

144 FERC ¶ 61,144  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

August 22, 2013

In Reply Refer To:  
San Diego Gas & Electric Company  
Docket No. ER13-1866-000

San Diego Gas & Electric Company  
Attention: Georgetta J. Baker  
101 Ash Street, HQ12  
San Diego, CA 92101

Dear Ms. Baker:

1. On June 28, 2013, San Diego Gas and Electric Company (SDG&E) filed revisions to the Border East Line Rate (Appendix X) of its Transmission Owner (TO) Tariff. SDG&E states the proposed revisions correct errors in the charge calculation under Appendix X that increase the cost obligation of Citizens Sunrise Transmission LLC (Citizens Sunrise) for certain operation and maintenance services provided to it by SDG&E. SDG&E requests that the Commission accept its filing, effective July 1, 2013, consistent with the effective date granted in its recently-approved petition for a one-time, limited tariff waiver.<sup>1</sup> SDG&E also requests that the Commission grant any applicable waivers deemed necessary to permit the proposed modifications to the Appendix X formula rate to become effective, as filed, on the requested effective date. As discussed below, we will accept SDG&E's proposed formula rate modification filing effective July 1, 2013, as requested.

2. In 2009, Citizens Sunrise prepaid SDG&E over \$85 million in exchange for a 30-year entitlement to 50 percent of the Border East Line's transfer capability,<sup>2</sup> as stipulated

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<sup>1</sup> See *San Diego Gas & Electric Company*, 144 FERC ¶ 61,072 (2013), where the Commission approved SDG&E's request for a limited waiver to allow SDG&E to defer its Appendix X Cycle 2 informational filing for approximately one month.

<sup>2</sup> SDG&E states the Border East Line segment is located between SDG&E's Imperial Valley substation and the San Diego County line and is part of the Sunrise Powerlink Transmission Project, which stretches from the Imperial Valley substation to load centers in western San Diego County, California.

in a lease agreement between the parties.<sup>3</sup> SDG&E states that it operates and maintains the Border East Line for Citizens Sunrise for a charge, i.e., the Border East Line Rate under Appendix X. Additionally, the terms of the TO Tariff require the Appendix X formula rate to be revised annually through an informational filing made just prior to June 1 of each year; the rate effective period extends from June 1 of each year to May 31 of the following year, subject to true-up.

3. SDG&E explains that the errors within the Appendix X formula became apparent when the charges assessed by SDG&E to Citizens Sunrise for operations and maintenance service for the Border East Line were “too high to be correct.”<sup>4</sup> According to SDG&E Witness Leonor Sanchez, the problem arose in the derivation of the annual carrying charge percentages applied to Citizens Sunrise’s lease amount that determine the Non-Direct Expenses appropriately allocable to Citizens Sunrise.<sup>5</sup> Specifically, SDG&E states the numerator in the currently-effective formula includes Non-Direct Transmission Operation & Maintenance and Administrative & General Expenses associated with total transmission plant, but the divisor inadvertently excludes investment in transmission substations, underground lines, and overhead lines, which are investments in the total transmission plant. This causes an over-allocation of expenses to Citizens Sunrise.<sup>6</sup>

4. SDG&E states further that modifying the denominator to include all transmission plant ensures an accurate allocation of the aforementioned costs to Citizens Sunrise, which in the near-term will result in a rate reduction in the charges applicable to Citizens Sunrise in Cycle 2,<sup>7</sup> to be reflected in the Cycle 2 informational filing.<sup>8</sup> Additionally,

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<sup>3</sup> See *San Diego Gas & Electric Company*, 129 FERC ¶ 61,233 (2009).

<sup>4</sup> SDG&E, Leonor Sanchez Testimony at 7 (Sanchez Testimony). Appendix X consists of the following cost components: (1) Direct Maintenance Expense Cost Component; (2) Non-Direct Expenses Cost Component; (3) Cost Component Containing Other Specific Costs; (4) True-Up Adjustment and (5) Interest True-Up Adjustment.

<sup>5</sup> *Id.*

<sup>6</sup> For example, Witness Sanchez explains that the transmission Administrative and General annual carrying charge percentage currently in effect is equal to 11.06 percent of total transmission plant, less transmission substations and underground and overhead lines. The corrected percentage is 1.25 percent and includes transmission substations and underground and overhead lines in the denominator of the rate calculation. Sanchez Testimony at 8.

<sup>7</sup> SDG&E states that the term “Cycle” refers to the number of annual filings made under the applicable formula and therefore Cycle 2 is SDG&E’s second annual filing under Appendix X.

SDG&E revises the definition of Transmission Plant to clarify that the modified formula includes Citizens Sunrise's leased amount and reflects that costs are being allocated to Citizens Sunrise from a total electric transmission system perspective.

5. According to SDG&E, any differential resulting from the annual charge that Citizens Sunrise has already paid under the currently-effective formula, as opposed to the modified formula, will be accounted for in the Cycle 2 informational filing true-up adjustment. Similarly, any differential attributable to California Independent System Operator Corporation's customers on SDG&E's system, e.g., Participating Transmission Owners, or SDG&E's retail transmission customers will be accounted for in the final true-up adjustment of SDG&E's TO3 formula rate filing, pursuant to the terms of SDG&E's TO Tariff.<sup>9</sup>

6. Notice of the filing was published in the Federal Register, 78 Fed. Reg. 41,055 (2013), with interventions and comments due on or before July 19, 2013. No protests or comments were filed. The California Department of Water Resources State Water Project and the Modesto Irrigation District filed motions to intervene. The M-S-R Public Power Agency and the City of Santa Clara, California, jointly filed a timely motion to intervene. The Cities of Anaheim, Azusa, Banning, Colton, Pasadena and Riverside, California (Six Cities) filed a motion to intervene out-of-time.

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2013), we will grant Six Cities' late-filed motion to intervene given its interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

8. We accept SDG&E's proposed Appendix X formula rate modification as it allows SDG&E to accurately allocate to Citizens Sunrise its portion of the costs associated with SDG&E's operation and maintenance of the Border East Line. We find that no party will be harmed because the differential resulting from the annual charge that Citizens Sunrise paid under the defective formula, as opposed to the corrected, modified formula, will be accounted for in SDG&E's Cycle 2 informational filing true-up adjustment.

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<sup>8</sup> SDG&E's Cycle 2 informational filing is currently pending before the Commission in Docket Nos. ER12-1417-000 and ER13-1596-000, and is issued concurrently with this order.

<sup>9</sup> See *San Diego Gas & Electric Company*, 141 FERC ¶ 61,273 (2012).

Additionally, SDG&E acknowledges that any similar differentials for other customers on its transmission system will be trued-up pursuant to the terms of its TO3 formula rate.

9. Finally, we will waive the 60 day prior notice requirement so that the effective date is consistent with the effective date of the informational filings that will be used in calculating the cost obligations. This will ensure that the corrected rates will be in place to appropriately allocate costs.<sup>10</sup> Accordingly, for good cause shown,<sup>11</sup> we will grant waiver of the Commission's prior notice requirement to allow the proposed modification to the Appendix X formula rate to become effective as filed, on July 1, 2013.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>10</sup> See *Northeast Utilities Service Company*, 123 FERC ¶ 61,324 (2008).

<sup>11</sup> See, e.g., *Central Hudson Gas & Electric Corporation, et al.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992) and *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, *clarified*, 65 FERC ¶ 61,081 (1993).