5.C.

APPLICATION NO. 59788 (AMENDED)

EXHIBIT NO. (SDG&E - 102)

DATE: ______

SDGE

San Diego Gas & Electric

1982 TEST YEAR

COMPARATIVE FINANCIAL DATA 1978 VS. 1979 AND SUMMARY OF EARNINGS COMBINED DEPARTMENTS 1980, 1981, 1982 AND 1983

INCLUDING PREPARED TESTIMONY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

DECEMBER 1980

COMBINED DEPARTMENTS

CHAPTER	TITLE
1	Balance Sheet, Comparative Income and Retained Earnings, Clearing Accounts
2	Allocation of Customer Accounting and Collecting Expenses
3	Allocation of Administrative and General Expenses
4	Allocation of Depreciation Reserve and Expense for Common Utility Plant
5	Summary of Earnings

CHAPTER 1
COMBINED DEPARTMENTS
BALANCE SHEET, COMPARATIVE INCOME,
RETAINED EARNINGS AND CLEARING ACCOUNTS
PREPARED DIRECT TESTIMONY OF FRANK H. AULT

1. Q. Mr. Ault, what is the purpose of your testimony before the Commission in this proceeding?

A. I am sponsoring Chapter 1 of this Exhibit regarding balance sheet, comparative income, retained earnings, and clearing accounts for the Combined Departments pertaining to the recorded years 1978 and 1979.

2. Q. Please explain the significance of Tables 1-A through 1-D.

A. These tables report the financial position of the Company. The figures for 1978 and 1979 are on a recorded basis. Table 1-A is a comparative balance sheet of the Company at December 31, 1978, and 1979. Table 1-B is a schedule of investment in utility plant on December 31, 1978, and 1979. Table 1-C is a comparative statement of income and retained earnings for the years ended December 31, 1978, and 1979. Table 1-D is a schedule of all Company clearing accounts and the uncleared balances as of December 31, 1978, and 1979.

3. Q. Company assets on sheet 1 of Table 1-A increased significantly from December 31, 1978, to December 31, 1979. Would you please explain this increase.

* * *

A. The major item increasing assets from December 31, 1978, to December 31, 1979, was the addition to utility plant on line 2 of $222 million. Table 1-B shows a complete breakdown of the amount of Utility Plant, included on line 2, sheet 1 of Table 1-A, by electric, gas and steam plant, and shows whether the plant is in service, construction work in progress, plant held for future use, plant completed-not classified, or plant acquisition adjustment. The figures in Table 1-B include the allocation of common plant to each department.

Utility Plant In Service, line 2 of Table 1-B for the Electric Department, increased $129 million, primarily as the result of additional distribution and transmission facilities to serve new customers. The additional distribution and transmission facilities placed in Plant In Service in 1979 totaled $87 million. In addition, $18 million applicable to Encina Unit 5 and the Combined Chimney on Encina Unit 5 was placed in Plant In Service in 1979, as well as $12 million in waste water treatment systems for four of the Company's plants. Certain of these dollars placed in Plant In Service in 1979 were transferred from Plant Completed-Not Classified at the end of 1978,

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accounting for the reduction on line 5 of Table 1-B.

The other major item increasing Electric Plant during the year 1979 was the addition of $123 million in Construction Work In Progress. $100 million of that increase was applicable to San Onofre Units 2 and 3. Of the $447 million of Construction Work In Progress at December 31, 1979, $379 million was applicable to San Onofre Units 2 and 3.

4. Q. What caused Fuel Oil, line 16 on Sheet 1 of Table 1-A, to increase $28 million between December 31, 1978, and December 31, 1979?

A. This increase in fuel oil inventory was the result of two primary factors. First, the moving average cost of fuel oil in inventory increased from $17.08 per barrel at December 31, 1978, to $24.35 per barrel at December 31, 1979. At the same time, the number of barrels in inventory increased by 452,000 barrels in 1979.

5. Q. Regulatory Balancing Accounts-Undercollected, line 18 on sheet 1 of Table 1-A, increased $42 million during 1979. Would you please explain this increase?

A. Yes. $30 million of the 1979 undercollection was applicable to the electric ECAC mechanism which had an undercollected balance of $46 million as

* * *

of December 31, 1979. In addition, the PGA balancing account increased $12 million during 1979, to a total undercollection of $22 million as of December 31, 1979.

6. Q. Is there any relationship between the increase in Extraordinary Property Losses and the decrease in Other Deferred Debits, lines 23 and 24 on sheet 1 of Table 1-A?

A. Extraordinary Property Losses, shown on line 23, increased approximately $31 million during 1979, to a total of $38 million on December 31, 1979. This increase was caused by the tr[illegible]sfer of approximately $38 million of costs applicable to the abandoned Sundesert Project from Other Deferred Debits on line 24 during the year 1979, resulting from the Company's General Rate Decision 90405, of June 5, 1979.

7. Q. What caused the increase in total Proprietary Capital as shown on line 9 on sheet 2 of Table 1-A betw[illegible] December 31, 1978, and December 31, 1979?

A. Common Stoc[illegible] Issued, line 3, increased $18 million during 1979, and the Premium on Capital Stock, line 6, increased approximately $36 million. The increase in these two items was the result of the Company's issuance of 3,595,000 shares of Common

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* * *

Stock during 1979. 3,000,000 of these shares were issued in a general sale to the public in July, 1979, while the remaining 595,000 shares were issued throughout the year to the Company's Dividend Reinvestment Plan and to the Company's Employee Savings Plan.

8. Q. What Long-Term Debt did the Company issue in 1979?

A. Other Long-Term Debt, line 13 on sheet 2 of Table 1-A, increased approximately $68 million during 1979, primarily as the result of the Company's issuance of $65 million in term loans to three foreign banks. These term loans are due during the time period of 1983 through 1986. The addition of this $65 million in foreign term loans increased total Other Long-Term Debt to over $125 million. The Company also issued $5.7 million of pollution control bonds with the proceeds to be received as expenditures are made on certain pollution control facilities. $4.7 million was received in 1979 via this financing mechanism.

9. Q. Short-term borrowings in the form of Commercial Paper and Bankers' Acceptances increased significantly in 1979. What caused these increases?

A. The Company's Commercial Paper outstanding at December 31, 1979, line 17 on sheet 2 of Table

* * *

* * *

1-A, totaled over $95 million, compared to approximately $21 million at December 31, 1978. This $74 million increase was used primarily to finance the Company's construction program and ECAC undercollections. Bankers' Acceptances, shown on line 18, are used to finance the Company's fuel oil inventory. Total Bankers' Acceptances outstanding at December 31, 1979, were $60 million, an increase of $36 million over the $24 million outstanding at December 31, 1978. This increase parallels the increase in fuel oil inventory discussed in Answer 4.

10. Q. Regulatory Balancing Accounts-Overcollected, line 24 on sheet 2 of Table 1-A, increased $26 million during 1979. What caused this increase?

A. The Company's Regulatory Balancing Accounts, which were in an overcollected state as of December 31, 1979, totaled approximately $27 million, an increase of $26 million over the balance at December 31, 1978. This $26 million increase in 1979 was all applicable to the gas Supply Adjustment Mechanism (SAM) and partially offsets the $42 million net undercollections experienced in 1979 in the Company's ECAC and PGA Balancing Accounts as shown on line 18 of sheet 1 of Table 1-A.

* * *

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11. Q. What caused the $50 million decrease in the Current Portion of Long-Term Debt on line 25 on sheet 2 of Table 1-A in 1979?

A. The Current Portion of Long-Term Debt decreased $50 million during 1979 as the result of the Company's retirement, on December 15, 1979, of of its $50 million Series N First Mortgage Bonds which became due on that date.

12. Q. Table 1-C shows the comparative statements of income and retained earnings of the Company for the years ended December 31, 1978, and 1979. Please explain what caused the $132 million increase in Operating Revenues between 1978 and 1979.

A. Total Operating Revenues increased $132 million between the two years, primarily as the result of increases in the Company's ECAC and PGA rates to offset increased costs of fuel oil and natural gas, and the $70.9 million of general rate relief granted in the Company's Interim Rate Decision 89857 of January, 1979, and the General Rate Decision 90405 of June, 1979.

13. Q. Was the $113 million increase in Operating Expenses on line 7 of Table 1-C the result of increased cost of fuel oil and natural gas, along with the effects of inflation on other operating expenses?

A. Yes.

* * *

14. Q. What caused the $10 million increase in depreciation and amortization expense in 1979 compared to 1978?

A. Depreciation and amortization of the Company's Plant on line 9 of Table 1-C, increased approximately $10 million. This increase included approximately $5 million of additional amortization attributable to abandoned plant, primarily the Sundesert Plant, which is to be written off over a five-year period in accordance with the Company's General Rate Decision 90405 of June, 1979. The remaining increase in depreciation and amortization is the result of the depreciation on the Company's increased Plant In Service.

15. Q. Did the write-off of the Sundesert Allowance for Funds Used During Construction (AFUDC), as ordered in Decision 90405, impact the amount shown in Table 1-C for 1979?

A. Yes. The total AFUDC, line 18 for Other Funds and line 29 for Borrowed Funds, increased in 1979, as compared to 1978 by approximately $3.5 million. The increase was only $3.5 million as a result of the Company writing off in 1979 approximately $3.1 million of AFUDC applicable to the Sundesert Plant in accordance with the Company's June, 1979, General Rate Decision 90405.

* * *

Excluding the $3.1 million that was written off, AFUDC actually increased approximately $6.6 million. This increase was primarily due to the expanded amount of Construction Work in Progress represented by San Onofre Units 2 and 3.

16. Q. Please explain the increase in the amount of Long-Term Debt interest in 1979 compared to 1978 as shown on line 25 of Table 1-C.

A. Interest on Long-Term Debt increased $7.3 million in 1979 over 1978 as the result of $5.4 million applicable to the $65 million term loan issued in April, 1979, and $1.9 million of a full year's interest on the Series R First Mortgage Bonds issued in May, 1978.

17. Q. Referring to Table 1-D, please explain the basic purpose of clearing accounts as used by the Company.

A. The Company maintains clearing accounts to distribute charges of such a general nature that they are not readily chargeable to a specific construction or expense account.

18. Q. What do the debit or credit balances in these accounts represent?

A. The balances represent the difference between the expenses charged to these clearing accounts and amounts credited. For example, all expenses associated with transportation, tool and work

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equipment are charged to that clearing account. Credits are generated through the application of hourly rates for the use of each type of vehicle or piece of equipment.

19. Q. Have any of the figures in Chapter 1 been adjusted?

A. All figures shown in Chapter 1 are identical with those on the Company's published financial statement for 1979.

20. Q. Does that conclude your Prepared Direct Testimony on this Chapter?

A. Yes.

CHAPTER 1

BALANCE SHEET, COMPARATIVE INCOME
AND RETAINED EARNINGS, CLEARING ACCOUNTS

LISTING OF TABLES

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TABLE 1-A

COMPARATIVE BALANCE SHEET

Line No. (A)	Item (B)	Thousands of Dollars December 31, 1978 (C)	Thousands of Dollars December 31, 1979 (D)
1.	Assets and Other Debits		
2.	Utility Plant	$1 568 472	$1 790 040
3.	Nuclear Fuel	11 185	11 185
4.	Less Provision for Depreciation & Amortization	344 945	381 437
5.	Net Utility Plant	1 234 712	1 419 788
6.	Nonutility Property (Net)	5 529	5 196
7.	Investments in Associated Companies	7 896	9 150
8.	Other Investments	860	769
9.	Sinking Funds	1 397	1 000
10.	Total Other Property and Investments	15 682	16 115
11.	Current and Accrued Assets		
12.	Cash and Temporary Investments	4 268	15 819
13.	Notes and Accounts Receivable (Less Provision for Uncollectible Accounts: 1978, $370,000; 1979, $486,000)	82 411	65 260
14.	Notes and Accounts Receivable from Assoc. Companies	18 080	16 685
15.	Plant Materials and Operating Supplies	22 555	22 222
16.	Fuel Oil	44 638	72 577
17.	Prepayments	924	1 104
18.	Regulatory Balancing Accounts-Undercollected	25 898	67 909
19.	Other Current & Accrued Assets	81	81
20.	Total Current & Accrued Assets	198 855	261 657
21.	Deferred Debits		
22.	Unamortized Debt Expense	1 410	1 411
23.	Extraordinary Property Losses	7 431	38 195
24.	Other Deferred Debits	82 423	45 399
25.	Total Deferred Debits	91 264	85 005
26.	Total Assets	$1 540 513	$1 782 565

TABLE 1-A

COMPARATIVE BALANCE SHEET

Line No. (A)	Item (B)	Thousands of Dollars December 31, 1978 (C)	December 31, 1979 (D)
1.	Liabilities and Other Credits		
2.	Proprietary Capital		
3.	Common Stock Issued	$ 137 964	$ 155 941
4.	Non-Redeemable Preferred Stock	128 500	128 500
5.	Redeemable Preferred Stock	85 000	85 000
6.	Premium on Capital Stock	200 014	235 765
7.	Less Capital Stock Expense	15 452	17 289
8.	Retained Earnings	15/ 928	166 808
9.	Total Proprietary Capital	693 954	754 725
10.	Long-Term Debt		
11.	Bonds	494 000	494 000
12.	Sinking Fund Debentures	24 600	23 825
13.	Other Long-Term Debt	57 873	125 539
14.	Discount Less Premium on Issues	(3 408)	(3 286)
15.	Total Long-Term Debt	573 065	640 078
16.	Current & Accrued Liabilities		
17.	Commerc al Paper	21 295	95 420
18.	Banker Acceptances	23 600	60 000
19.	Accoun.. ?ayable	55 252	73 817
20.	Customer Deposits	5 561	6 287
21.	Taxes Accrued	12 311	19 472
22.	Interest Accrued	13 808	14 510
23.	Dividends Payable	14 344	16 261
24.	Regulatory Balancing Accounts-Overcollected	1 225	26 853
25.	Current Portion of Long-Term Debt	53 037	3 058
26.	Other Current & Accrued Liabilities	16 538	15 754
27.	Total Current & Accrued Liabilities	216 971	331 432
28.	Deferred Credits		
29.	Customer Advances for Construction	21 291	24 577
30.	Other Deferred Credits	31 468	30 202
31.	Total Deferred Credits	52 759	54 779
32.	Injuries & Damages Reserve	1 553	1 332
33.	Deferred Income Taxes	2 211	219
34.	Total Liabilities	$1 540 513	$1 782 565

TABLE 1-B

UTILITY PLANT INVESTMENT

Line No. (A)	Item (B)	Thousands of Dollars December 31, 1978 (C)	December 31, 1979 (D)
1.	Electric Plant		
2.	Plant in Service	$ 882 636	$1 011 625
3.	Construction Work in Progress	324 077	446 759
4.	Plant Held for Future Use	63 528	65 556
5.	Plant Completed - Construction not Classified	77 125	29 212
6.	Plant Acquisition Adjustment	816	816
7.	Total Electric Plant	1 348 182	1 553 968
8.	Gas Plant		
9.	Plant in Service	212 827	228 506
10.	Construction Work in Progress	1 145	1 120
11.	Plant Completed - Construction not Classified	4 947	5 069
12.	Plant Held for Future Use	45	45
13.	Total Gas Plant	218 964	234 740
14.	Steam Plant		
15.	Plant in Service	1 300	1 326
16.	Construction Work in Progress	8	2
17.	Plant Completed - Construction not Classified	18	4
18.	Total Steam Plant	1 326	1 332
19.	Total Utility Plant	$1 568 472	$1 790 040

TABLE 1-C

COMPARATIVE INCOME AND RETAINED EARNINGS
(Thousands of Dollars)

Line No. (A)	Item (B)	For the 12 Months Ended December 31, 1978 (C)	December 31, 1979 (D)
1.	Operating Revenues		
2.	Electric	$ 468 400	$ 592 549
3.	Gas	144 210	151 700
4.	Steam	1 013	983
5.	Total Operating Revenues	613 623	745 232
6.	Operating Expenses		
7.	Operating	428 186	540 842
8.	Maintenance	23 839	31 218
9.	Depreciation & Amortization	37 980	47 592
10.	Taxes	32 209	28 347
11.	Total Operating Expenses	522 214	647 999
12.	Net Operating Income		
13.	Electric	68 026	89 305
14.	Gas	23 412	7 912
15.	Steam	(29)	16
16.	Total Net Operating Income	91 409	97 233
17.	Other Income & Deductions		
18.	Allowance for Other Funds Used During Construction	13 900	18 033
19.	Other Income	3 024	5 278
20.	Other Income Deductions	982	1 550
21.	Taxes on Other Income & Deductions	(8 602)	(7 397)
22.	Total Other Income & Deductions	24 544	29 158
23.	Income Before Interest Charges	115 953	126 391
24.	Interest Charges		
25.	Long-Term Debt	47 390	54 657
26.	Short-Term Borrowing	8 956	7 083
27.	Amortization of Debt Discount & Expense, Less Premium	382	380
28.	Other	286	1 307
29.	Allowance for Borrowed Funds Used During Construction	(7 863)	(7 202)
30.	Total Interest Charges	49 151	56 225
31.	Net Income	66 802	70 166
32.	Retained Earnings		
33.	Retained Earnings at Beginning of Period	143 813	157 928
34.	Total	210 615	228 094
35.	Dividends		
36.	Preferred	17 230	17 643
37.	Common	35 457	43 643
38.	Total Dividends	52 687	61 286
39.	Retained Earnings at end of Period	$ 157 928	$ 166 808

TABLE 1-D

CLEARING ACCOUNTS

(Thousands of Dollars)

Line No. (A)	Description (B)	Uncleared Balances December 31, 1978 (C)	Uncleared Balances December 31, 1979 (D)
1.	Transportation, Tool and Work Equipment Expense	$1 391	$3 053
2.	Sales of Merchandise to Employees	76	115
3.	Shop Expense	8	(5)
4.	Labor Distribution Adjustment	(27)	60
5.	Multilith and Ozalid Operation	23	20
6.	Engineering Overheads	(6)	172
7.	Data Systems	35	(64)
8.	Work Order Clearing	1 023	200
9.	Miscellaneous	2	2
10.	Totals	$2 525	$3 553

CHAPTER 2
COMBINED DEPARTMENTS
ALLOCATION OF CUSTOMER ACCOUNTING AND COLLECTION EXPENSES
PREPARED DIRECT TESTIMONY OF ERNEST G. ANDRADE

1. Q. Mr. Andrade, what is the purpose of your testimony before the Commission in this proceeding?

A. I am sponsoring Chapter 2 of this Exhibit regarding allocation of customer accounting and collection expenses.

2. Q. Would you briefly explain the types of items which are included in customer accounting and collection expenses and to which accounts these expenses are charged?

A. The Company's customer accounting and collection expenses include such items as employee salaries and expenses for billing, collecting, meter reading, processing customer orders, charges for data systems, postage and uncollectible accounts. These expenses are recorded in Accounts 901 through 905.

3. Q. Are these expenses allocated to the various departments?

A. Yes, with the exception of uncollectible accounts, Account 904. These expenses are allocated based on the number of customers in each department, with extra weight being given to customers requiring special handling. A customer account requiring special handling is one which is not a joint gas and electric account or one requiring a manual bill.

4. Q. Is the derivation of the allocation percentages for customer accounting and collection expenses shown in this Chapter?

A. Yes, the derivation of the actual allocation percentages for the years 1979 and 1980 are shown in Table 2-A. As shown on this table, 62.72 percent of customer accounting and collection expenses were allocated to the Electric Department in 1979. This percentage increased to 62.94 percent in 1980. The Gas Department allocation for 1979 was 37.27 percent, which decreased to 37.05 percent in 1980. The Steam Department allocation was 0.01 percent in 1979 and 1980.

The allocation percentages for 1981 through 1983 were estimated by taking estimated customers at December 31, 1980, 1981 and 1982, respectively, and calculating the percentage by department in the same manner as 1979 and 1980 actual. As shown in Table 2-A, the Electric Department allocation percent for 1981 is estimated at 63.23 percent, 1982 at 63.48 percent and 1983 at 63.76 percent. The allocation percentages for the Gas and Steam Departments for 1981 through 1983 were derived in the same manner as for the Electric Department. As shown in Table 2-A, the allocation percentages for 1981, 1982 and 1983 for the Gas Department were 36.76 percent, 36.51 percent and 36.23 percent, respectively. The allocation percent to the Steam Department was 0.01 percent each year.

5. Q. Is the method of deriving customer accounting and collection expense allocation factors shown in Table 2-A the same method used by the Commission and Company in previous rate proceedings?

A. Yes, this method was first adopted by the Commission in Decision 62446 on Application 42887 of August 22, 1961, the Company's 1961 gas rate case and it has been used ever since.

6. Q. Were the allocation factors derived in Table 2-A used to allocate customer accounting and collection expenses for 1980 through 1983 to the Electric, Gas and Steam Departments in the various Results of Operations Exhibits?

A. Yes.

7. Q. You indicated in Answer 3 that Account 904 was not allocated; please explain how Account 904 was estimated.

A. The estimates of Account 904, Uncollectible Accounts, were derived individually by department based on the expected revenue to be derived from the sale of electricity and natural gas.

8. Q. Does that conclude your Prepared Direct Testimony on this Chapter?

A. Yes.

CHAPTER 2

ALLOCATION OF CUSTOMER ACCOUNTING AND COLLECTION EXPENSES

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TABLE 2-A

CALCULATION OF PERCENTAGES USED OR TO BE USED TO ALLOCATE CUSTOMER ACCOUNTING AND COLLECTION EXPENSES FOR YEARS 1979, 1980, 1981, 1982 AND 1983

Line No. (A)	Year 1979 (B)	Electric (C)	Gas (D)	Steam (E)	Total (F)
1.	Total Customers (December 31, 1978)	716 927	477 383	64	1 194 374
2.	Add for special handling	86 796	220	64	87 080
3.	Total	803 723	477 603	128	1 281 454
4.	Percentage	62.72	37.27	0.01	100.00
	Year 1980				
5.	Total Customers (December 31, 1979)	750 902	492 584	64	1 243 550
6.	Add for special handling	85 991	98	64	86 153
7.	Total	836 893	492 682	128	1 329 703
8.	Percentage	62.94	37.05	0.01	100.00
	Year 1981				
9.	Percentage - Estimated	63.23	36.76	0.01	100.00
	Year 1982				
10.	Percentage - Estimated	63.48	36.51	0.01	100.00
	Year 1983				
11.	Percentage - Estimated	63.76	36.23	0.01	100.00

CHAPTER 3
COMBINED DEPARTMENTS
ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES
PREPARED DIRECT TESTIMONY OF FRANK H. AULT

1. Q. Mr. Ault, what is the purpose of your testimony before the Commission in this proceeding?

A. I am sponsoring Chapter 3 of this Exhibit regarding the allocation of administrative and general expenses.

2. Q. Would you briefly explain the type of expenses included in administrative and general expenses and to which accounts these expenses are charged?

A. The Company's administrative and general expenses include such items as salaries and expenses of general officers and general office employees, directors' fees, regulatory commission expenses, printing and stationery, other office supplies, legal and audit expenses, pension, life and health insurance and other employee benefits. It also includes franchise fees and the cost of insurance, injuries and damages. These expenses are recorded in Accounts 920 through 932.

3. Q. Are some of the administrative and general expenses allocated to specific departments?

A. Yes. Portions of the administrative and general expenses are related to specific operations. Accordingly, such expenses are charged directly to one or more of the Company's departments, as appropriate. Many of the expenses, however, are so general that they must be prorated to all operating departments. Those which are allocated are based on the average of the four factors shown in Tables 3-A and 3-B for the recorded years 1979 and 1980.

4. Q. Is this four factor method the same method used by the Commission and the Company for allocating administrative and general expenses in previous rate proceedings?

A. Yes. It is widely accepted.

5. Q. How were the administrative and general expense allocation percentages for 1981 through 1983 derived?

A. Table 3-C shows the recorded allocation percentages by department for the years 1976 through 1980. The estimated percentages for 1981 through 1983 were derived by a least square trend of the recorded figures for 1976 through 1980.

6. Q. Were the allocation factors derived in Table 3-C used to allocate administrative and general expenses for 1980 through 1983 to the various departments in the Results of Operations Exhibits ___ (SDG&E-103), ___ (SDG&E-104), and ___ (SDG&E-105)?

A. Yes.

7. Q. How were Franchise Fees in Account 927 allocated?

A. The estimates were derived individually by department based on the expected revenue to be derived from the sale of electricity and natural gas.

8. Q. Does that conclude your Prepared Direct Testimony on this Chapter?
A. Yes.

CHAPTER 3

ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

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TABLE 3-A

DERIVATION OF PRORATION PERCENTAGES FOR APPORTIONMENT OF
ADMINISTRATIVE AND GENERAL EXPENSES
FOR YEAR 1979
(Thousands of Dollars)

Line No. (A)	Description (B)	Electric Department (C)	Gas Department (D)	Steam Department (E)	Total Departments (F)
1.	Operating and maintenance expenses less uncollectibles and administrative and general expenses	$325 824	$ 59 797	$1 094	$ 386 715
2.	Per Cent	84.26	15.46	0.28	100.00
3.	Net plant less intangibles plus complete CWIP	943 742	211 716	1 273	1 156 731
4.	Per Cent	81.59	18.30	0.11	100.00
5.	Operating payroll less administrative and general expenses and plant construction weekly	30 256	11 705	65	42 026
6.	Per Cent	71.99	27.85	0.16	100.00
7.	Number of customers as of December 31, 1978	716 927	477 383	64	1 194 374
8.	Per Cent	60.03	39.97	-	100.00
9.	Sum of percentages	297.87	101.58	0.55	400.00
10.	Average of percentages	74.47	25.40	0.13	100.00

TABLE 3-B

DERIVATION OF PRORATION PERCENTAGES FOR APPORTIONMENT OF ADMINISTRATIVE AND GENERAL EXPENSES FOR YEAR 1980 (Thousands of Dollars)

Line No. (A)	Description (B)	Electric Department (C)	Gas Department (D)	Steam Department (E)	Total Departments (F)
1.	Operating and maintenance expenses less uncollectibles and administrative and general expenses	$406 602	$117 332	$ 840	$ 524 774
2.	Per Cent	77.48	22.36	0.16	100.00
3.	Net plant less intangibles plus complete CWIP	$1 023 471	$227 010	$1 281	$1 251 762
4.	Per Cent	81.76	18.14	0.10	100.00
5.	Operating payroll less administrative and general expenses and plant construction weekly	$ 36 873	$ 13 117	$ 73	$ 50 063
6.	Per Cent	73.65	26.20	0.15	100.00
7.	Number of customers as of December 31, 1979	750 902	492 584	64	1 243 550
8.	Per Cent	60.38	39.61	0.01	100.00
9.	Sum of percentages	293.27	106.31	0.42	400.00
10.	Average of percentages	73.32	26.58	0.10	100.00

TABLE 3-C

PERCENTAGES FOR APPORTIONMENT OF
ADMINISTRATIVE AND GENERAL EXPENSES
FOR YEARS 1976, 1977, 1978, 1979, 1980, 1981, 1982 and 1983

LINE NO. (A)	Description (B)	Electric Department (C)	Gas Department (D)	Steam Department (E)	Total Departments (F)
1.	Average of proration percentages 1976	70.80	29.04	0.16	100.00
2.	Average of proration percentages 1977	71.79	28.06	0.15	100.00
3.	Average of proration percentages 1978	72.62	27.24	0.14	100.00
4.	Average of proration percentages 1979	74.47	25.40	0.13	100.00
5.	Average of proration percentages 1980	73.32	26.58	0.10	100.00
6.	1981 - Estimate	74.91	24.98	0.11	100.00
7.	1982 - Estimate	75.68	24.22	0.10	100.00
8.	1983 - Estimate	76.45	23.46	0.09	100.00

CHAPTER 4
COMBINED DEPARTMENTS
ALLOCATION OF DEPRECIATION RESERVES AND EXPENSES FOR COMMON UTILITY PLANT
PREPARED DIRECT TESTIMONY OF ALAN G. STRACHAN

1. Q. Mr. Strachan, what is the purpose of your testimony before the Commission in this proceeding?

A. I am sponsoring Chapter 4 of this Exhibit regarding the allocation of depreciation reserves and expenses for Common Utility Plant.

2. Q. What is Common Plant?

A. Common Plant consists of land, structures and equipment used jointly by several departments of the Company. Costs associated with this plant are then allocated to these departments. The allocation is done by factors based on a detailed analysis of usage by each operating department of the facilities in each Common Plant Account.

3. Q. What are the allocation factors?

A. The Electric Department is assigned 72.47%, the Gas Department 27.34% and the Steam Department 0.19%.

4. Q. How are the depreciation calculations made for Common Plant?

A. They are made on a straight-line remaining life basis.

5. Q. What do Tables 4-A and 4-B show?

A. Table 4-A shows the estimated allocation for 1980, 1981, 1982 and 1983. Table 4-B shows the year-end depreciation reserve accrued on Common Plant.

These tables include the accrued reserve for Transportation and Power Operated Equipment. The associated depreciation expense on this equipment does not appear in this chapter. It is calculated on each piece of equipment using the straight-line method. This depreciation expense is then charged through clearing accounts, by hourly rates, for use of the equipment.

6. Q. Will you explain how the depreciation accruals were calculated?

A. The recorded 1975 through 1979 accruals were calculated on an individual account basis by applying an approved depreciation rate to each depreciable account balance. The 1980 and 1981 as expected depreciation accruals were developed based on the depreciation rate approved in Decision 90405 issued in June, 1979. The Test Year 1982 and 1983 accruals reflect new mortality studies, new salvage studies and a new concept in estimating composite remaining life.

7. Q. Please describe the new mortality and salvage studies which were undertaken.

A. Our mortality studies were updated to include more current retirement data. Similarly, our salvage studies were revised in order to account for projected changes in all the variables affecting salvage values.

8. Q. Please describe the new concept used to estimate

composite remaining life.

A. In order to determine depreciation expense, the composite remaining life of each of our plant accounts must be estimated. For any given account, this is accomplished by first estimating the expected remaining life for each vintage group of plant. A weighted average of the individual estimated remaining lives is then calculated in order to arrive at an estimate of composite remaining life for the account as a whole.

Historical dollars are an approximate and convenient surrogate for units of physical plant when the number of physical units within any given account is difficult or impossible to obtain. In the above estimation process, if the chosen weight associated with any given vintage of plant is its share of total historical dollar plant, the resulting estimate of composite remaining life is not independent of the price level. However, the estimate should be independent as the price level is a variable unrelated to the actual remaining life of the account. The weight assigned to any given vintage of plant should reflect the associated share of total real plant. This may be accomplished by measuring plant in comparable dollars. In this instance, plant dollars have been brought to a common base year by means of the Handy Whitman Index of Public Utility Construction Costs and the

Marshall and Swift Valuation Service Index. These indices provide a consistent means for measuring plant across vintages. The resulting estimates of composite remaining life are independent of the price level and accurately represent the composition of the account as a whole in terms of remaining life of real plant.

9. Q. Are dollars in the depreciable base altered in any way when this concept is applied?

A. No. They are left unaltered at their historical values. The concept should by no means be confused with Constant Dollar or Current Cost Depreciation. In fact, to emphasize this distinction, we have used, in most instances, 1916 or 1917 dollars.

10. Q. What does Table 4-C show?

A. Table 4-C shows the derivation of the factors used for the years 1977 through 1983 to allocate common utility plant to the Electric, Gas and Steam Departments. In order to develop the allocation factors shown at the bottom of the page, a detailed analysis of the usage by each department of the facilities in each common plant account was made. The analysis shown in Table 4-C was made in 1976.

11. Q. Does that complete your Prepared Direct Testimony on this Chapter?

A. Yes.

CHAPTER 4

ALLOCATION OF DEPRECIATION RESERVE AND EXPENSE FOR COMMON UTILITY PLANT

LISTING OF TABLES

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Table 4-B	ALLOCATION TO DEPARTMENTS OF DEPRECIATION RESERVE RELATING TO COMMON UTILITY PLANT	4
Table 4-C	DERIVATION OF COMMON ALLOCATION FACTORS	6

TABLE 4-A

ALLOCATION TO DEPARTMENTS OF DEPRECIATION EXPENSE

RELATING TO COMMON UTILITY PLANT

(Thousands of Dollars)

LINE NO.	DESCRIPTION	1980 AS EXPECTED	1981 AS EXPECTED
1.	Electric		
	Proration Percentage	72.47	72.47
	Depreciation Expense	549	649
2.	Gas		
	Proration Percentage	27.34	27.34
	Depreciation Expense	207	244
3.	Steam		
	Proration Percentage	0.19	0.19
	Depreciation Expense	1	2
4.	Total Common Utility Plant Expense	757	895

TABLE 4-A

ALLOCATION TO DEPARTMENTS OF DEPRECIATION EXPENSE

RELATING TO COMMON UTILITY PLANT

(Thousands of Dollars)

LINE NO.	DESCRIPTION	1982 TEST YEAR	1982 TEST YEAR (PROPOSED RATES)	1983 (1982 TEST YEAR PROPOSED RATES)
1.	Electric			
	Proration Percentage	72.47	72.47	72.47
	Depreciation Expense	972	972	1,170
2.	Gas			
	Proration Percentage	27.34	27.34	27.34
	Depreciation Expense	367	367	441
3.	Steam			
	Proration Percentage	0.19	0.19	0.19
	Depreciation Expense	3	3	3
4.	Total Common Utility Plant Expense	1,342	1,342	1,614

TABLE 4-B

ALLOCATION TO DEPARTMENTS OF DEPRECIATION RESERVE

RELATING TO COMMON UTILITY PLANT

(Thousands of Dollars)

LINE NO.	DESCRIPTION	1980 AS EXPECTED	1981 AS EXPECTED
1.	Electric		
	Proration Percentage	72.47	72.47
	Depreciation Reserve	5,906	6.526
2.	Gas		
	Proration Percentage	27.34	27.34
	Depreciation Reserve	2,228	2,462
3.	Steam		
	Proration Percentage	0.19	0.19
	Depreciation Reserve	16	17
4.	Total Common Utility Plant Reserve	8,150	9,005

TABLE 4-B

ALLOCATION TO DEPARTMENTS OF DEPRECIATION RESERVE

RELATING TO COMMON UTILITY PLANT

(Thousands of Dollars)

LINE NO.	DESCRIPTION	1982 TEST YEAR	1982 TEST YEAR (PROPOSED RATES)	1983 (1982 TEST YEAR PROPOSED RATES)
1.	Electric			
	Proration Percentage	72.47	72.47	72.47
	Depreciation Reserve	7,496	7,496	8,685
2.	Gas			
	Proration Percentage	27.34	27.34	27.34
	Depreciation Reserve	2,828	2,828	3,277
3.	Steam			
	Proration Percentage	0.19	0.19	0.19
	Depreciation Reserve	20	20	23
4.	Total Common Utility Plant Reserve	10,344	10,344	11,985

TABLE 4-C

DERIVATION OF COMMON ALLOCATION FACTORS

(THOUSANDS OF DOLLARS)

	Common Account	Electric	Derived Allocation Gas	Steam	Total
389.1	Land	1,270.7	649.7	3.8	1,924.2
389.2	Land Rights	1.1	.1	-	1.2
390	Structures & Improvements	4,447.2	2,116.2	11.9	6,575.3
391	Office Furniture & Equip.	1,815.9	714.9	4.7	2,535.5
392.1	Transportation Eq.-Autos	2,356.0	1,228.7	15.0	3,599.7
392.2	Transportation Eq.-Trailers	413.0	131.8	.1	544.9
393	Stores Equipment	228.0	45.1	.3	273.4
394.1	Portable Tools	433.3	106.0	.7	540.0
394.2	Shop Equipment	181.5	71.6	-	253.1
394.3	Garage Equipment	248.4	84.5	.9	333.8
395	Laboratory Equipment	42.4	7.8	.1	50.3
396	Power-Operated Equipment	2,719.7	473.4	.5	3,193.6
397	Communication Equipment	1,858.8	454.8	2.3	2,315.9
398	Miscellaneous Equipment	480.0	138.9	1.6	620.5
Total Allocated Common Accounts		16,496.0	6,223.5	41.9	22,761.4
Composite Allocation %		72.47	27.34	.19	

The totals in the table above are as of 12-31-75, adjusted to exclude facilities removed from utility use. Individual account totals were allocated to departments using various allocation methods.

CHAPTER 5
COMBINED DEPARTMENTS
SUMMARY OF EARNINGS
PREPARED DIRECT TESTIMONY OF JOSEPH E. HITT III

1. Q. Mr. Hitt, what is the purpose of your testimony in this proceeding?

A. I am sponsoring Chapter 5 of this Exhibit regarding summary of earnings. The components of the figures in this Chapter will b discussed in greater detail by other witnesses in their respective areas of expertise. In addition, I intend to discuss the major economic assumptions underlying the estimates.

2. Q. Please describe the tables included in the Chapter.

A. Historical data for the years 1975, 1976, 1977, 1978, and 1979, and projected data for 1980, 1981, 1982, and 1983 Combined Departments is depicted in Table 5-A. "Combined Departments" for this proceeding consist of the Electric, Gas and Steam Departments. Table 5-B displays projected data for the Electric Department, while Table 5-C shows similar data for the Gas Department. Table 5-D displays recorded and projected data for the Steam Department.

The four sets of tables, 5-A, 5-B, 5-C, and 5-D are constructed using the same format. Five columns of recorded data are provided, where appropriate. Referring to the projected data, columns C and D, 1980 and 1981, respectively, are both shown on an as expected basis and include fuel expenses. Column E represents 1982 Test Year at present rates.

Column F also depicts 1982 Test Year at present rates, but it has been adjusted to a zero fuel basis. The Test Year at proposed rates, column G, is also depicted on a zero fuel basis, as are columns H and I. Column H represents 1983 at the 1982 Test Year proposed rates, while column I shows 1983 with a rate adjustment for attrition.

3. Q. Please discuss the adjustments made to exclude fuel-related items.

A. Adjustments have been made to the Electric, Gas and Steam Departments to exclude all fuel-related revenues and expenses which are treated in separate filings before the Commission. These adjustments would, of course, carry over into Combined Department results. In the operating revenue section of Table 5-A, sales to customers (line 1), interdepartmental (line 2), PGA and SAM adjustment (line 4), and ECAC adjustment (line 5) are all affected by the zero base fuel adjustment. Fuel expense, shown in line 7, has also been adjusted. Customer accounting and collection expenses (line 12), and administrative and general expenses (line 14), are adjusted commensurately, because uncollectibles and franchise fees are a function of gross revenues.

4. Q. Do any of these adjustments affect the overall rate of return shown on line 24 of Table 5-A?

A. No, they do not.

5. Q. What are the major economic assumptions underlying

the estimated data?

A. For 1980, 1981, 1982, and 1983, the Consumer Price Index (CPI) is assumed to be 14.0 percent, 10.0 percent, 10.0 percent, and 9.5 percent, respectively. The Producer Price Index (PPI) is estimated to be 15.0 percent in 1980, 13.0 percent in 1981, 11.0 percent in 1982, and 11.5 percent in 1983. The Company subscribes to a well-known econometric forecasting service provided by Data Resources, Inc. (DRI). DRI publishes a monthly review of the United States economy which contains, among other things, forecasts of basic economic parameters such as the CPI, PPI, etc. The DRI forecasts published in May, 1980, and November, 1980, were utilized for the Company's estimates.

6. Q. What are the wage increase assumptions in the Company estimates, and when are they assumed to become effective?

A. The internal labor increase for 1980 is 9.5 percent which has been ratified by the Union and implemented by the Company. The labor increase for 1981 is assumed to be 13.5 percent, which represents the impact of an offer made in 1980 by the Company, but not yet accepted by the Union. The 1982 and 1983 labor escalation rate is assumed to be 10.0 percent in each year.

The wage increase for 1980 is assumed to be effective on February 1, and for 1981 is assumed to be effective March 1. The 1982 and 1983 wage increases are effective March 1 also. These dates coincide with the expiration date of our contract with the Union.

All of these escalation assumptions were used by all witnesses in estimating the various expenses.

7. Q. Please identify the rate increases requested by the various departments for the 1982 Test Year.

A. The total increase in base rates requested for 1982 in this proceeding is $227,482,000. This assumes an increase in 1981, based on the original application of 59788, of $100,000,000. This also equates to a total 1982 revenue requirement of $670,250,000.

$200,870,000 of the 1982 increase is attributable to the Electric Department, $26,460,000 relates to the Gas Department and $152,000 is attributable to the Steam Department.

8. Q. Please describe, in general, the methodology used to derive these rate increase requests.

A. Based upon the projected data for the Test Year at present rates, shown in Table 5-A, column J, revenues were increased by the Consolidated Finance Model to generate a 19 percent ratemaking return on equity for the 1982 Test Year as developed in the Cost of Capital testimony, Exhibit ___ (SDG&E-101). The 19 percent return on common equity equates to a 13.9 percent return on rate base (column K, line 24), as discussed in the Cost of Capital Exhibit. The total rate increase was allocated to the departments on the basis of a uniform rate of return. This process also reflects appropriate increases in expenses for uncollectibles, franchise fees and income taxes. Any decrease in these rate increase requests would cause the Company to fall short of the 13.9 percent rate of return, and the requested 19 percent return on common equity.

9. Q. Mr. Hitt, has methodology been requested in this proceeding to combat the effects of financial and operational attrition in 1983?

A. Yes. However, the attrition increase shown in the summary of earnings exhibits is provided for informational purposes only. This information was derived by extending the same trends and methodologies used in calculating the 1982 results for an additional year. This procedure produces an attrition increase of $60,844,000 for the Combined Departments as shown in column I of Table 15-A. $50,420,000 of the increase is attributed to the Electric Department, $10,416,000 relates to the Gas Department, and $8,000 is attributed to the Steam Department. The increase is, of course, over and above the amount requested in 1982. This would translate into a total revenue requirement in 1983 of $742,044,000 for the Combined Departments.

Again, I wish to stress that column I is provided for informational purposes only. In a separate chapter in the Application, the Company is proposing an attrition allowance procedure which would derive different results if implemented.

10. Q. What methodology was utilized to derive the summary of earnings data provided in column I?

A. Based upon the projected data for 1983 (at 1982 rates) shown in Table 5-A, column H, revenues were increased so that the Company might maintain the 19 percent ratemaking return on equity requested in the 1982 Test Year. The total rate increase was allocated to the departments on the basis of a uniform rate of return. This process also reflects appropriate increases in expenses for uncollectibles, franchise fees and income taxes.

11. Q. What would be the effect on the Company's presentation if the Commission were to authorize implementation of the customer connection charge requested by SDG&E in A. 60021, commencing in 1982?

A. Foremost is the fact that the overall revenue requirement could be reduced by approximately $32,000,000 in the 1982 Test Year, as shown in Exhibit ___ (SDG&E-101), and discussed by Mr. Korpan in his testimony. The various components of this reduction and the impact on the individual revenue and expense catagories are discussed by each respective witness in the Results of Operations Reports, as appropriate. A summary of earnings for the Combined Departments, with and without the connection charge, is shown in Table 7-A of Exhibit ___ (SDG&E-120).

11. Q. Does that conclude your Prepared Direct Testimony on this Chapter?

A. Yes.

CHAPTER 5

SUMMARY OF EARNINGS

LISTING OF TABLES

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TABLE 5-A

SUMMARY OF EARNINGS - COMBINED DEPARTMENTS (1)
(Thousands of Dollars)

LINE NO.	TITLE	1975 (A)	1976 (B)	1977 (C)	1978 (D)	1979 (E)
	OPERATING REVENUES					
1.	Sales to Customers	$372,393.2	$459,004.9	$488,839.8	$589,007.0	$ 692,401.9
2.	Interdepartmental (1)	14,615.3	19,756.2	38,548.2	55,687.8	85,516.1
3.	Miscellaneous	1,858.4	(1,150.2)	1,494.2	1,621.6	9,514.9
4.	PGA/SAM Adjustment	--	(3,130.1)	2,459.0	610.5	(13,254.6)
5.	ECAC Adjustment	--	(12,522.6)	--	--	27,485.4
6.	Property Tax Adjustment	--	--	--	(1,125.5)	155.4
7.	TOTAL OPERATING REVENUES	$388,866.9	$461,953.2	$531,341.2	$645,801.4	$ 801,820.1
	OPERATING EXPENSES					
8.	Fuel (1)	222,536.1	250,167.7	327,246.6	362,867.4	487,649.0
9.	Gas Storage	625.7	617.3	734.1	930.6	1,775.6
10.	Other Production	12,465.1	11,365.4	(14,945.8)	35,632.0	40,613.6
11.	Transmission	5,458.8	5,071.0	5,801.3	5,877.6	7,615.2
12.	Distribution	17,557.7	18,037.2	19,085.8	22,246.0	26,114.9
13.	Customer Accounting and Collection	10,085.6	11,352.5	12,065.2	12,947.4	14,514.6
14.	Conservation	1,373.6	1,784.3	2,046.2	2,574.8	4,178.5
15.	Administrative and General	25,288.2	30,449.4	36,539.9	41,127.1	46,187.0
16.	SUBTOTAL	$295,440.8	$328,844.8	$358,573.3	$484,202.9	$ 628,648.4
17.	Depreciation and Amortization	28,876.4	30,267.0	33,735.1	37,980.1	47,592.4
	TAXES					
18.	Ad Valorem	15,020.1	18,026.8	19,497.1	16,551.3	13,159.1
19.	Income	2,193.0	19,414.0	5,707.0	12,388.0	12,402.0
20	Payroll and Miscellaneous	1,710.6	1,977.1	2,152.8	2,348.0	3,026.4
21.	TOTAL TAXES	$ 18,923.7	$ 39,417.9	$ 27,356.9	$ 31,287.3	$ 28,587.5
22.	TOTAL OPERATING EXPENSES	343,240.9	398,529.7	4[illegible],665.3	553,470.3	704,328.3
23.	Net Operating Income	$ 45,626.0	$ 63,423.5	$ 81,675.9	$ 92,331.1	$ 96,991.8
24.	Weighted Average Rate Base	747,724.9	794,365.0	833,492.1	944,720.3	1,018,735.1
25.	Rate of Return (%)	6.10%	7.98%	9.80%	9.77%	9.52%

(1) Adjustments Made to Both Expenses and Revenues for Balancing Account Under/Over Collections in 1975-1978. Adjustments Made to Revenue for Balancing Account Under/Over Collections in 1979
(2) Includes Costs of GN-5 Gas
(3) Income Taxes Adjusted for Ratemaking Methodology

TABLE 5-A

SUMMARY OF EARNINGS - COMBINED DEPARTMENTS
(Thousands of Dollars)

LINE NO.	TITLE	1980 AS EXPECTED	1981 AS EXPECTED
(A)	(B)	(C)	(D)
	OPERATING REVENUES		
1.	Sales to Customers	$ 954,072	$1,078,322
2.	Interdepartmental (1)	122,455	107,644
3.	Miscellaneous	7,101	7,191
4.	PGA/SAM Adjustment	13,505	(18,851)
5.	ECAC Adjustment	(24,969)	(28,354)
6.	TOTAL OPERATING REVENUES	$1,072,164	$1,145,952
	OPERATING EXPENSES		
7.	Fuel (1)	728,351	807,423
8.	Gas Storage	1,826	2,333
9.	Other Production	47,114	59,239
10.	Transmission	8,531	10,351
11.	Distribution	29,222	36,573
12.	Customer Accounting and Collection	15,993	17,880
13.	Conservation	9,537	13,596
14.	Administrative and General	59,883	71,114
15.	SUBTOTAL	$ 900,457	$1,018,509
16.	Depreciation and Amortization	53,877	58,546
	TAXES		
17.	Ad Valorem	13,739	14,603
18.	Income	21,807	17,514
19	Payroll and Miscellaneous	3,392	4,276
20.	TOTAL TAXES	$ 38,938	$ 36,393
21.	TOTAL OPERATING EXPENSES	993,272	1,113,448
22.	Net Operating Income	$ 78,892	$ 32,504
23.	Weighted Average Rate Base	1,132,441	1,269,885
24.	Rate of Return (%)	6.97%	2.56%

(1) Includes Cost of GN-5 Gas

TABLE 5-A

SUMMARY OF EARNINGS - COMBINED DEPARTMENTS
(Thousands of Dollars)

LINE NO. (A)	TITLE (B)	1982 TEST YEAR (E)	1982 * TEST YEAR (F)	1982 TEST YEAR * (PROPOSED RATES) (G)	* 1983 ** (1982 TEST YEAR PROPOSED RATES) (H)	* 1983 ** W/ATTRITION ADJ (I)
	OPERATING REVENUES					
1.	Sales to Customers	$1,120,005	$ 326,813	$ 657,448	$ 668,359	$ 729,200
2.	Interdepartmental (1)	123,745	5,532	5,532	5,532	5,532
3.	Miscellaneous	7,301	7,301	7,244	7,310	7,310
4.	PGA/SAM Adjustment	45,014	--	--	--	--
5.	ECAC Adjustment	7,514	28	32	2	2
6.	TOTAL OPERATING REVENUES	$1,303,579	$ 339,674	$ 670,256	$ 681,203	$ 742,344
	OPERATING EXPENSES					
7.	Fuel (1)	957,795	13,672	13,672	2,507	2,507
8.	Gas Storage	2,401	2,401	2,401	2,661	2,661
9.	Other Production	74,351	71,804	71,804	71,287	71,287
10.	Transmission	16,528	16,528	16,528	20,534	20,534
11.	Distribution	50,631	50,631	50,631	56,129	56,129
12.	Customer Accounting and Collection	20,240	19,039	19,536	21,505	21,597
13.	Conservation	23,360	23,360	23,360	29,308	29,308
14.	Administrative and General	79,609	63,575	70,188	77,729	78,958
15.	SUBTOTAL	$1,224,915	$ 261,010	$ 268,120	$ 281,660	$ 282,981
16.	Depreciation and Amortization	81,930	81,930	81,930	89,332	89,332
	TAXES					
17.	Ad Valorem	15,802	15,802	15,802	16,608	16,608
18.	Income	28,258	28,258	106,894	94,441	124,968
19	Payroll and Miscellaneous	4,819	4,819	4,819	5,381	5,381
20.	TOTAL TAXES	$ 48,879	$ 48,879	$ 127,515	$ 116,430	$ 146,897
21.	TOTAL OPERATING EXPENSES	1,355,724	391,819	477,565	487,422	519,210
22.	Net Operating Income	$ (52,145)	(52,145)	192,691	193,781	222,834
23.	Weighted Average Rate Base	1,386,038	1,386,038	1,386,038	1,557,206	1,557,206
24.	Rate of Return (%)	(3.76%)	(3.76%)	13.90%	12.44%	14.31%

* Zero Fuel Basis
** Included for the Purpose of Attrition Calculation
(1) Includes Cost of GN-5 Gas

TABLE 5-A
Sheet 3 of 3

TABLE 5-B

SUMMARY OF EARNINGS - ELECTRIC DEPARTMENT
(Thousands of Dollars)

LINE NO. (A)	TITLE (B)	1980 AS EXPECTED (C)	1981 AS EXPECTED (D)
	OPERATING REVENUES		
1.	Sales to Customers	$ 796,672	$ 880,669
2.	Miscellaneous	5,905	5,992
3.	ECAC Adjustment	(25,190)	(28,228)
4.	TOTAL OPERATING REVENUES	$ 777,387	$ 858,433
	OPERATING EXPENSES		
5.	Fuel	493,070	580,912
6.	Other Production	47,067	59,172
7.	Transmission	6,820	8,723
8.	Distribution	19,610	25,248
9.	Customer Accounting and Collection	10,353	11,610
10.	Conservation	7,340	9,582
11.	Administrative and General	46,441	55,334
12.	SUBTOTAL	$ 630,701	$ 750,581
13.	Depreciation and Amortization	45,749	49,779
	TAXES		
14.	Ad Valorem	11,262	11,975
15.	Income	18,400	14,887
16	Payroll and Miscellaneous	2,553	3,219
17.	TOTAL TAXES	$ 32,215	$ 30,081
18.	TOTAL OPERATING EXPENSES	708,665	830,441
19.	Net Operating Income	$ 68,722	$ 27,992
20.	Weighted Average Rate Base	983,380	1,106,067
21.	Rate of Return (%)	6.99%	2.53%

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TABLE 5-B
Sheet 1 of 2

TABLE 5-B

SUMMARY OF EARNINGS - ELECTRIC DEPARTMENT
(Thousands of Dollars)

LINE NO.	TITLE	1982 TEST YEAR	1982 * TEST YEAR	1982 TEST YEAR * (PROPOSED RATES)	* 1983 ** (1982 TEST YEAR PROPOSED RATES)	* 1983 ** W/ATTRITION ADJ
(A)	(B)	(E)	(F)	(G)	(H)	(I)
	OPERATING REVENUES					
1.	Sales to Customers	$ 982,073	$ 278,382	$ 567,471	$ 578,344	$ 628,761
2.	Miscellaneous	6,101	6,101	5,978	6,093	6,093
3.	ECAC Adjustment	7,458	28	32	2	2
4.	TOTAL OPERATING REVENUES	$ 995,632	$ 284,511	$ 573,481	$ 584,439	$ 634,856
	OPERATING EXPENSES					
5.	Fuel	708,192	14,311	14,311	3,311	3,311
6.	Other Production	74,274	71,727	71,727	71,226	71,226
7.	Transmission	14,734	14,734	14,734	18,489	18,489
8.	Distribution	36,849	36,849	36,849	40,911	40,911
9.	Customer Accounting and Collection	13,240	12,190	12,624	13,937	14,013
10.	Conservation	16,242	16,242	16,242	21,619	21,619
11.	Administrative and General	63,649	50,006	55,642	62,501	63,484
12.	SUBTOTAL	$ 927,180	$ 216,059	$ 222,129	$ 231,994	$ 233,053
13.	Depreciation and Amortization	69,521	69,521	69,521	75,863	75,863
	TAXES					
14.	Ad Valorem	12,900	12,900	12,900	13,565	13,565
15.	Income	24,302	24,302	96,552	86,943	112,206
16	Payroll and Miscellaneous	3,628	3,628	3,628	4,051	4,051
17.	TOTAL TAXES	$ 40,830	$ 40,830	$ 113,080	$ 104,559	$ 129,822
18.	TOTAL OPERATING EXPENSES	1,037,531	326,410	404,730	412,416	438,738
19.	Net Operating Income	(41,899)	(41,899)	168,751	172,023	196,118
20.	Weighted Average Rate Base	$1,213,817	$1,213,817	$1,213,817	$1,370,482	$1,370,482
21.	Rate of Return (%)	(3.45%)	(3.45%)	13.90%	12.55%	14.31%

* Zero Fuel Basis
** Included for the Purpose of Attrition Calculation

TABLE 5-C

SUMMARY OF EARNINGS - GAS DEPARTMENT
(Thousands of Dollars)

LINE NO. (A)	TITLE (B)	1980 AS EXPECTED (C)	1981 AS EXPECTED (D)
	OPERATING REVENUES		
1.	Sales to Customers	$ 156,638	$ 196,083
2.	Interdepartmental (1)	122,455	107,644
3.	Miscellaneous	1,196	1,199
4.	PGA & SAM Adjustment	13,505	(18,851)
5.	TOTAL OPERATING REVENUES	$ 293,794	$ 286,075
	OPERATING EXPENSES		
6.	Gas Supply (1)	234,545	225,361
7.	Gas Storage	1,826	2,333
8.	Transmission	1,711	1,628
9.	Distribution	9,540	11,232
10.	Customer Accounting and Collection	5,638	6,268
11.	Conservation	2,197	4,014
12.	Administrative and General	13,382	15,697
13.	SUBTOTAL	$ 268,839	$ 266,533
14.	Depreciation and Amortization	8,093	8,728
	TAXES		
15.	Ad Valorem	2,462	2,613
16.	Income	3,401	2,627
17	Payroll and Miscellaneous	832	1,048
18.	TOTAL TAXES	$ 6,695	$ 6,288
19.	TOTAL OPERATING EXPENSES	283,627	281,549
20.	Net Operating Income	10,167	4,526
21.	Weighted Average Rate Base	$ 148,766	$ 163,427
22.	Rate of Return (%)	6.83%	2.77%

(1) Includes Cost of GN-5 Gas

TABLE 5-C
Sheet 1 of 2

TABLE 5-C

SUMMARY OF EARNINGS - GAS DEPARTMENT
(Thousands of Dollars)

LINE NO.	TITLE	1982 TEST YEAR (E)	1982 * TEST YEAR (F)	1982 TEST YEAR * (PROPOSED RATES) (G)	* 1983 ** (1982 TEST YEAR PROPOSED RATES) (H)	* 1983 ** W/ATTRITION ADJ (I)
	OPERATING REVENUES					
1.	Sales to Customers	$ 136,316	$ 48,128	$ 89,522	$ 89,571	$ 99,987
2.	Interdepartmental (1)	123,745	5,532	5,532	5,532	5,532
3.	Miscellaneous	1,200	1,200	1,266	1,217	1,217
4.	PGA & SAM Adjustment	45,014	--	--	--	--
5.	TOTAL OPERATING REVENUES	$ 306,275	$ 54,860	$ 96,320	$ 96,320	$ 106,736
	OPERATING EXPENSES					
6.	Gas Supply (1)	248,250	(650)	(650)	(808)	(808)
7.	Gas Storage	2,401	2,401	2,401	2,661	2,661
8.	Transmission	1,794	1,794	1,794	2,045	2,045
9.	Distribution	13,680	13,680	13,680	15,105	15,105
10.	Customer Accounting and Collection	6,998	6,847	6,910	7,566	7,582
11.	Conservation	7,118	7,118	7,118	7,689	7,689
12.	Administrative and General	15,875	13,511	14,484	15,168	15,413
13.	SUBTOTAL	$ 296,116	$ 44,701	$ 45,737	$ 49,426	$ 49,687
14.	Depreciation and Amortization	12,354	12,354	12,354	13,412	13,412
	TAXES					
15.	Ad Valorem	2,887	2,887	2,887	3,028	3,028
16.	Income	3,956	3,956	10,285	7,443	12,642
17	Payroll and Miscellaneous	1,181	1,181	1,181	1,319	1,319
18.	TOTAL TAXES	$ 8,024	$ 8,024	$ 14,353	$ 11,790	$ 16,989
19.	TOTAL OPERATING EXPENSES	316,494	65,079	72,444	74,628	80,088
20.	Net Operating Income	(10,219)	(10,219)	23,876	21,692	26,648
21.	Weighted Average Rate Base	$ 171,765	$171,765	$171,765	$ 186,251	$ 186,251
22.	Rate of Return (%)	(5.95%)	(5.95%)	13.90%	11.65%	14.31%

(1) Includes Cost of GN-5 Gas
* Zero Fuel Basis
** Included for the Purpose of Attrition Calculation

TABLE 5-D

SUMMARY OF EARNINGS - STEAM DEPARTMENT
(Thousands of Dollars)

LINE NO. (A)	TITLE (B)	1975 (C)	1976 (D)	1977 (E)	1978 (F)	1979 (G)
	OPERATING REVENUES					
1.	Sales to Customers	$ 705.3	$ 795.6	$ 740.7	$1,161.1	$1,057.7
2.	ECAC Adjustment	--	--	--	--	(75.5)
3.	Property Tax Adjustment	--	--	--	(2.1)	0.5
4.	TOTAL OPERATING REVENUES	705.3	795.6	740.7	1,159.0	982.7
	OPERATING EXPENSES					
5.	Fuel	626.4	651.3	766.9	843.6	715.4
6.	Other Production	83.7	69.5	(114.1)	195.9	49.5
7.	Distribution	39.7	49.9	57.6	53.1	73.4
8.	Customer Accounting and Collection	0.9	1.0	1.2	1.2	1.3
9.	Administrative and General	43.8	51.1	53.3	65.2	63.8
10.	SUBTOTAL	794.5	822.8	764.9	1,159.0	903.4
11.	Depreciation and Amortization	32.3	33.2	31.9	34.1	34.7
	TAXES					
12.	Ad Valorem	20.7	25.8	27.5	22.3	15.8
13.	Income (1)	--	--	--	--	7.0
14	Payroll and Miscellaneous	4.8	5.4	5.3	5.0	6.0
15.	TOTAL TAXES	25.5	31.2	32.8	27.3	28.8
16.	TOTAL OPERATING EXPENSES	852.3	887.2	829.6	1,220.4	966.9
17.	Net Operating Income	(147.0)	(91.6)	(88.9)	(61.4)	15.8
18.	Weighted Average Rate Base	347.9	382.0	356.3	355.4	338.0
19.	Rate of Return (%)	(42.25%)	(23.98%)	(24.95%)	(17.28%)	4.67%

(1) Operating Loss for Ratemaking Purposes 1975 Through 1978

TABLE 5-D

SUMMARY OF EARNINGS - STEAM DEPARTMENT
(Thousands of Dollars)

LINE NO.	TITLE	1980 AS EXPECTED (H)	1981 AS EXPECTED (I)
	OPERATING REVENUES		
1.	Sales to Customers	$ 762	$ 1,570
2.	ECAC Adjustment	221	(126)
3.	TOTAL OPERATING REVENUES	$ 983	$ 1,444
	OPERATING EXPENSES		
4.	Fuel	736	1,150
5.	Other Production	47	67
6.	Distribution	72	93
7.	Customer Accounting and Collection	2	2
8.	Administrative and General	60	83
9.	SUBTOTAL	$ 917	$ 1,395
10.	Depreciation and Amortization	35	39
	TAXES		
11.	Ad Valorem	15	15
12.	Income	6	0
13	Payroll and Miscellaneous	7	9
14.	TOTAL TAXES	$ 28	$ 24
15.	TOTAL OPERATING EXPENSES	980	1,458
16.	Net Operating Income	3	(14)
17.	Weighted Average Rate Base	$ 295	$ 391
18.	Rate of Return (%)	1.03%	(3.59%)

TABLE 5-D

SUMMARY OF EARNINGS - STEAM DEPARTMENT
(Thousands of Dollars)

LINE NO.	TITLE	1982 TEST YEAR (J)	1982 * TEST YEAR (K)	1982 TEST YEAR * (PROPOSED RATES) (L)	* 1983 ** (1982 TEST YEAR PROPOSED RATES) (M)	* 1983 ** W/ATTRITION ADJ (N)
	OPERATING REVENUES					
1.	Sales to Customers	$ 1,616	$303	$455	$444	$452
2.	ECAC Adjustment	56	--	--	--	--
3.	TOTAL OPERATING REVENUES	$ 1,672	$303	$455	$444	$452
	OPERATING EXPENSES					
4.	Fuel	1,353	11	11	4	4
5.	Other Production	77	77	77	61	61
6.	Distribution	102	102	102	113	113
7.	Customer Accounting and Collection	2	2	2	2	2
8.	Administrative and General	85	58	62	60	61
9.	SUBTOTAL	$ 1,619	$250	$254	$240	$241
10.	Depreciation and Amortization	55	55	55	57	57
	TAXES					
11.	Ad Valorem	15	15	15	15	15
12.	Income	0	0	57	55	60
13	Payroll and Miscellaneous	10	10	10	11	11
14.	TOTAL TAXES	$ 25	$ 25	$ 82	$ 81	$ 86
15.	TOTAL OPERATING EXPENSES	1,699	330	391	378	384
16.	Net Operating Income	(27)	(27)	64	66	68
17.	Weighted Average Rate Base	$ 456	$456	$456	$473	$473
18.	Rate of Return (%)	(5.99%)	(5.99%)	13.94%	13.87%	14.43%

* Zero Fuel Basis
** Included for the Purpose of Attition Calculation