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March 5, 2013

ADVICE LETTER 2464-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: NOTICE OF ERRA TRIGGER/THRESHOLD SELF-CORRECTION IN
COMPLIANCE WITH D.07-05-008**

PURPOSE

The purpose of this Advice Letter is to notify the California Public Utilities Commission ("Commission") that San Diego Gas & Electric Company's ("SDG&E") Energy Resource Recovery Account ("ERRA") balance currently exceeds its 4% trigger point and 5% trigger threshold. However, as discussed below, SDG&E projects that the balance that it would be seeking to recover would be below the 4% trigger. In compliance with Decision ("D.") 07-05-008, SDG&E is filing this Advice Letter rather than an application to notify the Commission promptly of the circumstances and to seek further input if the Commission believes that, based on the circumstances explained below, a trigger application is warranted at this time.

BACKGROUND

D.02-10-062 established an ERRA trigger mechanism that required SDG&E to file an expedited application for Commission approval to adjust its rates within 60 days from the filing date whenever the ERRA balance reaches 4% of its prior year's recorded generation revenues, excluding revenues collected for the California Department of Water Resources ("DWR"), and is forecasted to exceed 5%. In addition, D.07-05-008 authorized the following:

2. SDG&E is authorized to notify the Commission through advice letter filing, instead of expedited application, when the ERRA balance exceeds its trigger point and SDG&E does not seek a change in rates, if the ERRA balance will self-correct below the trigger point with 120 days of filing.¹

SDG&E is also required to provide the necessary documentation supporting its proposal not to change rates.² SDG&E filed Advice Letter 2457-E on January 31, 2013 notifying the Commission that its December 2012 ERRA balance was also in a triggered position, but was expected to self-correct. At the time of this filing, Advice Letter 2457-E is pending at the Commission.

¹ Ordering Paragraph 2 of D.07-05-008.

² Ordering Paragraph 3 of D.07-05-008.

DISCUSSION

SDG&E's recorded ERRA balance as of January 31, 2013 reflects a \$79.5 million undercollection, which is above the 4% trigger point and 5% trigger threshold of \$43.3 million and \$54.2 million, respectively.³ However, SDG&E does not seek a change in rates at this time.

Of note, SDG&E incurred Greenhouse Gas ("GHG") costs as a result of participating in the California Air Resources Board's first GHG auction on November 14, 2012. These GHG costs were recorded in ERRA beginning in November 2012. While these costs also contributed to SDG&E's undercollected ERRA balance, D.12-12-033, which recently approved Track 1 of the GHG Order Instituting Rulemaking, stated that SDG&E is "ordered to defer including in rates all GHG costs and revenues, including accrued interest, until all necessary implementation details are finalized."⁴

In compliance with D.07-05-008, Attachment A is the documentation supporting SDG&E's monthly ERRA revenue collections and trigger calculations. In Attachment A, the February 2013 forecasted adjusted trigger balance can be seen on line 30 as 8.73%. However, on line 34 the forecasted modified balance for February 2013 after GHG auction that SDG&E would be asking to recover is \$37 million, or 3.42% of last year's generation revenues (as seen on line 35). Because this expected recovery representing 3.42% is below the trigger point, SDG&E is not seeking cost recovery at this time. SDG&E seeks confirmation that this advice letter satisfies the requirements of Commission directives and therefore would not require an expedited application at this time.

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 this filing is subject to Energy Division disposition, and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this advice letter be approved effective April 4, 2013, thirty days from 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 by March 25, 2013, 20 days from 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.

³ SDG&E's 2012 trigger and threshold amounts of \$43.4 million and \$54.2 million, respectively, were approved in Advice Letter 2335-E, effective March 7, 2012.

⁴ Ordering Paragraph 20 of D.12-12-033.

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 A.12-10-002, A.12-06-003 and A.06-12-009 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 – Regulatory Affairs

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: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@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) #: 2464-E

Subject of AL:) Notice of ERRA Trigger/Threshold Self-Correction in Compliance with D.07-05-008

Keywords (choose from CPUC listing): ERRA, Compliance

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

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

A.06-12-009, A.12-06-003, A.12-10-002

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

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: April 4, 2013

No. of tariff sheets: _____

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

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

mas@cpuc.ca.gov and 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
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.06-12-009

A.12-06-003

A.12-10-002

**SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 2464-E
ATTACHMENT A
ERRA FORECAST (\$MILLION)**

ERRA Revenue and Costs	Recorded Sep-12	Recorded Oct-12	Recorded Nov-12	Recorded Dec-12	Recorded Jan-13	Forecast Feb-13
1 Beginning Balance	117	126	128	198	214	227
2						
3 Revenue						
4 Net Revenues to Balancing Account	(89)	(88)	(65)	(60)	(65)	(65)
5						
6 Expense						
7 Total Balancing Account Expenses	98	90	135	75	78	67
8						
9 Miscellaneous						
10 Adjustments (FERC, Energy Crisis Refunds)	-	-	-	-	-	(1)
11 Carry Cost Related to Hedging Margin Dep - Computed	0	0	0	0	0	-
12 Other (e.g. EPA Payment on SO2 Allowance)	-	-	-	-	-	-
13 Net Under / (Over) Collect Prior to Interest & Transfers	9	3	69	15	13	1
14 Interest	0	0	0	0	0	0
15 Transfers From Other Regulatory Accounts	-	-	-	1	-	-
16 Total Under / (Over) Collect for Period with Interest & Transfers	9	3	69	16	13	1
17						
18 Cumulative Balance Under / (Over) Collect Before Amortizations	126	128	198	214	227	228
19						
20 ERRA Trigger	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
21 Prior Year Generation Revenue (\$Million)	1,085	1,085	1,085	1,085	1,085	1,085
22 5% Threshold for Application	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
23 5% Threshold \$ Value for Application (\$Million)	54	54	54	54	54	54
24 Cumulative ERRA Balance Under / (Over) Collect (\$Million)	126	128	198	214	227	228
25 Calculated Trigger % Prior to Amortization	11.61%	11.85%	18.23%	19.69%	20.91%	20.99%
26						
27 Calculated Trigger with Remaining Amortization Balance	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
28 Remaining ERRA Amortization Balance at Month End	(67)	(62)	(58)	(53)	(147)	(133)
29 Net cumulative ERRA Balance Under / (Over) Collect	59	66	140	161	79	95
30 Calculated Trigger %	5.46%	6.13%	12.92%	14.80%	7.33%	8.73%
31 Month 4% Trigger / 5% Threshold Exceeded	over 5%	over 5%	over 5%	over 5%	over 5%	over 5%
32						
33 Less Greenhouse Gas Auction Costs from November 2012						(58)
34 Modified Balance after GHG Auction						37
35 Modified Balance as % of Prior Year Generation Revenues						3.42%