



PRELIMINARY STATEMENT

Sheet 1

VI. MISCELLANEOUS
PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM (PPPAM)

1. Purpose

The purpose of the PPPAM is to determine the adjusted authorized electric revenue requirements each year from 2003 through 2011 for Energy Efficiency (EE), Renewable Resource Energy Technologies (Renewables), and Public Interest Research, Development and Demonstration (RD&D) programs pursuant to Public Utilities (PU) Code § 399.8 and Resolution E-3792 of December 17, 2002. Resolution E-4160 which implements the requirements of Senate Bill 1036, eliminates the CEC's authorization to allocate and award supplemental energy payments to cover above-market costs of Renewable Portfolio Standard (RPS) contracts. As a result, the Utility is directed to reduce the money collected for the renewable program portion of the public goods charge (PGC) by 51.5 percent effective January 1, 2008.

2. Effective Date

The PPPAM shall be effective January 1, 2003.

3. Definitions

Authorized Public Goods Charge (PGC):

Pursuant to the California Public Utilities Commission (Commission) Resolution E-3792, the Commission has allocated the total electric statewide annual PGC funding of \$425.5 million mandated in PU Code § 399.8 between the three major California investor owned utilities. The Commission allocated the following amounts to the Utility effective January 1, 2002:

	2002 (Millions\$)
Energy Efficiency (Utility administered)	32.0
Renewables (CEC administered) ¹	12.0
RD&D (CEC administered) ¹	<u>5.5</u>
	49.5

4. PGC Annual Adjustments

Pursuant to Resolution E-3792 and consistent with PU Code § 399.8(d)(2), the Utility shall file an advice letter on or before March 31st of each year from 2003 through 2011 to adjust the annual PGC authorized revenue requirements. The annual adjustment shall be determined as follows:

- a. Determine the actual percentage change in electric sales (based on delivered volumes). For the first adjustment determination to be submitted in March, 2003, the actual percentage change shall be the change from 2001 to 2002;

¹ The Utility shall make four (4) equal payments to the California Energy Commission (CEC) at the end of each quarter that total the annual authorized amount for Renewables and RD&D as specified in Section 3. These amounts are subject to adjustment annually as described in Section 4. The payments to the CEC, if not submitted by the end of each quarter, shall include interest earned on collected funds consistent with the treatment of these funds in PU Code § 381. Consistent with Resolutions E-3769 and E-3792, the interest rate shall be the State Pooled Money Investment Account Earnings Yield Rate.

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San Diego Gas & Electric Company
San Diego, California

Original Cal. P.U.C. Sheet No. 19516-E

Canceling Original Cal. P.U.C. Sheet No. 16143-E

PRELIMINARY STATEMENT

Sheet 2

VI. MISCELLANEOUS

PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM (PPPAM)

4. PGC Annual Adjustments (Continued)

- b. Determine the percentage change in prices as measured by the change in the Gross Domestic Product (GDP) deflator, as published by the U.S. Department of Commerce. For the first adjustment determination, the percentage change shall be the change in the GDP deflator from 2001 to 2002;
- c. Apply the lower of the percentage change determined in a and b above to adjust the authorized PGC revenue requirements for the given year.

If the lower of sales change and price change is negative in any one year, authorizations for the subsequent year shall remain the same as the current year.

5. Cap on Rates

Pursuant to PU Code § 399.8(c)(2), the rate component used to raise these funds "may not exceed, for any tariff schedule, the level of the rate component that was used" for these programs on January 1, 2000. Pursuant to Resolution E-3792, the funding amounts mandated in PU Code § 399.8 shall be included in the Utility's Annual Rate Design Window proceeding, or other proceeding or filing as authorized by the Commission.

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Issued by
Lee Schavrien
Vice President
Regulatory Affairs

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