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September 21, 2009

ADVICE LETTER 2108-E/1888-G
(U 902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: Revisions to Pension Balancing Account (PBA) and Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) in compliance with Decision (D.) 09-09-011

San Diego Gas & Electric (SDG&E) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its Preliminary Statement Part II, Balancing Accounts, applicable throughout its service territory, as shown on Attachment A and B.

PURPOSE

The filing complies with Ordering Paragraph (OP) 3 of D. 09-09-011 directing SDG&E to

“file a Tier 1 advice letter with revised tariff sheets modifying its preliminary statement to add language describing the mechanism to amortize incremental pension contributions and incremental Post-Retirement Benefits Other than Pensions expenses in the Annual Balancing Account Advice Letter.”

BACKGROUND

The settlement adopted in D.08-07-046 dated July 31, 2008, in SDG&E's Test Year 2008 General Rate Case (GRC), authorized SDG&E to record in balancing accounts any differences between the forecast allowances for minimum pension fund contributions and actual contributions and the differences between the forecast allowances for other benefits and actual costs for other benefits. The differences would be recovered in SDG&E's next GRC. On May 15, 2009, SDG&E filed a petition for modification (PFM) of D.08-07-046 requesting Commission approval of annual adjustments to its balancing accounts as actual contributions for pensions and other benefits are anticipated to be far in excess of the allowances included in current rates. In response to the PFM, D.09-09-011, signed September 10, 2009, the Commission modified the ratemaking settlement adopted in D.08-07-046 to allow the annual amortization of the contributions recorded in the PBA and the PBOPBA that are incremental to the corresponding revenue requirement included in current base rates.¹ D.09-09-011 also denies SDG&E's request to record in its PBA any expenses associated with surety bonds or letters of credit.

¹ Per OP 1 and 2 of D. 09-09-011.

REQUESTED REVISION

Both the PBA and the PBOPBA are revised to delete the last sentence and replace it with the following:

Pursuant to D. 09-09-011, SDG&E will amortize the [PBA/PBOPBA] balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1748
E-mail: mcaulson@semprautilities.com

EFFECTIVE DATE

In compliance with OP 3 of D.09-09-011, SDG&E submits this as a Tier 1 advice letter (effective pending disposition). Therefore, SDG&E will make the tariff sheets filed herein effective for service on and after September 21, 2009, the date filed.

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.06-12-009 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) 654-1748 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: Joff Morales

Phone #: (858) 650-4098

E-mail: jmorales@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) #: 2108-E/1888-G

Subject of AL: Revisions to Pension Balancing Account (PBA) and Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) in compliance with Decision (D.) 09-09-011

Keywords (choose from CPUC listing): Memorandum Accounts; Preliminary Statement

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.09-09-011

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 9/21/09

No. of tariff sheets: 6

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

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: Pension Benefit Account (PBA), Post Retirement Benefits other than Pension (PBOPBA) Preliminary Statements

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

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: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@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

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

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman
J. Porter

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.06-12-009

ATTACHMENT A
ADVICE LETTER 2108-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21355-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, PENSION BALANCING ACCOUNT (PBA), Sheet 2	Revised 20728-E
Revised 21356-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, POST-RETIREMENT BENEFITS OTHER THAN PENSIONS BALANCING ACCOUNT (PBOPBA), Sheet 2	Revised 20730-E
Revised 21357-E	TABLE OF CONTENTS, Sheet 1	Revised 21346-E



PRELIMINARY STATEMENT

Sheet 2

**II. BALANCING ACCOUNTS
PENSION BALANCING ACCOUNT (PBA)**

4. Accounting Procedure (Continued)

b. Depreciation/Return Component – Current Year:

A debit/credit entry equal to the difference, prorated for the year, between:

- (1) One twelfth of the current year's revenue requirement embedded in authorized depreciation, including the return associated with the authorized pension costs capitalized to utility rate base; and
- (2) The current month's actual pension costs embedded in recorded depreciation, including the return associated with the actual pension costs capitalized to utility rate base;

c. Depreciation/Return Component- Prior Year(s) [i.e. beginning with the initial year of the cost of service or GRC period]:

A debit/credit entry equal to the difference between:

- (1) One twelfth of the prior years' revenue requirement embedded in authorized depreciation, including the return associated with the unamortized balance of authorized pension costs capitalized to utility rate base in prior years; and
- (2) The corresponding pension costs embedded in recorded depreciation, including the return associated with the unamortized balance of actual pension costs capitalized to utility rate base in prior years;

d. Other Adjustments:

- (1) A debit/credit entry for amortization of pension refund/recovery in rates;
- (2) On an annual basis, if actual pension contributions exceed forecasted amount as described in the Disposition section below, a credit entry shall be made equal to 20% of the corresponding pension component differences associated with O&M, depreciation and return;

e. An entry equal to the interest calculated on the average of the balance at the beginning of the month and the balance after entries 4.a through 4.d 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.

5. Disposition

For the period of 2009 through the end of the GRC, annual pension contributions will be no greater than the ERISA minimum required funding amount. If the ERISA minimum exceeds the DRA estimate of pension expenses (as identified in Exhibit DRA-15 in SDG&E's GRC application 06-012-009) in any year, SDG&E will file an advice letter containing the support calculation of the minimum ERISA contribution made. Pursuant to D.09-09-011, SDG&E will amortize the PBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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PRELIMINARY STATEMENT

II. BALANCING ACCOUNTS

POST-RETIREMENT BENEFITS OTHER THAN PENSIONS BALANCING ACCOUNT (PBOPBA)

4. Accounting Procedure (Continued)

b. Depreciation/Return Component – Current Year:

A debit/credit entry equal to the difference, prorated for the year, between:

- (1) One twelfth of the current year's revenue requirement embedded in authorized depreciation, including the return associated with the authorized PBOP costs capitalized to utility rate base; and
- (2) The current month's actual PBOP costs embedded in recorded depreciation, including the return associated with the actual PBOP costs capitalized to utility rate base;

c. Depreciation/Return Component- Prior Year(s) [i.e. beginning with the initial year of the cost of service period or GRC period]:

A debit/credit entry equal to the difference between:

- (1) One twelfth of the prior years' revenue requirement embedded in authorized depreciation, including the return associated with the unamortized balance of authorized PBOP costs capitalized to utility rate base in prior years; and
- (2) The corresponding PBOP costs embedded in recorded depreciation, including the return associated with the unamortized balance of actual PBOP costs capitalized to utility rate base in prior years;

d. Other Adjustments

- (1) A debit/credit entry for amortization of PBOP refund/recovery in rates;

e. An entry equal to the interest calculated on the average of the balance at the beginning of the month and the balance after entries 4.a through 4.d 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.

5. Disposition

Pursuant to D.09-09-011, SDG&E will amortize the PBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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TABLE OF CONTENTS

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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ATTACHMENT B
ADVICE LETTER 1888-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 17754-G	PRELIMINARY STATEMENT, IV. BALANCING ACCOUNTS, PENSION BALANCING ACCOUNT (PBA), Sheet 2	Revised 17167-G
Revised 17755-G	PRELIMINARY STATEMENT, IV. BALANCING ACCOUNTS, POST-RETIREMENT BENEFITS OTHER THAN PENSIONS BALANCING ACCOUNT (PBOPBA), Sheet 2	Revised 17169-G
Revised 17756-G	TABLE OF CONTENTS, Sheet 1	Revised 17752-G



PRELIMINARY STATEMENT

Sheet 2

IV. BALANCING ACCOUNTS
PENSION BALANCING ACCOUNT (PBA)

4. Accounting Procedure (Continued)

b. Depreciation/Return Component – Current Year:

A debit/credit entry equal to the difference, prorated for the year, between:

- (1) One twelfth of the current year's revenue requirement embedded in authorized depreciation, including the return associated with the authorized pension costs capitalized to utility rate base; and
- (2) The current month's actual pension costs embedded in recorded depreciation, including the return associated with the actual pension costs capitalized to utility rate base;

c. Depreciation/Return Component- Prior Year(s) [i.e. beginning with the initial year of the cost of service or GRC period]:

A debit/credit entry equal to the difference between:

- (1) One twelfth of the prior years' revenue requirement embedded in authorized depreciation, including the return associated with the unamortized balance of authorized pension costs capitalized to utility rate base in prior years; and
- (2) The corresponding pension costs embedded in recorded depreciation, including the return associated with the unamortized balance of actual pension costs capitalized to utility rate base in prior years;

d. Other Adjustments:

- (1) A debit/credit entry for amortization of pension refund/recovery in rates;

e. An entry equal to the interest calculated on the average of the balance at the beginning of the month and the balance after entries 4.a through 4.d 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.

5. Disposition

For the period of 2009 through the end of the current GRC cycle, annual pension contributions will be no greater than the ERISA minimum required funding amount. If the ERISA minimum exceeds the DRA estimate of pension expense (as identified in Exhibit DRA-15 in SDG&E's GRC application 06-12-009) in any year, SDG&E will file an advice letter containing the supporting calculation of the minimum ERISA contribution made. Pursuant to D.09-09-011, SDG&E will amortize the PBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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PRELIMINARY STATEMENT

Sheet 2

IV. BALANCING ACCOUNTS

POST-RETIREMENT BENEFITS OTHER THAN PENSIONS BALANCING ACCOUNT (PBOPBA)

4. Accounting Procedure (Continued)

b. Depreciation/Return Component – Current Year: (Continued)

A debit/credit entry equal to the difference, prorated for the year, between:

- (1) One twelfth of the current year's revenue requirement embedded in authorized depreciation, including the return associated with the authorized PBOP costs capitalized to utility rate base; and
- (2) The current month's actual PBOP costs embedded in recorded depreciation, including the return associated with the actual PBOP costs capitalized to utility rate base;

c. Depreciation/Return Component- Prior Year(s) [i.e. beginning with the initial year of the cost of service period]:

A debit/credit entry equal to the difference between:

- (1) One twelfth of the prior years' revenue requirement embedded in authorized depreciation, including the return associated with the unamortized balance of authorized PBOP costs capitalized to utility rate base in prior years; and
- (2) The corresponding PBOP costs embedded in recorded depreciation, including the return associated with the unamortized balance of actual PBOP costs capitalized to utility rate base in prior years;

d. Other Adjustments

- (1) A debit/credit entry for amortization of PBOP refund/recovery in rates;

e. An entry equal to the interest calculated on the average of the balance at the beginning of the month and the balance after entries 4.a through 4.d 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.

5. Disposition

Pursuant to D.09-09-011, SDG&E will amortize the PBA balance in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year.

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