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January 9, 2009

**ADVICE LETTER 2056-E**  
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: MODIFICATION OF CALIFORNIA SOLAR INITIATIVE BALANCING  
ACCOUNT (CSIBA) IN ACCORDANCE WITH DECISION NO. 08-12-004**

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**

Pursuant to D.08-12-004, this advice filing seeks Commission approval to modify SDG&E's Preliminary Statement, Part II, Balancing Accounts – CSIBA, to note the revised revenue requirement schedule adopted by the Decision.

**BACKGROUND**

On January 12, 2006, the Commission issued D.06-01-024 to establish the statewide funding for CSI at \$2.5 billion for Commission-managed programs for the years 2007 through 2016. SDG&E's allocated share of the funding over this period was \$325 million. Additionally, D.06-08-028 also adopted the performance-based incentives.

The Commission issued D.06-12-033 on December 14, 2006 to modify D.06-01-024 and D.06-08-028 to meet with the new requirements of Senate Bill 1. D.06-12-033 decreased SDG&E's allocated CSI funding from the \$325 million originally granted in D.06-01-024 to \$223 million, and required SDG&E to establish a Performance Based Incentives (PBI) tracking mechanism.<sup>1</sup> On September 12, 2008, Southern California Edison (SCE) and SDG&E ("Joint Petitioners") jointly filed a petition for modification of D.06-01-024, allowing SCE and SDG&E to temporarily suspend collection of CSI funds from their electric customers in 2009. The petition requested this suspension because the revenue collected and credited to the CSI balancing accounts is greater than the solar incentives and program administration costs paid out to date. The Joint

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<sup>1</sup> SDG&E Advice Letter 1864-E; approved by the Commission on October 16, 2007.

Petitioners proposed to resume collections for CSI on January 1, 2010 and recover the temporarily suspended 2009 funding at a later date.

Ordering Paragraphs 1 and 3 of D.08-12-004 instructed SDG&E to suspend its 2009 CSI funding and adopt a new CSI revenue requirement schedule, replacing the previously adopted schedule in D.06-12-033. Pursuant to Table 2 in D.08-12-004, SDG&E is modifying its authorized CSI funding levels from 2007 through 2016 as follows:<sup>2</sup>

**SDG&E's Revised Share of Annual CSI Funding**

<u>Year</u>	<u>Annual Funding (millions)</u>
Transfer from SGIP on 12/31/2006	\$37.2
2007	33
2008	33
2009	0
2010	25
2011	25
2012	25
2013	16
2014	16
2015	12.8
2016	<u>0.0</u>
<b>Total</b>	<b>\$223</b>

Consequently, SDG&E is updating the language in its CSIBA to reflect the modified allocated CSI funding limits. In addition, SDG&E has also revised the name of the former San Diego Regional Energy Office (SDREO) to reflect its new name, California Center for Sustainable Energy (CCSE).

**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 respectfully requests that the Advice Letter become effective February 8, 2009,

**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:

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<sup>2</sup> These amounts do not include Franchise Fees and Uncollectibles (FF&U). FF&U will be added to these amounts upon consolidation in distribution rates.

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 ([jinj@cpuc.ca.gov](mailto:jinj@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, which includes R.06-03-004 and R.08-03-008 service lists, by providing them a copy hereof either electronically or via the U.S. mail, 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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RON VAN DER LEEDEN  
Director – Rates, Revenues & Tariffs

(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: Megan Caulson

Phone #: (858) 654-1748

E-mail: MCaulson@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) #: 2056-E

Subject of AL: Modification of California Solar Initiative Balancing Account (CSIBA) in Accordance with D.08-12-004.

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 #:

D.08-12-004

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: 2/8/2009

No. of tariff sheets: 4

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: CSIBA, Table of Contents

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

R.06-03-004 and R.08-03-008

ATTACHMENT  
ADVICE LETTER 2056-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21018-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA), Sheet 1	Revised 19954-E*
Revised 21019-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA), Sheet 2	Revised 19955-E
Revised 21020-E	TABLE OF CONTENTS, Sheet 1	Revised 21016-E
Revised 21021-E	TABLE OF CONTENTS, Sheet 2	Revised 20877-E



**PRELIMINARY STATEMENT**

Sheet 1

**II. BALANCING ACCOUNTS**  
**CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)**

1. Purpose

The purpose of the CSIBA is to record the costs and corresponding revenue requirement associated with the California Solar Initiative (CSI) beginning on January 1, 2007, as outlined in Commission Decision (D.) 06-01-024 dated January 12, 2006. Pursuant to D.06-12-033, Attachment B of modified D.06-08-028, a sub-account was established within the CSIBA to track Performance-Based Incentives (PBI). The pre-2007 CSI program budget allocation shall be consistent with the Self-Generation and Energy Efficiency program allocation between electric and gas customers of 93 percent and 7 percent, respectively. Consistent with D.06-12-033, post-2006 CSI program expenditures shall be allocated 100% to electric customers.

2. Applicability

The CSIBA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Rates

Balances in the CSIBA will be included in electric distribution rates annually.

4. Accounting Procedure

The Utility shall maintain the CSIBA by making entries at the end of each month as follows:

- a. A debit entry equal to the CSI program costs including payments remitted to the California Center for Sustainable Energy (CCSE) associated with this program in conformance with contracts between the Utility and CCSE. Costs may also include marketing, contract administration, regulatory reporting, program evaluation, customers' incentives, research, development and demonstration (RD&D), incremental capital costs and expenses associated with the CSI program.
- b. A credit entry to record the CSI revenue requirement authorized for recovery in rates.
- c. An entry equal to the revenues from amortization rates as authorized by the Commission.
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 4.a. through 4.c. above, 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 publication.

A separate accounting of costs and benefits, by customer class, will be accomplished.

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**PRELIMINARY STATEMENT**

**II. BALANCING ACCOUNTS**  
**CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)**

5. Performance-Base Incentive (PBI) Sub-Account

Pursuant to D.06-08-028 Ordering Paragraph 7 as modified by D.06-12-033, SDG&E establishes an interest-earning PBI sub-account to separately record the PBI payments for all completed solar projects receiving PBI to ensure fund security for the duration of the PBI contract incentive periods. SDG&E will pay PBI for approved solar projects, with PBI payments made monthly based on recorded kilowatt hours (kWh) of solar power produced over a five-year period. The PBI incentive rate is confirmed when a solar energy system project receives a confirmed reservation, and will remain constant for the five-year term.

The Utility shall maintain the PBI sub-account by making entries at the end of each month as follows:

- a. A debit entry to reflect the actual PBI payments associated with the CSI Program.
- b. On a quarterly basis an entry will be made to record funding related to the forecasted five-year expected PBI payments for all solar projects completed in the quarter. The funding entry will consist of a transfer of funds from the main CSI balancing account to the PBI sub-account.
- c. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 5.a and b. above, 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 publication.

6. Program Funding Limit

Pursuant to D.06-12-033, the total authorized program cost for SDG&E was reduced from \$325 million authorized in D.06-01-024 to \$223 million over a ten-year period beginning January 1, 2007 and extending through December 31, 2016. D.08-12-004 adopted a new revenue requirement schedule for CSI to replace the schedule previously adopted in D. 06-12-033. Any unused funding can be carried over from one year to the next up to a maximum limit of \$223 million for the ten-year period. The program administrator may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year.

7. Disposition

Pursuant to D.06-01-024, SDG&E may recover its share of the annual authorized CSI program funding in the utility's Annual Electric Regulatory Account Balance Update filings, beginning with the next rate change following the effective date of D.06-01-024, subject to review of program costs at any time. If the difference between program expenditures and the revenues collected in rates is substantial, SDG&E may request adjusting the collection of the revenue requirement. The balance in the CSIBA may be amortized into SDG&E's electric rates annually.

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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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Advice Ltr. No. 2056-E

Decision No. D.08-12-004

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Jan 9, 2009

Effective Feb 8, 2009

Resolution No. \_\_\_\_\_



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