

ATTACHMENT A

A.08-11-014
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
APPLICATION FOR AUTHORITY TO UPDATE MARGINAL COSTS, COST
ALLOCATION, AND ELECTRIC RATE DESIGN

SETTLEMENT AGREEMENT

May 22, 2009

No element of this Settlement Agreement shall be deemed precedential as to the Commission or any of the Parties, either in the context of this San Diego Gas & Electric Company (SDG&E) 2009 Rate Design Window ("RDW") -- Application 08-11-014, proceeding or in any future proceeding, and no Party shall use the contents of this Settlement, or any documents, discussions or other communications related to this Settlement, against any other Party in future Commission proceedings.

1. General: Unless otherwise specified, Parties stipulate to all proposals and assumptions in SDG&E's RDW application and supporting testimony, as listed in APPENDIX A.

RESIDENTIAL ISSUES

2. California Alternate Rates for Energy ("CARE") Rates: Parties agree to SDG&E's proposed reduction in CARE tier 3 rates in this RDW proceeding. Subsequently, CARE tier 3 rates will be frozen (no upward or downward movement) at this level until the next General Rate Case Phase II or until superseded by any CARE rate design provisions in Assembly Bill ("AB") 1X reform legislation that is passed and becomes law. See APPENDIX B for the proposed unbundled unit charges for residential non-CARE and CARE customers that would become effective with the implementation of this rate design window.

3. Baseline Allowances: SDG&E proposed to reduce the residential baseline allowances over a three year period to the higher of the level identified by Public Utilities Code section 739 or the level in effect in 2001 when AB 1X was passed. Parties agree to SDG&E's proposed baseline reduction for year 1 effective January 1, 2010, upon implementation of the 2008 RDW rates. If AB 1X reform legislation is passed and becomes law, then there will be no further reduction in baseline allowances stemming from this settlement. If there is no enactment of AB 1X reform legislation by October 31, 2010, Parties further agree to SDG&E's year 2 reduction in baseline allowances and that this change will take place on January 1, 2011. Parties are not precluded by this settlement from making proposals for changes to SDG&E's baseline allowances in subsequent regulatory proceedings. See APPENDIX C for the proposed baseline allowances that would become effective with the implementation of this rate design window and the proposed baseline allowances for year 1 and year 2 under the conditions set forth herein. In APPENDIX C, the percentage of average residential usage column in APPENDIX C is provided for informational purposes only. The above agreement

establishes the baseline quantities shown in APPENDIX C. The schedule in APPENDIX C supersedes and replaces Attachment RWH-1 contained in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009).

4. Residential Rate Presentment: Residential Rate Presentment: The Parties concur as to the importance of making aggregated kWh rate information available to residential customers. Thus, SDG&E agrees to provide residential customers the ability to view their total kWh rates by tier, first as a web-based presentation and second on a customer's bill. SDG&E will provide on its website for each group of Residential, Residential-Low Income, and Residential-Direct Access customers their total kWh rates by tier no later than December 31, 2009. Prior to this date, SDG&E will provide a draft website presentation to Division of Ratepayer Advocates (“DRA”) and Utility Consumers’ Action Network (“UCAN”) for their advice and comment, and will work in good faith to incorporate such advice and comment into the final website presentation that will be made available to residential customers. SDG&E also agrees to work in good faith with DRA and UCAN to provide an estimate of the total costs, timeline and format related to creating a customer bill presentment version of the above website presentation no later than June 1, 2010.

OTHER ISSUES

5. Critical Peak Pricing (“CPP”): Existing CPP Bill Protection shall be extended as follows:

- a. A customer that defaulted to, and received service under, CPP-D during the summer of 2008 and remains on CPP-D through the summer of 2009 would be provided with twelve additional months of bill protection.
- b. A customer that defaulted to, and opted-out of CPP-D during the summer of 2008 would be provided with 12 months of bill protection in the event it chooses to opt-in and receive service under CPP-D during the summer of 2009.
- c. The existing bill protection provisions of Schedule EECC-CPP-D, Special Condition 8 remain unchanged.

6. Medium and Large Commercial & Industrial (“C&I”) Class Split: SDG&E’s proposed Medium and Large C&I class split at 500 kW shall not be implemented.

7. Revisions to Schedule OL-2: Special Condition 6: Incidental Loads. Incidental, non-lighting loads may be served under this Schedule only where such connected loads for that meter do not exceed 15 percent of the customer’s total connected load. Incidental Loads must also be controlled for dusk to dawn operation exclusively.

A customer seeking service under this Schedule may split its load at a premise in order to separately meter load that is not controlled for exclusive dusk to dawn operation. Such separately metered load, not served under this Schedule, shall be billed in accordance with the applicable rate schedule. The customer shall be responsible for all costs associated with splitting load, including costs incurred by SDG&E.

8. Miscellaneous Add-ons to the Medium and Large C&I Distribution Rate:

SDG&E agrees to withdraw its proposal for allocation and rate design of Miscellaneous Add-on costs for the medium and large C&I class. Rate changes occurring prior to the next rate proceeding associated with Miscellaneous Add-ons will be made on a proportional basis to recover the amount allocated to the C&I class.

9. Creation of Tariff Schedule OL-TOU: SDG&E will create a new SDG&E rate schedule titled OL-TOU. This schedule will have the same rates and structure as the current A-TOU, but will be limited in its applicability. See APPENDIX D.

Applicability

Applicable to metered outdoor area lighting load, not including street or highway lighting, controlled for nighttime operation and used for sports and recreation areas. Incidental, non-outdoor area lighting load shall be served under this schedule if the incidental load meets the following conditions: 1) does not exceed 15 percent of the customer's Maximum Monthly Demand and 2) does not exceed 20 kW, regardless of the time such incidental load operates. Service under this schedule is not applicable to any customer whose monthly maximum demand is less than 20 kW and whose incidental load causes a summer on-peak demand that equals, exceeds, or is expected to equal or exceed 20 kW for three consecutive billing periods.

In addition, the following definition will be added to the schedule for clarification:

Nighttime and daytime operation is defined as the following hours:

Summer

Daytime: 6 a.m. – 6 p.m. Weekdays

Nighttime: 6 p.m. – 6 a.m. Weekdays, plus Weekends and Holidays

Winter

Daytime: 6 a.m. – 5 p.m. Weekdays

Nighttime: 5 p.m. – 6 a.m. Weekdays, plus Weekends and Holidays

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APPENDIX A

**APPENDIX A
SETTLEMENT AGREEMENT,
Item No. 1 – GENERAL**

Parties hereby stipulate to the adoption of the following terms:

1. SDG&E's allocation of costs to customer classes as presented in the Prepared Revised Direct Testimony of James S. Parsons (January 27, 2009), except that results for the Medium Commercial and Large C&I classes will be combined since SDG&E's proposed split of the Medium and Large C&I class is not adopted pursuant to Settlement Agreement, Item 6.
2. SDG&E's rate design and allocation tables contained in SDG&E's Settlement Testimony, which is being served concurrently with the filing of the *Motion for Adoption of Joint Party Settlement*, supersede and replace the rate design and allocation tables contained in the Prepared Revised Direct Testimonies of Robert W. Hansen and James S. Parsons (served January 27, 2009). The rate design tables contained in SDG&E's Settlement Testimony show the present and proposed cost allocation, present and proposed rate tables, bill impact tables, and allocation tables have been updated to reflect the Settlement Agreement terms. Proposed rate changes to be implemented January 1, 2010.
3. Elimination of Residential and Small Commercial Customer Time of Use ("TOU") metering charges on January 1, 2010, as described in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009).
4. Recovery of Residential California Solar Initiative ("CSI") costs will be simplified to an equal-cents-per-kWh charge applicable to all non-exempt residential usage, as described in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009).
5. SDG&E's miscellaneous tariff clean-up proposals, as described in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009) and the Prepared Supplemental Testimony of Robert W. Hansen (served January 30, 2009). Specifically, SDG&E's tariff language changes to:
 - a. Schedule EV-TOU (modification to electric vehicle rate options);
 - b. Schedule EV-TOU2 (modification to electric vehicle rate options);
 - c. Schedule EV-TOU3 (modification to electric vehicle rate options);
 - d. Schedule DG-R (clarification that this schedule is not limited to customers that own distributed generation);
 - e. Clarification of language on the minimum bill applicable to residential customers;
 - f. CPP-D Special Condition 3 (clarification regarding the default rate);
 - g. CPP-D Special Condition 15 (correction of inadvertent omission);
 - h. CPP-E Special Condition 15 (reflection of correction to CPP-D);

- i. Clarification on daylight savings time language in Schedule DR-SES;
 - j. Elimination of Rule 24 and all associated tariff references.
6. SDG&E's distribution rate for Schedule LS-3 will be realigned with the rest of the lighting class, as described in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009).
7. SDG&E's proposal of a new Sports Field Outdoor Lighting tariff Schedule OL-2, as described in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009), subject to Settlement Agreement, Item 7.
8. SDG&E's sales forecasts, as presented in the Prepared Direct Testimony of Greg Katsapis (served November 14, 2008), which shows the following projected sales for 2009:

Residential	7,829 sales (GWh)
Commercial/Industrial/Agriculture	12,950 sales (GWh)
Street Lighting	111 sales (GWh)
TOTAL	20,890 sales (GWh)
9. Modification of SDG&E's CPP rate so that CPP events can be called any day of the week, year round, as described in the Prepared Direct Testimony of James Spurgeon (served November 14, 2008).
10. Modification of SDG&E's CPP rate so that CPP customers default to CPP only after SDG&E's billing and systems upgrades have been completed and customers have had an Advanced Metering Initiative ("AMI") meter for at least 12 months, as described in the Prepared Direct Testimony of James Spurgeon (served November 14, 2008).
11. Planned implementation of the Peak Time Rebate ("PTR") for Small Non-Residential Customers will be eliminated, as described in the Prepared Direct Testimony of James Spurgeon (served November 14, 2008).
12. Residential PTR credits will be based on a per-event basis rather than total usage PTR, upon the full deployment of SDG&E's AMI meters and completion of the meter data management and billing system modifications required to bill PTR credits on a per-event basis. The Residential PTR tariff will be changed to reflect the term above. See Prepared Direct Testimony of James Spurgeon (served November 14, 2008).
13. Implementation of a memorandum account to track the reasonable incremental costs that SDG&E expects to incur a result of implementing a time-of-use rate, coupled with a default CPP rate for approximately 120,000 customers that have only previously been exposed to a flat rate. (See Prepared Direct Testimony of James Spurgeon (served November 14, 2008).

APPENDIX B

APPENDIX B

SAN DIEGO GAS & ELECTRIC COMPANY
Rate Design Window Application (A.) 08-11-014

PROPOSED UNBUNDLED UNIT CHARGES FOR SCHEDULE DR AND DR-LI

LINE NO.	DESCRIPTION (A)	UNITS (B)	TRANS RATE (C)	DIST RATE (D)	PPP RATE (E)	ND RATE (F)	CTC RATE (G)	RS RATE (H)	TRAC RATE (I)	TOTAL LDC RATE (J)	ECC RATE (K)	DWR BOND RATE (L)	20% CARE DISCOUNT (M)	TOTAL RATE (N)
SCHEDULE DR														
1	Basic Service Fee	\$/Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
2	Summer													0.00
3	Baseline Energy	\$/kWh	0.01284	0.06782	0.00334	0.00046	0.00209	0.00051	(0.06877)	0.01829	0.10547	0.00491	-	0.1286
4	101% to 130% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	(0.05788)	0.03846	0.10547	0.00491	-	0.1488
5	131% to 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.08121	0.17755	0.10547	0.00491	-	0.2876
6	Above 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.10121	0.19755	0.10547	0.00491	-	0.3076
7	Winter													
8	Baseline Energy	\$/kWh	0.01284	0.06782	0.00334	0.00046	0.00209	0.00051	(0.04149)	0.04557	0.07819	0.00491	-	0.1286
9	101% to 130% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	(0.03060)	0.06574	0.07819	0.00491	-	0.1488
10	131% to 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.09248	0.18882	0.07819	0.00491	-	0.2716
11	Above 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.11248	0.20882	0.07819	0.00491	-	0.2916
12	Minimum Bill	\$/Day	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.170	0.000	0.000	-	0.17
13														
14														
SCHEDULE DR-LI *														
15	Basic Service Fee	\$/Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	Summer													
17	Baseline Energy	\$/kWh	0.01284	0.06782	0.00334	0.00046	0.00209	0.00051	(0.06386)	0.02320	0.10547	0.00000	(0.02814)	0.1005
18	101% to 130% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	(0.05297)	0.04337	0.10547	0.00000	(0.03218)	0.1166
19	131% to 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.02847	0.12481	0.10547	0.00000	(0.04847)	0.1818
20	Above 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.02847	0.12481	0.10547	0.00000	(0.04847)	0.1818
21	Winter													
22	Baseline Energy	\$/kWh	0.01284	0.06782	0.00334	0.00046	0.00209	0.00051	(0.03658)	0.05048	0.07819	0.00000	(0.02814)	0.1005
23	101% to 130% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	(0.02569)	0.07065	0.07819	0.00000	(0.03218)	0.1166
24	131% to 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.04141	0.13775	0.07819	0.00000	(0.04560)	0.1703
25	Above 200% of Baseline	\$/kWh	0.01284	0.07710	0.00334	0.00046	0.00209	0.00051	0.04141	0.13775	0.07819	0.00000	(0.04560)	0.1703
26	Minimum Bill	\$/Day	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.170	0.000	0.000	(0.034)	0.13
27														

* Effective rates shown for DR-LI reflect the 20% CARE discount and exemption from the CARE surcharge.

APPENDIX C

The schedule contained in this appendix supersedes and replaces Attachment RWH-1 contained in the Prepared Revised Direct Testimony of Robert W. Hansen (served January 27, 2009).

APPENDIX C

San Diego Gas and Electric Company
 Rate Design Window Application (A.) 08-11-014
 Residential Baseline Allowances
 kWh per Day

Line #	Season (A)	Customer Type (B)	Climate Zone (C)	At Low-End Range of PU Code §739 (D)	2001 Level in Effect When AB1X Implemented (E)	Present			Settlement 1st-Year Levels				Settlement 2nd-Year Levels			
						kWh/Day (F)	% of Average Residential Consumption (G)	Settlement 1st-Year Levels (H)	% of Average Residential Consumption (I)	kWh/Day (J)	Percent (K)	Settlement 2nd-Year Levels (L)	% of Average Residential Consumption (M)	kWh/Day (N)	Percent (O)	
1			Coastal	8.5	8.3	10.2	57%	9.6	55%	(0.6)	-5.9%	9.0	53%	(1.2)	-11.8%	1
2			Inland	9.9	8.3	11.8	57%	11.2	55%	(0.6)	-5.1%	10.6	53%	(1.2)	-10.2%	2
3		Basic	Mountain	13.3	9.9	15.5	56%	14.8	54%	(0.7)	-4.5%	14.1	52%	(1.4)	-9.0%	3
4			Desert	14.6	11.4	17.3	56%	16.4	54%	(0.9)	-5.2%	15.5	52%	(1.8)	-10.4%	4
5	Summer		Coastal	5.9	9.8	9.8	71%	9.8	71%	0.0	0.0%	9.8	71%	0.0	0.0%	5
6			Inland	8.5	9.8	11.6	62%	11.0	60%	(0.6)	-5.2%	10.4	58%	(1.2)	-10.3%	6
7		All-Electric	Mountain	15.0	14.6	18.4	59%	17.3	56%	(1.1)	-6.0%	16.2	53%	(2.2)	-12.0%	7
8			Desert	16.5	19.5	19.5	56%	19.5	56%	0.0	0.0%	19.5	56%	0.0	0.0%	8
9			Coastal	8.8	8.3	10.8	58%	10.1	56%	(0.7)	-6.5%	9.4	53%	(1.4)	-13.0%	9
10			Inland	9.4	8.3	11.5	59%	10.8	56%	(0.7)	-6.1%	10.1	53%	(1.4)	-12.2%	10
11		Basic	Mountain	12.2	9.9	14.6	57%	13.8	55%	(0.8)	-5.5%	13.0	53%	(1.6)	-11.0%	11
12			Desert	9.5	8.3	12.0	59%	11.2	56%	(0.8)	-6.7%	10.4	53%	(1.6)	-13.3%	12
13	Winter		Coastal	9.0	16.6	16.6	82%	16.6	82%	0.0	0.0%	16.6	82%	0.0	0.0%	13
14			Inland	12.6	16.6	19.1	74%	18.3	73%	(0.8)	-4.2%	17.5	71%	(1.6)	-8.4%	14
15		All-Electric	Mountain	22.6	26.5	29.5	72%	28.5	70%	(1.0)	-3.4%	27.5	69%	(2.0)	-6.8%	15
16			Desert	17.1	21.5	22.3	71%	22.0	71%	(0.3)	-1.3%	21.7	70%	(0.6)	-2.7%	16

APPENDIX D

APPENDIX D
Summary of Proposed Tariff Schedule OL-TOU

	UDC	EECC	DWR-BC	Total Rate
Schedule OL-TOU (\$/kWh)				
Energy Charge				
Summer				
On-Peak	0.08112	0.22147	0.00491	0.30750
Semi-Peak	0.07380	0.09168	0.00491	0.17039
Off-Peak	0.07364	0.06778	0.00491	0.14633
Winter				
On-Peak	0.07742	0.10147	0.00491	0.18380
Semi-Peak	0.07380	0.09437	0.00491	0.17308
Off-Peak	0.07364	0.06877	0.00491	0.14732
Basic Service Fee	9.56			9.56

Summer			
On-Peak	11 a.m. - 6 p.m. Weekdays	Daytime	6 a.m. – 6 p.m. Weekdays
Semi-Peak	6 a.m. - 11 a.m. Weekdays		
		6 p.m. - 10 p.m. Weekdays	Nighttime
Off-Peak	10 p.m. - 6 a.m. Weekdays Plus Weekends & Holidays		
Winter			
Semi-Peak	6 a.m. - 5 p.m. Weekdays	Daytime	6 a.m. – 5 p.m. Weekdays
	8 p.m. - 10 p.m. Weekdays		
Off-Peak	10 p.m. - 6 a.m. Weekdays Plus Weekends & Holidays	Nighttime	5 p.m. – 6 a.m. Weekdays, plus Weekends and Holidays
On-Peak	5 p.m. - 8 p.m. Weekdays		

AGREED:

San Diego Gas & Electric Company

By:  _____

Date: 5/26/09

Title: VP, Controller & CFO

AGREED:

Division of Ratepayer Advocates

By: 

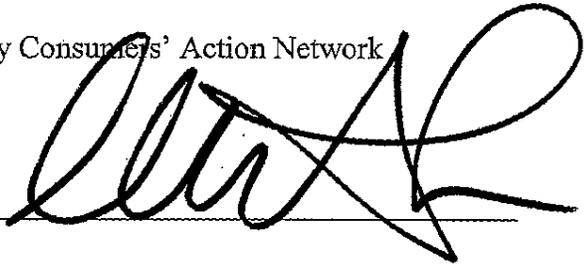
Date: 5/21/09

Title: Director

AGREED:

Utility Consumers' Action Network

By: _____

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is highly cursive and difficult to decipher.

Date: May 20, 2009

Title: Executive Director

AGREED:

Federal Executive Agencies

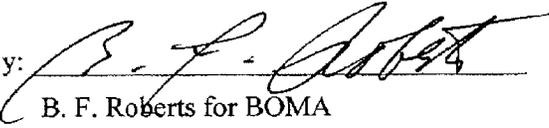
By: Norman Furuta
NORMAN J. FURUTA

Date: May 21, 2009

Title: Associate Counsel

AGREED:

Building Owners and Managers Association of California

By: 
B. F. Roberts for BOMA

Date: May 22, 2009

Title: President, Economic Sciences Corporation

AGREED:

California City-County Street Light Association

By: Red V. Sautt

Date: May 21, 2009

Title: Energy Economist

AGREED:

California Farm Bureau Federation

By:  _____

Date: 5-22-09

Title: Associate Counsel

AGREED:

City of San Diego

By: *Fredrick W. Cottler*

Date: MAY 26, 2009

Title: DEPUTY CITY ATTORNEY

(END OF ATTACHMENT A)