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PRESS RELEASE

Docket #: A.09-08-019

CPUC GRANTS SDG&E RECOVERY OF INSURANCE COSTS

San Francisco, CA – December 16, 2010 - The California Public Utilities Commission (CPUC) today approved San Diego Gas and Electric Company’s (SDG&E) request for “Z-factor treatment” to recover the cost of unforeseen, uncontrollable increased liability insurance premiums and deductible expenses amounting to \$28,884,000 in 2009-2010 related to the 2007 wildfires in San Diego County.

“Z-factor treatment” is a rate-making adjustment mechanism that allows a utility to recover extraordinary expenses resulting from unexpected and uncontrollable events. On August 31, 2009, SDG&E asked for CPUC authorization to increase its electric and natural gas revenue requirement to reflect unforeseen liability insurance premium and deductible expense, and to create a new process for future expenses until its next General Rate Case. Today’s decision by Commissioner Timothy Alan Simon grants the Z-factor treatment but limits treatment of the subsequent 2010-2012 years to the filing of Tier-3 Advice Letters to the CPUC.

Said Commissioner Simon, “The combination of the financial meltdown, extreme dry weather conditions during the 2007 wildfire season, San Diego County’s overall lack of fire preparedness, and the 1,000 percent increase in SDG&E’s insurance liability cost were events all exogenous to SDG&E and out of their control. I am a strong believer that in order for infrastructure development to successfully progress and to meet adequate safety standards, we must have reasonably cost-efficient ways to insure such development is in place.”

The proposal voted on is available at

http://docs.cpuc.ca.gov/word_pdf/AGENDA_DECISION/128328.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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