

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2008; (ii) Costs Related to those Activities Recorded to the Electric Resource Recovery Account (ERRA) and Transition Cost Balancing Account (TCBA); and entries recorded to the Rate Reduction Bond Memorandum Account (RRBMA).

A.09-05-018
(Filed on May 20, 2009)

**OPENING COMMENTS
OF THE DIVISION OF RATEPAYER ADVOCATES
ON THE PROPOSED DECISION FILED JANUARY 19, 2010**

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February 8, 2010

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OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2008; (ii) Costs Related to those Activities Recorded to the Electric Resource Recovery Account (ERRA) and Transition Cost Balancing Account (TCBA); and entries recorded to the Rate Reduction Bond Memorandum Account (RRBMA).

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The Division of Ratepayer Advocates (DRA) hereby submits these comments on the Proposed Decision filed January 19, 2010 (PD) pursuant to the California Public Utilities Commission Rules of Practice and Procedure, Rule 14.3.

I. THE PROPOSED DECISION'S ADOPTION OF DRA AND SDG&E'S AUDIT AGREEMENT SHOULD BE CLARIFIED

As indicated in the parties' briefs and in the PD, DRA and San Diego Gas & Electric (SDG&E) agreed that an internal audit of SDG&E's ERRA balancing account was reasonable. The PD endorses this agreement as reasonable and adopts it. DRA, however, believes that a sentence in the PD has the potential to create some confusion and recommends deletion of that sentence to eliminate any possible confusion.

The PD indicates that:

DRA found that SDG&E has not performed an *internal audit of its qualifying facility contract administration since 2002*. DRA recommends that SDG&E's internal audit department, Sempra Audit Services Department, perform an internal audit of its *ERRA balancing account* at least every three years. PD, p. 5, emphasis added.

The reference to “qualifying facility contract administration” concerns a different area of DRA’s inquiry in this ERRA Application, which relates to administration of qualifying facility contract administration and is distinct from the ERRA balancing account review inquiry that DRA also performed. The recommendation and agreement to perform an internal audit of the ERRA balancing account was made as part of DRA’s review of the ERRA balancing account and was not limited to or specific to the review of qualifying facility contract administration. While this mention of ‘qualifying facility contract administration’ was not repeated later in the PD, DRA recommends deleting the first quoted sentence to avoid any potential confusion that the audit might be limited to qualifying facility contract administration.

II. A POTENTIAL CONFUSION REGARDING THE FOUR OUTAGES THAT DRA ORIGINALLY RECOMMENDED BE FOUND UNREASONABLE SHOULD BE CLARIFIED

With regard to utility retained generation, the PD states that:

DRA reviewed the operations of SDG&E’s utility-retained generation facilities and found the operations reasonable except for four unplanned outages. Two of the outages were at the Miramar Energy Facility and two were at the Palomar Energy Center. SDG&E submitted rebuttal testimony that explained the outages. After further review, *DRA determined that the four outages were reasonable*. PD, p. 7, emphasis added.

The PD is correct that DRA originally recommended that four outages be found to be unreasonable. DRA withdrew that recommendation after SDG&E provided additional evidence through its rebuttal testimony and via a telephone discussion between DRA and SDG&E. DRA, however, did not determine that the four outages were reasonable and

did not make that representation. DRA simply withdrew its prior recommendation that they be found unreasonable.¹ As such, DRA requests that the PD be slightly modified to delete the erroneous reference to a DRA finding that the four outages were reasonable.

It may also be worth noting that DRA made no recommendation regarding the remainder of SDG&E's utility retained generation. In other words, DRA did not find the remainder of SDG&E's utility retained generation to be reasonable or unreasonable.

III. RECOMMENDED CHANGES TO THE PROPOSED DECISION

1. DRA recommends deleting the following sentence from the page 5 of the PD:

DRA found that SDG&E has not performed an internal audit of its qualifying facility contract administration since 2002.

2. DRA recommends deleting the following sentence from page 7 of the PD:

After further review, DRA determined that the four outages were reasonable.

This sentence could be replaced by the following:

After further review, DRA withdraw its recommendation that the four outages be found to be unreasonable.

3. DRA recommends replacing Finding of Fact # 7 which states:

SDG&E took reasonable steps to avoid the four unplanned outages of the Miramar Energy Facility and the Palomar Energy Center by performing necessary testing and inspections and, when the outages occurred, took reasonable steps to resolve the problems and get the units back on line as soon as possible.

With the following Finding of Fact:

DRA reviewed SDG&E's utility retained generation activities in 2008 and does not oppose SDG&E's request for recovery of ERRA-related costs.

¹ The relevant email to the Administrative Law Judge (November 13, 2009) indicates that:

Following service of SDG&E's rebuttal testimony and follow up information regarding the outages, DRA has agreed that it is no longer seeking any disallowances regarding the outages and therefore that all of its requests in its testimony as to the outages (including the proposed conclusions of law, findings of fact and recommendations at pages 5-8 and 5-9 of A. Mazy's testimony) are moot and do not require any ruling.

SDG&E and DRA adopted this statement in their opening and reply briefs, respectively.

Respectfully submitted,

/s/ MITCHELL SHAPSON

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February 8, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **OPENING COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION FILED JANUARY 19, 2010** to the official service list in **A.09-05-018** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on **February 8, 2010** at San Francisco, California.

/s/ ALBERT HILL

Albert Hill

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