



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
ELECTRIC DISTRIBUTION FIXED COST ACCOUNT (EDFCA)

1. Purpose

The EDFCA is an interest bearing balancing account recorded on SDG&E's financial statements. The purpose of this account is to record the difference between the Utility's authorized distribution base margin revenue requirement and recorded base margin revenues from authorized distribution rates, in accordance with Commission Decision 08-07-046. The EDFCA contains one Subaccount for the Neighbor to Neighbor program.

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2. Applicability

The EDFCA shall apply to all customers unless otherwise specified by the Commission.

3. Effective Date

The effective date of this account shall be June 1, 2005.

4. Rates

The EDFCA shall be recovered through the electric distribution rate.

5. Authorized Distribution Base Margin Revenue Requirement:

The Utility's authorized distribution base margin revenue requirement reflects the revenue requirement adopted in Commission D. 08-07-046 adjusted to exclude non-fuel commodity costs recorded in the Non-Fuel Generation Balancing Account related to SONGS, Miramar I and Palomar generation facilities. The authorized revenue requirement shall be revised annually pursuant to the Post-Test Year Ratemaking Settlement adopted in D. 08-07-046.

The Authorized Distribution Base Margin Revenue Requirement is recorded to the EDFCA on a monthly basis to reflect the following seasonality factors:

JAN	7.37%	JUL	9.35%
FEB	7.70%	AUG	9.54%
MAR	7.55%	SEP	10.36%
APR	7.28%	OCT	8.75%
MAY	7.52%	NOV	7.96%
JUN	8.38%	DEC	8.24%

These factors may be adjusted, if needed, in the next applicable Rate Design Window filing or other appropriate proceeding.

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Advice Ltr. No. 2342-E

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President

Date Filed Mar 30, 2012

Effective Apr 29, 2012

Resolution No. _____



PRELIMINARY STATEMENT

Sheet 2

II. BALANCING ACCOUNTS
ELECTRIC DISTRIBUTION FIXED COST ACCOUNT (EDFCA)

6. Accounting Procedure:

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

- a. A debit entry equal to the pro rata allocation of the authorized distribution base margin revenue requirement (reflecting the factors in Section 4 above), net of franchise fees and uncollectible expense.
- b. A credit entry equal to the monthly billed distribution base margin revenue, net of franchise fees and uncollectible expense.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 7.a through 7.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.

7. Account Disposition

The utility shall file in October of each year an advice letter requesting to amortize the projected EDFCA year-end balance in the electric distribution rate effective January 1 of the following year.

8. Neighbor-to-Neighbor Account (NTNA)

Purpose:

Pursuant to Resolution E-4030, the purpose of the (NTNA) is to record a portion of the EDFCA balance to provide funding to the Neighbor to Neighbor Program.

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PRELIMINARY STATEMENT

Sheet 3

II. BALANCING ACCOUNTS
ELECTRIC DISTRIBUTION FIXED COST ACCOUNT (EDFCA)

9. Neighbor-to-Neighbor Account (NTNA) (Continued)

Accounting Procedure:

The Utility shall maintain the NTNA by making entries as follows:

- a. A credit entry of transferred funding from the appropriate account to the NTNA as authorized by the CPUC.
- b. A monthly debit entry equal to the funds provided to customers through the Neighbor to Neighbor Program.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 9.a and 9.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.

NTNA disposition: The disposition of all unspent funds shall be addressed in SDG&E's annual regulatory account update filing or other appropriate filing.

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