



Ken Deremer
Director
Tariffs & Regulatory Accounts
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 858.654.1756
Fax: 858.654.1788
kderemer@semprautilities.com

October 1, 2008

ADVICE LETTER 2028-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: ELECTRIC PUBLIC PURPOSE PROGRAMS RATES EFFECTIVE JANUARY 1, 2009

PURPOSE

This filing revises San Diego Gas & Electric Company's (SDG&E) electric public purpose programs (PPP) rates effective January 1, 2009, in accordance with California Public Utilities Commission (Commission) Decision (D.) 03-04-027. The impact to electric class average customer rates is 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.

A draft decision in Application (A.) 08-05-024 was issued September 16, 2008, approving a CARE administrative budget of \$2.94 million, of which \$2.14 million is allocated to SDG&E's Electric Department. The low-income portion of the electric PPP rates therefore reflect proposed CARE consumption, the forecasted CARE account balance as of December 31, 2008, and CARE administration expenses currently pending Commission approval.

The electric PPP surcharge rates also reflect the electric portion of SDG&E's 2009 authorized LIEE budget of \$11.26 million, as adopted in OP 1 of the draft decision. The authorized LIEE budget is allocated 53% electric and 47% gas, delineated from the adopted budget summary in the draft decision.

On September 16, 2008, the Commission issued a draft decision in A.08-07-021. The draft decision authorizes SDG&E to expend funds to continue 2008 energy efficiency programs until the Commission adopts a final decision on SDG&E's energy efficiency portfolio applications for 2009-2011. As stated in the draft decision, bridge funding is needed to ensure that no hiatus occurs when authorization of energy efficiency program funding expires at the end of 2008. During this bridge funding period, the funding portion of the revenue requirement remains at currently authorized levels¹, while the total revenue requirement is reduced by the amortization of the regulatory account.

For the non-low income rate components, SDG&E applied the forecasted 2008 year-end balances in the EE², RD&D and Renewables Balancing Accounts and the currently authorized program budgets³ for RD&D and Renewables to develop a net amortization component for the non-low income regulatory accounts. SDG&E recorded a substantial over-collection in the renewables balancing account in 2008, primarily due to a refund from the California Energy Commission (CEC) as a result of a legislative change in the renewable resources program caused by Senate Bill (SB) 1036. This refund will be amortized over 12 months beginning January 1, 2009.⁴

This filing results in a decrease to electric total system average rates of \$0.00285 per kilowatt hour (kWh) (1.84%). The customer class allocation methodology for the energy efficiency revenue requirement reflects the direct allocation methodology as approved in Advice Letter 1769-E. Attachment B summarizes the proposed electric PPP revenue requirements set forth in this filing.

SDG&E intends to file an advice letter at least three days prior to January 1, 2009, including appropriate tariff sheets, to consolidate all the electric rate adjustments authorized to become effective January 1, 2009. Thus, the revised electric PPP rates resulting from this filing will be incorporated into SDG&E's year-end consolidated filing. Should either of the aforementioned draft decisions be modified, SDG&E will incorporate any modifications and include them as part of its consolidated rate 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, 2009, 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:

¹ See Ordering Paragraph No. 7

² Net of unspent committed funds.

³ In accordance with SDG&E's Advice Letter 1976-E approved by the Commission on May 2, 2008.

⁴ In accordance with SDG&E's Advice Letter 1984-E approved by the Commission on May 12, 2008.

Public Utilities Commission 3 September 28, 2007
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 (jn@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: tc@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

(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: Megan Caulson

Phone #: (858) 654-1748

E-mail: MCaulson@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) #: 2028-E

Subject of AL: Electric Purpose Programs Rates Effective January 1, 2009.

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: N/A

Does AL request confidential treatment? If so, provide explanation: _____

Resolution Required? ☐ Yes ☒ No

Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 1/1/2009

No. of tariff sheets: 0

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: 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: 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

CCSE

S. Freedman
J. Porter

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

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

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 AND ELECTRIC COMPANY
ADVICE LETTER 2028-E
ATTACHMENT A**

ELECTRIC PUBLIC PURPOSE PROGRAMS (PPP)

Class Average Rates (¢/kWhr)

	Current 9/1/2008 Rates	Proposed Rates	Change ¢	%
Residential	16.803	16.505	(0.298)	-1.77%
Small Comm.	17.167	16.719	(0.448)	-2.61%
Med. & Lg. C&I	14.239	13.997	(0.242)	-1.70%
Agriculture	16.807	16.419	(0.388)	-2.31%
Lighting	15.409	14.970	(0.439)	-2.85%
System Total	15.460	15.175	(0.285)	-1.84%

**SAN DIEGO GAS & ELECTRIC
ADVICE LETTER 2028-E
ATTACHMENT B**

**Electric Public Purpose Programs (PPP)
Revenue Requirement Update for Rates Effective January 1, 2009**

	Present 2008			Proposed 2009			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.	30,306,128 2/	702,618	31,008,746	34,217,938 7/	12,536,000	46,753,938	15,745,193
Low-Income Energy Efficiency Bal. Acct. (LIEEBA)	<u>6,651,375 3/</u>	<u>(2,813,714)</u>	<u>3,837,661</u>	<u>11,262,461 8/</u>	<u>1,255,000</u>	<u>12,517,461</u>	<u>8,679,800</u>
Total Low-Income Programs	36,957,503	(2,111,097)	34,846,406	45,480,399	13,791,000	59,271,399	24,424,993
<u>Non-Low-Income Programs</u>							
Electric Procurement Energy Efficiency Bal. Acct. (EPEEBA)	40,000,000 4/	-	40,000,000	40,000,000 9/	-	40,000,000	-
Post-1997 Electric Energy Efficiency Bal. Acct. (PEEEBA)	34,800,000 5/	-	34,800,000	34,800,000 9/	(39,600,000)	(4,800,000)	(39,600,000)
Research, Development and Demonstration (RD&D) Bal. Acct.	6,000,000 5/	(1,855,015)	4,144,985	6,100,000 10	705,000	6,805,000	2,660,015
Renewables Bal. Acct.	<u>6,366,000 6/</u>	<u>(2,779,603)</u>	<u>3,586,397</u>	<u>6,366,000 10</u>	<u>(46,102,000)</u>	<u>(39,736,000)</u>	<u>(43,322,397)</u>
Total Non-Low-Income Programs	47,166,000	(4,634,618)	42,531,382	47,266,000	(84,997,000)	(37,731,000)	(80,262,382)
<u>TOTAL Electric PPP Revenue in PPP Rates</u>	124,123,503	(6,745,715)	117,377,788	132,746,399	(71,206,000)	61,540,399	(55,837,389)

1/ Pursuant to Advice Letter 1929-E effective January 1, 2008, which was approved by the Commission on October 24, 2007.

2/ 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.

3/ 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.

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

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

6/ Pursuant to Advice Letter 2015-E effective September 1, 2008, which was approved by the Commission on September 25, 2008.

7/ Funding consists of \$32,074,927 for discounts and \$2,143,011 (2,935,632*.73) 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 Low-Income A.08-05-024 (Attachment B-1 CARE Budget).

8/ Pursuant to proposed decision of ALJ THOMAS (9/16/2008), Attachment A.

9/ Pursuant to proposed decision of ALJ GAMSON (9/16/2008), Ordering Paragraph 7.

10/ Pursuant to Advice Letter 1976-E effective March 27, 2008, which was approved by the Commission on May 2, 2008.

Note: FF&U excluded from funding.