



Rates, Revenues & Tariffs  
8330 Century Park Court, 32C  
San Diego, CA 92123-1548  
(858) 636-5736  
csondrini@semprautilities.com

February 21, 2014

PUC 110

Energy Division  
California Public Utilities Commission  
505 Van Ness Ave., Room 4-A  
San Francisco, CA 94102  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Re: Substitute Sheets for SDG&E's Advice Letter 2484-E-A

Please find enclosed the original and two copies of substitute sheets for Advice Letter 2484-E-A, *Partial Supplemental - Revisions to Electric Rule 25 - Direct Access Rules in Compliance with Decision 13-01-021*.

SDG&E is filing the following substitute sheets, at the request of the Energy Division, to make the following non-substantive changes in sheets 44 & 46 of SDG&E's Electric Rule 25:

- Sheet 44, Section Q. – "...or ~~minimum~~ deposit required for ESP registration pursuant to PU Code Section 394(b)(9)."
- Sheet 44, Section Q.1.a. – "...switching an ESP's customers back to bundled service and submit the proposed Financial Security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval."
- Sheet 46, Section Q.2. – "...the ESP shall confer with ~~SCE~~ SDG&E to resolve the inaccuracies,..."

An asterisk has been reflected in the upper right hand corner of the sheets to indicate that they are substitute sheets. Please replace the enclosed sheets in the master Advice Letter 2484-E-A.

A copy of this sheet will be provided to SDG&E's GO 96-A list and the service lists for R.07-05-025.

Sincerely,

Christina Sondrini  
Regulatory Affairs, Tariff Administration



**RULE 25**

DIRECT ACCESS RULES

Q. ESP Financial Security Requirements

As described in Section D.3, all new and existing ESPs are required to post a bond, an irrevocable letter of credit, a cash security deposit, equivalent evidence of insurance or parental guarantee from an investment grade rated institution or corporate parent, or other financial instrument or security reasonably acceptable to the CPUC (collectively, "Financial Security") sufficient to cover the re-entry fees associated with the involuntary return DA customers to SDG&E's bundled service. In accordance with the Ordering Paragraphs of D.13-01-021 (as corrected by D.13-02-017 and D.13-04-001), the calculated Financial Security amount shall be the higher of the amounts determined based on PU Code Section 394.25(e) or the deposit required for ESP registration pursuant to PU Code Section 394(b)(9). Pursuant to the methodology set forth in Appendix 1 of D.13-01-021 and corrected by D.13-02-017 and D.13-04-001, the calculated Financial Security amount will include the administrative costs related to switching a customer back to bundled service and the incremental procurement costs for involuntarily returned residential and small commercial service accounts that are not affiliated with a large DA customer for a sixty (60) day safe harbor period and then for an additional six-month period. For purposes of the ESP financial security amount, as described in D.13-01-021, a commercial service account is considered "small" if it has a billing demand of less than twenty (20) kW for three (3) consecutive months. The incremental administrative costs shall be calculated for each involuntarily returned customer service account using the Customer Re-entry Fee set forth in rate Schedule CCA in effect at the time the Financial Security is calculated. As described in Sections Q.1.b and Q.2, below, the ESP is responsible for the identification and certification of the residential and small commercial service accounts that are affiliated with a large customer. Residential and small commercial service accounts that are not timely certified by the ESP as being affiliated with a large customer will be deemed to be unaffiliated residential or small commercial service accounts for purposes of determining the Financial Security amount.

1. The initial Financial Security amount for existing and new ESPs will be established as follows:
  - a. For existing ESPs, pursuant to D.11-12-018, SDG&E will perform the initial Financial Security calculation based upon the administrative costs of switching an ESP's customers back to bundled service and submit the proposed Financial Security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. For the purpose of calculating the number of customer service accounts for each ESP, any customers that have submitted DASRs to switch to DA service may be included in the calculation of the respective ESP's financial security amount, and any customers that have submitted DASRs to switch to bundled service may be excluded. Any confidential data relating to an ESP utilized in the calculation shall be redacted. An unredacted version of each advice letter will be filed under confidential seal to the CPUC's Energy Division (Energy Division). Concurrent with submitting the advice letter to the Energy Division, SDG&E will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's Financial Security amount provided confidentially only to that specific ESP in complete and unredacted form. Financial Security amounts must be posted with the CPUC by June 30, 2012, subject to approval by the Energy Division.

(Continued)



**RULE 25**

DIRECT ACCESS RULES

Q. ESP Financial Security Requirements (Continued)

2. Semi-annual Bond Calculation: (Continued)

The ESP shall adjust the required posted Financial Security amount if and when it is more than ten percent (10 %) above or below the ESP's current posted bond amount. Upon CPUC approval of the relevant ESP Financial Security amounts, the Energy Division will notify each ESP of the final Financial Security amounts due on an aggregate statewide basis.

An ESP is required to post the Financial Security amounts in the advice letter(s) within thirty (30) days of notification by the Energy Division, subject to correction for any errors. If an ESP believes that its Financial Security amount has been calculated inaccurately or in conflict with the adopted processes, the ESP shall confer with SDG&E to resolve the inaccuracies, and may file comments with the Energy Division, and served upon SDG&E, indicating any appropriate corrections with relevant supporting explanation and detail within twenty (20) days of the advice letter filing.

The posted Financial Security amount may be in the form of a third-party guarantee from an investment grade guarantor, a surety bond, an irrevocable letter of credit, cash or cash equivalent financial instrument or security, or other financial instrument or security reasonably acceptable to the CPUC and should be payable directly to the CPUC. The issuer of a bond or irrevocable standby letter of credit must have an investment grade rating equivalent to at least an A- by S&P and A3 by Moody's and must be acceptable to the CPUC. Furthermore, the bond forms, irrevocable standby letter of credit forms, and guarantee forms must be acceptable to the CPUC. In the event an ESP fails to timely pay the re-entry fees demanded by SDG&E pursuant to Section Q.3, below, SDG&E will notify the CPUC's Executive Director in writing of the amount of the unpaid re-entry fee owed by the ESP along with the relevant supporting data and calculation. Upon notification by SDG&E, the CPUC will take the necessary measures to secure funds from the ESP's Financial Security instrument to cover the ESP's re-entry fee liability. Following its review and approval of SDG&E's request for reimbursement, the CPUC will disburse the funds for payment of the ESP's re-entry fee liability to SDG&E.

3. Re-Entry Fees For The Involuntary Return Of Customers

The ESP is responsible for all applicable re-entry fees for its customers that are involuntary returned.

a. SDG&E will calculate re-entry fees pursuant to the methodology set forth in Appendix 1 of D.13-01-021 within sixty (60) days of the earlier of (i) the start of the involuntary return of customers, or (ii) SDG&E's receipt of the ESP's written notice of involuntary return. The re-entry fee will be a binding estimate of:

i) The administrative cost to switch the involuntarily returned large DA customers and their affiliated residential and small commercial service accounts to bundled service, which will be established for each customer service account using the Customer Re-entry Fee set forth in rate Schedule CCA; plus,

(Continued)