Decision _____

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 2012, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2012 and (iii) Costs Recorded in Related Regulatory Accounts in 2012.	Application 13-05-016 (Filed May 31, 2013)

DECISION ADOPTING SETTLEMENT – SAN DIEGO GAS & ELECTRIC COMPANY'S 2012 ENERGY RESOURCE RECOVERY ACCOUNT COSTS AND RELATED MATTERS

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DECISION ADOPTING SETTLEMENT – SAN DIEGO GAS & ELECTRIC COMPANY'S 2012 ENERGY RESOURCE RECOVERY ACCOUNT COSTS AND RELATED MATTERS

Summary

By this decision, the Commission approves the settlement between San Diego Gas & Electric Company (SDG&E) and the Office of Ratepayer Advocates, regarding SDG&E's 2012 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.[1] 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,

[1] *See* D.05-01-054, D.05-04-036, and Public Utilities (Pub. Util.) Code § 454.5(d)(2).

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 conducted during a prior year and therefore able to address any over- or under-collection in its ERRA balancing account. This decision resolves this ERRA compliance application that San Diego Gas and Electric Company (SDG&E) filed on May 31, 2013 (Application (A.) 13-05-016).

On June 28, 2013, the Utility Consumers' Action Network (UCAN) filed a protest; on July 3, 2013, the Office of Ratepayer Advocates (ORA) filed a protest; on July 15, 2013, SDG&E filed its reply to ORA's and UCAN's protests.

On July 9, 2013, 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 July 31, 2013 Commissioner Michel P. Florio, the assigned Commissioner, issued his *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo), in which evidentiary hearings were set for January 9 and 10, 2014.

On November 1, 2013, the assigned Administrative Law Judge (ALJ) granted Pacific Gas and Electric Company's (PG&E) request for party status.

On January 7, 2014, SDG&E and ORA requested that no evidentiary hearings be held and the proceeding schedule suspended in order to give parties an opportunity to discuss settlement. The assigned ALJ granted this request by an e-mail ruling.

On February 2, 2015, SDG&E and ORA filed their *San Diego Gas & Electric Company (U902-E) and the Office of Ratepayer Advocates' Motion for Approval of Proposed Settlement* (Joint Motion), with the *Settlement Agreement Between San Diego Gas & Electric Company (U902-E) and the Office of Ratepayer Advocates* (Settlement Agreement) attached. No party filed a protest to the Settlement Agreement.

On March 13, 2015, SDG&E filed motions requesting receipt of its testimony into the record and confidential treatment of selected documents. The Commission addresses these motions 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. SDG&E's Request

SDG&E requests Commission: 1) approval of its contract administration, least cost dispatch and power procurement activities in 2012 and the $0.6 million under-collection in its Independent Evaluator Memorandum Account (IEMA), but not recovery of the IEMA;[2] 2) approval and recovery of costs related to those activities recorded to the ERRA (under-collection of $213,551,717) and Transition Cost Balancing Account (TCBA) (under-collection of $10,403,011) in 2012 and costs recorded in related regulatory accounts in 2012; 3) removal of SDG&E's Market Redesign and Technology Upgrade Memorandum Account (MRTUMA) from its preliminary statement on a going-forward basis; and 4) approval of its Greenhouse Gas (GHG) costs recorded during 2012, with recovery deferred to a later date when the Commission has developed a recovery methodology.

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[2] *See* D.11-10-029.

SDG&E also requests that the Commission find that:

1. During 2012, SDG&E prudently administered and dispatched its Utility Retained Generation (URG)[3] resources and portfolio of contracts, including San Onofre Nuclear Generating Station, Miramar Energy Facility (Miramar), Palomar Energy Center (Palomar), Desert Star, and Cuyamaca; and allocated California Department of Water Resources contracts, power purchase agreements, Qualified Facilities (QF) and non-QF resources, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan;
2. All 2012 entries and costs recorded in SDG&E's ERRA, TCBA, and IEMA are appropriate and correctly stated;
3. SDG&E's MRTUMA be eliminated from its preliminary statement;
4. SDG&E demonstrated compliance for the procurement of GHG-related compliance instruments during 2012;
5. SDG&E's GHG-compliance related costs for 2012 be approved but not recovered; and
6. The un-redacted versions of its testimony be provided confidential treatment.

In its rebuttal testimony, SDG&E addresses ORA's recommendations that it make certain showings regarding compliance with Standard of Conduct (SOC) 4[4] and the reasonable manager standard in its future compliance review. Specifically, SDG&E wonders if ORA meant the requested showing include the addition of a single paragraph or a significant volume of information. SDG&E also believes that the provision of a description of each forced, maintenance,

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[3] Throughout this decision, we use the terms URG and UOG (Utility Owned Generation) interchangeably.

[4] Pursuant to D.02-10-062, SOC 4 details the criteria used to determine the compliance of utilities regarding contract administration and economic dispatch of generation resources.

scheduled, and refueling outage that occurred during the record period is not practical and would not provide a significant amount of useful information. SDG&E recommends that if the Commission requires further reporting, it should look to the information provided by PG&E in its 2012 ERRA compliance application and associated documents, as a guide. SDG&E also recommends that if further reporting is required, it be limited to information about UOG facility forced outages that occurred during the record period at facilities that provide energy of 25 megawatts (MW) or greater and when the duration of the outage was 24 hours or more.

3. ORA

ORA focused its review on whether SDG&E:

1. Complies with SOC 4 in its administration and management of UOG and QF and non-QF contracts, and achievement of its Least Cost Dispatch (LCD) of its energy resources;
2. Entries in its ERRA are reasonable; SDG&E's entries in the TCBA are reasonable;
3. Has met its burden of proof regarding its claim for cost recovery/refund associated with its TCBA;
4. Should eliminate its MRTUMA from its preliminary statement;
5. Has complied with D.11-10-029 regarding entries in the IEMA, and whether these entries are reasonable;
6. Should be ordered to follow the same Master Data Request (MDR) procedure as Southern California Edison Company (SCE) and PG&E; and
7. GHG Compliance Instrument Procurement complies with the Bundled Procurement Plan and D.12-12-003, regarding the allocation of GHG allowance costs and revenues.

In its testimony, ORA posits that SDG&E did not demonstrate compliance with SOC 4 and the reasonable manager standard in its management of URG resources. In particular, ORA found that four of six of SDG&E's forced outages were reasonable. ORA did not analyze the other two forced outages and states that SDG&E did not make what ORA identifies as the required showing that those outages were reasonable. Therefore, ORA recommends a disallowance of $96,666, which represents the cost of replacement power for these two forced outages. ORA also recommends that SDG&E demonstrate that it has complied with SOC4 and the reasonable manager standard in its management of URG resources in the future.

Regarding LCD, ORA posits that SDG&E did not demonstrate that it achieved LCD during the record period. ORA recommends that SDG&E provide numerical calculations of its achievement of LCD beginning in its 2014 record period, and that the Commission order a workshop to determine the criteria and methodology for SDG&E to use to determine LCD compliance.

ORA does not object to SDG&E's 2012 GHG instrument procurement activities, but does object to SDG&E's inclusion of it in the ERRA balancing account.

ORA believes that SDG&E overstated its balancing and memorandum accounts. ORA argues that SDG&E incorrectly included purchased GHG costs compliance instruments, and overstated ERRA accrued interest resulting from the inclusion of GHG costs. As a result, the recorded under collected balance in the ERRA is overstated by the recorded GHG costs plus associated interest. ORA recommends that the Commission disallow recovery of these amounts.

ORA also recommends that the ERRA and GHG be tracked, accounted for and reported; and require SDG&E to revise its accounting procedures for GHG transactions and balancing, including 2012.

ORA found that SDG&E did not comply with its ERRA Preliminary Statement because it does not maintain the ERRA accounting records and does not report such information by Preliminary Statement item. ORA recommends that, beginning with record year 2014, SDG&E be required to revise its ERRA accounting procedures and report such information by Preliminary Statement item.

ORA noted no exceptions or required adjustments based on its review of SDG&E's TCBA, IEMA, and MRTUMA.

4. UCAN

Pursuant to its protest, UCAN believes that SDG&E should provide more than a demonstration that its expenses are recorded appropriately and correctly incurred. In particular, UCAN was interested in determining why SDG&E's 2012 compliance request is so different from its 2011 compliance request. UCAN identified a number of specific areas for review of the year to year difference, including: expense categories, calculations, inputs, external events that may have influenced the calculations, reduced volumes of generation, capacity payments, and excess generation. UCAN also questions if another material under-collection was expected in 2013.

UCAN did not serve testimony in the current proceeding.

5. PG&E

In its rebuttal testimony, PG&E rebuts ORA's recommendation that SDG&E be required to include a description of each forced, maintenance, scheduled and refueling outage in SDG&E's ERRA compliance applications, in

order to determine if SDG&E has complied with SOC 4 and the reasonable manager standard. As discussed below, PG&E states that if the Commission decides to address the issue of documentation in future ERRA compliance review proceedings for UOG outages, it should require the utility to provide a description in testimony or workpapers of UOG facility forced outages that occurred during the Record Period at facilities that are 25 MW or greater in size and when the duration of the outage was 24 hours or more.

PG&E is concerned that ORA is not clear as to the amount of information requested, and that even a paragraph about each outage could result in a significant amount of additional testimony that would not result in what PG&E identifies as significant useful information.[5]

PG&E believes that its prepared testimony, workpapers, and MDR responses in its 2012 ERRA compliance review provide a good example of what should be required as further documentation for outages. In its 2012 ERRA compliance review, PG&E provided short descriptions of forced outages only for those outages that lasted for more than 24 hours for each facility that is 25 MW or greater. PG&E provided a variety of information for each of these forced outages, including: 1) the facility name, unit, date, duration of outage, and time of day the outage began and ended; 2) what the North American Reliability Corporation (NERC) cause code for the outage is; 3) whether any Root Cause Evaluations, other evaluations, or internal audits were conducted regarding the outage; 4) whether any modifications to preventive maintenance programs or

[5] For example, PG&E experienced 668 forced outages in 2012. PG&E estimates that a single paragraph about each would result in an increase to its compliance application testimony of 463 pages.

schedules were made as a result of the outage; and 5) any limitations/restrictions on capacity or output that resulted from the outage.

6. Settlement Agreement

6.1. Overview

The proposed Settlement Agreement, which resolves all scoped and contested issues, is signed by two of the four parties, SDG&E and ORA (Joint Parties). Neither of the other two parties in this proceeding protested the Settlement Agreement. Rather than summarize every term of the Settlement Agreement attached to the Joint Motion, the key portions of the Settlement Agreement are summarized below.

The Joint Parties have agreed that SDG&E complied with its Conformed 2006 Long-Term Procurement Plan (LTPP) in the areas of: (1) Non-QF Contract Administration and its related costs; (2) QF purchased power agreement administration and its associated costs; and (3) fuel procurement for URG. The Joint Parties also agree that:

1. SDG&E's UOG and LCD showings are adequate, complete, and compliant with Commission precedent and standards;
2. SDG&E will make the following pro forma revisions to its regulatory filings.
    a. Remove the recorded 2012 GHG allowance procurement cost from the 2012 ERRA ending balance;
    b. Present GHG costs in the GHG cost sub-account; and
    c. Formally report the revisions/corrections in the current ERRA compliance proceeding for Record Year 2012 by submitting items a. and b. as exhibits in A.13-05-016.
        i. Regarding the 2012 GHG allowance procurement costs originally recorded, SDG&E shall remove

the dollar amount (and related interest) from the 2012 closing ERRA balance on a pro forma basis.

3. In its ratemaking records, SDG&E shall remove the dollar amount and associated interest on a pro forma basis, regarding its 2012 GHG allowance procurement costs from the 2013 opening ERRA balance;

4. SDG&E shall serve a pro forma revision in the current proceeding (for regulatory reporting purposes only) of the Record Year 2012 ERRA Balancing Account and a GHG Cost Subaccount in order to resolve disputes regarding its GHG regulatory and ratemaking requests for the 2012 period.

    a. This agreement resolves the GHG Accounting issues in SDG&E's ERRA Compliance Application for the 2012 Record Year; and

    b. Any disputes between ORA and SDG&E that may arise in the future shall be resolved in a future ERRA Compliance or Forecast proceeding or in a GHG proceeding;

5. Upon approval of this settlement, SDG&E will report ERRA expenses by preliminary statement line:

    a. SDG&E will update its ERRA tariff to combine or revise some of the preliminary statement items in order to have a straightforward reporting of preliminary statement items in the ERRA schedule. ORA will support SDG&E's regulatory filings that meet this objective.

6. ORA agrees to withdraw its recommendations regarding UOG outages and its dispute regarding LCD, as to the insufficiency of SDG&E's testimony as well as associated recommended disallowances:

    a. Subsequent to the parties' submission of testimony in this case, the Commission issued D.14-07-006 which set forth a process to "develop proposed criteria that should be used to determine what constitutes LCD compliance, and the resulting methodology SDG&E

should follow to assemble a showing to meet its burden to prove such compliance."

b. As a result of D.14-07-006, ORA has no further objection to SDG&E's claim that its 2012 UOG and LCD showings are adequate, complete, and compliant with Commission precedent and standards.

7. SDG&E agrees, with respect to future ERRA compliance proceedings, that it will demonstrate its compliance with SOC 4 and the "reasonable manager" standard in its management of UOG resources by providing a written narrative explaining:

   a. All forced outages 24 hours or longer for all facilities 25 MW or larger, and

   b. Planned outages during the compliance year that are 24 hours or longer for facilities 25 MW or larger when a planned outage was extended by two weeks or 50 percent longer than originally planned, whichever is greater.

   c. For both types of outages, the written narrative will state:

      i. the nature of the outage and the cause(s) of the outage, if known, based on information available as of the time SDG&E's ERRA compliance application is filed;

      ii. possible measures to be considered in the future to prevent similar outages; and

      iii. the level of detail provided by SDG&E will be determined by SDG&E in light of the facts and circumstances of each applicable outage.

8. ORA also agrees that all other relief requested by SDG&E in A.13-05-016 should be approved by the Commission.

Based on item 8 above, the Commission assumes ORA agrees that SDG&E's ERRA under-collection of $213,551,717 and TCBA under-collection of $10,403,011 are appropriate, correctly stated, and recoverable.

7. Standard of Review for Settlement Agreement

We review this settlement pursuant to Rule 12.1(d) of the Commission's Rules of Practice and Procedure (Rules), which provides that, prior to approval, the Commission must find a settlement "reasonable in light of the whole record, consistent with the law, and in the public interest." We find the Settlement Agreement meets the Rule 12.1(d) criteria, and discuss each of the three criteria below.

7.1. Settlement Agreement is Reasonable in Light of the Whole Record

The Settlement Agreement is signed by two of the four active parties to this proceeding. SDG&E and ORA reached a Settlement Agreement after discovery, careful analysis of the issues, and serving of testimony by SDG&E, ORA, and PG&E. The Joint Parties represent a broad array of affected interests. The record also shows that the Settlement Agreement was reached after substantial give-and-take between the parties which occurred during settlement conferences. This give-and-take is demonstrated by the positions initially taken by parties and the final positions agreed upon in the Settlement Agreement. The Settlement Agreement thus represents a reasonable compromise of the contested issues of the adverse parties.

The Settlement Agreement is also consistent with Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record. This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results. Here, the Settlement Agreement resolves all disputes between ORA and SDG&E, which avoids

further litigation in this matter. No party to this proceeding protested the Settlement Agreement. Because neither PG&E nor UCAN protested the Settlement Agreement, we assume all issues they had with A.13-05-016 have been resolved. Thus, we conclude the Settlement Agreement is reasonable.

7.2. Settlement Agreement is Consistent with Law

The Joint Parties believe that the terms of the Settlement Agreement comply with all applicable statutes. These include, e.g., Pub. Util. Code § 451, which requires that utility rates must be just and reasonable, and Pub. Util. Code § 454, which prevents a change in public utility rates unless the Commission finds such an increase justified. We agree that the required showings under Pub. Util. Code §§ 451 and 454 have been made. Further, nothing in the Settlement Agreement contravenes statute or prior Commission decisions.

7.3. Settlement Agreement is in the Public Interest

The Settlement Agreement is in the public interest and in the interest of the Joint Parties' customers. The Settlement Agreement resolves all scoped issues in the current application. As discussed in Section 7.1 above, since neither PG&E nor UCAN protested the Settlement Agreement, the Commission assumes all issues these parties had with A.13-05-016 have been resolved. Thus, we conclude the Settlement Agreement is reasonable.

Approval of the Settlement Agreement avoids the cost of further litigation, and reduces the use of valuable resources of the Commission and the parties. We find that the evidentiary record of Application (A.) 13-05-016 contains sufficient information for us to determine the reasonableness of the Settlement Agreement and for us to discharge any future regulatory obligations

with respect to this matter. The Settlement Agreement is in the public interest because it provides substantive benefits for customers, including but not limited to securing improvements for SDG&E's future ERRA applications and providing for increased information on which ORA and the Commission may base their analyses of those applications. For all these reasons, we approve the Settlement Agreement as proposed.

8. Other Procedural Matters

8.1. Change in Determination of Need for Hearings

In Resolution ALJ 176-3316, dated June 27, 2013, the Commission preliminarily categorized A.13-05-016 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.

8.2. Admittance of Testimony and Exhibits into Record

Since evidentiary hearings were not held in A.13-05-016 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 testimony and exhibits served by parties into the record. SDG&E and ORA filed motions requesting that the Commission receive their testimony into the record, as detailed below, but PG&E did not file a similar request, so its testimony is not part of the record of this proceeding.

8.2.1. SDG&E

In two separate motions of March 13, 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 through 8, and the public and confidential versions of a new exhibit, Exhibit 9, into the record of A.13-05-016.[6] The new exhibit, Exhibit SDG&E-9 and -9C, was served by SDG&E in compliance with Article 2.3 of the Settlement Agreement between SDG&E and ORA.

No party commented on SDG&E's request to include its exhibits SDG&E-1 through-9 (both public and confidential versions) into the record of A.13-05-016. 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 -9.

8.2.2. ORA

In its motion of March 20, 2015, ORA requested, pursuant to Rule 13.7(e), that the Commission receive the public and confidential versions of its Exhibit ORA-1 into the record of A.13-05-016. Rule 13.8 (d) addresses requests for testimony to be offered into evidence by written motion. Therefore, the Commission identifies the public and confidential versions of ORA's Exhibit ORA-1. Given the necessity of ORA's testimony to our assessment of the

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[6] The Confidential versions of exhibits include a "C" after the number. Exhibits SDG&E: -1 and -1C (direct testimony of Sally Chen); -2 and -2C (direct testimony of Norma Jasso); -3 and -3C (direct testimony of Ryan Miller); -4 and -4C (direct testimony of Andrew Scales; 5 (amended direct testimony of Sally Chen); -6C (replacement page of direct testimony of Andrew Scales, SDG&E-4C); -7 (rebuttal testimony of Norma Jasso); -8 (rebuttal testimony of Andrew Scales); and -9 and -9C (SDG&E's Pro Forma Revisions to SDG&E's Regulatory filings, as provided for in Article 2.3 of the Settlement Agreement).

Settlement Agreement, we admit into evidence the public and confidential versions of ORA's Exhibit ORA-1.

8.3. Motions for Confidential Treatment

8.3.1. SDG&E

Pursuant to Decision (D.) 06-06-066, Decision (D.) 08-04-023, and Rule 11.5, SDG&E requests leave to seal portions of the evidentiary record and to treat as confidential its Exhibits SDG&E-1C, -2C, -3C, -4C, -6C, and –9C. SDG&E states that these documents contain information that is market-sensitive, are listed in D.06-06-066 and D.08-04-023,[7] as data that should be treated confidentially. Rule 11.5 addresses sealing all or part of an evidentiary record.

A similar request was granted in a previous SDG&E ERRA recovery decision, D.12-07-006. We agree that the information contained in these exhibits is market sensitive electric procurement-related information. Therefore, 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, -4C, -6C, and –9C 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.

8.3.2. ORA

On March 20, 2015, ORA filed a motion requesting that the confidential version of its testimony, Exhibit ORA-1C, be treated confidentially and sealed, pursuant to Rules 11.4 and 11.5(b), D.06-06-066, and General Order (GO) 66-C. Rule 11.4 addresses a request to seal documents that have been filed, so is not

[7] D.06-06-066 and D.08-04-023 address our practices regarding confidential information, such as electric procurement data (that may be market sensitive) submitted to the Commission.

considered regarding ORA's served exhibit. Since ORA's request addresses information that we have deemed confidential in the previous section, and is in compliance with applicable rules, general orders, and decisions, we grant ORA's request to seal and treat confidentially the confidential version of its testimony, Exhibit ORA-1C.

8.4 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.

9. Waiver of Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2) and Rule 14.6(c)(2) of the Commission's Rules, the otherwise applicable 30-day period for public review and comment is waived.

10. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. On February 2, 2015, SDG&E and ORA filed a Joint Motion, with the Settlement Agreement attached.
2. The Settlement Agreement resolves all scoped and contested issues.
3. The evidentiary record of A.13-05-016, including the Settlement Agreement, contains sufficient information for us to determine the reasonableness of the Settlement Agreement and for us to discharge any future regulatory obligations with respect to this matter.

4. Rule 12.1(d) provides that, prior to approval, the Commission must find a settlement "reasonable in light of the whole record, consistent with the law, and in the public interest."

5. SDG&E and ORA reached a Settlement Agreement after discovery, careful analysis of the issues, serving of testimony by SDG&E and ORA, and substantial give-and-take between the parties which occurred during settlement conferences.

6. The settling parties comprise two of the four parties in this proceeding, and the other party to this proceeding participated in the Settlement Conference. One of the other parties, UCAN, did not serve testimony; and the other party, PG&E, did not request receipt of its served testimony into the record of this proceeding.

7. Neither UCAN nor PG&E response to the Settlement Agreement.

8. In Resolution ALJ 176-3316, dated June 27, 2013, the Commission preliminarily categorized A.13-05-016 as ratesetting, and preliminarily determined that hearings were necessary.

9. In the Scoping Memo, the assigned Commissioner scheduled evidentiary hearings, though eventually it was determined that hearings were not necessary.

10. Rule 11.5 addresses sealing all or part of an evidentiary record.

11. D.06-06-066 and D.08-04-023 address Commission practices regarding confidential information, such as electric procurement data (that may be market sensitive) submitted to the Commission.

Conclusions of Law

1. The Joint Motion and Settlement Agreement proposed by SDG&E and ORA should be adopted.

2. Adoption of the Settlement Agreement is in the public interest.

3. Adoption of the Settlement Agreement is reasonable in light of the record, is consistent with law, is in the public interest, and is in the interest of SDG&E's customers.

4. The Settlement Agreement is consistent with Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.

5. The terms of the Settlement Agreement comply with all applicable statutes, and do not contravene statute or prior Commission decisions.

6. The Commission should order that SDG&E's requested ERRA under-collection of $213,551,717 and TCBA under-collection of $10,403,011 are appropriate, correctly stated, and recoverable.

7. Approval of the Settlement Agreement avoids the cost of further litigation, and reduces the use of valuable resources of the Commission and the parties.

8. 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.

9. **T**he prepared testimony of SDG&E, and ORA should be identified and received into evidence.

10. SDG&E's request to seal the confidential versions of its testimony should be granted, as detailed herein.

11. ORA's request to seal the confidential version of its testimony should be granted, as detailed herein.

12. The determination in Resolution ALJ-176-3316 and the assigned Commissioner's Scoping Memo and Ruling that hearings were necessary, is revised to hearings are not required.

O R D E R

IT IS ORDERED that:

1. *The Settlement Agreement Between San Diego Gas & Electric Company (U902-E) and the Office of Ratepayer Advocates filed jointly in their San Diego Gas & Electric Company (U902-E) and the Office of Ratepayer Advocates' Motion for Approval of Proposed Settlement* is adopted.

2. San Diego Gas & Electric Company's requested Energy Resource Recovery Account under-collection of $213,551,717 and Transition Cost Balancing Account under-collection of $10,403,011 are appropriate, correctly stated, and recoverable.

3. San Diego Gas & Electric Company shall file a Tier 1 Advice Letter within 30 days of the date of this decision to implement the terms of the *Settlement Agreement Between San Diego Gas & Electric Company (U902-E) and the Office of Ratepayer Advocates*. The tariffs filed in the Advice Letter shall become effective on or after the date filed subject to Energy Division determining the tariffs are in compliance with this decision.

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

5. 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.

6. San Diego Gas & Electric Company's (SDG&E) motion to treat as confidential and seal the confidential versions of its SDG&E-1C, -2C, -3C, -4C, -6C, and -9C 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.

7. The Office of Ratepayer Advocate's (ORA) requests to seal the confidential version of its testimony, Exhibit ORA-1, 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.

8. Application 13-05-016 is closed.

This order is effective today.

Dated _____, at San Francisco, California.