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Application of San Diego Gas & Electric Company (U 902-M), Southern California Edison Company (U 338-E), Southern California Gas Company (U 904-G) and Pacific Gas and Electric Company (U 39-M) for Authority to Establish a Wildfire Expense Balancing Account to Record for Future Recovery Wildfire-Related Costs.

Application No. 09-08-020
(Filed August 31, 2009)

**PROTEST BY
THE CONSUMER PROTECTION AND SAFETY DIVISION**

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October 5, 2009

Application of San Diego Gas & Electric Company (U 902-M), Southern California Edison Company (U 338-E), Southern California Gas Company (U 904-G) and Pacific Gas and Electric Company (U 39-M) for Authority to Establish a Wildfire Expense Balancing Account to Record for Future Recovery Wildfire- Related Costs.

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I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Consumer Protection and Safety Division ("CPSD") respectfully submits this Protest to the above-captioned Application of San Diego Gas & Electric Company ("SDG&E")(U 902-M), Southern California Edison Company ("SCE") (U 338-E), Southern California Gas Company ("SoCalGas") (U 904-G) and Pacific Gas and Electric Company ("PG&E") (U 39-M) for Authority to Establish a Wildfire Expense Balancing Account ("WEBA") to Record for Future Recovery Wildfire-Related Costs. Based on CPSD's initial review of this Application, CPSD recommends, that unless modified, the Commission reject the applicant's filing.

II. BACKGROUND

On August 31, 2009, SDG&E, PG&E, SCE, and SoCalGas ("Utilities") filed Application 09-08-020 with the Commission seeking ratepayer funding of costs arising from wildfires for which the utilities are at risk due to alleged limited availability of liability insurance.

III. PROTEST

CPSD is of the opinion that the application, unless modified, be rejected. While insurance premiums may have increased and while such premiums may cover less

liability, granting the Utilities their requested relief will result in a perverse incentive, where the Utilities, if fully insured by ratepayers, would not need to keep their systems as safe and reliable as they do now. In order to incent proper and full compliance with Commission Rules and General Orders (like General Order 95) the Commission must require that the Utilities have “hats in the ring.” For example, the Commission should require that the Utilities’ shareholders pay 20% of the cost to cover wildfire liability. (This includes increased premium costs). In addition, because ratepayer funding would drastically reduce the Utilities’ risk, Utilities should be required to decrease their authorized return on equity by at least 100 basis points (for both transmission and distribution returns). These types of modifications would result in the continued provision of safe and reliable electric and gas services to the Utilities’ ratepayers.

IV. CONCLUSION

CPSD requests that the Commission either modify the WEBA application or reject it.

Respectfully submitted,

/s/ NICHOLAS SHER

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**PROTEST BY THE CONSUMER PROTECTION AND SAFETY DIVISION**” in **A.09-08-020** 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 October 5, 2009 at San Francisco, California.

/s/ MARGARITA LEZCANO
MARGARITA LEZCANO

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A.09-08-020

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