

PUBLIC UTILITIES COMMISSION505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**5-12-15
08:16 AM

May 12, 2015

Agenda ID #13963
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 14-05-026:

This is the proposed decision of ALJ Wilson. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 11, 2015 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ KAREN V. CLOPTONKaren V. Clopton, Chief
Administrative Law Judge

KVC;jt2

Attachment

Decision PROPOSED DECISION OF ALJ WILSON (Mailed 5/12/2015)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2013, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2013 and (iii) Costs Recorded in Related Regulatory Accounts in 2013.

Application 14-05-026
(Filed May 30, 2014)

DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY'S 2013 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE REQUEST

Table of Contents

Title	Page
DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY’S 2013 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE REQUEST	1
Summary	2
1. Background	2
2. Discussion and Conclusion.....	4
2.1. Issues Primarily Resolved by Parties	4
2.1.1. Methodology for calculating UOG Replacement Power Costs	5
2.1.2. Maximum Disallowance for SOC4 Violation	6
2.1.3. Reasonableness and Recovery of Requested Amounts and Management of Outages	6
2.2. Unresolved Issues	7
2.2.1. More Detailed Calculation Proposal	7
2.2.2. LCD Compliance Proposal.....	8
3. Other Procedural Matters	9
3.1. Change in Determination of Need for Hearings	9
3.2. Admittance of Testimony and Exhibits into the Record	9
3.3. Motions for Confidential Treatment	11
3.3.1. SDG&E	11
3.4. Compliance with the Authority Granted Herein.....	12
4. Comments on Proposed Decision.....	12
Assignment of Proceeding.....	12
Findings of Fact	12
Conclusions of Law.....	14
ORDER	17

DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY'S 2013 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE REQUEST**Summary**

By this decision, the California Public Utilities Commission approves San Diego Gas & Electric Company's request regarding its 2013 Energy Resource Recovery Account compliance application, as discussed herein.

1. Background

The Commission established the Energy Resource Recovery Account (ERRA) balancing account mechanism in Decision (D.) 02-10-062 to track fuel and purchased power billed revenues against actual recorded costs of these items. In the same decision, the Commission required regulated electric utilities in California to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism (to address balances exceeding certain benchmarks), and a schedule for semiannual ERRA applications. Since that time, subsequent decisions regarding the ERRA balancing account have adopted minimum standards of conduct that regulated energy utilities must follow in performing their procurement responsibilities. The Commission is also required to perform a compliance review as opposed to a reasonableness review of these items. A compliance review looks at whether a utility has complied with all applicable rules, regulations, opinions, and laws, while a reasonableness review looks at not only a utility's compliance, but also whether the data or actions resulting from, for example, the calculation of a forecasted expense, are realistic, based on the methods and inputs used. In the annual ERRA forecast application, the utility requests adoption of the utility's forecast of what it expects its annual fuel and purchased power costs for the upcoming 12 months to be. In a separate annual ERRA compliance application a utility requests a determination of

whether it is in compliance with applicable rules governing energy resource contract administration and least cost dispatch (LCD) conducted during a prior year and therefore able to address any over- or under-collection in its ERRA balancing account. This decision resolves the ERRA compliance application that San Diego Gas and Electric Company (SDG&E) filed on May 30, 2014 (Application (A.) 14-05-026). In A.14-05-026, SDG&E requested adoption and recovery of: 1) contract administration, LCD and power procurement activities in 2013; 2) costs related to those activities recorded to the ERRA and Transition Cost Balancing Account (TCBA) in 2013; and 3) costs recorded in related regulatory accounts in 2013, including its Local Generation Balancing Account (LGBA), New Environmental Regulatory Balancing Account (NERBA), and Independent Evaluator Memorandum Account (IEMA). The under-collected balances in the ERRA and TCBA as of December 31, 2013 are \$225,182,494¹ and \$9,162,204, respectively.

By Resolution ALJ 176-3337, issued on June 12, 2014, A.14-05-026 was categorized as ratemaking with a need for evidentiary hearings. On July 3, 2014, the Office of Ratepayer Advocates (ORA) filed a protest to A.14-05-026. On July 14, 2014, SDG&E filed its reply to ORA's protest.

¹ \$225,182,494 results from netting Greenhouse Gas (GHG) costs and San Onofre Nuclear Generating Station (SONGS) net gross under-collected ERRA balance of \$417,066,468.

On July 28, 2014, a prehearing conference was held to establish the service list, discuss the scope of this proceeding, and develop a procedural timetable for the management of this proceeding. On August 4, 2014, Commissioner Michel P. Florio, the assigned Commissioner, issued his Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo).

On December 8, 2014, the assigned Administrative Law Judge (ALJ) issued a ruling granting SDG&E's and ORA's request to remove the evidentiary hearings scheduled for December 16, 2014 from the Commission's Calendar. On January 15, 2015, the assigned ALJ issued a ruling granting ORA's request for an extension of time to file opening and reply briefs, from January 16, 2015 and January 30, 2015, respectively, to January 21, 2015 and February 5, 2015, respectively.

ORA filed an opening brief on January 21, 2015 and SDG&E filed a reply brief on February 5, 2015.

On March 5, 2015, SDG&E filed a request for receipt of its testimony into the record. On March 20, 2015, ORA filed a request for receipt of its testimony into the record. Both of these requests are addressed in Section 6 of this decision.

All rulings made by the assigned Commissioner and ALJ during the pendency of this proceeding are affirmed herein.

2. Discussion and Conclusion

2.1. Issues Primarily Resolved by Parties

During the pendency of the current proceeding, SDG&E and ORA reached agreement on a number of SDG&E's requests, and ORA found selected SDG&E requests to be reasonable.

2.1.1. Methodology for calculating UOG Replacement Power Costs

ORA and SDG&E reached agreement on the methodology for calculating UOG replacement power costs. Both SDG&E and ORA agreed that the 15-minute market should be included in the calculation proposed by ORA, but SDG&E believes it should be utilized in both the current and future ERRAs, while ORA believes it should only be used on a prospective basis.

The Federal Energy Regulatory Commission (FERC) Order 764 authorized the 15-minute market in June 2012. Because FERC Order 764 was adopted prior to the Record Period herein of 2013, it is applicable to the current request for 2013. The Commission therefore adopts ORA's proposed methodology, modified by use of the 15-minute market as follows:

1. Uses the sum of: (1) replacement energy costs, and (2) capacity-related costs, and other California Independent System Operator (CAISO) market charges caused by a forced outage;
2. Considers the 15-minute market; and
3. Allocation of capacity related costs and other CAISO market charges in the calculation of replacement power costs, proposed by SDG&E and agreed to by ORA. Specifically:
 - a. Use of three capacity related costs and other CAISO market charges; and
 - b. Allocation of a pro-rata share of one of the charge codes (8824) to the resource should be calculated for a forced outage deemed unreasonable, when a unit has multiple forced outages occur in a month.

Because the FERC Order 764 was issued prior to the Record Period addressed herein, the Commission authorizes the use of this methodology adopted herein, in this Record Period of 2013 and in future record periods, for calculating Utility Owned Generation (UOG) replacement power costs.

2.1.2. Maximum Disallowance for SOC4 Violation

ORA and SDG&E agree that the maximum disallowance for SDG&E's violation(s) of Standard of Conduct (SOC) 4 for the Record Year would be \$17.814 million in the event that the Commission determines that SDG&E should be penalized for SOC4 infractions.

ORA and SDG&E also agree that the maximum SOC4 disallowance cap amount should be included in future SDG&E's ERRA Compliance testimony and, commencing with Record Year 2014, SDG&E will include, for information purposes only, that amount, along with its calculation.

Therefore, the Commission adopts a maximum disallowance for SDG&E violations of SOC4 for 2013 of \$17.814 million. Because the Commission finds no violations of SOC4 in the current application, this maximum disallowance is not applied to SDG&E.

2.1.3. Reasonableness and Recovery of Requested Amounts and Management of Outages

ORA also found: 1) no exceptions and proposed no adjustments to SDG&E's ERRA, TCBA, recorded Greenhouse Gas (GHG) costs, LGBA, NERBA, IEMA, and in-lieu gas franchise; 2) no objections to SDG&E's administration of its contracts and contract settlements during 2013; and 3) SDG&E's management of five forced outages in 2013 that occurred at SDG&E's four UOG fossil resources, including the Palomar Energy Center (Palomar), Desert Star, Cuyamaca, and Miramar Energy Facility (Miramar) to be reasonable, requiring no disallowances for violation of SOC4.

The Commission therefore approves SDG&E's: 1) entries to and year-end balance in the ERRA (\$225,182,494) and TCBA (\$9,162,204) for the period

January 1, 2013 through December 31, 2013;² 2) recovery of the amounts recorded in related regulatory accounts, including its LGBA, NERBA, and IEMA; 3) entries to its ERRA, TCBA, LGBA, NERBA, IEMA, which are accurate and reasonable; 4) recorded GHG costs and in-lieu gas franchise costs are consistent with applicable standards; and 5) contract administration, least cost dispatch power procurement activities, and management of forced UOG outages.

2.2. Unresolved Issues

ORA also proposed two items that SDG&E does not agree with: 1) that in future ERRA applications SDG&E be required to provide a more detailed showing of its calculation of the SOC4 disallowance cap amount (than agreed to by SDG&E – see Section 2.1.2 above), broken out by Procurement Functional Categories (PFC); and 2) that all dispatchable resources, including dispatchable Demand Response (DR) resources that respond to economic triggers, be considered part of SDG&E's LCD showing under SOC4.

2.2.1. More Detailed SOC4 Disallowance Cap Amount Calculation Proposal

ORA posits that SDG&E's description of what constitutes a sufficient showing of LCD compliance for its DR programs is inconsistent with the Commission requirements pursuant to D.13-10-041. ORA also believes that SDG&E did not provide detailed calculations by which ORA could assess SDG&E's compliance with LCD mandates for its DR programs. ORA posited that SDG&E should include more detailed information in its request, such as a

² Results in a total under-collection of \$234,344,698.

performance evaluation or other type of quantitative analysis to demonstrate SDG&E's effectiveness in achieving compliance with Commission requirements.

SDG&E disagrees with ORA's request to provide more detailed information regarding its calculation of the SOC4 maximum disallowance, because SDG&E believes what it identifies as a hypothetical calculation, is not currently tracked and would be burdensome for employees. SDG&E also references two ERRA decisions, D.02-12-074, as modified by D.03-06-067, inferring that the Commission did not require that utilities break down costs by the PFC as suggested by.

The Commission finds that the additional detail requested by ORA would be burdensome, is not supported by prior decisions, and is not adopted. As discussed above, SDG&E will provide the calculation of the SOC4 maximum disallowance in its 2014 Record Year application.

2.2.2. LCD Compliance Proposal

In assessing LCD compliance, ORA recommends that SDG&E include dispatchable DR programs, where the utility has contracted in advance for a specified load impact with its customers and a certain economic trigger has been reached. As discussed below, the Commission has already resolved in prior proceedings, the type of information that must be provided in assessing LCD compliance and the proceedings in which DR program information is assessed.

By their Interim Ruling Providing Guidance for 2014 ERRA Compliance Proceedings (Interim Ruling), the assigned Commissioner and ALJ in A.11-02-011, A.11-04-001, and A.11-06-003, determined what the investor-owned utilities (IOUs) LCD showing must include for the IOUs 2014 ERRA compliance cases. By this Interim Ruling, the assigned Commissioner and ALJ detailed the

information the IOUs must include in their 2014 ERRA Compliance applications to demonstrate LCD compliance, including but not limited to DR information.

Also, DR reporting requirements are already carried out pursuant to directives from R.13-09-011 and outlined in D.14-12-024.

Because the Interim Ruling provides instructions for IOUs regarding LCD compliance, and D.14-12-024 in R.13-09-011 already provides reporting requirements for DR, the Commission rejects ORA's request regarding LCD and DR information in the current proceeding. If ORA has further concerns regarding LCD compliance and DR reporting requirements, it can raise such issues in the above-referenced proceedings.

3. Other Procedural Matters

3.1. Change in Determination of Need for Hearings

In Resolution ALJ 176-3337, dated June 12, 2014, the Commission preliminarily categorized A.14-05-026 as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner scheduled evidentiary hearings, though eventually it was determined that hearings were not necessary. Given that no hearings were held in the current proceeding, we change our preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

3.2. Admittance of Testimony and Exhibits into the Record

Since evidentiary hearings were not held in A.14-05-026 there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly assess the record, it is necessary to include all testimony and exhibits served by SDG&E and ORA.

In its motion of March 5, 2015, SDG&E requested, pursuant to Rule 13.8(c), that the Commission receive the public and confidential versions of its Exhibits SDG&E-1 and -1C, -2 and -2C, -3 and -3C, -4 and -4C, -5, -6, -7, and -8 into the record of A.14-05-026.³ We identify the public and confidential versions of SDG&E's supporting testimony to its Application as Exhibits SDG&E-1 and -1C, -2 and -2C, -3 and -3C, -4 and -4C, -5, -6, -7, and -8. Given the necessity of SDG&E's testimony to our assessment of the proposals put forth, we admit into evidence the public and confidential versions of SDG&E's Exhibits SDG&E-1 through -8.

In its motion of March 17, 2015, ORA requested, pursuant to Rules 11.1 and 13.8(c) of the Commission's Rules of Practice and Procedure⁴ that the Commission receive the public and confidential versions of its Exhibits ORA-1 and ORA-1C into the record of A.14-05-026. The Commission identifies the public and confidential versions of ORA's Exhibits ORA-1 and ORA-1C. Given the necessity of ORA's testimony to our assessment of the Settlement Agreement, we admit into evidence the public and confidential versions of ORA's Exhibits ORA-1 and ORA-1C.

³ Exhibit SDG&E: -1 and -1C (Direct testimony of Sally Chen); -2 and -2C (Direct testimony of Ana Garza-Beutz); -3 and -3C (Direct testimony of Sheri S. Miller); -4 and -4C (Direct testimony of Andrew Scates); -5 (Direct testimony of Carl S. LaPeter); -6 (Rebuttal testimony (Sally Chen)); -7 (Rebuttal testimony of Andrew Scates; and -8 (Rebuttal testimony of Liying Wang.

⁴ For the remainder of this decision all reference to Rules refer to the Commission's Rules of Practice and Procedure.

3.3. Motions for Confidential Treatment**3.3.1. SDG&E**

Pursuant to Rule 11.5, D.06-06-066, and D.08-04-023, SDG&E requests leave to seal portions of the evidentiary record and to treat as confidential its Exhibits SDG&E-1C, -2C, -3C and -4C. SDG&E states that these documents contain information that is market sensitive, are listed in the above referenced decisions as data that should be treated confidentially. Rule 11.5 addresses sealing all or part of an evidentiary record; and D.06 06-066 addresses our practices regarding confidential information, such as electric procurement data (that may be market sensitive) submitted to the Commission. A similar request was granted in a prior SDG&E's ERRRA recovery decision. We agree that the information contained in these exhibits is market sensitive electric procurement-related information. Therefore, pursuant to Pursuant to D.06-06-066, D.08-04-023, and Rule 11.5, we grant SDG&E's request to treat as confidential and seal those portions of the evidentiary record consisting of SDG&E's Exhibits SDG&E-1C, -2C, -3C and -4C as detailed in the ordering paragraphs of this decision. The confidential version of each of these exhibits will be denoted by a "C" after the number of the exhibit

Pursuant to Rules 11.4 and 11.5, D.06-06-066, and General Order (GO) 66-C, ORA requests leave to seal portions of the evidentiary record and to treat as confidential its Exhibit ORA-1C. ORA states that these documents contain information that is market sensitive, are listed in the above referenced decisions as data that should be treated confidentially. Rule 11.4 addresses confidentiality of filed documents. Because ORA's testimony was served, not filed, we do not use Rule 11.4. The Commission has determined that the information contained in these exhibits is market sensitive electric procurement-

related information. Therefore, pursuant to Pursuant to D.06-06-066, GO 66-C, and Rules 11.5, we grant ORA's request to treat as confidential and seal those portions of the evidentiary record consisting of ORA's Exhibit ORA-1C, as detailed in the ordering paragraphs of this decision. The confidential version of each of these exhibits will be denoted by a "C" after the number of the exhibit.

3.4. Compliance with the Authority Granted Herein

In order to implement the authority granted herein, SDG&E must file a Tier 1 Advice Letter within 30 days of the date of this decision. The tariff sheets filed in these Advice Letters shall be effective on or after the date filed subject to Energy Division determining they are in compliance with this decision.

4. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Seaneen M. Wilson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Commission established the ERRRA balancing account mechanism in D.02-10-062 to track fuel and purchased power billed revenues against actual recorded costs of these items. In the same decision, the Commission required regulated electric utilities in California to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism (to address balances

exceeding certain benchmarks), and a schedule for semiannual ERRA applications.

2. Subsequent decisions regarding the ERRA balancing account (D.05-01-054, D.05-04-036, and Pub. Util. Code § 454.5(d)(2)) have adopted minimum standards of conduct that regulated energy utilities must follow in performing their procurement responsibilities and require that the Commission perform a compliance review as opposed to a reasonableness review of these items.

3. On May 30, 2014, SDG&E filed A.14-05-026, in which it requested adoption and recovery of: 1) contract administration, LCD and power procurement activities in 2013; 2) costs related to those activities recorded to the ERRA and TCBA in 2013; and 3) costs recorded in related regulatory accounts in 2013, including its LGBA, NERBA, and IEMA.

4. SDG&E also requests that the Commission find that: 1) its 2013 entries in its ERRA, TCBA, LGBA, NERBA, and IEMA are accurate and reasonable, and that its procurement of GHG compliance instruments during 2013 are consistent with applicable standards; 2) during 2013, SDG&E prudently administered and dispatched its URG resources and portfolio of contracts, including Miramar, Palomar, Desert Star, and Cuyamaca; and allocated DWR contracts, power purchase agreements, QF and non-QF resources, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan; and 3) SDG&E's procurement of GHG compliance instruments during the 2013 record period is consistent with the Commission's current directives applicable to those compliance instruments.

5. By Resolution ALJ 176-3337, issued on June 12, 2014, A.14-05-026 was categorized as ratemaking with a need for evidentiary hearings.

6. On July 3, 2014, the ORA filed a protest to A.14-05-026.

7. On July 14, 2014, SDG&E filed its reply to ORA's protest.
8. On July 28, 2014, a prehearing conference was held to establish the service list, discuss the scope of this proceeding, and develop a procedural timetable for the management of this proceeding.
9. On August 4, 2014, Commissioner Michel P. Florio, the assigned Commissioner, issued his Scoping Memo.
10. On December 8, 2014, the assigned ALJ issued a ruling granting SDG&E's and ORA's request to remove the evidentiary hearings scheduled for December 16, 2014 from the Commission's Calendar.
11. On January 15, 2015, the assigned ALJ issued a ruling granting ORA's request for an extension of time to file opening and reply briefs, from January 16, 2015 and January 30, 2015, respectively, to January 21, 2015 and February 5, 2015, respectively.
12. ORA filed an opening brief on January 21, 2015 and SDG&E filed a reply brief on February 5, 2015.
13. On March 5, 2015, SDG&E filed a request for receipt of its testimony into the record and confidential treatment of selected exhibits. On March 20, 2015, ORA filed a request for receipt of its testimony into the record and confidential treatment of selected exhibits. Both SDG&E and ORA's requests are addressed in Section 6 of this decision.
14. The Federal Energy Regulatory Commission Order authorizing the 15-minute market was issued in June 2012, which applies to the current compliance application for 2013.

Conclusions of Law

1. The determination in Resolution ALJ-176-3337 and the Scoping Memo that hearings were necessary, is revised to hearings are not required.

2. The Commission should adopt the agreed upon methodology, between ORA and SDG&E, for calculating UOG replacement power costs, as detailed below:

- a. Uses the sum of: (1) replacement energy costs, and (2) capacity-related costs, and other CAISO market charges caused by a forced outage;
- b. Considers the 15-minute market; and
- c. Allocation of capacity related costs and other CAISO market charges in the calculation of replacement power costs, proposed by SDG&E and agreed to by ORA. Specifically;
 - i. Use of three capacity related costs and other CAISO market charges; and
 - ii. Allocation of a pro-rata share of one of the charge codes (8824) to the resource should be calculated for a forced outage deemed unreasonable, when a unit has multiple forced outages occur in a month.
- d. Because FERC Order 764, which addresses the 15-minute market, was issued prior to the Record Period addressed herein, the Commission should authorize the use of the methodology adopted herein to calculate UOG replacement power costs, in this Record Period of 2013 and in future record periods.

3. The maximum disallowance for SDG&E's violation(s) of SOC4 for the Record Year should be \$17.814 million, in the event that the Commission determines that SDG&E should be penalized for SOC4 infractions. Because the Commission finds no violations of SOC4 in the current application, this maximum disallowance is not applied to SDG&E.

4. The under-collected balances in SDG&E's ERRRA (\$225,182,494) and TCBA (\$9,162,494) as of December 31, 2013 should be approved.

5. The maximum SOC4 disallowance cap amount should be included in future SDG&E ERRRA Compliance testimony and, commencing with Record Year

2014, SDG&E will include, for information purposes only, that amount, along with its calculation.

6. The Commission should approve SDG&E's: 1) entries to and refunding of the year-end balance in the ERRA and TCBA for the period January 1, 2013 through December 31, 2013; 2) recovery of the amounts recorded in related regulatory accounts, including its LGBA, NERBA, and IEMA; 3) entries to its ERRA, TCBA, LGBA, NERBA, IEMA, which are accurate and reasonable; 4) recorded GHG costs and in-lieu gas franchise costs are consistent with applicable standards; and 5) contract administration, least cost dispatch power procurement activities, and management of forced UOG outages.

7. ORA's request that SDG&E provide detailed information in more detail regarding its calculation of the SOC4 maximum disallowance should be denied because the detail requested by ORA is burdensome and is not supported by prior decisions D.02-12-074, as modified by D.03-06-067.

8. ORAs request that all of SDG&E's dispatchable resources, including dispatchable DR resources that respond to economic triggers, be considered part of SDG&E's LCD compliance showing under SOC4 should be denied. This proposal should be denied because the Interim Ruling in A.11-02-011, A.11-04-001, and A.11-06-003 provides instructions for IOUs regarding LCD compliance, and D.14-12-024 in R.13-09-011 already provides reporting requirements for DR.

9. In order to implement the authority granted herein, SDG&E should file a Tier 1 Advice Letter within 30 days of the date of this decision. The tariff sheets filed in these Advice Letters shall be effective on or after the date filed subject to Energy Division determining they are in compliance with this decision.

10. The prepared testimony of ORA and SDG&E should be identified and received into evidence.

11. SDG&E's request to seal the confidential versions of its Exhibits SDG&E-1C, -2C, -3C and -4C should be granted.

12. ORA's request to seal the confidential version of its Exhibit ORA-1C should be granted.

13. All rulings of the assigned Commissioner and ALJ are affirmed herein.

14. A.14-05-026 should be closed

O R D E R

IT IS ORDERED that:

1. The Commission adopts the agreed upon methodology, between the Office of Ratepayer Advocates and San Diego Gas & Electric Company, for calculating utility owned generation replacement power costs, as detailed below:

- a. Uses the sum of: (1) replacement energy costs, and (2) capacity-related costs, and other California Independent System Operator (CAISO) market charges caused by a forced outage;
- b. Considers the 15-minute market; and
- c. Allocation of capacity related costs and other CAISO market charges in the calculation of replacement power costs, proposed by San Diego Gas & Electric Company and agreed to by Office of Ratepayer Advocates. Specifically;
 - i. Use of three capacity related costs and other CAISO market charges; and
 - ii. Allocation of a pro-rata share of one of the charge codes (8824) to the resource should be calculated for a forced outage deemed unreasonable, when a unit has multiple forced outages occur in a month.

- d. Because the Federal Energy Regulatory Commission Order 764 adopted a 15-minute market prior to the 2013 Record Period addressed herein, the Commission authorizes the use of the methodology adopted herein to calculate utility-owned generation replacement power costs, in this Record Period of 2013 and in future record periods.
2. The under-collected balance in San Diego Gas and Electric Company's Energy Resource Recovery Account of \$225,182,494 as of December 31, 2013 is approved.
3. The under-collected balance in San Diego Gas and Electric Company's Transition Cost Balancing Account of \$9,162,494 as of December 31, 2013 is approved.
4. San Diego Gas & Electric Company shall include the maximum Standard of Practice 4 disallowance cap amount and calculation, for information purposes only, in its future ERRA Compliance testimony.
5. The Commission adopts San Diego Gas and Electric Company's (SDG&E's) requested: 1) entries recorded in the Energy Resource Recovery Account (ERRA) and Transition Cost Balancing Account (TCBA) for the period January 1, 2013 through December 31, 2013; 2) recovery of the amounts recorded in related regulatory accounts, including its, Local Generation Balancing Account (LGBA), New Environmental Regulatory Balancing Account (NERBA), and Independent Evaluator Memorandum Account (IEMA); 3) entries to its ERRA, TCBA, LGBA, NERBA, IEMA, which are accurate and reasonable; 4) recorded Greenhouse Gas costs and in-lieu gas franchise costs, which are consistent with applicable standards; and 5) contract administration, least cost dispatch power procurement activities, and management of forced Utility Owned Generation forced outages.

6. The Commission denies the Office of Ratepayer Advocates request that San Diego Gas & Electric Company (SDG&E) provide detailed information by Procurement Functional Categories regarding SDG&E's calculation of the Standard of Practice maximum disallowance.

7. The Commission denies the Office of Ratepayer Advocates' request that San Diego Gas & Electric Company provide more detailed information regarding Least Cost Dispatch and Departing Load, in the current proceeding.

8. In order to implement the authority granted herein, San Diego Gas & Electric Company shall file a Tier 1 Advice Letter within 30 days of the date of this decision. The tariffs filed in the Advice Letter shall become effective on or after the date filed subject to Energy Division determining they are in compliance with this decision.

9. The public and confidential versions of the prepared testimony of San Diego Gas & Electric Company, specifically Exhibits SDG&E-1 and -1C, -2 and -2C, -3 and -3C, -4 and -4C, -5, -6, -7, and -8, are identified and received into evidence.

10. The public and confidential versions of the prepared testimony of the Office of Ratepayer Advocates, specifically Exhibits ORA-1 and ORA-1C, are identified and received into evidence.

11. San Diego Gas & Electric Company's (SDG&E) request to seal the confidential versions of its testimony, in particular, Exhibits SDG&E-1C, -2C, -3C, and -4C is granted. The information shall remain sealed and confidential for a period of three years after the date of this order. During this three-year period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on further order or ruling of the Commission, the assigned Commissioner, the assigned

Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If SDG&E believes that it is necessary for this information to remain under seal for longer than three years, SDG&E may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of this limited protective order.

12. The Office of Ratepayer Advocate's (ORA) request to seal the confidential version of its testimony, Exhibit ORA-1C is granted. The information shall remain sealed and confidential for a period of three years after the date of this order. During this three-year period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If ORA believes that it is necessary for this information to remain under seal for longer than three years, ORA may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of this limited protective order.

13. Hearings are not necessary in this proceeding.

14. Application 14-05-026 is closed.

This order is effective today.

Dated _____, at San Francisco, California.