

From: Allen, Meredith
Sent: 3/17/2011 4:52:16 PM
To: Murtishaw, Scott (sgm@cpuc.ca.gov)
Cc: WBlattner@SempraUtilities.com (WBlattner@SempraUtilities.com);
'Brian.Prusnek@sce.com' (Brian.Prusnek@sce.com)
Bcc:
Subject: AB32 Interim Allowance Revenue Return

Scott,

Below is draft language that addresses the interim 2012 allowance revenue return issue in the context of the OIR for our discussion tomorrow. The three utilities worked on this language.

10 am works for SCE and SDG&E.

Thanks,
Meredith

PG&E, SCE and SDG&E shall forecast in their respective Energy Resource Recovery Account (ERRA) forecast filings for calendar year 2012 the amount of revenues that the utilities forecast they will receive during the 2012 period from those GHG allowances that the utilities might receive via free allocation from the California Air Resources Board ("CARB" or "ARB") pursuant to its AB 32 cap and trade program. The forecast free allowance revenues will be used to reduce a delivery rate component (e.g. distribution) that all customers, including Direct Access and Community Choice Aggregation service customers pay, so that all customers receive the benefit of the free allowance revenue. Both the GHG costs and allowance revenues will be allocated between customer classes in the same manner. As such, bundled service customers' bills will reflect the impact of the forecast free allowance revenues netted against the forecast AB 32 cap and trade compliance costs on a volumetric basis. This interim policy shall remain in effect for calendar years 2012 and after until and unless modified by the Commission in this proceeding.