



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
ELECTRIC VEHICLE BALANCING ACCOUNT (EVBA)

1. Purpose

The EVBA is an interest bearing balancing account recorded on SDG&E's financial statements. The purpose of this account is to balance recorded discretionary electric vehicle (EV) program costs with recorded EV revenues authorized by the California Public Utilities Commission (Commission). Commission Decision (D.) 03-10-086, dated and effective October 30, 2003, authorized a budget for the discretionary aspects of SDG&E's EV program and directed it to utilize balancing account treatment. D.03-10-086 authorized SDG&E to use this account through December 31, 2005. D.05-05-010, dated and effective May 5, 2005, authorized the discretionary program funding authorized in D.03-10-086 to continue until a final Commission decision is issued on SDG&E's next Low Emission Vehicle funding request in its General Rate Case or Cost of Service proceeding. Pursuant to D.08-07-046, TY 2008 GRC, the 2008 base margin revenue requirement includes funding to recover discretionary program costs, therefore effective January 1, 2008, the EVBA will no longer record actual discretionary program costs.

2. Applicability

The EVBA applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission.

3. Definitions

a. Effective Date: The effective date of this account shall be January 1, 2004.

b. EVBA Expenses: Discretionary expenses (e.g. customer information, education and training) authorized by the Commission associated with the EV Program. Expenses recorded to the EVBA shall be those in compliance with the guidelines for expenses authorized by the Commission. Program spending is limited to the amount authorized in D.03-10-086 and any expenditures above authorized may not be recovered from ratepayers. Pursuant to D.08-07-46, the 2008 base margin revenue requirement will include funding to recover discretionary expenses, therefore the EVBA will no longer record such costs effective January 1, 2008.

c. EVBA Revenue: Revenue as authorized by the Commission including any applicable revenue in base or amortization rates (net of allowance for FF&U).

d. Interest Rate: The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication.

e. Franchise Fees and Uncollectibles: Franchise Fees and Uncollectibles (FF&U) shall be based on the rate derived from the utility's most recent general rate case decision to provide for franchise fees and uncollectible accounts expense.

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San Diego Gas & Electric Company
San Diego, California

Original Cal. P.U.C. Sheet No. 19434-E

Canceling Revised Cal. P.U.C. Sheet No. 18510-E

PRELIMINARY STATEMENT

Sheet 2

II. BALANCING ACCOUNTS
ELECTRIC VEHICLE BALANCING ACCOUNT (EVBA)

4. Accounting Procedure

The Utility shall make the following entries to the account:

- a. A debit entry equal to the monthly-recorded EVBA expenses as described in 3.b. above.
- b. A credit entry equal to the monthly-recorded EVBA revenue as described in 3.c. above.
- c. An entry equal to monthly interest calculated by applying the Interest Rate to the average of the beginning balance and the ending balance.

5. Account Disposition

Disposition of the balance in the EVBA shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission.

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Advice Ltr. No. 1820-E

Decision No. _____

Issued by
Lee Schavrien
Vice President
Regulatory Affairs

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Resolution No. _____