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April 20, 2012

ADVICE LETTER 2106-G

(U 902-G)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: ESTABLISHMENT OF THE PIPELINE SAFETY AND RELIABILITY
MEMORANDUM ACCOUNT (PSRMA) PURSUANT TO DECISION
12-04-021**

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 revise SDG&E's Gas Preliminary Statements, Section V (Memorandum Accounts), and establish a Pipeline Safety and Reliability Memorandum Account pursuant to Ordering Paragraph (OP) 3 of Decision (D.) 12-04-021.

BACKGROUND

On April 19, 2012, in D.12-04-021, the Commission, among other things, adopted the transfer of the reasonableness and ratemaking review of the Natural Gas Pipeline Safety Enhancement Plan (PSEP) proposed by SDG&E and Southern California Gas Company from Rulemaking (R.) 11-02-019 to their pending Triennial Cost Allocation Proceeding (TCAP) Application (A.) 11-11-002, and authorizes the establishment of a memorandum account for both companies as described below.

PSRMA

Pursuant to OP 3 of D.12-04-021, SDG&E is establishing the PSRMA to record for later Commission ratemaking consideration the total, fully loaded and escalated costs of implementing its PSEP and costs associated with the review of records and implementation of interim safety measures, as described in Attachment A and B, respectively, filed in its January 13, 2012 comments supporting the transfer of the PSEP to the TCAP and providing further detail on its proposed memorandum account. Specifically, the PSRMA will record incremental costs incurred during the first 12 months of implementing the PSEP, the costs associated with the review of records in compliance with Commission Resolution L-410, and the implementation of interim safety measures. The disposition of the PSRMA balance will be addressed in SDG&E's 2013 TCAP. SDG&E anticipates implementing its PSEP beginning June 1, 2012.

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. This filing is consistent with D.12-04-021 and therefore SDG&E respectfully requests that this filing be approved and effective on May 20, 2012, which is 30 days after 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 no later than May 10, 2012, which is 20 days of 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:

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 the Energy Division at EDTariffUnit@cpuc.ca.gov. 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) 654-1879
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 R.11-02-019 and A.11-11-002, 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) 654-1879 or by e-mail at SDG&ETariffs@semprautilities.com.

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: Christina Sondrini

Phone #: (858) 636-5736

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) #: 2106-G

Subject of AL: Establishment of the Pipeline Safety and Reliability Memorandum Account (PSRMA)

Pursuant to Decision 12-04-021

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.12-04-021

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: 5/20/2012

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, PSRMA Memorandum Account, 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
EDTariffUnit@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. Cameron

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:

R.11-02-019

A.11-11-002

ATTACHMENT A
ADVICE LETTER 2106-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 19308-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, DESCRIPTION/LISTING OF ACCOUNTS, Sheet 2	Revised 19081-G
Original 19309-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (PSRMA), Sheet 1	
Revised 19310-G	TABLE OF CONTENTS, Sheet 1	Revised 19306-G
Revised 19311-G	TABLE OF CONTENTS, Sheet 2	Revised 19307-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)
- California Institute for Climate Solutions (CICSMA)
- Energy Efficiency 2009-2011 Memorandum Account (EEMA)
- Natural Gas Appliance Testing Memorandum Account (NGATMA)
- Wildfire Expense Memorandum Account (WEMA)
- Disconnect Memorandum Account (DMA)
- California Solar Initiative Thermal Program Memorandum Account (CSITPMA)
- Environmental Fee Memorandum Account (EFMA)
- General Rate Case (GRC) Memorandum Account (GRCMA)
- 2012 – 2014 Energy Savings Assistance Programs Memorandum Account (ESAPMA)
- Pipeline Safety and Reliability Memorandum Account (PSRMA)

N

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. 2106-G

Decision No. 12-04-021

Issued by
Lee Schavrien
Senior Vice President

Date Filed Apr 20, 2012

Effective _____

Resolution No. _____



PRELIMINARY STATEMENT

Sheet 1

V. MEMORANDUM ACCOUNTS

PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (PSRMA)

1. Purpose

The purpose of the PSRMA is to record the incremental costs associated with compliance with the Commission's directives in Rulemaking 11-02-019. In Decision (D.) 12-04-021, the Commission directs SDG&E to file this advice letter to create a memorandum account to record the escalated direct and incremental overhead costs of implementing its proposed Pipeline Safety Enhancement Plan (PSEP), as well as the costs associated with the review of records and interim safety measures. Should cost estimates for implementing the PSEP and reviewing records increase by more than 10%, SDG&E will file a Tier 1 advice letter notifying the Commission of such increased costs.

2. Applicability

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

3. Rates

See Disposition Section.

4. Accounting Procedures

The Utility shall maintain the PSRMA by recording entries at the end of each month as follows, net of FF&U where applicable:

- a. A debit entry equal to the actual incremental costs (i.e., O&M and capital-related costs such as depreciation, income taxes and return) associated with the PSEP costs incurred during the implementation of its PSEP;
- b. A debit entry equal to the incremental costs associated with the review of records performed in compliance with Commission Resolution L-410 and implementation of interim safety measures, pursuant to D.12-04-021;
- c. An entry equal to the amortization of the PSRMA balance as authorized by the Commission; and
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries above, 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

The disposition of this account will be addressed in a Commission decision in SDG&E's 2013 Triennial Cost Allocation Proceeding (Application 11-11-002) or other future Commission decisions.

N
N
N
N
N

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Senior Vice President

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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.

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