

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



June 1, 2009

Advice Letter 2081-E/1860-G

Ronald van der Leeden, Director
Rates, Revenues and Tariffs
San Diego Gas and Electric
8330 Century Park Court, CP32C
San Diego, CA 92123-1548

Subject: Distribution PBR Performance for 2008

Dear Mr. van der Leeden:

Advice Letter 2081-E/1860-G is effective May 31, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



Ron van der Leeden
Rates, Revenues & Tariffs
8330 Century Park Court
San Diego, CA 92123-1548

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May 1, 2009

ADVICE LETTER 2081-E/1860-G
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Public Utilities Commission of the State of California

Subject: DISTRIBUTION PBR PERFORMANCE FOR 2008

San Diego Gas & Electric (SDG&E) hereby submits for approval with the California Public Utilities Commission (Commission) its 2008 PBR performance filing. This filing is made in compliance with Decision No. (D.) 08-07-046, and Preliminary Statement Part IV Electric Distribution & Gas Performance Based Ratemaking (PBR) Mechanism, in SDG&E's General Rate Case (GRC) Application No. (A.) 06-12-009.

BACKGROUND

On July 31, 2008, the Commission issued D.08-07-046 adopting, among other things, the Settlement Agreements regarding SDG&E's revenue requirements for its Test Year 2008 GRC and post-test year ratemaking and incentive proposals. The GRC period covers a minimum of four years beginning January 1, 2008.

Pursuant to the adopted 2008 GRC decision (D.08-07-046) and its adopted tariffs¹, SDG&E is subject to a performance incentive for employee safety².

DISCUSSION

The purpose of this filing is to report the reward or penalty for the Employee Safety Performance Indicator adopted in D.08-07-046. The following summarizes the final 2008 year-end Safety Performance results:

¹ SDG&E Advice Letter 2015-E was approved by letter on October 9, 2008 and made effective January 1, 2008.

² Pursuant to the GRC decision, on August 29, 2008 SDG&E sent a letter to the Executive Director of the Commission accepting only the performance incentive for employee safety. SDG&E filed Advice Letter 2022-E to revise its PBR Preliminary Statement accordingly, which was approved on November 3, 2008 and made effective September 8, 2008.

Employee Safety Performance Indicator

Rewards and penalties for employee safety are determined based on the Federal Occupational Safety and Health Administration (OSHA) frequency standard, measuring the regulated utility's OSHA recordable lost time and non-lost time injuries and illnesses against total utility working hours. For the year ending December 31, 2008, SDG&E experienced 190 lost time and non-lost time incidents. The 190 total OSHA recordable incidents result in a frequency of 4.11.

Employee Safety	2008
Total OSHA Recordable Cases	190
x 100 employees at 2,000 hours / year	200,000
= Total OSHA Recordable Hours	38,000,000
/ Total utility year-to-date work hours	9,248,022
= Total OSHA Frequency	4.11

For 2008, the reward and penalty for the Employee Safety Performance Indicator are based on the following parameters:

Employee Safety	2008
Benchmark	5.11
Deadband	4.45 - 5.61
Penalty Liveband	5.62 - 7.62
Reward Liveband	2.44 - 4.44
Incentive Rate	12,000/.01
Maximum Reward / Penalty	\$2,500,000

For 2008, SDG&E's performance for its Employee Safety Performance Indicator resulted in a \$425,000 reward calculated as follows:

Employee Safety	2008
Benchmark	5.11
Results Achieved	4.11
Results better than Benchmark	1.0
Less Deadband	0.66
Units above Benchmark	0.34
Conversion Factor	0.01
Units of Change for Reward	34
Incentive per Unit	12,500
Reward	\$425,000

Upon Commission approval, the rewards or penalties will be recorded to electric and gas Rewards and Penalties Balancing Accounts (RPBA) for amortization in rates.

During 2008, SDG&E provided continued focus in the following areas contributing to its Employee Safety success: (1) the Executive Safety Council provided leadership and critical directional decision-making for strategic safety initiatives and continued with its employee dialogue sessions to gain deeper understanding of front-line safety issues and concerns; (2) statistical tracking of injuries and vehicle incident data to provide insight into preventive solutions; (3) performance of individual job observations to help define and reinforce safe behaviors; (4) employee and management involvement opportunities including safety committees and incident evaluation teams; and (5) wellness through health fairs, health screenings, and stretching programs.

Pursuant to the 2008 GRC, SDG&E is required to perform an annual internal audit to ensure the incentive mechanism for employee safety is implemented, operated, and calculated correctly and fairly. The internal audit report will disclose all audit findings and recommend any corrective actions. The employee safety award presented herein has been verified as a result of the audit, the details of which are provided in a separate letter to the Commission in accordance with the reporting requirements adopted in the 2008 GRC and incorporated in SDG&E's Preliminary Statement Part IV PBR³. The letter to the Commission will provide details of the internal audit and related findings.

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 become effective on May 31, 2009, 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

³ Internal audit reports (both SoCalGas and SDG&E) were submitted on April 28, 2009 to the Director of the Energy Division, Director of the Consumer Protection and Safety Division, and the Director of the Division of Ratepayer Advocates. The internal audit reports are held confidential pursuant to the Commission's General Order 66-C and Public Utilities Code Section 583.

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (jinj@cpuc.ca.gov) and Maria Salinas (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

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.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.

Ron van der Leeden
Director – Rates, Revenues & Tariffs

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) #: 2081-E/1860-G

Subject of AL: Distribution PBR Performance for 2008

Keywords (choose from CPUC listing): PBR, Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.08-07-046

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: May 31, 2009

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 proposed¹: 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

¹ 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.06-12-009