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July 24, 2009

**ADVICE LETTER 1876-G**

(U 902-G)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REQUEST TO ESTABLISH A NATURAL GAS APPLIANCE TESTING (NGAT)  
MEMORANDUM ACCOUNT**

San Diego Gas & Electric Company (SDG&E) hereby submits for filing the following revisions to its gas tariffs as shown on the attachment.

**PURPOSE**

The purpose of this advice filing is to request authority from the California Public Utilities Commission (Commission) to establish a Natural Gas Appliance Testing Memorandum Account (NGATMA) to track costs associated with implementing Decision (D) 08-11-031, the 2009-2011 Low Income Energy Efficiency (LIEE) & California Alternate Rates for Energy (CARE) Decision. The function of the NGATMA is to track the LIEE related NGAT costs that are not currently in base rates until those costs are reviewed by the Commission and authorized for recovery through base rates in SDG&E's next general rate case.

**BACKGROUND**

In D.07-12-051, the Commission expanded its policy direction for the LIEE program by considering LIEE as an energy resource program. D.07-12-051 adopted a programmatic initiative to provide all eligible customers the opportunity to participate in the LIEE program and to offer those who wish to participate all cost-effective energy efficiency measures in their residences by 2020.

D.08-11-031 authorized SDG&E's LIEE program plans and budget consistent with achieving the Commission's programmatic initiative. D.08-11-031 approved approximately \$1 billion in energy-related low income programs for the four investor-owned utilities (IOUs) for 2009-2011. The Commission, in the decision, reiterated its intent that the LIEE program "evolve into a resource program that garners significant energy savings in our state while providing an improved quality of life for California's low income population"<sup>1</sup>.

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<sup>1</sup> D.08-11-031 (p. 2)

In order to promote the strategic direction of the program, D.08-11-031 set aggressive LIEE goals to support its programmatic initiative. The Settlement Agreement of SDG&E's General Rate Case (GRC) D.08-07-046 authorized SDG&E \$300,000<sup>2</sup> a year for related NGAT expenses based on an assumption that 8,400<sup>3</sup> of the homes to be treated each year would receive NGAT. D.08-11-031, however, set aggressive goals for the number of homes to be treated through the LIEE program in order to meet the Commission's programmatic initiative and directed SDG&E to treat approximately 20,400 homes<sup>4</sup> per year during the 2009 – 2011 program cycle. Based on historical averages, SDG&E estimates that 75% of the low income households to be treated during 2009 – 2011 will receive NGAT. For SDG&E, this represents 15,288 homes (75% of 20,400) – an increase of over 80% of the homes authorized in SDG&E's last GRC. As a result, at the estimated unit price of \$35/home, SDG&E anticipates that costs will increase by approximately \$235,000 annually to support this initiative.

Further, D.08-11-031 reiterated the Commission's prior clarifications that NGAT is a basic utility service, since promoting customer safety is a general utility function. The Commission confirmed that NGAT is not an appropriate expenditure for LIEE funds and IOUs should be performing this vital safety testing using funding from general rates.

### **TARIFF CHANGES**

In support of the Commission's programmatic initiative and in accordance with the orders and decisions noted above, SDG&E is revising its Gas Preliminary Statement to establish the Natural Gas Appliance Testing Memorandum Account (NGATMA). This account will track incremental NGAT expenses incurred as a result of the aggressive program goals imposed by D.08-11-031. Costs will be tracked in the NGATMA until those costs are reviewed by the Commission and authorized for recovery through base rates in SDG&E's next general rate case or in a separate proceeding initiated by a formal application.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **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. Therefore SDG&E respectfully requests that this advice letter become effective August 23, 2009, which is 30 calendar days after 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

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<sup>2</sup> A.06-12-009, Joint Settlement Comparison Exhibit, Exhibit SDG&E-301 (p.111-112); 8,400 homes at \$35/home

<sup>3</sup> A.06-12-009, See Prepared Direct Testimony of Joseph Velasquez (p. JSV-14)

[http://www2.sdge.com/grc/dec082006/sdge/testimonies/10\\_JVelasquez.pdf](http://www2.sdge.com/grc/dec082006/sdge/testimonies/10_JVelasquez.pdf)

<sup>4</sup> D.08-11-031 Attachment H

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:

Public Utilities Commission  
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 ([inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)) and Maria Salinas ([mas@cpuc.ca.gov](mailto: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: Megan Caulson  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1788  
E-mail: [mcaulson@semprautilities.com](mailto:mcaulson@semprautilities.com)

## **NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service list A.08-05-024, 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](mailto:SDG&ETariffs@semprautilities.com).

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RON VAN DER LEEDEN  
Director – Rates, Revenues & Tariffs

(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) #: 1876-G

Subject of AL: Request to Establish a Natural Gas Appliance Testing (NGAT) Memorandum Account

Keywords (choose from CPUC listing): Memorandum Account

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

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>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 8/23/09

No. of tariff sheets: 4

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: Listing of Memorandum Accounts, NGAT Memorandum Account, TOC

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

**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: Megan Caulson**

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

**San Diego, CA 92123**

**mcaulson@semprautilities.com**

<sup>1</sup> 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  
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CA. Energy Commission

F. DeLeon  
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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.

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California Energy Markets

S. O'Donnell  
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California Farm Bureau Federation

K. Mills

California Wind Energy

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Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

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Energy Policy Initiatives Center (USD)

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Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell  
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg  
J. Heather Patrick  
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Goodrich Aerostructures Group

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D. Huard  
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Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

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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

Interested Parties In:

A.08-05-024

ATTACHMENT A  
ADVICE LETTER 1876-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 17685-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, DESCRIPTION/LISTING OF ACCOUNTS, Sheet 2	Revised 17286-G
Original 17686-G	V. MEMORANDUM ACCOUNTS, NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA), Sheet 1	
Revised 17687-G	TABLE OF CONTENTS, Sheet 1	Revised 17646-G
Revised 17688-G	TABLE OF CONTENTS, Sheet 2	Revised 17092-G



San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 17685-G

Canceling Revised Cal. P.U.C. Sheet No. 17286-G

**PRELIMINARY STATEMENT**

Sheet 2

V. MEMORANDUM ACCOUNTS  
DESCRIPTION/LISTING OF ACCOUNTS

Listing of Accounts

- Catastrophic Event Memorandum Account (CEMA)
- Core Reclassification Shortfall Memorandum Account (CRSMA)
- Gas DSM Memorandum Account
- Cogeneration Shortfall Memorandum Account (CSMA)
- Liquefied Natural Gas Service Tracking Account (LNGSTA)
- Global Settlement Tracking Account (GLOBAL)
- Self-Generation Program Memorandum Account (SGPMA)
- FERC Settlements Proceeds Memorandum Account (FSPMA)
- Advanced Metering Infrastructure Memorandum Account (AMIMA)
- Gain/Loss on Sale Memorandum Account (GLOSMA)
- General Rate Case Revenue Requirement Memorandum Account (GRCRRMA)
- Energy Efficiency 2009-2011 Memorandum Account (EEMA)
- Natural Gas Appliance Testing Memorandum Account (NGATMA)

**NOTE:** For information relating to the Hazardous Substance Memorandum Account (HSMA), which is part of the Hazardous Substance Cleanup Cost Account (HSCCA), see Section VIII.

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Advice Ltr. No. 1876-G

Decision No. \_\_\_\_\_

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Jul 24, 2009

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_



**V. MEMORANDUM ACCOUNTS**

Sheet 1

NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA)

1. Purpose: The NGATMA is an interest bearing memorandum account that is recorded on the Utility's financial statements. The NGATMA tracks the difference between recorded Low-income Energy Efficiency (LIEE)-related NGAT costs and the corresponding authorized costs embedded in base rates. The cost differential is a result of Decision 08-11-031 which set an aggressive goal for the number of homes to be treated through the LIEE program in order to meet the Commission's programmatic initiative and directed SDG&E to treat approximately 20,400 homes per year during the 2009 – 2011 program cycle which is a significant increase from the goal established in SDG&E's last General Rate Case (GRC).
2. Applicability: See disposition section.
3. Rates: The balance in the NGATMA will be included in gas transportation rates upon Commission approval.
4. Accounting Procedure: The Utility shall maintain the NGATMA by making entries at the end of each month as follows:
  - a. A debit entry equal to recorded incremental NGAT costs, those costs not currently embedded in base rates,
  - b. An entry for amortization of the NGATMA balance as authorized by the Commission, and
  - c. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entries 4.a. and 4.b. 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.
5. Disposition: The disposition of the account balance will be addressed in SDG&E's next GRC.

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N  
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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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