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March 23, 2009

ADVICE LETTER 2071-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REVISION OF NON-FUEL GENERATION REVENUE REQUIREMENT AND
RELATED ADJUSTMENTS IN COMPLIANCE WITH D.09-03-025**

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

PURPOSE

In accordance with California Public Utilities Commission (Commission) Decision (D.) 09-03-025 (Southern California Edison's General Rate Case) dated March 12, 2009, SDG&E is revising its electric Non-Fuel Generation Balancing Account (NGBA) and transferring the balance of the 2009 SONGS Revenue Requirement Memorandum Account (2009-SRRMA) to the NGBA. Additionally, this advice filing updates SDG&E's SONGS O&M Balancing Account (SONGSBA) to align with the Decision.

DISCUSSION

As part of D.09-03-025, the Commission approved a \$116.2 million (2009 dollars) revenue requirement for SDG&E's share of SONGS 2 & 3 costs. In accordance with the decision, SDG&E is also authorized to recover \$13.2 million (2009 dollars) for SDG&E's share of each SONGS 2 & 3 refueling and maintenance outage that is expected to occur in 2009.¹ Consequently, SDG&E is modifying its NGBA to include the recovery of the adopted revenue requirement and refueling and maintenance outages expected to occur in 2009 through 2011. For 2009, one refueling and maintenance outage is forecasted to occur. SDG&E is also updating the SONGSBA to reflect D.09-03-025.

Pursuant to Ordering Paragraph 22 of D.09-03-025, the balance of \$1.8 million in SDG&E's SONGS Revenue Requirement Memorandum Account (SRRMA) is being transferred to the NGBA. SDG&E proposes to adjust electric commodity rates to reflect the updated NGBA revenue requirement concurrent with implementation of the 2009 ERRRA revenue requirement, which is expected to occur on May 1, 2009. A summary of present and proposed rates is included herein as Attachment A.

¹ Based on the amounts adopted by the Commission in its final decision, SDG&E computed its final revenue requirement for 2009 as \$116.1 million (base). For post-test years 2010 and 2011, SDG&E is authorized to update its revenue requirements and number of projected refueling and maintenance outages using the same methodology adopted for SCE via an annual advice filing.

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 March 12, 2009, the effective date of D.09-03-025.

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 (jni@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 A.07-11-011, 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: 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) #: 2071-E

Subject of AL: Revision of Non-Fuel Generation Revenue Requirement and Related Adjustments in Compliance with D.09-03-025

Keywords (choose from CPUC listing): SONGS, NGBA, Revenue Requirement

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.09-03-025

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: 3/12/09

No. of tariff sheets: 5

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

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
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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
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Commerce Energy Group

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Constellation New Energy

W. Chen

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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

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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

A.07-11-011

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

**Attachment A
SDG&E Advice Letter 2071-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	8.794	9.414	18.208	8.794	9.455	18.249	0.041	0.23%
Small Commercial	8.468	10.148	18.616	8.468	10.192	18.660	0.044	0.24%
Med. & Large C&I	5.253	10.091	15.344	5.253	10.134	15.387	0.043	0.28%
Agriculture	8.462	9.617	18.079	8.462	9.659	18.121	0.042	0.23%
Lighting	8.969	6.979	15.948	8.969	7.010	15.979	0.031	0.19%
System Total	6.929	9.776	16.705	6.929	9.819	16.748	0.043	0.26%

Notes:

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

ATTACHMENT B
ADVICE LETTER 2071-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21128-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, NON-FUEL GENERATION BALANCING ACCOUNT (NGBA), Sheet 1	Revised 20724-E
Revised 21129-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, NON-FUEL GENERATION BALANCING ACCOUNT (NGBA), Sheet 2	Revised 20725-E
Revised 21130-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, SONGS O&M BALANCING ACCOUNT (SONGSBA), Sheet 1	Original 19826-E
Revised 21131-E	TABLE OF CONTENTS, Sheet 1	Revised 21126-E
Revised 21132-E	TABLE OF CONTENTS, Sheet 2	Revised 21118-E



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
NON-FUEL GENERATION BALANCING ACCOUNT (NGBA)

1. **Purpose:** The purpose of the NGBA is to provide recovery of approved electric generation non-fuel costs not being recovered by another component of SDG&E's rates. Currently, the Utility has ownership interest in the following plants in operation: San Onofre Nuclear Generating Station (SONGS) the Miramar Combustion Turbine (CT) facility and the Palomar Energy Center facility.
2. **Applicability:** The NGBA shall be applied only to the Utility's bundled service customers.
3. **Generation Non-fuel Revenue Requirement:**

SONGS:

The generation non-fuel revenue requirement shall consist of the SONGS operating & maintenance and capital-related costs approved for SDG&E in the Southern California Edison (SCE) General Rate Case (D.09-03-025) and the SDG&E General Rate Case (D.08-07-046). The 2009 revenue requirement authorized in D.09-03-025 shall be adjusted in future years pursuant to the PYTR mechanism adopted in the proceeding. Year 2010 and 2011 revenue requirements shall be subject to increases of 4.25% and 4.35% respectively, consistent with the PTYR mechanism adopted in D.09-03-025. Pursuant to D.09-03-025, the utility is authorized to recover \$13.19 million (2009 dollars), \$13.75 million (2010 dollars), and \$14.35 million (2011 dollars) for each SONGS 2&3 refueling and maintenance outage that occurs in 2009 through 2011 respectively. If the actual number of SONGS 2&3 refueling and maintenance outages in 2009 through 2011 is different than the number of outages in SDG&E's 2009 through 2011 generation revenue requirement, the difference will be addressed via an advice letter submitted to the Commission by February 15, 2010 (for the 2009 difference), 2011 (for the 2010 difference) and 2012 (for the 2011 difference). The resulting adjustment will be made as an entry to the NGBA. Pursuant to D. 06-11-026, beginning in January 2007 and ending in 2011, the utility is authorized to recover through depreciation expense, 20% of its ownership share of the removal and disposal costs of the original steam generators related to the Steam Generator Replacement Project (SGRP).

Miramar CT:

The generation non-fuel revenue requirement shall consist of the operating and maintenance and capital-related costs approved in SDG&E's General Rate Case (D.08-07-046). The revenue requirement for 2009, 2010, and 2011 shall be adjusted pursuant to the Post-Test Year Ratemaking settlement adopted in D.08-07-046. The fuel costs of the Miramar CT shall be recorded in the Energy Resource Recovery Account (ERRA). Any revenues received from the Independent System Operator (ISO) under the reliability-must run (RMR) contract shall be credited to the NGBA.

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PRELIMINARY STATEMENT

Sheet 2

II. BALANCING ACCOUNTS
NON-FUEL GENERATION BALANCING ACCOUNT (NGBA)

3. Generation Non-fuel Revenue Requirement:

Palomar Energy Center:

The adopted generation non-fuel revenue requirement shall consist of the adopted operating and maintenance, and capital-related costs approved in SDG&E's General Rate Case (D.08-07-046). The revenue requirement for 2009, 2010, and 2011 shall be adjusted pursuant to the Post-Test Year Ratemaking Settlement adopted in D.08-07-046. The fuel costs of the Palomar Energy Center shall be recorded in the Energy Resource Recovery Account (ERRA). Any revenues received from the Independent System Operator (ISO) under the reliability-must run (RMR) contract shall be credited to the NGBA.

4. NGBA Rate

Once the generation non-fuel revenue requirement is established, the NGBA rate will be included as part of the Utility's total schedule EECC rate. The NGBA rate will be equal to the total adopted generation non-fuel revenue requirement divided by the authorized forecasted sales for the current calendar year.

5. Effective Date

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

6. Accounting Procedure

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

- a. A debit entry equal to 1/12 of the authorized annual generation non-fuel revenue requirement for songs, as established in D.09-03-025 and D.08-07-046, excluding the SONGS 2 & 3 refueling and maintenance outages.
- b. A debit entry equal to 1/12 of the authorized SONGS 2&3 refueling and maintenance outage authorized revenue requirement as established in D.09-03-025.
- c. An entry equal to the SONGS 2&3 refueling and maintenance outage adjustment as described in Section 3 above.
- d. A debit entry equal to 1/12 of the authorized annual generation non-fuel revenue requirement for the Miramar CT as established in D.08-07-046.
- e. A debit entry equal to 1/12 of the authorized fixed annual generation non-fuel revenue requirement for the Palomar Energy Center as established in D.08-07-046.

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PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
SONGS O&M BALANCING ACCOUNT (SONGSBA)

1. **Purpose:** Pursuant to Commission Decision (D.) 06-11-026, the SONGSBA is a two-way balancing account that records the difference between 1) The Utility's authorized SONGS operation and maintenance (O&M) revenue requirement for costs billed by Southern California Edison (SCE) to the Utility under the SONGS Operating Agreement⁽¹⁾ including refueling outage O&M and contractual overheads, and 2) The actual costs billed to the Utility by SCE under the SONGS Operating Agreement for SONGS O&M expenses, including refueling outage O&M, and contractual overheads.
2. **Applicability:** The SONGSBA shall apply to bundled customers unless otherwise specified by the Commission.
3. **Effective Date:** January 1, 2007 through the utility's next General Rate Case (GRC) cycle.
4. **Rates:** The SONGSBA balance shall be applied to rates as described in Section 6 below.
5. **Accounting Procedure:** The Utility shall maintain the SONGSBA by making entries at the end of each month as follows:
 - a. A debit entry equal to the actual costs for all operation and maintenance (O & M), including refueling outage O&M and contractual overheads billed to the Utility by Southern California Edison (SCE) under the SONGS Operating Agreement.
 - b. A credit entry equal to one-twelfth of the Utility's authorized SONGS O&M revenue requirement for costs billed by SCE under the SONGS Operating Agreement, including refueling outage O&M and contractual overheads.
 - c. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entry 4.a through 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 publication.
6. **Account Disposition:** The balance in the SONGSBA shall be transferred annually to the Non-fuel Generation Balancing Account (NGBA).

⁽¹⁾ The revenue requirement for costs billed by Southern California Edison (SCE) under the SONGS Operating Agreement was authorized in SCE's GRC Decision D. 09-03-025. Other O&M expense not included in this balancing account are authorized in the Utility's general rate case and other proceedings.



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Advice Ltr. No. 2071-E

Decision No. D.09-03-025

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Mar 23, 2009

Effective May 1, 2009

Resolution No. _____



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Advice Ltr. No. 2071-E

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Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Mar 23, 2009

Effective May 1, 2009

Resolution No. _____

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