000 | by December 15 | \$30,000 |
| | | increase by 30% over baseline | \$80,000 | increase by 20% over baseline | \$50,000 |
| Small Nonres Comp Retrofit-- Small/Medium SPC | 1) Conduct baseline analysis to describe target market, quantify number of key actors, and design measurement plan 2) Increase awareness of performance contracting of the workshop participants | by September 15 | \$40,000 | by December 15 | \$30,000 |
| | | increase by 10% over baseline | \$80,000 | increase by 5% over baseline | \$50,000 |
| Commercial/Industrial & Agricultural New Construction | 1) Conduct baseline analysis to describe target market, quantify number of key actors, and design measurement plan 2) Demonstrate that a number of participants in Title 24 training will increase the efficiency of their designs by 10% over new standards | by September 15 | \$40,000 | by December 15 | \$30,000 |
| | | 40% of participants indicate they plan to increase efficiency of designs | \$80,000 | 20% of participants indicate they plan to increase efficiency of designs | \$50,000 |
| Market Changes / Market Effects Subtotal | | | \$600,000 | | \$400,000 |
| Administrative/Process | | | | | |
| Res Retrofit & Renovation-- Res Contractor Program | 1) Conduct 6 planning workshops throughout the state 2) Have specified number of participating contractors by 12/31/99 | within 45 days after resolution | \$61,000 | within 46-60 days after resolution | \$40,000 |
| | Provide incentives for specified number of high efficiency clothes washers | 8 participating contractors 1450 washers | \$37,000 | 5 participating contractors 1200 washers | \$24,000 |
| Residential Appliances | 1) Conduct pre-installation inspections of both 1998 and 1999 programs within specified number of working days after | within a simple average of 15 working days | \$139,000 | within a simple average of 16-30 working days | \$91,000 |

| Program | Milestone | Activity/Timing | Award | Activity/Timing | Award |
|--|--|---|-----------|---|----------|
| | | LEVEL 1 | | LEVEL 2 | |
| | complete detailed application is received | | | | |
| | 2) Conduct post-installation inspections of both 1998 and 1999 programs within specified number of working days after complete installation report is received | within a simple average of 15 working days | \$139,000 | within a simple average of 16-30 working days | \$91,000 |
| | 3) Provide payment within specified number of working days after complete invoice is received for approved 1998 and 1999 projects | within a simple average of 15 working days | \$139,000 | within a simple average of 16-30 working days | \$91,000 |
| Small Nonres Comp Retrofit-- Small/Medium SPC | 1) Conduct inspections (for a statistically significant number, but no less than 20%) within specified number of working days after complete detailed application or installation report is received | within a simple average of 21 working days | \$106,000 | within a simple average of 22-33 working days | \$69,000 |
| | 2) Provide payment within specified number of working days after complete invoice is received | within a simple average of 15 working days | \$24,000 | within a simple average of 16-30 working days | \$16,000 |
| Small Nonres Comp Retrofit | Conduct workshops on Small/Med SPC, Rebate, and other programs for small/medium customers | 2 workshops within 30 days of SPC program implementation plus a 3rd workshop by August 31 | \$65,000 | 2 workshops within 31-60 days of SPC program implementation | \$43,000 |
| Com Remodeling / Renovation | Obtain commitments for specified levels of gross energy savings from non-SPC remodeling/renovation projects by 12/31/99 | 5 million kWh | \$114,000 | 4 million kWh | \$75,000 |
| Residential New Construction | 1) Obtain commitments for specified number participating homes of | 2000 homes | \$41,000 | 1500 homes | \$27,000 |
| | 2) Complete market assessment study for manufactured housing | by August 15 | \$16,000 | by September 1 | \$11,000 |
| Commercial/Industrial & Agricultural New Construction | Obtain commitments for specified levels of gross energy savings | 9 million kWh | \$102,000 | 6 million kWh | \$67,000 |
| Third Party Initiatives | Conduct specified number of third party | 1 residential, 1 nonresidential, and 1 new | \$81,000 | 1 residential and 1 nonresidential | \$53,000 |

| Program | Milestone | Activity/Timing | Award | Activity/Timing | Award |
|--|--|-------------------------|--------------------|------------------|--------------------|
| | solicitations | LEVEL 1 construction | | LEVEL 2 | |
| MA&E | For specified number of statewide MA&E projects, issue RFPs and manage projects | 2 projects | \$77,000 | 1 project | \$51,000 |
| Administrative & Program Process Subtotal | | | \$1,222,000 | | \$802,000 |
| Aggressive Implementation | | | | | |
| Residential Programs | Spend or commit specified percentage of authorized program area budget by 12/31/99 | spend/commit 90% | \$362,000 | spend/commit 70% | \$253,400 |
| Non Residential Programs | Spend or commit specified percentage of adjusted program area budget by 12/31/99 | spend/commit 90% | \$447,000 | spend/commit 70% | \$312,900 |
| New Construction Programs | Spend or commit specified percentage of authorized program area budget by 12/31/99 | spend/commit 90% | \$143,000 | spend/commit 70% | \$100,100 |
| Aggressive Implementation Subtotal | | | \$952,000 | | \$666,400 |
| Total Incentives | | | \$3,997,000 | | \$2,670,400 |

APPENDIX E
PROPOSED 2000 AEAP PROCEDURAL SCHEDULE

Proposed 2000AEAP Procedural Schedule

| <u>EARNINGS CLAIM SCHEDULE</u> | <u>Date</u> |
|---|-----------------------------|
| Submission of studies for DSM earnings claims | March 1 |
| Draft PY98 First Earnings Claim (for pre-98 commitments) | April 17 |
| DSM Annual Summary and Technical Appendix (for pre-98 commitments) EE Annual Summary & TA (for PY99 programs) | May 1 |
| Utility Earnings Claim Application | May 1 |
| CADMAC Testimony | June 16 |
| ORA Testimony | July 3 |
| Other Intervenors' Testimony | July 3 |
| Utility Reply Testimony | July 24 |
| Energy Division's Independent Reviewers Report (only for DSM earnings claims) | August 14 |
| Utility Reply Testimony to Independent Review Report | August 28 |
| Case Management Statement | September 8 |
| Hearings (if necessary) | September 18 – September 22 |
| Opening Briefs | September 29 |
| Reply Briefs | October 13 |
| Proposed Decision | November |
| Final Decision | December |

APPENDIX F
STATEMENT OF PRESENT AND PROPOSED RATES
(ELECTRIC)

APPENDIX F
STATEMENT OF PRESENT AND PROPOSED RATES (ELECTRIC)

SDG&E requests that the total award amount of \$15,952,850 for PY95, PY98, and PY99 accomplishments be recovered through SDG&E's Rewards and Penalties Balancing Accounts ("RPBAs") for its Gas and Electric Departments and transfer \$2,959,194 of electric revenues from the Public Purpose Program Balancing Account to the RPBA for its 1999 non-low-income energy efficiency programs. Therefore, if the requested award is approved by the Commission, there would be no impact on gas or electric rates.

APPENDIX G
STATEMENT OF PRESENT AND PROPOSED RATES
(GAS)

APPENDIX G
STATEMENT OF PRESENT AND PROPOSED RATES (GAS)

SDG&E requests that the total award amount of \$15,952,850 for PY95, PY98, and PY99 accomplishments be recovered through SDG&E's Rewards and Penalties Balancing Accounts ("RPBAs") for its Gas and Electric Departments and transfer \$2,959,194 of electric revenues from the Public Purpose Program Balancing Account to the RPBA for its 1999 non-low-income energy efficiency programs. Therefore, if the requested award is approved by the Commission, there would be no impact on gas or electric rates.

APPENDIX H
FINANCIAL STATEMENT, BALANCE SHEET, AND
INCOME SHEET

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 1999

| <u>Other Indebtedness:</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Outstanding</u> | <u>Interest Paid in 1998</u> |
|----------------------------------|----------------------|-------------------------|----------------------|--------------------|------------------------------|
| Commercial Paper & ST Bank Loans | Various | Various | Various | - | \$143,075 |
| Long-term Bank Loans | | | | | |
| Wells Fargo Bank | 01-03-95 | 01-03-00 | Various | - | 90,000 |
| Mellon Bank | 01-03-95 | 06-15-00 | Various | - | 87,581 |
| Union Bank | 06-15-95 | 06-15-00 | Various | - | 22,612 |
| CIBC, Inc. | 06-15-95 | 06-15-00 | Various | - | 45,000 |
| Sundesert Properties: | | | | | |
| FLBA of Riverside | 1976 [1] | 12-01-03 | Variable | 9,864 | 1,506 |
| FLBA of Blythe | 1976 [1] | 12-01-03 | Variable | 379,953 | 41,925 |
| Capitalized Leases | - | - | - | 20,905,447 | - |

Amounts and Rates of Dividends Declared:

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

| Preferred Stock | Shares Outstanding @ 12-31-99 | Dividends Declared | | | | |
|-----------------|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 1994 | 1995 | 1996 | 1997 | 1998 |
| 5.0% | 375,000 | \$375,000 | \$375,000 | \$375,000 | \$375,000 | \$375,000 |
| 4.50% | 300,000 | 270,000 | 270,000 | 270,000 | 270,000 | 270,000 |
| 4.40% | 325,000 | 286,000 | 286,000 | 286,000 | 286,000 | 286,000 |
| 4.60% [2] | 373,770 | 344,678 | 344,273 | 343,868 | 343,868 | 343,868 |
| \$ 7.80 [3] | - | - | - | - | - | - |
| \$ 7.20 [4] | - | 1,080,000 | 1,080,000 | - | - | - |
| \$ 7.05 [5] | - | - | - | - | - | - |
| \$ 1.7625 | 1,000,000 | 1,762,500 | 1,762,500 | 1,762,500 | 1,762,500 | 1,762,500 |
| \$ 1.70 [6] | 1,400,000 | 2,380,000 | 2,380,000 | 2,380,000 | 2,380,000 | 2,380,000 |
| \$ 1.82 [7] | 640,000 | 1,164,800 | 1,164,800 | 1,164,800 | 1,164,800 | 1,164,800 |
| | <u>4,413,770</u> | <u>\$7,662,978</u> | <u>\$7,662,573</u> | <u>\$6,582,168</u> | <u>\$6,582,168</u> | <u>\$6,582,168</u> |

Common Stock

| | | | | | |
|--------|---------------|---------------|---------------|---------------|---------------|
| Amount | \$177,066,579 | \$181,808,114 | \$181,866,227 | \$248,423,191 | \$447,700,118 |
|--------|---------------|---------------|---------------|---------------|---------------|

A balance sheet and a statement of income and retained earnings of Applicant for the twelve months ended December 31, 1999, are attached hereto.

- [1] Year assumed from subsidiary.
- [2] 880 shares were retired in 1995.
- [3] 200,000 shares were retired in 1993.
- [4] 150,000 shares were retired in 1996.
- [5] 433,700 shares were retired in 1993.
- [6] 1,400,000 shares were issued in August 1993.
- [7] 640,000 shares were issued in November 1993.

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 1999

(a) Amounts and Kinds of Stock Authorized:

| | | |
|-----------------|--------------------|------------------------|
| Preferred Stock | 1,375,000 shares | Par Value \$27,500,000 |
| Preferred Stock | 10,000,000 shares | Without Par Value |
| Common Stock | 255,000,000 shares | Without Par Value |

Amounts and Kinds of Stock Outstanding:

PREFERRED STOCK

| | | |
|----------|------------------|-------------|
| 5.0% | 375,000 shares | \$7,500,000 |
| 4.50% | 300,000 shares | 6,000,000 |
| 4.40% | 325,000 shares | 6,500,000 |
| 4.60% | 373,770 shares | 7,475,400 |
| \$1.7625 | 1,000,000 shares | 25,000,000 |
| \$1.70 | 1,400,000 shares | 35,000,000 |
| \$1.82 | 640,000 shares | 16,000,000 |

COMMON STOCK

116,583,358 shares 291,458,395

(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application No. 53104, to which reference is hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application No. 23638, to which reference is hereby made.

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

| | Nominal Date of Issue | Par Value | | Interest Paid in 1998 |
|---------------------------------|-----------------------------|--------------------------|-------------|--------------------------|
| | | Authorized and Issued | Outstanding | |
| <u>First Mortgage Bonds:</u> | | | | |
| 9.625% Series JJ, due 2020 | 04-15-90 | 100,000,000 | 9,651,000 | 3,358,601 |
| 6.8% Series KK, due 2015 | 12-01-91 | 14,400,000 | 14,400,000 | 979,200 |
| 8.5% Series LL, due 2022 | 04-01-92 | 60,000,000 | 10,073,000 | 2,610,909 |
| 7.625% Series MM, due 2002 | 06-15-92 | 80,000,000 | 27,647,000 | 3,729,717 |
| Var% Series NN, due 2018 & 2019 | 09-01-92 | 118,615,000 | 118,615,000 | 7,366,360 |
| Var% Series OO, due 2027 | 12-01-92 | 250,000,000 | 225,000,000 | 11,232,512 |
| 5.9% Series PP, due 2018 | 04-29-93 | 70,795,000 | 68,295,000 | 4,176,905 |
| Var% Series QQ, due 2018 | 04-29-93 | 14,915,000 | - | 26,205 |
| 5.85% Series RR, due 2021 | 06-29-93 | 60,000,000 | 60,000,000 | 3,510,000 |
| 5.9% Series SS, due 2018 | 07-29-93 | 92,945,000 | 92,945,000 | 5,483,755 |
| Var% Series TT, due 2020 | 06-06-95 | 57,650,000 | 57,650,000 | 1,944,088 |
| Var% Series UU, due 2020 | 06-06-95 | 16,700,000 | - | 129,981 |
| <u>Unsecured Bonds:</u> | | | | |
| 5.9% CPCFA96A, due 2014 | 06-01-96 | 129,820,000 | 129,820,000 | 7,659,380 |
| Var% CV96A, due 2021 | 08-02-96 | 38,900,000 | 38,900,000 | 1,192,099 |
| Var% CV96B, due 2021 | 11-21-96 | 60,000,000 | 60,000,000 | 1,930,274 |
| Var% CV97A, due 2023 | 10-31-97 | 25,000,000 | 25,000,000 | 788,014 |

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 1999

| 1. UTILITY PLANT | | <u>1999</u> |
|-------------------------|---|----------------------|
| 101 | UTILITY PLANT IN SERVICE | \$5,261,736,915 |
| 102 | UTILITY PLANT PURCHASED OR SOLD | 247,504 |
| 105 | PLANT HELD FOR FUTURE USE | 206,639 |
| 106 | COMPLETED CONSTRUCTION NOT CLASSIFIED | - |
| 107 | CONSTRUCTION WORK IN PROGRESS | 50,100,778 |
| 108 | ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT | (3,323,647,039) |
| 111 | ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT | (61,905,810) |
| 118 | OTHER UTILITY PLANT | 260,666,867 |
| 119 | ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT | (53,177,679) |
| 120 | NUCLEAR FUEL UNDER CAPITAL LEASES - NET | <u>22,600,508</u> |
| TOTAL NET UTILITY PLANT | | <u>2,156,828,683</u> |

| 2. OTHER PROPERTY AND INVESTMENTS | | |
|--------------------------------------|---|--------------------|
| 121 | NONUTILITY PROPERTY | 2,197,421 |
| 122 | ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY | (308,211) |
| 123 | INVESTMENTS IN SUBSIDIARY COMPANIES | 3,290,000 |
| 124 | OTHER INVESTMENTS | 2,516,380 |
| 125 | SINKING FUNDS | - |
| 128 | OTHER SPECIAL FUNDS | <u>550,825,783</u> |
| TOTAL OTHER PROPERTY AND INVESTMENTS | | <u>558,521,373</u> |

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 1999**

3. CURRENT AND ACCRUED ASSETS

| | <u>1999</u> |
|--|---------------|
| 131 CASH | \$7,366,610 |
| 132 INTEREST SPECIAL DEPOSITS | - |
| 134 OTHER SPECIAL DEPOSITS | 187,392 |
| 135 WORKING FUNDS | 89,840 |
| 136 TEMPORARY CASH INVESTMENTS | 329,288,846 |
| 141 NOTES RECEIVABLE | - |
| 142 CUSTOMER ACCOUNTS RECEIVABLE | 126,186,839 |
| 143 OTHER ACCOUNTS RECEIVABLE | 12,786,310 |
| 144 ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS | (1,916,581) |
| 145 NOTES RECEIVABLE FROM ASSOCIATED COMPANIES | 612,231,941 |
| 146 ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES | (13,981,518) |
| 151 FUEL STOCK | - |
| 152 FUEL STOCK EXPENSE UNDISTRIBUTED | 9,069 |
| 154 PLANT MATERIALS AND OPERATING SUPPLIES | 49,379,929 |
| 156 OTHER MATERIALS AND SUPPLIES | 44,453 |
| 163 STORES EXPENSE UNDISTRIBUTED | 1,087,830 |
| 164 GAS STORED | 10,628,156 |
| 165 PREPAYMENTS | 4,977,554 |
| 171 INTEREST AND DIVIDENDS RECEIVABLE | 2,188,804 |
| 173 ACCRUED UTILITY REVENUES | 52,359,000 |
| 174 MISCELLANEOUS CURRENT AND ACCRUED ASSETS | 45,779,379 |
| | <hr/> |
| TOTAL CURRENT AND ACCRUED ASSETS | 1,238,693,853 |

4. DEFERRED DEBITS

| | |
|---|-------------|
| 181 UNAMORTIZED DEBT EXPENSE | 11,391,861 |
| 182 UNRECOVERED PLANT AND OTHER REGULATORY ASSETS | 251,711,640 |
| 183 PRELIMINARY SURVEY & INVESTIGATION CHARGES | 4,428,205 |
| 184 CLEARING ACCOUNTS | (34,817) |
| 185 TEMPORARY FACILITIES | 11,597 |
| 186 MISCELLANEOUS DEFERRED DEBITS | 152,478,456 |
| 188 RESEARCH AND DEVELOPMENT | (4,719) |
| 189 UNAMORTIZED LOSS ON REACQUIRED DEBT | 60,763,240 |
| 190 ACCUMULATED DEFERRED INCOME TAXES | 151,712,403 |
| | <hr/> |
| TOTAL DEFERRED DEBITS | 632,457,866 |

TOTAL ASSETS AND OTHER DEBITS \$4,586,501,775

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 1999

5. PROPRIETARY CAPITAL

| | <u>1999</u> |
|--------------------------------------|----------------------|
| 201 COMMON STOCK ISSUED | \$291,458,395 |
| 204 PREFERRED STOCK ISSUED | 103,475,400 |
| 207 PREMIUM ON CAPITAL STOCK | 592,222,753 |
| 210 GAIN ON RETIRED CAPITAL STOCK | - |
| 211 MISCELLANEOUS PAID-IN CAPITAL | (3,280,877) |
| 214 CAPITAL STOCK EXPENSE | (25,990,045) |
| 216 UNAPPROPRIATED RETAINED EARNINGS | <u>459,305,628</u> |
| | |
| TOTAL PROPRIETARY CAPITAL | <u>1,417,191,254</u> |

6. LONG-TERM DEBT

| | |
|--|--------------------|
| 221 BONDS | 684,276,000 |
| 224 OTHER LONG-TERM DEBT | 254,109,817 |
| 225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT | 483,065 |
| 226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT | <u>(1,725,317)</u> |
| | |
| TOTAL LONG-TERM DEBT | <u>937,143,565</u> |

7. OTHER NONCURRENT LIABILITIES

| | |
|---|--------------------|
| 227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT | 8,785,272 |
| 228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES | 16,807,935 |
| 228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS | 9,069,101 |
| 228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS | <u>222,989,955</u> |
| | |
| TOTAL OTHER NONCURRENT LIABILITIES | <u>257,652,263</u> |

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 1999

8. CURRENT AND ACCRUED LIABILITIES

| | <u>1999</u> |
|---|----------------------|
| 231 NOTES PAYABLE | - |
| 232 ACCOUNTS PAYABLE | 159,491,644 |
| 233 NOTES PAYABLE TO ASSOCIATED COMPANIES | 519,404,288 |
| 234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES | 20,495,202 |
| 235 CUSTOMER DEPOSITS | 23,991,689 |
| 236 TAXES ACCRUED | (85,064,280) |
| 237 INTEREST ACCRUED | 8,901,978 |
| 238 DIVIDENDS DECLARED | 1,645,542 |
| 241 TAX COLLECTIONS PAYABLE | 1,487,676 |
| 242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES | 354,787,382 |
| 243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT | <u>12,120,175</u> |
| | |
| TOTAL CURRENT AND ACCRUED LIABILITIES | <u>1,017,261,296</u> |

9. DEFERRED CREDITS

| | |
|---|--------------------|
| 252 CUSTOMER ADVANCES FOR CONSTRUCTION | 28,844,209 |
| 253 OTHER DEFERRED CREDITS | 195,428,779 |
| 254 OTHER REGULATORY LIABILITIES | 96,914,000 |
| 255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS | 50,882,509 |
| 257 UNAMORTIZED GAIN ON REACQUIRED DEBT | - |
| 281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED | 4,277,000 |
| 282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY | 192,197,195 |
| 283 ACCUMULATED DEFERRED INCOME TAXES - OTHER | <u>388,709,705</u> |
| | |
| TOTAL DEFERRED CREDITS | <u>957,253,397</u> |

TOTAL LIABILITIES AND OTHER CREDITS \$4,586,501,775

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 1999

1. UTILITY OPERATING INCOME

| | | | |
|-------|--|-----------------|-----------------|
| 400 | OPERATING REVENUES | | \$2,540,388,069 |
| 401 | OPERATING EXPENSES | \$1,455,247,922 | |
| 402 | MAINTENANCE EXPENSES | 99,391,871 | |
| 403-7 | DEPRECIATION AND AMORTIZATION EXPENSES | 561,328,544 | |
| 408.1 | TAXES OTHER THAN INCOME TAXES | 41,337,764 | |
| 409.1 | INCOME TAXES | 193,179,855 | |
| 410.1 | PROVISION FOR DEFERRED INCOME TAXES | 124,077,000 | |
| 411.1 | PROVISION FOR DEFERRED INCOME TAXES - CREDIT | (212,225,855) | |
| 411.4 | INVESTMENT TAX CREDIT ADJUSTMENTS | (2,856,000) | |
| | | | |
| | TOTAL OPERATING REVENUE DEDUCTIONS | | 2,259,481,101 |
| | NET OPERATING INCOME | | 280,906,968 |

2. OTHER INCOME AND DEDUCTIONS

| | | | |
|-------|---|-------------|---------------|
| 415 | REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK | - | |
| 417.1 | EXPENSES OF NONUTILITY OPERATIONS | (162,363) | |
| 418 | NONOPERATING RENTAL INCOME | 1,315,051 | |
| 418.1 | EQUITY IN EARNINGS OF SUBSIDIARIES | - | |
| 419 | INTEREST AND DIVIDEND INCOME | 43,263,510 | |
| 419.1 | ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION | 5,260,657 | |
| 421 | MISCELLANEOUS NONOPERATING INCOME | 22,901,516 | |
| | | | |
| | TOTAL OTHER INCOME | 72,578,371 | |
| 426 | MISCELLANEOUS OTHER INCOME DEDUCTIONS | 1,624,568 | |
| | | | |
| 408.2 | TAXES OTHER THAN INCOME TAXES | 280,236 | |
| 409.2 | INCOME TAXES | 20,001,000 | |
| 410.2 | PROVISION FOR DEFERRED INCOME TAXES | 10,972,000 | |
| 411.2 | PROVISION FOR DEFERRED INCOME TAXES - CREDIT | (7,402,000) | |
| | | | |
| | TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS | 23,851,236 | |
| | | | |
| | TOTAL OTHER INCOME AND DEDUCTIONS | | 47,102,567 |
| | INCOME BEFORE INTEREST CHARGES | | 328,009,535 |
| | NET INTEREST CHARGES* | | 128,714,773 |
| | NET INCOME | | \$199,294,762 |

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION. (\$1,859,168).

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 1999

3. RETAINED EARNINGS

| | |
|--|----------------------|
| RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED | \$266,593,034 |
| NET INCOME (FROM PRECEDING PAGE) | 199,294,762 |
| DIVIDEND TO PARENT COMPANY | - |
| DIVIDENDS DECLARED - PREFERRED STOCK | (6,582,168) |
| RETAINED EARNINGS AT END OF PERIOD | <u>\$459,305,628</u> |

**APPENDIX I
STATEMENT OF ORIGINAL COST
AND DEPRECIATION RESERVE**

SAN DIEGO GAS & ELECTRIC COMPANY

COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETO
AS OF DECEMBER 31, 1999

| <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 | 1,284,089 | 262,463 |
| | TOTAL INTANGIBLE PLANT | 1,506,930 | 465,363 |
| 310.1 | Land | 4,668,603 | 46,518 |
| 310.2 | Land Rights | 0 | 0 |
| 311 | Structures and Improvements | 8,125,342 | 8,125,342 |
| 312 | Boiler Plant Equipment | 10,633,963 | 20,043,021 |
| 314 | Turbogenerator Units | 7,484,308 | 7,484,308 |
| 315 | Accessory Electric Equipment | 2,172,934 | 2,172,934 |
| 316 | Miscellaneous Power Plant Equipment | 658,220 | 491,986 |
| | Steam Production Decommissioning | 0 | 0 |
| | TOTAL STEAM PRODUCTION | 33,743,369 | 38,364,109 |
| 320.1 | Land | 0 | 0 |
| 320.2 | Land Rights | 283,677 | 283,677 |
| 321 | Structures and Improvements | 263,013,620 | 264,229,257 |
| 322 | Boiler Plant Equipment | 393,152,116 | 396,509,423 |
| 323 | Turbogenerator Units | 145,257,995 | 134,783,940 |
| 324 | Accessory Electric Equipment | 166,396,399 | 167,558,872 |
| 325 | Miscellaneous Power Plant Equipment | 157,271,878 | 148,374,796 |
| | TOTAL NUCLEAR PRODUCTION | 1,125,375,685 | 1,111,739,966 |
| 340.1 | Land | 143,476 | 0 |
| 340.2 | Land Rights | 2,428 | 2,428 |
| 341 | Structures and Improvements | 0 | 0 |
| 342 | Fuel Holders, Producers & Accessories | 0 | 0 |
| 343 | Prime Movers | 0 | 0 |
| 344 | Generators | 0 | 0 |
| 345 | Accessory Electric Equipment | 2,530 | 829 |
| | Other Production Decommissioning | 0 | 0 |
| | TOTAL OTHER PRODUCTION | 148,434 | 3,257 |
| | TOTAL ELECTRIC PRODUCTION | 1,159,267,489 | 1,150,107,332 |

| <u>No.</u> | <u>Account</u> | <u>Original Cost</u> | <u>Reserve for Depreciation and Amortization</u> |
|------------|---|--------------------------|--|
| 350.1 | Land | \$ 17,500,449 | \$ 0 |
| 350.2 | Land Rights | 40,812,626 | 6,002,647 |
| 352 | Structures and Improvements | 52,220,768 | 16,122,839 |
| 353 | Station Equipment | 254,852,148 | 86,932,746 |
| 354 | Towers and Fixtures | 90,640,287 | 52,432,568 |
| 355 | Poles and Fixtures | 67,379,004 | 35,736,169 |
| 356 | Overhead Conductors and Devices | 134,534,833 | 95,597,453 |
| 357 | Underground Conduit | 16,974,637 | 3,566,753 |
| 358 | Underground Conductors and Devices | 20,906,681 | 6,665,042 |
| 359 | Roads and Trails | 10,768,718 | 3,000,847 |
| | TOTAL TRANSMISSION | 706,590,151 | 306,057,063 |
| 360.1 | Land | 7,499,882 | 0 |
| 360.2 | Land Rights | 52,655,552 | 16,159,098 |
| 361 | Structures and Improvements | 1,659,798 | 1,756,736 |
| 362 | Station Equipment | 160,220,357 | 47,887,489 |
| 364 | Poles, Towers and Fixtures | 242,704,528 | 129,630,305 |
| 365 | Overhead Conductors and Devices | 200,750,992 | 56,426,983 |
| 366 | Underground Conduit | 506,502,812 | 186,166,726 |
| 367 | Underground Conductors and Devices | 587,555,789 | 274,597,179 |
| 368.1 | Line Transformers | 243,077,929 | 65,926,502 |
| 368.2 | Protective Devices and Capacitors | 24,834,811 | 5,171,709 |
| 369.1 | Services Overhead | 69,962,839 | 91,126,114 |
| 369.2 | Services Underground | 175,827,547 | 81,753,504 |
| 370.1 | Meters | 66,150,925 | 22,994,956 |
| 370.2 | Meter Installations | 30,699,413 | 9,158,935 |
| 371 | Installations on Customers' Premises | 5,415,333 | 5,649,113 |
| 373.1 | St. Lighting & Signal Sys.-Transformers | 0 | 0 |
| 373.2 | Street Lighting & Signal Systems | 20,514,643 | 16,996,408 |
| | TOTAL DISTRIBUTION PLANT | 2,396,033,151 | 1,011,401,755 |
| 389.1 | Land | 416,599 | 0 |
| 389.2 | Land Rights | 0 | 0 |
| 390 | Structures and Improvements | 15,201,334 | 3,988,510 |
| 392.1 | Transportation Equipment - Autos | 0 | 49,884 |
| 392.2 | Transportation Equipment - Trailers | 168,015 | 85,391 |
| 393 | Stores Equipment | 83,535 | 48,291 |
| 394.1 | Portable Tools | 6,078,049 | 1,938,325 |
| 394.2 | Shop Equipment | 649,589 | 233,405 |
| 395 | Laboratory Equipment | 781,526 | 384,850 |
| 396 | Power Operated Equipment | 92,163 | 149,134 |
| 397 | Communication Equipment | 72,138,198 | 31,719,256 |
| 398 | Miscellaneous Equipment | 56,274 | (136,542) |
| | TOTAL GENERAL PLANT | 95,665,281 | 38,460,505 |
| 101 | TOTAL ELECTRIC PLANT | 4,359,063,002 | 2,506,492,019 |

| <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 | 703,821 | 565,021 |
| | TOTAL INTANGIBLE PLANT | 789,926 | 651,125 |
| 360.1 | Land | 10,205 | 0 |
| 361 | Structures and Improvements | 412,998 | 430,813 |
| 362.1 | Gas Holders | 989,283 | 1,012,573 |
| 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 | 558,651 | 562,716 |
| 363.4 | Measuring and Regulating Equipment | 0 | 0 |
| 363.5 | Other Equipment | 0 | 0 |
| 363.6 | LNG Distribution Storage Equipment | 407,546 | 218,357 |
| | TOTAL STORAGE PLANT | 2,378,682 | 2,224,460 |
| 365.1 | Land | 1,787,108 | 0 |
| 365.2 | Land Rights | 2,226,044 | 672,508 |
| 366 | Structures and Improvements | 10,300,222 | 4,258,170 |
| 367 | Mains | 116,013,861 | 22,840,316 |
| 368 | Compressor Station Equipment | 46,757,949 | 20,356,641 |
| 369 | Measuring and Regulating Equipment | 12,237,445 | 4,637,000 |
| 371 | Other Equipment | 0 | 0 |
| | TOTAL TRANSMISSION PLANT | 189,322,628 | 52,764,634 |
| 374.1 | Land | 102,187 | 0 |
| 374.2 | Land Rights | 7,445,296 | 3,151,617 |
| 375 | Structures and Improvements | 62,259 | 88,012 |
| 376 | Mains | 374,308,480 | 182,408,349 |
| 378 | Measuring & Regulating Station Equipment | 6,234,726 | 3,851,489 |
| 380 | Distribution Services | 199,187,836 | 164,618,307 |
| 381 | Meters and Regulators | 55,631,001 | 24,101,330 |
| 382 | Meter and Regulator Installations | 46,327,354 | 17,409,904 |
| 385 | Ind. Measuring & Regulating Station Equipment | 435,684 | 526,962 |
| 386 | Other Property On Customers' Premises | 0 | 0 |
| 387 | Other Equipment | 11,824,133 | 8,184,862 |
| | TOTAL DISTRIBUTION PLANT | 701,558,956 | 404,340,831 |

| <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 | 76,210 | 76,445 |
| 394.1 | Portable Tools | 4,215,745 | 659,552 |
| 394.2 | Shop Equipment | 76,662 | (11,629) |
| 395 | Laboratory Equipment | 695,734 | (66,391) |
| 396 | Power Operated Equipment | 246,939 | (25,808) |
| 397 | Communication Equipment | 2,998,637 | 579,256 |
| 398 | Miscellaneous Equipment | 313,795 | 83,195 |
| | TOTAL GENERAL PLANT | <u>8,623,723</u> | <u>1,320,122</u> |
| 101 | TOTAL GAS PLANT | <u>902,673,915</u> | <u>461,301,172</u> |
| COMMON PLANT | | | |
| 303 | Miscellaneous Intangible Plant | 72,618,399 | 33,212,766 |
| 350.1 | Land | 0 | 0 |
| 360.1 | Land | 0 | 0 |
| 389.1 | Land | 4,302,532 | 0 |
| 389.2 | Land Rights | 2,058,527 | 25,339 |
| 390 | Structures and Improvements | 54,599,721 | 20,378,601 |
| 391 | Office Furniture and Equipment | 37,320,832 | 7,388,665 |
| 392.1 | Transportation Equipment - Autos | 33,942 | (339,040) |
| 392.2 | Transportation Equipment - Trailers | 41,567 | (151,280) |
| 393 | Stores Equipment | 285,775 | (191,931) |
| 394.1 | Portable Tools | 411,368 | 336,539 |
| 394.2 | Shop Equipment | 453,733 | 219,267 |
| 394.3 | Garage Equipment | 2,754,881 | 75,077 |
| 395 | Laboratory Equipment | 1,333,485 | 557,918 |
| 396 | Power Operated Equipment | 0 | (192,979) |
| 397 | Communication Equipment | 66,155,477 | 25,335,292 |
| 398 | Miscellaneous Equipment | 1,293,856 | (238,448) |
| 118.1 | TOTAL COMMON PLANT | <u>243,664,094</u> | <u>86,415,783</u> |
| | TOTAL ELECTRIC PLANT | 4,359,063,002 | 2,506,492,019 |
| | TOTAL GAS PLANT | 902,673,915 | 461,301,172 |
| | TOTAL COMMON PLANT | <u>243,664,094</u> | <u>86,415,783</u> |
| 101 & 118.1 | TOTAL | <u>5,505,401,010</u> | <u>3,054,208,974</u> |

| <u>No.</u> | <u>Account</u> | <u>Original Cost</u> | <u>Reserve for Depreciation and Amortization</u> |
|------------|--|--------------------------|--|
| 102 | Plant Purchased or Sold | | |
| | Electric | \$ 247,504 | \$ 0 |
| | Gas | 0 | 0 |
| | TOTAL PLANT PURCHASED OR SOLD | <u>247,504</u> | <u>0</u> |
| 105 | Plant Held for Future Use | | |
| | Electric | 206,638 | 0 |
| | Gas | 0 | 0 |
| | TOTAL PLANT HELD FOR FUTURE USE | <u>206,638</u> | <u>0</u> |
| 107 | Construction Work in Progress | 68,924,796 | 0 |
| | TOTAL CONSTRUCTION WORK IN PROGRESS | <u>68,924,796</u> | <u>0</u> |
| 108.5 | Accumulated Nuclear Decommissioning | | |
| | Electric | 0 | 383,542,639 |
| | TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING | <u>0</u> | <u>383,542,639</u> |
| 111.3 | Capitalized Leases | | |
| | Electric | 0 | 0 |
| | Gas | 0 | 0 |
| | Common | 1,099,089 | 978,914 |
| | TOTAL CAPITALIZED LEASES | <u>1,099,089</u> | <u>978,914</u> |
| 114 | ELECTRIC PLANT ACQUISITION ADJUSTMENT | <u>0</u> | <u>0</u> |
| 120 | NUCLEAR FUEL FABRICATION | <u>44,120,401</u> | <u>24,440,227</u> |
| | | 44,120,401 | 24,440,227 |
| | UTILITY PLANT TOTAL | <u>\$ 5,619,999,438</u> | <u>\$ 3,463,170,755</u> |

Book cost is calculated by taking Original Cost less Reserve for Depreciation and Amortization.

APPENDIX J
SUMMARY OF EARNINGS

San Diego Gas & Electric Company
Summary of Earnings -- 2000 Estimate
(Millions of dollars)

| Line no. | <u>Item</u> | <u>Electric department</u> | <u>Gas department</u> | <u>Combined</u> |
|-------------|------------------------------------|--------------------------------|---------------------------|-----------------|
| 1 | Operating revenues ¹ | 1,525 | 350 | 1,875 |
| 2 | Operating expenses | 1,300 | 300 | 1,600 |
| 3 | Net operating revenues | 225 | 50 | 275 |
| 4 | Depreciated rate base ² | 1,770 | 451 | 2,221 |
| 5 | Rate of return ³ | 8.75% | 8.75% | 8.75% |

¹Assumes no PBR rewards or penalties in 2000.

²Authorized rate base.

³Authorized cost of capital.

**APPENDIX K
PROXY STATEMENT**

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of San Diego Gas & Electric Company will be held on May 11, 2000 at 10:15 a.m. at the offices of Sempra Energy, 101 Ash Street, San Diego, California, for the following purposes:

- (1) To elect directors for the ensuing year.
- (2) To transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 22, 2000 are entitled to notice of and to vote at the Annual Meeting.

The Annual Meeting is a business-only meeting. It will not include any presentations by management.

Only shareholders of SDG&E are entitled to attend the Annual Meeting. Shareholders who own shares registered in their names will be admitted to the meeting upon verification of record share ownership. Shareholders who own shares through banks, brokerage firms, nominees or other account custodians must present proof of beneficial share ownership (such as a brokerage account statement) to be admitted.

By Order of the Board of Directors

San Diego, California
March 22, 2000

SAN DIEGO GAS & ELECTRIC COMPANY

INFORMATION STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

San Diego Gas & Electric Company ("SDG&E" or the "Company") is providing this Information Statement in connection with its Annual Meeting of Shareholders to be held on May 11, 2000. It is being mailed to shareholders commencing April 5, 2000.

SAN DIEGO GAS & ELECTRIC COMPANY

SDG&E is a direct subsidiary of Enova Corporation and an indirect subsidiary of Sempra Energy. It is a public utility supplying electricity and natural gas in San Diego and southern Orange counties in California.

SDG&E became an indirect subsidiary of Sempra Energy upon the June 26, 1998 completion of a business combination of Enova Corporation (the direct parent corporation of SDG&E) and Pacific Enterprises (the direct parent corporation of Southern California Gas Company). In the combination, Enova Corporation and Pacific Enterprises became separate subsidiaries of Sempra Energy, a newly formed holding company, and Enova Corporation Common Stock and Pacific Enterprises Common Stock were converted into Sempra Energy Common Stock. Shares of SDG&E and Southern California Gas Company were unaffected by the business combination and remain outstanding.

SDG&E's principal executive offices are located at 8330 Century Park Court, San Diego, California. Its telephone number is (858) 654-6429.

OUTSTANDING SHARES AND VOTING RIGHTS

The Board of Directors has fixed March 22, 2000 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. At that date, the outstanding shares consisted of 116,583,358 shares of Common Stock (all of which is owned by Enova Corporation), 1,373,770 shares of Cumulative Preferred Stock and 3,040,000 shares of Preference Stock.

In electing directors, each share of Cumulative Preferred Stock is entitled to two votes and each share of Common Stock is entitled to one vote for each of the thirteen director positions but cumulative voting is not permitted. Shares of Preference Stock do not vote in the election of directors. The shares owned by Enova Corporation represent over 98% of the votes entitled to be cast in electing directors.

GOVERNANCE OF THE COMPANY

Board of Directors

The business and affairs of SDG&E are managed under the direction of the Board of Directors in accordance with the California General Corporation Law as implemented by the Company's Articles of Incorporation and By-laws. Members of the board are kept informed through various reports routinely sent to them as well as by operating and financial presentations made at board and committee meetings by officers and others.

Shareholders who wish to suggest qualified candidates for consideration by the Corporate Governance Committee as directors of the Company should write to: Corporate Secretary, San Diego Gas & Electric Company, 8330 Century Park Court, San Diego, California, 92123, stating in detail the qualifications of the suggested candidates.

During 1999, the Board of Directors held ten meetings. The standing committees listed below assisted the board in carrying out its duties.

Committees Of the Board

| <u>Audit</u> | <u>Compensation</u> | <u>Corporate Governance</u> | <u>Executive</u> | <u>Finance</u> | <u>Public Policy</u> |
|-------------------------------------|--|---------------------------------|-------------------------------------|-----------------------------------|------------------------------------|
| Richard A. Collato, <i>Chair</i> | Richard J. Stegemeier, <i>Chair</i> | Hyla H. Bertea, <i>Chair</i> | Warren I. Mitchell, <i>Chair</i> | Daniel W. Derbes, <i>Chair</i> | Herbert L. Carter, <i>Chair</i> |
| Ann L. Burr | Hyla H. Bertea | Ann L. Burr | Herbert L. Carter | Richard A. Collato | William D. Jones |
| Wilford D. Godbold, Jr. | Ignacio E. Lozano, Jr. | Daniel W. Derbes | Ignacio E. Lozano, Jr. | Wilford D. Godbold, Jr. | Ralph R. Ocampo |
| Robert H. Goldsmith | Ralph R. Ocampo | Robert H. Goldsmith | Thomas C. Stickel | William D. Jones | William G. Ouchi |
| William G. Ouchi | Thomas C. Stickel | Richard J. Stegemeier | | Diana L. Walker | |
| Diana L. Walker | | | | | |

Audit Committee

The Audit Committee met five times in 1999. Its duties and responsibilities include:

- Providing oversight of the financial reporting process and management's responsibility for the integrity, accuracy and objectivity of financial reports and accounting and financial reporting practices.
- Recommending to the board the selection of independent auditors.

Compensation Committee

The Compensation Committee met five times in 1999. Its duties and responsibilities include:

- Establishing overall strategy with respect to compensation for directors and senior officers.
- Evaluating the performance of the Chairman and the President for compensation purposes.
- Reviewing and approving individual salary adjustments and awards under incentive plans for senior officers.
- Overseeing the executive succession plans.

Corporate Governance Committee

The Corporate Governance Committee met three times in 1999. Its duties and responsibilities include:

- Reviewing and recommending nominees for election as directors.
- Assessing the performance of the Board of Directors.
- Developing guidelines for board composition.
- Reviewing and considering issues relating to corporate governance.

Executive Committee

The Executive Committee did not meet in 1999. The committee meets on call during the intervals between board meetings and, subject to the limitations imposed by law, has all the authority of the board.

Finance Committee

The Finance Committee met two times in 1999. Its duties and responsibilities include:

- Reviewing long term and short term financial requirements and financing plans.
- Reviewing trading operations, financial guarantees and derivatives positions and exposure.
- Reviewing pension plan investment results and insurance coverages.

Public Policy Committee

The Public Policy Committee met three times in 1999. Its duties and responsibilities include:

- Reviewing public policy issues affecting SDG&E, including ethnic, social and political trends.
- Reviewing employment and contracting policies, consumer issues and community relations.
- Reviewing charitable and political contributions and programs.

Directors' Compensation

All of the directors of SDG&E are also directors or officers of Sempra Energy. They are not separately compensated for services as directors of the Company.

Directors of Sempra Energy who are not also employees receive the following retainer and fees for services as directors of Sempra Energy and its subsidiaries:

| | |
|---|----------|
| Annual retainer | \$26,000 |
| Attendance fee for each Board meeting | \$ 1,000 |
| Attendance fee for each Committee meeting | \$ 1,000 |
| Additional meeting fee for each Committee meeting chaired | \$ 1,000 |

Directors may elect to receive their annual fees in Sempra Energy Common Stock instead of cash or to defer their annual fees into an interest-bearing account, a phantom investment fund or a phantom share account in which the fees are deemed invested in Sempra Energy Common Stock.

Each non-employee director of Sempra Energy is granted upon becoming a director a ten-year option to purchase 15,000 shares of Sempra Energy Common. Each non-employee director is also granted an additional ten-year option to purchase 5,000 shares at each annual meeting of Sempra Energy (other than the annual meeting that coincides with or first follows the director's election to the board) following which the director continues to serve as a non-employee director. Each option is granted at an option exercise price equal to the fair market value of the option shares at the date the option is granted and becomes fully exercisable commencing with the first annual meeting of Sempra Energy following the date of the grant or the director's earlier death, disability, retirement or involuntary termination of board service other than for cause.

Non-employee directors of Sempra Energy who were directors of Enova Corporation and Pacific Enterprises at the time of the business combination of the two companies (currently all of the non-employee directors) continue to accrue retirement benefits (subject to certain maximum years of service credit) for service as non-employee directors of Sempra Energy. Benefits commence upon the later of retirement as a director or attaining age 65 and continue for a maximum period equal to the director's combined years of service as a director of Sempra Energy and Enova Corporation or Pacific Enterprises. The annual benefit is the sum of Sempra Energy's then current annual retainer and ten times the then current board meeting fee.

SHARE OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

All of the outstanding SDG&E Common Stock is owned by Enova Corporation and none of the Company's directors or officers owns any SDG&E Cumulative Preferred or Preference Stock.

The following table sets forth the number of shares of Sempra Energy Common Stock beneficially owned by each director, by each of the five most highly compensated executive officers of SDG&E and by all directors and executive officers of the Company as a group, as of February 15, 2000. These shares, in the aggregate, represent less than one percent of Sempra Energy's outstanding shares.

Sempra Energy Common Stock

| | Beneficial Holdings | Shares Subject To Exercisable Options(A) | Phantom Shares(B) | Total |
|--|------------------------|---|----------------------|---------|
| Hyla H. Berteau | 9,630 | 20,000 | -0- | 29,630 |
| Ann L Burr | 2,200 | 20,000 | -0- | 22,200 |
| Herbert L. Carter | 1,551 | 20,000 | -0- | 21,551 |
| Richard A. Collato | 4,222 | 20,000 | -0- | 24,222 |
| Gary D. Cotton | 35,134 | 11,040 | 9,793 | 55,967 |
| Steven D. Davis | 4,442 | 8,252 | 7,798 | 20,492 |
| Daniel W. Derbes | 5,828 | 20,000 | -0- | 25,828 |
| Pamela J. Fair | 9,747 | 64,601 | 544 | 74,892 |
| Wilford D. Godbold, Jr. | 3,006 | 20,000 | -0- | 23,006 |
| Robert H. Goldsmith (C) | 2,659 | 20,000 | -0- | 22,659 |
| Edwin A. Guiles | 22,942 | 21,730 | 18,804 | 63,476 |
| William D. Jones | 2,174 | 20,000 | -0- | 22,174 |
| Ignacio E. Lozano, Jr (C)..... | 2,352 | 20,000 | -0- | 22,352 |
| Warren I. Mitchell | 22,565 | 145,446 | 36,991 | 205,002 |
| Ralph R. Ocampo | 14,621 | 20,000 | -0- | 34,621 |
| William G. Ouchi | 10,000 | 20,000 | -0- | 30,000 |
| Richard J. Stegemeier | 1,503 | 20,000 | -0- | 21,503 |
| Thomas C. Stickel | 2,037 | 20,000 | -0- | 22,037 |
| Diana L. Walker | 936 | 20,000 | -0- | 20,936 |
| Directors and Executive Officers as a group (19 persons) | 157,549 | 531,069 | 73,930 | 762,548 |

(A) Shares which may be acquired through the exercise of stock options that are exercisable on or before May 15, 2000.

(B) Represents deferred compensation deemed invested in shares of Sempra Energy Common Stock. These phantom shares cannot be voted or transferred but track the performance of Sempra Energy Common Stock.

(C) Messrs. Goldsmith and Lozano will retire as directors before the Annual Meeting and the authorized number of directors will be reduced to reflect their retirements.

Share ownership guidelines have been established for directors and officers to further strengthen the link between performance and compensation. For non-employee directors the guideline is ownership of a number of shares having a market value equal to four times the annual retainer. For officers, the guidelines are:

| <u>SDG&E Executive Level</u> | <u>Sempra Energy Share Ownership Guidelines</u> |
|----------------------------------|---|
| Chairman | 3 x Base Salary |
| President | 2 x Base Salary |
| Vice Presidents | 1 x Base Salary |

In setting the guidelines the board considered then current share ownership levels and the desirability of encouraging further share ownership. The officer guidelines were established in 1998 and the director guidelines in 2000. They are expected to be met or exceeded within five years from adoption. For purposes of the guidelines, shares owned include phantom shares into which compensation is deferred and the vested portion of certain in-the-money stock options as well as shares owned directly or through benefit plans.

ELECTION OF DIRECTORS

SDG&E's Board of Directors will consist of thirteen directors upon giving effect to the retirement of two directors who will retire prior to the Annual Meeting of Shareholders and a corresponding reduction in the authorized number of directors. At the Annual Meeting, thirteen directors (comprising the entire authorized number of directors) will be elected to hold office until the next Annual Meeting and until their successors have been elected and qualified. The thirteen director candidates receiving the greatest number of votes will be elected as directors.

Warren I. Mitchell has announced that he will retire on July 1, 2000. The board anticipates that it will at that time reduce the authorized number of directors to twelve.

The names of the Board of Directors' thirteen nominees for election as directors and biographical information regarding each nominee are set forth below. Each nominee is currently a director of SDG&E and also of Southern California Gas Company. Each nominee (other than Mr. Mitchell) is also a director of Enova Corporation and Sempra Energy. Unless otherwise noted, each nominee has held the position set forth beneath his or her name or various positions with the same or predecessor organizations for at least the last five years.



Hyla H. Berteau, 59, has been a director since 1998. She is a realtor with Prudential California, a real estate sales company. She is a trustee of Lewis & Clark College, a director of Orange County Community Foundation, and a former commissioner of the California Horse Racing Board. For a number of years she has been involved in leadership positions with various other cultural, educational and health organizations in the Orange County and Los Angeles areas. Mrs. Berteau was a co-commissioner of gymnastics and a member of the executive staff for the 1984 Olympics.



Ann L. Burr, 53, has been a director since 1993. She is an Executive Vice President of Time Warner Cable. She is the former President of Time Warner Communications in Rochester, New York and Time Warner Cable in San Diego. Ms. Burr is a trustee of the Rochester Institute of Technology. She served as Chair of the Board of Directors of the California Cable Television Association and chaired its Telecommunications Policy Committee. She is a former Chair of the Greater San Diego Chamber of Commerce Board of Directors and the founder and former Chair of the Chamber's Business Roundtable for Education and the San Diego Communications Council.



Herbert L. Carter, DPA, 66, has been a director since 1998. He has served as President of California State University, Dominguez Hills, and Executive Vice Chancellor Emeritus and Trustee Professor of Public Administration of the California State University System. He was President and Chief Executive Officer of United Way of Greater Los Angeles from 1992 until 1995, and Executive Vice Chancellor of the California State University System from 1987 until 1992. Dr. Carter is a director of Golden State Mutual Insurance Company, and has served as a member of the Board of Councilors of the School of Public Administration, University of Southern California and the Board of Regents of Loyola Marymount University.



Richard A. Collato, 56, has been a director since 1993. He is President and Chief Executive Officer of the YMCA of San Diego County. He is a former director of Y-Mutual Ltd., a reinsurance company, and The Bank of San Diego. Mr. Collato is a former trustee of Springfield College, and currently is a trustee of the YMCA Retirement Fund and Bauce Foundation, and a director of Project Design Consultants.



Daniel W. Derbes, 69, has been a director since 1983. He is President of Signal Ventures. From 1985 until 1988, he was President of Allied-Signal International Inc. and Executive Vice President of Allied-Signal Inc., a multi-national advanced technologies company. Mr. Derbes is a director of WD-40 Company and a trustee of the University of San Diego.



Wilford D. Godbold, Jr., 61, has been a director since 1998. He is the retired President and Chief Executive Officer of ZERO Corporation, an international manufacturer primarily of enclosures and thermal management equipment for the electronics market. He is a director of K2, Inc. Mr. Godbold is a trustee of the Wellness Community, a member of the Council on California Competitiveness, a past President of the Board of Trustees of Marlborough School and a past Chairman of the Board of the California Chamber of Commerce and The Employer Group.



William D. Jones, 44, has been a director since 1994. He is the President and Chief Executive Officer and a director of CityLink Investment Corporation. From 1989 to 1993, he served as General Manager/Senior Asset Manager and Investment Manager with certain real estate subsidiaries of The Prudential. Prior to joining The Prudential, he served as a San Diego Council member from 1982 to 1987. Mr. Jones is a director of the Federal Reserve Bank of San Francisco, Los Angeles Branch, and a trustee of the University of San Diego. He is a former director of The Price Real Estate Investment Trust.



Warren I. Mitchell, 62, has been a director since 1998. He is Chairman of SDG&E, Chairman of the Board and President of Southern California Gas Company and Group President—Regulated Business Operations of Sempra Energy. He is a director of the United Way of Greater Los Angeles, Gas Research Institute and Chairman, director and trustee of the Institute of Gas Technology.



Ralph R. Ocampo, M.D., F.A.C.S., 68, has been a director since 1983. He is a practicing surgeon, Governor of the American College of Surgeons, past President of the California Medical Association and a Clinical Professor of Surgery at the University of California, San Diego.



William G. Ouchi, Ph.D., 56, has been a director since 1998. He is a Vice Dean and Faculty Director of Executive Education Programs and Sanford and Betty Sigoloff Professor in Corporate Renewal in the Anderson Graduate School of Management at UCLA. Dr. Ouchi is a director of Allegheny Technologies, FirstFed Financial Corp., and Water-Pik Technologies. He is a trustee of Williams College and a director of KCET Public Service Television.



Richard J. Stegemeier, 71, has been a director since 1998. He is Chairman Emeritus of the Board of Unocal Corporation. He is a director of Foundation Health Systems, Inc., Halliburton Company, Montgomery Watson, Inc., and Northrop Grumman Corporation.



Thomas C. Stickel, 50, has been a director since 1994. He is the Chairman, Chief Executive Officer and founder of University Ventures Network. He is the founder of Americana Partners Capital Group, Inc. He previously was the Chairman, Chief Executive Officer and President of TCS Enterprises, Inc. and the Bank of Southern California, both of which he founded. Mr. Stickel is Chairman of the Board of Onyx Acceptance Corporation, a director of Blue Shield of California and Del Mar Thoroughbred Club and Vice Chairman of the California Chamber of Commerce.



Diana L. Walker, 58, has been a director since 1998. Mrs. Walker is a partner and General Counsel of the law firm of O'Melveny & Myers LLP. She is a former director of United Way of Greater Los Angeles, and Emeritus Governor and former Chair of the Board of Governors of the Institute for Corporate Counsel, a former trustee of Marlborough School and a member of various professional organizations. O'Melveny & Myers LLP provides legal services to Sempra Energy and its subsidiaries.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

SDG&E became an indirect subsidiary of Sempra Energy in connection with a business combination of Enova Corporation (the direct parent of SDG&E) and Pacific Enterprises (the direct parent of Southern California Gas Company) that was completed on June 26, 1998.

The Boards of Directors of SDG&E, the Gas Company and Sempra Energy each maintain a Compensation Committee comprised of independent directors. The directors comprising the three committees are identical and the committees typically meet in joint session.

The Compensation Committees have the responsibility for establishing compensation principles and strategies, as well as designing a compensation program for executive officers. Their responsibilities also include administering a base salary program, executive annual and long term incentive plans, and executive benefit and perquisite programs.

During 1999, the Compensation Committees conducted a review of the executive compensation programs and policies of Sempra Energy and its subsidiaries that were originally developed in 1998 in connection with the business combination of Enova Corporation and Pacific Enterprises. The committees sought the assistance of nationally recognized compensation and benefit consultants to assist with the review of executive compensation principles and practices designed to assist the companies in realizing the key objective of creating superior shareholder value in a rapidly changing and increasingly competitive business environment. Also, the committees, with the assistance of a nationally recognized compensation consulting firm, reviewed board compensation during 1999.

Compensation Principles and Strategies

In developing compensation principles and strategies, the Compensation Committees considered the current and prospective business environment for Sempra Energy and its subsidiaries and took into account numerous factors, including:

- The rapidly changing and increasingly competitive environment in which Sempra Energy and its subsidiaries operate.
- The need to retain experienced executives of outstanding ability and to motivate them to achieve superior performance.
- The need to attract executive talent from broader markets as the utility and energy industries continue to rapidly evolve.
- The need to strongly link executive compensation to both annual and long term corporate, business unit and individual performance.
- The need to strongly align the interests of executives with those of shareholders.

As a result of this review, the Compensation Committees approved the continuation of the compensation program developed in 1998 and designed to meet these objectives and encourage executives to achieve superior shareholder returns. The program includes the following elements.

- An emphasis on "pay-for-performance" with a substantial portion of total compensation reflecting corporate, business unit and individual performance.
- An emphasis on stock incentives closely aligning the interests of executives with those of shareholders.

- An emphasis on total compensation with base salaries generally targeted at or near median general industry levels for comparable sized companies and with the annual cash and long term equity incentives providing opportunities to earn total compensation at significantly higher levels for superior corporate, business unit and individual performance.
- An appropriate balance of short term and long term compensation to retain talented executives, reward effective long term strategic results and encourage share ownership.
- An emphasis on placing at risk, through equity and other performance-based incentives, a greater portion of an executive's total compensation as levels of responsibility increase.

The Compensation Committees also considered provisions of the Internal Revenue Code limiting to \$1 million the annual amount of compensation that does not qualify as "qualified performance-based compensation" that publicly held corporations may deduct for federal income tax purposes as compensation expense for each of certain executive officers. The committees consider tax deductibility to be an important factor but only one factor to be considered in evaluating any executive officer compensation program. Accordingly, the committees intend to design programs that will maximize federal income tax deductions for compensation expense to the extent that doing so is consistent with the compensation principles and strategies of Sempra Energy and its subsidiaries. The committees believe, however, that there are circumstances in which the interests of its shareholders may be best served by providing compensation that is not fully tax deductible, and may exercise discretion to provide compensation (including incentive awards under the Sempra Energy Long Term Incentive Plan) that will not qualify as a tax deductible compensation expense.

Compensation Program

The primary components of the compensation program of Sempra Energy and its subsidiaries are base salaries, annual cash incentive opportunities and long term equity and equity-based incentive opportunities.

Base Salaries

Base salaries for executives are reviewed annually and, in general, are targeted at the median of salaries for general industry companies of similar size to Sempra Energy. This strategy, along with annual and long term incentive opportunities at general industry levels, is intended to allow Sempra Energy and its subsidiaries to retain and attract top quality executive talent. However, the committees will continue to monitor this strategy as the markets for executive talent change. In determining base salary adjustments, the committees will also take into account such factors as individual performance, executive responsibilities, market characteristics and other factors.

Survey data for assessing base salaries are based upon companies in the Fortune 1000 and size-adjusted based upon Sempra Energy's revenues using regression analysis. This group is broader than the peer group used for assessing performance for long-term incentive plan purposes. The Compensation Committees believe that the most direct competitors of Sempra Energy and its subsidiaries for executive talent will not be limited to companies in this peer group and the Fortune 1000 appropriately reflects a broader group with which Sempra Energy and its subsidiaries compete to retain and attract highly skilled and talented executives.

Annual base salaries for executive officers of Sempra Energy and its subsidiaries have been set at the approximate mid-point of these salary data. For 1999, a base salary of \$475,000 was established for Mr. Mitchell and \$300,000 for Edwin A. Guiles, President of SDG&E.

Annual Incentives

Annual cash bonus performance-based incentive opportunities are provided to executive officers through the Sempra Energy Executive Incentive Plan. This plan permits the payment of bonuses based upon the attainment of objective financial performance goals. Bonus opportunities vary with the individual officer's position and

prospective contribution to the attainment of these goals and no bonuses are paid unless a threshold performance level is attained for the related performance period. Bonus opportunities increase for performance above the threshold level. Performance at targeted levels is intended to compensate executive officers with bonuses at the mid-point for bonuses for comparable levels of responsibility at Fortune 1000 companies.

For 1999, award levels were based on attainment of earnings per share goals with target award levels of 70% of base salary for Mr. Mitchell, 50% of base salary for Mr. Guiles and 45% of base salary for Vice Presidents, with maximum award levels ranging from 140% to 90%. Performance for the year was at 150% of targeted performance and resulted in cash bonuses of \$498,750 for Mr. Mitchell and \$243,750 for Mr. Guiles with corresponding lesser amounts to other executive officers.

Long Term Incentives

Long term incentive opportunities are provided by equity and equity-based awards under Sempra Energy's 1998 Long Term Incentive Plan. The plan permits a wide variety of equity and equity-based incentive awards to respond to changes in the market conditions and compensation practices. The committees expect, however, that most awards under the plan will be in the form of non-qualified stock options and, to a lesser and declining extent, restricted stock.

During 1999, Sempra Energy granted to executives and other employees of Sempra Energy and its subsidiaries non-qualified stock options to purchase Sempra Energy Common Stock. These option grants to executive officers of SDG&E are described in this Proxy Statement under the caption "Executive Compensation—Stock Options and Stock Appreciation Rights."

During 1999, Sempra Energy also awarded grants of performance-based restricted shares under the 1998 Long Term Incentive Plan to executives of Sempra Energy and its subsidiaries. These awards and related total shareholder return vesting standards are discussed in this Proxy Statement under the caption "Executive Compensation—Restricted Stock Grants."

Share Ownership Guidelines

The Compensation Committees believe that a commitment to increased share ownership by executives of Sempra Energy and its subsidiaries is an important element in aligning the interests of executives with those of shareholders. This belief has influenced the design of compensation plans and, in addition, stock ownership guidelines have been established to further strengthen the link between corporate performance and compensation. These guidelines are summarized under the caption "Share Ownership of Directors and Executive Officers."

COMPENSATION COMMITTEE

Richard J. Stegemeier, *Chairman*
Hyla H. Berteau
Ignacio E. Lozano, Jr.
Ralph R. Ocampo
Thomas C. Stickel

March 7, 2000

EXECUTIVE COMPENSATION

Summary of Cash and Other Compensation

The table below summarizes, for the periods indicated, the compensation paid or accrued by Sempra Energy and its predecessors and subsidiaries to each of the executive officers of SDG&E named in the table.

Summary Compensation Table

| Name and Principal Position | Year | Annual Compensation | | Long Term Compensation | | All Other Compensation (C) |
|---|------|---------------------|-----------|--|----------------------|----------------------------|
| | | Salary | Bonus | Awards | Payouts | |
| | | | | Securities Underlying Options / SARS (#) | LTIP Payouts (A) (B) | |
| Warren I. Mitchell Chairman | 1999 | \$474,769 | \$498,750 | 128,700 | \$ -0- | \$ 61,368 |
| | 1998 | \$437,409 | \$506,230 | 140,296 | \$ -0- | \$816,659 |
| | 1997 | \$337,947 | \$280,000 | 40,602 | \$ -0- | \$ 27,446 |
| Edwin A. Guiles President | 1999 | \$304,731 | \$243,750 | 54,400 | \$46,273 | \$ 46,931 |
| | 1998 | \$284,539 | \$278,525 | 32,520 | \$74,388 | \$438,727 |
| | 1997 | \$225,212 | \$152,000 | -0- | \$77,600 | \$ 34,971 |
| Gary D. Cotton Senior Vice President | 1999 | \$221,325 | \$164,764 | 27,300 | \$45,567 | \$ 30,452 |
| | 1998 | \$209,754 | \$163,986 | 16,860 | \$75,326 | \$258,059 |
| | 1997 | \$201,785 | \$114,000 | -0- | \$82,559 | \$ 29,224 |
| Pamela J. Fair (D) Vice President | 1999 | \$199,027 | \$149,612 | 22,900 | \$ -0- | \$ 27,264 |
| | 1998 | \$175,064 | \$127,559 | 26,374 | \$ -0- | \$150,938 |
| Steven D. Davis (D) Vice President | 1999 | \$172,962 | \$130,209 | 20,000 | \$ -0- | \$ 27,011 |
| | 1998 | \$152,176 | \$116,218 | 13,008 | \$ -0- | \$188,145 |

- (A) Long term incentive plan payouts represent the fair market value of shares of restricted stock for which forfeiture and transfer restrictions terminated during the year based upon satisfaction of long term performance goals. Restricted stock awarded in 1999 under the Sempra Energy Long Term Incentive Plan is reported below under the caption "Restricted Stock Grants."
- (B) The aggregate holdings/value of restricted stock held on December 31, 1999 by the individuals listed in the table are: 13,256 shares/\$230,389 for Mr. Mitchell; 7,917 shares/\$137,597 for Mr. Guiles; 5,146 shares/\$89,437 for Mr. Cotton; 2,304 shares/\$40,044 for Ms. Fair; and 2,124 shares/\$36,915 for Mr. Davis. Regular quarterly dividends are paid on restricted stock held by these individuals.
- (C) All other compensation includes amounts paid as (i) interest on deferred compensation above 120% of the applicable federal rate, (ii) life insurance premiums, (iii) financial and estate planning services, (iv) contributions to defined benefit plans and related supplemental plans, and (v) car allowances. The respective amounts paid in 1998 were \$4,523, \$7,109, \$13,126, \$29,610 and \$7,000 for Mr. Mitchell; \$143, \$9,914, \$11,876, \$17,498, and \$7,500 for Mr. Guiles; \$960, \$13,934, \$1,138, \$7,420, and \$7,000 for Mr. Cotton; \$880, \$1,211, \$8,375, \$9,798, and \$7,000 for Ms. Fair; and \$41, \$798, \$10,500, \$8,672, and \$7,000 for Mr. Davis.

Amounts for 1998 also include incentive/retention bonuses under agreements entered into in 1997 in connection with the business combination of Enova Corporation and Pacific Enterprises. Under her agreement, Ms. Fair was paid an incentive/bonus of \$136,300. Under the other agreements, deferral accounts were established for Messrs. Mitchell, Guiles, Cotton and Davis upon the completion of the business combination and credited with incentive/retention bonus amounts of \$782,000, \$405,000, \$228,000

and \$176,000, respectively, which were deemed invested in shares (together with reinvestment of dividend equivalents) of Sempra Energy Common Stock. Each of these four executives will become entitled to his incentive/retention bonus upon continued employment with Sempra Energy or its subsidiaries through June 26, 2000 and will be paid in cash an amount equal to the then fair market value of the shares then credited to his account.

- (D) Ms. Fair and Mr. Davis became executive officers of SDG&E in 1998. Amounts for 1998 include compensation for Ms. Fair as an executive officer of Southern California Gas Company and Mr. Davis as a non-officer employee of SDG&E.

Stock Options and Stock Appreciation Rights

The following table contains information concerning the grant of stock options during 1999 to the executive officers of SDG&E named in the Summary Compensation Table. All options are to purchase Sempra Energy Common Stock, were granted at an exercise price of 100% of the fair market value of the option shares on the date of the grant and are for a ten-year term subject to earlier expiration following termination of employment.

Option / SAR Grants in 1999

| <u>Name</u> | <u>Number of Shares Underlying Options / SARs Granted (#)</u> | <u>% of Total Options / SARs Granted to Employees in 1999</u> | <u>Exercise Price (\$/Sh)</u> | <u>Expiration Date</u> | <u>Grant Date Present Value</u> |
|------------------------------|---|---|-------------------------------|------------------------|---------------------------------|
| Warren I. Mitchell | 36,700(A) | 2.53% | \$ 21.00 | 5/4/09 | \$265,708 |
| | 92,000(B) | 4.79% | \$ 21.00 | 5/4/09 | \$265,880 |
| Edwin A. Guiles | 15,500(A) | 1.07% | \$ 21.00 | 5/4/09 | \$112,220 |
| | 38,900(B) | 2.02% | \$ 21.00 | 5/4/09 | \$112,421 |
| Gary D. Cotton | 7,800(A) | 0.54% | \$ 21.00 | 5/4/09 | \$ 56,472 |
| | 19,500(B) | 1.01% | \$ 21.00 | 5/4/09 | \$ 56,355 |
| Pamela J. Fair | 6,500(A) | 0.45% | \$ 21.00 | 5/4/09 | \$ 47,060 |
| | 16,400(B) | 0.85% | \$ 21.00 | 5/4/09 | \$ 47,396 |
| Steven D. Davis | 5,700(A) | 0.39% | \$ 21.00 | 5/4/09 | \$ 41,268 |
| | 14,300(B) | 0.74% | \$ 21.00 | 5/4/09 | \$ 41,327 |

(A) Exercisable in cumulative installments of one-fourth of the shares initially subject to the option on each of the first four anniversaries of the grant date. Granted with performance-based dividend equivalents on unexercised shares for the four-year period ending December 31, 2003. No dividend equivalents will be paid unless Sempra Energy meets annual or four-year threshold performance goals based on total return to shareholders ranking within a peer group of companies or the Standard & Poor's 500 and the percentage of dividends paid as dividend equivalents (to a maximum of all dividends that would have been paid on the shares for the four-year period) will depend upon the extent to which the threshold goals are exceeded.

(B) Exercisable in cumulative annual installments of one-fourth of the shares initially subject to the option on each of the first four anniversaries of the grant date. Granted without dividend equivalents.

Sempra Energy used a modified Black-Scholes option pricing model to develop the theoretical values set forth under the "Grant Date Present Value" column, but the executive will realize value from the stock options only to the extent that the price of Sempra Energy Common Stock on the exercise date exceeds the price of the stock on the grant date. Consequently, there is no assurance the value realized by an executive will be at or near the theoretical value, and these amounts should not be used to predict stock performance.

Grant date present values were based on an option value of \$2.89 and, for options granted with dividend equivalents, a dividend equivalent value of \$4.35. These use the following assumptions: share volatility—17.9%; dividend yield—5.49%; risk-free rate of return—5.66%; and outstanding term—10 years.

The following table contains information with respect to the executive officers of SDG&E named in the Summary Compensation Table concerning the exercise of options and stock appreciation rights during 1999 and unexercised options and stock appreciation rights held on December 31, 1999.

Option / SAR Exercises and Holdings

| Name | Shares Acquired on Exercise (#) | Value Realized | Number of Securities Underlying Unexercised Options / SARs at Year End #(A) | | Value of Unexercised In-the-Money Options / SARs at Year End \$(A) | |
|--------------------|---------------------------------|----------------|---|---------------|--|---------------|
| | | | Exercisable | Unexercisable | Exercisable | Unexercisable |
| Warren I. Mitchell | 31,579 | \$160,349 | 92,970 | 242,944 | \$ -0- | \$-0- |
| Edwin A. Guiles | -0- | \$ -0- | 8,130 | 790 | \$ -0- | \$-0- |
| Gary D. Cotton | -0- | \$ -0- | 4,215 | 39,945 | \$ -0- | \$-0- |
| Pamela J. Fair | -0- | \$ -0- | 31,595 | 45,048 | \$9,436 | \$-0- |
| Steven D. Davis | -0- | \$ -0- | 3,252 | 29,756 | \$ -0- | \$-0- |

(A) The exercise price of outstanding options ranges from \$12.80 to \$31.00.

Restricted Stock Grants

The following table contains information concerning restricted shares of Sempra Energy Common Stock granted during 1999 to the executive officers of SDG&E named in the Summary Compensation Table.

Restricted Stock Grants in 1999

| Name | Number of Restricted Shares | Performance Period Until Payout | Estimated Future Payouts Under Non-Stock Price-Based Plans (A) |
|--------------------|-----------------------------|---------------------------------|--|
| Warren I. Mitchell | 5,800 | Four Annual Periods | \$132,472 |
| Edwin A. Guiles | 2,500 | Four Annual Periods | \$ 57,100 |
| Gary D. Cotton | 1,200 | Four Annual Periods | \$ 27,408 |
| Pamela J. Fair | 1,000 | Four Annual Periods | \$ 22,840 |
| Steven D. Davis | 1,000 | Four Annual Periods | \$ 22,840 |

(A) The payout amount represents the fair market value on the May 4, 1999 grant date of the restricted shares that will become vested upon the achievement of all performance goals. The actual payout (if any) will depend upon the achievement of performance goals and upon the then fair market value of Sempra Energy Common Stock.

Restricted shares are subject to forfeiture and transfer restrictions that terminate upon the satisfaction of long term objective corporate performance criteria. During the performance period, the executive receives dividends on the restricted shares and is entitled to vote them but the shares cannot be sold or otherwise transferred. If the performance criteria are not satisfied or the executive's employment is terminated during the performance period, the shares are forfeited to Sempra Energy and canceled.

The forfeiture and transfer restrictions on one-quarter of the shares initially subject to each of these awards will terminate at the end of years 2000, 2001, 2002 and 2003 if the executive is then employed by Sempra Energy or its subsidiaries and Sempra Energy has achieved a total return to shareholders for the year that places it among the top 25% of a peer group comprised of Sempra Energy and other energy and energy services companies. If these annual performance criteria are not met, the forfeiture and transfer restrictions on all or a portion of the shares remaining subject to these restrictions may be terminated based upon the satisfaction of cumulative shareholder return performance criteria for the four years ending December 31, 2003.

The restrictions on all remaining shares will terminate at the end of the year 2003 if the executive is then employed by Sempra Energy or its subsidiaries and Sempra Energy has achieved a four-year cumulative total return to shareholders that either places it among the top 50% of the peer group companies or equals or exceeds the four-year cumulative return of the companies then comprising the Standard & Poor's 500 Corporate Stock Price Index. If neither of these performance criteria is satisfied, the restrictions may be terminated as to a portion of the shares if Sempra Energy's four-year cumulative total shareholder return is among the top 70% of the peer group. Restrictions will terminate as to 80% of the shares for performance among the top 55% of the peer group with the percentage of shares as to which the restrictions may terminate declining ratably to 20% for performance among the top 70% of the peer group. Any restricted shares for which forfeiture and transfer restrictions are not terminated by or as of the end of year 2003 will be forfeited to Sempra Energy and canceled.

Pension Plans

The following table shows the estimated single life annual pension annuity benefit provided to the executive officers of SDG&E named in the Summary Compensation Table under the Sempra Energy Supplemental Executive Retirement Plan (combined with benefits payable under the other pension plans of SDG&E and its affiliates in which the officers also participate) based on the specified compensation levels and years of credited service and retirement at age 65.

Pension Plan Table
(\$000's)

| <u>Pension Plan Compensation</u> | <u>Years of Service</u> | | | | |
|--------------------------------------|-------------------------|-----------|-----------|-----------|-----------|
| | <u>5</u> | <u>10</u> | <u>20</u> | <u>30</u> | <u>40</u> |
| \$ 200 | \$ 40 | \$ 80 | \$120 | \$125 | \$130 |
| \$ 400 | \$ 80 | \$160 | \$240 | \$250 | \$260 |
| \$ 600 | \$120 | \$240 | \$360 | \$375 | \$390 |
| \$ 800 | \$160 | \$320 | \$480 | \$500 | \$520 |
| \$1,000 | \$200 | \$400 | \$600 | \$625 | \$650 |

Pension benefits are based on average salary for the highest two years of service and the average of the three highest annual bonuses during the last ten years of service. Years of service includes service with subsidiaries and number 41 years for Mr. Mitchell, 27 years for Mr. Guiles, 24 years for Mr. Cotton, 15 years for Ms. Fair and 19 years for Mr. Davis.

Messrs. Guiles and Cotton are each entitled to pension benefits at the greater of that provided by Sempra Energy's pension plans or that to which he would have been entitled under the Enova Corporation pension plans (including a supplemental pension plan) had those plans remained in effect. Under the Enova Corporation plans and retirement after attaining age 62, each would be entitled to a monthly pension benefit of 60% of his final pay. Final pay is defined as the monthly base pay rate in effect during the month immediately preceding retirement, plus one-twelfth of the average of the highest three years' gross bonus awards. The plans provide for reduced pension benefits for retirement between the ages of 55 and 62, and surviving spouse and disability benefits equal to 50% and 100%, respectively, of pension benefits.

Employment and Employment-Related Agreements

Employment Agreements

In connection with the business combination of Pacific Enterprises and Enova Corporation, Sempra Energy entered into an employment agreement with Warren I. Mitchell. Mr. Mitchell's agreement provides for an initial employment term of five years (subject to earlier mandatory retirement at age 65) which commenced on the June 26, 1998 completion of the business combination of Pacific Enterprises and Enova Corporation. The term of the agreement is automatically extended by one year on June 26, 2002 and on each June 26 thereafter unless he or Sempra Energy elects not to extend the term.

The agreement provides that Mr. Mitchell will serve as the President and principal executive officer of the businesses of Sempra Energy that are economically regulated by the California Public Utilities Commission. For these services, he will receive an annual base salary of not less than \$440,000 and will be entitled to participate in (i) annual incentive compensation plans and long term compensation plans and awards providing him with an annual bonus opportunity at least equal (in terms of target, maximum and minimum awards, expressed as a percentage of annual base salary) to his opportunities in effect at Pacific Enterprises prior to the completion of the business combination and (ii) all retirement and welfare benefit plans applicable to employees or senior executives of Sempra Energy.

The agreement also provides that if Sempra Energy terminates Mr. Mitchell's employment (other than for cause, death or disability) or Mr. Mitchell terminates his employment for good reason, he will be entitled to receive an amount equal to (i) the sum of his annual base salary and annual incentive compensation (equal to the greater of his target bonus for the year of termination or the average of the three years' highest gross bonus awards in the five years preceding termination) multiplied by two, provided that in the event of termination following a change in control such multiplier will be three; (ii) a pro rata portion of the target amount payable under any annual incentive compensation awards for the year or, if greater, the average of the three years' highest gross bonus awards paid to him in the five years preceding the year of termination; and (iii) an additional retirement benefit equal to the present value of the benefits to which he would be entitled under Sempra Energy's defined benefit pension and retirement plans if he continued working for an additional two years and had increased his age by two years as of termination (in each case three years in the event of a termination following a change of control), but not beyond mandatory retirement age of 65. The agreement also provides for immediate vesting and exercisability of all equity-based long term incentive compensation awards; pro rata payment of cash based long term incentive awards at target performance; continued participation in welfare benefit plans for three years; payment of compensation previously deferred; and financial planning and outplacement services. The agreement also provides for a gross-up payment to offset the effects of any excise taxes imposed on Mr. Mitchell under Section 4999 of the Internal Revenue code.

Good reason is defined in the employment agreements to include an adverse change in Mr. Mitchell's title, authority, duties, responsibilities or reporting lines; a reduction in his base salary or aggregate annualized compensation and benefit opportunities; the relocation of his principal place of employment; and a substantial increase in his business travel obligations. A change in control is defined to include the acquisition by one person or group of 20% or more of the voting power of Sempra Energy's shares; the election of a new majority of the board of Sempra Energy comprised of individuals who are not recommended for election by two-thirds of the current directors or successors to the current directors who were so recommended for election; certain mergers, consolidations or sales of assets that result in the shareholders of Sempra Energy owning less than 60% of the voting power of Sempra Energy or of the surviving entity or its parent; and shareholder approval of the liquidation or dissolution of Sempra Energy.

Mr. Mitchell has announced that he will retire on July 1, 2000. Upon his retirement he will receive a cash payment of approximately \$1.8 million, reflective of amounts he would be entitled to under his employment agreement. In addition, the forfeiture and transfer restrictions on his shares of restricted stock will immediately terminate and his stock options will become immediately and fully exercisable.

Severance Agreements

Sempra Energy has entered into a severance agreement with each of SDG&E's executive officers, other than Mr. Mitchell for whom severance arrangements are contained in his employment agreement summarized above. The severance agreements provide for the payment of benefits in the event Sempra Energy and its subsidiaries terminate the executive's employment (other than for cause, death or disability) or the executive terminates his or her employment for good reason.

The benefits payable under the severance agreements include (i) a lump sum cash payment equal to the executive's annual base salary and average annual bonus for the two years prior to termination multiplied, in certain cases depending upon the officer's position, by as much as 150%; (ii) continuation of health benefits for a period of two years; and (iii) financial planning and outplacement services. In addition, if the termination occurs within two years after a change in control of Sempra Energy, (i) the lump sum cash payment multiple is increased to as much as two; (ii) all equity-based incentive awards immediately vest and become exercisable or payable and all restrictions on such awards immediately lapse; (iii) all deferred compensation is paid out in a lump sum; (iv) a lump sum cash payment is made equal to the present value of the executive's benefits under the Supplemental Executive Retirement Plan calculated as if the executive had attained age 62 (or, if the executive is older than 62, based on the executive's actual age) and applying certain early retirement factors; and (v) continued life, disability, accident and health insurance for two years. The agreements also provide for a gross up payment to offset the effects of any excise tax imposed on the executive under Section 4999 of the Internal Revenue Code.

Good reason is defined in the severance agreements to include the assignment to the executive of duties materially inconsistent with those appropriate for an executive of Sempra Energy and its subsidiaries, a material reduction in the executive's overall standing and responsibilities within Sempra Energy and its subsidiaries and a material reduction in the executive's annualized compensation and benefit opportunities other than across-the-board reductions affecting all similarly situated executives of comparable rank. In addition, following a change in control of Sempra Energy, good reason also includes an adverse change in the executive's title, authority, duties, responsibilities or reporting lines, a 10% or greater reduction in the executive's annualized compensation and benefit opportunities, relocation of the executive's principal place of employment by more than 30 miles or a substantial increase in business travel obligations. A change in control is defined in the same manner as in Mr. Mitchell's employment agreement summarized above.

INDEPENDENT AUDITORS

Representatives of Deloitte & Touche LLP, independent auditors for SDG&E, are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from shareholders.

ANNUAL REPORTS

SDG&E's Annual Report to the Securities and Exchange Commission on Form 10-K is being mailed to shareholders together with this Information Statement.

APPENDIX L
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CITY OF CARLSBAD
ATTN CITY ATTORNEY
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CARLSBAD CA 92008

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CITY OF CORONADO
ATTN CITY CLERK
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33282 GOLDEN LANTERN
DANA POINT CA 92629

CITY OF DANA POINT
ATTN CITY CLERK
33282 GOLDEN LANTERN
DANA POINT CA 92629

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ATTN CITY ATTORNEY
1050 CAMINO DEL MAR
DEL MAR CA 92014

CITY OF DEL MAR
ATTN CITY CLERK
1050 CAMINO DEL MAR
DEL MAR CA 92104

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ATTN CITY CLERK
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LAGUNA NIGUEL CA 92656

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ATTN CITY CLERK
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NATIONAL CITY CA 92050

CITY OF NATIONAL CITY
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CITY OF POWAY
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SAN CLEMENTE CA 92672

CITY OF SAN CLEMENTE
ATTN CITY CLERK
100 AVENIDA PRESIDIO
SAN CLEMENTE CA 92672

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SAN DIEGO CA 92101

CITY OF SAN DIEGO
ATTN CITY CLERK
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CITY OF SAN DIEGO
ATTN CITY MANAGER
202 C ST
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SANTEE CA 92071

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APPENDIX M
SERVICE LIST OF POTENTIAL INTERESTED PARTIES

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LYNN HAUG
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