



Kenneth J. 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

May 6, 2008

**ADVICE LETTER 1990-E**  
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: NOTICE OF ERRA TRIGGER/THRESHOLD SELF-CORRECTION IN  
COMPLIANCE WITH D.07-05-008**

**PURPOSE**

The purpose of this Advice Letter is to notify the California Public Utilities Commission (Commission) that San Diego Gas & Electric's (SDG&E) Energy Resource Recovery Account (ERRA) balance exceeds its 4% trigger and is currently forecasted to exceed the 5% threshold. However SDG&E projects the balance will self-correct below the 4% trigger within 120 days, in compliance with Decision 07-05-008.

**BACKGROUND**

D.02-10-062 established an ERRA trigger mechanism that required SDG&E to file an expedited application for Commission approval to adjust its rates within 60 days from the filing date whenever the ERRA balance reaches 4% of its prior year's recorded generation revenues, excluding revenues collected for the DWR, and is forecasted to exceed 5%. D.07-05-008 authorized SDG&E to notify the Commission by advice letter, rather than application, whenever its ERRA balance exceeded its trigger point of 4% if SDG&E's forecasts show that the ERRA balance would self-correct below the trigger within 120 days of the filing and a rate change would not be necessary. SDG&E is required to provide the necessary documentation supporting its proposal not to change rates.

SDG&E's recorded ERRA balance as of March 31, 2008 is a \$34.9 million undercollection, which is slightly above the approved 4% trigger amount of \$34.8 million<sup>1</sup>. SDG&E currently forecasts that this balance will exceed the 5% threshold at the end of May 2008, but is expected to self correct below 5% in June 2008 and below 4% in July 2008. This is due to the implementation of the increase to electric commodity rates approved in SDG&E's 2008 ERRA Revenue Requirement proceeding<sup>2</sup> and the recent reduction in DWR's power charge remittance rate<sup>3</sup> both effective May 1, 2008. Therefore, a rate change to recover the undercollected balance is not necessary.

In compliance with D.07-05-008, SDG&E submits as Attachment A to this filing, documentation supporting SDG&E's monthly ERRA revenue collections and trigger calculations projecting a self-correction within 120 days.

<sup>1</sup> SDG&E's 2008 trigger and threshold amounts of \$34.8 million and 43.5, respectively, were approved in Advice Letter 1974-E.

<sup>2</sup> SDG&E Advice Letter 1978-E effective May 1, 2008.

<sup>3</sup> SDG&E Advice Letter 1986-E dated April 30, 2008.

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 advice letter be approved effective June 5, 2008, thirty 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.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).

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KENNETH J. DEREMER  
Director – Tariffs & Regulatory Accounts

Attachments

# 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) #: 1990-E

Subject of AL: Notice of ERRA Trigger/Threshold Self-Correction in Compliance with D.07-05-008

Keywords (choose from CPUC listing): Compliance, ERRA

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

D.07-05-008

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: June 5, 2008

No. of tariff sheets: N/A

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. DeLaacruz

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

**Attachment A - Advice Letter 1990-E**  
**San Diego Gas & Electric Company**  
**Forecast of ERRA 2008 Account Balances**

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
	Recorded	Recorded	Recorded	Forecast	Forecast	Forecast	Forecast
Revenues	\$ (29,773,546)	\$ (24,952,952)	\$ (29,848,020)	\$ (41,000,000)	\$ (54,000,000)	\$ (80,000,000)	\$ (91,000,000)
Expenses	\$ 66,323,603	\$ 41,879,402	\$ 33,592,032	\$ 59,000,000	\$ 62,000,000	\$ 66,000,000	\$ 88,000,000
FERC Refunds	\$ (300)	\$ (74,597)	\$ -	\$ (9,771,292)	\$ (453,206)	\$ (62,646)	\$ -
<b>Current Month Under / (Over) Collection</b>	<b>\$ 36,549,757</b>	<b>\$ 16,851,853</b>	<b>\$ 3,744,013</b>	<b>\$ 8,228,708</b>	<b>\$ 7,546,794</b>	<b>\$ (14,062,646)</b>	<b>\$ (3,000,000)</b>
Interest Rate	4.23%	3.25%	2.72%	2.35%	2.35%	2.35%	2.35%
Interest	\$ (14,420)	\$ 61,197	\$ 74,698	\$ 76,406	\$ 92,003	\$ 85,803	\$ 69,264
Current Month Balance with Interest	\$ 36,535,337	\$ 16,913,050	\$ 3,818,711	\$ 8,305,114	\$ 7,638,797	\$ (13,976,843)	\$ (2,930,736)
<b>Cumulative Balance</b>	<b>\$ 14,169,795</b>	<b>\$ 31,082,846</b>	<b>\$ 34,901,556</b>	<b>\$ 43,206,670</b>	<b>\$ 50,845,467</b>	<b>\$ 36,868,624</b>	<b>\$ 33,937,888</b>
Calculated Trigger %	2.30%	3.58%	4.02%	4.97%	5.85%	4.24%	3.90%

**Trigger Notes:**

	<u>2007</u>	<u>2008</u>
Prior Year Generation Revenue	\$ 617,125,568	\$ 869,096,019
Threshold %	5.00%	5.00%
Threshold Amount	\$ 30,856,278	\$ 43,454,801