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November 2, 2009

ADVICE LETTER 1899-G
(U 902-G)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: UPDATE OF PUBLIC PURPOSE PROGRAM GAS SURCHARGE RATES
EFFECTIVE JANUARY 1, 2010**

San Diego Gas & Electric Company (SDG&E) hereby transmits for filing the following changes to its gas tariffs, as shown on Attachment A.

PURPOSE

The purpose of this Advice Letter is to submit updated Public Purpose Programs (PPP) gas surcharge rates to be effective January 1, 2010. This filing also revises SDG&E's Preliminary Statement, Part V – Memorandum Accounts, to eliminate the Energy Efficiency Memorandum Account (EEMA).

BACKGROUND

Pursuant to Ordering Paragraph (OP) 22 of D.04-08-010 in Rulemaking (R.) 02-10-001, SDG&E is updating its gas surcharge rates to fund PPP, as authorized by Assembly Bill (AB) 1002. AB 1002 directs the Commission to establish a gas surcharge annually to fund certain natural gas related public purpose programs such as low-income customer assistance, energy efficiency, and research and development (R&D). Revenues collected from the surcharge are remitted to the State Board of Equalization (BOE), and are ultimately appropriated back to utilities or other entities designated by the California Public Utilities Commission (Commission) to administer PPP.

On August 19, 2004, the Commission issued D.04-08-010 that addressed both the Phase 1 implementation issues on the gas surcharge rulemaking and Phase 2 administration of public purpose R&D. Pursuant to OP 10, SDG&E is using the surcharge formula adopted in the decision for calculating the gas PPP surcharge rates. SDG&E is using information provided by the Energy Division for calculating the gas surcharge rates as it relates to (1) the Commission and BOE administrative costs, (2) SDG&E's portion of the 2010 statewide R&D budget, and (3) reflects SDG&E's non-exempt interstate pipeline gas volumes as being zero. Furthermore, since Phase 2 of SDG&E's Biennial Cost Allocation Proceeding (BCAP) decision has not yet been approved, SDG&E is using the three-year average for its available billed gas volumes in calculating the gas surcharge rates for the customer classes.

2010 Gas PPP Assumptions

The low income components of the PPP surcharge rates reflect SDG&E's projections of the California Alternative Rates for Energy (CARE) balancing account as of December 31, 2009, CARE customer consumption, and CARE administration expenses of \$3.02 million, which are provided for in D.08-11-031. The allocation of the CARE administrative expenses to the gas department is \$846,665. PPP surcharge rates also reflect the gas portion of SDG&E's Low Income Energy Efficiency (LIEE) budget in the amount of \$9.91 million, adopted in D.08-11-031. The proposed revenue requirement for low income programs includes the amortization of a \$1.60 million overcollection in the CARE Balancing account.

The non-low income cost components reflect SDG&E's share of the 2010 R&D budget of \$1.33 million provided by the Energy Division and the Energy Efficiency (EE) budget of \$13.90 million adopted in D.09-09-047, which includes the Evaluation, Measurement and Verification budget for 2010 of \$0.57 million.

In \$(000)	2010 Program Budgets	Administration Costs	Balancing Accounts	Total
LIEE	\$9,912.1			\$9,912.1
CARE	13,141.2	846.7	(1,596.3)	12,391.6
EE	13,900.0			13,900.0
R&D	1,327.1			1,327.1
BOE		37.0		37.0
CPUC	0	0	0	0
Total PPP Costs	\$38,280.4	\$883.7	\$(1,596.3)	\$37,567.8

Tariff Changes

The revised Schedule G-PPPS, as shown in Attachment A, updates the PPP rates for CARE and Non-CARE customers by major customer class, and reflect changes to the CARE, LIEE, R&D and EE component of the gas PPP surcharge as noted above. The available bill gas volumes in calculating the gas surcharge rates are shown below.

Billing Determinant Volumes, Mth

	<u>non-CARE</u>	<u>CARE</u>
Residential	319,676	264,384
Core C&I	161,996	161,996
NGV	10,238	10,238
Subtotal Core	491,910	436,618
Noncore C&I	36,367	36,367
Total	528,277	472,985

The impact of the updated PPP rates, by customer class, is shown on Attachment B. As shown in Attachment C, the 2010 PPP surcharge revenue requirement is higher by \$85,975 compared to 2009 primarily due to the increased funding for the Energy Efficiency program and partially offset by the amortization of the overcollection in the CARE Balancing account. In addition, it shows a summary table of SDG&E's current and proposed gas PPP revenue requirements.

2009-2011 EEMA

Pursuant to D.08-10-027, Bridge Funding for 2009 Energy Efficiency Programs, the EEMA was established to record the difference between the revenue requirement adopted for the bridge funding period and the revenue requirement requested and eventually approved in the 2009-2011 Energy Efficiency Portfolio Application (A.) 08-07-022.¹ Since the Commission, in D.09-09-047, authorized funding for the "2010-2012" program cycle and continued the bridge funding for the remainder of 2009, there is no difference to be recorded in the EEMA.² Therefore, as a result of D.09-09-047, the EEMA is no longer necessary and will be eliminated.³

PROTEST

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Honesto Gatchalian (inj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, CP 32
San Diego, CA 92123-1550
Facsimile No. (858) 654-1788
E-mail: mcaulson@semprautilities.com

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. This filing is consistent with D.04-08-010 and therefore SDG&E respectfully requests that this filing be approved on December 2, 2009, which is 30 days after the date filed, for implementation and inclusion in rates effective January 1, 2010.

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.08-07-011, A.08-07-023, and A.08-05-024, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed. Workpapers supporting this filing have been provided to the Commission's Energy Division. Copies of the

¹ SDG&E Advice No. 2034-E/1809-G filed on October 27, 2008.

² Per page 5 of D.09-09-047, footnote 6.

³ The electric EEMA will be eliminated through the electric consolidated advice letter filing in December 2009.

workpapers will be made available to other parties upon request by contacting SDG&E at the address in the protest section above.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

☐ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Christina Sondrini

Phone #: (858) 636-5736

E-mail: csondrini@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 1899-G

Subject of AL: Update of Public Purpose Program Gas Surcharge Rates Effective January 1, 2010

Keywords (choose from CPUC listing): Gas PPP, Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☒ Annual ☐ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.04-08-010

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation:

Resolution Required? ☐ Yes ☒ No

Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 1/1/10

No. of tariff sheets: 5

Estimated system annual revenue effect (%): 0.2%

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Please See Table of Contents

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell

C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

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Children's Hospital & Health Center

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City of Chula Vista

M. Meacham

E. Hull

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R. Willcox

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G. Lonergan

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Commerce Energy Group

V. Gan

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Davis Wright Tremaine, LLP

E. O'Neill

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Dept. of General Services

H. Nanjo

M. Clark

Douglass & Liddell

D. Douglass

D. Liddell

G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell

M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg

J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

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J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

R. Keen

Matthew V. Brady & Associates

M. Brady

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

M. Huffman

S. Lawrie

E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman

J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander

K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio

M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.08-07-011

A.08-07-023

A.08-05-024

ATTACHMENT A
ADVICE LETTER 1899-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 17819-G	PRELIMINARY STATEMENT, V. MEMORANDUM ACCOUNTS, DESCRIPTION/LISTING OF ACCOUNTS, Sheet 2	Revised 17286-G
Revised 17820-G	SCHEDULE G-PPPS, PUBLIC PURPOSE PROGRAMS SURCHARGE, Sheet 1	Revised 17290-G
Revised 17821-G	TABLE OF CONTENTS, Sheet 1	Revised 17816-G
Revised 17822-G	TABLE OF CONTENTS, Sheet 2	Revised 17768-G
Revised 17823-G	TABLE OF CONTENTS, Sheet 4	Revised 17818-G



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 17819-G
Canceling Revised Cal. P.U.C. Sheet No. 17286-G

PRELIMINARY STATEMENT

Sheet 2

V. MEMORANDUM ACCOUNTS DESCRIPTION/LISTING OF ACCOUNTS

Listing of Accounts

Catastrophic Event Memorandum Account (CEMA)

Core Reclassification Shortfall Memorandum Account (CRSMA)

Gas DSM Memorandum Account

Cogeneration Shortfall Memorandum Account (CSMA)

Liquefied Natural Gas Service Tracking Account (LNGSTA)

Global Settlement Tracking Account (GLOBAL)

Self-Generation Program Memorandum Account (SGPMA)

FERC Settlements Proceeds Memorandum Account (FSPMA)

Advanced Metering Infrastructure Memorandum Account (AMIMA)

Gain/Loss on Sale Memorandum Account (GLOSMA)

General Rate Case Revenue Requirement Memorandum Account (GRCRRMA)

NOTE: For information relating to the Hazardous Substance Memorandum Account (HSMA), which is part of the Hazardous Substance Cleanup Cost Account (HSCCA), see Section VIII.

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Advice Ltr. No. 1899-G

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Nov 2, 2009

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Resolution No. _____



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 17820-G
Canceling Revised Cal. P.U.C. Sheet No. 17290-G

SCHEDULE G-PPPS
PUBLIC PURPOSE PROGRAMS SURCHARGE

Sheet 1

APPLICABILITY

Applicable to all gas sales and transportation services rendered under all tariff-rate schedules authorized by the Commission. Customers will have a surcharge as a separate line item on their bills unless they are exempt 1/ (e.g. electric generation including cogeneration and consumption of natural gas which California is prohibited from taxing under the United States Constitution or the California Constitution, as referenced in Section 896 of the Public Utilities (PU) Code. See also the California Energy Resources Surcharge Regulation Sections 2315 and 2316 as identifying exempt customers).

TERRITORY

This schedule is applicable within the entire territory served by Utility.

RATES

<u>Customer Class</u>	PPP Surcharge 2/ (For all service, per meter, per month)	
	<u>CARE Customer</u> 3/ (¢/therm)	<u>Non-CARE Customer</u> (¢/therm)
Core		
Residential	3.905 I	6.525 R
Commercial/Industrial	5.812 I	8.431 I
Natural Gas Vehicles	N/A	2.990 R
Noncore		
Commercial/Industrial	N/A	8.855 I

SPECIAL CONDITIONS

1. **General Description**

The public purpose program (PPP) surcharge is shown on a customer's bill as a separate line item. The surcharge is authorized to recover the cost of public purpose programs such as low-income assistance, energy efficiency, and public interest research and development. The Utility remits surcharge payments quarterly to the State Board of Equalization (BOE) by the last day of the month following a calendar quarter. The BOE deposits the payments in the Gas Consumption Surcharge Fund (Fund) with the State Treasurer. Utility public purpose programs are financed through monies appropriated to the Utility from the Fund by the Commission.

1/ Commission Resolution G-3303, dated December 21, 2000, references Sections 896, 897, and 898 of Assembly Bill (AB) 1002 regarding consumers of natural gas who are exempt from the tax surcharge. Section 896 states "Consumption means the use or employment of natural gas. Consumption does not include the use or employment of natural gas to generate power for sale or use of gas for enhanced oil recovery, natural gas utilized in cogeneration technology projects to produce electricity, or natural gas that is produced in California and transported on a proprietary pipeline. Consumption does not include the consumption of natural gas which this state is prohibited from taxing under the United States Constitution or the California Constitution." Section 897 states "Nothing in this article impairs the rights and obligations of parties to contracts approved by the Commission, as the rights and obligations were interpreted as of January 1, 1998." Section 898 is in reference to a municipality, district, or public agency but also references Section 890. Subdivision (e) of Section 890 states in part "The Commission shall determine the total volume of retail natural gas transported within the service territory of a utility gas provider, that is not subject to exemption pursuant to Section 896, for the purpose of establishing the surcharge rate."

2/ AB 1002 of September 30, 2000 authorized the Commission to establish a gas PPP surcharge. Resolution G-3303 established PPP surcharge rates effective January 1, 2001. The surcharge rates were removed from utility energy rates and added as line items to applicable billings effective July 1, 2001.

3/ Low-income customers who qualify for California Alternate Rates for Energy (CARE) receive a 20% discount on rate and pay all of the PPP costs except CARE.

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Advice Ltr. No. 1899-G

Decision No.

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Nov 2, 2009

Effective

Resolution No.



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 17821-G
Canceling Revised Cal. P.U.C. Sheet No. 17816-G

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Decision No. _____

Issued by
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Regulatory Affairs

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San Diego Gas & Electric Company
San Diego, California

	Revised	Cal. P.U.C. Sheet No.	17822-G
Canceling	Revised	Cal. P.U.C. Sheet No.	17768-G

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Decision No.	Senior Vice President Regulatory Affairs	Resolution No.	



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 17823-G
Canceling Revised Cal. P.U.C. Sheet No. 17818-G

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Resolution No. _____

ATTACHMENT B
SUMMARY OF PPP SURCHARGE RATES
SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 1899-G
ESTIMATED PPP Surcharge Update for 1/1/2010

Customer Class	CARE Customers			Non-CARE Customers		
	2009	2010	% Change	2009	2010	% Change
	¢/th (b)	¢/th (c)	% (d)	¢/th (e)	¢/th (f)	% (g)
<u>Core</u>						
1. Residential	3.641	3.905	7.2%	6.673	6.525	-2.2%
2. Commercial/Industrial	4.959	5.812	17.2%	7.992	8.431	5.5%
3. Natural Gas Vehicle	N/A	N/A	N/A	3.408	2.990	-12.3%
<u>Noncore</u>						
4. Commercial/Industrial	N/A	N/A	N/A	8.283	8.855	6.9%
	2009	2010	Rev Change	% change		
	M\$	M\$	M\$	%		
5. System Total Revenue	37,482	37,568	86	0.2%		

Note: Present rates reflect gas rates filed in AL 1810-G effective January 1, 2009

**ATTACHMENT C
SAN DIEGO GAS & ELECTRIC COMPANY
ADVICE LETTER 1899-G**

**Gas Public Purpose Programs (PPP)
Revenue Requirement Update for Rates Effective January 1, 2010**

	Present			Proposed			Variance
	Impact on Rates			Impact on Rates			
	Funding A	Amortization B	Total C = A + B	Funding D	Amortization E	Total F = D + E	G = F - C
1 Low-Income Programs							
2 California Alternate Rates for Energy (CARE) Bal. Acct.	13,608,401 ^{1/}	1,074,000	14,682,401	13,987,841 ^{8/}	(1,596,278)	12,391,563	(2,290,839)
3 Post-2005 Gas Low Income Energy Efficiency Bal. Acct. (PGLIEE)	9,912,057 ^{2/}	-	9,912,057	9,912,057 ^{2/}	-	9,912,057	0
4 Total Low-Income Programs	23,520,458	1,074,000	24,594,458	23,899,898	(1,596,278)	22,303,620	(2,290,839)
5 Non-Low-Income Programs							
6 Post-1997 Gas Energy Efficiency Bal. Acct. (PGEEBA)	15,597,291 ^{3/}	(4,070,660) ^{7/}	11,526,631	13,900,000 ^{9/}	- ^{9/}	13,900,000	2,373,369
7 Research, Development and Demonstration (RD&D) Bal. Acct.	1,337,773 ^{4/}	-	1,337,773	1,327,079 ^{4/}	-	1,327,079	(10,694)
8 Total Non-Low-Income Programs	16,935,064	(4,070,660)	12,864,404	15,227,079	-	15,227,079	2,362,675
9 CPUC / BOE Admin Costs	22,909 ^{5/}	-	22,909	37,048 ^{5/}		37,048	14,139
10 TOTAL Gas PPP Revenue Before Shortfall Adjustment	40,478,432	(2,996,660)	37,481,772	39,164,025	(1,596,278)	37,567,747	85,975
11 Shortfall Due to Newly Exempt Customers ^{6/}	(974,698) ^{6/}	-	(974,698)	(\$973,772) ^{6/}		(973,772.00)	926
12 TOTAL Gas PPP Revenue in PPP Rates			36,507,073			36,593,975	86,901 0%

* 1/ Funding consists of \$12,815,780 for discounts and \$792,621 (\$2,935,632*.27) for gas administrative costs.

* Discount costs reflect estimated rates for 2009 and updated sales forecast for the CARE participants. The total sales forecast is a 12-month average of August 2005 through July 2008 billed gas volumes.

* Administrative costs pursuant to Low-Income A. 08-05-024 (Attachment B-1 CARE Budget).

* 2/ Pursuant to Commission D. 08-11-031 (11/6/2008), OP 1, authorizing 2009 and 2010 LIEE funding at \$21,184,008 for electric and gas.

* 3/ Pursuant to D.08-10-027 (10/16/08), Table 2 that was recalculated due to addition errors. Total allocated between electric and gas.

* 4/ Pursuant to Commission D.04-08-010 (OP 19), which requires the Energy Division to allocate the \$12 million statewide budget among utilities on the basis of throughput gas volumes.

* 5/ Pursuant to Commission D.04-08-010 (OP 14), which requires the Energy Division to allocate costs among utilities on the basis of throughput gas volumes.

* 6/ Pursuant to Commission D.04-08-010 (Finding of Fact 7), costs once paid by newly exempt customers must be re-allocated to other customers in either a BCAP or other appropriate ratemaking proceeding. Gas PPP D.04-08-010 authorized EG rates to be exempt from the gas surcharge, but did not authorize a change in the allocation of the PPP costs among customer classes.

The reallocation of the PPP costs is addressed in SDG&E's 2009 Biennial Cost Allocation Proceeding (BCAP) A.08-02-001, which the Commission is expected to render a decision in 2009.

8/ Funding consists of \$13,141,176 for discounts and \$846,665 (\$3,023,803*.28) for gas administrative costs. Pursuant to Commission D. 08-11-031, Attachment O - CARE Budgets PY 2009-2011.

Discount costs reflect estimated rates for 2010 and updated sales forecast for the CARE participants.

9/ Pursuant to Commission D. 09-09-047 (9/24/2009) authorizing \$278 million for the 2010-2012 budget cycle, 85% electric and 15% gas, spread evenly across the three years. Forecasted unspent/uncommitted funds will be allocated towards augmenting 2009 Bridge Funding Programs per OP 57, adjusted for PEEEBBA funding pursuant to Advice Letter 2072-E.