

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish
Policies and Cost Recovery Mechanisms for
Generation Procurement and Renewable
Resource Development

R.01-10-024
(Filed October 25, 2001)

**THE DIVISION OF RATEPAYER ADVOCATES' RESPONSE TO THE
PETITION FOR MODIFICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY OF DECISION (D.) 04-01-050 TO ESTABLISH A NEW FILING
DATE FOR ITS ANNUAL ERRA FORECAST APPLICATION**

(PUBLIC VERSION)

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March 11, 2013

Pursuant to Rule 16.4 (f) of the Commission’s Rules of Practice and Procedure,¹ the Division of Ratepayer Advocates (“DRA”) submits this response (“DRA’s Response”) to the *Petition for Modification of San Diego Gas & Electric Company of Decision (D.) 04-01-050 to Establish a New Filing Date for Its Annual ERRA Forecast Application*, filed February 7, 2013 (“SDG&E’s Petition”).

DRA recommends rejecting SDG&E’s Petition because: (1) the October 1 Filing Date has not delayed the Commission’s decisions on SDG&E’s annual ERRA forecast applications, and the filing date was not the driving factor for any of SDG&E’s trigger applications; (2) April 15 is too early in the year to file an ERRA forecast application for the next year; and (3) the suggested April 15 date would coincide with ERRA compliance applications and may cause delay in the decision of these ERRA proceedings. Instead, SDG&E should consider other options to avoid future trigger applications.

I. INTRODUCTION

In its Petition, SDG&E requests the Commission to modify Decision 04-01-05 by changing the annual filing date of SDG&E’s annual ERRA Forecast Application from October 1 to April 15.² SDG&E also requests a filing date of May 1, 2013 for the forecast year of 2014 if the Commission has not rendered a final decision on this petition by April 1, 2013.³ The Commission should deny SDG&E’s Petition because the October 1 date has not unduly prejudiced SDG&E. The Commission has consistently and efficiently decided SDG&E’s ERRA applications. Moreover, in the almost ten years since the implementation of the ERRA process, a large majority of decisions regarding all utilities’ ERRA forecast applications have been released during the forecast year and not during the filing year. Finally, the October 1 filing date provides enough time for the Commission to review SDG&E’s forecast applications, considering that the Commission

¹ All further references to the Rules are to the Commission’s Rules of Practice and Procedure unless otherwise indicated.

² SDG&E’s Petition, p. 6.

³ *Id.* at p. 6.

typically decides SDG&E's applications within a short period of time (the shortest among all utilities).

SDG&E asserts that the Commission's delay in approving its 2011 ERRA Forecast applications was a "driving factor" for its two trigger applications in 2012. However, if the timing of the decision was a contributing cause, any delay was not the driving factor for SDG&E's 2012 trigger applications. Moreover, the confluence of events that led SDG&E to file two trigger applications in 2012 is rare and does not reflect a sustained problem with the timing of SDG&E's filings.

The Commission should also deny SDG&E's petition because an April 15 filing date is premature. SDG&E's April 15 forecast would most likely become obsolete by the end of the year because the forecast assumptions such as natural gas prices, projected sales, load, power prices, would drastically change during the forecast year. SDG&E suggests that filing an update in November would address any changes in the forecast assumption, but the conditions may change so dramatically in the seven months between April 15 and the November update that the November filing would effectively become a completely new ERRA forecast application. An update would delay the adoption of the decision beyond the current schedule as the Commission would need to conduct a full review on the entire SDG&E's application for a second time. Further, given the likelihood of significant changes in the forecast assumptions, DRA would need additional evidentiary hearings to cross-examine SDG&E's witnesses regarding the "updated" filing.

The Commission should also deny SDG&E's petition because an April 15 filing would conflict with the three utilities' ERRA compliance applications. And while changing SDG&E's ERRA forecast application date from October 1 to April 15 will not ensure a year-end Commission decision, it will force the Commission to stretch limited resources during the busiest part of the ERRA cycle and could harm the other two utilities' applications by causing delays in the decision of their ERRA compliance proceedings.

Lastly, as an April 15 date will not necessarily prevent SDG&E from falling into a triggered position, DRA would like to discuss alternatives with SDG&E that may improve the timing of the approval of its forecast applications and/or other actions that may prevent the occurrence of trigger applications.

II. DISCUSSION

A. **The Commission Should Deny SDG&E’s Petition Because the October 1 Date Has Not Delayed the Commission’s Decisions on SDG&E’s Annual ERRA Forecast Applications, and the Filing Date Was Not the Driving Factor for Any of SDG&E’s Trigger Applications.**

The core argument of SDG&E’s Petition is that the “July 2012 issuance of a Commission decision in its 2011 ERRA Forecast Case, A. 11-09-022” was a “driving factor” for its two trigger applications in 2012.⁴ SDG&E also seems to imply that the timing of its ERRA applications caused the delay in the Commission’s decisions and, subsequently, the 2012 trigger applications.⁵ However, the historical record of the Commission’s decisions on SDG&E’s ERRA Forecast applications invalidates SDG&E’s main argument and implied conclusion. First, as detailed below, since the inception of ERRA filings in 2003, the Commission has consistently decided SDG&E’s ERRA forecast applications within the first months of the forecast year. Further, the timing of its ERRA Forecast was neither the driving factor for the two 2012 trigger applications nor a contributing cause for any of the remaining four trigger applications that SDG&E has filed in the decade-long history of ERRA. Finally, the 2012 trigger applications originated in a series of rare events that combined with the July issuance of the Commission decision, but these applications do not reflect a sustained problem with the current ERRA schedule.

⁴ *Id.* at p. 4.

⁵ SDG&E indicates that the purpose of its Petition is to “avoid further Trigger Applications that are precipitated by the types of circumstances noted here and to provide stable rates to SDG&E’s customers.” *Id.* at p. 5.

1. The October 1 Filing Date Provides Enough Time for the Commission to Review SDG&E’s Forecast Application.

SDG&E asserts that “the Commission’s decisions on SDG&E’s ERRA Forecast Application have, in recent years, consistently not been issued by the end of the year and *generally not until several months into the new year*,” citing the 2011 and 2012 July decisions as examples of the Commission’s “pattern” of tardiness.⁶ However, as Attachment A shows, while it is true that two most recent decisions (corresponding to the 2011 and 2012 forecast years) were not released until July, the Commission issued three decisions on SDG&E’s ERRA forecast applications in February (in 2006, 2007, and 2008), two in April (in 2009 and 2010), and one in March (in 2005).⁷ In other words, in almost a decade of ERRA filings,⁸ the Commission has decided the large majority of SDG&E’s annual forecast applications—i.e., six out of eight—in the first four months of each year.⁹ SDG&E’s bold statement that the Commission has “generally” issued its decisions “several months into the new year” is misleading. The word “generally” is defined as “in most cases” or “usually,”¹⁰ but only 20 percent the decisions issued during the second part of the forecast year do not constitute “most of the cases.”

SDG&E also claims that the Commission has expressed an objective to render “timely decisions” on ERRA forecast applications by the end of the calendar year, and requests the Commission to modify SDG&E’s filing date from October 1 to April 15.¹¹ SDG&E unrealistically believes that if it files its ERRA forecast applications on April 15, the Commission will issue a decision by the end of each filing year.¹² Although the

⁶ SDG&E’s Petition, pp. 3–4 (emphasis added).

⁷ See Attachment A, Column 6.

⁸ See *id.* SDG&E has filed its ERRA forecast applications on October 1 since 2004.

⁹ See *generally* Attachment A. Since 2003, the Commission has decided nine SDG&E’s ERRA forecast applications, but SDG&E did not file its ERRA forecast applications on October 1 in 2003.

¹⁰ Oxford dictionary, “Generally,” http://oxforddictionaries.com/us/definition/american_english/generally?q=generally (last visited March 5, 2013)

¹¹ SDG&E’s petition, p. 3.

¹² *Id.*

Commission stated the above mentioned objective, the review of forecast applications for SDG&E and the other two investor-owned utilities (“IOUs”) has rarely finalized at the end of the filing year for reasons other than the timing of their applications. In fact, as Attachment B shows, for the 20 applications decided since the new filing schedule was implemented in Decision 04-01-050, the Commission has only decided four ERRA forecast applications during the filing year.¹³ Attachment B also demonstrates that even though Pacific Gas and Electric’s (“PG&E”) and Southern California Edison (“SCE”) have an earlier filing date pursuant to Decision 04-01-050, the large majority of decisions on all IOUs’ ERRA forecast applications (20 in total, including SDG&E’s filings) have been released during the forecast year (and even during the year after the forecast year), regardless of the filing date assigned to each utility.¹⁴ For instance, while PG&E has the earliest assigned ERRA forecast filing date (June 1) and SDG&E has the latest (October 1), half of the decisions on PG&E’s filings were released on the same date as,¹⁵ one month before,¹⁶ or months (and even more than a year) later than those regarding SDG&E’s applications.¹⁷ Further, while SCE files its ERRA forecast applications on September 1, one month before SDG&E’s filing date, the Commission has decided all SCE’s applications during the first months of the forecast year and almost at the same

¹³ Attachment B, Column 3. Between 2008 and 2011, the Commission decided Pacific Gas and Electric’s (“PG&E”) ERRA Forecast Applications within the respective filing years. These decisions are: Decision 08-12-029, dated December 18, 2008; Decision 09-12-021, dated December 19, 2009; Decision 10-12-007, dated December 10, 2010; and Decision 11-12-031, dated December 15, 2011.

¹⁴ Attachment B, Columns 3, 6 & 8 (showing the dates of the ERRA forecast decisions for PG&E, SCE, and SDG&E from 2004 to 2012).

¹⁵ See Attachment B, Columns 3 & 8. On February 28, 2008, the Commission issued Decision 08-02-018, approving PG&E’s 2008 ERRA forecast application, and Decision 08-02-030, deciding SDG&E’s 2008 ERRA forecast application.

¹⁶ See Attachment B, Columns 3 & 8. The Commission issued Decision 05-02-040 on February 27, 2006, approving PG&E’s 2005 ERRA forecast application, and Decision 05-03-014 on March 17, 2005, resolving SDG&E’s 2005 ERRA forecast application.

¹⁷ See Attachment B, Columns 3 & 8. On February 16, 2006, the Commission issued Decision 06-02-018 on SDG&E’s 2006 ERRA forecast application, two months before Decision 06-04-041 of April 13, 2006, which decided PG&E’s 2006 ERRA forecast application. Further, whereas SDG&E’s 2007 ERRA forecast application was decided promptly in Decision 07-02-027 of February 15, 2007, the decision on PG&E’s 2007 ERRA forecast application (D. 08-01-022) was not released until one year and five months later, on June 1, 2008.

time as those of SDG&E.¹⁸ And despite different filing dates for each utility, the decisions for all the 2012 ERRA forecast applications are yet to be released as of March 8, 2012.¹⁹ In sum, during the infancy of ERRA the Commission optimistically set the objective of issuing decisions on forecast applications by the end of the filing year, but the realities of ERRA review have forced the Commission to release those decisions during the first months of the forecast year, or even later, regardless of the timing in which each utility files their applications. In other words, the complexity of ERRA review rather than SDG&E's filing date has disrupted the Commission's goal of issuing their decisions on SDG&E's ERRA forecast applications within the filing year. Thus, modifying SDG&E's ERRA forecast filing date from October 1 to April 15 will not ensure a year-end Commission decision.

Finally, SDG&E concludes that an April 15 date is necessary because “the October 1 filing date does not allow the Commission ample time to review and process SDG&E's ERRA Forecast Application.”²⁰ But SDG&E's unreasonable conclusion is based on the unrealistic goal of obtaining a Commission decision at the end of the filing year and the misleading statement that the Commission “generally” issues decisions on SDG&E's forecast applications several months into the forecast year. Moreover, modifying SDG&E's filing date to allow the Commission more time to review SDG&E's ERRA forecast application will not necessarily accelerate the decision-making process. As Attachment C demonstrates, between 2004 and 2011, the Commission efficiently reviewed and processed six out of eight SDGE's ERRA Forecast applications within four to six months of SDG&E's October 1st filings, and the average time between the application and the decision was approximately 6.5 months.²¹ Conversely, in the same years, the Commission decided PG&E's applications within six to ten months (excluding

¹⁸ See Attachment B, Columns 6 & 8. In fact, the Commission decided SCE's and SDG&E's 2011 applications on July 12, 2011, but SCE did not file any trigger application during 2012.

¹⁹ See Attachment B, Columns 3, 6 & 8.

²⁰ SDG&E's Petition, p. 4.

²¹ Attachment C, Column 10.

the 2006 application, which was decided after 24 months), and the average time between the application and the decision was approximately 9.9 months (7.83 months if the 2006 outlier is excluded).²² Likewise, the Commission decided SCE's applications within five to ten months, and the average time between the application and the decision was approximately 7.25 months.²³ In brief, Attachment C suggests that an earlier filing date does not necessarily translate into an earlier decision date. In fact, the opposite seems to occur. The Commission takes considerably more time deciding PG&E's and SCE's earlier ERRA forecast filings than issuing a decision on SDG&E's applications. Thus, changing SDG&E's ERRA forecast filing date from October 1 to April 15 will not likely lead to earlier Commission decisions.

The Commission should deny SDG&E's Petition because the Commission has consistently decided SDG&E's ERRA applications in the first months of the forecast year and within a short time from the filing of the application, and an April 15 date will not guarantee a filing year-end decision.

2. The Timing of the Filing of SDG&E's Forecast Was Not the Driving Factor for SDG&E's 2012 Trigger Applications.

SDG&E filed two trigger applications in 2012.²⁴ SDG&E asserts that the "July 2012 issuance of a Commission decision in its 2011 ERRA Forecast Case, A.11-09-022, [was] a driving factor for its triggered position."²⁵ This assertion overstates the actual effect that the July 2012 decision had in SDG&E's triggered position. Indeed, while the delay in the Commission decision may have contributed to the two trigger applications, it was not the "driving factor" for SDG&E's triggered position.

²² Attachment C, Column 4.

²³ Attachment C, Column 7.

²⁴ SDG&E's Petition, p. 4.

²⁵ *Id.*

SDG&E itself in its April 2012 trigger application cited other contributing causes for its triggered position.²⁶ Specifically, SDG&E cited [REDACTED]

[REDACTED].²⁷ SDG&E claimed that these factors had caused them to have undercollected approximately [REDACTED] in rates,²⁸ of which only [REDACTED] [REDACTED] were caused by the delay in the Commission’s decision. Further, in the October 2012 trigger application,³⁰ SDG&E listed [REDACTED]

[REDACTED].³¹ According to SDG&E, the delay in the Commission’s decision only caused an undercollection of [REDACTED], which is equivalent to only [REDACTED] of the total undercollection of [REDACTED].³² Thus, the statement that the Commission’s delay in approving SDG&E’s 2012 ERRA Forecast application was the “driving factor” for their trigger applications is wrong. SDG&E’s own applications show that the delay in approving SDG&E’s 2012 ERRA Forecast was one of many factors that resulted in a triggered position. It is clear that other factors were in fact the “driving” reasons why SDG&E had to file trigger applications in 2012.

²⁶ Application A. 12-04-003 (April 9, 2012).

²⁷ *Id.* at p. 1; Data Response to DRA DR-01 (received April 20, 2012).

²⁸ This figure was obtained based on information provided by SDG&E in response to DRA’s data requests.

²⁹ SDG&E’s Data Response to DRA DR-02 (received Jan. 5, 2012).

³⁰ Application 12-10-017 (Oct. 26, 2012).

³¹ SDG&E, Application 12-10-017 ERRA Trigger Proceeding, “*Energy Resource Recovery Account October 26 Trigger Workshop*,” pp. 14, 19–24 (Nov. 19, 2012).

³² *Id.* pp. 14, 22.

3. The Timing of the Commission’s Decisions on SDG&E’s ERRA Forecast Applications Has Not Contributed to Other SDG&E’s Trigger Applications, and SDG&E’s 2012 Trigger Applications Do Not Reflect a Sustained Problem with the Timing of SDG&E’s ERRA Forecast Application.

SDG&E has filed six trigger applications since 2003, but with the exception of the 2012 applications, the timing of SDG&E’s filing has not been cited as a contributing cause for their triggered position. Indeed, in the years 2005, 2007, 2009, and 2010 SDG&E filed trigger applications to refund rates that were overcollected from ratepayers.³³ SDG&E cited diverse causes for their trigger applications during each year, but SDG&E did not cite the delay in the Commission’s decision or the lack of a filing year-end decision as a primary or secondary cause for their triggered position. In the history of ERRA, the timing of the Commission’s decision has only contributed to SDG&E’s triggered situation in 2012. But the 2012 trigger applications, standing alone, do not reflect a sustained problem with SDG&E’s filing date or an ongoing situation that has caused SDG&E to frequently file trigger applications due to delay in the Commission’s approval of their forecast applications.

Moreover, the 2012 trigger applications were unusual in that the compounded effect of SDG&E’s inaccurate forecast methodology, unexpected events, and the timing of the forecast decision caused SDG&E to undercollect costs beyond the trigger threshold. Put differently, several factors combined to create the “perfect storm” in 2012 and led SDG&E to file its April and October trigger applications. However, this type of unfortunate combination is rare and does not reflect a sustained problem with the timing of SDG&E’s forecast filing or the Commission’s decision in these applications. SDG&E has not convincingly provided a reason why the Commission should modify the date of SDG&E’s ERRA forecast filing based on the 2012 trigger applications.

³³ See Application 05-06-044 (June 25, 2005); Application 07-10-007 (Oct. 5, 2007); Application 09-08-002 (Aug. 5, 2009); Application 10-04-033 (Apr. 30, 2010).

B. The Commission Should Deny SDG&E's Petition Because April 15 Is Too Early in the Year to File an ERRAs Forecast Application for the Next Year.

SDG&E claims that “if a Commission decision is delayed on a Forecast Application that is intended to have procurement costs collected in rates beginning January 1 and actual costs are higher than the prior year’s forecast, then the costs that would have been recovered in rates during the first part of the calendar year form an undercollection of forecasted ERRAs costs.”³⁴ SDG&E believes that an April 15 filing date for its ERRAs forecast applications would result in a year-end Commission decision that would prevent undercollection of costs and any following trigger application during the forecast year. However, SDG&E ignores that an April 15 forecast would most likely become obsolete by the end of the year due to changes in the forecast assumptions. Such a process would cause more problems than it could solve. For instance, one of the main cost components in prior SDG&E’s ERRAs forecast applications is the natural gas price.³⁵ But this element of the forecast is highly uncertain and may radically change between April 15 and the time of the decision.³⁶ Like the natural gas prices, other factors considered in SDG&E’s ERRAs forecast applications such as projected sales, load, power prices, and so forth are easier to accurately estimate towards the end of the year. Thus, the October 1 filing provides SDG&E with the opportunity to base its ERRAs forecast on more accurate data, thereby reducing the risk of a trigger event during the forecast year.

Further, the Commission requires utilities to base their forecast of procurement expenses for the following year on “[the] *best estimate* of such factors as its projected sales and load, natural gas and power prices, etc., during the forecast year.”³⁷ The Commission wisely scheduled ERRAs forecast filing dates for all utilities for the second

³⁴ SDG&E Petition, p. 5

³⁵ See, e.g., Application 12-10-002 (Oct. 1, 2012), SDG&E’s ERRAs 2012 Forecast Application.

³⁶ For instance, the U.S. Department of Energy reported a spike in natural gas prices at the Henry Hub towards the end of the year at the Henry Hub. Prices went from approximately \$2/MMBtu in May, 2012 to almost \$4/MMBtu in November, 2012. U.S. DEPARTMENT OF ENERGY, *Market Prices and Uncertainty Report, Natural Gas* (Feb. 12, 2013), <http://www.eia.gov/forecasts/steo/uncertainty/>.

³⁷ Decision 11-10-002, Appendix, p.1 (Oct. 6, 2011) (emphasis added).

part of the year to afford them the opportunity to use the best possible data in their forecast applications.³⁸ An April 15 filing would prevent SDG&E from using the best estimate of its procurement costs because, as mentioned above, the assumptions used in the forecast may drastically change in the almost eight months comprised between the filing of the application and the beginning of the forecast year.

As a corrective measure, SDG&E suggests that a November updated filing would address any changes in the forecast.³⁹ But the conditions may change so dramatically in the seven months between April 15 and the November update that the latter filing may become a completely new ERRA forecast application. This situation will force the Commission to conduct a second review on SDG&E's application, and DRA may require additional evidentiary hearings to cross-examine SDG&E's witnesses regarding the "updated" filing. These added steps will have the likely effect of delaying the decision-making process, and the Commission may not be ready to decide SDG&E's ERRA forecast application until the first few months of the forecast year, which is the current state of affairs. Ultimately, the April 15 date will not only fail to facilitate a year-end Commission decisions, but will also introduce inefficiencies into SDG&E's ERRA forecast proceedings—which have been historically efficient, as indicated above.

C. The Commission Should Deny SDG&E's Petition Because an April 15 Filing Would Coincide with ERRA Compliance Applications and May Cause Delay in the Decision of These Applications.

Pursuant to Decision 02-10-062 ("October Decision"), the ERRA cycle is composed of two types of applications: compliance and forecast.⁴⁰ These applications, and particularly those regarding compliance, are time consuming and resource intensive

³⁸ Decision 04-01-050, p. 177. *See infra* Part C.

³⁹ SDG&E's Petition, p. 7 & n. 12.

⁴⁰ Decision 02-10-062, p. 66 ("We will use the semiannual applications filed in mid-2003 to review the reasonableness of URG expenses, contract administration, and least-cost dispatch operations and to verify the entries in the ERRA." (footnote omitted)); p. 71, Finding of Fact 25 ("We should adopt an annual update process for fuel and purchased power forecasts and another proceeding to again review balancing accounts and rewrite review URG expenses, contract administration and least-cost dispatch.").

for all the parties involved, including the Commission and DRA. The Commission's filing schedule for the three large IOUs avoids unnecessary delays in these proceedings and ensures the prompt decision of all applications. Currently, the filing schedule for the compliance review is the following: PG&E files its application on February 1, SCE files on April 1, and SDG&E files on June 1,⁴¹ and the filing schedule for the forecast review is the following: PG&E files its application on June 1, SCE files on August 1, and SDG&E files on October 1.⁴² SDG&E's Petition indicates that "[d]ue to resource constraints, SDG&E also needs to provide a window of time between its ERRA Forecast Applications and its annual ERRA Compliance Applications, which are submitted on June 1 of each year." But the Commission also has limited means to distribute among all ERRA proceedings, and the two-month intervals between each compliance and forecast application allow the Commission to effectively allocate their resources and thoroughly review each application within a reasonable time. Moreover, the Commission's carefully crafted schedule avoids overlap between compliance and forecast applications (with the exception of the June SDG&E compliance and PG&E forecast filings) to reduce congestion in the first months of the year, which are particularly busy because of the complexity of the first round of filings. An April 15 date would comfortably allow SDG&E to allocate its resources for its forecast and compliance applications, but the burden of such modification would fall on the Commission, which will need to redistribute its limited resources and apportion time and staff to SDG&E's forecast applications during the busiest months of the ERRA cycle.

⁴¹ The compliance applications filing schedule was set in a series of decisions: Decision 04-01-050, p. 177, set the schedule for the years 2004 and 2005 ERRA filings; Decision 05-03-006, p. 2, confirmed the filing date for SCE ("An October 1 date was set for SCE's annual ERRA forecast application. That date was subsequently changed to August 1 pursuant to D.04-01-050."); and Decision 03-10-059, p. 22, fixed the filing date for PG&E ("The second provision of the stipulation which affects future ERRA filings is PG&E's agreement that on February 1 of each year, PG&E will file an advice letter to establish the ERRA trigger amount for the year in question, based on the previous year's recorded generation revenues. Pending the Commission's approval of the February 1 advice letter, the previous year's trigger amount is to remain in effect.").

⁴² Decision 04-01-050, p. 177.

An April 15 filing date for SDG&E's forecast would also interfere with the Commission's ability to review and decide ERRA compliance applications within a reasonable time, affecting the timing of the other two utilities' proceedings. And because of the congestion that an April 15 would create during the first round of applications, the decision on SDG&E's forecast applications would most likely be delayed and will not be issued until the first months of the forecast year. In other words, changing SDG&E's ERRA forecast application date from October 1 to April 15 will not ensure a year-end Commission decision, as SDG&E unrealistically expects. Conversely, it will force the Commission to stretch its limited resources during the most hectic period of the ERRA cycle and harm third parties (namely, PG&E and SCE) by causing delays in the decision of ERRA compliance applications filed during the first half of the year.

D. SDG&E Should Consider Other Alternatives to Avoid Future Trigger Applications.

While the delay in the 2012 Commission decision was not the main event that caused SDG&E's trigger applications in that year, DRA recognizes that decisions issued well into the forecast year adversely affect ratepayers by increasing rate volatility. However, for the reasons stated above, an April 15 filing would not likely accelerate the date of the decision on SDG&E's ERRA forecast filings and may instead introduce inefficiencies into and delay decisions on SDG&E's and other utilities' ERRA proceedings. DRA is open to discussing potential alternative solutions that will reduce the likelihood of SDG&E having to file future trigger applications. For instance, SDG&E may include any triggering over or undercollection under a given forecast year as an offset to the revenue requirement of the forecast applications for the following year. SDG&E has previously used this option as a backup solution for trigger applications. In 2007, SDG&E filed a trigger application for reasons other than the timing of the Commission's decision on its ERRA forecast application.⁴³ In parallel with this application, SDG&E filed its 2008 ERRA forecast review application⁴⁴ and proposed to

⁴³ See Application 07-10-007 (Oct. 5, 2007).

⁴⁴ Application 07-10-008 (Oct. 5, 2007).

use “the December 31, 2007 balance in the ERRA to offset the projected 2008 ERRA revenue requirement.”⁴⁵ The purpose of this filing was “to stabilize rates in 2008 by preventing the rate volatility that would result from reducing rates in late 2007 due to a projected ERRA overcollection, only to have rates increase in early 2008 as a result of the increase in SDG&E’s ERRA revenue requirement.”⁴⁶

Another alternative is to conduct a comprehensive review of the ERRA trigger process within Track III of the 2012 Long Term Procurement Plan proceeding (Rulemaking 12-03-014). Whatever forum is chosen, DRA is open to discuss other alternatives with SDG&E. However, DRA strongly believes that modifying the October 1 filing date is the least attractive option because it will create more problems than it will solve, and it is not even guaranteed that it will solve any problem at all.

III. CONCLUSION

For the reasons stated herein, DRA respectfully requests that the Commission deny SDG&E’s petition for modification of SDG&E’s company of Decision 04-01-050 to establish a new filing date for its annual ERRA forecast application. DRA also requests that the Commission to deny SDG&E’s request to file its 2014 filing application by May 1, 2013.

⁴⁵ Application 07-10-007, *Direct Testimony of Lisa Browy, San Diego Gas and Electric Company*, pp. LLB-3 to -4 (Oct. 5, 2007).

⁴⁶ *Id.* at p. LLB-4.

Respectfully submitted,

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March 11, 2013