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August 15, 2014

**ADVICE LETTER 2641-E**  
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: NOTICE OF ERRA TRIGGER WITH NO RATE CHANGE AT THIS TIME IN  
COMPLIANCE WITH DECISION 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 is not seeking to increase rates at this time.

**BACKGROUND**

Decision ("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.<sup>1</sup>

SDG&E is also required to provide the necessary documentation supporting its proposal not to change rates.<sup>2</sup>

**Status of ERRA Balance**

SDG&E's recorded ERRA balance as of July 31, 2014 reflects a \$596.2 million undercollection, which is above the 4% trigger point and 5% trigger threshold of \$45.1 million and \$56.3 million, respectively.<sup>3</sup> As shown in Table 1 below, once the recorded ERRA balance is adjusted to remove the amounts previously approved in the Commission's Decision on SDG&E's most recent

<sup>1</sup> Ordering Paragraph 2 of D.07-05-008.

<sup>2</sup> Ordering Paragraph 3 of D.07-05-008.

<sup>3</sup> SDG&E's 2014 trigger and threshold amounts of \$45.1 million and \$56.3 million, respectively, were approved in Advice Letter 2582-E, effective March 3, 2014.

Trigger Application, D.14-02-022, the 2013 “net SONGS power costs,”<sup>4</sup> and the current balance of the GHG Sub-account, the adjusted ERRA balance still exceeds the Trigger Threshold of \$56 million.

Table 1	
SDG&E Recorded ERRA Balancing Account As of July 31, 2014 (in millions)	
Recorded ERRA balance	<b>596</b>
Less: Prior approved trigger amounts	<b>(186)</b>
Less: 2013 net SONGS power costs	<b>(122)</b>
Less: GHG Sub-account	<b>(7)</b>
ERRA Balance for Trigger Purposes	<b>281</b>
2014 5% Trigger Threshold	<b>56</b>

### **No Trigger Rate Change at this Time**

Although SDG&E’s adjusted ERRA balance has exceeded the Trigger Threshold, SDG&E is not requesting to amortize this undercollection in rates at this time. SDG&E is requesting authorization to defer the submission of a new trigger application because the pending Settlement of the SONGS OII (I.12-10-013), and the date, on which the Commission will issue a final Order in that proceeding, will significantly affect the ERRA balance at the time that final Order is implemented. Although a trigger application is generally required if SDG&E’s balance will not self-correct within 120 days, it is not currently known, with any certainty, whether and to what extent SDG&E’s ERRA balance will be in a triggered position at the time the SONGS OII settlement is implemented or otherwise acted upon. This uncertainty should be resolved before determining whether a new trigger application is needed. Deferring consideration of a new trigger application for a limited period of time will preserve rate stability for the benefit of SDG&E’s customers and prevent a rate increase that could prove to be unnecessary. SDG&E respectfully requests that the Commission authorize SDG&E to defer filing a trigger application until the Commission has issued a final Order on the SONGS OII Settlement, and if it is approved, at such time as it is implemented in accordance with the provisions of the Settlement.

SDG&E reserves the right to proceed with the filing of a new trigger application should circumstances warrant. Further, SDG&E specifically reserves its right to pursue all relief associated with the Commission’s removal of “net SONGS power costs” in the event that the pending SONGS OII Settlement is not approved as filed.

This advice letter 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 September 14, 2014, thirty days from the date filed.

<sup>4</sup> D.14-02-022 directed SDG&E to remove the “net SONGS power costs” incurred in 2013 from its Trigger Balance. Regarding recovery, the net SONGS power costs are pending the approval of a settlement in the SONGS Investigation (“I.”)12-10-013. (“SONGS OII”).

**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 September 4, 2014, 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](mailto: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](mailto: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](mailto:SDG&ETariffs@semprautilities.com).

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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) #: 2641-E

Subject of AL: Notice of ERRA Trigger with No Rate Change at This Time 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 AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: September 14, 2014

No. of tariff sheets: N/A

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 proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

**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**

<sup>1</sup> 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

B. Helft  
B. Pennington

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

Southern California Edison Co.

M. Alexander  
K. Cini  
K. Gansecki  
H. Romero

TransCanada

R. Hunter  
D. White

TURN

M. Hawiger

UCAN

D. Kelly

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