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June 18, 2012

ADVICE LETTER 2365-E-A
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: PARTIAL SUPPLEMENTAL - REVISIONS TO THE POWER CHARGE
INDIFFERENCE ADJUSTMENT AND TRANSITIONAL BUNDLED SERVICE
RATE COMPONENTS PURSUANT TO DECISION 11-12-018 AND
RESOLUTION E-4475**

PURPOSE

This partial supplemental advice letter is being filed to supplement San Diego Gas & Electric Company (SDG&E) Advice Letter (AL) 2365-E, in order to correct the credit rates for the 2011 Power Charge Indifference Adjustment (PCIA) refund (included herein as Attachment B), slight modifications to Attachment C (Market Price Benchmark by Vintage) to correct a single contract represented in the wrong vintage, and to clarify that SDG&E will revise its 2011 Ongoing Competition Transition Charge (CTC) and re-bill affected customers for both the PCIA and CTC charges.

DISCUSSION

SDG&E filed AL 2365-E on May 29, 2012, which sought California Public Utilities Commission (Commission) approval of revisions to the PCIA and transitional bundled service rate components pursuant to D.11-12-018 and Commission Resolution E-4475.

Subsequent to filing, SDG&E discovered a reference error¹ in the calculation of the PCIA credit rates that were submitted in Attachment B. Attachment B of this substitute filing includes the corrected PCIA credit rates. It was also discovered that a single contract was represented in the wrong vintage². Attachment C to this filing includes slight adjustments to market price benchmarks by vintage as a result of this correction.

¹ The CTC amount included in the PCIA credit rates calculation had a reference error that failed to update for the revised CTC.

² The contract San Marcos Landfill was identified as a 2011 vintage as it had recently been renegotiated. In fact, the "old world" vintage contract was still in effect until 5/1/2011 and these costs should have been identified accordingly.

Additionally, pursuant to discussions with the Energy Division, and the issuance of a Disposition Letter regarding Pacific Gas & Electric's (PG&E's) equivalent AL 4044-E, which clarified that "the Commission's intent in the ordering paragraphs in D.11-12-018 was to give customers credit for the effects of the new indifference methodology for the entire Power Charge Indifference Amount revenue used to develop the PCIA and Ongoing CTC charges"³, SDG&E will file a separate AL, served in the same manner as AL 2365-E, providing 2011 modified CTC rates so SDG&E can re-bill affected customers for both the PCIA and CTC charges. As required, the AL will include supporting documentation showing all underlying calculations.

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on June 18, 2012, the date filed, per Resolution E-4475.

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 July 8, 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:

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. 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) 654-1879
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 in R.07-05-025, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped or addressed.

³ PG&E Disposition Letter for Advice Letter 4044-E, pg. 2

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1879 or by email to 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: 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) #: 2365-E-A

Subject of AL: Partial Supplemental - Revisions to the Power Charge Indifference Adjustment and Transition Bundled Service Rate Components Pursuant to Decision 11-12-018 and Resolution E-4475

Keywords (choose from CPUC listing): Compliance, Direct Access

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

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

D.11-12-018 & Resolution E-4475

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: 6/18/12

No. of tariff sheets: 0

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
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

S. Cauchois
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
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

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

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

Dynergy, 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

Pacific Gas & Electric Co.

J. Clark

M. Huffman

S. Lawrie

E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

San Diego Regional Energy Office

S. Freedman

J. Porter

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. 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.07-05-025



SAN DIEGO GAS & ELECTRIC ADVICE LETTER 2365-E-A

REVISED ATTACHMENT B

PCIA CREDIT RATES REFUND WORKPAPERS

**San Diego Gas & Electric
Advice Letter 2365-E-A
Attachment B**

Summary of PCIA Credit Rates

| Year | 2010 | | 2010 | | 2011 | | 2011 | | 2011 | |
|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| Dates Effective | 5/1/10 to 8/31/11 | | 5/1/10 to 8/31/11 | | 9/1/11 to present | | 9/1/11 to present | | 9/1/11 to present | |
| | Credit Rate Outside City of SD | Credit Rate Inside City of SD | Credit Rate Outside City of SD | Credit Rate Inside City of SD | Credit Rate Outside City of SD | Credit Rate Inside City of SD | Credit Rate Outside City of SD | Credit Rate Inside City of SD | Credit Rate Outside City of SD | Credit Rate Inside City of SD |
| Vintage | 2009 | 2009 | 2010 | 2010 | 2009 | 2009 | 2010 | 2010 | 2011 | 2011 |
| ERRA Application Decision | A.09-10-003 D.10-04-010 | A.09-10-003 D.10-04-010 | A.09-10-003 D.10-04-010 | A.09-10-003 D.10-04-010 | A.10-10-001 D.11-07-041 | A.10-10-001 D.11-07-041 | A.10-10-001 D.11-07-041 | A.10-10-001 D.11-07-041 | A.10-10-001 D.11-07-041 | A.10-10-001 D.11-07-041 |
| Residential | | | | | | | | | | |
| Non-Continuous - Existing | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| Small Commercial | | | | | | | | | | |
| Non-Continuous - Existing | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| Non-Continuous - New | (\$0.00056) | (\$0.00060) | (\$0.00064) | (\$0.00068) | (\$0.01089) | (\$0.01151) | (\$0.01206) | (\$0.01275) | (\$0.01071) | (\$0.01132) |
| Continuous - New | (\$0.00057) | (\$0.00061) | (\$0.00064) | (\$0.00068) | (\$0.00979) | (\$0.01035) | (\$0.01074) | (\$0.01135) | (\$0.00850) | (\$0.00899) |
| M/L C&I | | | | | | | | | | |
| Non-Continuous - Existing | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| Non-Continuous - New | (\$0.00056) | (\$0.00060) | (\$0.00064) | (\$0.00068) | (\$0.01366) | (\$0.01444) | (\$0.01549) | (\$0.01637) | (\$0.01479) | (\$0.01564) |
| Continuous - New | (\$0.00057) | (\$0.00061) | (\$0.00064) | (\$0.00068) | (\$0.01261) | (\$0.01333) | (\$0.01433) | (\$0.01515) | (\$0.01320) | (\$0.01395) |
| Agricultural | | | | | | | | | | |
| Non-Continuous - Existing | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| Non-Continuous - New | (\$0.00056) | (\$0.00060) | (\$0.00064) | (\$0.00068) | (\$0.01609) | (\$0.01700) | (\$0.01857) | (\$0.01963) | (\$0.01853) | (\$0.01959) |
| Continuous - New | (\$0.00057) | (\$0.00061) | (\$0.00064) | (\$0.00068) | (\$0.01506) | (\$0.01592) | (\$0.01753) | (\$0.01853) | (\$0.01747) | (\$0.01847) |
| Streetlighting | | | | | | | | | | |
| Non-Continuous - Existing | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.00000 |
| Non-Continuous - New | (\$0.00056) | (\$0.00060) | (\$0.00064) | (\$0.00068) | (\$0.01821) | (\$0.01925) | (\$0.02070) | (\$0.02188) | (\$0.02065) | (\$0.02184) |
| Continuous - New | (\$0.00057) | (\$0.00061) | (\$0.00064) | (\$0.00068) | (\$0.01719) | (\$0.01817) | (\$0.01966) | (\$0.02079) | (\$0.01961) | (\$0.02073) |



SAN DIEGO GAS & ELECTRIC ADVICE LETTER 2365-E-A

REVISED ATTACHMENT C

MARKET PRICE BENCHMARK WORKPAPERS

**San Diego Gas & Electric
Advice Letter 2365-E-A
Attachment C**

**Market Price Benchmark by Vintage
Workpaper**

| Vintage | Old World (Pre-2003) | 2004-2008 | 2009 | 2010 | 2011 |
|----------------------------|----------------------|-----------|-------|------|-------|
| Portfolio Generation (GWh) | 9,088 | 4,557 | 2,847 | 343 | 1,092 |
| Portfolio NQC (MW) | 1,460 | 692 | 654 | 173 | 1,463 |
| RPS Generation (GWh) | 21 | 1,193 | 337 | 301 | 358 |

Market Price Benchmark Variables (by vintage)

| Vintage | Old World (Pre-2003) | 2004-2008 | 2009 | 2010 | 2011 |
|-------------------------------------|----------------------|-----------|-----------------|-----------------|-----------------|
| Portfolio Generation (GWh) | 9,088 | | 16,492 | 16,835 | 17,927 |
| Portfolio NQC (MW) | 1,460 | | 2,806 | 2,979 | 4,442 |
| RPS Generation (GWh) | 21 | | 1,551 | 1,853 | 2,211 |
| RPS % of portfolio | 0.2% | | 9.4% | 11.0% | 12.3% |
| CAP ADDER (\$/MWh) | \$ 8.06 | | \$ 8.54 | \$ 8.88 | \$ 12.43 |
| Market Price Benchmark (MPB) | \$ 46.18 | | \$ 50.81 | \$ 51.89 | \$ 56.19 |

Formulas

$$MPB = ((1-RPS\%) \times BROWN + (RPS\% \times GREEN) + CAP ADDER) \times Losses$$

$$GREEN = (0.68 \times URGgreen) + (0.32 \times [BROWN + DOEadder])$$

$$CAP ADDER = CAP VALUE \times Portfolio NQC / Portfolio Generation$$

Market Price Benchmark Variables (universal)

| | | | | |
|-----------|----|-------|----------|--|
| CAP VALUE | \$ | 50.17 | \$/kW-yr | 2010 CEC Report, Table 4 |
| BROWN | \$ | 36.12 | \$/MWh | calculated by Energy Division based on IOU input |
| GREEN | \$ | 79.34 | \$/MWh | calculated by Energy Division based on IOU input |
| Losses | \$ | 1.043 | | |
| URG Green | \$ | 91.13 | \$/MWh | calculated by Energy Division based on IOU input |
| DOEadder | \$ | 18.15 | \$/MWh | calculated by Energy Division based on IOU input |
| RPSadder | \$ | 43.22 | \$/MWh | |

BROWN calculation provided by Energy Division

| Year: 2011 | | SP15 SDG&E |
|------------------------------|--------------------------|----------------|
| October 1 through October 31 | Avg On-peak Price (MWh) | \$ 40.58 |
| October 1 through October 31 | Avg Off-peak Price (MWh) | \$ 28.17 |
| Provided by SDG&E | On-peak Weight | 64.00% |
| Provided by SDG&E | On-peak Weight | 36.00% |
| Weighted Price (MWh) | | \$36.12 |