

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 23, 2011

Advice Letter 2302-E

Clay Faber, Director
Regulatory Affairs
San Diego Gas and Electric
8330 Century Park Court, CP32C
San Diego, CA 92123-1548

Subject: Annual Non-Fuel Generation Balancing Account Update

Dear Mr. Faber:

Advice Letter 2302-E is effective December 10, 2011.

Sincerely,

A handwritten signature in black ink that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Clay Faber - Director
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

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November 10, 2011

ADVICE LETTER 2302-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: ANNUAL NON-FUEL GENERATION BALANCING ACCOUNT UPDATE

PURPOSE

The purpose of this Advice Letter is to request California Public Utilities Commission (Commission) approval of SDG&E's 2012 Non-Fuel Generation Balancing Account ("NGBA") revenue requirement and approval regarding revisions to its electric tariffs as show in enclosed Attachment A. The NGBA revenue requirement reflects updates to the San Onofre Nuclear Generating Station ("SONGS"), SDG&E's Generation Plants and on-going revenue requirement for the utility-owned generation ("UOG") portion of SDG&E's Solar Photovoltaic Program as authorized in advice letter 2210-E¹. Additionally, this advice letter identifies the ratemaking implementation process for the acquisition of the CalPeak El Cajon Energy Facility ("ECEP") which will be contingent upon final CPUC approval.

DISCUSSION

The NGBA applies to SDG&E's bundled service customers and provides recovery of approved electric generation non-fuel costs not being recovered by another component of SDG&E's electric commodity rates. Currently, SDG&E has ownership interest in SONGS, Miramar Energy Facilities ("MEF") I & II, Palomar Energy Center facility ("Palomar"), Desert Star Energy Center ("El Dorado") and the UOG portion of SDG&E's Solar Photovoltaic Program of which the non-fuel revenue requirement for each is reflected in the NGBA. The generation non-fuel revenue requirement adjustments presented in this advice letter have received prior Commission authorization, and are consolidated to produce an NGBA revenue requirement effective January 1, 2012, subject to revision once final decisions are issued in SDG&E's and Southern California Edison's ("SCE") 2012 General Rate Cases ("GRC") filed in Application ("A.") 10-12-005 and A.10-11-015 respectively².

As part of this advice letter, SDG&E proposes to adjust electric commodity rates to reflect the updated NGBA revenue requirement effective January 1, 2012. The NGBA change will be

¹ Approved April 15, 2011 with an effective date of April 11, 2011

² Decision ("D.") 06-11-026 in SONGS Steam Generator Replacement Proceeding A.06-04-018, D.08-07-046 in SDG&E's 2008 General Rate Case Proceeding A.06-12-009, D.09-03-025 in Southern California Edison's 2009 General Rate Case Preceding A.07-11-011, D. 07-11-046 in SDG&E's Option to Purchase the El Dorado Power Plant, SDG&E's advice letter 2126-E in compliance with D.09-01-008 in Miramar Energy Facility II Project A.08-06-017 and SDG&E's advice letter 2204-E in compliance with D. 06-11-026.

included in the advice letter consolidating all Commission-authorized changes in SDG&E's revenue requirements, and related changes to its rates, filed at least three days prior to the January 1, 2012 effective date of such rates. A summary of the NGBA revenue requirement for 2012 and a summary of present and proposed rates are both included herein as Attachments B and C respectively.

The following adjustments to SDG&E's NGBA, resulting in a \$122.7 million increase to the 2011 NGBA revenue requirement, are therefore effective January 1, 2012:

SAN ONOFRE NUCLEAR GENERATING STATION (SONGS)

The 2012 SONGS non-fuel revenue requirement of \$185.4 million consists of operations & maintenance costs, refueling, capital-related costs and Steam Generator Replacement Program ("SGRP"). Details of the revenue requirement are discussed below.

SONGS O&M and Capital-related Costs

The 2012 SONGS revenue requirement includes \$100.5 million for O&M costs and \$24.2 million for capital-related costs. SCE forecasts two refueling outages commencing in 2012 for a total of \$28.7 million. The proposed 2012 SONGS revenue requirement and refueling outage costs reflect the existing revenue requirements that were previously authorized for 2011 in D.09-03-025 and D.08-07-046. SCE's 2012 GRC A.10-11-015 was filed on November 23, 2010 and is still pending a decision before the Commission. Once a decision is reached in SCE's GRC, a true up to the 2012 authorized revenue requirement will occur. SDG&E will include this adjustment in its NGBA filing for inclusion in 2013 rates.

SONGS Steam Generator Replacement Program (SGRP)

Background

On November 30, 2006, the Commission issued D.06-11-026, approving an unopposed settlement of the ratemaking treatment of SDG&E's share of costs related to the SGRP at SONGS. The settlement provided for ratemaking treatment of SDG&E's 20% share of SGRP costs in a manner consistent with the ratemaking treatment the CPUC authorized for SCE's share of the SGRP costs in D. 05-12-040.

Discussion

SDG&E's share of the SGRP project costs for Unit 2 and 3 are currently projected to be \$142 million (2004\$'s) consisting of \$117 million for replacement steam generator installation and \$25 million for removal and disposal of the original steam generators, including allocated overheads and excluding allowance for funds used during construction ("AFUDC"). There currently is no breakdown of actual cost for fabrication/installation and removal/disposal by Unit available yet from SCE. Costs for SONGS Unit 2 are estimated to be at \$75 million excluding removal/disposal costs and AFUDC charges. Unit 3 installation/fabrication was completed and returned to operations for its load requirements on February 18, 2011. Costs for SONGS Unit 3 are estimated to be \$79 million excluding removal/disposal costs and AFUDC charges. Unit 2 and Unit 3 removal/disposal is expected to be completed by summer 2012. After the completion date, SDG&E expects a true-up on the break down between units and fabrication/install and removal/disposal. At that time SDG&E will prepare a true up to reflect the correct revenue

requirement. Attachments D and E provide SDG&E's 2011-12 cost projections for SONGS Unit 2 and 3, respectively, and the associated revenue requirement.

SGRP Revenue Requirement

The 2012 SONGS SGRP revenue requirement includes \$17.8 million for SONGS Unit 2 SGRP Installation costs and \$14.2 million for Unit 3 SGRP installation costs as described above.

In addition, SDG&E has updated its NGBA preliminary statement in Attachment A of this advice letter to remove language referencing recovery of the 20% ownership share of the estimated removal & disposal costs of the original steam generators related to the SGRP pursuant to D.06-11-026 which is set to expire at the end of 2011.

MEF I & PALOMAR

The 2012 MEF I and Palomar revenue requirement remains unchanged from 2011 approved levels of \$121.2 million. SDG&E filed a GRC (A.10-12-005) on December 15, 2010. Pursuant to Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling ("Commission Ruling") dated March 2, 2011, any shortfall or over-collection that results from the difference between the rates currently in effect and the final rates adopted by the Commission will be recorded in the General Rate Case Memorandum Account ("GRCMA")³. Once a decision is reached in SDG&E's GRC, a true up will occur to the 2012 authorized revenue requirement amount. SDG&E will file to include the difference in revenue requirement in the NGBA filing for inclusion in rates effective January 1, 2013

MEF II

The 2012 MEF II revenue requirement of \$8.1 million represents a \$0.3 million decrease from the 2011 revenue requirement approved in AL 2104-E⁴ filed on November 12, 2010. As part of the 2010 NGBA update filing⁵, a revenue requirement for 2009 through 2013 was approved and is being used in this filing. In the SDG&E 2012 GRC filing, revenue requirements for MEF II are included with the proposed generation margin. As mentioned above, since there is not a decision in that case as of this filing, SDG&E is using the authorized 2012 MEF II revenue requirement from AL 2126-E and will track in the GRCMA and true up any difference once an authorized margin for 2012 is determined.

DESERT STAR ENERGY CENTER (FORMERLY EL DORADO POWER PLANT)

Background

On November 16, 2007, the Commission issued D.07-11-046 approving SDG&E's application to exercise an option to purchase the El Dorado Power Plant ("Plant")⁶ located in Nevada owned by El Dorado Energy LLC (a Sempra Generation affiliate), at a depreciated book value as of October 1, 2011. The decision also approved SDG&E's proposed framework for recovery of

³ AL 2242-E-A approved on October 28, 2011; effective January 1, 2012.

⁴ AL 2104-E approved December 7, 2010; effective December 13, 2010.

⁵ AL 2126-E approved on December 17, 2009; effective December 16, 2009.

⁶ AL 2292-E dated September 23, 2011 changed the Plant name from El Dorado to Desert Star Energy Center effective the date of ownership transfer; still outstanding

costs related to owning and operating the Plant. Pursuant to Commission D.07-11-046 and compliance with D.04-12-048, the Commission authorized SDG&E to utilize the NGBA to record the authorized operations and maintenance and capital-related non-fuel revenue requirements associated with the new utility generation plant. Fuel costs to operate the Plant will be recorded in the Energy Resource Recovery Account..

Discussion

Per D.07-11-046, ordering paragraph 3, SDG&E provided its rate base and non-fuel O&M expense forecasts and the associated revenue requirement calculations for Desert Star Energy Center in its 2011 annual NGBA advice letter filing, 2204-E. SDG&E did not include the 2011 revenue requirement as part of the NGBA rate changes effective January 1, 2011 since the revenue requirement was not incurred until the Plant was transferred to SDG&E on October 1, 2011. Prior to the transfer date and in compliance with D.07-11-046, SDG&E filed advice letter 2292-E⁷ to update the revenue requirement for final costs and determination of book value as well as to request the appropriate change in SDG&E's NGBA rate. The Desert Star Energy Center 2011 revenue requirement filed in AL 2292-E was \$25.9 million (excluding FF&U). SDG&E recorded the 2011 revenue requirement to the NGBA and that balance is part of the NGBA amortization shown in Attachment B, effective January 1, 2012. The 2012 revenue requirement is \$66.7 million (excluding FF&U). Attachment F provides details of the projected 2011-2012 revenue requirements as filed in Advice Letter 2292-E.

In the Equity Purchase Option Agreement dated February 8, 2007 between Sempra Energy Power I and SDG&E, it stated that "if requested by either party or by the CPUC not later than 60 days after the delivery by Seller of its proposed final Closing Balance Sheet as set forth in Section 2.2(d), the Closing Book Value shall be subject to review and audit." In order to protect ratepayer interest and assure an accurate correct final purchase price, SDG&E included its intent to request an audit in AL 2292-E⁸. Hence, if there is a change in the purchase price resulting from this audit, SDG&E will file an advice letter to adjust NGBA rates to confirm these costs are consistent with D.07-11-046, AL 2204-E, and the above-mentioned audit.

CALPEAK EL CAJON ENERGY FACILITY ("ECEP")

On January 5, 2011, SDG&E filed Application A.11-01-004 requesting authority to acquire the CalPeak El Cajon Energy Facility from CalPeak Power-El Cajon LLC. The ECEF is an existing peaker power plant located on SDG&E's property at its El Cajon substation. On October 27, 2011, a proposed decision ("PD") was issued which would approve SDG&E's request to acquire ECEF as of January 1, 2012. If the PD is approved, it would grant authority to purchase ECEF with total project cost not to exceed \$16.8 million and a 2012 revenue requirement of \$4.4 million. SDG&E will file a Tier 3 advice letter after the acquisition process is completed to report final actual costs. The earliest that the PD can appear on the CPUC meeting agenda for approval is December 1, 2011. If the PD is approved in 2011, SDG&E will include the initial 2012 ECEF revenue requirement in its Consolidated Filing for rates effective January 1, 2012.

SOLAR ENERGY PROJECT BALANCING ACCOUNT ("SEPBA")

⁷ AL 2292-E filed September 23, 2011; was protested by the Utility Consumers' Action Network ("UCAN") and is pending the Commission's Energy Division approval.

⁸ AL 2292-E, page 3

On July 11, 2008, San Diego Gas & Electric Company filed A.08-07-017 seeking approval of solar photovoltaic ("PV") program ("the Solar Energy Project") as part of a broader effort to promote renewable generation in California. The Solar Energy Project is projected to provide 26 MW of utility-owned generation and 74 MW of power purchase agreements with independent power producers. D.10-09-016 approved SDG&E to solicit turnkey ownership of 26 MWdc and required SDG&E to file a Tier 2 advice letter with the Energy Division specifying the Solar Energy Project implementation and administration details. In the filed Advice Letter 2210-E, SDG&E was authorized to create the Solar Energy Project Balancing Account consistent with ratemaking methodology discussed in section 7.10 of D10.09.016. The subsequent AL 2210-E authorized SDG&E an annual revenue requirement of \$567K for staffing and SDG&E has included that authorized revenue requirement for 2012 in this NGBA update. The 2012 revenue requirement proposed for collection is included in SDG&E's 2012 GRC still pending disposition and will be tracked in the GRCMA as required for later true up. Additionally, SDG&E began tracking current costs in the SEPBA effective April 2011. Pursuant to the Preliminary Statement approved with AL 2210-E, the balance in the SEPBA shall be transferred annually to the NGBA, and this projected year-end balance in SEPBA is included in the December 31, 2011 balances shown for amortization in Attachment B.

AMORTIZATION OF DECEMBER 31, 2011 BALANCES

The projected December 31, 2011 NGBA balance as of this filing is a \$58.3 million under-collection and will be amortized over the next 12 months beginning January 1, 2012. The projected amount includes the balances of accounts transferred annually to the NGBA such as the SONGS O&M Balancing Account ("SONGSBA"), the SONGS MAAC Subaccount⁹, and the Solar Energy Project Balancing Account.

This filing will not create any deviations from SDG&E's tariffs, cause withdrawal of service from any present customers, or impose any more restrictive conditions.

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 November 30, 2011 which is 20 days of 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

⁹ Upon SONGS Unit 3 return to operations on February 18, 2011, SDG&E recorded the revenue requirement associated with its share of installation costs that were authorized in AL 2243-E to the SONGS MAAC Subaccount. SDG&E is authorized to transfer the balance of the SONGS MAAC Subaccount to the ongoing NGBA at the end of the year following commercial operation of each unit or upon completion of the removal and disposal of the old steam generators for each unit.

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (ijn@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. 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

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 filing be approved effective December 10, 2011, 30 days from the date filed.

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list 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.

Sincerely,

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: Joff Morales

Phone #: (858) 650-4098

E-mail: JMorales@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) #: 2302-E

Subject of AL: Annual Non-Fuel Generation Balancing Account Update

Keywords (choose from CPUC listing): Compliance, Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 12/10/2011

No. of tariff sheets: 0

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 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 jnj@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

D. Appling
S. Cauchois
J. Greig
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

ATTACHMENT A
ADVICE LETTER 2302-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 22542-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, NON-FUEL GENERATION BALANCING ACCOUNT (NGBA), Sheet 1	Revised 21499-E
Revised 22543-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, NON-FUEL GENERATION BALANCING ACCOUNT (NGBA), Sheet 3	Revised 22082-E
Revised 22544-E	TABLE OF CONTENTS, Sheet 1	Revised 22534-E



PRELIMINARY STATEMENT

Sheet 1

II. BALANCING ACCOUNTS
NON-FUEL GENERATION BALANCING ACCOUNT (NGBA)

1. Purpose: The purpose of the NGBA is to provide recovery of approved electric generation non-fuel costs not being recovered by another component of SDG&E's rates. Currently, the Utility has ownership interest in the following plants in operation: San Onofre Nuclear Generating Station (SONGS) the Miramar Combustion Turbine (CT) facility and the Palomar Energy Center facility and the Miramar Energy Facility II (MEF II).
2. Applicability: The NGBA shall be applied only to the Utility's bundled service customers.
3. Generation Non-fuel Revenue Requirement:

SONGS:

The generation non-fuel revenue requirement shall consist of the SONGS operating & maintenance and capital-related costs approved for SDG&E in the Southern California Edison (SCE) General Rate Case (D.09-03-025) and the SDG&E General Rate Case (D.08-07-046). The 2009 revenue requirement authorized in D.09-03-025 shall be adjusted in future years pursuant to the PYTR mechanism adopted in the proceeding. Year 2010 and 2011 revenue requirements shall be subject to increases of 4.25% and 4.35% respectively, consistent with the PTYR mechanism adopted in D.09-03-025. Pursuant to D.09-03-025, the utility is authorized to recover \$13.36 million (2009 dollars), \$13.92 million (2010 dollars), and \$14.53 million (2011 dollars) for each SONGS 2&3 refueling and maintenance outage that occurs in 2009 through 2011 respectively. If the actual number of SONGS 2&3 refueling and maintenance outages in 2009 through 2011 is different than the number of outages in SDG&E's 2009 through 2011 generation revenue requirement, the difference will be addressed via an advice letter submitted to the Commission by February 15, 2010 (for the 2009 difference), 2011 (for the 2010 difference) and 2012 (for the 2011 difference). The resulting adjustment will be made as an entry to the NGBA.

Miramar CT:

The generation non-fuel revenue requirement shall consist of the operating and maintenance and capital-related costs approved in SDG&E's General Rate Case (D.08-07-046). The revenue requirement for 2009, 2010, and 2011 shall be adjusted pursuant to the Post-Test Year Ratemaking settlement adopted in D.08-07-046. The fuel costs of the Miramar CT shall be recorded in the Energy Resource Recovery Account (ERRA). Any revenues received from the Independent System Operator (ISO) under the reliability-must run (RMR) contract shall be credited to the NGBA.

(Continued)

D



PRELIMINARY STATEMENT

Sheet 3

II. BALANCING ACCOUNTS
NON-FUEL GENERATION BALANCING ACCOUNT (NGBA)

6. Accounting Procedure (Continued)

- b. A debit entry equal to 1/12 of the authorized SONGS 2&3 refueling and maintenance outage authorized revenue requirement as established in D.09-03-025.
- c. An entry equal to the SONGS 2&3 refueling and maintenance outage adjustment as described in Section 3 above.
- d. A debit entry equal to 1/12 of the authorized annual generation non-fuel revenue requirement for the Miramar CT as established in D.08-07-046.
- e. A debit entry equal to 1/12 of the authorized fixed annual generation non-fuel revenue requirement for the Palomar Energy Center as established in D.08-07-046.
- f. A debit entry equal to 1/12 of the authorized fixed annual generation non-fuel revenue requirement for the MEF II as established in D.09-01-008 and updated in AL 2099-E.
- g. A debit entry equal to 1/12 of the authorized El Dorado Power Plant fixed annual generation non-fuel revenue requirements as established in D.07-11-046 and updated through advice letter upon in-service date of October 1, 2011. D
- h. A debit entry equal to the El Dorado Power Plant's authorized variable O&M non-fuel costs, calculated by multiplying the authorized variable O&M rate times the MWh generated. T
- i. A credit entry equal to any revenues received from the ISO for reliability must run (RMR) contract. T
- j. A credit entry equal to the revenue billed during the month from the NGBA rate, net of franchise fees and uncollectibles. T
- k. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entries 6.a. through 6.j. at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15. or its successor. T

7. Disposition

Disposition of the balance in the NGBA shall be addressed as part of the Utility's annual consolidated electric rate change filed via advice letter in December of each year.

8. SONGS Major Additions Adjustment Clause (MAAC) Subaccount

- a. Purpose: The purpose of the SONGS MAAC Subaccount is to record SDG&E's authorized revenue requirement associated with its share of the SONGS Unit 2 and Unit 3 steam generator installation costs, the associated capital-related expenses, and any remaining, unrecovered actual disposal/removal costs of the original steam generators in compliance with D.06-11-026.

(Continued)

3H8

Advice Ltr. No. 2302-E

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President

Date Filed Nov 10, 2011

Effective Dec 10, 2011

Resolution No. _____



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Sheet 1

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

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(Continued)

SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 2302-E
ATTACHMENT B
2012 NGBA REVENUE REQUIREMENT
(\$ In Thousands)

	Proposed 2012 ^{1/}	Authorized 2011 ^{1/}
SONGS		
Non-fuel Operations & Maintenance Revenue Requirement ^{2/}	100,490	100,490
Non-fuel Capital-related Revenue Requirement ^{2/}	24,199	24,199
Refueling - Forecast (2) 2012 Outages ^{3/}	28,721	-
Steam Generation Replacement Program (SGRP) Removal & Disposal Costs ^{4/}	-	1,401
SONGS Unit 2 SGRP Installation Revenue Requirement	17,772	16,722
SONGS Unit 3 SGRP Installation Revenue Requirement	14,208	-
SONGS Total	185,389	142,812
SDG&E Generation		
SDG&E Generation - Miramar & Palomar ^{5/}	121,217	121,217
SDG&E Generation - Miramar II ^{6/}	8,095	8,420
El Dorado Power Plant ^{7/}	66,651	-
Calpeak El Cajon Energy Facility ^{8/}	-	-
SDG&E Generation Total	195,962	129,637
Solar Energy Project Balancing Account (SEPBA) Revenue Requirement	567	-
2011 Authorized NGBA Revenue Requirement	381,918	272,449
December 31, 2011 Balances ^{9/}		
NGBA ^{10/ 11/}	24,660	23,674
SONGS MAAC Subaccount ^{10/}	13,346	13,004
SONGSBA ^{10/ 12/}	20,068	8,374
Solar Energy Project Balancing Account (SEPBA) ^{12/}	208	-
Amortization of 12/31 Balances	58,282	45,052
NGBA Revenue Requirement effective 1/1/12 ^{13/}	440,200	317,501

Notes:

^{1/} Dollar amounts exclude FF&U.

^{2/} Revenue requirement approved in Southern California Edison's (SCE's) 2009 GRC A.07-11-011/D.09-03-025 as implemented in SCE's AL 2336-E. 2011 revenue requirement includes a post-test year ratemaking increase of 4.35%, as adopted in D.09-03-025. 2012 revenue requirements will be tried-up pending a decision in A. 10-11-015.

^{3/} Two refueling outages forecasted by SCE for 2012 at \$14.4 million each as adopted in D.09-03-025 and will be tried up with a decision in A.10-11-015.

^{4/} 2011 Revenue requirement approved in A.06-04-018/D.06-11-026, SONGS Steam Generator Replacement Project proceeding including escalation. Removal and Disposal is still underway for SONGS Units 2 & 3. Once completed and final costs determined, SDG&E will file to include the remaining costs in rates pursuant to D.06-11-026, Attachment A.

^{5/} Authorized 2011 revenue requirement includes fixed attrition for SDG&E Generation approved in D.08-07-046. SDG&E filed their 2012 GRC A. 10-12-005 on December 15, 2010 and is still involved in proceedings. 2012 proposed revenue requirement therefore remains unchanged from the 2011 authorized amounts until a decision is reached in the GRC.

^{6/} 2011 - 2012 revenue requirement approved in Advice Letter AL 2099-E dated November 16, 2009.

^{7/} SDG&E acquired the El Dorado power plant on October 1, 2011. Advice Letter 2292-E was filed on September 23, 2011 to present an update per AL 2204-E. The annual revenue requirement discussed and presented in AL 2292-E is included in Attachment E.

^{8/} On January 5, 2011, SDG&E filed Application A.11-01-004 requesting authority to acquire the CalPeak El Cajon Energy Facility (ECEP). On October 27, 2011, an approval PD was issued. If the PD is approved in 2011, SDG&E will include the 2012 CalPeak revenue requirement in its Consolidated Filing for rates effective January 1, 2012.

^{9/} Year-end 2011 balances reflect actual data through September 2011 and forecasted amounts for October - December 2011.

^{10/} 2011 amortization approved in Advice Letter 2204-E.

^{11/} Includes the transfer amount from the El Dorado Transition Cost Memorandum Account as approved in AL 2213-E-A.

^{12/} Under SDG&E's tariffs, the balance is transferred annually to the Non-fuel Generation Balancing Account.

^{13/} Amount including FF&U is \$445,398,037. Franchise fee factor is 1.028% and uncollectible factor is .141% which computes to a 1.012 gross-up factor 1/(1-.01028-.00141).

SAN DIEGO GAS & ELECTRIC COMPANY
1/1/2012
Attachment C
SDG&E Advice Letter 2302-E
CLASS AVERAGE RATES

Rates Effective 9/1/2011
(AL 2280-E-A)

Proposed Rates
1/1/2012

	Current Total UDC Rate (¢/KWhr)	Current Avg. Commodity (¢/KWhr)	Current Total Rate (¢/KWhr)	Proposed Total UDC Rate (¢/KWhr)	Proposed Avg. Commodity (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	11.873	6.567	18.440	11.873	7.242	19.115	0.675	3.66%
Small Commercial	10.713	7.076	17.789	10.713	7.803	18.516	0.727	4.09%
Med&Lg C&I	6.870	7.045	13.915	6.870	7.763	14.633	0.718	5.16%
Agriculture	10.591	6.760	17.351	10.591	7.455	18.046	0.695	4.01%
Lighting	10.500	4.865	15.365	10.500	5.365	15.865	0.500	3.25%
System Total	9.168	6.824	15.992	9.168	7.522	16.690	0.698	4.36%

San Diego Gas & Electric
Attachment D
Advice Letter 2302-E
San Onofre Nuclear Generating Station (SONGS)
Unit 2 SGRP
Reactor Plant Equipment for Nuclear Production Plant
Annual Revenue Requirement

Account-322

<u>Reactor Plant Equipment</u>		2011	2012
Franchise Fees & Uncollectibles	1.73%	0.3	0.3
O&M expenses		-	-
Property Taxes	1.21%	0.9	0.9
Preferred Equity Interest	0.42%	0.3	0.3
Interest Expense	2.54%	1.9	1.9
Depreciation Expense		6.5	7.2
Federal Tax Expense		2.6	2.7
State Tax Expense		0.6	0.7
Return on Equity	5.44%	4.0	4.1
Revenue Requirement		17.0	18.1
Return on Ratebase (ROR)		6.2	6.3

San Diego Gas & Electric
Attachment E
Advice Letter 2302-E
San Onofre Nuclear Generating Station (SONGS)
Unit 3 SGRP
Reactor Plant Equipment for Nuclear Production Plant
Annual Revenue Requirement

Account-322

<u>Reactor Plant Equipment</u>		2011	2012
Franchise Fees & Uncollectibles	1.18%	0.2	0.2
O&M expenses		-	-
Property Taxes	1.253%	0.7	0.8
Preferred Equity Interest	0.42%	0.2	0.3
Interest Expense	2.54%	1.5	1.6
Depreciation Expense		5.2	5.6
Federal Tax Expense		2.5	2.0
State Tax Expense		0.8	0.5
Return on Equity	5.44%	3.2	3.4
Revenue Requirement		14.3	14.4
Return on Ratebase (ROR)		5.0	5.3

San Diego Gas & Electric
Attachment F
San Diego Gas & Electric
Advice Letter 2302-E
Desert Star Energy Center (El Dorado)
Annual Revenue Requirement (in millions)

<u>Electric Plant</u>		2011	2012
Franchise Fees & Uncollectibles	1.18%	0.3	0.8
O&M expenses		15.6	26.5
Property Taxes	1.29%	0.7	2.6
Preferred Equity Interest	7.25%	0.2	0.8
Interest Expense	5.62%	1.3	5.1
Depreciation Expense		3.1	12.3
Federal Tax Expense		1.8	7.0
State Tax Expense		0.3	1.5
Return on Equity	11.10%	2.9	10.9
Revenue Requirement		26.2	67.4
Return on Ratebase (ROR)		4.4	16.8