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October 3, 2003

ADVICE LETTER 1530-E/1404-G
(U 902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REVISIONS TO SELF-GENERATION PROGRAM MEMORANDUM
ACCOUNTS IN COMPLIANCE WITH DECISION 03-08-013**

San Diego Gas & Electric Company (SDG&E) hereby submits for filing the following revisions to its electric and gas tariffs as shown on the Attachments A and B, respectively.

PURPOSE

This filing revises SDG&E's electric and gas Self-Generation Program Memorandum Accounts in accordance with the provisions of California Public Utilities Commission (Commission) Decision (D.) 03-08-013.

BACKGROUND

D.03-08-013, dated August 21, 2003, adopts procedures and information guidelines for the evaluation of proposals to add new technologies to the self-generation program and allows related costs to be eligible for recovery under the self-generation program. Accordingly, this filing makes the necessary revisions to SDG&E's electric and gas Self-Generation Program Memorandum Accounts.

EFFECTIVE DATE

SDG&E respectfully requests that this advice letter become effective on November 12, 2003, which is 40 days after the date filed.

PROTEST

Anyone may protest this advice letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, 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 Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division—IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102

Copies should also be sent via e-mail to the attention of both Jerry Royer (jrr@cpuc.ca.gov) and Honesto Gatchallian (jnj@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest be sent via electronic mail and facsimile to SDG&E on the same date it is mailed or delivered to the Commission (at the addresses shown below).

Attn: Monica Wiggins
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-Mail: mwiggin@semprautilities.com

NOTICE

In accordance with Section III.G of General Order No. 96-A, a copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.98-07-037, et. al., by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to Susanne Schmelter by facsimile at (858) 654-1788 or by e-mail to ssschmelter@semprautilities.com.

J. STEVE RAHON
Director - Tariffs & Regulatory Accounts

(cc list enclosed)

ATTACHMENT A
ADVICE LETTER 1530-E

| Cal. P.U.C. Sheet No. | Title of Sheet | Canceling Cal. P.U.C. Sheet No. |
|--------------------------|--|------------------------------------|
| Revised 16651-E | PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 44 | Revised 16532-E |
| Revised 16652-E | TABLE OF CONTENTS, Sheet 1 | Revised 16648-E |



PRELIMINARY STATEMENT

III. MEMORANDUM ACCOUNTS

Z. SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

1. Purpose: The purpose of the SGPMA is to record the incremental costs associated with the Utility's Self-Generation Program (SGP) as outlined in Commission Decision (D.) 02-02-026, dated February 7, 2002, D. 01-09-012, dated September 6, 2001, D.01-07-028, dated July 12, 2001, and D.01-03-073, dated March 27, 2001. Self-generation, as defined in D. 01-03-073, refers to distributed generation technologies, such as microturbines, small gas turbines, wind turbines, photovoltaics, fuel cells, internal combustion engines, and combined heat and power (or cogeneration). Self-generation units, with a 1.5 MW maximum system size limit, are installed on the customer's side of the utility meter and provide electricity for all or a portion of that customer's electric load. The SGP budget shall be allocated between electric and gas customers, with 79 percent and 21 percent respectively, to reflect the current allocation of energy efficiency programs. Pursuant to D.03-08-013, the Commission adopted procedures and information guidelines for the evaluation of proposals to add new technologies to the SGP, and allows the related costs to be eligible for recovery under the SGP.
2. Applicability: The SGPMA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.
3. Rates: Amounts in the SGPMA will be included in electric distribution rates and gas rates annually.
4. Accounting Procedure: The Utility shall maintain the SGPMA by making entries at the end of each month as follows:
 - a. A debit entry equal to the amount remitted to the San Diego Regional Energy Office (SDREO) associated with this program in conformance with the contract between the Utility and SDREO, which include the costs of marketing, contract administration, regulatory reporting, program evaluation, and customers' incentives.
 - b. A debit entry equal to other costs authorized for recovery by the Commission, including those related to new technologies pursuant to D.03-08-013.
 - c. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 4.a. above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

A separate accounting of costs and benefits, by customer class, will be accomplished.
5. Program Funding Limit: The total authorized program cost for SDG&E is \$15.5 million annually over a four-year period. Any unused funding can be carried over from one year to the next up to a maximum limit of \$62 million for the four-year period. The program administrator, SDREO, may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year.
6. Disposition: At the end of each year, the balance in the SGPMA shall be transferred to the Rewards and Penalties Balancing Account (RPBA), or another balancing account as may be directed by the Commission for future rate recovery. For the RPBA, the Utility will file an advice letter to make this change on October 1st of each year, with rates effective the following January 1st. Recovery of the undepreciated portion of the capital costs shall be determined in the Utility's next cost of service proceeding.

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Issued by

Date Filed

Oct 3, 2003

Advice Ltr. No. 1530-E

Lee Schavrien

Effective

Decision No. 03-08-013

Vice President
Regulatory Affairs

Resolution No.



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ATTACHMENT B
ADVICE LETTER 1404-G

| Cal. P.U.C. Sheet No. | Title of Sheet | Canceling Cal. P.U.C. Sheet No. |
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| Revised 13257-G | PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, Sheet 14 | Revised 13086-G |
| Revised 13258-G | TABLE OF CONTENTS, Sheet 1 | Revised 13187-G |



PRELIMINARY STATEMENT

V. MEMORANDUM ACCOUNTS

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