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September 28, 2007

ADVICE LETTER 1929-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: ELECTRIC PUBLIC PURPOSE PROGRAMS RATES EFFECTIVE JANUARY 1, 2008

PURPOSE

This filing revises San Diego Gas & Electric Company's (SDG&E) electric public purpose programs (PPP) rates effective January 1, 2008, in accordance with California Public Utilities Commission (Commission) Decision (D.) 03-04-027. The impact to the electric class average customer rates are shown in Attachment A.

BACKGROUND

As set forth in Ordering Paragraph (OP) 2 of D.03-04-027 in A.02-11-031, SDG&E is ordered to file an advice letter by October 1st of each year to revise its electric PPP rates effective January 1st of the following year. The revisions to electric PPP rates are based on currently authorized annual revenue requirements and updates to the electric PPP regulatory account amortizations. SDG&E's electric PPP rates consist of low-income and non-low-income PPP cost components. The low-income cost component reflects the Low-Income Energy Efficiency (LIEE) and California Alternate Rates for Energy (CARE) programs. The non-low-income cost component reflects the Electric Procurement Energy Efficiency, Energy Efficiency (EE), Research, Development and Demonstration (RD&D), and Renewables programs.

The low-income portion of the electric PPP rates reflects CARE consumption, the forecasted CARE account balance as of December 31, 2007, and the CARE administration expenses adopted in D.06-12-038.¹

The electric PPP surcharge rates also reflect the electric portion of SDG&E's 2008 authorized LIEE budget of \$6.65 million, as adopted in D.06-12-038. The authorized LIEE budget is

¹ D.06-12-038 approved the CARE administrative budget of \$2.75 million, of which \$1.93 million is allocated to SDG&E's Electric Department.

allocated 50% electric and 50% gas, as requested in SDG&E's Advice Letter 1468-E/1361-G approved by the Commission on February 20, 2003, and remains in effect until further Commission order.

Pursuant to Public Utilities Code Section 399.8, the non-low-income rate component may not exceed the level of the rate components effective on January 1, 2000. SDG&E has applied the forecasted 2007 year-end balances in the EE, RD&D and Renewables Balancing Accounts and the currently authorized non-low-income PPP program budgets² to develop a net amortization component for the non-low income regulatory accounts. The net result of this amortization does not exceed the non-low-income PPP rate component. Pursuant to Commission D.05-09-043, Ordering Paragraph 4, authorized incremental electric energy efficiency revenue requirements to be collected in part through the Electric Procurement Energy Efficiency rates.³

This filing will result in a slight increase to the total 2008 electric PPP revenue requirement due primarily to increased revenue requirements to approved Public Purpose Programs funding levels for Energy Efficiency, RD&D and Renewables. This results in an increase of \$0.00005 per kilowatt hour (kWh) to the electric total system average rates. The allocation methodology for the energy efficiency revenue requirement reflects the direct allocation methodology as approved in Advice Letter 1769-E. The sales forecast utilized was adopted by D.05-12-003 in SDG&E's 2005 Rate Design Window proceeding.

Attachment B summarizes the proposed electric PPP revenue requirements set forth in this filing.

ADDITIONAL INFORMATION

SDG&E intends to file an advice letter at least three days prior to January 1, 2008, including appropriate tariff sheets, to consolidate all of the electric rate adjustments authorized to become effective January 1, 2008. Thus, the revised electric PPP rates resulting from this filing will be incorporated into SDG&E's year-end consolidated filing.

EFFECTIVE DATE

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on January 1, 2008, which is more than 30 days from the date filed.

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:

² In accordance with SDG&E's Advice Letter 1885-E approved by the Commission on September 12, 2007.

³ The Procurement Energy Efficiency surcharge was approved by the Commission in D.03-12-062 and has previously been reflected in SDG&E's electric year-end consolidated filing.

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 Honesto Gatchallian (jnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest 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: Todd Cahill
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: tcahill@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, 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.

Ken Deremer
Director — Tariffs & Regulatory Accounts

+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: Margee Moore

Phone #: (858) 654-1748

E-mail: mmoore@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) #: 1929-E

Subject of AL: Electric Public Purpose Programs Rates Effective January 1, 2008

Keywords (choose from CPUC listing): Compliance, Public Purpose Programs

AL filing type: ☐ Monthly ☐ Quarterly ☒ Annual ☐ One-Time ☐ Other

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

D.03-04-027

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:

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? ☐ Yes ☒ No

Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 1/1/08

No. of tariff sheets: 0

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

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: Todd Cahill

8330 Century Park Ct, Room 32C

San Diego, CA 92123

tcahill@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

**SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 1929-E
ATTACHMENT A**

ELECTRIC PUBLIC PURPOSE PROGRAMS (PPP)

Class Average Rates (¢/kwhr)

	Current 10/1/07 Rates	Proposed 1/1/08 Rates	Change (¢/kwhr)	%
Residential	14.916	14.924	0.008	0.05%
Small Comm.	15.758	15.759	0.001	0.01%
Med. & Lg. C&I	12.631	12.635	0.004	0.03%
Agriculture	15.397	15.421	0.024	0.16%
Lighting	14.741	14.745	0.004	0.03%
System Total	13.739	13.744	0.005	0.04%

**SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 1929-E
ATTACHMENT B**

**Electric Public Purpose Programs (PPP)
Revenue Requirement Update for Rates Effective January 1, 2008**

	Present 2007			Proposed 2008			Variance
	Impact on Rates 1/			Impact on Rates			
	<u>Funding</u>	<u>Amortization</u>	<u>Total</u>	<u>Funding</u>	<u>Amortization</u>	<u>Total</u>	
	A	B	C = A + B	D	E	F = D + E	G = F - C
<u>Low-Income Programs</u>							
California Alternate Rates for Energy (CARE) Bal. Acct.	30,709,125 2/	(2,434,730)	28,274,395	30,306,128 6/	702,618	31,008,746	2,734,351
Low-Income Energy Efficiency Bal. Acct. (LIEEBA)	6,684,047 3/	(452,704)	6,231,343	6,651,375 7/	(2,813,714)	3,837,661	(2,393,682)
Total Low-Income Programs	37,393,172	(2,887,434)	34,505,738	36,957,503	(2,111,097)	34,846,406	340,668
<u>Non-Low-Income Programs</u>							
Electric Procurement Energy Efficiency Bal. Acct. (EPEEBA)	40,000,000 4/	-	40,000,000	40,000,000 8/	-	40,000,000	-
Post-1997 Electric Energy Efficiency Bal. Acct. (PEEEBA)	33,600,000 5/	-	33,600,000	34,800,000 9/	-	34,800,000	1,200,000
Research, Development and Demonstration (RD&D) Bal. Acct.	5,800,000 5/	(1,363,252)	4,436,748	6,000,000 9/	(1,855,015)	4,144,985	(291,763)
Renewables Bal. Acct.	12,600,000 5/	(2,636,748)	9,963,252	13,000,000 9/	(2,779,603)	10,220,397	257,145
Total Non-Low-Income Programs	52,000,000	(4,000,000)	48,000,000	53,800,000	(4,634,618)	49,165,382	1,165,382
<u>TOTAL Electric PPP Revenue in PPP Rates</u>	129,393,172	(6,887,434)	122,505,738	130,757,503	(6,745,715)	124,011,788	1,506,050

1/ Pursuant to Advice Letter 1833-E effective January 1, 2007, which was approved by the Commission on October 30, 2006.

2/ Funding consists of \$29,043,097 for discounts and \$1,666,028 for administrative costs.

Discount costs reflect current rates and updated sales forecast for the CARE participants. The total annual sales forecast is the currently authorized forecast.

Administrative costs pursuant to Commission D.05-12-026, which approved 2006 electric CARE funding.

3/ Pursuant to Commission D.05-12-026. It authorized 2006 funding base for LIEE of \$13,368,093 for electric and gas.

Funding is allocated 50% to electric and 50% to gas pursuant to A.L. 1468-E/1361-G (1/14/03), which was approved by the Commission on February 20, 2003.

4/ Pursuant to Commission D.05-09-043, ordering paragraph #4, authorized incremental electric revenue requirement to be collected in part though the procurement rates.

5/ Pursuant to Advice Letter 1786-E effective March 30, 2006, which was approved by the Commission on August 21, 2006.

6/ Funding consists of \$28,378,625 for discounts and \$1,927,502 for administrative costs.

Discount costs reflect current rates and updated sales forecast for the CARE participants. The total annual sales forecast is the currently authorized forecast.

Administrative costs pursuant to Commission D.06-12-038, which approved 2008 electric CARE funding.

7/ Pursuant to Commission D.06-12-038. It authorized 2008 funding base for LIEE of \$13,302,750 for electric and gas.

Funding is allocated 50% to electric and 50% to gas pursuant to A.L. 1468-E/1361-G (1/14/03), which was approved by the Commission on February 20, 2003.

8/ Pursuant to Commission D.05-09-043, ordering paragraph #4, authorized incremental electric revenue requirement to be collected in part though the procurement rates.

9/ Pursuant to Advice Letter 1885-E effective March 30, 2007, which was approved by the Commission on September 12, 2007.