

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**  
**ENERGY DIVISION** **ID#**  
**RESOLUTION E-3920**  
**April 7, 2005**

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

Resolution E-3920. San Diego Gas and Electric Company (SDG&E) submits a revision to the Transmission Revenue Balancing Account Adjustment (TRBAA) rate. This Resolution approves the rate change proposed by SDG&E pursuant to FERC's approval of this rate.

By SDG&E Advice Letter 1671-E filed on February 25, 2005.

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**SUMMARY**

**SDG&E is revising its electric transmission rates to reflect a slight increase to the Transmission Revenue Balancing Account Adjustment (TRBAA) rate to correct an error discovered in the account balance as of September 30, 2004. This Resolution approves the rate change proposed by SDG&E pursuant to FERC's approval of this rate, subject to refund.**

The California Public Utilities Commission (CPUC or Commission) finds that the Advice Letter filing is in accordance with SDG&E's FERC filing on February 17, 2005 in FERC Docket ER05-411-000 for revision to its TRBAA rate. SDG&E corrected an error discovered in the account balance as of September 30, 2004, from which the TRBAA rate is derived. The Commission previously approved the TRBAA rate in Resolution E-3908 on January 17, 2005, for rates effective February 1, 2005.

The Commission finds that the TRBAA revenue requirements and associated rate are just and reasonable, and fully recoverable from SDG&E's applicable customers, subject to refund to the same extent as authorized by the FERC.

SDG&E Advice Letter 1671-E was not protested.

This resolution approves the advice letter.

## **BACKGROUND**

**On February 17, 2005, SDG&E filed with the FERC, in FERC Docket No. ER05-411-000, an erratum to the Transmission Revenue Balancing Account Adjustment rate, to be effective as requested in the initial filing in Docket No. ER05-411-000.**

On November 5, 2004, SDG&E filed Advice Letter 1636-E to update its Reliability Services (RS), TRBAA, and Transmission Access Charge Balancing Account Adjustment (TACBAA) rates to be effective January 1, 2005, in conformance with SDG&E's Transmission Owner Tariff filed with the FERC. These rates became effective February 1, 2005 as authorized by the CPUC in Resolution E-3908.

Subsequently, SDG&E discovered a slight error in deriving its September 30, 2004 balancing account from which the TRBAA rate is derived. The revised balance ending September 2004 was corrected to -\$10.002 million (-\$0.00164 per kWh) as compared to the initial filing balance equal to -\$10.460 million (-\$0.00166 per kWh).

On February 17, 2005, SDG&E filed an erratum to its December 28, 2004 filing with the FERC in Docket No. ER05-411-000. Additionally, SDG&E filed with the CPUC Advice Letter 1671-E to revise the TRBAA rate from -\$0.00166 per kWh to -\$0.00164 per kWh, effective on a prospective basis upon approval by the Commission.

The difference between the TRBAA rate effective February 1, 2005, as approved by the CPUC in Resolution E-3908 on January 13, 2005, and the effective date of the revised rate will be recovered through SDG&E's December 2005 TRBAA filing with the FERC for rates effective January 1, 2006.

## **NOTICE**

Notice of SDG&E AL 1671-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 III-G of General Order 96-A.

## **PROTESTS**

SDG&E Advice Letter 1671-E was not protested.

## **DISCUSSION**

Energy Division has reviewed SDG&E AL 1671-E. Discussion of the relevant facts that lead to the approval of this advice letter is below.

**The revised balance in the TRBAA account as of the end of September 2004 is corrected to \$10.002 million as compared to the initial filing balance equal to \$10.460 million.**

After SDG&E filed its annual update to its RS, TRBAA, and TACBAA rates with the FERC and the CPUC at the end of 2004, SDG&E discovered an error in the TRBAA account for the period ending September 2004, from which the TRBAA rates are derived.

The revised balance is now corrected to \$10.002 million as compared to the initial filing balance of \$10.460 million.

Because the balance in the TRBAA account acts as a transmission credit to customers, a smaller balance results in a lesser amount being credited to transmission customers.

**SDG&E's TRBAA rate would increase from  $-\$0.00166$  per kWh, which is the rate currently in effect, to  $-\$0.00164$  per kWh.**

The revised TRBAA rate applicable to SDG&E's end-use customers is  $-\$0.00164$  per kWh. This revision represents an increase of approximately 1.2% from the  $-\$0.00166$  per kWh TRBAA rate currently in effect.

The revised rate was developed by combining the TRBAA balance of \$10.002 million as of September 30, 2004, the forecast of transmission revenue credits for 2005 of \$21.109 million, plus an adjustment for uncollectible account expenses of \$0.83 million, for a total TRBAA of \$31.194 million, divided by SDG&E's historical gross load, which is 19,079 million kWh for the twelve-month period ending September 30, 2004.

**The TRBAA cost of service credit change is a \$0.306 million decrease from \$31.500 million as initially filed to a corrected total of \$31.194 million for end-use transmission customers.**

The forecast annualized transmission revenue change resulting from the implementation of the revised TRBAA rate by customer rate group is shown below.

Class	Current Total Rate Effective 2/1/05 (¢/kWh)	Proposed Total Rate (¢/kWh)	Total Rate Change (¢/kWh)	Total Rate Change %
Residential	14.902	14.903	0.001	0.00%
Small Commercial	16.884	16.886	0.002	0.01%
Med and Large Commercial	11.633	11.635	0.002	0.02%
Agriculture	15.229	15.231	0.002	0.01%
Street Lighting	16.137	16.139	0.002	0.01%
System TOTAL	13.537	13.538	0.001	0.01%

**Implementing the full TRBAA rate change will not increase residential Tier 1 and Tier 2 rates above Assembly Bill (AB) 1X limitations.**

Consistent with D.04-02-057 and AB 1X, total energy charges for residential usage up to 130% of the authorized baseline quantity are limited to levels in effect on February 1, 2001. In the event a rate change would otherwise result in exceeding the AB 1X limitations, the commission authorized SDG&E to establish an account to track revenue under-collections resulting from the AB 1X limit to increases to Tier 1 and Tier 2 charges.

Accordingly, SDG&E made a change to its commodity rates so that the total residential rates for usage up to 130% of baseline remain unchanged. The commodity shortfall resulting from this rate adjustment will be recorded in the

AB 1X shortfall sub-account of the Energy Resource Recovery Account (ERRA) for future recovery.

**In AL 1671-E, SDG&E requested that the advice letter become effective upon approval by the Commission.**

As requested by SDG&E in AL 1671-E, the difference between the TRBAA rate effective February 1, 2005 through the effective date of the revised rate will be recovered through SDG&E's December 2005 TRBAA filing with the FERC for rates effective January 1, 2006.

**The revised TRBAA cost of service requirement requested in AL 1671-E and the rate underlying this cost of service requirement are just and reasonable.**

SDG&E has documented its revision to the TRBAA cost of service requirement and associated rate, which we approve. The method that SDG&E proposes to allocate those costs and the revised TRBAA cost of service requirements to customer classes are reasonable. Energy Division recommends that these rates be adopted.

**Filed rate doctrine provides for a pass through of FERC-approved rates.**

Under the filed rate doctrine applicable to these federally-approved rates, the CPUC is obligated to pass through this FERC-authorized cost of service requirement to SDG&E's applicable customers. The passing through of this cost of service requirement to SDG&E's applicable customers does not involve the promulgation of "general rates," or the establishment of a new general rate structure. Rather, the rates involved here pass through an adjustment to an existing category of costs. Accordingly, we conclude that we should authorize SDG&E to recover this revised cost of service requirement, which is permitted by both state and federal law.

**The FERC-jurisdictional rate changes as requested by SDG&E are subject to refund.**

In the event that FERC authorizes a different TRBAA rate than requested, SDG&E will adjust its rate prospectively as ordered by the FERC. If a refund is in order, SDG&E will file an advice letter with the Commission addressing the

disposition of over-collected revenues concurrent with the refund report that would be filed with the FERC.

## **COMMENTS**

Public Utilities Code section 311(g) (1) generally requires resolutions to 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) (3) provides that this 30-day period may be reduced or waived pursuant to Commission adopted rule.

The 30-day comment period for this Resolution has been reduced in accordance with the provisions of Rule 77.7(f) (2). Rule 77.7(f) (2) provides that the Commission may reduce or waive the comment period for a decision in an uncontested matter where the decision grants the relief requested.

## **FINDINGS**

1. SDG&E filed Advice Letter 1671-E on February 25, 2005 to revise its TRBAA rate effective upon approval by the Commission. No party protested SDG&E's advice letter.
2. SDG&E filed an erratum with the FERC on February 17, 2005 for a revision to its TRBAA rate, subject to refund.
3. The 2005 TRBAA rate is revised to \$0.00164 per kWh to reflect a change (decrease) in the TRBAA cost of service credit by approximately \$0.306 million from the current rates in effect February 1, 2005.
4. The system total class average rate increase is 0.01%.
5. The CPUC is obligated to pass through FERC-authorized revenue requirements to SDG&E's applicable customers.
6. Consistent with Commission Decision 04-02-057, SDG&E made a change to its commodity rates so that the total residential rates for usage up to 130% of baseline remain unchanged.
7. The commodity shortfall resulting from this rate adjustment will be recorded in the AB 1X shortfall sub-account of the ERRA for future recovery.

8. The Commission finds the revised TRBAA cost of service requirement and the attendant rate are just and reasonable, and fully recoverable from SDG&E's applicable customers.
9. In the event FERC authorizes a different rate than requested, SDG&E will file an advice letter to immediately adjust its rates on a prospective basis.
10. If a refund is in order, SDG&E will file an advice letter with the CPUC to return over-collected revenues in accordance with an order issued by the FERC.
11. In this case, the comment period has been reduced.

**THEREFORE IT IS ORDERED THAT:**

1. The request of SDG&E in its Advice Letter 1671-E to revise the TRBAA rate, pursuant to FERC approval of this rate, is approved.
2. The rate filed in AL 1671-E shall be effective April 11, 2005.
3. To the extent that FERC has authorized this rate subject to refund, SDG&E, shall, as soon as possible, after the FERC determines the final rate, file any revised rate to reflect the FERC-approved final rate.
4. The difference between the TRBAA rate currently in effect February 1, 2005 through the effective date of the revised rate shall be recovered through SDG&E's December 2005 TRBAA filing with the FERC for rates effective January 1, 2006.

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 April 7, 2005; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director

March 18, 2005 Commission Meeting  
Resolution E-3920

April 7, 2005

TO: PARTIES TO SDG&E's ADVICE LETTER 1671-E

Enclosed is draft Resolution E-3920 of the Energy Division. It will be on the agenda at the next Commission meeting. The Commission may then vote on this Resolution or it may postpone a vote until later. Pursuant to Rule 77.7(f) (9) of the Commission's Rules of Practice and Procedure, the 30-day period for public comment is being reduced.

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.

An original and two copies of the comments, with a certificate of service, should be submitted to:

Jerry Royer  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

A copy of the comments should be submitted to:

Eric Greene  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Fax: 415-703-2200  
E-mail: [eg1@cpuc.ca.gov](mailto:eg1@cpuc.ca.gov)

Any comments on the draft Resolution must be received by the Energy Division by April 1, 2005. Those submitting comments must serve a copy of their comments on 1) the entire service list attached to the draft Resolution, 2) all Commissioners, and 3) the Director of the Energy Division, on the same date that the comments are submitted to the Energy Division.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

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 protests will be accorded no weight and are not to be submitted.

Replies to comments on the draft resolution may be filed (i.e., received by the Energy Division) on April 4, 2005, three days after comments are filed, and shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed five pages in length, and shall be filed and served as set forth above for comments.

Late submitted comments will not be considered.

Gurbux Kahlon

Program Manager

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-3920 on all parties in these filings or their attorneys as shown on the attached list.

Dated March 18, 2005 at San Francisco, California.

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*Jerry Royer*

**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 ensure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

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