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February 26, 2002

PUC 110
x- R.94-04-031

ADVICE LETTER 1392-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: URGENT REQUEST CONCERNING \$7.7 MILLION FOR RENEWABLES
RESOURCES TECHNOLOGY**

PURPOSE

The purpose of this Advice Letter is to seek direction and approval from the California Public Utilities Commission (Commission) in regard to a potential \$7.7 million payment to the California Energy Commission (CEC) to fund renewable resources technology.

BACKGROUND

Pursuant to Assembly Bill (AB) 1890, San Diego Gas & Electric Company (SDG&E), Southern California Edison Company, and Pacific Gas & Electric Company were required to collect and forward to the CEC funds for renewable resources technology during January 1, 1998 through December 31, 2001.¹

In addition to the funding during 1998 through 2001, AB 1890 states that "additional funding not to exceed \$75 million shall be collected for renewables by extending the period for CTC collection up to three months beyond December 31, 2001." SDG&E argued that it should not be responsible for any portion of the \$75 million because its funding level was fixed where the other utilities had to spend "no less than" the level identified in AB 1890. However, on September 24, 1997, the Commission issued Decision 97-11-022, which states "...if the CTC collection period extends into the first quarter of the fifth year, SDG&E is responsible for its share of the renewables residual payment. The statute is silent on the issue of how to determine the utilities' respective shares of that residual. We find that a pro rata share based on the utility's contribution during the 1998-2001 period is reasonable."

The CTC collection period contemplated by AB 1890 and D.97-11-022 to pay the \$75 million residual renewables payment, ended in July 1999 when SDG&E paid off its transition costs related to the sale of its generation-related assets and ended its rate freeze. Therefore, SDG&E should not be required to pay any portion of the residual payment. However, if the Commission disagrees with

¹ Assembly Bill 995 extended the collection of the renewable charge through January 1, 2012.

this interpretation, SDG&E would request approval to record its pro rata share of the \$75 million (\$7.7 million) to its Renewables Balancing Account. This proposal is consistent with the Renewables Balancing Account which records the revenues and costs associated with the program.

EFFECTIVE DATE

SDG&E respectfully requests that the Commission approve this filing no later than March 28, 2002, in order to allow SDG&E to transfer the funds to the CEC by March 31, 2002.

PROTEST

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division – IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies should also be sent via e-mail to the attention of both Jerry Royer (jjr@cpuc.ca.gov) and Honesto Gatchallian (inj@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: C. Richard Swanson
Regulatory Tariff Manager
8315 Century Park Court, Room 2D
San Diego, CA 92123-1550
Facsimile: (858) 654-1788
E-mail: rswanson@sempra.com

NOTICE

In accordance with Section III-G of General Order 96-A, a copy of this filing has been served on the utilities and interested parties shown on the attached list by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to Martha Ulloa by facsimile at (858) 654-1789 or by e-mail to mulloa@sempra.com.

LEE SCHAVRIEN
Vice President
Regulatory Affairs

Enclosures
(cc list attached)

G.O. 96-A, Sec. III (G)
ADVICE LETTER FILING MAILING LIST
CC: (w/enclosures)

Public Utilities Commission
Director - ORA
Thomas Lew - ORA
M. Pocta - ORA
J. Grieg - ORA
M.D. McNamara - ORA
W. Franklin
W. Scott - ORA
California Energy Commission
Gail Budin-Gordon
Advantage Energy, LLC
Alcantar & Kahl
AMDAX
American Energy Institute
Anza Electric Cooperative
Arter & Hadden LLP
Barkovich & Yap, Inc.
Bartle Wells Associates
BENTEK Energy Technologies
Burlington Resources
California Farm Bureau Federation
California Power Exchange
Calpine
CCTA
Children's Hospital & Health Center
City of Poway
City of San Diego
Commonwealth Energy Corp
Crossborder Services
CSC Energy Services
Davis Wright Tremaine, LLP
Dept of General Services
Dept of The Navy
Dept of Veteran Affairs
Medical Center
Dynergy, Inc.
Ellison Schneider & Harris LLP
Energy Law Group LLP
Energy Solutions
Energy Strategies, Inc.
Enron Capital & Trade (2)
G.A. Koteen Associates, Inc
G.E. Goodrich Co
Goodin, MacBride, Squeri,
Scholtz & Ritchie
Green Mountain.Com Company
Henwood Energy Services
HMH Resources
Interstate Gas Services, Inc.

J.B.S. Energy
Jones, Day, Reavis & Pogue
Kyocera America Inc
LeBoeuf, Lamb, Green & MacRae
LLP
LSW Engineers, California Inc.
Luce, Forward, Hamilton
& Scripps LLP
ManageAmerica
Modesto Irrigation District
Morrison & Foerster
MRW & Associates
Naval Facilities Engineering
NCR Corp
New Energy, Inc, an AES Company
New West Energy
Onsite Energy Corporation
O'Rourke & Company
Pacific Gas & Electric
Pacific Utility Audit
Poway Unified School District
R.M. Hairston Company
Recon Research Corp
Robinsons-May Dept. Stores
Rohr, Inc.
San Diego Regional
Energy Office
School Project for Utility Rate
Reduction
Scripps Health
Shute, Mihaly &
Weinberger LLP
Sithe Energies
Solar Turbines
Sutherland, Asbill & Brennan LLP
Southern California Edison
TRW
TURN, Michel Florio
UCAN, Michael Shames
URM Group, Inc
Utility Cost Management LLC
Utility Solutions Inc.
Utility Specialists, Southwest, Inc.
Vulcan Materials - CalMat Div.
Viterra Energy Services
Western Manufactured Housing
Communities Association
White & Case LLP
Interested Parties in R.94-04-031