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October 2, 2006

ADVICE LETTER 1833-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: ELECTRIC PUBLIC PURPOSE PROGRAMS RATES EFFECTIVE JANUARY 1, 2007

PURPOSE

This filing revises San Diego Gas & Electric Company's (SDG&E) electric public purpose programs (PPP) rates effective January 1, 2007, in accordance with California Public Utilities Commission (Commission) Decision (D.) 03-04-027. The impact to the electric class average customer PPP rates are 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 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, 2006, and the CARE administration expenses adopted in D.05-12-026 and as modified by D.06-04-001.¹ The electric PPP surcharge rates also reflect the electric portion of SDG&E's 2006 authorized LIEE budget of \$6.68 million, as

¹ D.06-04-001 corrected the errors in Tables 1 and 2 of D.05-12-026, issued December 15, 2005, which approved SDG&E's 2006 LIEE and CARE program plans and budgets of \$13.4 million and \$36.8 million respectively. The CARE administrative budget is \$2.35 million, of which \$1.67 million is allocated to SDG&E's Electric Department.

adopted in D.05-12-026 and modified by D.06-04-001. The authorized LIEE budget is 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 2006 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 an increase to the total 2007 electric PPP revenue requirement due primarily to increased funding for the CARE discount and an increased revenue requirement for the approved energy efficiency funding levels for 2007. This results in an increase of \$0.00041 per kilowatt hour (kWh) to the system average PPP rates. The allocation methodology for the energy efficiency revenue requirement was also changed from the system average percent change method for post 1997 electric energy efficiency, and from equal cents per kWh for Electric Procurement Energy Efficiency to a 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, 2007, including appropriate tariff sheets, to consolidate all of the electric rate adjustments authorized to become effective January 1, 2007. 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, 2007, 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 1786-E approved by the Commission on August 21, 2006.

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) 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 Christina Sondrini by facsimile at (858) 654-1788 or by e-mail at csondrini@semprautilities.com.

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) #: 1833-E

Subject of AL: Electric Public Purpose Programs Rates Effective January 1, 2007

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:

Resolution Required? ☐ Yes ☒ No

Requested effective date: 1/1/07

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: N/A

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

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-A, Sec. III. G.
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

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

Energy Division

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

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

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 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

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 1833-E
ATTACHMENT A**

ELECTRIC PUBLIC PURPOSE PROGRAMS (PPP)

PRESENT AND PROPOSED TOTAL PPP RATES

	Present Non-LI PPP Rates (\$/kWh)	Proposed* Non-LI PPP Rates (\$/kWh)	Present** EPEEBA Rates (\$/kWh)	Proposed*** EPEEBA Rates (\$/kWh)	Present LI PPP Rates (\$/kWh)	Proposed LI PPP Rates (\$/kWh)	Present Total PPP Rate (\$/kWh)	Proposed Total PPP Rate (\$/kWh)	Change (\$/kWh)	Change (%)
Residential	0.00306	0.00243	0.00158	0.00189	0.00146	0.00183	0.00610	0.00616	0.00006	0.9%
Small Commercial	0.00322	0.00322	0.00158	0.00293	0.00146	0.00183	0.00626	0.00798	0.00172	27.5%
Med. & Large C&I	0.00256	0.00224	0.00158	0.00191	0.00146	0.00183	0.00560	0.00598	0.00038	6.7%
Agriculture	0.00341	0.00318	0.00158	0.00276	0.00146	0.00183	0.00645	0.00776	0.00131	20.3%
Lighting	0.00379	0.00245	0.00158	0.00176	0.00000	0.00000	0.00537	0.00421	-0.00116	-21.7%
System	0.00283	0.00244	0.00158	0.00201	0.00146	0.00183	0.00587	0.00628	0.00041	7.0%

* Proposed Non-LI PPP rates are updated using approved 2005 RDW sales and Direct Allocation methodology for Energy Efficiency per Approved AL-1769-E.

** Present Electric Procurement Energy Efficiency Bal. Acct. (EPEEBA) rates based on Equal Cent per kWh per D.03-12-062.

*** Proposed Electric Procurement Energy Efficiency Bal. Acct. (EPEEBA) rates are updated using approved 2005 RDW Sales and Direct Allocation of EPEEBA per Approved AL-1769-E.
AL-1769-E is a compliance filing pursuant to D.05-09-043.

**SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 1833-E
ATTACHMENT B**

**Electric Public Purpose Programs (PPP)
Revenue Requirement Update for Rates Effective January 1, 2007**

	Present			Proposed			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.	26,137,445 ^{2/}	(5,512,747)	20,624,698	30,709,125 ^{6/}	(2,434,730)	28,274,395	7,649,697
Low-Income Energy Efficiency Bal. Acct. (LIEEBA)	<u>6,138,496 ^{3/}</u>	<u>(0)</u>	<u>6,138,495</u>	<u>6,684,047 ^{7/}</u>	<u>(452,704)</u>	<u>6,231,343</u>	<u>92,848</u>
Total Low-Income Programs	32,275,941	(5,512,747)	26,763,194	37,393,172	(2,887,434)	34,505,738	7,742,544
<u>Non-Low-Income Programs</u>							
Electric Procurement Energy Efficiency Bal. Acct. (EPEEBA)	25,000,000 ^{4/}	-	25,000,000	40,000,000 ^{8/}	-	40,000,000	15,000,000
Post-1997 Electric Energy Efficiency Bal. Acct. (PEEEBA)	33,600,000 ^{5/}	-	33,600,000	33,600,000 ^{9/}	-	33,600,000	-
Research, Development and Demonstration (RD&D) Bal. Acct.	5,800,000 ^{5/}	(1,370,631)	4,429,369	5,800,000 ^{9/}	(1,363,252)	4,436,748	7,379
Renewables Bal. Acct.	<u>12,600,000 ^{5/}</u>	<u>(2,629,369)</u>	<u>9,970,631</u>	<u>12,600,000 ^{9/}</u>	<u>(2,636,748)</u>	<u>9,963,252</u>	<u>(7,379)</u>
Total Non-Low-Income Programs	52,000,000	(4,000,000)	48,000,000	52,000,000	(4,000,000)	48,000,000	-
<u>TOTAL Electric PPP Revenue in PPP Rates</u>	109,275,941	(9,512,747)	99,763,194	129,393,172	(6,887,434)	122,505,738	22,742,544

1/ Pursuant to Advice Letter 1728-E effective January 1, 2006, which was approved by the Commission on October 27, 2005.

2/ 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.

3/ 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.

4/ Procurement Energy Efficiency Surcharge approved by Commission D.03-12-062

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

6/ 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.

7/ 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.

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

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