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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 2011, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2011; and (iii) Costs Recorded in Related Regulatory Accounts in 2011.

Application 12-06-003
(Filed June 1, 2012)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

1. Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on July 2, 2012.

2. Background

On June 1, 2012, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 12-06-003, its *Application of San Diego Gas & Electric Company*

¹ All references to rules are to the Commission's Rules of Practice and Procedure, which is available on the Commission's website at www.cpuc.ca.gov.

(U 902-E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2011, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2011; and (iii) Costs Recorded in Related Regulatory Accounts in 2011 (Application).

On June 7, 2012, Resolution ALJ-176-3295 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary.

On July 2, 2012, a Prehearing conference (PHC) took place in San Francisco to establish the service list for the proceeding, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding. On July 6, 2012, the Division of Ratepayer Advocates filed a protest, to which SDG&E responded on July 16, 2012.

3. Category, Need for Hearing, and *Ex Parte* Rules

The Commission preliminarily categorized this Application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require evidentiary hearings (EH). The parties did not oppose the Commission's preliminary categorization. This ruling affirms the preliminary categorization of ratesetting. This ruling as to category is appealable pursuant to Rule 7.6.

Although it sometimes proves otherwise in Energy Resource Recovery Account (ERRA) proceedings, an EH may be needed. In order to err on the side of caution, as noted in the schedule below and in accordance with Rule 7.3(a), today's scoping memo adopts a procedural schedule that includes hearings. In a ratesetting proceeding, *ex parte* rules as set forth in Rules 8.1, 8.2, 8.3, 8.5 and

Pub. Util. Code § 1701.3(c)² apply, until such time as a final determination regarding the need for hearings is made.

4. Discovery

If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the presiding officer, pursuant to Rule 11.3.

5. Scope of Proceeding

Through the Application, the protests to the Application, the reply to the protests, and discussions during the PHC, parties conducted an exchange that has helped to refine the scope of the Application. This proceeding will examine whether SDG&E's proposed rates associated with the various balancing and memorandum accounts should be recovered, including but not limited to discussion of whether:

1. During 2011, SDG&E complied with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct 4;
2. During 2011 SDG&E prudently administered, managed, and dispatched its:
 - a. Utility Retained Generation resources;
 - b. Portfolio of contracts including San Onofre Nuclear Generating Station, Miramar, Palomar, allocated California Department of Water Resources, power purchase agreements, qualified facilities, non-qualified facilities, and renewable energy resource contracts; and
 - c. Generation resources;

² All section references are to the Public Utilities Code.

3. During 2011, SDG&E dispatched its energy resources in a least-cost manner in compliance with SDG&E's Commission-approved Long Term Procurement Plan;
4. SDG&E's 2011 entries and costs recorded in SDG&E's ERRA, Transition Cost Balancing Account, Market Redesign and Technology Upgrade Memorandum Account (MRTUMA), and Independent Evaluator Memorandum Account (IEMA) are correctly stated, reasonable, and in compliance with applicable Commission decisions, rules, and regulations;
5. SDG&E's 2011 In-Lieu Gas Franchise Fee entries are correctly stated, reasonable, and in compliance with applicable Commission decisions, rules, and regulations;
6. Rate recovery for 2011 costs entered in SDG&E's MRTUMA and IEMA are reasonable and should be authorized; and
7. Confidential treatment of the un-redacted versions of the testimony, as requested in the declarations accompanying the testimony, should be authorized.

6. Proceeding Schedule

The following schedule will be followed for this proceeding:

EVENT	DATE
Intervenor Testimony Served	November 30, 2012
SDG&E Rebuttal Testimony Served	January 11, 2013
Hearings	January 25, 2013 10:00 a.m. Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Opening Briefs Filed	February 8, 2013
Reply Briefs Filed	February 19, 2013

Consistent with Pub. Util. Code § 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of this scoping memo.

7. Final Oral Argument

Pursuant to Rule 13.13, any requests for a final oral argument before the Commission must be filed and served at the same time as opening briefs. Final oral argument is available only if evidentiary hearings occur.

8. Intervenor Compensation

The PHC in this matter was held on July 2, 2012. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by August 2, 2012.

9. Presiding Officer

Pursuant to Rule 13.2, I designate ALJ Seaneen M. Wilson as the Presiding Officer.

10. Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony, as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the

Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail. Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.12-06-003 - SDG&E's 2011 ERRA Compliance Proceeding. In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Comments*. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at

(866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The scope and schedule are as set forth in the body of this ruling unless amended by a subsequent ruling of the Presiding Officer.
2. This proceeding is categorized as ratesetting. This ruling as to category is appealable pursuant to Rule 7.6.
3. This proceeding requires evidentiary hearings.
4. Any party requesting a final oral argument before the Commission shall file and serve such request on the same date that opening briefs are due.
5. *Ex parte* communications are subject to Rules 8.1, 8.2, 8.3, and 8.5 of the Commissions' Rules of Practice and Procedure, and Pub. Util. Code § 1701.3(c).
6. Pursuant to Rule 13.2, Administrative Law Judge Seaneen M. Wilson is the Presiding Officer.

Dated August 10, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner