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February 16, 2005

ADVICE LETTER 1620-E-A
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SUPPLEMENTAL FILING—ESTABLISHMENT OF THE FERC RATE
DEFERRAL MEMORANDUM ACCOUNT**

San Diego Gas & Electric Company (SDG&E) hereby submits for filing the following revisions to its electric tariffs as shown in the enclosed attachment.

PURPOSE

The purpose of this supplemental Advice Letter is to modify SDG&E's Preliminary Statement to reflect the establishment of a new memorandum account, the Federal Energy Regulatory Commission (FERC) Rate Deferral Memorandum Account (FRDMA). SDG&E originally proposed by Advice Letter 1620-E to establish the Base Transmission Revenue Implementation Deferral Memorandum Account (BTRIDMA), however since that time the California Public Utilities Commission (CPUC) suspended other FERC-authorized rate changes. Thus, SDG&E is now proposing to establish the FRDMA to include all FERC-related rate changes that are deferred by the CPUC. This filing replaces Advice Letter 1620-E in its entirety.

BACKGROUND

SDG&E filed Advice Letter 1615-E on August 16, 2004 requesting revisions to FERC-authorized electric transmission rates effective September 1, 2004. Subsequently, by letter dated August 25, 2004 the Commission suspended Advice Letter 1615-E. The suspension letter states that "Energy Division will recommend to the Commission that SDG&E be made whole for the entire revenue requirement authorized by the FERC in Docket ER03-601-000 and reflected in AL 1615-E, even though the new rates will not become effective on September 1, 2004." On September 23, 2004 the Commission adopted Resolution E-3891, which approved SDG&E's transmission rates filed by Advice Letter 1615-E effective October 1, 2004.

On November 5, 2004 SDG&E filed Advice Letter 1636-E, requesting revision of transmission and reliability services (RS) rates effective January 1, 2005 as authorized by FERC. Similar to its treatment of Advice Letter 1615-E, the Commission suspended Advice Letter 1636-E and stated that SDG&E should "be made whole for the entire revenue requirement authorized by the FERC and reflected in AL 1636-E, even though the new rates will not become effective on January 1, 2005." On January 13, 2005, the Commission adopted Resolution E-3908, approving SDG&E's transmission and RS rates filed by Advice Letter 1636-E effective February 1, 2005.

Consequently, SDG&E has established the FRDMA to track the revenue difference between the time an electric transmission or RS rate change becomes effective with the FERC and the time it is approved to be billed to retail customers by the CPUC. The balance in the FRDMA will be recoverable to the extent the revenue difference is not recoverable through FERC-approved rates.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any schedule or rule.

EFFECTIVE DATE

SDG&E respectfully requests that this advice letter be approved effective September 1, 2004, the date in which the FERC-approved transmission rates filed in Advice Letter 1615-E were to become effective.

PROTEST

Anyone may protest this advice letter to the California Public Utilities 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, Room 4002
San Francisco, CA 94102

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

Attn: Monica Wiggins
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-Mail: mwiggins@semprautilities.com

NOTICE

In accordance with Section III.G of General Order No. 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 Christina Sondrini by facsimile at (858) 654-1788 or by e-mail to csondrini@semprautilities.com.

(cc list enclosed)

J. STEVE RAHON
Director - Tariffs & Regulatory Accounts

ATTACHMENT
ADVICE LETTER 1620-E-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 17951-E	PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 1	Revised 17228-E
Original 17952-E	PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 58	
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PRELIMINARY STATEMENT

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Note: 1) SONGS 2&3 Property Tax Memorandum Account, see Section V.G.
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 3) SONGS 2&3 Permanent Closure Noninvestment-Related Expenses Memorandum Account, see Section V.J.

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PRELIMINARY STATEMENT

III. MEMORANDUM ACCOUNTS

KK. FERC Rate Deferral Memorandum Account (FRDMA)

1. Purpose: The FRDMA is an account not recorded to the utility's general ledger. The purpose of the FRDMA is to track the revenue differences between the time an electric transmission and/or reliability services rate change becomes effective with the FERC and time it is approved to be billed to retail customers by the CPUC. The balance in the FRDMA will be recoverable to the extent the revenue difference is not recoverable through FERC-approved rates.
2. Applicability: THE FRDMA shall apply to all utility customers unless otherwise specified by the Commission.
3. Rates: The FRDMA does not have a rate component.
4. Accounting Procedure: The utility shall maintain the FRDMA by making entries at the end of each month as follows:
 - a. A debit entry equal to the electric transmission revenue and/or reliability services revenue that would have been billed from the time an electric transmission and/or reliability services rate change becomes effective with the FERC until the time the rate change is approved by the CPUC to be billed to customers had the rate change actually been implemented on the FERC-approved effective date.
 - b. A credit entry equal to the actual revenue billed to customers from the time an electric transmission and/or reliability services rate change becomes effective with the FERC until the time the rate change is approved by the CPUC to be billed to customers.
 - c. An entry to adjust the revenue difference resulting from the entries in 4.a and 4.b by the amount that is ultimately reflected in FERC-approved rates.
 - d. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after 4.a and 4.c above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.
5. Disposition: Disposition of any balance in the FRDMA shall be addressed in the Utility's annual filing that updates electric rates as directed in the Utility's Cost of Service proceeding.

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Advice Ltr. No. 1620-E-A

Decision No. _____

Issued by
Lee Schavrien
Vice President
Regulatory Affairs

Date Filed Feb 16, 2005

Effective _____

Resolution No. _____