



A  Sempra Energy utility®

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July 6, 2010

ADVICE LETTER 2183-E

(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: Revisions to the CPPSMA to Establish the Dynamic Pricing Memorandum Account (DPMA)

San Diego Gas & Electric (SDG&E) hereby submits for filing revisions to its electric Preliminary Statement Part III, Memorandum Accounts, applicable throughout its service territory, as shown on Attachment A.

PURPOSE

This filing seeks approval to modify the currently approved Critical Peak Pricing Small-Customer Memorandum Account (CPPSMA) to include costs to implement optional dynamic pricing for residential customers, as described in SDG&E's Dynamic Pricing Application filed on July 6, 2010. The filing also seeks approval to rename that account to the Dynamic Pricing Memorandum Account (DPMA) as discussed below.

BACKGROUND

In Decision (D.) 08-07-045, the California Public Utilities Commission (Commission) adopted a Dynamic Pricing Timetable and Rate Design Guidance for Pacific Gas & Electric's small non-residential customers. Within this decision, the Commission suggested that SDG&E and Southern California Edison (SCE) consider addressing dynamic pricing options for their small nonresidential and residential customers when filing their respective rate design proceedings.

On November 14, 2008, SDG&E filed its Rate Design Window Application (A.) 08-11-014. Consequently, on September 24, 2009, the Commission issued D.09-09-036 adopting SDG&E's Joint-Party Settlement Agreement to update marginal costs, cost allocation and electric rate design. On October 8, 2009, in compliance with D.09-09-036, SDG&E filed Advice Letter 2115-E¹ implementing the decision effective January 1, 2010. As part of the settlement agreement approved in D.09-09-036, and as included in Advice Letter 2115-E, SDG&E established the CPPSMA. The purpose of the CPPSMA is to track and record incremental costs related to the development and implementation of a default Critical Peak Pricing (CPP) rate proposal for small nonresidential customers less than 20 kW that are not subject to default under CPP-D.

¹ Approved by letter from the Energy Division dated December 15, 2009

Subsequent to the establishment of the CPPSMA, SDG&E filed on July 6, 2010 an application titled "Application of SDG&E for approval of its proposals for Dynamic Pricing and Recovery of Incremental Expenditures Required for Implementation". The application proposes TimeOfDay and PeakShift pricing options for both small nonresidential and residential customers.

Consequently, SDG&E has modified the CPPSMA to include costs required to implement dynamic pricing for both small nonresidential and residential customers. The account has been appropriately renamed the Dynamic Pricing Memorandum Account (DPMA).

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this filing be approved effective August 5, 2010, 30 days from 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 by July 26, 2010, which is 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

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 both Honesto Gatchalian (ini@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should 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

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including parties in A.08-11-014 and A.06-12-009, 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.

CLAY FABER
Director – Regulatory Affairs

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: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@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) #: 2183-E

Subject of AL: Revisions to the CPPSMA to Establish the Dynamic Pricing Memorandum Account (DPMA)

Keywords (choose from CPUC listing): Rate Design Window

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.09-09-036

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 AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 8/05/2010

No. of tariff sheets: 3

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: Preliminary Statement and TOC

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

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

¹ 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
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

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
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
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T. Jacoby

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M. Meacham
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City of San Diego

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M. Valerio

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Constellation New Energy

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A. Friedl

Davis Wright Tremaine, LLP

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Dept. of General Services

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M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

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.08-11-014

A.06-12-009

ATTACHMENT A
ADVICE LETTER 2183-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21941-E	PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA), Sheet 1	Original 21400-E
Revised 21942-E	TABLE OF CONTENTS, Sheet 1	Revised 21938-E
Revised 21943-E	TABLE OF CONTENTS, Sheet 3	Revised 21633-E



PRELIMINARY STATEMENT

Sheet 1

III. MEMORANDUM ACCOUNTS
DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

1. Purpose

The purpose of the DPMA is to track incremental costs resulting from implementing a TimeOfDay (TOD) rate, coupled with a default PeakShift at Work (PSW), for small nonresidential customers less than 20 kW that are not subject to default under CPP-D and an optional PeakShift at Home rate (PSH) for residential customers. SDG&E's total implementation costs shall not exceed \$118.08 million. The DPMA will track small nonresidential costs beginning September 24, 2009, the effective date of D.09-09-036, and will track both small nonresidential and residential costs beginning July 6, 2010.

2. Applicability

This account shall apply to all electric customers, except for those specifically excluded by the Commission.

3. Rates

The DPMA does not have a rate component.

4. Accounting Procedures

Small nonresidential costs initially incurred for the PSW (previously termed CPP-S) rate program pursuant to D.09-09-036, will be recorded and tracked separately from costs related to the PSH rate programs proposed by SDG&E's dynamic pricing application filed on July 6, 2010. SDG&E shall maintain the DPMA by recording entries at the end of each month as follows:

- a) A debit entry to record incremental O&M costs incurred to implement the PSW and PSH rate programs including but not limited to customer outreach and education, detailed rate design materials, dynamic pricing analysis tools and other administrative expenses.
- b) A debit entry to record incremental capital-related costs incurred for assets installed necessary to implement the PSW and PSH rate programs including book depreciation expense, ad valorem tax expense, tax expense based on income, including all appropriate income tax adjustments, and deferred income tax expense.
- c) An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entry 4.a. for each account, 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.

5. Disposition

SDG&E shall request recovery of costs recorded in the DPMA in its' "Dynamic Pricing and Recovery of Incremental Expenditures Required for Implementation application as authorized by the Commission

1P9

Advice Ltr. No. 2183-E

Decision No. 09-09-036

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Jul 6, 2010

Effective

Resolution No.



TABLE OF CONTENTS

Sheet 1

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

	<u>Cal. P.U.C. Sheet No</u>
TITLE PAGE.....	16015-E
TABLE OF CONTENTS.....	21942, 21847, 21943, 21882, 21768, 21939, 21893-E 21940, 21883, 21884, 21855, 21527, 19529-E
PRELIMINARY STATEMENT:	
I. General Information.....	8274, 18225, 18226-E
II. Balancing Accounts	
Description/Listing of Accounts	19402, 20706-E
California Alternate Rates for Energy (CARE) Balancing Account.....	21639, 21640-E
Rewards and Penalties Balancing Account (RPBA).....	21643, 21857-E
Transition Cost Balancing Account (TCBA).....	19410, 19411, 19412, 19413, 19414-E
Post-1997 Electric Energy Efficiency Balancing Account (PEEEBA).....	19415, 19416-E
Research, Development and Demonstration (RD&D) Balancing Account.....	19417, 19418-E
Renewables Balancing Account (RBA).....	19419, 19420-E
Tree Trimming Balancing Account (TTBA).....	19421, 19422-E
Baseline Balancing Account (BBA).....	21377, 19424-E
EI Paso Turned-Back Capacity Balancing Account (EPTCBA).....	19425-E
Energy Resource Recovery Account (ERRA).....	21606, 21932, 21933, 19429, 19430-E
Low-Income Energy Efficiency Balancing Account (LIEEBA).....	19431, 19432-E
Non-Fuel Generation Balancing Account (NGBA).....	21484, 21485, 21486, 21487-E
Electric Procurement Energy Efficiency Balancing Account (EPEEBA).....	19438-E
Common Area Balancing Account (CABA).....	19439-E
Nuclear Decommissioning Adjustment Mechanism (NDAM).....	19440-E
Pension Balancing Account (PBA).....	19441, 19442-E
Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA).....	19443, 19444-E
Community Choice Aggregation Implementation Balancing Account (CCAIBA).....	19445-E

(Continued)

1P5

Advice Ltr. No. 2183-E

Decision No. 09-09-036

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Lee Schavrien
Senior Vice President
Regulatory Affairs

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Effective _____

Resolution No. _____



TABLE OF CONTENTS

Sheet 3

III. Memorandum Accounts (Continued)

Litigation Cost Memorandum Account (LCMA).....	19494-E
Community Choice Aggregation Surcharge Memorandum Account (CCASMA).....	19988-E
Advanced Metering Infrastructure Memorandum Account (AMIMA).....	19496-E
Interim Call Center Memorandum Account (ICCMA).....	19497-E
Independent Evaluator Memorandum Account (IEMA).....	19498-E
Renewables Portfolio Standard Memorandum Account (RPSMA).....	19686-E
Market Redesign Technology Upgrade Memorandum Account.....	19972-E
Gain/Loss On Sale Memorandum Account (GLOSMA).....	20157-E
Non-Residential Submetering Memorandum Account (NRSMA)	20474-E
Long Term Procurement Plan Technical Assistance Memorandum Account (LTAMA).....	20640-E
Fire Hazard Prevention Memorandum Account (FHPMA).....	21344, 21345-E
Wildfire Expense Memorandum Account (WEMA).....	21359-E
Dynamic Pricing Memorandum Account (DPMA).....	21941-E
Smart Grid Memorandum Account (SGMA).....	21478-E
Disconnect Memorandum Account (DMA).....	21631-E

IV. Electric Distribution and Gas Performance	20736, 21378, 20738, 20739, 20740, 20741, 20742-E
Based Ratemaking (PBR) Mechanism.....	20743, 20744, 20745, 20746-E

V. SONGS 2&3 Procedures.....	17006, 17007-E
------------------------------	----------------

VI. Miscellaneous

Listing of Accounts	20158-E
Income Tax Component of Contributions and Advances Provision (ITCCAP).....	21516, 19501, 19502-E
Hazardous Substance Cleanup Cost Account (HSCCA)	19503, 19504, 21291, 19506, 19507, 19508-E 19509, 19510, 19511, 19512, 19513-E
Competition Transition Charge Responsibility (CTCR)	19514-E
Public Purpose Programs Adjustment Mechanism (PPPAM)	20610, 19516-E
Gain/Loss On Sale Mechanism (GLOSM)	20159, 20160, 20161, 20162, 20163-E

VII. Cost of Capital Mechanism (CCM).....	20697-E
---	---------

INDEX OF RATE AREA MAPS

Map 1 - Territory Served.....	15228-E
Map 1-A - Territory Served.....	4916-E
Map 1-B - Territory Served.....	7295-E
Map 1-C - Territory Served.....	9135-E
Map 1-D - Territory Served.....	9136-E

(Continued)

3P5

Advice Ltr. No. 2183-E

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