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December 3, 2010

ADVICE LETTER 2213-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: ESTABLISHMENT OF THE EL DORADO TRANSITION COST
MEMORANDUM ACCOUNT (EDTCMA)**

San Diego Gas & Electric Company (SDG&E) hereby submits for approval the following revisions to its electric tariffs as shown in the enclosed Attachment A.

PURPOSE

In compliance with Commission Decision (D.) 07-11-046, this filing establishes the El Dorado Transition Cost Memorandum Account (EDTCMA), as discussed below.

BACKGROUND

Commission D.07-11-046, issued November 19, 2007, approves the application of SDG&E to exercise an option to purchase a 480MW combined cycle power plant ("Plant"), located in Nevada, from El Dorado Energy, LLC. SDG&E will exercise this option in October, 2011. The decision also approves SDG&E's proposed framework for recovery of costs related to owning and operating the Plant. Pursuant to Commission D.07-11-046 and compliance with D.04-12-048, the Commission authorized SDG&E to utilize the Non Fuel Generation Balancing Account (NGBA) to record the authorized operations and maintenance (O&M) and capital-related non fuel revenue requirements associated with new turnkey/utility owned generation plants once ownership is transferred. Although SDG&E won't assume ownership of the plant until October 2011, there is a substantial amount of work that must be performed before that date to integrate the facility into the utility business and security systems to ensure a seamless operational transition when SDG&E takes ownership of the plant expected in October 2011.

Unfortunately, the majority of the Plant's business systems are incompatible with those utilized by SDG&E. The maintenance management system, accounting programs, inventory control,

payroll, network security, data loggers, energy control program, CAISO communications, document management, fuel procurement program, performance monitoring, etc. must all be transitioned to SDG&E as close as possible to the ownership transfer date. The effort to make this transition will take at least a year and must be undertaken immediately to avoid interruption of services and provide seamless delivery of power to SDG&E customers. The El Dorado facility will adopt SDG&E's business processes, yet retain their current PI servers and vibration and emissions monitoring equipment as those are compatible with the utility.

ESTABLISHMENT OF THE EL DORADO TRANSITION COST MEMORANDUM ACCOUNT (EDTCMA)

SDG&E requests to establish a new memorandum account, El Dorado Transition Cost Memorandum Account (EDTCMA), to record the operations and maintenance (O&M) costs of this transition effort occurring prior to SDG&E taking ownership of the Plant. The capital costs will remain in CWIP (Construction Work in Progress) until transferred into rate base when the plant is placed into service for SDG&E.

Consistent with D.07-11-046, SDG&E proposes to record incremental O&M costs associated with integrating the El Dorado power plant into SDG&E's business and security systems prior to taking ownership of the plant in October 2011 to the EDTCMA¹.

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 January 2, 2011 -- 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 must be received within 20 days of the date this Advice Letter was filed with the Commission, or December 23, 2010. 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

¹ SDG&E anticipates incremental costs including data conversion, training, network/security, data file preparation, minor equipment, and application support to total approximately \$600,000.

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 R.06-02-013, 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

Attachments

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: csondrini@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) #: 2213-E

Subject of AL: Establishment of the El Dorado Transition Cost Memorandum Account (EDTCMA)

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 #:

D.07-11-046

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: N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 1/2/2011

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 Memo Account (EDTCMA) and Table of Contents

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

R.06-02-013

ATTACHMENT
ADVICE LETTER 2213-E

| Cal. P.U.C. Sheet No. | Title of Sheet | Canceling Cal. P.U.C. Sheet No. |
|--------------------------|---|------------------------------------|
| Original 22095-E | PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, EL DORADO TRANSITION COST MEMORANDUM ACCOUNT (EDTCMA), Sheet 1 | |
| Revised 22096-E | TABLE OF CONTENTS, Sheet 1 | Revised 22085-E |
| Revised 22097-E | TABLE OF CONTENTS, Sheet 3 | Revised 22058-E |



PRELIMINARY STATEMENT

Sheet 1

III. MEMORANDUM ACCOUNTS
EL DORADO TRANSITION COST MEMORANDUM ACCOUNT (EDTCMA)

1. Purpose: The purpose of the El Dorado Transition Cost Memorandum Account is to record the incremental operations and maintenance (O&M) costs associated with integrating the El Dorado power plant into SDG&E's business and security systems prior to taking ownership of the plant in October 2011. Decision (D.)07-11-046 approves SDG&E's request to exercise its option to purchase the El Dorado power plant and its proposed cost recovery related to owning and operating the plant.
2. Applicability: This account shall apply to the Utility's bundled service customers.
3. Rates: The EDTCMA does not have a separate rate component.
4. Accounting Procedure: The Utility shall maintain the EDTCMA by recording entries at the end of each month as follows:
 - a. A debit entry to record incremental O&M costs incurred to integrate the El Dorado power plant into SDG&E's business and security systems including but not limited to maintenance management system, accounting programs, inventory control, accounts payable, payroll, employee benefits, network security, data loggers, energy control program, CAISO communications, document management, fuel procurement program, phone system, performance monitoring, training, and other administrative expenses.
 - b. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries in 4.a, 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 balance in the EDTCMA will be transferred to the Non-fuel Generation Balancing Account (NGBA) upon the El Dorado power plant in-service date.

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Advice Ltr. No. 2213-E

Decision No. D.07-11-046

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Dec 3, 2010

Effective _____

Resolution No. _____



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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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Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Dec 3, 2010

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|--------------------------|---|----------------|-------------|
| 3P5 | Issued by | Date Filed | Dec 3, 2010 |
| Advice Ltr. No. 2213-E | Lee Schavrien | Effective | |
| Decision No. D.07-11-046 | Senior Vice President Regulatory Affairs | Resolution No. | |