

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Expedited Application of SAN DIEGO GAS )  
& ELECTRIC (U 902-E) under the Energy )  
Resource Recovery Account Trigger )  
Mechanism )  
\_\_\_\_\_ )

Application 09-08-\_\_\_\_\_

**EXPEDITED TRIGGER APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)**

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**August 4, 2009**

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**I. INTRODUCTION**

Pursuant to Decision (D.) 02-10-062 and in accordance with the California Public Utilities Commission (Commission) Rules of Practice and Procedure, San Diego Gas & Electric Company (SDG&E) respectfully submits this Expedited Trigger Application addressing the disposition of SDG&E's current Energy Resource Recovery Account (ERRA) balance. As explained in more detail in the supporting testimony of SDG&E witness Michelle Somerville, the ERRA balance is currently projected to be approximately \$80 million overcollected at the end of July 2009 (based on actual numbers through June 2009 and projected numbers for July 2009). Through this application, SDG&E is seeking to return this overcollection in the form of a one-time bill credit to the appropriate ratepayers beginning with electric bills issued to customers on or after October 1, 2009 or as soon as the Commission is able to issue its approval. The main advantage to ratepayers of such a credit is that they will more quickly receive a return of their share of the overcollection (as opposed to the return being amortized in rates over the following twelve months, which has been the typical practice in the past). By providing the credit immediately, SDG&E can provide much needed assistance to

customers during both these difficult economic times and the annual period of higher summer bills due to increased usage.

## **II. BACKGROUND**

The ERRA balancing account was established by the Commission to record the investor-owned utilities' (IOUs') fuel and purchased power revenues against actual recorded costs, excluding revenues collected for the California Department of Water Resources (CDWR).<sup>1</sup> AB 57 mandated a trigger threshold for the balance in the ERRA of 5% of the electrical utility's actual recorded generation revenues for the prior calendar year.<sup>2</sup>

In accordance with D.02-10-062, which implemented the provisions of AB 57, SDG&E's ERRA is subject to a trigger mechanism designed to avoid ERRA balances above the 5% threshold. The trigger mechanism requires the filing of an expedited application for approval within 60 days from the filing date when the recorded monthly ERRA balance (undercollection or overcollection) exceeds a 4% trigger point and when the balance is projected to exceed the 5% threshold.<sup>3</sup> The application should address a projected account balance; an amortization period for the balance of not less than 90 days; and a proposed allocation of the overcollection and/or undercollection among customers for rate adjustment based on the existing allocation methodology recognized by the Commission.<sup>4</sup>

Details regarding the projected ERRA balance are provided below and in the testimony of SDG&E witness Michelle Somerville. With respect to SDG&E's proposed allocation methodology and the required amortization period of not less than 90 days, as explained in further detail in the

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<sup>1</sup> PUC Code Section 454.5(d)(3), initiated by Assembly Bill ("AB") 57.

<sup>2</sup> *Id.*

<sup>3</sup> D.02-10-062 at p. 64.

<sup>4</sup> *Id.*

testimony of Ms. Somerville, past overcollections have been returned to customers over one-year amortization periods.<sup>5</sup> Here, SDG&E is seeking to deviate from the not less than 90-day amortization requirement by returning the overcollection via a one-time bill credit to the appropriate ratepayers beginning with electric bills issued to customers on or after October 1, 2009 or as soon as the Commission is able to issue its approval. While SDG&E is not implying that bill credits should set a precedent in ERRA trigger proceedings, it believes this deviation is necessary to provide ratepayers immediate assistance to alleviate some of the pressures caused by the struggling economy and high summer bills.

Pursuant to D.04-01-050, SDG&E is required to file an advice letter by April 1 of each year to establish the current year's trigger amount. In Advice Letter 2068-E<sup>6</sup>, SDG&E reported that its 2008 electric commodity revenue, excluding CDWR revenue, was \$1,030 million. Consequently, SDG&E's currently approved 4% trigger point is \$41.2 million and the 5% ERRA threshold is \$51.5 million. SDG&E's ERRA balance on May 31, 2009 was \$39.026 million overcollected or -3.79% and increased to \$63.014 million or -6.12% during the month of June 2009. As noted above, the ERRA balance is projected to be approximately \$80 million, as of July 31, 2009, which is well over the 5% threshold amount. Moreover, there is no expectation that these overcollections will self-correct within 120 days.<sup>7</sup> Indeed, the overcollection is projected to increase to \$107 million as of December 31, 2009.

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<sup>5</sup> D.07-12-042 at p.6 and D.05-09-019 at p.4 as modified by Resolution E-4030 p.11 to extend the amortization period to 15 months.

<sup>6</sup> This Advice Letter was approved by the CPUC on April 28, 2009, with an effective date of March 6, 2009.

<sup>7</sup> Pursuant to D.07-05-008, SDG&E is authorized to notify the Commission via advice letter filing, instead of expedited application, when the ERRA balance exceeds its trigger point and SDG&E does not seek a change in rates, if the ERRA balance will self-correct below the trigger point within 120 days of filing.

### **III. REQUESTED RELIEF**

Through this application, SDG&E is seeking the Commission's expedited authorization to return the current overcollection to the appropriate ratepayers as a one-time bill credit, beginning with bills issued on or after October 1, 2009 or as soon as the Commission is able to issue its decision. As explained in the testimony of Ms. Somerville, SDG&E is proposing a simplified credit rate structure to allow for implementation of the one-time bill credit in the requested time frame. This simplified credit rate structure is designed to result in credit levels similar to a traditional 12-month amortization methodology, and to provide relief to the appropriate ratepayers who have contributed to the overcollection.

### **IV. STATUTORY AND PROCEDURAL REQUIREMENTS**

#### **A. Rule 2.1 (a) – (c)**

In accordance with Rule 2.1 of the Commission's Rules of Practice and Procedure, SDG&E provides the following information.

#### **1. Statutory Authority**

SDG&E submits this Application pursuant to AB 57 (Pub. Util. Code §454.5), D.02-10-062, and the Commission's Rules of Practice and Procedure.

#### **2. Legal Name and Correspondence**

SDG&E is a public utility organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California 92123. SDG&E's attorney in this matter is John A. Pacheco.

Correspondence or communications regarding this Application should be addressed to:

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### **3. Proposed Category of Proceeding**

Pursuant to Rule 7.1 and because the subject of this Application involves a review of costs that are included in customer rates and because the Application neither raises questions of policy or rules of general applicability, nor adjudicates any allegations of violations of law, SDG&E proposes that the category of this proceeding be designated as “ratesetting.”

### **4. Need for Hearings**

SDG&E does not believe that approval of this Application will require hearings. SDG&E has provided ample supporting testimony, analysis and documentation that provide the Commission with a sufficient record upon which to grant the relief requested on an *ex parte* basis.

### **5. Issues to be Considered**

The issues to be considered are described in this Application and the accompanying testimony and exhibits.

## 6. Proposed Schedule

Pursuant to D.02-10-062, SDG&E proposes the following *expedited* schedule to allow for the bill credit to be reflected in bills issued on or after October 1, 2009. This expedited schedule is in the best interest of ratepayers in order for customers to benefit during the higher seasonal summer rates:

<u>ACTION</u>	<u>DATE</u>
Application filed	August 4, 2009
Expedited Protest/Response date <sup>8</sup>	August 19, 2009
SDG&E's Expedited Reply to Protests/Responses	August 24, 2009
Expedited Proposed Decision	September 16, 2009
Commission Approval (following reduced comment period)	September 24, 2009

### B. Articles of Incorporation - Rule 2.2

A copy of SDG&E's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on December 4, 1997 in connection with SDG&E's Application No. 97-12-012, and is incorporated herein by reference.

## V. SERVICE

This is a new application. No service list has been established. Accordingly, SDG&E will serve this Application, testimony and related exhibits on parties to the service list for R.08-02-007 (2008 LTPP Service List). Hard copies will be sent by overnight mail to the Chief Administrative Law Judge Karen Clopton.

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<sup>8</sup> In conjunction with this Application, SDG&E is filing a separate Motion for Expedited Protest/Reply Period, seeking to reduce the regular 40 day period for responses/protests and replies.



**VI. CONCLUSION**

Based on this Application and the supporting testimony and exhibits, SDG&E respectfully requests that the Commission grant the relief requested above and such additional relief as the Commission believes is just and reasonable.

Dated this 4th day of August 2009, in San Diego, California.

Respectfully submitted,

/s/ JOHN A. PACHECO

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By: /s/ ROBERT SCHLAX

Robert Schlax

Vice President, Controller and Chief Financial Officer  
San Diego Gas & Electric Company

## VERIFICATION

The undersigned states as follows:

I am an officer of SAN DIEGO GAS & ELECTRIC COMPANY and am authorized to make this verification for and on behalf of said corporation. The content of this document is true, except as to matters that are stated on information and belief. As to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 4<sup>th</sup> day of August 2009, at San Diego, California.

/s/ ROBERT SCHLAX  
Robert Schlax  
Vice President, Controller and Chief  
Financial Officer  
San Diego Gas & Electric Company

## CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true and correct copy of the foregoing **EXPEDITED TRIGGER APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)** to each party named in the official service list for R.08-02-007 (2008 LTPP) by electronic mail. Those parties without an email address were served by placing copies in properly addressed and sealed envelopes and depositing such envelopes in the United States Mail with first-class postage prepaid. Hard copies were also sent by overnight mail to Chief ALJ Karen Clopton.

Dated at San Diego, California, this 4th day of August, 2009.

/s/ Lisa Fucci-Ortiz  
Lisa Fucci-Ortiz