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March 6, 2009

**ADVICE LETTER 2068-E**

(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: UPDATE OF ERRRA TRIGGER/THRESHOLD AMOUNT IN COMPLIANCE WITH  
D.04-01-050**

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

**PURPOSE**

The purpose of this Advice Letter is to update SDG&E's Energy Resource Recovery Account (ERRA) trigger and threshold amounts in compliance with California Public Utilities Commission (Commission) Decision (D.) 04-01-050.

**DISCUSSION**

On January 22, 2004, the Commission issued D.04-01-050, adopting the long-term regulatory framework under which SDG&E will plan for and procure the energy resources and demand-side investments necessary to ensure that customers receive reliable service at low and stable prices. As part of the Decision, SDG&E is ordered to file an advice letter by April 1, 2009 to update its ERRRA trigger/threshold amount based on 12-months of prior year recorded data.

Therefore, in compliance with the ERRRA Schedule outlined in D.04-01-050, SDG&E submits the attached revisions to its electric preliminary statement to include updated ERRRA trigger and threshold amounts. The ERRRA trigger mechanism considers the relationship between the cumulative balance in the ERRRA and the prior year recorded generation revenues, excluding revenues collected for DWR. The ERRRA trigger amount is equal to 4%, and the threshold amount is equal to 5% of the prior year recorded electric commodity revenues excluding DWR revenue. Recorded electric commodity revenues for 2008, excluding DWR revenue, were \$1,030 million<sup>1</sup>. Consequently, SDG&E's updated trigger amount is \$41.2 million, and its threshold amount is \$51.5 million.

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<sup>1</sup> Revenue reflects the add-back of \$45.6 million due to the amortization of the trigger credit approved in Advice Letter 1954-E in compliance with D.07-12-042.

**EFFECTIVE DATE**

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on March 6, 2009, which is 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 R.01-10-024, 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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RON VAN DER LEEDEN  
Director – Rates, Revenues & Tariff

(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) #: 2068-E

Subject of AL: Update of ERRA Trigger/Threshold Amount in Compliance with D.04-01-050

Keywords (choose from CPUC listing): Compliance, Procurement

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

D.04-01-050

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: 3/06/09

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 & 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 In:

R.01-10-024

ATTACHMENT  
ADVICE LETTER 2068-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21122-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, ENERGY RESOURCE RECOVERY ACCOUNT (ERRA), Sheet 3	Revised 20472-E
Revised 21123-E	TABLE OF CONTENTS, Sheet 1	Revised 21117-E



**PRELIMINARY STATEMENT**

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

5. Accounting Procedure (Continued)

- p. A debit entry equal to energy incentive payments for applicable programs adopted in D.05-01-056.
- q. An entry to reflect any rewards or penalties associated with the adopted heat rate incentive authorized in D. 04-06-011 for the Palomar Energy Center.
- r. A debit entry to record the fees associated with participation in the Western Renewable Energy Generation Information System (WREGIS).
- s. An entry to reflect the revenues or costs associated with procurement transactions for Congestion Revenue Rights (CRRs).
- t. A debit entry equal to Peak Time Rebate (PTR) incentive payments made to residential and small commercial customers as authorized in D.08-02-034.
- u. 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.t. 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. Trigger Mechanism

In accordance with Assembly Bill (AB) 57, a trigger mechanism will be in place that will consider the relationship between the cumulative balance in the ERRA and the prior year recorded generation revenues excluding revenues collected for DWR. Recorded generation revenues for 2008, excluding revenues collected for DWR, were \$1,030 million. Pursuant to D. 07-05-008, in any month when the balance in the ERRA reaches 4% (\$41.2 million) of the prior year recorded electric commodity revenues excluding DWR revenue, the Utility will notify the Commission through advice letter filing, instead of expedited application, that no rate change will be necessary if the Utility forecasts that the ERRA balance will self-correct below the trigger within 120 days of filing. The Utility shall include the necessary documentation to support this advice letter filing. The Utility shall continue to file an expedited application during those instances where the ERRA balance exceeds the trigger point and rate changes are necessary to amortize the balance. In those instances where the Commission rejects an advice letter filing, the Utility shall file an application within 15 days after rejection. The application will include a projected account balance in 60 days or more from the date of filing depending on when the balance will reach the 5% (\$51.5 million) threshold. The application will also propose an amortization period for the five percent of not less than 90 days to ensure timely recovery of the projected ERRA balance. The application should also include allocation of the amortized balance among customers based on the existing allocation methodology recognized by the Commission. The AB 57 trigger mechanism application should not be used to refund overcollections until it has been in operation for a full 12 months (D.02-10-062, Conclusion of Law 18).

7. Filing and Update Process

The ERRA will follow a semiannual update process as described in D.02-10-062 and D.02-12-074. The Utility will file applications on June 1 and October 1 of each year. The June 1 application will address the review of the balancing account, contract administration, energy resources expenses and energy dispatch. The October 1 application will propose an energy resource forecast for the upcoming 12 months and a new ERRA rate based on that forecast.

8. Baseline Shortfall Subaccount (BSS)

- a. Purpose: Pursuant to D. 04-02-057, the purpose of the Baseline Shortfall Subaccount (BSS) is to record the commodity shortfall to maintain revenue neutrality resulting from 1) amortization of the Baseline Balancing Account (BBA) in the electric distribution rate, and 2) the adjustment to the Distribution and CTC rates to eliminate the ongoing shortfall related to the baseline allowance changes to utility distribution company (UDC) rates made pursuant to D.02-04-026.

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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. 2068-E

Decision No. 04-01-050

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

Date Filed Mar 6, 2009

Effective Mar 6, 2009

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