

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



August 23, 2010

Advice Letter 2167-E/1944-G

Rasha Prince, Director
Regulatory Affairs
San Diego Gas and Electric
8330 Century Park Court, CP32C
San Diego, CA 92123-1548

Subject: Establishment of the California Solar Initiative Thermal Program Sub-Account in the Electric California Solar Initiative Balancing Account (CSIBA) and the Establishment of the California Solar Initiative Thermal Program Memorandum Account (CSITPMA) for Gas

Dear Ms. Prince:

Advice Letter 2167-E/1944-G is effective January 21, 2010.

Sincerely,

A handwritten signature in blue ink that reads "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

Tel: 213-244-2009
Fax: 858.654.1788
RvanderLeeden@semprautilities.com

April 21, 2010

ADVICE LETTER 2167-E/1944-G
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: ESTABLISHMENT OF THE CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM SUB-ACCOUNT IN THE ELECTRIC CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA) AND THE ESTABLISHMENT OF THE CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM MEMORANDUM ACCOUNT (CSITPMA) FOR GAS

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

PURPOSE

In compliance with Ordering Paragraph (OP) 16 of Decision (D.) 10-01-022, this filing amends its current electric California Solar Initiative Balancing Account tariff to establish the California Solar Initiative Thermal Program Sub-Account, and it also establishes the CSITPMA on the gas side to record expenses for the California Solar Initiative (CSI) Thermal program.

BACKGROUND

In late 2006, the passage of Senate Bill (SB) 1 authorized that CSI funds could no longer be collected from gas ratepayers. SB 1 also limited CSI funds to \$2.16 billion between SDG&E, PG&E, and SCE, and provided that \$100.8 million of the total budget be used for incentives for solar thermal technologies.

In late 2007, Governor Schwarzenegger signed Assembly Bill 1470 authorizing the creation of an incentive program to promote the installation of 200,000 solar water heating (SWH) systems in homes and businesses that displace the use of natural gas by 2017.

In D.10-01-022, the Commission established the CSI Thermal program to promote the installation of SWH systems that displace either electricity or natural gas in the territories of the four major California utilities¹. The CSI Thermal program will be funded in total by \$250 million to be collected from gas customers and \$100.8 million in funds already authorized and currently being collected through the CSI photovoltaic program from electric customers. The CSI Thermal program is effective January 21, 2010, the date of the decision, through December 31,

¹ Four major California utilities are Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and SoCalGas.

2017. Of the \$250 million funding from gas customers, SDG&E's allocation is 10% or \$25 million. Of the total \$100.8 million funding for electric customers, SDG&E's allocation is 10.3% or about \$10.4 million.

Establishment of the CSITPMA

Pursuant to D.10-01-022, SDG&E proposes to establish the CSITPMA to record expenses related to CSI Thermal program beginning January 21, 2010. Consistent with OP 16, on January 1 of each year, beginning in 2011, SDG&E will recover the CSITPMA balance in transportation rates. SDG&E will include the CSITPMA balance in its annual October regulatory account balance update filing for recovery in rates in the subsequent year. The balance in the CSITPMA will be amortized in transportation rates on an Equal Cents Per Therm (ECPT) basis from all customers excluding customers who participate in the California Alternate Rates for Energy (CARE) program and any customers who are currently exempt from funding the Self-Generation Incentive Program (SGIP).

SDG&E also proposes to modify its current electric CSI tariff by adding the CSITP Sub-Account. This will enable SDG&E to track the expenses related to the CSI Thermal Program.

EFFECTIVE DATE

SDG&E believes 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 January 21, 2010, the date of D.10-01-022.

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 no later than May 11, 2010, which is 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: 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 in R.08-03-008, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by email to SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

Attachments

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: Christina Sondrini

Phone #: (858) 636-5736

E-mail: csondrini@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) #: 2167-E/1944-G

Subject of AL: Establishment of the CSI Thermal Program Sub-Account in the Electric (CSIBA) and the Establishment of the CSI Thermal Program Memorandum Account (CSITPMA) for Gas

Keywords (choose from CPUC listing): Memorandum Accounts, Compliance, CSI

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.10-01-022

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: N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 1/21/10

No. of tariff sheets: 9

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: Please 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: 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

City of Poway

R. Willcox

City of San Diego

J. Cervantes

G. Lonergan

M. Valerio

Commerce Energy Group

V. Gan

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

Dynergy, 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

Godin, 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

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

R.08-03-008

ATTACHMENT A
ADVICE LETTER 2167-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21843-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA), Sheet 1	Revised 21018-E
Revised 21844-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA), Sheet 2	Revised 21019-E
Original 21845-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA), Sheet 3	
Revised 21846-E	TABLE OF CONTENTS, Sheet 1	Revised 21831-E
Revised 21847-E	TABLE OF CONTENTS, Sheet 2	Revised 21601-E



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)

1. Purpose

The purpose of the CSIBA is to record the costs and corresponding revenue requirement associated with the California Solar Initiative (CSI) beginning on January 1, 2007, as outlined in Commission Decision (D.) 06-01-024 dated January 12, 2006. Pursuant to D.06-12-033, Attachment B of modified D.06-08-028, a sub-account was established within the CSIBA to track Performance-Based Incentives (PBI). Pursuant to D.10-01-022, the CSI contains a second sub-account for the CSI Thermal Program. The pre-2007 CSI program budget allocation shall be consistent with the Self-Generation and Energy Efficiency program allocation between electric and gas customers of 93 percent and 7 percent, respectively. Consistent with D.06-12-033, post-2006 CSI program expenditures shall be allocated 100% to electric customers.

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2. Applicability

The CSIBA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Rates

Balances in the CSIBA will be included in electric distribution rates annually.

4. Accounting Procedure

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

- a. A debit entry equal to the CSI program costs including payments remitted to the California Center for Sustainable Energy (CCSE) associated with this program in conformance with contracts between the Utility and CCSE. Costs may also include marketing, contract administration, regulatory reporting, program evaluation, customers' incentives, research, development and demonstration (RD&D), incremental capital costs and expenses associated with the CSI program.
- b. A credit entry to record the CSI revenue requirement authorized for recovery in rates.
- c. An entry equal to the revenues from amortization rates as authorized by the Commission.
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 4.a. through 4.c. 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.

A separate accounting of costs and benefits, by customer class, will be accomplished.

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Advice Ltr. No. 2167-E

Decision No. 10-01-022

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Apr 21, 2010

Effective Jan 21, 2010

Resolution No. _____



PRELIMINARY STATEMENT

Sheet 2

II. BALANCING ACCOUNTS
CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)

5. Performance-Base Incentive (PBI) Sub-Account

Pursuant to D.06-08-028 Ordering Paragraph 7 as modified by D.06-12-033, SDG&E establishes an interest-earning PBI sub-account to separately record the PBI payments for all completed solar projects receiving PBI to ensure fund security for the duration of the PBI contract incentive periods. SDG&E will pay PBI for approved solar projects, with PBI payments made monthly based on recorded kilowatt hours (kWh) of solar power produced over a five-year period. The PBI incentive rate is confirmed when a solar energy system project receives a confirmed reservation, and will remain constant for the five-year term.

The Utility shall maintain the PBI sub-account by making entries at the end of each month as follows:

- a. A debit entry to reflect the actual PBI payments associated with the CSI Program.
- b. On a quarterly basis an entry will be made to record funding related to the forecasted five-year expected PBI payments for all solar projects completed in the quarter. The funding entry will consist of a transfer of funds from the main CSI balancing account to the PBI sub-account.
- c. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 5.a and b. 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.

6. CSI Thermal Program (CSITP) Sub-Account

Pursuant to D.10-01-022, SDG&E is authorized a budget of 10.3% of the total \$100.8 million CSITP budget, or approximately \$10.4 million, in order to establish this program. The \$100.8 million CSITP budget is part of the total \$2.16 billion CSI budget to be allocated between SDG&E, PG&E, and SCE pursuant to D. 06-12-033. The program will pay incentives towards solar water heating (SWH) systems that displace electric water heating to its residential and commercial electric customers. The program will continue until December 31, 2017 or until all the program funds for SDG&E are exhausted, whichever comes first.

The utility shall maintain the CSITP Sub-Account by making entries at the end of each month, net of FF&U, as follows:

- a. A debit entry to reflect the recorded expenses for incentive payments to customers or contractors for services rendered associated with the CSITP sub-account.
- b. A debit entry to record expenses for Marketing and Outreach including training, consumer education, and other market facilitation costs associated with the CSITP.

(Continued)

Lee Schavrien
Senior Vice President
Regulatory Affairs

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PRELIMINARY STATEMENT

II. BALANCING ACCOUNTS
CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)

6. CSI Thermal Program (CSITP) Sub-Account (Continued)

- c. A debit entry equal to the recorded expenses for program Administration including application/incentive processing, general administration, and other costs associated with the CSITP.
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 6.a, b, and c. 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 Statistical Release, H. 15, or its successor publication.

7. Program Funding Limit

Pursuant to D.06-12-033, the total authorized program cost for SDG&E was reduced from \$325 million authorized in D.06-01-024 to \$223 million over a ten-year period beginning January 1, 2007 and extending through December 31, 2016. D.08-12-004 adopted a new revenue requirement schedule for CSI to replace the schedule previously adopted in D. 06-12-033. Any unused funding can be carried over from one year to the next up to a maximum limit of \$223 million for the ten-year period. The program administrator may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year.

8. Disposition

Pursuant to D.06-01-024, SDG&E may recover its share of the annual authorized CSI program funding in the utility's Annual Electric Regulatory Account Balance Update filings, beginning with the next rate change following the effective date of D.06-01-024, subject to review of program costs at any time. If the difference between program expenditures and the revenues collected in rates is substantial, SDG&E may request adjusting the collection of the revenue requirement. The balance in the CSIBA may be amortized into SDG&E's electric rates annually.

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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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(Continued)

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Advice Ltr. No. 2167-E

Decision No. 10-01-022

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Apr 21, 2010

Effective Jan 21, 2010

Resolution No. _____

ATTACHMENT B
ADVICE LETTER 1944-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 18192-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, DESCRIPTION/LISTING OF ACCOUNTS, Sheet 2	Revised 17757-G
Original 18193-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM MEMORANDUM ACCOUNT (CSITPMA), Sheet 1	
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Revised 18195-G	TABLE OF CONTENTS, Sheet 2	Revised 18102-G



PRELIMINARY STATEMENT

Sheet 2

V. MEMORANDUM ACCOUNTS
DESCRIPTION/LISTING OF ACCOUNTS

Listing of Accounts

- Catastrophic Event Memorandum Account (CEMA)
- Core Reclassification Shortfall Memorandum Account (CRSMA)
- Gas DSM Memorandum Account
- Cogeneration Shortfall Memorandum Account (CSMA)
- Liquefied Natural Gas Service Tracking Account (LNGSTA)
- Global Settlement Tracking Account (GLOBAL)
- Self-Generation Program Memorandum Account (SGPMA)
- FERC Settlements Proceeds Memorandum Account (FSPMA)
- Advanced Metering Infrastructure Memorandum Account (AMIMA)
- Gain/Loss on Sale Memorandum Account (GLOSMA)
- General Rate Case Revenue Requirement Memorandum Account (GRCRRMA)
- Energy Efficiency 2009-2011 Memorandum Account (EEMA)
- Disconnect Memorandum Account (DMA)
- California Solar Initiative Thermal Program Memorandum Account (CSITPMA)

NOTE: For information relating to the Hazardous Substance Memorandum Account (HSMA), which is part of the Hazardous Substance Cleanup Cost Account (HSCCA), see Section VIII.

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Advice Ltr. No. 1944-G

Decision No. 10-01-022

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Apr 21, 2010

Effective Jan 21, 2010

Resolution No. _____



PRELIMINARY STATEMENT

Sheet 1

V. MEMORANDUM ACCOUNTS

CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM MEMORANDUM ACCOUNT (CSITPMA)

1. Purpose

The CSITPMA is an interest-bearing memorandum account recorded on SDG&E's financial statements. The purpose of the CSITPMA is to record expenses associated with the CSI Thermal program pursuant to Commission Decision (D.) 10-01-022. In compliance with Assembly Bill 1470, the Commission established the CSI Thermal program to provide incentives to promote the installation of solar water heating systems in homes and businesses that displace the use of natural gas. The CSI Thermal program is effective January 21, 2010 through December 31, 2017.

2. Applicability

This account shall apply to all gas customers except those specifically excluded by the Commission.

3. Rates

The projected year-end CSITPMA balance will be applied to gas transportation rates.

4. Accounting Procedure

SDG&E shall maintain the CSITPMA by recording entries at the end of each month, net of FF&U, as follows:

- a) A debit entry equal to the recorded expenses for incentive payments to customers or contractors for services rendered associated with the CSI Thermal program;
- b) A debit entry equal to the recorded expenses for Marketing and Outreach including training, consumer education, and other market facilitation costs associated with the CSI Thermal program;
- c) A debit entry equal to the recorded expenses for program Administration including application/incentive processing, general administration, and other costs associated with the CSI Thermal program;
- d) A credit entry equal to the revenues from amortization authorized by the Commission; and;
- e) An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Electric Preliminary Statement, Part I, Section E.3.

5. Disposition

In each annual October regulatory account balance update filing, SDG&E will amortize in rates the projected year-end CSITPMA balance effective January 1 of the following year. The projected year-end balance will be allocated on an equal-cents-per-therm (ECPT) basis to all gas customers excluding customers who participate in the California Alternate Rates for Energy (CARE) program and customers who are currently exempt from funding the Self-Generation Incentive Program.

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Advice Ltr. No. 1944-G

Decision No. 10-01-022

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Apr 21, 2010

Effective Jan 21, 2010

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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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