

98 FERC - 61, 128
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 13, 2002

In reply refer to:

Docket No. ER02-613-000

San Diego Gas & Electric Company
ATTN: Theodore E. Roberts, Esquire
101 Ash Street HQ12
San Diego, California 92101-3017

Dear Mr. Roberts:

On December 26, 2001, San Diego Gas & Electric Company (SDG&E) submitted revised tariff sheets reflecting its proposed revenue requirement for reliability must-run (RMR) charges from the California Independent System Operator Corporation

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(California ISO). Additionally, SDG&E filed revised tariff sheets in compliance with Order No. 614, FERC Stats. & Regs. - 31,096 (2000). The revised tariff sheets are conditionally accepted, subject to refund.

Specifically, SDG&E filed proposed changes to its Transmission Owner Tariff (TO Tariff) based on a forecast of payments that SDG&E will make to the California ISO for RMR service on and after January 1, 2002. The proposed revisions to the TO Tariff are designed to recover from both its retail and wholesale customers the amounts it pays to the California ISO for RMR contracts for the power plants operated by Duke Energy South2 Bay (DESB) and Cabrillo Power I and II, LLC (Cabrillo I and II).

Power plant owners in California provide RMR service to the California ISO by dispatching designated units at certain power plants at the direction of the California ISO. This dispatch is provided under individual RMR Agreements that follow a generic, standard-form RMR Agreement that was agreed to as part of a settlement approved in California Independent System Operator Corporation, 87 FERC - 61,250 (1999) (Settlement). Under the terms of the Settlement, each RMR power plant owner files annual updates to their RMR Agreements with the California ISO.

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The RMR Agreement provides that the RMR unit owner will invoice the California ISO and the California ISO will, in turn, invoice the responsible utility.

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This methodology was approved by the Commission in San Diego Gas & Electric Co., 93 FERC - 61,333 (2000).

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The charges under the RMR Agreements that are forecasted to be passed onto SDG&E and, ultimately SDG&E's customers by the California ISO include: (1) the monthly option payment, (2) the variable cost payment, (3) pre-paid start-up charges and (4) capital item charges. Under the RMR Agreements the monthly option payment and the capital item charge calculations reflect the annual fixed revenue requirement (AFRR) and fixed option payment factor (FOPF).

Both the AFRR and FOPF are the subject of other proceedings before the Commission. DESB's filings to update its RMR Agreement reflecting the Year 2002 updates including the AFRR

values have been filed in ER02-239-000. DESB's filing to update

its AFRR values were also filed in Docket No. ER02-10-000 and, for purposes of this filing, SDG&E states that it used Year 2002 updates and AFRR values as filed by DESB in the above-mentioned proceedings. Cabrillo I and II have yet to file their Year 2002 updates, including their revised AFRR values. For Cabrillo I and II, SDG&E states that it used the Year 2001 updates as approved by a letter order in Cabrillo I LLC and Cabrillo II LLC in Docket No. ER01-1173-000 on March 20, 2001.

Additionally, the FOPF for Year 2002 is currently in dispute in Docket No. EL02-15-000. On November 2, 2001, the California Public Utilities Commission, the California Electricity Oversight Board, Pacific Gas and Electric Company, SDG&E, and Southern California Edison Company filed an FPA section 206 complaint. The complaint asks the Commission to institute a proceeding to investigate the FOPF under their respective RMR Agreements and establish a refund effective date of January 1, 2002. The complaint is pending before the Commission. SDG&E states that for the purposes of this filing, it is using the current (Year 2001) FOPF for both DESB and Cabrillo I and II.

SDG&E states that if a ruling or a settlement of any of the above cases results in changes to the RMR payments, the resulting decrease or increase, with interest can be returned to or

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Recently, in Docket No. ER02-239-000 the Commission conditionally accepted the DESB's Year 2002 updates, including the AFRR values subject to the outcome of the proceedings in Docket No. ER02-10-000 and subject to refund. (1/30/02 agenda Cite)

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On October 1, 2001, pursuant to its RMR Agreement DESB filed to update its AFRR values for Year 2002. The AFRR values have been subject to a rate freeze that expired December 31, 2001. That filing is currently under review.

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collected from the customers in subsequent years through the
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SDG&E's balancing account as approved by the Commission.

SDG&E asks that the revised tariff sheets be made effective January 1, 2002. For good cause shown, waiver of the notice requirements of section 35.11 of the Commission's regulations is granted and the revised rate schedule sheets are conditionally accepted, nominally suspended, to be effective January 1, 2002, subject to refund and the outcome of Docket Nos. ER02-10-000 and
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EL02-15-000.

SDG&E is advised of the following rate schedule designations: First Revised Sheet Nos. 52, 53, 77, 78, 79, 81-88; FERC Electric Tariff, First Revised Volume No. 5.

This filing was noticed on January 10, 2002, with comments, protests or interventions due on or before January 22, 2002. Timely unopposed motions to intervene were filed by Pacific Gas and Electric Company and Southern California Edison Company. A notice of intervention was filed by the California Public Utilities Commission. No protests or adverse comments were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

By direction of the Commission.

Linwood A.
Watson, Jr.,

Deputy
Secretary.

cc: All Parties

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San Diego Gas and Electric Co, 93 FERC - 61,333 (2000).

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See, Central Hudson Gas & Electric Corp., 60 FERC - 61,106
reh'g denied, 61 FERC - 61,089 (1992).