



Ken Deremer  
Director  
Tariffs & Regulatory Accounts  
8330 Century Park Court  
San Diego, CA 92123-1548

Tel: 858.654.1756  
Fax: 858.654.1788  
kderemer@semprautilities.com

November 5, 2008

**ADVICE LETTER 2039-E/ 1815-G**  
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: INFORMATIONAL ADVICE LETTER—RECONCILIATION OF THE BENEFITS  
PORTION OF THE ADVANCED METERING INFRASTRUCTURE REVENUE  
REQUIREMENT**

**PURPOSE**

The purpose of this advice letter is to provide a reconciliation of Advanced Metering Infrastructure (AMI) benefits levels in compliance with the agreement between San Diego Gas & Electric (SDG&E) and parties to SDG&E's AMI (A.05-03-015/D.07-04-043) and General Rate Case (GRC) proceedings (A.06-12-009/D.08-07-046).

**BACKGROUND**

On March 15, 2005, SDG&E filed Application (A.) 05-03-015 seeking Commission approval of the Company's AMI deployment proposal and associated cost recovery and rate design. On December 8, 2006, SDG&E filed its 2008 test year GRC, A.06-12-009. Because the AMI application was still pending, SDG&E did not include the estimated impacts of AMI in its GRC revenue requirement. In GRC testimony, SDG&E agreed to provide the "Commission's final authorized AMI levels for test year 2008 Customer Services Operations expenses to the appropriate AMI specific operations benefits on the formulistic basis..."<sup>1</sup>. As agreed, SDG&E has recalculated its AMI benefits and the result is a slight increase to the AMI revenue requirement. As discussed below, SDG&E does not intend to increase its authorized AMI revenue requirement as a result of the reconciliation of the benefits.

**DISCUSSION**

Upon approval of the GRC decision, SDG&E reconciled its AMI operations benefits outlined in A.05-03-015 with its proposals in the GRC (A.06-12-009). The analysis resulted in an additional \$3.7 million in total revenue requirement for the period 2007-2011 (average annual impact of just \$0.9 million). Operation & Maintenance (O&M) benefits decreased overall, which increases the revenue requirement by \$2.7 million. Capital benefits also decreased, resulting in a revenue requirement increase of \$0.9 million. Decreased benefits result in a higher revenue requirement because the savings are lower than originally calculated. Franchise fees and uncollectible

<sup>1</sup> Direct and Rebuttal testimony of Ed Fong in A.06-12-009, exhibits EF-34 and EF-37 respectively.

expense related to the additional revenue requirement is \$0.1 million. Attachment A shows the revised AMI revenue requirements by year as a result of reconciling the AMI benefits.

As described above, the recalculation of the AMI benefits is based on the proposals made in the GRC application, and not the final numbers approved in the settlement adopted in the GRC decision (D08-07-046). Because D.08-07-046 is based on a settlement in total and not a settlement on specific line items, it is not precisely known how these benefits would be impacted by the final settlement numbers adopted in the GRC. Therefore, SDG&E is not requesting to adjust its AMI revenue requirement to reflect these changes.

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

### **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 be approved effective December 5, 2008, 30 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 must be 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  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian ([inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)) and Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) of the Energy Division. A copy of the protest should also 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: Todd Cahill  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1788  
E-mail: [tcahill@semprautilities.com](mailto: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 to service list A.05-03-015 and A.06-12-009 by either 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).

---

KEN DEREMER  
Director – Tariffs & Regulatory Accounts

(cc list enclosed)

# 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: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@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) #: 2039-E/1815-G

Subject of AL: Informational Advice Letter – Reconciliation of the Benefits Portion of the Advanced Metering Infrastructure Revenue Requirement

Keywords (choose from CPUC listing): \_\_\_\_\_

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

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: December 5, 2008

No. of tariff sheets: \_\_\_\_\_

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

CCSE

S. Freedman  
J. Porter

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

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

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

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

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 in:

A.05-03-015

A.06-12-009

San Diego Gas & Electric  
Advice Letter 2039-E/1815-G  
Attachment A

Advice Letter - May 14, 2007-@8.23% With New Benefits	2007	2008	2009	2010	2011	Total	Assumptions
FF&U	(0.2)	0.2	1.9	3.1	3.3	8.3	
O&M - NET	3.1	11.0	16.0	9.4	(1.3)	38.1	
RevReq on Capital	(8.2)	(6.6)	34.6	71.9	89.8	181.5	
Total Revenue Requirement	\$ (5.29)	\$ 4.57	\$ 52.51	\$ 84.37	\$ 91.81	\$ 227.97	

Advice Letter - May 14, 2007-@8.23%	2007	2008	2009	2010	2011	Total	Assumptions
FF&U	(0.2)	0.2	1.9	3.0	3.3	8.2	
O&M - NET	3.0	10.9	15.5	8.4	(2.3)	35.4	
RevReq on Capital	(8.2)	(6.7)	34.5	71.6	89.5	180.6	
Total Revenue Requirement	\$ (5.47)	\$ 4.36	\$ 51.86	\$ 83.03	\$ 90.49	\$ 224.26	

Advice Letter - Difference Increase/(Decrease)	2007	2008	2009	2010	2011	Total	Explanation
FF&U	0.0	0.0	0.0	0.0	0.0	0.1	
O&M - NET	0.1	0.1	0.5	1.0	1.0	2.7	- Decrease in O&M Benefits from previous filing
RevReq on Capital	0.1	0.1	0.2	0.3	0.3	0.9	- Decrease in capital benefits
Total Revenue Requirement	\$ 0.18	\$ 0.21	\$ 0.66	\$ 1.34	\$ 1.33	\$ 3.71	