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February 5, 2004

ADVICE LETTER 1563-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: REVISIONS TO SCHEDULE EECC-TBS IN COMPLIANCE WITH D.04-01-013

San Diego Gas & Electric Company (SDG&E) hereby submits the following revisions applicable to its electric tariffs, as shown on the Attachment.

PURPOSE

This filing revises Schedule EECC-TBS, Electric Energy Commodity Cost – Transitional Bundled Service, in accordance with the provisions of California Public Utilities Commission (Commission) Decision (D.) 04-01-013, dated January 8, 2004.

BACKGROUND

D.04-01-013 adopts the California Independent System Operator (ISO) 10-minute Ex Post Incremental price as the applicable proxy for pricing short-term power procured to serve Direct Access customers that return to bundled service on a temporary basis under the safe harbor provisions of the Switching Exemption Rules set forth in D.03-05-034. In addition, the Decision adopts certain "technical adjustments" for calculating the final price for Transitional Bundled Service. Accordingly, SDG&E is revising Schedule EECC-TBS to incorporate the pricing provisions adopted by D.04-01-013.

EFFECTIVE DATE

Pursuant to Ordering Paragraph 2, the investor-owned utilities are authorized to implement the pricing provisions of D.04-01-013 effective immediately. Therefore, SDG&E requests this advice letter become effective on February 5, 2004, which is 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:

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

In accordance with Section III-G of General Order 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.02-01-011, 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 at sschmelter@semprautilities.com.

J. STEVE RAHON
Director — Tariffs & Regulatory Accounts

Enclosures
(cc list enclosed)

ATTACHMENT
ADVICE LETTER 1563-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 16923-E	Schedule EECC-TBS, ELECTRIC ENERGY COMMODITY COST - TRANSITIONAL BUNDLED SERVICE, Sheet 1	Original 16430-E
Revised 16924-E	Schedule EECC-TBS, COMMODITY COST - TRANSITIONAL BUNDLED SERVICE, Sheet 2	Original 16431-E
Revised 16925-E	TABLE OF CONTENTS, Sheet 1	Revised 16922-E
Revised 16926-E	TABLE OF CONTENTS, Sheet 4	Revised 16920-E

Schedule EECC-TBS

Sheet 1

ELECTRIC ENERGY COMMODITY COST - TRANSITIONAL BUNDLED SERVICE

APPLICABILITY

Applicable to all Direct Access (DA) customers for whom SDG&E procures energy on a temporary basis, subject to the Transitional Bundled Service (TBS) provisions adopted by D.03-05-034 and D.04-01-013, and T as set forth in Rule 25.1, Switching Exemptions. The TBS provisions require that DA customers returning to Bundled Service while switching Energy Service Providers or for similar reasons, pay for procurement at the T short-term spot price as established by the California Independent System Operator (ISO) for the applicable period, plus other relevant costs associated with the power procured to serve them. In addition, DA customers switching from DA service to Bundled Service, who receive TBS from SDG&E during the advance notice period as required under Rule 25.1 for switching to bundled service, will also be required to pay the procurement charge as set forth below prior to being transferred to the full Bundled Service rates of the customer's otherwise applicable tariff. Service under this schedule must be taken in conjunction with the payment of charges under Schedule DA-CRS for those customers to whom Schedule DA-CRS is applicable.

TERRITORY

Applicable throughout the territory served by the Utility.

RATES

The calculation of the rates as set forth below uses real time energy prices from the ISO. All prices and T volumes used to calculate the Hourly Power Costs are available on the ISO's OASIS website at www.oasis.caiso.com.

1. Development of Hourly Power Costs

The Hourly Short Term Power Cost is calculated as follows:

[(Hourly Average of SP15 Ex Post Incremental Prices X UFE) + A/S + GMC] X FF&U X DLF T

The ISO *Ex-Post Incremental Energy Prices* are available at the OASIS website during the trade T day, but are subject to change without notice by the ISO. SDG&E uses the SP15 zonal prices. The T hourly average is a straight average of the six interval prices per hour. N

D

The Unaccounted for Energy (UFE) factor is equal to one plus a percentage, which is determined as N the straight average of the most recent six month actual UFE percentages available from the ISO | Management Report for the Board of Governors posted on the CAISO website at www.caiso.com. | The UFE allowance will be revised semi-annually (January and July). N

FF&U means the non-differential franchise percentage and the uncollectibles percentage, and currently is equal to a factor of 1.01389 to be used in the above rate calculation.

D

The allowance for Ancillary Services (A/S) calculated hourly, will equal the ISO's System Day Ahead N and Hour Ahead A/S procurement costs divided by the total ISO control area system load. The data | used to calculate the A/S rate is subject to change by the ISO without notice. Therefore, the A/S rate | will be calculated using the best available data at the time of downloading. N

(Continued)

Schedule EECC-TBS

COMMODITY COST - TRANSITIONAL BUNDLED SERVICE

RATES (Continued)

1. Development of Hourly Power Costs (Continued) N

The ISO Grid Management Charge (GMC) applicable to TBS is equal to the sum of the GMC - Energy and Transmission Services – Net Energy (Charge Type 571), GMC - Energy and Transmission Services – Deviations (Charge Type 532), and GMC-Market Usage (Charge Type 534) GMCs. The ISO GMC shall be charged on the customer's hourly metered demand. GMC - Congestion Management (Charge Type 522), GMC - Core Reliability Services (Charge Type 570), GMC - Forward Scheduling (Charge Type 573) and GMC – Settlements, Metering, and Client Relations (Charge Type 575) are not included in this charge. The GMC is posted on the ISO's website. D N N

2. Franchise Fees T

A Franchise Fee Differential of 5.78% will be applied to the total bills calculated under this Schedule for all customers residing within the corporate limits of the City of San Diego. Such Franchise Fee Differential shall be so indicated and added as a separate item to bills rendered to such customers.

3. Distribution Loss Factors (DLFs) T

The DLF_{TLL} for each voltage level includes a factor for lost and unaccounted for energy. DLF_{TLL} will be calculated by the Utility based on the forecast hourly SDG&E UDC Service Area Load (Direct Access, plus UDC customers, including the Hourly EECC Rate Option Service) per Decision 97-08-056, as modified by Decision 97-11-026. The hourly DLF_{TLL} will be broken out by service voltage level and made available each day to market participants during the day-ahead market. The Utility will calculate the hourly DLF_{TLL} by applying the following formulae:

a. Secondary Voltage Class Customers

DLF_{DLL} = 1 + [Losses/Load]
DLF_{TLL} = 1.0065 x DLF_{DLL}

Where: Losses = $[0.0000090935 \times (\text{SysLoad})^2] + 27.21$
Load = $-[0.00000804463 \times (\text{SysLoad})^2]+[0.8586372 \times \text{SysLoad}] -24.0524567$
SysLoad = SDG&E system load during hourly period in MW.

b. Primary Voltage Class Customers

DLF_{DLL} = 1 + (Losses/Load)
DLF_{TLL} = 1.0065 x DLF_{DLL}

Where: Losses = $[0.0000001523524 \times (\text{SysLoad})^2] + 0.427367656$
Load = $-[0.000001181634 \times (\text{SysLoad})^2] + [0.12612 \times \text{SysLoad}] - 3.533$
SysLoad = SDG&E system load during hourly period in MW.

(Continued)

TABLE OF CONTENTS

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

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SCHEDULE OF RATES

(Continued)