

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



June 21, 2010

Advice Letter 2010-E

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: Revisions to the Energy Resource Recovery Account (ERRA)

Dear Mr. van der Leeden:

Advice Letter 2010-E is effective July 30, 2008.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



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

July 30, 2008

ADVICE LETTER 2010-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: REVISIONS TO THE ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)

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

The Purpose of this Advice Letter is to revise SDG&E's Energy Resource Recovery Account (ERRA) to authorize SDG&E to charge to the ERRA Independent System Operator (ISO) charges related to California Department of Water Resources (DWR) contracts, where SDG&E is the Scheduling Coordinator (SC) on behalf of DWR as its limited agent.

DISCUSSION

On June 1, 2008 SDG&E became the SC under the DWR-Sunrise contract on behalf of DWR as its limited agent. As the SC, SDG&E is billed by the ISO for SC charges related to the DWR-Sunrise contract. Therefore SDG&E is responsible for paying the related ISO invoice and then seeking reimbursement from DWR. This creates a complicated series of transactions where SDG&E will initially pay the ISO for the Sunrise-related SC charges, DWR will reimburse SDG&E for these charges, and then DWR will bill SDG&E again for these charges.

SDG&E and DWR have agreed to a more streamlined and cost-effective process where SDG&E will simply pay the ISO for the charges related to the Sunrise contract and record them to the ERRA. As a result of this change, DWR will no longer include these costs as part of the cost allocation to SDG&E in DWR's revenue requirement. The effect is the same to SDG&E and its customers in that the costs are recovered through commodity charges to customers. Furthermore, this streamlined process benefits ratepayers by avoiding an adder for operating reserves normally charged by DWR.

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. Because SDG&E will receive its first invoice from the ISO in mid August, SDG&E respectfully requests that this filing be approved effective July 30, 2008, 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.

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 R.06-02-013, 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: 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) #: 2010-E

Subject of AL: Revisions to the Energy Resource Recovery Account (ERRA)

Keywords (choose from CPUC listing): Compliance, Balancing Account

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: 7/30/08

No. of tariff sheets: 2

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: Preliminary Statement and 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. DeLaacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties in:

R.06-02-013

ATTACHMENT
ADVICE LETTER 2010-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 20712-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, ENERGY RESOURCE RECOVERY ACCOUNT (ERRA), Sheet 2	Original 19427-E
Revised 20713-E	TABLE OF CONTENTS, Sheet 1	Revised 20709-E



PRELIMINARY STATEMENT

**II. BALANCING ACCOUNTS
ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)**

5. Accounting Procedure (Continued)

- d. An entry equal to the Utility pro rata share of the net proceeds from sales of surplus Utility and DWR energy.
- e. An entry equal to the costs associated with SONGS and electric generation fuel and fuel-related expenses, including in lieu payments payable to communities where SDG&E-owned power plants are located pursuant to D.05-08-005 or other applicable Commission decisions.
- f. An entry equal to ISO-related costs charged to the Utility, including ISO charges related to DWR contracts where SDG&E is the scheduling coordinator on behalf of DWR.
- g. An entry equal to the costs associated with the Utility's energy procurement commitments and self procured ancillary service costs to fulfill its net short electric requirement.
- h. An entry equal to other energy procurement-related costs not recovered through the Utility's Cost of Service or other cost recovery mechanism.
- i. An entry equal to the revenue billed during the month from the Schedule EECC rate adjusted to exclude revenues assigned to the DWR net of franchise fees and uncollectible accounts expense. The revenue shall be adjusted to credit the revenue shortfall, associated with the Family Electric Rate Assistance (FERA) Program, recorded in the FERA Subaccount in the electric Baseline Balancing Account (BBA) as authorized in Commission D.04-02-057.
- j. An entry equal to the revenue billed during the month from the Electric Energy Commodity Cost – Transitional Bundled Service Schedule (Schedule EECC-TBS), net of franchise fees and uncollectible accounts expense.
- k. An entry equal to the revenue received from the CCA Cost Responsibility Surcharge, net of the revenue assigned to DWR.
- l. An entry equal to the shortfall associated with the baseline allowance changes as authorized in Commission D.02-04-026 and as modified by D.02-05-010, until a decision is issued in Phase 2 of OIR 01-05-047.
- m. An entry to reflect any transfers from other regulatory accounts as authorized by the Commission.
- n. A debit entry equal to incentive payments to customers participating in the Statewide Pricing Pilot (SPP) Program authorized in the Phase 1 decision of the advanced metering, demand response, and dynamic pricing proceeding.
- o. An entry, as applicable, to reflect the ratepayer portion of the electric generator refunds as directed in Resolution E-3893.

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(Continued)



San Diego Gas & Electric Company
San Diego, California

	<u>Revised</u>	Cal. P.U.C. Sheet No.	<u>20713-E</u>
	<u>Revised</u>		<u>20709-E</u>
Canceling	<u>Revised</u>	Cal. P.U.C. Sheet No.	<u>20620-E</u>

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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)

1H10	Issued by	Date Filed	Jul 30, 2008
Advice Ltr. No. <u>2010-E</u>	Lee Schavrien	Effective	_____
Decision No. _____	Senior Vice President Regulatory Affairs	Resolution No.	_____