

147 FERC ¶ 61,150
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 27, 2014

In Reply Refer To:
San Diego Gas & Electric
Company
Docket Nos. ER13-941-002
ER13-941-003

San Diego Gas & Electric Company
101 Ash Street
San Diego, CA 92101

Attn: Georgetta J. Baker, Esq.
James F. Walsh, Esq.

Dear Ms. Baker and Mr. Walsh:

1. On February 9, 2014, San Diego Gas & Electric Company (SDG&E) filed, in the above referenced proceeding, an Offer of Settlement (Settlement) among the settling parties.¹ Comments in support of the Settlement were filed by SDG&E on February 20, 2014 and by Commission Trial Staff on February 24, 2014. No reply comments were filed. On March 11, 2014, the Settlement Judge certified the Settlement to the Commission as uncontested.²

2. The Settlement addresses SDG&E's February 15, 2013 tariff filing to implement its fourth transmission owner formula rate mechanism (TO4 Formula). Among other things, the Settlement sets SDG&E's wholesale and retail base transmission revenue

¹ The settling parties are: SDG&E; California Public Utilities Commission; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; M-S-R Public Power Agency; City of Santa Clara, California and City of Redding, California; Northern California Power Agency; California Department of Water Resources State Water Project; Pacific Gas and Electric Company; Southern California Edison Company; Trans Bay Cable LLC; State Water Contractors; and Sacramento Municipal Utility District.

² *San Diego Gas & Elec. Co.*, 146 FERC ¶ 63,021 (2014).

requirements (in accordance with the TO4 Formula), return on equity, and the TO4 Formula term.

3. The Settlement provides that:

[t]o the maximum extent permitted by law, the provisions of this Settlement shall not be subject to change under Sections 205 and 206 of the FPA absent the written agreement of SDG&E and the Parties to this proceeding, and the standard of review for changes unilaterally proposed by SDG&E or a Party to this proceeding shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956); *Fed. Power Comm’n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956); *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish County*, 554 U.S. 527 (2008); and *NRG Power Mktg., LLC v. Maine Pub. Utilities Comm’n*, 558 U.S. (2010). The “public interest” standard of review shall not apply to future changes to the Settlement adopted by the Commission acting *sua sponte* or at the request of an entity that was not a party to this proceeding.³

4. The Settlement resolves all issues in dispute in this proceeding. The Settlement appears to be fair, reasonable and in the public interest, and is hereby approved. The Commission’s approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

5. This letter terminates Docket Nos. ER13-941-002 and ER13-941-003.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

³ SDG&E February 9, 2014 Offer of Settlement, § 4.8.