

Decision 14-02-022 February 27, 2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Expedited Application of SAN DIEGO
GAS & ELECTRIC COMPANY (U902E)
under the Energy Resource Recovery
Account Trigger Mechanism.

Application 13-04-017
(Filed April 30, 2013)

**DECISION GRANTING THE TRIGGER APPLICATION
OF SAN DIEGO GAS & ELECTRIC COMPANY**

Table of Contents

Title	Page
DECISION GRANTING THE TRIGGER APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY.....	1
1. Summary	2
2. Background	2
2.1. Historical.....	2
2.2. Procedural.....	4
3. Requested Relief.....	6
4. SONGS.....	8
4.1. SDG&E	8
4.2. ORA	10
5. Discussion and Conclusion	11
6. Implementation of Rates	12
7. Procedural Issues	13
7.1. Categorization and Need for Hearings	13
7.2. Admittance of Testimony and Exhibits into Record	13
7.2.1. SDG&E Motion to Receive its Testimony and Exhibits into the Record	14
7.2.2. SDG&E Motions to Treat Confidentially, File Documents Under Seal, and Seal Portions of the Evidentiary Record.....	14
7. Comments on Proposed Decision	15
8. Assignment of Proceeding.....	15
Findings of Fact	16
Conclusions of Law	20
ORDER	22

**DECISION GRANTING THE TRIGGER APPLICATION
OF SAN DIEGO GAS & ELECTRIC COMPANY.**

1. Summary

The Commission authorizes an increase in rates to collect the projected \$149.2 million net under-collection from ratepayers, to be amortized over a 21-month period beginning April 1, 2014. This approximate figure acts as a placeholder, and will be finalized through San Diego Gas & Electric Company's filing of a Tier 1 advice letter to institute Energy Resource Recovery Account rates. This proceeding is closed.

2. Background

2.1. Historical

Pursuant to Assembly Bill (AB) 57 (Stats. 2002, Ch. 835), the Commission established the Energy Resource Recovery Account (ERRA) balancing account in 2002 in order to record the Investor-owned Utilities' (IOUs) fuel and purchased power revenues against actual recorded costs, excluding revenues collected for the California Department of Water Resources (CDWR).¹ AB 57 also mandated a trigger threshold for the balance in the ERRA of 5% of the electric utility's actual recorded generation revenues for the prior calendar year:

The commission shall review the power procurement balancing accounts, not less than semi-annually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any overcollection or undercollection in the power procurement balancing account does not exceed 5% of the electrical corporation's actual

¹ Public Utilities (Pub. Util.) Code Section 454.5(d)(3), enacted by AB 57.

recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the overcollection or undercollection in the balancing account to ensure that the 5% threshold is not exceeded. After January 1, 2006, this adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section.

Decision (D.) 02-10-062 implemented AB 57. Regarding Pub. Util. Code § 454.5(d)(3), the Commission directed the following:²

We direct PG&E [Pacific Gas and Electric Company], SDG&E [San Diego Gas & Electric Company] and SCE [Southern California Edison Company] to file expedited applications for approval in 60 days from the filing date when the new ERRA balance reaches four percent. The application will include a projected account balance in 60 days or more from the date of filing depending on when the balance will reach the 5% threshold. The application will also propose an amortization period for the five percent of not less than 90 days to ensure timely recovery of the projected ERRA balance. It should also include allocation of the over and under-collection among customers for rate adjustment based on existing allocation methodology recognized by the Commission. Customer notice should be sent as soon as the application is filed for a rate increase or decrease.

In D.04-12-048, the Commission extended the trigger mechanism to remain in effect during the term of long-term contracts entered into by IOUs, or 10 years, whichever is longer.³ D.07-05-008 added a rule to the trigger procedures by allowing SDG&E to file an advice letter seeking to maintain rates

² D.02-10-062 at 65.

³ D.04-12-048 at 213.

when it expected an over-collection or under-collection above the 4% trigger to self-correct below the trigger within 120 days of filing.

In order to determine the 4% trigger amount and the 5% threshold, pursuant to D.04-01-050, SDG&E is required to file an advice letter by April 1 of each year to establish the current year's trigger amount. As explained below, the projected 2013 under-collection is above these trigger and threshold amounts. In addition, with regard to the additional "self-correction" review required by D.07-05-008, SDG&E does not expect self-correction to occur within 120 days of its October 2013 filing.

Pursuant to D. 13-10-053, the Commission approved SDG&E's full revenue requirement for 2013, less the difference between normal San Onofre Nuclear Generating Stations (SONGS) costs typically included in the ERRA forecast application and SONGS replacement power costs, because of the unexpected outage and permanent closure of the plant, an increment defined as "net SONGS costs." The Commission also ordered that these net SONGS costs be removed from the calculation of SDG&E's under-collection within this ERRA Trigger Application.⁴

2.2 Procedural

On April 30, 2013, SDG&E filed the current application, in which it requests authority to collect what it identifies as an under-collected balance in its ERRA. On May 14, 2013, the Office of Ratepayer Advocates (ORA) filed a protest to this application, stating that SDG&E's application did not include "adequate

⁴ See D.13-10-053, Ordering Paragraph 8 at 26.

support” for its application. SDG&E filed a reply on June 4, 2013, stating that it had provided “thorough support” for its request.

On June 10, 2013, the assigned Administrative Law Judge (ALJ) in this proceeding requested that parties respond to selected questions regarding SONGS replacement power costs included in the calculation of SDG&E’s ERRA balance. This request was made in order to be consistent with Application (A.) 12-10-002, in which the assigned Commissioner and ALJ reopened the record for the sole purpose of receiving information regarding SDG&E’s 2013 forecast replacement power costs resulting from the shut-down of SONGS. On June 14, 2013, ORA filed a response to the ALJ’s inquiries. SDG&E responded and replied to this request on June 14 and July 2, 2013, respectively.

On October 7, 2013, SDG&E filed a motion to extend its existing ERRA trigger rate on an interim basis and to shorten the comment period on that motion. On October 22, 2013 ORA filed a response to this motion, opposing SDG&E’s request; and on November 1, 2013, SDG&E filed a reply to ORA’s opposition.

On December 2, 2013, SDG&E reiterated its October 7, 2013 request, and also requested that the response time for the assigned ALJ’s current request be shortened. SDG&E is concerned with the amount of time that has passed because this trigger application was filed, the rate impact on customers, and compliance with applicable Public Utilities Code. Both of SDG&E’s motions were denied by the assigned ALJ through an electronic mail (e-mail) ruling dated December 6, 2013.

On November 21, 2013, pursuant to D.13-10-053, the assigned Commissioner and ALJ issued a joint ruling requesting updated information regarding the replacement power costs resulting from the shut-down of SONGS

for the periods of January 1 through December 31, 2012, January 1 through June 6, 2013, and January 1 to the date of the response to the ruling. The purpose of this request was to “determine whether SONGS replacement power costs are included in the calculation of the under-collection within SDG&E’s ERRA Trigger Application, the amount of such costs, and to ensure that such costs will instead be treated within the SONGS OII.”⁵ SDG&E responded to this request on December 2, 2013, and ORA replied on December 13, 2013.

SDG&E also requested that the confidential versions of the June 14, 2013 and December 2, 2013 responses and replies be filed under seal. The Commission addresses these requests below.

All rulings of the assigned Commissioner and ALJ are affirmed herein.

3. Requested Relief

SDG&E filed the instant expedited trigger application on April 30, 2013. In its application, SDG&E seeks expedited authorization to: 1) Collect the under-collected balance in its ERRA as of August 31, 2013, which SDG&E projected as of the date of this application to be \$108.5 million; 2) Collect this amount over a 12-month amortization period, beginning on September 1, 2013, which is when SDG&E anticipates its next rate change; 3) Implement this recovery by filing a Tier 1 Advice Letter (AL); 4) Maintain a time-limited exemption from filing advice letters or other trigger applications for the period of time between the expected issuance date of a final order in this proceeding of June 30, 2013 (60 days after the filing of this Application) and the expected implementation date of September 1, 2013, in the event that SDG&E remains in a

⁵ See November 21, 2013 Ruling of Assigned Commissioner and Administrative Law Judge at 4, in A.13-04-017.

triggered situation during that interim period; and 5) Exclude SDG&E's Greenhouse Gas (GHG) related expenses for purposes of calculating its monthly trigger amount, until such time as the Commission renders further directives regarding the treatment of such expenses in the current trigger calculation.

According to SDG&E, its current trigger event can be attributed primarily to: 1) "higher than expected temperatures, leading to higher load, satisfied by higher market prices, due at least in part to congestion constraints."⁶

Pursuant to D.04-01-050, SDG&E is required to file an advice letter by April 1st of each year to establish the current year's trigger amount. In AL-2463-E, dated March 1, 2013, SDG&E reported its 2012 electric commodity revenues, excluding CDWR revenue, of \$1,143 million. Accordingly, the 4% trigger point and 5% trigger threshold as of March 1, 2013 were \$45.7 million and \$57.2 million, respectively. SDG&E states that its ERRA balance subject to trigger was \$102.3 million at the end of February 2013 and \$132.9 million at the end March 2013, both of which exceeds the 4% trigger point and the 5% trigger threshold. SDG&E therefore requests recovery of its under-collected ERRA balance using the most current recorded ERRA balance (excluding GHG costs) at the time this application is acted upon by the Commission.

In its filing of this application on April 30, 2013, SDG&E projects the ERRA balance to be approximately \$108.5 million under-collected as of August 31, 2013. SDG&E proposes that this under-collection be collected from ratepayers over a 12-month amortization period beginning with SDG&E's next anticipated rate

⁶ See April 30, 2013, Prepared Direct Testimony of Norma G. Jasso at NGJ-9 - 13.

change on September 1, 2013 by a Tier 1 Advice Letter. SDG&E estimates that, based on its request: 1) a typical residential Inland customer with basic service using 500 kilowatt-hours (kWh) on their monthly summer electric bill will see an increase from \$84.38 to \$85.58 (or 1.4 percent); 2) an Inland customer with basic service using 1,000 kWh per month, will see their summer electric bill increase from approximately \$228.14 to \$238.88 (or 4.7 percent); and 3) small commercial customers using 1,500 kWh of electricity for secondary service will see an increase of approximately \$8.21 on their monthly summer electric bill (or 3.3 %).

4. SONGS

4.1. SDG&E

Throughout this proceeding, SDG&E has maintained that its SONGS replacement power costs should not be removed from its ERRA balancing account, nor the calculation of this trigger, and that such removal would be prejudicial to SDG&E and contrary to the mandates of Pub. Util. Code § 454.5(d), as well as the Commission's ERRA precedent that delineates the respective objectives of ERRA forecast, trigger, and compliance proceedings.⁷ SDG&E has also stated that, in compliance with Commission directives in Investigation 12-10-013 (SONGS Order Instituting Investigation [OII]), SDG&E is tracking SONGS replacement power costs subject to refund. SDG&E posits that removing these SONGS replacement power costs from this ERRA trigger application is legally unsupported, prejudicial, without precedent, inconsistent with the

⁷ June 14, 2013 *Response of San Diego Gas & Electric Company (U 902-E) to the Ruling Requesting Information* at 2; July 2, 2013 *Reply Comments of San Diego Gas & Electric Company (U 902-E) to the Ruling Requesting Information* at 2.

directives of the SONGS OII, and disruptive to the Commission's ERRA framework.

In response to the assigned Commissioner and ALJ ruling dated November 21, 2013, SDG&E provided the net SONGS costs for the following three periods of time, where "net SONGS costs" are the difference in fuel and purchased power costs between (i) SONGS operating at 100%, and (ii) SONGS operating at 0%:

1. January 1, 2012 - December 31, 2012;
2. January 1, 2013 - June 7, 2013; and
3. January 1, 2013 to the date of response to this data request (December 2, 2013).⁸

The net SONGS costs estimated by SDG&E for those three time periods are \$76.8 million, \$54.7 million, and \$118.8 million, respectively.⁹ SDG&E contends that, if adjustment is ordered, its trigger request should only be adjusted for the exclusion of net SONGS costs from January through June 7, 2013. SDG&E believes that the 2012 figure of \$76.8 million (Item 1) and the 2013-to-date figure of \$118.8 million (Item 3) should not be considered in any placeholder adjustment of its trigger request, because this trigger application calculation

⁸ The assigned Commissioner and ALJ ruling dated November 21, 2013, requested data including but not limited to the period of January 1, 2013 to the date of response to this data request. This information was meant to provide an estimate of the total net SONGS costs for calendar year 2013, given that the year had not yet ended. SDG&E provided information in response to this request through December 2, 2013.

⁹ December 2, 2013 *Response of San Diego Gas & Electric Company (U 902-E) to the Second Ruling Requesting Information and Motion to Shorten the Reply Period (Public Version)* at Attachment A.

started on January 1, 2013, and the “meaning” of the Commission’s definition of net SONGS costs ended with the closure of SONGS on June 6, 2013.¹⁰

In its opening comments to the proposed decision, SDG&E provided actual results for its ERRA and net SONGS costs. SDG&E also proposed a 21-month amortization period beginning April 1, 2014, in order to mitigate the effect of increased rates on ratepayers and to coordinate this rate change with other expected rate changes.

4.2 ORA

In its protest, ORA posits that SDG&E did not provide sufficient support in its application for the factors that led it to file the current application, including but not limited to the effect of the SONGS outage, as well as the effect of forecast versus actual prices and volumes of power.

ORA, on the other hand, recommends that SDG&E’s SONGS replacement power costs be removed from the current trigger application to the extent such amount exceeds the SONGS costs that would have been included in the ERRA if SONGS were operated at 100%. ORA also recommends that SDG&E’s response regarding the hypothetical SONGS replacement costs in the paragraph above, be considered provisional, pending a final determination in the SONGS OIL.

In its reply dated December 13, 2013, ORA states that: 1) SDG&E is unresponsive to the Commission’s requests of November 21, 2013; 2) SDG&E provides incomplete responses; and 3) SDG&E’s responses are not in compliance

¹⁰ December 2, 2013 *Response of San Diego Gas & Electric Company (U 902-E) to the Second Ruling Requesting Information and Motion to Shorten the Reply Period (Public Version)* at 5-6.

with D.13-10-053, in particular, with regards to the Commission's definition of net SONGS costs and the time period over which such costs occurred.

5. Discussion and Conclusion

Based on the requirements of D.13-10-053, available information, SDG&E's application, supporting testimony, and responses to requests for information, as well as protests and replies to responses by ORA, for the purposes of this trigger application only, the Commission finds herein that SDG&E has properly calculated its request and responses to the rulings. For purposes of this trigger application only, SDG&E's request and its responses to rulings are also in compliance with all applicable Public Utilities Code Sections and Commission decisions. This finding of compliance is not binding on any other proceedings.

With regards to the net SONGS cost adjustment, the Commission finds however, that the appropriate and reasonable adjustment is for the period of January 1, 2013 through December 2, 2013. The Commission agrees with SDG&E that SDG&E's request does not need to be adjusted for 2012 net SONGS costs, as the current trigger calculations began with January 1, 2013.

The Commission's actions in the current proceeding are not counter to but in compliance with applicable law. In particular, Pub. Util. Code § 454.5(d)(3) addresses the trigger mechanism and states in part: "After January 1, 2006, this [trigger] adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section." In this proceeding, we have considered whether including certain costs related to the unexpected outage and permanent closure of SONGS in today's rate are "appropriate," an authority and responsibility clearly invested in the Commission by Pub. Util. Code § 454.5(d)(3).

The Commission's actions in the current proceeding are also in compliance with D.13-10-053, which requires the removal of net SONGS costs from consideration in the ERRA Trigger proceeding.

Whether closed temporarily or permanently, a determining factor herein is the unanticipated nature of these events. Therefore, it is reasonable to adjust for net SONGS costs as defined in D.13-10-053, included in SDG&E's calculation of this trigger at any time in 2013.

Because the Commission finds that net SONGS costs continued to accrue through 2013, we also find that ERRA under-collections continued to accrue as well. Therefore, instead of removing the full year of net SONGS costs for 2013 (\$118.8 million) from SDG&E's original requested under-collected balance as of March 2013 (\$108.5 million), the Commission removes the estimated full year of net SONGS costs from the estimated under-collected ERRA balance as of December 2013 (\$268 million), resulting in a remaining under-collected balance as of December 2013 of \$149.2 million.¹¹ This estimated figure acts as a placeholder, and will be finalized through SDG&E's filing of a Tier 1 advice letter to institute ERRA rates.

A determination of the reasonableness of net SONGS costs removed herein is deferred without prejudice to the SONGS OIL.

6. Implementation of Rates

In order to implement the authority granted herein, SDG&E must file a Tier 1 advice letter within 30 days of the issuance date of this decision. The tariff

¹¹ December 2, 2013 *Response of San Diego Gas & Electric Company (U 902-E) to the Second Ruling Requesting Information and Motion to Shorten the Reply Period (Public Version)* at Attachment C, Lines 45-49.

sheets filed in this Tier 1 advice letter shall be effective on or after the date filed. All approximate forecasts detailed in Sections 5 herein shall be adjusted to account for recorded figures through December 31, 2013, through SDG&E's filing of a Tier 1 advice letter.

The Commission agrees with SDG&E that its proposed amortization period of 21-months beginning April 1, 2014 will mitigate the effect of increased rates on ratepayers. We therefore adopt a 21-month amortization period beginning April 1, 2014 for the under-collection authorized herein.

7. Procedural Issues

7.1. Categorization and Need for Hearings

In Resolution ALJ-176-3314 dated May 9, 2013, the Commission preliminarily categorized this application as ratesetting and that evidentiary hearings were necessary. No hearings were held, and therefore the Commission makes a final determination here that the category is ratesetting, and a public hearing is not necessary.

7.2. Admittance of Testimony and Exhibits into Record

Because hearings were not held in the current proceeding, there was no opportunity to enter testimony and exhibits into the record. In order for us to assess the proposals put forth by the parties, it is necessary to include all testimony and exhibits submitted by SDG&E into the record.

7.2.1. SDG&E Motion to Receive its Testimony and Exhibits into the Record

Pursuant to Rule 13.8(d) of the Commission's Rules of Practice and Procedure,¹² SDG&E filed a motion on January 17, 2014, requesting that its testimony be received into the record. Rule 13.8(d) allows for testimony to be offered into evidence when hearings are not held.

We therefore receive SDG&E's testimony (Exhibits SDG&E-1 and 1C) into the record of the current proceeding.

7.2.2. SDG&E Motions to Treat Confidentially, File Documents Under Seal, and Seal Portions of the Evidentiary Record

On April 30, 2013, SDG&E requested that selected confidential pages of SDG&E-1 be treated confidentially. Pursuant to D.06-06-066, electric procurement information may be treated confidentially. As the selected pages contain information that may be commercially sensitive the Commission grants SDG&E's request to treat these selected pages, identified as Exhibit SDG&E-1C, confidentially. On January 17, 2014, SDG&E filed a motion reiterating its previous request for the confidential treatment of selected testimony, pursuant to D.06-06-066 and Rule 11.5. D.06-06-066 addresses our practices regarding the confidential treatment of electric procurement information submitted to the Commission that may be commercially sensitive, and Rule 11.5 addresses sealing all or part of an evidentiary record.

On June 14, 2013 and December 2, 2013, SDG&E filed motions requesting authority to treat as confidential and seal the confidential versions of its

¹² For the remainder of this decision all references to Rules refer to the Commission's Rules of Practice and Procedure.

responses to the assigned Commissioner and ALJ's rulings pursuant to Rule 11.4 and D.06-06-066. Rule 11.4 addresses sealing a filed document that contains confidential information. On February 18, 2014, SDG&E filed a motion requesting authority to treat as confidential and seal the confidential version of its opening comments to the proposed decision.

The Commission has granted similar requests for confidential treatment in the past¹³ and we do so again here. Pursuant to Rule 11.4 and 11.5, and D.06-06-066, the confidential versions of SDG&E's Exhibit SDG&E-1C, its June 13, 2013 and December 2, 2013 responses, and February 18, 2014 opening comments are sealed and treated confidentially as detailed in the ordering paragraphs herein.

7. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties on January 28, 2014, in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Opening comments were filed on February 18, 2014 by SDG&E; and reply comments were filed on February 24, 2014 by ORA. Parties comments have been considered herein.

8. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

¹³ See D.11-12-031.

Findings of Fact

1. Pursuant to AB 57 (Stats. 2002, Ch. 835), the Commission established the ERRA balancing account in 2002 in order to record the IOUs' fuel and purchased power revenues against actual recorded costs, excluding revenues collected for the CDWR. AB 57 also mandated a trigger threshold for the balance in the ERRA of 5% of the electric utility's actual recorded generation revenues for the prior calendar year.

2. In D.04-12-048, the Commission extended the trigger mechanism to remain in effect during the term of long-term contracts entered into by the IOUs, or ten years, whichever is longer.

3. In D.07-05-008, the Commission added a rule to the trigger procedures by allowing SDG&E to file an advice letter seeking to maintain rates when it expected an over-collection or under-collection above the 4% trigger to self-correct below the trigger within 120 days of filing.

4. In order to determine the 4% trigger amount and the 5% threshold, pursuant to D.04-01-050, SDG&E is required to file an advice letter by April 1 of each year to establish the current year's trigger amount.

5. Pursuant to D. 13-10-053, the Commission approved SDG&E's full revenue requirement for 2013, less the difference between normal SONGS costs typically included in ERRA forecast applications and SONGS replacement power costs forecasted because of the unexpected outage and permanent closure of the plant, an increment defined in the decision as "net SONGS costs." The Commission also ordered that these net SONGS costs be removed from the calculation of its under-collection within its ERRA Trigger Application.

6. SDG&E filed the instant expedited trigger application on April 30, 2013. In its application, SDG&E seeks expedited authorization to: 1) Collect the

under-collected balance in its ERRA as of August 31, 2013, which as of the date of this application SDG&E it projected to be \$108.5 million; 2) Collect this amount over a 12-month amortization period, beginning on September 1, 2013, which is when SDG&E anticipates its next rate change; 3) Implement this recovery by filing a Tier 1 AL; 4) Maintain a time-limited exemption from filing advice letters or other trigger applications for the period of time between the expected issuance date of a final order in this proceeding of June 30, 2013 (60 days after the filing of this Application), and the expected implementation date of September 1, 2013, in the event that SDG&E remains in a triggered situation during that interim period; and 5) Exclude SDG&E's GHG related expenses for purposes of calculating its monthly trigger amount, until such time as the Commission renders further directives regarding the treatment of such expenses in the current trigger calculation.

7. According to AL 2463-E, dated March 1, 2013, SDG&E reported its 2012 electric commodity revenues, excluding CDWR revenue, of \$1,143 million. On that basis, the current 4% trigger point and 5% trigger threshold in effect as of March 1, 2013 were \$45.7 million and \$57.2 million, respectively. Further on that basis, SDG&E's ERRA balance subject to trigger was \$102.3 million at the end of February 2013 and \$132.9 million at the end of March 2013, both of which exceed the 4% trigger point and the 5% trigger threshold.

8. On June 10, 2013, the assigned ALJ in the current proceeding requested that parties respond to selected questions regarding SONGS replacement power costs included in the current application.

9. On October 7, 2013, SDG&E filed a motion to extend its existing ERRA trigger rate on an interim basis and to shorten the comment period on that motion. On October 22, 2013, ORA filed a response to this motion, opposing

SDG&E's request; and on November 1, 2013, SDG&E filed a reply to ORA's opposition.

10. On December 2, 2013, SDG&E reiterated its October 7, 2013 request, and also requested that the response time for the assigned ALJ's current request be shortened.

11. Both of SDG&E's motions (October 7 and December 2, 2013) were denied by the assigned ALJ through an e-mail ruling dated December 6, 2013.

12. On November 21, 2013, the assigned Commissioner and ALJ issued a joint ruling requesting updated information regarding the replacement power costs resulting from the shut-down of the SONGS that are included in SDG&E's calculation of the under-collection in its ERRA Trigger application. SDG&E responded to this request on December 2, 2013, and ORA replied on December 13, 2013.

13. SDG&E responded to the joint ruling on December 2, 2013, stating that its SONGS replacement power costs should not be removed from this proceeding would be prejudicial to SDG&E and contrary to the mandates of Pub. Util. Code § 454.5(d), as well as the Commission's own ERRA precedent that delineates the respective objectives of ERRA forecast and compliance proceedings. SDG&E also responded to questions which requested what the estimates of net SONGS costs adjustments would be for specific periods as follows:

- a. January 1, 2012 - December 31, 2012 - \$76.8 million;
- b. January 1, 2013 - June 7, 2013 - \$54.7 million; and
- c. January 1, 2013 to the date of response to this data request - \$118.8 million.

14. SDG&E contends in its response of December 2, 2013, that, if an adjustment is ordered, its trigger request should only be adjusted for the exclusion of net SONGS costs from January through June 7, 2013. SDG&E

believes that 2012 figure of \$76.8 million (Item 1) and the 2013 to-date figure of \$118.8 million (Item 3) should not be considered in the placeholder adjustment of its trigger request, because its current trigger application calculation started on January 1, 2013, and net SONGS costs ended with the closure of SONGS on June 6, 2013.

15. ORA recommends that SDG&E's SONGS replacement power costs be removed from the current trigger application to the extent such amount exceeds the SONGS costs that would have been included in the ERRRA if SONGS were operated at 100%.

16. In Resolution ALJ 176 3314 dated May 9, 2013, the Commission preliminarily categorized this application as ratesetting and that evidentiary hearings were necessary.

17. Pursuant to Rule 13.8(d) of the Commission's Rules of Practice and Procedure,¹⁴ SDG&E filed a motion on January 17, 2014, requesting that its testimony be received into the record. Rule 13.8(d) allows for testimony to be offered into evidence when hearings are not held.

18. On April 30, 2013 and January 17, 2014, SDG&E requested that selected confidential pages of Exhibit SDG&E-1 be treated confidentially. These pages are identified as Exhibit SDG&E-1C.

19. Rule 11.5 addresses sealing all or part of an evidentiary record.

20. On June 14, 2013, December 2, 2013, and February 18, 2014, SDG&E filed motions requesting authority to treat as confidential and seal the confidential versions of its responses to the assigned ALJ's and Commissioner and ALJ's

¹⁴ For the remainder of this decision all reference to Rules refer to the Commission's Rules of Practice and Procedure.

rulings and opening comments to the proposed decision. Pursuant to Rule 11.4 and D.06-06-066.

21. D.06-06-066 addresses our practices regarding the confidential treatment of electric procurement information submitted to the Commission that may be commercially sensitive.

22. Rule 11.4 addresses sealing a filed document that contains confidential information.

23. In its opening comments to the proposed decision, SDG&E provided actual results for its ERRA and net SONGS costs. SDG&E also proposed a 21-month amortization period beginning April 1, 2014, in order to mitigate the effect of increased rates on ratepayers and to coordinate this rate change with other expected rate changes.

24. The information provided by SDG&E in response to the assigned Commissioner and ALJ ruling dated November 21, 2013 includes but is not limited to an estimate of the total net SONGS costs for calendar year 2013. Because the year had not yet ended, SDG&E provided information through December 2, 2013.

Conclusions of Law

1. Pub. Util. Code § 454.5(d)(3), invests in this Commission the authority and responsibility to determine whether procurement costs requested by Investor-owned Utilities through the trigger mechanism are “appropriate.”

2. D.13-10-053 requires the removal of net SONGS costs from consideration in the ERRA Trigger proceeding.

3. The current trigger calculations for this application began with January 1, 2013, and therefore SDG&E’s trigger request is not adjusted for 2012 net SONGS costs.

4. The unanticipated nature of the outage and permanent closure of SONGS means that any costs incurred by SDG&E at any time to replace what SONGS would have provided if operating at 100% is a net SONGS cost as defined in D.13-10-053. Therefore, it is reasonable to adjust for net SONGS costs that occurred at any time during 2013, as defined in D.13-10-053, that SDG&E included in this trigger calculation.

5. The estimated net SONGS cost adjustment to SDG&E's trigger request should be \$118.8 million, which is for the period of January 1, 2013 through December 2, 2013.

6. Because the net SONGS costs continued throughout 2013, ERRA under-collections continued to accrue as well.

7. The estimated full year of net SONGS costs for 2013 (\$118.8 million) should be removed from the estimated under-collected ERRA balance as of December 2013 (\$268 million), resulting in a remaining under-collected ERRA balance of \$149.2 million.

8. This estimated under-collection of \$149.2 million should be recovered by SDG&E over a 21-month period beginning April 1, 2014.

9. In order to implement the authority granted herein, SDG&E should file a Tier 1 advice letter within 30 days of the issuance date of this decision. The tariff sheets filed in this Tier 1 advice letter should be effective on or after the date filed.

10. The estimated under-collection of \$149.2 million should be adjusted to account for recorded figures through December 31, 2013, through SDG&E's filing of a Tier 1 advice letter.

11. A determination of the reasonableness of net SONGS costs removed herein is deferred without prejudice to the SONGS OII.

12. Because no hearings were held, the Commission makes a final determination here that the category is ratesetting, and a public hearing is not necessary.

13. The Commission should receive SDG&E's testimony (Exhibits SDG&E-1 and 1C) into the record of the current proceeding.

14. Pursuant to D.06-06-066 and Rule 11.5, Exhibit SDG&E-1C, should be treated confidentially and sealed, as detailed in the ordering paragraphs herein.

15. Pursuant to Rule 11.4 and D.06-06-066, the Commission should grant seal and provide confidential treatment to the versions of SDG&E's June 13, 2013 and December 2, 2013 responses as detailed in the ordering paragraphs herein.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company shall collect the Energy Resource Recovery Account estimated under-collection of \$149.2 million from ratepayers over a 21-month period starting April 1, 2014.

2. The estimated under-collection of \$149.2 million shall be adjusted to account for recorded figures through December 31, 2013, through San Diego Gas & Electric Company's filing of a Tier 1 advice letter.

3. San Diego Gas & Electric Company shall file an Advice Letter within thirty-days of today's decision to show the final amount of under-collection to be collected from ratepayers.

4. San Diego Gas & Electric Company's testimony (Exhibits SDG&E-1 and 1C) is received into the record of the current proceeding.

5. San Diego Gas & Electric Company's (SDG&E) motion to treat as confidential and seal Exhibit SDG&E-1C is granted. The information shall remain sealed and confidential for a period of three years after the date of this order. During this three-year period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on the further order or ruling of the Commission, assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief Judge, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If SDG&E believes that it is necessary for this information to remain under seal for longer than three years, SDG&E may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

6. San Diego Gas & Electric Company's (SDG&E) motion to treat as confidential and seal the confidential versions of its filed responses dated June 14, 2013 and December 2, 2013 and opening comments to the proposed decision dated February 18, 2014, is granted. The information shall remain sealed and confidential for a period of three years after the date of this order. During this three-year period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If SDG&E believes that it is necessary for this information to remain under seal for longer than three years, SDG&E may file a new motion stating the justification of further withholding of the information

from public inspection. This motion shall be filed at least 30 days before the expiration of this limited protective order.

7. San Diego Gas & Electric Company shall file an Advice Letter within 30 days of today's decision to show the final amount of under-collection to be collected from ratepayers.

8. Application 13-04-017 is closed.

This order is effective today.

Dated February 27, 2014, at San Francisco, California.

MICHAEL R. PEEVEY

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

MICHAEL PICKER

Commissioners