

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**  
**ENERGY DIVISION**  
**I. D. # 10424**  
**RESOLUTION E-4410**  
**June 23, 2011**

**R E S O L U T I O N**

Resolution E - 4410 San Diego Gas & Electric Company  
Request for special treatment of customer on line extensions.

PROPOSED OUTCOME: This Resolution (1) grants the request for an extension of time for residential loads to take service after the utility is ready to serve from 6 months to one year without penalty, the same period as for non-residential loads, and (2) denies the request for approval per Electric Rule 15, Section I.3, of a special conditions agreement between San Diego Gas & Electric Company (SDG&E) and Rancho Mission Viejo, LLC (RMV).

ESTIMATED COST:

There is no cost for the extension of time. Per response to Data Request # 9, the special conditions agreement would increase the estimated cost to SDG&E and to the ratepayers by \$266,000.

BY Advice letter 2230-E filed on February 14, 2011.

**SUMMARY**

This Resolution grants the request for an extension of the time between the utility's readiness to serve and the applicant's acceptance of service for residential loads to be the same as that for non-residential loads, namely one year. This request is approved on the basis that it would provide extra flexibility to the applicant on a complicated project with no known downside.

This resolution also denies the request for approval of a special conditions agreement between SDG&E and RMV under Electric Rule 15 that would allow line and service extension allowances that exceed actual costs on one part of the RMV development to be applied to offset actual costs in excess of allowances in another part of the development. This request is denied on the basis that the

above estimated cost would be added to SDG&E's rate base and would therefore be borne by SDG&E's ratepayers with little or no advantage to them.

## **BACKGROUND**

RMV is planning a multi-use development of an area in SDG&E territory designated Planning Area 1 (PA-1). The uses include retail, offices, residential and community facilities. RMV will contract with several developers to construct the facilities. It is anticipated that line and service extension allowances under Electric Rule 15 for development in certain areas will be in excess of the costs for these facilities and that the allowances for development in other areas will not cover actual costs. Under the provisions of Electric Rule 15, where the cost exceeds the allowance, the applicant for electric service (builder, developer) may request and be given by the utility, in addition to the allowance, one half of the difference between the actual cost and the allowance ("50% discount"). This amount and the allowance are added to the utility's rate base, which increases the cost to all of the utility's ratepayers. Electric Rule 15, Section I.3, provides for "Exceptional Cases: When an application of this rule appears impractical or unjust to either party or the ratepayers, utility or Applicant may refer the matter to the Commission for a special ruling or for special condition(s), which may be mutually agreed upon."

## **NOTICE**

Notice of AL 2230-E was made by publication in the Commission's Daily Calendar. SDG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

## **PROTESTS**

Advice Letter 2230-E was not protested.

## **DISCUSSION**

Energy Division has reviewed the subject advice letter and has sent SDG&E 16 data requests. The data requests and SDG&E's responses are included as an appendix to this resolution. The issues are presented in the Summary, above.

The request for an extension of time to take service without penalty to the builders of a multi-home residential development to be equal to that of non-residential development appears reasonable for a complex multi-home development and is granted.

In regard to SDG&E's second request, according to the response to Data Request # 9, the cost to SDG&E's ratepayers for the development based on the unmodified terms of Electric Rule 15 is estimated to be \$635,932. The equivalent cost based on the requested modification ("special ruling") would be \$901,635, a difference of approximately \$266,000, which would go to RMV. Since these costs would be added to SDG&E's rate base and be paid for by the ratepayers, the question is, would the terms of the special ruling provide any advantage to the ratepayers?

The advice letter says on page 2 "Both parties, SDG&E and RMV, agree that because of the division of the PA-1 area by regional roads and the past extensions of the electrical system, the application of the rules set forth in SDG&E's Electrical Rule 15 would be unjust to RMV and RMV's need to resort to the 50% discount to compensate for their lost use of allowances would be unjust to SDG&E and its Ratepayers." However, it does not say why "RMV's need to resort to the 50% discount" would be unjust to SDG&E and its ratepayers.

The response to Data Request # 9 says in part "Eliminating the discount option [available under Electric Rule 15 where the line extension cost exceeds the allowance, the Applicant has the option to receive one-half the difference between the actual cost and the allowance, "50% discount"] eliminates the utility and rate payer risk of an applicant-builder taking the discount option but not completing their project to the point of all the proposed customers accepting service." But if the exception were granted and should the applicant-builder fail to complete its project, the applicant-builder's excess line extension cost would be covered by the excess allowances available from some other area of the project, such that the applicant-builder would receive 100% of its line extension cost, would not complete its project, and SDG&E's ratepayers, rather than having paid one-half of the applicant-builder's excess line extension cost, would have paid 100%.

SDG&E has not made a credible case to support its claim that the special conditions agreement would provide a benefit to the ratepayers.

**COMMENTS**

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

**FINDINGS AND CONCLUSIONS**

1. The request for an extension of time to take service without penalty to the builders of a multi-home residential development to be equal to that of non-residential development appears reasonable for a complex multi-home development.
2. Neither the advice letter nor the responses to Energy Division's data requests have made a credible case to support the claim that the special conditions agreement would provide a benefit to the ratepayers.

**THEREFORE IT IS ORDERED THAT**

1. The request of the San Diego Gas & Electric Company made in Advice Letter AL 2230-E for an extension of time for residential loads to take service after the utility is ready to serve from 6 months to one year without penalty, the same period as for non-residential loads, is approved.
2. The request of the San Diego Gas & Electric Company for a special conditions agreement between San Diego Gas & Electric Company and Rancho Mission Viejo, LLC, per Electric Rule 15, Section I.3, is denied.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 23, 2011; the following Commissioners voting favorably thereon:

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Paul Clanon  
Executive Director

## APPENDIX DATA REQUESTS AND RESPONSES

### **Request #1:**

*Please send Exhibit B, "Description of line Extension", Exhibit D, "Cost Summary" and Exhibit E, "Applicable Conduit System": these exhibits are not included with the present submittal.*

### **Response #1:**

At this time, Exhibits B, D and E do not exist. There is only a description of what content each exhibit will contain.

Page 3 of SDG&E Advice Letter 2230-E discusses the "Attached Agreements". The Master Agreement for Extension and Construction of Underground Electric Facilities of the PA-1 area of the Ranch Planned Community lists an Exhibit A, "Builder-Applicant Agreement for Extension and Construction of Underground Electric Facilities of the PA-1 area of the Ranch Planned Community (the Builder-Applicant Agreement).

Area PA-1 is a master development which will be developed through the subdivision of the area into individual subdivided projects. As an example, there will be subdivisions which will be designed for multi-family unit construction and subdivisions for detached single family unit construction. For each of these individual subdivisions, a Builder-Applicant Agreement will be entered into between SDG&E, RMV and the Builder-Applicant who has purchased that particular subdivision and brought forth their plan for the construction of the units within that particular subdivision.

Each Builder-Applicant Agreement will have Exhibits A, B, C, D and E. Exhibits B, D, and E would be exhibits that are produced at the time that the agreement is composed. Page four of the advice letter lists each exhibit and what general content they contain, but until development of the PA-1 area begins and Builder-Applicants purchase the subdivisions and bring forth their development plans, the exhibits can not be produced. Exhibits B, D and E will be the result of the specific electric design work order that is produced for each Builder-Applicant project.

### **Request #2:**

*The original of Exhibit A, "Description of PA-1" appears to be a map in color with color coded proposed and existing lines, which are not distinguishable on the black and white print provided. Please send color print.*

### **Response #2:**

Please see the embedded attachment below:



Exhibit A PA1 Electric  
Master Plan 1-18-200

**Request #3:**

*Is existing SDG&E distribution system overhead or underground?*

**Response #3:**

Yes, the existing SDG&E distribution system is underground.

**Request #4:**

*Is the existing system the same as that labeled "Existing 1-4 Electric" on the map of PA-1?*

**Response #4:**

The "Existing 1-4" Electric shown on the map of PA-1 are empty conduit stubs that connect to the energized existing electric system that exists in Antonio Parkway, La Pata Ave and Ortega Hwy.

**Request #5:**

*For what purpose was the existing system installed?*

**Response #5:**

The existing system along Ortega Highway, La Pata Ave and the southern portion of Antonio Parkway was installed as part of a Rule 20B conversion requested by Rancho Mission Viejo. A portion of the existing system in the northern portion of Antonio Parkway was installed as a capital project by SDG&E.

**Request #6:**

*How much is the expected "cap established by the granted allowances"?*

**Response #6:**

The expected "cap established by the granted allowances" is \$901,653. The development of area PA-1 has not yet started and is pending the approval of this advice letter. No electric system design work has been performed by the utility or by the applicant as an applicant designer. A projection was done by Rancho Mission Viejo of the estimated electric system costs and the estimated allowances for the residential units or commercial revenue based allowances for each project within the area PA-1 development. These projections are the basis for the answers to this data request since the theory behind this advice letter was derived from the basis.

**Request #7:**

*How much is the expected cost to the Applicant of the line and service extensions?*

**Response #7:**

The expected cost to the Applicant for the line extension is \$16,751 and the expected cost to the Applicant for service extensions is zero.

As supplied in response to Request #6, the following information is repeated.

The development of area PA-1 has not yet started and is pending the approval of this advice letter. No electric system design work has been performed by the utility or by the applicant as an applicant designer. A projection was done by Rancho Mission Viejo of the estimated electric system costs and the estimated allowances for the residential units or commercial revenue based allowances for each project within the area PA-1 development. These projections are the basis for the answers to this data request since the theory behind this advice letter was derived from the basis.

In answer specifically to Request #7, the expected cost to the Applicant of the line extension is the estimated total electric cable and substructure cost of \$918,404 minus the estimated allowances of \$910,653 for a net cost to the Applicant of \$16,751. These values do not include any income tax component. Allowances are first applied to the service extension and the excess allowance remaining is applied to the Rule 15 distribution extension. Rancho Mission Viejo had projected the service extension costs to be \$86,900, which were assumed to be covered by allowances, so the cost to the Applicant for service extensions is assumed to be zero.

**Request #8:**

*Specifically what is it in Rule 15 to which the AL is seeking an exception (other than the extension of the time for contract compliance from 6 months to 12 months)?*

**Response #8:**

The AL seeks exception to Rule 15.E.11. Rule 15.E addresses refunds. Section 11, shown below, addresses Series of Distribution Line Extensions.

15.E.11:

Series of Distribution Line Extensions: Where there is a series of Distribution Line Extensions, commencing with an extension having an outstanding amount subject to refund, and each Distribution Line Extension is dependent on the previous Distribution Line Extension as a direct source of supply, a series refund will be made as follows:

- a. Additional service connections supplied from a Distribution Line Extension on which there is a refundable amount will provide refunds first to the Distribution Line Extension to which they are connected; and,

- b. When the amount subject to refund on a Distribution Line Extension in a series is fully refunded, the excess refundable amount will provide refunds to the Distribution Line Extension having the oldest outstanding amount subject to refund in the series.

The AL seeks exception to the above in that it requests that allowances not be restricted to refunding only in a series that consists of previous Distribution Line Extensions that served as a direct source of supply. The source of supply that is installed in a roadway may be installed in phases to facilitate financing of the project, which limits the amount of supply line installed to that which is necessary to serve the immediate units being constructed and sold. The AL seeks the ability to treat such phased installations and the whole project development as a continuous line extension and not a series of line extensions.

**Request #9:**

*Please explain why the strict application of the terms of Rule 15 “would be unjust to RMV and ...would be unjust to SDG&E and its Ratepayers”? With a numerical example show how the money would flow under a strict interpretation of Rule 15 and how it would flow under the proposed exception.*

**Response #9:**

With the following numerical example, you will see the various aspects of the money flow under the proposed exception and the strict application of Rule 15 (R – 15/16 Discount Applied.) Also included is a comparison of money flow for an application of Rule 15/16 where no discount is allowed. (This is to show how the discount affects the ratepayers.)

<b>Proposal for Exception to R15</b>	
Total Construction Costs	918,404
Total Allowances	901,653
Applied Allowance	901,653
Total RMV Advance No Discount	16,751
Stranded Allowances	0
Total Added To Rate Base	901,653
SDG&E Contribution	901,653
<b>R-15/16 No Discount</b>	
Total Construction Costs	918,404
Total Allowances	901,653
Applied Allowances	389,459
Series Applied Allowances	85,241
Total Applied+Series Allowances	474,700
Stranded Allowances	426,953
Total RMV Advance	443,704
Total Added To Rate Base	474,700
SDG&E Contribution	474,700
<b>Strict Application of Rule 15. R-15/16 With Discount Applied</b>	
Total Construction Costs	918,404
Total Allowances	901,653
Applied Allowances	389,459
Stranded Allowances	512,194
Discount	264,473
Total RMV Advance	264,472
Total Added to Rate Base	635,932
SDG&E Contribution	635,932

Under the strict application of Rule 15, as shown in the above table R-15/16 Discount Applied, of the total \$901,653 in allowances available to RMV, they would only receive \$389,459 applied directly as their phases of construction are built, assuming that the discount option would be taken for extensions where the costs exceed the allowances available directly or through the applied series refund. This would leave a difference of \$512,194 between the \$901,653 available and the \$389,459 applied. This \$512,194 of available allowance is stranded and not available for RMV's use due to the Series of Distribution Line Extensions section E.11 of Rule 15. The majority of these stranded allowances are granted for RMV's commercial and multifamily developments east of Antonio Parkway. Since Antonio Parkway has an existing system which is not eligible for refunds, the series refund methodology strands the allowances. This is unjust to RMV.

Under the proposed exception to Rule 15, shown in the above table Proposal for Exception to R-15, the total available allowances of \$901,653 would be applied towards extension costs leaving a zero balance as the stranded allowances.

The table above, R-15/16 No Discount, shows the money flow under the current Rule 15, but without allowing the discount option. Under this hypothetical scenario which is not part of our proposed exception, because no discount option would be taken, RMV would receive an additional \$85,241 in excess allowances, which when exceeding the cost of the extension to which they are first applied, would then be applied as a series refund to older previous extensions which were part of the series. The total of their applied and series allowances would be \$474,700, which when subtracted from the total available allowances of \$901,653 leaves \$426,953 of stranded allowances which they may not use towards their costs. Comparing the R-15/16 No Discount money flow to the R-15/16 Discount Applied money flow shows that in allowing the discount option, the total added to rate base increases from \$474,700 to \$635,932, an increase of \$161,232.

The proposed exception eliminates the use of the discount option but offers an increased use of allowances that would previously have been stranded. Although the net added to the rate base under the exception is higher than the strict interpretation of Rule 15 would allow, the increase is due to a discontinuance of the series application of allowances. Allowances which are granted to qualified applicants who accept service and share the burden of system operation and maintenance through the rates are not stranded but are refunded to other areas along the continuous line extension. Eliminating the discount option eliminates the utility and rate payer risk of an applicant-builder taking the discount option but not completing their project to the point of all the proposed customers accepting service. When the discount option is applied to such projects, the utility and ratepayer are treated unjustly since the discount is financed with utility capital and is included in the rate base, but if the project fails to complete its addition of applicants for service, there are fewer rate payers to support the extension.

#### **Request #10:**

*The response to Data Request # 5 says that "A portion of the existing system... was installed as a capital project by SDG&E". Please explain:*

- 1. What is a capital project?*
- 2. At whose request was it built?*
- 3. How much did it cost?*
- 4. Is this cost in the SDG&E rate base?*

**Response #10:**

1. A capital project is an SDG&E initiated project that installs new capital items. Examples are extensions of lines, re-conductors (replacement of smaller lines with larger lines) of existing lines or installation of new lines for the creation of new circuits. These are projects initiated by SDG&E for purposes of circuit integrity or reliability.
2. SDG&E initiated that project and built it. It brought a new circuit to the area to provide reliability to that area. It has been in place since 1999.
3. The work order that installed the new circuit had a capital cost of \$256,338.
4. Yes, this cost was put in the SDG&E rate base.

**Request #11:**

*The response to REQUEST # 9 refers to a series applied allowance. How does this differ from an applied allowance? The number shown is close, but not identical to, the service extension costs, for which allowances would be applied.*

**Response #11:**

When allowances are granted they are first applied to the service, from the meter to the line connecting to the direct distribution source. Any remaining allowance, from each service connected, is then applied to the work order contract which created the distribution source. This would be the applied allowance. Any allowance remaining after that application is excess allowance and is applied towards the "series" of line extensions which provided a source for the distribution source to which the service line connects. If this "series" of extensions is greater than one contract, the excess allowance is first applied to the work order contract with the oldest amount of outstanding refundable money. So a series applied allowance would be allowance that a work order receives as a result of being in line (or in series) for a refund. It is allowance applied to other than the distribution line to which the service is directly connected.

The service extension costs were separately estimated by RMV and any resemblance to the Series Applied Allowance is just coincidental. The two figures are not related in how they are calculated.

**Request #12:**

*Why are the series applied allowances not included in the "Discount Applied" table?*

**Response #12:**

Series applied allowances are applied to previously installed distribution line extensions which have a refundable balance due. When the discount option is selected, the 50% discount is given in lieu of future refunds on any refundable balance owed by the customer for the extension. Thus in the discount applied table, no series applied allowances are included

because if the discount option is used, they have waived future series allowances and were given a 50% discount on the refundable balance owed to the utility.

**Request #13:**

*The final paragraph of the response to REQUEST # 9 refers to “stranded” allowances and also to a discount option. But allowances are stranded only if they exceed the cost of the line and service extensions, whereas the discount applies to the case in which the allowance is less than line and service extension costs. Please explain this apparent discrepancy.*

**Response #13:**

I am unsure of what the discrepancy is you wish explained, but I will try to add some additional discussion that may help. This special contract allows allowances that previously would be stranded to be moved to another extension contract within the PA-1 development area. The special contract also disallows the use of the discount option.

You are correct that allowances are only stranded if they exceed the cost of the extensions. Under the current Rule 15 (not the exception being requested) a developer who is ready to be served may be granted allowances towards his extension costs and if his allowances equal or exceed his refundable costs, he would not need to pay and would not need the discount option. A discount would be taken when there was a refundable balance due and the developer believed that any future refunds coming through a series applied allowance would not completely refund his balance, that ownership costs may erode his refundable balance or that having use of his money during the time he expects to wait until a series allowance is applied is of greater benefit to him than the money would be at a later date after it was ultimately refunded.

This exception allows the master developer to apply previously stranded allowances from one portion of his development to assist in making up the shortfall of the balance between allowance and expenditure in other portions of the development. An example would be if the master developer installs a backbone electric extension down the main street, he may have few if any directly connected services to that backbone. (The backbone is normally installed to provide a source for development which branches off the main street) He would need to depend on series, applied allowances that come from other portions of the development which are using the backbone as the source for their extension, for any refund. This would be a situation where he would probably select the discount option and waive future refunds. Allowing him to apply stranded allowances to his extension, funds the shortfall by applying allowances that are granted based on expected revenues versus providing a discount.

Both the applied allowance and the discount are added to rate base, however an allowance is granted when an additional meter is expected to be added to the system which would add an additional ratepayer to share the cost burden. The discount option has no requirement to provide additional ratepayers that would share the cost burden of the system. So in comparing the two means to provide funding support for backbone extensions, this exception utilizes excess allowances that are based on the addition of new ratepayers and the traditional Rule 15 discount option merely discounts the payment and waives any application of future excess allowance.

**Request #14:**

*Same paragraph says “Eliminating the discount option eliminates the utility and ratepayer risk of an applicant-builder taking the discount option but not completing their project to the point of all the proposed customers accepting service”. Does this risk not also apply to the advice letter’s proposed tariff exception: RMV takes the total sum of allowances for a fully developed project, but fails to build part of it? It would be instructive to see a concrete example of a development process including stranded allowances, line and service extension costs exceeding the allowance, and costs to the developer and the utility of a case in which the developer accepts a discount but fails to build all the units capable of connecting to the extension.*

**Response #14:**

The risk of an applicant-builder failing to complete their total project is reduced by the agreements filed with this advice letter. If you look at the signature pages of the Builder-Applicant agreement (one of the attachments of the advice letter), you will see that RMV is a signer of the agreement, in addition to the builder-applicant and SDG&E. So if RMV’s builder fails to complete the project, SDG&E may hold RMV responsible for the terms of the contract or the completion of the project.

For electric jobs, the utility’s portion of the work, that of installing the cable and equipment, is usually not performed until the applicant is near completion and ready to accept service. Should the builder request cabling prior to being close to being ready to accept service, SDG&E would have the option to not apply allowances to the refundable balance and instead require full payment and refund on upon meter set. This option is no different than the traditional Rule 15 contract. SDG&E also has the right to deficit bill for allowances granted to the Rule 15 contract which end up not being supported by meter sets by the end of a one year period (Section 6, Contract Compliance.). With RMV being a signer of the builder-applicant agreement, the deficit bill could be applied to RMV if the builder is not able to pay.

RMV provided a projection of the costs of this PA-1 development, but to date no actual design work has begun, so I am unable to provide any concrete example of this development process. In my previous response to Data Request #9, I provided a table that compared the PA-1 costs of the proposed exception to a Rule 15/16 extension where no discount was allowed and also to a Rule 15/16 extension where the discount was applied. This table shows how the proposal for the exception compared to the other two cost comparisons, however, it is based on RMV’s projections and not actual cost estimates of designs for the PA-1 development.

**Request #15:**

The response to Data Request # 9, last paragraph, says in part “Eliminating the discount option eliminates the utility and rate payer risk of an applicant-builder taking the discount option but not completing their project to the point of all the proposed customers accepting service.” But the response to Data request # 14, second paragraph, says in part “ Should the builder request cabling prior to being close to being ready to accept service, SDG&E would have the option to not apply allowances to the refundable balance and instead require full payment and refund on upon meter set.” Okay, so if SDG&E installs the cabling, meter etc. but the builder fails to finish the house or to sell it and goes out of business, SDG&E is stuck with the cost. But why would SDG&E install said equipment if the builder is not “...close to being ready to accept service...”? And, first paragraph says “So if RMV’s builder fails to complete the project, SDG&E may hold

RMV responsible for the terms of the contract or the completion of the project.” This being the case, what is the risk to SDG&E and the rate payers under the conditions of the unmodified Rule 15?

**Response #15:**

You asked above, “But why would SDG&E install said equipment if the builder is not “...close to being ready to accept service...”?”

SDG&E Response:

Extensions within a project are done for various reasons. One reason certainly is to extend distribution along the streets of a development where service installation would follow. This is an example of where the builder is “close to being ready to accept service”. However, the builder must be able to power his tools to build the houses and so they are often interested in having SDG&E install the cable prior to their being close to accepting service. If SDG&E sees progress in the development—streets graded, lots graded, housing pads prepared, water and sewer lines installed—we will accept the payment of the developer and install our cable for the distribution extension. Once that extension is in place, the developer may apply for temporary power. If the developer further shows that they have building permits for the houses, we may grant allowances towards that extension cost.

Another case where SDG&E would install cable prior to the builder being “close to being ready to accept service” would be the case where the developer is installing arterial streets through his development, from which residential streets will branch off and the actual homes will be built. Building these arterial streets is sometimes a condition of approval of the development and until they are open, no homes may be built. These streets allow access by the fire and police departments to the development as it progresses through the phases of building. These streets are required to have street lighting and sometimes traffic signals. For these reasons, the developer will want to have SDG&E install their cable to provide a source of power along the street. Without the lighting of these streets, the developer may be prevented from building by the governing agency.

You state the following with its included question: “And, first paragraph says “So if RMV’s builder fails to complete the project, SDG&E may hold RMV responsible for the terms of the contract or the completion of the project.” This being the case, what is the risk to SDG&E and the rate payers under the conditions of the unmodified Rule 15?”

SDG&E Response:

SDG&E is the electric provider for our franchised area and as such is obligated to provide electric service to applicants under the terms of its tariffs. SDG&E uses practices provided by the tariffs in negotiating extensions utilized for new service extensions and SDG&E applies the qualifications outlined in Rule 15.C.2, “Basis of Allowances” in judging whether to grant extension allowances. This helps to mitigate risk to SDG&E and to the ratepayer. I feel that most of the risk to SDG&E and the ratepayers under the unmodified Rule 15 is due to the economy itself and not by the practices established and approved by the tariffs. However to further answer your question, under the unmodified Rule 15 there is a risk that a developer who requests an extension may take the discount option and proceed to a point where SDG&E installs its cable and equipment but then fails to bring their project to a point of completion where services are installed. In this case, SDG&E is at risk for its 50% contribution to the discount. It must seek reimbursement for that amount from the developer.

**Request #16:**

Why were conduit stubs along Ortega Highway and La Pata Avenue installed as part of a capital project? Please explain in detail the contents and purpose of this project.

SDG&E Response:

The conduit stubs shown on the map of RMV Area PA 1 were not installed as part of a capital project. The capital project installed a new circuit, 984, out of SDG&E Margarita Substation. It brought new #1000 KCMIL three phase cable from Margarita Substation, south down Antonio Parkway to a point about 1000 feet north of Ortega Highway. At that point, the new underground circuit was connected to an existing overhead circuit line which traversed the RMV Area PA 1 west to east. After this connection was made, portions of the existing circuit to which Circuit 984 connected were then transferred over to Circuit 984 to either relieve an overload situation on the existing circuit or to lessen its load for reliability purposes. This new circuit and circuit cutover were completed in 1999.

In addition to traversing west to east across Area PA 1, the existing overhead circuit also ran in a southerly direction parallel to Antonio Parkway, crossing Ortega Highway and traveling further south, parallel to La Pata Ave.

In 2009, RMV negotiated with SDG&E to relocate the portions of the west-east overhead line to Ortega Highway by creating a Rule 20B conversion of that line and the line that ran south on Antonio Parkway and La Pata Ave. Thus these overhead lines were converted to underground lines within the boundaries of Area PA 1. This cleared Area PA 1 of conflicts in preparation of the grading of the PA 1 area.

It was the 20B conversion project which installed the existing conduit stubs shown on the Area PA 1 map.

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 23, 2011

RESOLUTION E-4410  
June 23, 2011 Commission Meeting  
I.D. # 10424

TO: PARTIES TO SAN DIEGO GAS & ELECTRIC COMPANY ADVICE  
LETTER 2230-E

Enclosed is draft Resolution Number E-4410 of the Energy Division, issued in response to San Diego Gas & Electric Company (SDG&E) Advice Letter (AL) 2230-E. The Energy Division is soliciting comments from parties on the draft resolution. The Energy Division expects that the draft resolution will appear on the agenda at the June 23, 2011 Commission meeting. The Commission may vote on this Resolution at that time or it may postpone a vote until a later meeting. When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution. All comments on the draft Resolution must be received by the Energy Division by June 13, 2011.

An original and two copies of the comments, along with a certificate of service, shall be sent to:

Honesto Gatchalian  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [jn@cpuc.ca.gov](mailto:jn@cpuc.ca.gov)  
FAX: 415-703-2200

A copy of the comments shall be submitted in electronic format to:

Merideth Sterkel and Robert Elliott  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [mts@cpuc.ca.gov](mailto:mts@cpuc.ca.gov) and [rae@cpuc.ca.gov](mailto:rae@cpuc.ca.gov)

Those submitting comments on the draft Resolution must serve their comments on: 1) the entire service list attached to the draft Resolution, 2) all Commissioners, 3) the Director of the Energy Division, 4) the Chief Administrative Law Judge, and 5) the General Counsel on the same date that the comments are submitted to the Energy Division.

Comments shall be limited to five pages in length and should list the recommended changes to the draft Resolution.

Comments shall focus on factual, legal or technical errors in the proposed draft Resolution. Comments that merely reargue positions taken in the advice letter or responses to data requests will be accorded no weight.

Late submitted comments will not be considered. Reply  
comments will not be accepted.

Sincerely,

/s/ Robert Elliott

Robert Elliott, Senior Utilities Engineer  
Energy Division

Enclosure: Service List  
Certificate of Service

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of Draft Resolution E-4410 on all parties or their attorneys as shown on the attached service list.

Dated May 23, 2011 at San Francisco, California.

/s/ Honesto Gatchalian

*Honesto Gatchalian*

**NOTICE**

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

*Parties to SDG&E Advice Letter 2230-E*

<p>Clay Faber - Director Regulatory Affairs San Diego Gas &amp; Electric Company 8330 Century Park Court San Diego, CA 92123-1548 FAX: (858) 654-1788 Email: cfaber@semprautilities.com</p>	
<p>Aurora Carrillo Senior Tariff Administrator San Diego Gas &amp; Electric Company 8330 Century Park Court CP32C San Diego, CA 92123 Email: acarrillo@semprautilities.com</p>	
<p>David Ashuckian Deputy Director, Division of Ratepayer Advocates 505 Van Ness Avenue San Francisco, CA 94102 FAX: (415) 703-2057 Email: joc@cpuc.ca.gov</p>	
<p>TURN 711 Van Ness Ave., #350 San Francisco, CA 94102 Attn: Robert Finkelstein Legal Director Email: bfinkelstein@turn.org</p>	