

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



November 10, 2009

Advice Letter 2116-E

Ronald van der Leeden, Director
Rates, Revenues and Tariffs
San Diego Gas and Electric
8330 Century Park Court, CP32C
San Diego, CA 92123-1548

**Subject: Establishment of the Smart Grid Memorandum Account (SGMA)
in Compliance with D.09-09-029**

Dear Mr. van der Leeden:

Advice Letter 2116-E is effective September 10, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



Ron van der Leeden
Rates, Revenues & Tariffs
8330 Century Park Court
San Diego, CA 92123-1548

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October 9, 2009

ADVICE LETTER 2116-E
(U 902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: ESTABLISHMENT OF THE SMART GRID MEMORANDUM ACCOUNT
(SGMA) IN COMPLIANCE WITH DECISION (D.) 09-09-029**

San Diego Gas & Electric (SDG&E) hereby submits for filing revisions to its electric Preliminary Statement Part III, Memorandum Accounts, applicable throughout its service territory, as shown on Attachment A respectively.

PURPOSE

This filing seeks approval to establish a Smart Grid Memorandum Account (SGMA) as discussed below.

BACKGROUND

On September 10, 2009, the Commission adopted the cost recovery decision on the Smart Grid Rulemaking (R.) 08-12-009, establishing reporting requirements and a cost recovery process for Department of Energy (DOE) funded smart grid projects. The Smart Grid funding provided by the Recovery Act¹ creates an opportunity for California to expand and accelerate its activities to modernize the state's electric infrastructure at a significantly lower cost to ratepayers. SDG&E seeks to establish the SGMA to track costs related to Smart Grid projects for which SDG&E receives DOE funding. Individual project costs will be tracked separately. SDG&E is authorized to track these costs pursuant to Ordering Paragraph 2 of Decision (D.) 09-09-029.

EFFECTIVE DATE

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 1 pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on September 10, 2009 in accordance with D.09-09-029.

¹ American Recovery and Reinvestment Act of 2009 (Recovery Act)

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:

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) 654-1788
E-mail: mcaulson@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.08-12-009 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) 654-1788 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: 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) #: 2116-E

Subject of AL: Establishment of the Smart Grid Memorandum Account (SGMA) in Compliance with D.09-09-029

Keywords (choose from CPUC listing): Compliance, Memorandum Account

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.09-09-029

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: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 9/10/2009

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: None

Service affected and changes proposed¹: None

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
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APS Energy Services

J. Schenk

BP Energy Company

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Barkovich & Yap, Inc.

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Bartle Wells Associates

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Douglass & Liddell

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G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

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Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
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Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
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E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

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School Project for Utility Rate Reduction

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Southern California Edison Co.

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K. Cini
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H. Romero

TransCanada

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D. White

TURN

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M. Hawiger

UCAN

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U.S. Dept. of the Navy

K. Davoodi
N. Furuta
L. DeLacruz

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D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.08-12-009

ATTACHMENT A
ADVICE LETTER 2116-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21475-E	PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, DESCRIPTION/LISTING OF ACCOUNTS, Sheet 2	Revised 21343-E
Original 21476-E	PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, SMART GRID MEMORANDUM ACCOUNT (SGMA), Sheet 1	
Revised 21477-E	TABLE OF CONTENTS, Sheet 1	Revised 21468-E
Revised 21478-E	TABLE OF CONTENTS, Sheet 3	Revised 21470-E



PRELIMINARY STATEMENT

Sheet 2

III. MEMORANDUM ACCOUNTS
DESCRIPTION/LISTING OF ACCOUNTS

Listing of Accounts

- Catastrophic Event Memorandum Account (CEMA)
- Generation Divestiture Transaction Costs Memorandum Account (GDTCTMA)
- Streamlining Residual Account (SRA)
- Nuclear Claims Memorandum Account (NCMA)
- Real-Time Energy Metering Memorandum Account (RTEMMA)
- Net Energy Metering Memorandum Account (NEMMA)
- Self-Generation Program Memorandum Account (SGPMA)
- Bond Payment Memorandum Account (BPMA)
- Direct Access Cost Responsibility Surcharge Memorandum Account (DACRSMA)
- Advanced Metering and Demand Response Memorandum Account (AMDRMA)
- Procurement Transaction Auditing Memorandum Account (PTAMA)
- Reliability Costs Memorandum Account (RCMA)
- Litigation Cost Memorandum Account (LCMA)
- Community Choice Aggregation Surcharge Memorandum Account (CCASMA)
- Advanced Metering Infrastructure Memorandum Account (AMIMA)
- Independent Evaluator Memorandum Account (IEMA)
- Community Choice Aggregation Procurement Memorandum Account (CCAPMA)
- California Solar Initiative Performance-Based Memorandum Account (CSIPMA)
- Renewables Portfolio Standard Memorandum Account (RPSMA)
- Market Redesign Technology Upgrade Memorandum Account (MRTUMA)
- Gain/Loss On Sale Memorandum Account (GLOSMA)
- General Rate Case Revenue Requirements Memorandum Account (GRCRRMA)
- Non-Residential Submetering Memorandum Account (NRSMA)
- Long Term Procurement Plan Technical Assistance Memorandum Account (LTAMA)
- 2009 SONGS Revenue Requirement Memorandum Account (2009-SRRMA)
- Fire Hazard Prevention Memorandum Account (FHPMA)
- Smart Grid Memorandum Account (SGMA)

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Note: 1) SONGS 2&3 Unamortized Nuclear Fuel Inventory Memorandum Account, see Section V.
2) SONGS 2&3 Permanent Closure Noninvestment-Related Expenses Memorandum Account, see Section V.

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PRELIMINARY STATEMENT

Sheet 1

III. MEMORANDUM ACCOUNTS
SMART GRID MEMORANDUM ACCOUNT (SGMA)

1. Purpose

The purpose of the SGMA is to track costs related to Smart Grid projects for which San Diego Gas & Electric (SDG&E) seeks Department of Energy (DOE) funding. The Smart Grid funding provided by the Recovery Act creates an opportunity for California to expand and accelerate its activities to modernize the state's electric infrastructure at a significantly lower cost to ratepayers. Individual project costs will be tracked separately. SDG&E is authorized to track these costs pursuant to D.09-09-029.

2. Applicability

This account shall apply to all electric customers.

3. Rates

The SGMA does not have a rate component.

4. Accounting Procedures

SDG&E shall maintain the SGMA by recording entries at the end of each month as follows:

- a) A credit entry to record DOE Recovery Act funding received.
- b) A debit entry to record Smart Grid project operational and maintenance (O&M) related costs including but not limited to O&M costs necessary for electricity delivery and energy reliability activities to modernize the electric grid, to include demand response equipment, enhance security and reliability of the energy infrastructure, energy storage research, development, demonstration and deployment, and facilitate recovery from disruptions to the energy supply, and for implementation of programs authorized under title XIII of the Energy Independence and Security Act of 2007 (EISA).
- c) A debit entry to record Smart Grid project capital-related costs (i.e., book depreciation expense, authorized return, ad valorem tax expense, tax expense based on income, including all appropriate income tax adjustments, and deferred income tax expense) including but not limited to assets installed necessary for electricity delivery and energy reliability activities to modernize the electric grid, demand response equipment, enhance security and reliability of the energy infrastructure, energy storage research, development, demonstration and deployment, and facilitate recovery from disruptions to the energy supply, and for implementation of programs authorized under title XIII of the Energy Independence and Security Act of 2007 (EISA).
- d) An entry each month equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth 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.

5. Disposition

Disposition of the balance in the SGMA will be reviewed in the Utility's next General Rate Case (GRC) or other applicable proceeding to determine future rate recovery.

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N
N
N
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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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