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December 22, 2010

**ADVICE LETTER 1999-G**  
(U 902-G)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REQUEST TO ESTABLISH A NATURAL GAS APPLIANCE TESTING (NGAT) MEMORANDUM ACCOUNT IN COMPLIANCE WITH D.08-11-031 AND D.10-12-002**

San Diego Gas & Electric Company (SDG&E) hereby submits for filing the following revisions to its gas tariffs as shown on the attachment.

**PURPOSE**

The purpose of this advice filing is to request approval from the California Public Utilities Commission (Commission) to establish a Natural Gas Appliance Testing Memorandum Account (NGATMA) pursuant to D.10-12-002 to track unanticipated and unforeseen NGAT costs associated with implementing D.08-11-031, the 2009-2011 Low Income Energy Efficiency (LIEE) and California Alternate Rates for Energy (CARE) Decision. The function of the NGATMA is to track the LIEE-related NGAT costs that are not currently in base rates until those costs are reviewed by the Commission and authorized for recovery through base rates in SDG&E's next general rate case (GRC) or in a separate proceeding initiated by a formal application.

**BACKGROUND**

D.08-11-031 authorized SDG&E's LIEE 2010-2012 program plans and budget consistent with achieving the Commission's programmatic initiative as adopted in D.07-12-051. The Commission, in D.08-11-031, reiterated its intent that the LIEE program "evolve into a resource program that garners significant energy savings in our state while providing an improved quality of life for California's low income population"<sup>1</sup>. In order to promote the strategic direction of the program, D.08-11-031 set aggressive LIEE goals to support its programmatic initiative.

On May 14, 2010, SDG&E and Southern California Gas Company (SoCalGas) jointly filed a Petition to Modify (PFM) D.08-11-031 which included a request to establish memorandum accounts to track unanticipated natural gas appliance testing costs incurred in excess of the estimated funds forecasted and authorized in the GRC through D.08-07-046. The PFM specified the establishment of memorandum accounts based on the "implied authorized level of NGAT

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<sup>1</sup> D.08-11-031 (p. 2)

funding" from D.08-07-046, which approved SDG&E's Test Year 2008 revenue requirement settlement with the Division of Ratepayer Advocates. D.08-11-031 was issued three months after D.08-07-046 and required NGAT testing of significantly more LIEE homes such that these expenditures, not anticipated by SDG&E at the time of the GRC Decision, must be incurred and therefore should be tracked.

On December 2, 2010 the Commission issued D.10-12-002, finding SDG&E's request to modify D.08-11-031 to permit the establishment of memorandum accounts to track unforeseen NGAT costs was "reasonable and therefore granted". SDG&E hereby submits this AL in accordance with Ordering Paragraph 1a of D.10-12-002, which states that the "large investor owned utilities are hereby authorized to establish memorandum accounts to track unanticipated and unforeseen natural gas appliance testing costs."

### **TARIFF CHANGES**

In support of the Commission's programmatic initiative and in accordance with the orders and decisions noted above, SDG&E is revising its Gas Preliminary Statement to establish the Natural Gas Appliance Testing Memorandum Account (NGATMA). This account will track incremental NGAT expenses incurred as a result of the pursuit of the aggressive program goals imposed by D.08-11-031. Costs will be tracked in the NGATMA until those costs are reviewed by the Commission and authorized for recovery through base rates in SDG&E's general rate case or in a separate proceeding initiated by a formal application.

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 that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore SDG&E respectfully requests that this advice letter become effective January 21, 2011, which is 30 calendar days after the date filed.

### **PROTEST**

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impacts, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the CPUC, or January 11, 2011. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission  
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 Honesto Gatchallian ([inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)) and Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) of the Energy Division. It is also requested that a copy of the protest 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](mailto: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.08-05-024, 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](mailto:SDG&ETariffs@semprautilities.com).

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CLAY FABER  
Director – SDG&E Regulatory Affairs

(cc list enclosed)

# 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: mcaulson@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) #: 1999-G

Subject of AL: Request to Establish a Natural Gas Appliance Testing (NGAT) Memorandum Account in Compliance with D.08-11-031 and D.10-12-002

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 #:

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 AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 1/21/2011

No. of tariff sheets: 4

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: Listing of Memorandum Accounts, NGAT Memorandum Account, TOC

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

**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**

<sup>1</sup> 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.08-05-024

ATTACHMENT A  
ADVICE LETTER 1999-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 18555-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, DESCRIPTION/LISTING OF ACCOUNTS, Sheet 2	Revised 17819-G
Revised 18556-G	V. MEMORANDUM ACCOUNTS, NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA), Sheet 1	Original 17686-G
Revised 18557-G	TABLE OF CONTENTS, Sheet 1	Revised 18553-G
Revised 18558-G	TABLE OF CONTENTS, Sheet 2	Revised 18505-G



San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 18555-G

Canceling Revised Cal. P.U.C. Sheet No. 17819-G

**PRELIMINARY STATEMENT**

Sheet 2

V. MEMORANDUM ACCOUNTS  
DESCRIPTION/LISTING OF ACCOUNTS

Listing of Accounts

- Catastrophic Event Memorandum Account (CEMA)
- Core Reclassification Shortfall Memorandum Account (CRSMA)
- Liquefied Natural Gas Service Tracking Account (LNGSTA)
- Self-Generation Program Memorandum Account (SGPMA)
- FERC Settlements Proceeds Memorandum Account (FSPMA)
- Gain/Loss on Sale Memorandum Account (GLOSMA)
- General Rate Case Revenue Requirement Memorandum Account (GRCRRMA)
- Natural Gas Appliance Testing Memorandum Account (NGATMA)

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NOTE: For information relating to the Hazardous Substance Memorandum Account (HSMA), which is part of the Hazardous Substance Cleanup Cost Account (HSCCA), see Section VIII.

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Advice Ltr. No. 1999-G

Decision No. \_\_\_\_\_

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Dec 22, 2010

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_



**V. MEMORANDUM ACCOUNTS**

Sheet 1

NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA)

1. Purpose:The NGATMA is an interest bearing memorandum account that is recorded on the Utility's financial statements. Per D.10-12-002, the NGATMA tracks the difference between recorded Low-Income Energy Efficiency (LIEE)-related NGAT costs and the corresponding authorized costs embedded in base rates. The cost differential is a result of Decision (D.) 08-11-031 which set aggressive goals for the number of homes to be treated through the LIEE program in order to meet the Commission's programmatic initiative which represents a significant increase from the goals established in SDG&E's last General Rate Case (GRC).
2. Applicability: See disposition section.
3. Rates: The balance in the NGATMA will be included in gas transportation rates upon Commission approval.
4. Accounting Procedure: The Utility shall maintain the NGATMA by making entries at the end of each month as follows:
  - a. A debit entry equal to recorded NGAT costs,
  - b. A credit entry equal to 1/12 of the authorized annual revenue requirement for NGAT costs embedded in base rates,
  - c. An entry for amortization of the NGATMA balance as authorized by the Commission, and
  - d. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entries 4.a. and 4.b. 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 disposition of the account balance will be addressed in SDG&E's next GRC, or other appropriate proceeding.

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