Decision 15-12-032 December 17, 2015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Approval of its 2016 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts.	Application 15-04-014 (Filed April 15, 2015)

DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY'S 2016 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND 2016 FORECAST OF GREENHOUSE GAS RELATED FORECASTS

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DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY'S 2016 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND 2016 FORECAST OF GREENHOUSE GAS RELATED FORECASTS

Summary

Today's decision adopts 2016 forecast revenue requirements for San Diego Gas & Electric Company's (SDG&E) Energy Resource Recovery Account (ERRA), Competition Transition Charge (CTC), Local Generation Charge (LGC), and the San Onofre Nuclear Generation (SONGS) Unit 1 offsite Spent Fuel Storage Cost revenue requirement. The total 2016 forecasted revenue requirement of $1,287.959 million[1] adopted herein consists of 1) $1,308.712 million for ERRA revenue requirement (includes 2016 forecast GHG costs); 2) $24.466 million for CTC; 3) $7.160 million for LGC; 4) $1.077 million for the San Onofre Nuclear Generating Station (SONGS) Unit 1 Offsite Spent Fuel Storage Cost revenue requirement; and 5) $53.456 million for GHG allowance revenue return allocations.

In accordance with California Public Utilities Code Section 748.5, Assembly Bill 32,[2] Decision (D.) 12-12-033, D.13-12-041 and D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, this decision also authorizes SDG&E to incorporate forecast greenhouse gas (GHG) cap-and-trade costs and allowance auction proceeds into 2016 customer rates. We authorize the forecast amounts of the California Climate Credit to be returned to residential customers beginning in 2016. All forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. In addition, outreach and

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[1] Includes Franchise Fees and Uncollectibles.

[2] Statutes of 2006, Chapter 488.

administrative expenses are subject to further reasonableness review at the time of the reconciliation.

This decision authorizes the following GHG allowance proceeds return allocations: 1) $4.238 million for Emissions-Intensive and Trade-Exposed (EITE) customers; 2) $3.648 million for small business; and 3) $45.570 million for residential California Climate Credit, resulting in a semi-annual residential climate credit of $17.44 per household. The total 2016 forecasted revenue requirement[3] approved by this decision is $1,287.959 million.

This proceeding is closed.

1. Background

1.1. Historical Information Concerning the Energy Resource Recovery Account

In Decision (D.) 02-10-062, the Commission established the Energy Resource Recovery Account (ERRA) balancing account – the power procurement balancing account required by Public Utilities Code Section 454.5(d)(3). Pursuant to D.02-10-062 and D.02-12-074, the purpose of the ERRA is to provide recovery of energy procurement costs, including expenses associated with fuel and purchased power, utility retained generation, California Independent System Operator (CAISO) related costs, and costs associated with the residual net short procurement requirements to serve San Diego Gas & Electric Company's (SDG&E's) bundled electric service customers.

The ERRA regulatory process includes: (1) an annual forecast proceeding to adopt a forecast of the utility's electric procurement cost revenue requirement

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[3] SDG&E's forecasted 2016 EITE Customer Return represents Prior Year EITE Customer Return of $2,968,113 to be distributed in 2016, as well as the 2016 forecasted EITE Customer Return of $1,269,897.

and electricity sales for the upcoming year, and (2) an annual compliance proceeding to review the utility's compliance in the preceding year regarding energy resource contract administration, least cost dispatch, fuel procurement, and the ERRA balancing account.

As set forth in D.02-10-062, the balance of the ERRA is not to exceed 5% of the electric utility's actual recorded generation revenues for the prior calendar year, excluding revenues collected for the California Department of Water Resources (DWR).[4] D.02-10-062 also established a trigger calculation designed to avoid the 5% threshold point that requires SDG&E to file an expedited application for approval to adjust its rates 60 days from when the ERRA balance reaches an under-collection or over-collection of 4% and is projected to exceed the 5% trigger.

The purpose of the Transition Cost Balancing Account (TCBA) is to accrue all ongoing Competition Transition Charge (CTC) revenues and recover all ongoing CTC-eligible generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying Facilities (QFs) that are above the market benchmark proxy are charged to the TCBA. Eligible ongoing CTC expenses reflect the difference between the market proxy and the costs associated with the Portland General Electric and QF contracts.

In D.06-07-030 (as modified by D.07-01-030), we adopted the total portfolio methodology and market benchmark for determining the above-market costs associated with the utility/DWR total portfolio for deferring departing load charges, and we replaced the DWR Power Charge as an element of the Cost

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[4] *See* D.02-10-062 at 62.

Responsibility Surcharge (CRS) with the Power Charge Indifference Adjustment (PCIA). The PCIA applies to departing load customers that are responsible for a share of the DWR power contracts or new generation resource commitments. The PCIA is intended to ensure that the departing load customers pay their share of the above-market portion of the DWR contract or new generation resource costs, and that bundled customers remain indifferent to customer departures.

The purpose of the total portfolio methodology is to reasonably ensure that bundled customers are indifferent with respect to departing load. Rather than focus on each individual resource cost, the total portfolio method recognizes that bundled customers are served from the entire portfolio of commodity resources and that when load departs the utility may, in general, offset a portion of the costs of departing load through additional market sales.

1.2. Historical Information Concerning Greenhouse Gas Allowance Proceeds

Rulemaking (R.) 11-03-012 addresses greenhouse gas (GHG)-related costs and allowance proceeds for all investor-owned electric utilities, including SDG&E. In D.12-12-033, the Commission required utilities to file applications for approval of forecast GHG costs and allowance proceeds, including administrative and customer outreach expenses, sufficient to calculate the amount of GHG allowance proceeds that should be returned to the different customer classes in 2014.

Pursuant to D.12-12-033, five utilities[5] filed 2014 GHG Revenue Forecast Applications and the five applications were consolidated (Consolidated

[5] The five utilities are Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), SDG&E, PacifiCorp, an Oregon Company, and Liberty Utilities (CalPeco Electric) LLC.

Proceeding, Application (A.) 13-08-002, et al.). The Phase 1 decision in the Consolidated Proceeding, D.13-12-041, was limited to information and approvals necessary to incorporate GHG costs and allowance proceeds into 2014 rates and to issue the first California Climate Credit.[6] D.13-12-041 approved the forecasts with modifications for inclusion in 2014 rates, and concluded that the forecasts "should remain subject to true up against actual amounts in future GHG Revenue and Reconciliation Applications and actual administrative and customer outreach expenses remain subject to reasonableness review."[7]

The Commission adopted D.14-10-033 for Phase 2 of the Consolidated Proceeding on October 16, 2014, and its appendices were corrected by D.14-10-055 on October 30, 2014, and D.15-01-024 on January 21, 2015. D.14-10-033 describes methodologies and conventions to be used in GHG Revenue and Reconciliation Applications filed after 2013.[8] The decision further adopted Confidentiality Protocols for cap-and-trade related data and required the utilities to use a proxy price in their forecasts. Lastly, the decision required the utilities to file GHG Forecast Revenue and Reconciliation Applications annually as part of their ERRA forecast applications. We use the standards adopted in D.14-10-033 to review SDG&E's current application, A.15-04-014 to determine the reasonableness of both the recorded and forecasted variables discussed below.

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6 The California Climate Credit received its official name in April 2014 by ruling in R.11-03-012. Prior to that time it was referred to as the "Climate Dividend."

7 D.13-12-041, Conclusion of Law (COL) 3.

8 A.13-08-002, *et al.*, Assigned Commissioner's and Administrative Law Judge's Phase 2 Scoping Memo and Ruling, February 19, 2014.

The Commission has reviewed the 2014 and 2015 recorded GHG costs and allowance proceeds. We also review and approve SDG&E's 2016 GHG costs and allowance proceeds forecasts for inclusion in 2016 customer rates. In doing so, we examine the variables necessary to authorize rate changes and determine the proceeds return and California Climate Credits. These variables are:[9]

1. **Recorded and Forecast Allowance Proceeds**. These are the proceeds received by a utility as a result of selling the allowances allocated to ratepayers by the state.
2. **Recorded and Forecast Administrative and Customer Outreach Expenses**. These are the costs incurred by a utility for administrative and customer outreach expenditures that relate to the allowance proceeds return program.
3. **Recorded and Forecast Expenses for Approved Incremental Energy Efficiency (EE) and Clean Energy Programs**. D.12-12-033 allows utilities to use a portion of allowance proceeds to fund EE and clean energy programs that have been approved by the Commission in other proceedings.
4. **Recorded and Forecast Emissions-Intensive and Energy-Intensive Trade-Exposed (EITE) Customer Return**. Using methodologies being developed in R.11-03-012, a portion of allowance proceeds are returned to customers who qualify as EITE.[10] The EITE customer return is based on formulas and made once per year. The

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[9] Previously, the variables included Recorded and Forecast Volumetric Residential Return. However, in D.15-07-001, the Commission concluded that "The IOUs 2016 ERRA Forecast Filings should reflect that the residential volumetric GHG rate offset will be eliminated in 2016."

[10] D.12-12-033 sets forth an overview of the proposed methodology sufficient for purposes of forecasting the EITE return. Future decisions in R.11-03-012 are expected to provide additional direction. The next GHG Revenue and Reconciliation Application will use the actual EITE return when calculating the Climate Credits for the next year.

actual EITE return will be calculated using the final EITE return formula determined in R.11-03-012.

5. **Recorded and Forecast Small Business Return**. Using a methodology adopted in R.11-03-012, a portion of allowance proceeds are returned to customers who meet the definition of small business developed in R.11-03-012.[11] The Forecast Small Business Return is volumetric; it is calculated using the Forecast GHG Cost (*see* Item 7 below) and the volume of electricity used by the customer and is returned as a credit to the delivery component of the customer's monthly bill.
6. **Recorded and Forecast Residential California Climate Credit**. The Climate Credit is distributed to residential households after all the above expenses and customer returns have been made. It appears as a credit on the customer's bill twice per year. The Climate Credit is not related to the volume of electricity used by the household: each household within a utility's territory receives the same Climate Credit.

7. **Recorded and Forecast GHG Costs**. These are the GHG emissions costs incurred directly or indirectly by a utility as a result of the GHG cap-and-trade program. Direct costs include, generally, the costs incurred to purchase compliance instruments[12] for plants run by the utility or the cost of providing physical or financial settlement specifically for GHG emissions from plants not owned or operated by the utility. Indirect costs generally reflect

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[11] D.12-12-033 sets forth an overview of the methodology sufficient for purposes of forecasting the small business customer return for 2014. D.13-12-002 adopted a specific methodology.

[12] A covered entity must surrender one compliance instrument for each metric ton of carbon dioxide (CO_2) equivalent of GHG emissions for its compliance obligations. Allowances and offsets are the two types of compliance instruments in the cap-and-trade program. (California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms, Title 17, CCR (Cap-and-Trade Regulations), § 95856.) The regulation also limits the use of offsets to no more than 8 percent of compliance instruments in a compliance period (Title 17 CCR § 95854).

> GHG costs embedded in the price of power purchased on the market or through contracts that do not include GHG settlement terms.

2. Procedural History

On April 15, 2015, SDG&E filed A.15-04-014, its *Application of San Diego Gas & Electric Company (U-902-E) for Approval of its 2016 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts* (Application) and served associated testimony, in which SDG&E requests that the Commission approve a total 2016 forecasted revenue requirement of $1,285.845 million.

On May 7, 2015, Resolution ALJ-176-3356 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On May 26, 2015, a protest was filed by the Office of Ratepayer Advocates (ORA). On June 3, 2015, SDG&E replied to this protest.

On June 25, 2015, a prehearing conference took place in San Francisco to establish the service list for the proceeding, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding. On July 6, 2015, the Alliance for Retail Energy Markets (AReM) and Direct Access Customer Coalition (DACC) filed a motion for party status. On July 7, 2015, AreM and DACC were granted party status by e-mail ruling.

On July 13, 2015, Commissioner Michel Peter Florio, the assigned Commissioner, issued his Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo).

No intervenor or rebuttal testimony was served in this proceeding. No opening or reply briefs were filed in this proceeding.

SDG&E filed an updated application (Update) and served associated testimony on November 6, 2015. AReM and DACC filed comments to the Update on November 16, 2015. In their comments, AReM and DACC took issue with SDG&E's calculation of the PCIA rates. On November 20, 2015, SDG&E filed reply comments and addressed the concerns raised by AReM and DACC.[13] As a result of SDG&E addressing the concerns of AReM and DACC, no issues of fact or law remain in dispute.

On November 23, 2015, SDG&E filed a consent motion to modify the proceeding schedule. In this motion SDG&E requests that a Proposed Decision be issued so that the Proposed Decision can be considered on the Commission's December 17, 2015 agenda. In this motion, SDG&E affirms that all parties to this proceeding have agreed to waive the normal 30 day comment period on the Proposed Decision. Additionally, SDG&E asserts that the parties have agreed to one round of comments on the Proposed Decision and to waive any reply comments.

All rulings by the assigned Commissioner and Administrative Law Judge (ALJ) are affirmed herein.

3. SDG&E'S ERRA, CTC, LG Forecasts and SONGS Unit 1 Offsite Spent Fuel Storage Requirement

3.1. Overview

In its Update, SDG&E requests a total 2016 forecast revenue requirement of $1,287.959 million,[14] which consists of: (1) $1,308.712 million for ERRA; (2) $24.466 million for CTC; (3) $7.160 million for Local Generation Charge

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[13] In particular, AReM and DACC requested that SDG&E be directed to reflect certain refunds in the Non-Fuel Generation Balancing Account (NGBA) instead of holding off until the implementing advice letter is filed. In order to address the concerns of AReM and DACC, SDG&E revised the updated prepared testimony of Yvonne M. Le Mieux and provided it to all parties on November 20, 2015.

[14] Includes franchise fees and uncollectibles as well as GHG costs and GHG allowance proceeds allocations.

(LGC); and (4) $1.077 million for SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement.

Based on its November Update, SDG&E projects a combined total increase of $21.241 million (an increase of 0.019 cents per kilowatt-hour, or 0.09% to the current system average rate).[15] Based on those numbers, SDG&E projects that a typical non-CARE residential customer in the inland climate zone using 500 kilowatt hours could see a monthly summer bill increase of 1.0% or $1.13.

For the first time in this Application, SDG&E requests to recover SONGS Unit 1 Offsite Spent Fuel Storage Costs in the ERRA proceeding rather than in its General Rate Case (GRC)[16]. SDG&E is currently requesting $1.077 million in its 2016 GRC Phase one case (A.14-11-003)[17]. If the SONGS Unit 1 Offsite Spent Fuel Storage Costs are approved in this Application, SDG&E will withdraw the request from its 2016 GRC Phase 1 Application.

ORA did not criticize or provide alternatives to SDG&E's proposed forecast ERRA and CTC revenue requirements, LGC or SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement. As noted above, in its comments on the November updated testimony, AReM and DACC objected to the way SDG&E handled the PCIA rates. However, On November 23, 2015 SDG&E amended the testimony of Yvonne Le Mieux to addresses the concerns raised by AReM and DACC. Furthermore, no party claimed that SDG&E's proposed

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[15] Current rates effective November 1, 2015, per Advice Letter (AL) 2791-E.

[16] SDG&E has a minority ownership in the SONGS facility. SDG&E wishes to mirror the approach used by SCE who owns a majority ownership interest in SONGS and includes the Offsite Spent Fuel Storage Costs in its ERRA proceedings.

[17] SDG&E tracks the authorized revenue requirement in its Nuclear Decommissioning Adjustment Mechanism (NDAM) account.

forecasts were not in compliance with existing applicable Commission decisions, rules, and regulations.

In its protest, ORA stated that it planned to investigate the reasonableness of SDG&E's 2016 ERRA forecast, including but not limited to:
(1) SDG&E's analysis of the underlying natural gas prices, electric load, and other cost inputs to the model used by SDG&E in determining the forecasted revenue requirement; and (2) whether SDG&E's estimates of combined revenue requirement, total ERRA revenue requirement, CTC revenue requirement, LG revenue requirement, SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement should be adopted. AReM and DACC's primary interest was in: 1) the calculation and rate treatment of costs that are charged to Direct Access customers; and 2) SDG&E's compliance with applicable decisions.

3.2. Discussion and Conclusion Concerning ERRA, CTC, LG Forecasts and SONGS Unit 1 Offsite Spent Fuel Storage Requirement

As neither ORA nor AReM/DACC served testimony on these issues, and all parties agreed that neither hearings nor briefing was necessary, we conclude that the issues presented by the interested parties in their protests have been resolved.

We adopt SDG&E's requested forecast 2016 ERRA, CTC, and LG revenue requirements and market benchmarks. Additionally, we approve the request to include the SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement that SDG&E requests in the amount of $1.077 million. Allowing SDG&E to recover these costs in the ERRA proceeding rather than a GRC proceeding will provide a consistent approach by allowing SDG&E to mirror the way SCE seeks recovery of the SONGS Unit 1 Offsite Spent Fuel Storage Costs.

4. Discussion of Recorded and Forecast GHG Allowance Proceeds, Expenses, Credits, and Costs

SDG&E provided a fourth quarter update to its Application on November 6, 2015, to reflect updated information through the third quarter of 2015. This update was made to both forecast and recorded data. Specifically, SDG&E updated its 2015 recorded costs, allowance proceeds, and expenses using actual data through September 2015 and estimates for October through December of 2015.

The information detailed below includes recorded data for 2014, partially recorded and partially forecast data for 2015, as well as forecasts for 2016. We find that SDG&E has appropriately followed the requirements of D.12-12-033, D.14-10-033 and D.13-12-002 in forecasting its 2016 revenues and costs, reconciling its 2014 and 2015 recorded costs, and showing the reasonableness of its 2014 and 2015 administrative and outreach costs. We also approve the proposed 2016 semi-annual residential Climate Credit of $17.44 per household.

Pursuant to D.12-12-033, SDG&E filed Advice Letter 2452-E-A to establish a sub-account within the Energy Resource Recovery Record (ERRA) to record GHG costs. While GHG costs were deferred from rates, SDG&E tracked these costs in a sub-balancing account of ERRA; once recovery in rates began, SDG&E transferred the costs to the main ERRA. The Advice Letter also created the GHG Customer Outreach and Education Memorandum Account (GHGCOEMA), the GHG Administrative Costs Memorandum Account (GHGACMA), and the GHG Revenue Balancing Account (GHGRBA). The GHG Revenue Balancing Account is a two-way balancing account that records GHG revenues, less revenue returns and any revenues approved to be set aside for outreach and administrative expenses. Any funds that were set aside for outreach and administrative activities but were unused roll over for use in subsequent years.

4.1. Recorded and Forecast GHG Allowance Proceeds

Each utility forecasts and records the total allowance proceeds it receives each year. To determine the amount of these proceeds that are available to return to customers in that year, the utility adjusts the forecast allowance proceeds to account for: (1) any variance between the forecast and recorded allowance proceeds in previous years that resulted in an over- or under-collection; (2) any applicable interest; (3) any applicable franchise fees and uncollectibles; and (4) authorized outreach and administrative expenses. In accordance with the GHG allocation methodology adopted in D.12-12-033, SDG&E's GHG allowance proceeds returned will be allocated to ratepayers, including direct access and community choice aggregation customers. Currently, SDG&E does not service any community choice aggregation customers.

4.1.1. Recorded Allowance Proceeds

Based on the November 2015 update to SDG&E's Application, the recorded GHG allowance proceeds for 2014 and 2015 are $76.8 million and $78.9 million, respectively (Template D-1 of the November Updated Testimony). The recorded 2014 data include actual recorded data for the 2014 year, while the recorded data for 2015 include actuals from January to September 2015 plus forecasts for October to December 2015.

SDG&E projects a balance of $31.586 million in its GHG Revenue Balancing Account at the end of 2015. This amount reflects the allowance proceeds from prior years, adjusted for expenses, revenue returns, and any reconciliation between 2015 forecast and recorded values. SDG&E appropriately calculated the allowance proceeds recorded for 2014 and 2015 and correctly amortized its Net GHG Revenues.

4.1.2. Forecast Allowance Proceeds

SDG&E's 2016 forecast GHG allowance proceeds collection is $84 million. Including the proceeds from prior years to be returned in 2016 and adjusting for expenses and reconciliation, SDG&E forecasts $53.456 million in proceeds available for customer returns in 2016. These proceeds are forecast to be returned to EITE, small business, and residential customers in 2016 in the amounts shown in Template D-1 of SDG&E's November Updated Testimony.

SDG&E provided sufficient information for evaluating forecast GHG allowance proceeds. The methodologies used for forecasting GHG costs and proceeds, expenses, and calculating the revenue returns and Climate Credit are consistent with D.14-10-033 (as corrected by D.14-10-055 and D.15-01-024) and the guidance provided in R.11-03-012 to date. Further, the assumptions used by SDG&E when making its calculations are reasonable and appropriate for purposes of calculating proceeds distribution.

4.2. Recorded and Forecast Administrative and Outreach Expenses

4.2.1. Recorded Administrative and Outreach Expenses

In 2013, the Commission directed the investor-owned utilities (IOUs) to hire a firm with marketing and public relations expertise to evaluate the feasibility and benefit of the use of a third-party administrator for customer outreach and education activities going forward. The IOUs retained Targetbase, to independently assess the Education and Outreach needs. This resulted in a cost of $52,500 to SDG&E.

In 2013, SDG&E's Education and Outreach Effort included an estimated cost of $750,000. This amount was authorized by D.12-12-033. Resolution E-4611 required SDG&E to consign its 2013 outreach and education budget of $750,000 to the Center for Sustainable Energy (CSE) to develop and administer a competitively neutral, statewide outreach and education program. Due to delays in program implementation, CSE's outreach and education effort did not begin until 2014. In 2013, SDG&E did not record any outreach or administrative expenses.

For 2014, SDG&E recorded $883,081 in administrative and outreach expenses (Template D-3 of the November Updated Testimony). The outreach activities include SDG&E's portion of the payments to CSE for statewide outreach and education, and Targetbase.

For 2015, SDG&E recorded $145,826 in administrative and outreach expenses (Template D-3 of the November Updated Testimony). The recorded 2015 data includes actuals from January to September 2015, plus forecasts from October to December 2015.

SDG&E records $165,366 of administrative expenses for 2015.[18] The administrative activities include program management, e-mail and bill inserts. The outreach and education and administrative expenses for 2015 total $145,826, which is shown in Template D-3. Pursuant to D.14-10-033, as modified by D.14-10-055, SDG&E's recorded 2015 GHG Outreach and Administrative expense of $334,834 on Template D-1 represents the 2015 recorded spend of $145,826 (from Template D-3) plus the 2015 forecasted over collection in the GHGCOEMA of ($411,998) less the 2015 forecasted under-collection of $222,822, and less the forecasted interest of ($167).

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[18] The administrative expenses of $165,366 were reduced by $19,540 when bill inserts and e-mails costs booked to GHGCOEMA in April/May/December 2014 were transferred to GHGACMA in October 2015.

4.2.2. Forecast Administrative and Outreach Expenses

SDG&E's 2016 forecast of GHG administrative expenses is $47,500 for customer e-mails and bill inserts and the direct labor costs associated with basic administrative activities (Template D-3 November Updated Testimony). SDG&E's 2016 forecast of GHG customer outreach expenses is $140,000 (Template D-3 November Updated Testimony). SDG&E plans to use the $140,000 to cover its share of the statewide outreach effort, pending the outcome of A.13-08-026. These funds would be provided to CSE, if the Commission believes they should continue to lead the statewide effort in 2016. Otherwise, SDG&E would use this money to increase customer awareness of GHG matters in the local market through available means, such as digital advertising (Janke November Updated Testimony at 3). SDG&E's total 2016 forecast of administrative and outreach expenses are $187,500. SDG&E's forecasted 2016 GHG expense of $80,036 (Template D-1 November Updated Testimony) represents SDG&E's 2016 request of $187,500, as shown in Template D-3, plus the forecasted over-collection in the GHGCOEMA of $139,986 plus the forecasted under-collection in the GHGACMA of $32,522.

We find SDG&E's 2014 recorded and 2015 partially recorded expenses to be reasonable. We hereby adopt SDG&E's 2016 administrative and customer outreach forecast and authorize it to set aside a net of $80,036 to fund its 2016 administrative and customer outreach expenses.

4.3. Recorded and Forecast Expenses Approved for Incremental Energy Efficiency and Clean Energy Programs

D.12-12-033 allows for a portion of GHG allowance proceeds to be used for clean energy or energy efficiency programs approved in relevant proceedings. In its testimony, SDG&E calculates the amount of allowance auction revenues available to fund potential incremental energy efficiency and clean energy investments in 2016 at 15 percent of expected 2016 cap-and-trade allowance auction proceeds, totaling $12.6 million (Montoya November Updated Testimony at 23). SDG&E has not received approval of a clean energy or energy efficiency project in accordance with D.12-12-033; therefore it does not record or forecast a value for this variable.

4.4. Recorded and Forecast Emissions-Intensive and Trade-Exposed Customer Return.

On December 18, 2014, the Commission approved D.14-12-037,[19] which established methodologies for utilities to return GHG allowance revenues to emissions-intensive and trade-exposed (EITE) customers. SDG&E estimates the EITE set aside amount based on the total sales to customers in the North American Industry Classification System (NAICS) codes of Table 8-1 of the Air Resources Board (ARB) cap-and-trade regulation.[20] The total sales are multiplied by an estimate of the GHG intensity from D.14-12-037, and the GHG proxy price to calculate potential distribution to EITE customers for 2016. SDG&E projects 2016 EITE customers' total usage of 252,120 megawatt-hours (MWh) based on 2014 actual usage multiplied by the emissions factor associate with consumption, 0.379 million metric tons (MT)/MWh, from D.14.12-037. The dollar conversion factor of $13.13 is the proxy GHG price for 2016 (Montoya November Updated Testimony at 24). The total forecasted EITE 2016 allocation is $1.269 million (SDG&E November Update to Application at 4). SDG&E also projects the 2013, 2014 and 2015 EITE return to be approximately $2.968 million in 2016 (Montoya

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[19] D.14-12-037 was later modified by D.15-08-006.

[20] D.14-12-037, COL 2 at 93.

November Updated Testimony at 24). We find the total of $4.238 million to be a reasonable estimate of the EITE revenue return for the purpose of calculating the proceeds available to other customers.

4.5. Recorded and Forecast Volumetric Small Business Return and Residential Return

In accordance with D.12-12-033, SDG&E distributes its Small Business Return and Residential Return through monthly volumetric credits. The volumetric returns are designed to partially offset the GHG costs that are embedded in rates. Small businesses are defined as non-residential customers on a general service or agricultural tariff with monthly demand not exceeding 20 kilowatts (kW) for more than three months in a 12-month period. Bundled, Direct Access (DA), and Community Choice Aggregator (CCA) small business customers will be given a volumetric return in dollars per kilowatt hour (kWh). This credit is volumetrically-calculated based on the amount of GHG-related costs that are allocated to the defined bundled small business customers, differentiated by customer class (Le Mieux November Revised Updated Testimony at 19).

4.5.1. Recorded and Forecast Small Business Return

SDG&E's 2015 recorded Small Business Return is $12.835 million and 2016 forecast for its Small Business Return is $3.648 million (Template D-1 November Updated Testimony). The 2016 forecasted return to small businesses includes the adjustment for GHG cost true-up and the small business industry assistance factor (Le Mieux November Revised Updated Testimony at 20). This forecast is reasonable for the purpose of calculating the proceeds available to other customers.

The exact credit per customer will be determined by multiplying the cap-and-trade unit cost for the customer's rate schedule by the customer's monthly usage and then adjusting by the Industry Assistance Factors determined in D.13-12-002.[21] For 2016, the Industry Assistance Factor is 90 percent.

4.5.2. Recorded and Forecast Volumetric Residential Return

SDG&E's 2015 recorded Volumetric Residential Return is $40.3 million (Template D-1 November Updated Testimony). As discussed in more detail below, 2015 is the last year that the Volumetric Residential Return will be provided.

Pursuant to D.12-12-033, the proceeds distributed to residential customers were designed to neutralize the rate impacts of cap-and-trade program costs embedded in rates. As a result of the California energy crisis, the Legislature passed Assembly Bill (AB) 1X in 2001, which froze Tier 1 and 2 rates. Additionally, Senate Bill (SB) 695 limited increases to Tier 1 and 2 rates for both California Alternative Rates for Energy (CARE) and non-Care customers.[22] While Tier 1 and 2 customers were protected from rate increases, Tier 3 and 4 customers were not. As a result, Tier 3 and 4 were disproportionately assigned costs. Accordingly, the Commission authorized utilities to use GHG allowance proceeds to offset all GHG costs in the non-CARE upper-tier residential rates.

Eligible non-CARE residential customers received GHG proceeds through a volumetrically-calculated rate adjustment. This same volumetric rate adjustment to non-CARE Tier 3 and Tier 4 rates applied to DA and CCA customers. The Commission indicated that if the difference between lower and

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[21] *See* D.13-12-002, Table 2 of Appendix 2.

[22] SB 695 limitations related to CARE tiered rates expired December 31, 2013.

upper-tier residential rates were substantially reduced or eliminated, then it would no longer be appropriate to use allowance proceeds for this purpose. This issue was addressed by the Commission in the Residential Rate Order Instituting Rulemaking (R.12-06-013).

On July 3, 2015, the Commission issued D.15-07-001. In this decision, the Commission directed "[t]he IOUs' 2016 ERRA Forecast filings should reflect that the residential volumetric GHG rate offset will be eliminated in 2016"[23] and "… the revenue return allocated to the residential customer class will consist solely of the semi-annual California Climate Credit."[24] As a result of D.15-07-001, SDG&E removed the residential volumetric return from the 2016 allowance proceeds forecast when it filed its November Update.[25]

4.6. Recorded and Forecast California Climate Credit.

SDG&E distributed a semi-annual, residential Climate Credit in 2015 of $23.99 per household in October and $36.24 in April. The 2016 forecast of the residential Climate Credit is $17.44 per household (Template D-1 November Updated Testimony). As stated in D.13-12-003, all residential households will receive a California Climate Credit distributed as a separate on-bill line item credit twice a year (every April and October billing cycle). To calculate the amount of each climate credit payment, SDG&E will divide the total proceeds remaining among all eligible residential households based on service accounts, including master meter subaccounts. The credit is rounded to the nearest cent

[23] D.15-07-001 COL 30.

[24] D.15-07-001 OP 18.

[25] Residential customers will still receive the same total amount of allowance proceeds since the California Climate Credit is now larger.

and applied to the distribution portion of the bill, but not necessarily applied exclusively to distribution charges. This location on the bill ensures that DA and CCA customers receive their fair portion of allowance proceeds, as is required by D.12-12-003. We approve SDG&E's 2016 semi-annual residential California Climate Credit of $17.44 for each household.

4.7. Summary of GHG Allowance Proceeds

Table 1 below summarizes the approved calculation of the allowance proceeds for 2016.

Allowance Proceeds Balance from Prior Years	$31,586,221
Allowance Proceeds Received in 2016	($84,121,350)
Interest	$24,796
Franchise Fees and Uncollectibles	($1,026,495)
Outreach and Administrative Expenses	$80,036
Net GHG Proceeds Available for Customers in Forecast Year	($53,456,792)
EITE Customer Return	$4,238,010
Small Business Volumetric Return	$3,648,498
Proceeds Available for Climate Credit	($45,570,284)
Number of Households Eligible for the California Climate Credit	1,306,630
Per-Household Semi-Annual Climate Credit	$17.44

5. Recorded and Forecast GHG Costs

SDG&E's total ERRA revenue requirement includes GHG costs. SDG&E has two categories of GHG costs, direct costs and indirect costs. Direct costs reflect SDG&E's GHG costs from utility-owned generation plants in California, California generators with whom SDG&E has contracts where SDG&E is responsible for GHG costs, and electricity imports. Indirect costs are embedded in market electricity prices, or charged to SDG&E by third parties under contract with SDG&E for energy supply.

SDG&E's authorized GHG costs are collected from bundled customers through the generation component of rates. While SDG&E does have some unbundled customers, it does not pass any of its GHG costs onto these customers; rather, the electricity provider of the unbundled customer will collect GHG costs via the generation component of the customer's bill.

5.1. Recorded GHG Costs

For the purpose of reporting recorded direct GHG costs, D.14-10-033 requires each utility to multiply recorded direct GHG emissions by the weighted average cost of eligible compliance instruments that it holds in inventory. SDG&E provides the confidential calculations of its direct costs in Template D-2 and D-5 of Attachment G in its November Updated Testimony.[26] To report recorded indirect GHG costs, D.14-10-033 required each utility to multiply the recorded indirect GHG emissions by the annual average of the daily CAISO GHG Allowance Price Index.

SDG&E's recorded GHG costs for 2015 (Template D-2 and D-5 November Updated Testimony) were calculated appropriately.

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[26] Confidentiality is discussed in detail in Section 8.3 of this decision.

A utility's direct GHG emissions are confidential. Because SDG&E is reporting its total emissions publicly, it must also keep its indirect GHG emissions confidential to avoid revealing its direct GHG emissions.

5.2. Forecast GHG Costs

SDG&E seeks recovery of its forecast 2016 GHG costs in this application as part of the total ERRA revenue requirement. It provides a separate calculation of forecast GHG costs in order to calculate the small business volumetric return. The GHG cost forecast is equal to the expected emissions, both direct and indirect, multiplied by the forecasted proxy GHG price resulting in forecasted GHG costs for 2016 of $55.2 million (Montoya November Updated Testimony at 22-23). An updated proxy price for the 2016 GHG emissions price of $13.13 per MT was derived using an October 1, 2015 assessment of 2016 GHG market prices based on the average of forward prices on the Intercontinental Exchange (ICE) over the previous 22-day period, consistent with the period used for forecasting natural gas and electricity prices associated with the forecast of emissions.

Any variance between the forecast of GHG costs incorporated into rates and actual GHG costs incurred will be captured as part of the larger ERRA true-up process. The GHG costs, which are included in the total 2016 ERRA costs, do not include prior year reconciliation (LeMieux November Updated Testimony at 5-6). However, for the purposes of calculating the small business volumetric credit, SDG&E appropriately applies prior years' reconciliation to the 2016 forecast of GHG costs and applies the appropriate 90 percent assistance factor for 2016.[27]The total 2016 forecast GHG costs, including reconciliation (Template D-2

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[27] The Industry Assistance Factors are set forth in D.13-12-002, Appendix 2, Table 2.

of the November Updated Testimony), are reasonable for calculating the small business volumetric return.

5.3. Comparison of 2014 Recorded VS Actual Year-End Balances in GHG Balances in GHG Balancing Accounts.

Pursuant to D.14-10-033, the IOUs must reconcile forecast amounts with recorded amounts until actuals are available for the forecast year. In the last GHG proceeding (A.14-04-018), SDG&E did not reconcile the forecast for 2013 and 2014. In D.15-03-019, it was noted that SDG&E would "true-up total ERRA balances either through its Annual Regulatory Account update filing (pursuant to D.09-04-021) or through the ERRA Trigger Mechanism (pursuant to D.07-05-008)."

In the November Update to its application SDG&E provided a comparison of the 2014 year-end recorded balances with the 2014 year-end actual balances in the GHG balancing accounts. The GHGRBA is where GHG allowances proceeds are recorded. GHG expenses are recorded in the GHGCOEMA and GHGACMA.

SDG&E's Revised 2015 GHG Revenue and Reconciliation Application shows a 2014 year-end recorded balance of ($19,755,324) in the GHGRBA. The 2014 year-end recorded balance in the GHGRBA is ($18,393,131). The 2014 year-end recorded balance for the GHGCOEMA is $252,473 and ($105,138) for the GHGACMA. The actual 2014 year-end balances are $272,012 for the GHGCOEMA and ($190,300) for the GHGACMA.

5.4. Reconciliation of 2015 GHG Allowance Proceeds and Expenses

Template D-1 of the November Updated Attachment G shows a December 31, 2015 recorded balance of $31.586 million in the GHGRBA. As part of the 2015 recorded Expenses, SDG&E was authorized to set aside 2015 allowance revenue to fund customer Outreach and Administrative expenses.

SDG&E transferred $392,473 to the GHGCOEMA and ($57,638) to the GHGACMA from the GHGRBA. These amounts represent the total of the 2015 forecasted expenses and the forecasted December 31, 2014 balances in the GHGCOEMA and GHGACMA. In the GHGCOEMA ($19,540) of expenses and $15 of interest are recorded for 2015. In the GHGACMA, $165,366 of expenses and ($182) of interest are recorded for 2015. The year-end balances in the GHGCOEMA and the GHGACMA may be rolled-over to the following year.

Table two below, provides the GHGCOEMA and GHGACMA recorded under/(over) collection and expense true-up for 2015.

Line	Description	2015 Recorded ($)
1	**Beginning 1/1/2015 GHGCOEMA Balance**	272,012
2	Transfer from GHGRBA	(392,473)
3	Expenses	(19,540)
4	Interest	15
5	**Ending 12/31/2015 GHGCOEMA Balance (Line 1 + Line 2 + Line 3 + Line 4)**	**(139,986)**
6	**Beginning 1/1/2015 GHGACMA Balance**	(190,300)
7	Transfer from GHGRBA	57,638
8	Expenses	165,366
9	Interest	(182)
10	**Ending 12/31/2015 GHGACMA Balance (Line 6 + Line 7 + Line 8 + Line 9)**	**32,522**
11	**12/31/2015 Expense True-Up (Line 5 + Line 10)**	**(107,464)**

The total Outreach and Administrative expenses for 2015 is $145,826. SDG&E's recorded 2015 GHG Outreach and Administrative expense of $334,835 represents the 2015 recorded spend of $145,826 plus the 2015 forecasted over-collection in the GHGCOEMA of ($411,998), less the 2015 under-collection in the GHGACMA of $222,822 and less the over-collected interest of ($167).

SDG&E's forecasted 2016 GHG expense of $80,036 represents SDG&E's 2016 request of $187,500 as shown in the November Update of Template D-3 in Attachment G, plus the net forecasted December 31, 2015 over-collected balance in the GHGCOEMA and GHGACMA of ($107,464).

The December 31, 2015 GHGRBA true-up balance is $31.586 million and the combined December 31, 2015 GHGCOEMA and GHGACMA expense true-up balance is ($107,464). The total prior year true-up for the allowance proceeds and expense reconciliation is $31.479 million.

We find the reconciliation of 2015 allowance proceeds and expenses to be reasonable and in compliance with applicable decisions.

6. Safety

The health and safety impacts of GHGs are among the many reasons that the Legislature enacted AB 32. Specifically, the Legislature found and declared that global warming caused by GHG "poses a serious threat to the economic well-being, public health, natural resources, and the environment of California. The potential adverse impacts of global warming include the exacerbation of air quality problems, a reduction in the quality and supply of water to the state from the Sierra snowpack, a rise in sea levels resulting in the displacement of thousands of coastal businesses and residences, damage to marine ecosystems and the natural environment, and an increase in the incidences of infectious diseases, asthma, and other human health-related problems."[28]

This decision implements a key part of the GHG reduction program envisioned by AB 32 and Public Utilities Code Section 748.5 and, as a result, will improve the health and safety of California residents.

7. 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.

8. Other Procedural Matters

8.1. Change in Determination of Need for Hearings

In Resolution ALJ 176-3356, dated May 7, 2015; the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner stated that evidentiary hearings would be held if necessary. It is determined that hearings are not necessary. Given that no hearings were held in the current proceeding, we change our preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

8.2. Admittance of Testimony and Exhibits into Record

Since evidentiary hearings were not held in A.15-04-014, there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly assess the record, it is necessary to include all testimony and exhibits served by SDG&E. In its motion of November 24, 2015, SDG&E requested,

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[28] AB 32 § 38501(a).

pursuant to Rule 13.8 of the Commission's Rules of Practice and Procedure,[29] that the Commission receive the public and confidential version of its Exhibits into the record of A.15-04-014. Therefore, we identify the public and confidential versions of SDG&E's supporting testimony as Exhibits SDG&E-1, -2, -3, -4, -5, -6, -7, and -8,[30] and Exhibits SDG&E-1C, -2C, -3C, -4C and -5C.[31] Given the necessity of SDG&E's testimony to our assessment of the proposals put forth, we admit into evidence the public and confidential versions of SDG&E's Exhibits mentioned above.

8.3. Motion to Seal

ARB's cap-and-trade regulations prohibit disclosure of auction-related information in most circumstances.[32] ARB's goal is to prevent market collusion. The Commission is interested in ensuring that the public has access to information related to utility rates, but also has its own rules to protect the confidentiality of market sensitive information. D.14-10-033 established

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

[30] Exhibit SDG&E-1 – Direct Testimony of Monica Vazquez Chihwaro; Exhibit SDG&E-2 – Direct Testimony of Ana Garza-Beutz; Exhibit SDG&E-3 – Direct Testimony of Benjamin A. Montoya; Exhibit SDG&E-4 – Direct Testimony of Jenny Phan; Exhibit SDG&E-5 – Direct Testimony of Yvonne M. Le Mieux; Exhibit SDG&E-6 – Direct Testimony of Rick Janke; SDG&E-7 – SDG&E 2016 ERRA/GHG Updated Prepared Direct Testimony (Vazquez Chihwaro, Garza-Beutz, Montoya, Phan, and Janke) and Exhibit SDG&E-8 SDG&E 2016 ERRA/GHG Revised Updated Prepared Direct Testimony of Le Mieux).

[31] Exhibit SDG&E-1C – Direct Testimony of Monica Vazquez Chihwaro - Confidential; Exhibit SDG&E-2C – Direct Testimony of Anna Garza-Beutz - Confidential; Exhibit SDG&E-3C – Direct Testimony of Benjamin A. Montoya- Confidential; Exhibit SDG&E-4C – Direct Testimony of Jenny Phan- Confidential; and Exhibit SDG&E-5C – SDG&E 2016 ERRA/GHG Updated Prepared Testimony – Confidential (Vazquez Chihwaro, Garza-Beutz, Montoya, and Phan).

[32] 17 CCR § 95914(c).

Confidentiality Protocols to maximize the amount of information that utilities can make publicly available, which ensuring they do not disclose market sensitive information.

SDG&E has submitted public and confidential versions of its testimony. Pursuant to Rule 11.5 of the Commission's Rules of Practice and Procedure (Rule), D.06-06-066 and D.08-04-023, and the ARB's rules and regulations, SDG&E filed a motion requesting that the confidential supplemental information be filed under seal. Pursuant to Rule 11.5, portions of the record of a proceeding (such as served testimony) may be sealed.

The information referenced in the motion to file under seal and the information contained in the testimony filed under seal constitute commercially sensitive material and include information that falls under the "ARB Confidential" and "Confidential" categories in the Confidentiality Matrix.

We grant confidential treatment of and seal (as detailed in the ordering paragraphs herein) Exhibits SDG&E-1C, 2C, -3C, -4C, -5C, and the confidential portions in Templates D-2 and D-5 contained in Attachment G (GHG Revenue and Reconciliation Form) submitted with SDG&E's Application on April 15, 2015 and updated on November 6, 2015. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.14-10-033.

8.4. Compliance with the Authority Granted Herein

Within 30 days of the effective date of this decision, SDG&E shall submit the necessary Advice Letter with the Energy Division under Tier 1 to implement the rate changes authorized by this decision.

9. Reduction of Comment Period

Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 1 day. Pursuant to the parties' stipulation, comments were filed on December 2, 015, by SDG&E.[33] Comments have been considered herein. Pursuant to the parties' stipulation, no reply comments were filed.

10. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Gerald F. Kelly is the assigned ALJ in this proceeding.

Findings of Fact

1. SDG&E's Updated 2015 forecast ERRA revenue requirement is $1,308.712 million, which will be included in 2016 rates.
2. SDG&E's Updated 2016 forecast CTC revenue requirement is $24.466 million which will be included in 2016 rates.
3. SDG&E's Updated LGC is $7.16 million, which will be included in 2016 rates.
4. SDG&E's SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.077 million will be included in 2016 rates.
5. The proposed forecast GHG cost and allowance proceeds distribution to customers, including the residential California Climate Credit, for SDG&E are set forth in SDG&E's November Updated Testimony.

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[33] ARem and DACC did not file separate comments on the Proposed Decision. However, SDG&E consulted with ARem and DACC prior to submitting its comments. SDG&E's comments included minor changes requested by AReM and DACC

6. Pursuant to D.12-12-033, SDG&E has been tracking GHG costs and allowance proceeds in two-way balancing accounts and tracking administrative and outreach expenditures associated with the program in a memorandum accounts.

7. D.12-12-033 allows for a portion of GHG allowance proceeds to be used for energy efficiency and clean energy programs approved in relevant proceedings.

8. SDG&E has not received approval of a clean energy or energy efficiency program in another proceeding for which the allowance proceeds could be used.

9. SDG&E filed Rule 3.2 Proof of Compliance for rate changes that may result from this proceeding.

10. The 2016 forecast GHG allowance proceeds, GHG costs, returns to Emissions-Intensive and Trade-Exposed customers, and volumetric returns are set forth in Templates D-1 and D-2 of SDG&E's Updated GHG Revenue and Reconciliation Application Form in its November Updated Testimony.

11. The 2015 recorded GHG administrative and outreach expenses are $334,835.

12. The net forecast GHG administrative and outreach expenses to be set aside for 2016 are $80,036.

13. The 2015 forecast semi-annual residential California Climate Credit is $17.44 per household.

14. In Resolution ALJ 176-3556, dated May 7, 2015, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner stated that evidentiary hearings would be held if necessary. No hearings were held.

15. SDG&E requested the admittance of its exhibits into evidence pursuant to Rule 13.8.

16. Pursuant to D.06-06-066 and D.08-04-023, as well as Rule 11.5, SDG&E requested the sealing of and confidential treatment of selected exhibits.

17. Rule 11.5 addresses sealing all or part of an evidentiary record; and D.06 06-066 addresses our practices regarding confidential information, such as electric procurement data (that may be market sensitive) submitted to the Commission.

18. D.14-10-033 addresses, in part, the confidentiality of GHG documents and contains the Confidentiality Matrix.

Conclusions of Law

1. The Commission should adopt SDG&E's 2016 forecast as follows: ERRA revenue requirement of $1,308.712 million in 2016 rates; CTC revenue requirement of $24.466 million in 2016 rates; SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.077 million; and LGC is $7.160 million in 2016 rates.

2. SDG&E appropriately forecasted GHG costs and allowance proceeds, and the corresponding returns to customers, consistent with D.12-12-033, D.14-10-033 (as corrected by D.14-10-055 and D.15-01-024), and the other decisions issued in R.11-03-012 to date.

3. The amounts and calculations in SDG&E's November Updated Testimony are appropriate and consistent with the instructions and templates provided in D.14-10-033 as corrected by D.14-10-055 and D.15-01-024.

4. The methodologies used to forecast GHG costs and allowance proceeds and reconcile prior forecasts with recorded amounts are reasonable.

5. The recorded and forecast GHG allowance proceeds are reasonable.

6. The recorded and forecast GHG administrative and outreach costs are reasonable.

7. The recorded and forecast GHG costs are reasonable.

8. $53.456 million of GHG proceeds shall be returned to SDG&E customers.

9. SDG&E should be authorized to modify its tariffs to reflect (1) the forecast 2016 GHG allowance proceeds and the reconciled 2014 and 2015 GHG allowance proceeds specified in its November Updated Testimony.

10. Advice Letters to implement changed tariff sheets in accordance with this Decision should be filed as Tier 1 Advice Letters.

11. SDG&E's request to treat selected versions of its testimony as confidential should be granted, as detailed herein.

12. SDG&E's request to receive testimony into the record, should be granted, as detailed herein.

13. Exhibits SDG&E-1C, 2C, -3C, -4C, -5C, and the confidential portions in Templates D-2 and D-5 contained in Attachment G (GHG Revenue and Reconciliation Form) submitted with SDG&E's Application on April 15, 2015 and updated on November 6, 2015 should be sealed and treated confidentially. The documents placed under seal should remain under seal for the applicable period of time set forth in the Confidentiality Matrix in Decision 14-10-033.

14. All rulings issued by the assigned Commissioner and ALJ should be affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, should be denied.

15. Given that no hearings were held in the current proceeding, we should change our preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

ORDER

IT IS ORDERED that:

1. San Diego Gas & Electric Company's 2016 request for the following ratesetting inputs are adopted as follows: 1) an Energy Resource Recovery Account forecast revenue requirement of an estimated $1,308.712 million; 2) Ongoing Competition Transition Charge forecast revenue requirement of $24.466 million; 3) 2016 Local Generation Charge of $7.160 million; and 4) San Onefre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.077 million.

2. San Diego Gas & Electric Company's proposed 2016 Local Generation Charge rates are approved.

3. San Diego Gas & Electric Company's 2016 Power Charge Indifference Adjustment rates are approved.

4. $53.456 million of Greenhouse Gas allowance proceeds must be returned San Diego Gas & Electric Company customers.

5. San Diego Gas & Electric Company's (SDG&E) request to treat as confidential and seal portions of the evidentiary record, in particular, Exhibits SDG&E-1C, 2C, -3C, -4C, -5C, and the confidential portions in Templates D-2 and D-5 contained in Attachment G (Greenhouse Gas Revenue and Reconciliation Form) submitted with SDG&E's Application on April 15, 2015 and updated on November 6, 2015 is approved. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in Decision 14-10-033. During this 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 (ALJ), 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 today's limited protective order.

6. Within 30 days of the effective date of this decision, San Diego Gas & Electric Company shall submit the necessary Advice Letters with the Energy Division under Tier 1 of to implement the authority and rate changes authorized by this decision. The Advice Letter shall include changed tariff sheets and supporting documentation for:

   a. Residential rate schedules (including master-metered rate schedules) to include the authorized 2016 Climate Credit Amount;

   b. Small business rate schedules to include the volumetric dollars per kilowatt hour greenhouse gas (GHG) rate offset for small business customers; and

   c. The amounts approved in Ordering Paragraph 1.

7. All rulings issued by the assigned Commissioner and Administrative Law Judge (ALJ) are affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.

8. The prepared testimony of San Diego Gas & Electric Company, consisting of the public and confidential versions of Exhibits SDG&E-1 through -8 is received into evidence.

9. The determination made in the Assigned Commissioner's Scoping Memo and Ruling that hearings were necessary is changed to no hearings necessary.

10. Today's decision is effective immediately.
11. Application 15-04-014 is closed.

This order is effective today.

Dated December 17, 2015, at San Francisco, California.

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners