

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

Application of SAN DIEGO GAS & ELECTRIC  
COMPANY (U 902-E) for Adoption of its 2013 Energy  
Resource Recovery Account Revenue Requirement and  
Competition Transition Charge Revenue Requirement  
Forecasts

Application 12-10-002  
(filed October 1, 2012)

**AMENDMENT TO APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)  
FOR APPROVAL OF ERRA AND CTC FORECASTS FOR 2013**

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**TABLE OF CONTENTS**

**I. INTRODUCTION..... 1**

**II. SUMMARY OF KEY UPDATES REFLECTED IN THIS AMENDED APPLICATION AND ASSOCIATED AMENDED TESTIMONY..... 3**

**III. CONCLUSION ..... 5**

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**I. INTRODUCTION**

Pursuant to Rule 1.12 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the Assigned Commissioner’s Scoping Memo and Ruling,<sup>1</sup> San Diego Gas & Electric Company (“SDG&E”) hereby files an Amendment to its Application for Approval of its Energy Resource Recovery Account (“ERRA”) and Competition Transition Charge (“CTC”) Revenue Requirement Forecasts for 2013 (“Amendment”). As summarized below, this Amendment updates SDG&E’s previously submitted testimony in this proceeding, primarily to: (1) update the market benchmark price used to calculate above or below-market costs associated with SDG&E’s combined total portfolio; (2) update the cost forecast to reflect the results of the November 2012 Greenhouse Gas (“GHG”) auction while also removing GHG-related costs from SDG&E’s 2013 ERRA revenue requirement; and (3) exclude the balance of a new sub-balancing account of ERRA, which will be created to track GHG costs for recovery in future years, from SDG&E’s monthly ERRA trigger calculation and obtain authorization to pursue cost recovery of GHG-related costs upon further direction from the

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<sup>1</sup> Assigned Commissioner’s Scoping Memo and Ruling, dated December 11, 2012.

Commission. Other updates are reflected in the summary below and also in the updated, accompanying testimony.

As a result of this Amendment, SDG&E must update both its ERRA and CTC revenue requirements for 2013. Accordingly, SDG&E's amended requests for relief are as follows: (1) a 2013 ERRA revenue requirement forecast of \$1,015.531 million (including franchise fees and uncollectibles); (2) a 2013 CTC revenue requirement forecast of \$42.028 million; and (3) authority to implement a 2013 market benchmark price ("MBP") of \$50.16/MWh for calculating the CTC and the vintage MBPs for calculating the Power Charge Indifference Adjustment ("PCIA"), as well as the resulting 2013 PCIA's, based on use of the current Commission-approved market benchmark methodology.

As a result of the foregoing changes, the 2013 ERRA and CTC forecasts are now \$194.061 million higher and \$7.162 million lower, respectively, than the forecasts for 2012, for a combined total increase of \$186.898 million or a 6.55% percent increase in current system average rates (an increase of 1.058 cents per kilowatt-hour to the system average rate). However, SDG&E's amended 2013 ERRA and CTC forecasted revenue requirements are \$88.212 million and \$9.806 million lower, respectively, than these amounts originally presented in its October 1, 2012 Application.

As explained in the original Application, this increase from 2012 levels continues to primarily be due to three factors: (1) the increase in generation in SDG&E's portfolio attributed to the expiration of a California Department of Water Resources ("CDWR") contract; (2) the increase in renewable generation costs to meet the Renewable Portfolio Standard ("RPS"); and (3) costs associated with the expected, reduced operation of the San Onofre Nuclear Generating

Station (“SONGS”). Each individual factor is more fully described in the amended testimony of SDG&E witness Andrew Scates.

If this amended Application is approved as proposed, a typical monthly summer electric bill (based on 500 kilowatt-hours of electricity) will increase from approximately \$84.38 to \$86.44 (or 2.4 percent) for inland customers and from approximately \$91.99 to \$96.11 (or 4.5 percent) for coastal customers. A typical monthly bill for residential customers who use 1,000 kilowatt-hours per month will increase from approximately \$228.14 to \$246.58 (or 8.1 percent) for inland customers and from approximately \$237.67 to \$258.17 (or 8.6 percent) for coastal customers. SDG&E’s small commercial customers will see an increase of approximately \$19.71 on their monthly summer electric bill or 6.4 percent (based on 1,500 kWh of electricity for secondary service).<sup>2</sup> However, as noted above, these increases are mitigated by the significant decrease in the CDWR revenue requirement.

## **II. SUMMARY OF KEY UPDATES REFLECTED IN THIS AMENDED APPLICATION AND ASSOCIATED AMENDED TESTIMONY**

SDG&E is updating its previously submitted testimony in this proceeding for the following primary reasons:<sup>3</sup>

- SDG&E’s witness Le Mieux is updating SDG&E’s Market Benchmark Price, using the established methodologies authorized by the Commission, to determine above or below market costs associated with SDG&E’s combined total portfolio. Ms. Le Mieux’s amended direct testimony proposes a market benchmark price of \$50.16/MWh for calculating the CTC and vintage MPBs for calculating the

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

<sup>3</sup> The following summary is intended to highlight the main areas where SDG&E’s witnesses’ testimonies have been updated. There are other minor and nonsubstantive changes also reflected in the amended direct testimonies which will serve as the evidentiary foundation for this proceeding.

PCIA. These updated figures reflect information recently provided by the Commission's Energy Division that are inputs to these calculations.

- SDG&E witness Le Mieux's testimony also updates SDG&E's Power Charge Indifference Adjustment ("PCIA") which seeks to preserve bundled customers' indifference to the departure of utility customers to non-utility service.
- SDG&E witness Jenison's amended direct testimony updates SDG&E's requested relief to seek to exclude the balance of the sub-balancing account of the ERRA, which will be tracking deferred GHG costs for future recovery, from use in the monthly ERRA trigger calculation.
- SDG&E witness Scates' amended direct testimony updates this proceeding by providing the current, expected operational status for 2013 for the San Onofre Nuclear Generating Station ("SONGS").
- SDG&E witness Miller's amended direct testimony has been revised to reflect the results from the November 2012 GHG auction. Additionally, as explained by Mr. Miller in his testimony, SDG&E has removed GHG direct and indirect costs from the 2013 ERRA revenue requirement in accordance with the Commission's recently issued directives in D.12-12-033. These costs will be reviewed in a separate, to-be-determined proceeding upon further Commission direction.

### **III. CONCLUSION**

Based on this Amendment and the supporting amended testimony and exhibits, SDG&E respectfully requests that the Commission grant the following requested relief:

(1) authority to increase rates by approving as reasonable SDG&E's 2013 ERRRA revenue requirement forecast of \$1,015.531 million to procure the resources necessary to meet SDG&E's customers' electricity requirements;

(2) authority to decrease rates by approving as reasonable SDG&E's 2013 CTC revenue requirement forecast of \$42.028 million;

(3) authority to implement a 2013 market benchmark price of \$50.16/MWh for calculating the CTC and vintage MBPs for calculating the PCIA, as well as the resulting 2013 PCIA, based on use of the current Commission-approved market benchmark methodology;

(4) approve SDG&E's Greenhouse Gas forecast for 2013;

(5) approve the exclusion of the GHG sub-balancing account from SDG&E's monthly trigger calculation; and

(6) grant such additional relief as the Commission believes is just and reasonable.

Respectfully submitted,

By: /s/ Paul A. Szymanski

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SAN DIEGO GAS & ELECTRIC COMPANY

By:



Lee Schavrien

San Diego Gas & Electric Company

Senior Vice President – Finance, Regulatory and Legislative Affairs

DATED at San Diego, California, this 8th day of January 2013



# **OFFICER VERIFICATION**

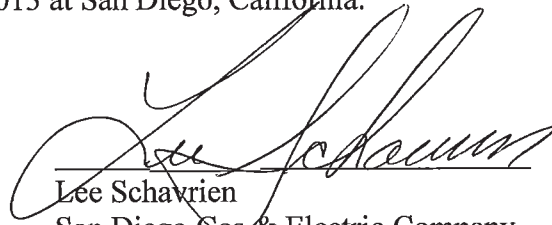
**OFFICER VERIFICATION**

Lee Schavrien declares the following:

I am an officer of San Diego Gas & Electric Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing **AMENDMENT TO APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF ERRA AND CTC FORECASTS FOR 2012** are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 8, 2013 at San Diego, California.



Lee Schavrien  
San Diego Gas & Electric Company  
Senior Vice President – Finance, Regulatory and  
Legislative Affairs