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September 24, 2008

**ADVICE LETTER 1802-G**  
(U 902-G)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: GAS PROCUREMENT PBR YEAR 15 RESULTS**

**PURPOSE**

San Diego Gas & Electric Company (SDG&E) hereby requests approval of its shareholder award for Year 15 of its Gas Procurement Performance Based Ratemaking (PBR) mechanism. In the case of both the California Public Utilities Commission's (Commission) Division of Ratepayer Advocates (DRA) and SDG&E, there is agreement over the calculation of total shared costs for PBR Year 15 and shareholder's reward, consistent with D.03-07-037<sup>1</sup> and D.05-10-043<sup>2</sup>.

**BACKGROUND**

Pursuant to Section VII.E of its gas preliminary statement, SDG&E is required to file an annual report on or about October 31 of each year with the results of its Gas Procurement PBR mechanism. The DRA shall follow with an audit and report 75 days later. If SDG&E and DRA are in agreement with the recommended reward or penalty, SDG&E shall submit an advice letter presenting a summary of the results, noting SDG&E's and DRA's concurrence as to the requested reward or penalty, and requesting Commission approval of the reward or penalty. In accordance with D.07-12-019, SDG&E's PBR mechanism terminated on March 31, 2008 and, starting April 1, 2008, SDG&E procurement activities were consolidated into Southern California Gas Company's (SoCalGas) procurement activities. Due to the shortened reporting period, SDG&E submitted its year 15 Gas Procurement PBR results in June of 2008.

Based on its Year 15 Gas Procurement Annual Report, filed June 30, 2008, SDG&E's gas procurement PBR mechanism for the period August 1, 2007 through March 31, 2008, resulted in a shareholder award of \$2,199,566. Based on its Monitoring and Evaluation Report, dated September 15, 2008, DRA concurs that SDG&E's Year 15 Gas Procurement PBR mechanism results in a shareholder award of \$2,199,566. The following is a summary of the results found on page 2 of SDG&E's Year 15 Annual Report and on page 2-2 of DRA's Monitoring and Evaluation Report.

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<sup>1</sup> DRA Monitoring and Evaluation Report, page 1-1.

<sup>2</sup> D.05-10-043, OP 4(b)(c)

	<u>SDG&amp;E's Request</u>	<u>DRA's Recommendation</u>
Gas PBR Benchmark	\$215,542,410	\$215,542,410
SDG&E Gas Costs	\$204,732,002	\$204,732,002
Shared Savings	\$ 8,798,263	\$ 8,798,263
Ratepayer Savings	\$ 8,610,842	\$ 8,610,842
<b>Shareholder Award</b>	<b>\$ 2,199,566</b>	<b>\$ 2,199,566</b>

### **EFFECTIVE DATE**

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on October 24, 2008, which is 30 calendar days from the date filed.

### **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:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue, Room 4002  
San Francisco, CA 94102

Copies should also be sent via e-mail to the attention of both Honesto Gatchallian (jnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via electronic mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

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

### **NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.02-10-040, by providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at [SDG&ETariffs@semprautilities.com](mailto:SDG&ETariffs@semprautilities.com).

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KEN DEREMER  
Director — Tariffs & Regulatory Accounts

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Will Fuller

Phone #: (858) 654-1885

E-mail: wfuller@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric                      GAS = Gas  
PLC = Pipeline                     HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 1802-G

Subject of AL: Gas Procurement PBR Year 15 Results

Keywords (choose from CPUC listing): Gas, Procurement, Rates

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.03-07-037, D.05-10-043

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 10/24/08

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**San Diego Gas & Electric**

**Attention: Todd Cahill**

**8330 Century Park Ct, Room 32C**

**San Diego, CA 92123**

**tcahill@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

General Order No. 96-B  
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling  
S. Cauchois  
J. Greig  
R. Pocta  
W. Scott

Energy Division

P. Clanon  
S. Gallagher  
H. Gatchalian  
D. Lafrenz  
M. Salinas

CA. Energy Commission

F. DeLeon  
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell  
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham  
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
G. Lonergan  
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

H. Nanjo  
M. Clark

Douglass & Liddell

D. Douglass  
D. Liddell  
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell  
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg  
J. Heather Patrick  
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

J. Clark  
M. Huffman  
S. Lawrie  
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman  
J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander  
K. Cini  
K. Gansecki  
H. Romero

TransCanada

R. Hunter  
D. White

TURN

M. Florio  
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi  
N. Furuta  
L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

A.02-10-040