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July 31, 2008

ADVICE LETTER 2006-E-A
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SUPPLEMENTAL FILING: REQUEST TO TRANSFER ELECTRIC
PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT (EPEEBA)
FUNDS TO THE POST-1997 ELECTRIC ENERGY EFFICIENCY BALANCING
ACCOUNT (PEEEBA)**

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

PURPOSE

This Supplemental Advice Letter is being filed at the direction of Energy Division staff in order to adjust the account procedures related to SDG&E's request to transfer the balance of its Electric Procurement Energy Efficiency Balancing Account (EPEEBA) to the Post-1997 Electric Energy Efficiency Balancing Account (PEEEBA), which is being proposed in order to offset overall electric Energy Efficiency (EE) costs that are currently recorded in the PEEEEBA. **This Supplemental Advice Letter replaces Advice Letter 2006-E in its entirety.**

BACKGROUND

Pursuant to Commission Decision (D.) 97-12-103, SDG&E established the PEEEEBA effective January 1, 1998, to record revenues and expenses associated with SDG&E's post-1997 electric energy efficiency activities.¹ PEEEEBA revenues are collected through a Public Goods Charge (PGC), which comprises a portion of the PPP rate component on a customer's bill.

Similarly, the EPEEBA was established effective March 1, 2004, to record costs and revenues associated with procurement related EE program funding.² EPEEBA revenues are collected through an Energy Efficiency Surcharge, which also comprises a portion of the PPP rate component on a customer's bill. Pursuant to D.05-09-043, SDG&E has continued to collect revenues at currently authorized levels for the 2006-2008 EE program cycles.³ The EPEEBA balance as of June 30, 2008 is a \$108,029,063 overcollection.

¹ See SDG&E Advice Letter (AL) 1084-E / 1090-G filed March 25, 1998.

² See SDG&E AL 1552-E, filed January 7, 2004.

³ See D.05-09-043, Ordering Paragraph 4.

DISCUSSION

The current Electric EE program budget, which was approved as part of the 2006-2008 program cycle, does not differentiate procurement related EE costs from other EE costs. However, pursuant to D.05-09-043, revenues recorded in both the EPEEBA and PEEEBAs are intended to fund the 2006-2008 Electric EE program cycle. As of June 30, 2008, the PEEEBAs are undercollected by \$37,372,254 for the 2006-2008 program cycle. This undercollection is expected to increase through the end of the year and into the 2009-2011 program cycle. Thus, SDG&E proposes to transfer the overcollected balance of EPEEBA funds to the PEEEBAs in order to correctly fund all approved EE programs, consistent with the intended method of EE funding adopted in D.05-09-043. This treatment is also consistent with testimony provided in SDG&E's Application for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2006 through 2008, (A.) 05-06-016.⁴

Going forward, SDG&E requests that net revenues recorded to the EPEEBA be transferred to the PEEEBAs on a monthly basis, which is consistent with procedures currently employed by Pacific Gas and Electric for its respective EE balancing accounts. This transfer will facilitate and streamline the process of accurately tracking overall electric EE program expenditures. Moreover, a monthly transfer will also limit the occurrence of large over and under collections, such as the current overcollected balance of the EPEEBA. Thus, SDG&E has modified the PEEEBAs and EPEEBAs accounts, which are located in SDG&E's electric Preliminary Statement, Section II, Balancing Accounts, to accurately describe the transfer process.

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 Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore, SDG&E requests that the tariffs proposed herein be approved effective August 30, 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) 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.

⁴ See Prepared Direct Testimony of Athena M. Besa, July 1, 2005, Chapter II, pg. AMB-6, lines 10-18.

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.05-06-016, 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.

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: 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) #: 2006-E-A

Subject of AL: Supplemental Filing: Request to Transfer Electric Procurement Energy Efficiency Balancing Account (EPEEBA) Funds to the Post-1997 Electric Energy Efficiency Balancing Account (PEEEBA)

Keywords (choose from CPUC listing): Energy Efficiency

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 AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 8/30/08 No. of tariff sheets: 3

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: See Table of Contents

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

A.05-06-016

ATTACHMENT
ADVICE LETTER 2006-E-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 20718-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, POST-1997 ELECTRIC ENERGY EFFICIENCY BALANCING ACCOUNT (PEEEBA), Sheet 2	Original 19416-E
Revised 20719-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, ELECTRIC PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT (EPEEBA), Sheet 1	Original 19438-E
Revised 20720-E	TABLE OF CONTENTS, Sheet 1	Revised 20716-E



PRELIMINARY STATEMENT

Sheet 2

II. BALANCING ACCOUNTS

POST-1997 ELECTRIC ENERGY EFFICIENCY BALANCING ACCOUNT (PEEEBA)

4. Accounting Procedure: (Continued)

- c. A debit entry equal to the Non-Low-Income Energy Efficiency program performance incentives, as approved by the Commission.
- d. A debit entry equal to the cost of funds calculated at the utilities' weighted average cost of capital rate of 8.43% on the average monthly balance of net funds loaned for the OBF Program.
- e. A debit entry equal to the actual costs of defaults associated with the OBF Program.
- f. An entry equal to monthly interest calculated by applying the Interest Rate to the average of the beginning balance and the ending balance.
- g. An entry to reflect the transfer of the EPEEBA net revenues to the PEEEEBA.

5. Account Disposition

Pursuant to Commission D.03-04-027, the Utility shall file by October 1 of each year an advice letter requesting to apply to the electric PPP rate¹ effective January 1 of the following year 1) the net amortization component of electric PPP account balances and 2) the Commission's currently authorized program budget revenue requirements for the PPPs.

¹ Public Utilities Code Section 399.8 addresses the non-low-income energy efficiency, renewable energy, and research, development and demonstration programs. Section 399.8 requires a separate rate component to collect revenues to fund these programs and that the rate component "may not exceed" the level of the rate component that was used to recover funds authorized pursuant to Section 381 on January 1, 2000.

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PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS

ELECTRIC PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT (EPEEBA)

1. Purpose

The purpose of the EPEEBA is to record the costs of procurement energy efficiency program funding authorized in D.03-12-062. In addition, the EPEEBA will record revenues from a non-bypassable surcharge that will fund the procurement energy efficiency program costs as ordered by D.03-12-062.

2. Applicability

The EPEEBA shall be applied to all of the Utility's electric service customers.

3. EPEEBA Revenue

Pursuant to D.03-12-062, a non-bypassable surcharge on all customers will be established to recover the authorized revenue requirement for the approved procurement energy efficiency programs.

4. Effective Date

This tariff is effective for service rendered on and after January 1, 2004.

5. Accounting Procedure

The utility shall maintain the EPEEBA by making entries at the end of each month as follows:

- a. A debit entry equal to the actual costs associated with approved procurement energy efficiency programs.
- b. A credit entry equal to the revenue billed during the month from the EPEEBA revenue (as described above), net of franchise fees and uncollectible expense.
- c. An entry to record the monthly transfer of net revenues to the PEEEEBA.
- d. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entries 5.a. through 5.b. 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.

6. Disposition

The balance in the EPEEBA shall be addressed as directed in an appropriate proceeding before the Commission.

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TABLE OF CONTENTS

Sheet 1

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

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(Continued)

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Advice Ltr. No. 2006-E-A

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Jul 31, 2008

Effective Aug 30, 2008

Resolution No. _____