



Clay Faber - Director
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 858-654-3563
Fax: 858-654-1788
CFaber@semprautilities.com

November 22, 2010

ADVICE LETTER 2208-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: NOTICE OF ERRR TRIGGER/THRESHOLD SELF-CORRECTION IN
COMPLIANCE WITH D.07-05-008**

PURPOSE

The purpose of this Advice Letter is to notify the California Public Utilities Commission (Commission) that San Diego Gas & Electric's (SDG&E) Energy Resource Recovery Account (ERRA) balance exceeds its 4% trigger but remains under the 5% threshold. However, SDG&E projects the balance will self-correct below the 4% trigger within 120 days, in compliance with Decision 07-05-008.

BACKGROUND

D.02-10-062 established an ERRR trigger mechanism that required SDG&E to file an expedited application for Commission approval to adjust its rates within 60 days from the filing date whenever the ERRR balance reaches 4% of its prior year's recorded generation revenues, excluding revenues collected for the DWR, and is forecasted to exceed 5%. D.07-05-008 authorized SDG&E to notify the Commission by advice letter, rather than application, whenever its ERRR balance exceeded its trigger point of 4% if SDG&E's forecasts show that the ERRR balance would self-correct below the trigger within 120 days of the filing and a rate change would not be necessary. SDG&E is required to provide the necessary documentation supporting its proposal not to change rates.

SDG&E's recorded ERRR balance as of October 31, 2010 is a \$47.8 million overcollection, which is above the 4% trigger amount of \$44.4 million¹. SDG&E currently forecasts that this balance will exceed the 4% trigger until the end of November 2010, but is expected to self correct below the 4% trigger in December 2010. This is due to a forecasted decrease in seasonal revenues during the winter months as well as an increase in expenses resulting from higher gas prices. Because the balance remains under the 5% threshold for October 2010 actual results and the forecasted balance over the next 120 days, a rate change is not necessary. In addition, SDG&E filed Advice Letter (AL) 2201-E² to advise the Commission of its intent to include the forecasted year-end balance (projected to be below the 4% trigger) to be amortized in rates January 1, 2011³.

In compliance with D.07-05-008, SDG&E submits as Attachment A to this filing, documentation supporting SDG&E's monthly ERRR revenue collections and trigger calculations projecting a self-correction within 120 days.

¹ SDG&E's 2010 trigger and threshold amounts of \$44.4 million and \$55.4 million, respectively, were approved in Advice Letter 2147-E, effective February 16, 2010.

² SDG&E filed AL 2201-E on October 29, 2010 and is pending approval.

³ Pursuant to D.09-04-021, SDG&E shall include the ERRR year-end balance, if that balance is below the 5% trigger threshold, in rates on January 1 of each year through the regulatory account update filing.

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 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 advice letter be approved effective December 22, 2010, thirty 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 must be received by December 13, 2010, 20 days from the date this Advice Letter was filed with the Commission. 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 (inj@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 interested parties to service list 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) #: 2208-E

Subject of AL: Notice of ERRA Trigger/Threshold Self-Correction in Compliance with D.07-05-008

Keywords (choose from CPUC listing): Compliance, ERRA

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.07-05-008

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: 12/22/2010

No. of tariff sheets: N/A

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: N/A

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.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
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.06-12-009

Attachment A
Advice Letter 2208-E
San Diego Gas & Electric Company
Forecast of ERRA 2010 Account Balances

	Oct-10	Nov-10	Dec-10
	Recorded	Forecasted	Forecasted
1 Revenues	(\$75,490,298)	(\$56,537,003)	(\$55,583,402)
2 Expenses	\$55,737,746	\$57,024,036	\$66,306,378
3 FERC Refunds and Other ¹	\$1,063,179	\$1,044,337	\$1,044,337
4 Current Month Under / (Over) Collection	(\$18,689,373)	\$1,531,371	\$11,767,313
5 Interest Rate	0.24%	0.23%	0.23%
6 Interest	(\$7,681)	(\$9,007)	(\$7,734)
7 Current Month Balance with Interest	(\$18,697,054)	\$1,522,364	\$11,759,579
Transfers from Regulatory Accounts ²			\$17,341
8 Cumulative Balance	(\$47,757,404)	(\$46,235,040)	(\$34,458,119)
9 Calculated Trigger %	-4.31%	-4.17%	-3.11%

Trigger Notes:

1 Prior Year Generation Revenue	\$ 1,108,822,433
2 Threshold %	5.00%
3 Threshold Amount	\$ 55,441,122

Footnotes:

- ¹ Amounts include AG curtailment settlement payments received from Sempra Energy, carrying costs related to hedging and rebalancing costs related to Calpine.
- ² The balance in the Long Term Procurement Plan Technical Assistance Memorandum Account (LTAMA) is transferred on an annual basis to the ERRA in accordance with the LTAMA preliminary statement.