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March 13, 2009

ADVICE LETTER 2069-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: CALCULATION OF SDG&E's 2008 COMMODITY REVENUE UNDER
COLLECTION RESULTING FROM CPP-D RATES**

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

PURPOSE

Pursuant to California Public Utilities Commission (Commission or CPUC) Decision (D.) 08-02-034 adopted February 28, 2008 (SDG&E's 2008 General Rate Case Phase 2 Settlement), SDG&E is filing this Advice Letter to acknowledge the 2008 commodity revenue undercollection resulting from Critical Peak Pricing Default (CPP-D) rates, and requests to directly assign this undercollection to the Commercial & Industrial (C&I) customer class as required in the Settlement concurrently with commodity rates expected to become effective May 1, 2009.

BACKGROUND

The CPP-D Commodity rate is a monetary incentive to conserve on days when electricity is in short supply. On non-event days, customers pay a discounted commodity rate. During 2008, there were fewer CPP Events and lower Capacity Reservation than was built into the development of CPP-D rates. The rates for CPP-D were based on an assumption that 9 CPP Event Days would be called. In addition, the rate was based on the assumption that a customer would specify a Capacity Reservation of 50% of the customer's maximum on-peak summer demand.

In 2008, no (zero) CPP Event Days were called and customers designated Capacity Reservations lower than the 50% of maximum summer on-peak. The combination of these two factors resulted in lower than expected commodity revenues from the CPP-D rate. This undercollection in commodity revenues currently resides in the Energy Resource Recovery Account (ERRA). The Settlement Agreement (Section II, Critical Peak Pricing) states:

“CPP imbalances shall be contained within the Commercial and Industrial (C&I) Customer class. Resulting over or under collections shall be allocated to only the following C&I rate components on an equal percentage basis:

- a. For non-CPP C&I tariffs the allocation will be limited to summer on-peak and semi-peak energy rates and summer and winter on-peak demand charges.*
- b. For Default CPP tariffs the allocation will be limited to the CPP period, summer on-peak and semi-peak energy rates and capacity reservation charges.”*

The table below provides the 2008 CPP-D undercollection calculation, reflecting 2008 billing data through December 2008. The amount is broken down between what was caused by the difference in the Capacity Reservation (actual Capacity Reservation versus the 50% Capacity Reservation used in developing CPP-D rates) and CPP Event Days (0 CPP Event Days versus the 9 CPP Events Days used in developing CPP-D rates):

2008 CPP-D Undercollection¹

Capacity Reservation Difference	(\$8,343,255)
CPP Event Day Difference	(\$6,804,871)
Total (without FF&U²):	(\$15,148,126)
Total (with FF&U)	(\$15,326,995)

In accordance with the decision and calculation above, SDG&E intends to include the 2008 CPP-D under collection of \$15,326,995 in electric rates to be implemented concurrently with the 2009 Energy Resource Recovery Amount (ERRA) Forecast, Application (A) 08-10-004. SDG&E will adjust C&I commodity rates (CPP-D and non-CPP tariff rates) to recover the \$15,326,995 CPP-D undercollection amount for 2008 when adjusting rates to recover the 2009 ERRA Forecast, tentatively scheduled to be implemented on May 1, 2009. Assuming the rates to recover this CPP-D undercollection are implemented on May 1, SDG&E will recover the 2008 CPP-D undercollection over the remaining 8 months of 2009 (May – December). Tariff sheets implementing this adjustment will be consolidated with those changes filed as a result of a final decision issued in A.08-10-004. Included as Attachment A to this filing is a table showing the impact of implementing the CPP-D undercollection.

In future years, SDG&E intends to include CPP-D under/over collections in its January 1st Consolidated Electric Rate filing rather than with the ERRA Forecast. Unlike the implementation of ERRA Forecasts, the consolidated rates are implemented on a known date each year (January 1st) and thus, allocation of CPP-D under/over collections can be amortized over the entire 12 months of the year.

¹ The bill impact model uses interval data in order to calculate bills for CPP-D. Since the interval data needed to calculate CPP-D under/over collections was not available for all 1,227 CPP-D accounts, it was only possible to run bill impacts for 1,084 of the accounts (88%).

² Franchise Fees and Uncollectibles

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 filing be approved effective April 12, 2009, 30 days from the date filed.

PROTEST

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impacts, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the CPUC. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
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 Honesto Gatchallian (ijnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest 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

In accordance with Section III.G of General Order No. 96-A, a copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.07-01-047, 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.

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) #: 2069-E

Subject of AL: Calculation of SDG&E's 2008 Commodity Revenue Undercollection Resulting from CPP-D Rates

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.08-02-034

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: 04/12/2009

No. of tariff sheets: 0

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 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.07-01-047

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

Attachment A

SDG&E Advice Letter 2069-E

CLASS AVERAGE RATES

Based on Rates Effective 1/1/09
(AL 2053-E)

Proposed

	Current Total UDC Rate (¢/KWhr)	Current Avg. Commodity (¢/KWhr)	Current Total Rate (¢/KWhr)	Proposed Total UDC Rate (¢/KWhr)	Proposed Avg. Commodity (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	8.851	9.414	18.265	8.851	9.414	18.265	0.000	0.00%
Small Commercial	8.468	10.148	18.616	8.468	10.148	18.616	0.000	0.00%
Med. & Large C&I	5.253	10.091	15.344	5.253	10.307	15.560	0.216	1.41%
Agriculture	8.462	9.617	18.079	8.462	9.617	18.079	0.000	0.00%
Lighting	8.969	6.979	15.948	8.969	6.979	15.948	0.000	0.00%
System Total	6.950	9.776	16.726	6.950	9.869	16.819	0.093	0.56%

Notes:

DWR-BC is included in Current and Proposed Total UDC Rate