

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Expedited Application of SAN DIEGO GAS &  
ELECTRIC COMPANY (U 902-E) under the Energy  
Resource Recovery Account Trigger Mechanism

Application 12-04-003  
(Filed April 9, 2012)

**AMENDMENT TO EXPEDITED TRIGGER APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)**

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**I. INTRODUCTION**

Pursuant to discussion at the Pre-Hearing Conference (“PHC”) held on May 30, 2012 and direction from Administrative Law Judge (“ALJ”) Stephen C. Roscow, San Diego Gas & Electric Company (“SDG&E”) respectfully submits this Amendment to its Expedited Trigger Application (“Amendment”) addressing the disposition of SDG&E’s current Energy Resource Recovery Account (“ERRA”) balance. As explained below, and in more detail in the Amendment to the Direct Testimony of SDG&E witness Gregory Shimansky, this Amendment presents an update to the trigger-related revenue requirement adjustment requested in Section III of the original Application. Specifically, the ERRA balance has been updated to be approximately \$49.9 million undercollected as of June 30, 2012<sup>1</sup> (based on actual numbers through April and projected numbers for May and June), which is approximately \$3 million less than what was requested in the original Application. SDG&E proposes that the approximately \$49.9 million undercollection be collected from ratepayers via a 12-month amortization period beginning no later than September 1, 2012.

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<sup>1</sup> Note that June 8, 2012 is approximately 60 days after the filing of this Application. According to D.02-10-062, trigger applications are to include a projected account balance in 60 days or more from the date of the filing. D.02-10-062, Conclusion of Law (“COL”) 15.

If this Amendment is approved as proposed, the impact on a typical monthly summer electric bill (based on 500 kilowatt-hours [“kWh”] of electricity) will be an increase from approximately \$81.32 to \$81.88 (or 0.7 percent) for inland customers and from approximately \$88.10 to \$89.21 (or 1.3 percent) for coastal customers. A typical monthly bill for residential customers who use 1,000 kWh per month will increase from approximately \$216.28 to \$221.23 (or 2.3 percent) for inland customers and from approximately \$224.98 to \$230.48 (or 2.4 percent) for coastal customers. SDG&E’s small commercial customers will see an increase of approximately \$5.29 on their monthly summer electric bill or 1.8 percent (based on 1,500 kWh of electricity for secondary service).<sup>2</sup>

## **II. BACKGROUND REGARDING AMENDMENT**

Following the filing of SDG&E’s original Application on April 9, 2012, SDG&E hosted a workshop at the Commission on May 22, 2012. The purpose of the workshop was to provide a detailed explanation of the basis of SDG&E’s triggered ERRA balance and specific request for a revenue requirement adjustment. The workshop was attended by ALJ Roscow, representatives from SDG&E, representatives from the Division of Ratepayer Advocates (“DRA”) and Michael Shames for the Utility Consumers Action Network (“UCAN”) attended telephonically. DRA and UCAN were the only parties to file protests to SDG&E’s Application.

Prior to the workshop, SDG&E had provided responses to a number of DRA data requests focusing on the drivers of SDG&E’s February triggered balance. Among other things, the workshop was designed to provide further detail related to SDG&E’s data request responses and to answer any further questions DRA or UCAN might have about the trigger balance and its drivers. At the close of the workshop, SDG&E agreed to provide further information related to its trigger balance, including updating a spreadsheet showing how the forecasted balance for

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<sup>2</sup> Customers’ actual bill impacts will vary with usage per month, by season and by climate zone.

months where actuals were not available at the time of filing (March – June) was impacted by a change in the gas price. Indeed, one of the main topics of discussion during the workshop was how changes to the forecasted gas price impacted the ERRA balance.

Another key topic of discussion at the workshop was the statutory requirement that the 4% trigger and 5% threshold calculations are to be based on a percentage of “actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources.”<sup>3</sup> In D.04-01-050, the Commission ruled that the annual trigger calculations would be determined via an advice letter to be filed by the investor-owned utilities (“IOUs”) by April 1 of each year.<sup>4</sup> During the workshop, SDG&E explained that it had followed this Commission-mandated process for establishing the 2012 trigger and threshold amounts. Specifically, Advice Letter 2233-E set forth SDG&E’s 4% trigger at \$40.8 million and 5% threshold at \$51.0 million for the period of March 1, 2011 until the effective date of the next trigger/threshold update. Then, Advice Letter 2335-E set forth SDG&E’s 4% trigger at \$43.4 million and 5% threshold at \$54.2 million and was approved by the Director of the Commission’s Energy Division on April 3, 2012, effective March 7, 2012. Accordingly, as explained in the original Application, SDG&E used these amounts as the basis for its forecasted triggered position.

At the close of the workshop, SDG&E agreed to provide additional information, including a revised spreadsheet showing the full impact of the gas price adjustment that was used in the model which forecasted the ERRA balance for the months of March through June. The original Application’s ERRA balance for the month ending June 2012 was based on January and February actuals and a forecast for the months of March through June, using gas prices known as

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<sup>3</sup> California Public Utilities Code (“P.U. Code”) § 454.5 (d)(3).

<sup>4</sup> D.04-01-050 at 175-177.

of March 22, 2012. The intent behind SDG&E's agreement to provide this further information was to establish a basis upon which the parties could potentially reach agreement at the PHC scheduled for May 30, 2012.

At the PHC, SDG&E and DRA (UCAN did not attend) discussed various options for coming to an agreement on a final trigger-related revenue requirement adjustment. In an effort to ease concerns regarding forecasting error and due to the passage of time, SDG&E agreed to re-run its forecasting model using actual data through April and forecasted data for May and June. For the May and June forecasts, SDG&E also agreed to use the New York Mercantile Exchange ("NYMEX") gas prices known as of the day of the PHC or May 30. Thus, instead of using four months of forecasted data (March – June) as was used in the original Application, this Amendment relies on only two months of forecasted data (May – June). Finally, SDG&E agreed to file this Amendment and serve the Amendment to the Direct Testimony of Gregory Shimansky on June 6, 2012 to reflect the updated revenue requirement. DRA agreed that it would respond to this Amendment within one week.

### **III. AMENDMENT TO REQUESTED RELIEF**

Through this Amendment and based on the Amendment to Mr. Shimansky's Direct Testimony, SDG&E is now seeking the Commission's expedited authorization to increase rates to cover a projected \$49.9 million ERRA undercollection as of June 30, 2012 (approximately \$3 million less than what was requested in the original Application). SDG&E also seeks approval to implement the proposed rate increase over a 12-month amortization period, beginning no later than September 1, 2012.

#### IV. CONCLUSION

Based on this Amendment and the supporting testimony and exhibits, SDG&E respectfully requests that the Commission grant the relief requested above and such additional relief as the Commission believes is just and reasonable.

Respectfully submitted,

By:     /s/ John A. Pacheco    

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SAN DIEGO GAS & ELECTRIC COMPANY

By:     /s/ Lee Schavrien    

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Senior Vice President – Finance, Regulatory and

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DATED at San Diego, California, this 6th day of June 2012

**OFFICER VERIFICATION**

