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September 30, 2005

**ADVICE LETTER 1728-E**  
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: ELECTRIC PUBLIC PURPOSE PROGRAMS REGULATORY ACCOUNT  
UPDATE EFFECTIVE JANUARY 1, 2006**

**PURPOSE**

This filing revises SDG&E's electric public purpose programs (PPP) rates effective January 1, 2006, in accordance with California Public Utilities Commission (Commission) Decision (D.) 03-04-027. The impact to class average customer PPP rates is shown on 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 on October 1<sup>st</sup> of each year to revise its electric PPP rates effective January 1<sup>st</sup> 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 Energy Efficiency (EE), Research, Development and Demonstration (RD&D), and Renewables programs.

The low-income portion of the electric PPP rate reflects CARE consumption, the projections of the CARE balancing account as of December 31, 2005, and the CARE administration expenses adopted in D.05-04-042,<sup>1</sup> and corrected in D.05-07-007 on July 15, 2005. The electric PPP surcharge rates also reflect the electric portion of SDG&E's 2005 LIEE budget in the amount of \$6.14 million, adopted in D.05-05-019 on May 13, 2005. The LIEE budget is allocated 50% electric and 50% gas, as requested in SDG&E's Advice Letter 1468-E/1361-G filed on January

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<sup>1</sup> D.05-04-052, issued April 21, 2005, approved the 2005 LIEE and CARE program plans and budgets for SDG&E, Southern California Gas Company, Southern California Electric Company and Pacific Gas & Electric Company. Decision 05-05-019 corrected errors in D.05-04-052 relating to the LIEE budget; D.05-07-007 corrected errors in D.05-05-019 relating to the 2005 CARE budget.

14, 2003 and approved by the Commission on February 20, 2003, and remains in effect until further Commission order.

As part of its 2006/2007 LIEE application (A.05-06-013) filed June 1, 2005, SDG&E requested the Commission restore its 2006/2007 LIEE budgets to the higher 2004 levels set at \$13.4 million and requested authorization to allocate the \$13.4 million budget with 43% to gas and 57% to electric programs. If the Commission's final decision on the 2006/2007 LIEE applications is issued before year-end 2005 approving SDG&E's request, SDG&E intends to reflect the funding in its electric year-end consolidated filing.

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 2005 year-end balances in the EE, RD&D and Renewables Balancing Accounts and the currently authorized non-low-income PPP program budgets<sup>2</sup> to develop a net amortization component for the non-low income regulatory accounts. The net result of this amortization does not change the non-low-income PPP rate component.

This filing will not result in a change to the total 2006 electric PPP revenue requirement; however, it will result in a 3 percent decrease to system average PPP rates as a result of calculating the rates based on the updated sales forecast adopted by D.04-12-015 in SDG&E's 2004 Cost of Service 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, 2006, including appropriate tariff sheets, to consolidate all of the electric rate adjustments authorized to become effective January 1, 2006. 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 requests that this filing become effective on January 1, 2006, 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:

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<sup>2</sup> In accordance with SDG&E's Advice Letter 1678-E approved by the Commission on August 5, 2005.

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 Jerry Royer (jjr@cpuc.ca.gov) and Honesto Gatchallian (jnj@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: Monica Wiggins  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1788  
E-mail: mwiggins@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 Christina Sondrini by facsimile at (858) 654-1788 or by e-mail at csondrini@semprautilities.com.

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J. STEVE RAHON  
Director — Tariffs & Regulatory Accounts

(cc list attached)

# 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**

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) #: 1728-E

Subject of AL: Electric Public Purpose Programs Regulatory Account Update Effective  
January 1, 2006

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 AL<sup>1</sup>: \_\_\_\_\_

Resolution Required? ☐ Yes ☒ No

Requested effective date: 1/1/06

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 0

Estimated system average rate effect (%): (3%)

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: N/A

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

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**

**jjr@cpuc.ca.gov and jnj@cpuc.ca.gov**

**San Diego Gas & Electric**

**Attention: Monica Wiggins**

**8330 Century Park Ct, Room 32C**

**San Diego, CA 92123**

**mwiggins@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

General Order No. 96-A, Sec. III. G.  
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

W. Ahern

ORA

D. Appling  
S. Cauchois  
J. Greig  
L. Maack  
R. Pocta  
W. Scott

Energy Division

W. Franklin  
S. Gallagher  
H. Gatchalian  
D. Lafrenz  
J. Royer

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

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

W. Gaters

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
G. Lonergan  
M. Valerio

Commerce Energy Group

A. Ahmed  
V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

C. Torres

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 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

Ista-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

M. Snow

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

Robinsons-May Dept. Stores

R. Britt

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman  
S. Anders

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

J. Roscher  
B. Johnson

TURN

M. Florio  
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi  
N. Furuta  
J. Perez

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

**SAN DIEGO GAS & ELECTRIC  
ADVICE LETTER 1728-E  
ATTACHMENT A**

**PRESENT AND PROPOSED TOTAL ELECTRIC PPP RATES  
EFFECTIVE JANUARY 1, 2006**

	Present/Proposed Non-LI PPP Rates (\$/kWh)	Present LI PPP Rates (\$/kWh)	Proposed LI PPP Rates (\$/kWh)	Present* Total PPP Rate (\$/kWh)	Proposed* Total PPP Rate (\$/kWh)	Change (\$)	Change (%)
Residential	0.00306	0.00162	0.00138	0.00626	0.00610	-0.00016	-3%
Small Commercial	0.00322	0.00162	0.00138	0.00642	0.00626	-0.00016	-2%
Med. & Large C&I	0.00256	0.00162	0.00138	0.00576	0.00560	-0.00016	-3%
Agriculture	0.00341	0.00162	0.00138	0.00661	0.00645	-0.00016	-2%
Lighting	0.00379	0.00000	0.00000	0.00537	0.00537	0.00000	0%
System	0.00283	0.00162	0.00138	0.00603	0.00587	-0.00016	-3%

\* D.03-12-062 established a surcharge rate for incremental procurement energy efficiency programs. This surcharge rate of \$.00158/kWh is included in Present and Proposed total PPP rates.

**SAN DIEGO GAS & ELECTRIC COMPANY  
ADVICE LETTER 1728-E  
ATTACHMENT B**

**Electric Public Purpose Programs (PPP)  
Revenue Requirement Update for Rates Effective January 1, 2006**

	<b>Present</b>			<b>Proposed</b>			<b>Variance</b>
	<b>Impact on Rates <sup>1/</sup></b>			<b>Impact on Rates</b>			
	<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
<b><u>Low-Income Programs</u></b>							
California Alternate Rates for Energy (CARE) Bal. Acct.	25,489,041 <sup>2/</sup>	(4,464,532)	21,024,509	26,137,445 <sup>5/</sup>	(5,512,747)	20,624,698	(399,811)
Low-Income Energy Efficiency Bal. Acct. (LIEEBA)	6,684,047 <sup>3/</sup>	(945,362)	5,738,685	6,138,496 <sup>6/</sup>	(0)	6,138,495	399,811
Total Low-Income Programs	32,173,088	(5,409,894)	26,763,194	32,275,941	(5,512,747)	26,763,194	(0)
<b><u>Non-Low-Income Programs</u></b>							
Post-1997 Electric Energy Efficiency Bal. Acct. (PEEEBA)	32,900,000 <sup>4/</sup>	-	32,900,000	33,600,000 <sup>7/</sup>	-	33,600,000	700,000
Research, Development and Demonstration (RD&D) Bal. Acct.	5,700,000 <sup>4/</sup>	(938,046)	4,761,954	5,800,000 <sup>7/</sup>	(1,370,631)	4,429,369	(332,585)
Renewables Bal. Acct.	12,300,000 <sup>4/</sup>	(1,961,954)	10,338,046	12,600,000 <sup>7/</sup>	(2,629,369)	9,970,631	(367,415)
Total Non-Low-Income Programs	50,900,000	(2,900,000)	48,000,000	52,000,000	(4,000,000)	48,000,000	-
<b><u>TOTAL Electric PPP Revenue in PPP Rates</u></b>	83,073,088	(8,309,894)	74,763,194	84,275,941	(9,512,747)	74,763,194	(0)

1/ Pursuant to Advice Letter 1626-E effective January 1, 2005, which was approved by the Commission on October 25, 2004.

2/ Funding consists of \$22,925,683 for discounts and \$2,563,358 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.02-09-021, which approved 2002 electric CARE funding.

3/ Pursuant to Commission D.03-11-020. It authorized 2004 funding based on that authorized in D.02-12-019 for 2003 LIEE funding 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 Advice Letter 1581-E effective January 1, 2004, which was approved by the Commission on May 19, 2004.

5/ Funding consists of \$24,404,803 for discounts and \$1,732,642 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.05-07-007, which approved 2005 electric CARE funding.

6/ Pursuant to Commission D.05-05-019. It authorized 2005 funding base for 2005 LIEE of \$12,276,991 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.

7/ Pursuant to Advice Letter 1678-E effective March 30, 2005, which was approved by the Commission on August 8, 2005.