

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Authority to Acquire the CalPeak El Cajon Energy Facility.

Application 11-01-004
(Filed January 5, 2011)

DECISION GRANTING PETITION OF SAN DIEGO GAS & ELECTRIC COMPANY FOR MODIFICATION OF DECISION 11-12-002**1. Summary**

This decision grants the petition of San Diego Gas & Electric Company (SDG&E) to modify Decision 11-12-002. The decision is modified to allow SDG&E to track the annual revenue requirements associated with the Calpeak El Cajon Energy Facility in a memorandum account, with an annual cap equivalent to the revenue requirement presented in SDG&E's application, until a decision is adopted in Application 10-12-005. At that time, SDG&E shall file a Tier 3 Advice Letter to transfer the amounts tracked in the memorandum account to the Non-Fuel Generation Balancing Account.

2. Background

On December 1, 2011, the Commission issued Decision (D.) 11-12-002, which granted San Diego Gas & Electric Company (SDG&E) authority to purchase the Calpeak El Cajon Energy Facility (ECEP) from CalPeak Power-El Cajon LLC for a total project cost not to exceed \$16.8 million. It was anticipated that transfer of plant ownership of ECEF would likely coincide with the effective date of a decision resolving SDG&E's next general rate case revenue requirement application (Application (A.) 10-12-005). However, in the event that a final

decision was not adopted in A.10-12-005 by January 1, 2012, SDG&E was authorized to establish a memorandum account to record the ECEF revenue requirement from the time the facility is placed in SDG&E's service until the date a decision adopting SDG&E's revenue requirements was issued in A.10-12-005.¹

The amount to be tracked in the memorandum account was not to exceed \$4.4 million in 2012 and would be in place until a final decision was issued in A.10-12-005. This cap represented SDG&E's projected 2012 revenue requirement.² SDG&E was directed to file a Tier 3 advice letter to transfer the amounts tracked in the memorandum account to the Non-Fuel Generation balancing Account in November 2012 for rates effective January 1, 2013.³

3. The Petition for Modification

On November 16, 2012, SDG&E filed a petition to modify D.11-12-002 (Petition). The Petition states that D.11-12-002 had anticipated that a decision in A.10-12-005 would be issued before the end of 2012. Therefore, it only addressed memorandum account tracking of ECEF's annual revenue requirement for 2012.⁴ However, a decision has not yet been issued in A.10-12-005, and will likely not be issued until 2013. Consequently, the Petition seeks to modify the decision to allow SDG&E to track the annual ECEF revenue requirement for 2013, and subsequent years if necessary, until a decision is adopted in A.10-12-005. On November 19, 2012, the assigned Administrative Law Judge (ALJ) issued an

¹ D.11-12-002 at 10.

² SDG&E Direct Testimony at 45 (Table 2).

³ D.11-12-002 at 16, Ordering Paragraph 2.

⁴ Petition at 2.

e-mail ruling which shortened the time to respond to the Petition to November 30, 2012. No party objected to the Petition.

4. Discussion

Pursuant to Rule 16.4(d) of the Commission's Rules of Practice and Procedure (Rules), SDG&E is required to file this Petition within one year of the effective date of D.11-12-002, or December 1, 2012, unless the Petition explains why the Petition could not have been presented within one year of the effective date of the decision. The Petition was filed on November 16, 2012 and is therefore timely.

In D.11-12-002, the Commission granted SDG&E's request to establish a memorandum account to record the ECEF revenue requirement from the date the ECEF is placed into service until the date a final decision adopting SDG&E's revenue requirements in A.10-12-005 was issued. In D.11-12-002, the Commission noted that a final decision in A.10-12-005 was anticipated in March 2012.⁵ Consequently, D.11-12-002 only authorized SDG&E to record the ECEF's 2012 estimated revenue requirement.

On October 25, 2012, the Commission issued D.12-10-031, which extended the statutory deadline to resolve A.10-12-005 to December 31, 2012. If a final decision is not adopted in A.10-12-005 by that date, SDG&E will no longer be able to record, and subsequently recover, its revenue requirement for the ECEF between January 1, 2013 and the time a final decision on SDG&E's revenue requirements is adopted. We do not believe that there had been any intent to limit SDG&E's tracking of the ECEF revenue requirements to just 2012. Since a

⁵ D.11-12-002 at 12.

final decision in A.10-12-005 may not be issued until after January 1, 2013, we find that it would be appropriate to modify D.11-12-002 as proposed by SDG&E.

SDG&E's proposed modification would allow SDG&E to continue to record the ECEF revenue requirements after December 31, 2012 to the date a final decision on SDG&E's revenue requirements is issued. The proposed changes would set an annual cap equal to the estimated annual revenue requirements included in SDG&E's application. These caps would be:

- For 2013: \$4.1 million
- For 2014: \$4.0 million
- For 2015: \$3.9 million⁶

We find that the proposed modifications are consistent with D.11-12-002 and should be approved. Although it is unlikely that a final decision in A.10-12-005 will be delayed until 2015, we agree that the proposed modification would avoid the need to seek future modifications.

SDG&E has provided specific wording to carry out its requested modifications to D.11-12-002, pursuant to Rule 16.4(b). The language changes are acceptable and we will adopt them.⁷

5. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities

⁶ SDG&E Direct Testimony at 45 (Table 2).

⁷ SDG&E's proposed modifications list the 2013 ECEF revenue requirement as \$4.2 million. The actual amount listed in Table 2 is \$4.126 million. We round this number to \$4.1 million and use this amount as the cap for 2013.

Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

6. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Amy C. Yip-Kikugawa is the assigned ALJ in this proceeding.

Findings of Fact

1. D.11-12-002 authorized SDG&E to establish a memorandum account to record the ECEF revenue requirement from the time the facility is placed in service until the date a decision adopting SDG&E's revenue requirement is issued in A.10-12-005.

2. Since D.11-12-002 anticipated that a final decision in A.10-12-005 would be issued in March 2012, it did not authorize SDG&E to record the ECEF revenue requirement after December 31, 2012.

3. It is unlikely that a final decision in A.10-12-005 will be issued before December 31, 2012.

4. SDG&E's proposed modifications would allow SDG&E to record the ECEF revenue requirement from January 1, 2013 until the date a final decision is issued in A.10-12-005.

5. SDG&E's proposed modifications cap the amount that may be recorded to the estimated annual revenue requirements included in SDG&E's application.

Conclusions of Law

1. SDG&E's Petition is timely as it was submitted within one year of the effective date of D.11-12-002.

2. It is reasonable to modify D.11-12-002 as proposed by SDG&E.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company's Petition for Modification of Decision 11-12-002 is approved.
2. The following modifications to Decision 11-12-002 are made:
 - Finding of Fact 9 is modified to read as follows: "The estimated total cost for the ECEF is \$16.8 million, with an annual revenue requirement of \$4.4 million in 2012, \$4.1 million in 2013, \$4.0 million in 2014 and \$3.9 million in 2015."
 - Conclusion of Law 9 is modified to read: "The costs to be tracked in the memorandum account should be subject to an annual cap that is equivalent to SDG&E's estimated ECEF revenue requirement for that year. The amount that may be tracked for 2012 is capped at \$4.4 million, which represents SDG&E's estimated 2012 revenue requirement. The amount that may be tracked for 2013 is capped at \$4.1 million, which represents SDG&E's estimated 2013 revenue requirement. The amount that may be tracked for 2014 is capped at \$4.0 million, which represents SDG&E's estimated 2014 revenue requirement. The amount that may be tracked for 2015 is capped at \$3.9 million, which represents SDG&E's estimated 2015 revenue requirement."
 - Ordering Paragraph 2 is modified to read: "San Diego Gas & Electric Company (SDG&E) is authorized to establish a memorandum account to record the CalPeak El Cajon Energy Facility (ECEF) revenue requirement from the date the ECEF is placed in service until the date a final decision adopting SDG&E's revenue requirement is issued in Application (A.) 10-12-005. The amount to be tracked in this memorandum account shall not exceed an annual cap that is equivalent to SDG&E's estimated ECEF revenue requirement for that year. The amount that may be tracked for 2012 is capped at \$4.4 million; the amount that may be tracked for 2013 is capped at \$4.1 million; the amount that may be tracked for 2014 is

capped at \$4.0 million; the amount that may be tracked for 2015 is capped at \$3.9 million. Once a final decision is issued in A.10-12-005, SDG&E shall recover the revenue requirement for the ECEF in a manner consistent with other utility generation assets. SDG&E shall file a Tier 3 advice letter to transfer the amounts tracked in the memorandum account to the Non-Fuel Generation Balancing Account in November immediately following issuance of a final decision in A.10-12-005 for rates effective January 1 of the following year.”

3. Application 11-01-004 is closed.

This order is effective today.

Dated _____, at San Francisco, California.