

148 FERC ¶ 61,231  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

September 25, 2014

In Reply Refer To:  
San Diego Gas & Electric Company  
Docket No. ER14-2057-000

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

Dear Ms. Baker:

1. On May 28, 2014, San Diego Gas & Electric (SDG&E) submitted its third informational filing (Cycle 3),<sup>1</sup> pursuant to Appendix X of its Transmission Owner Tariff. Appendix X contains the formula that SDG&E uses to recover maintenance costs directly assigned to Citizens Sunrise Transmission, LLC (Citizens Sunrise), along with certain non-direct expenses and other allocated costs, under the lease arrangement between the parties that entitles Citizens Sunrise to approximately 50 percent of the transfer capability on the Border East Line of SDG&E's Sunrise PowerLink Transmission Line (Border East Line).<sup>2</sup> In this order, we accept the informational filing, effective June 1, 2014, as requested.

2. SDG&E explains that it operates and maintains Citizens Sunrise's portion of the Border East Line for a fee, which is calculated using a formula stated in Appendix X of SDG&E's Transmission Owner Tariff and annually updated, effective June 1 of each year.<sup>3</sup> SDG&E also states that the cost components of the Border East Line rate are calculated based on the previous calendar year's cost data filed in its FERC Form 1, and that the rate includes direct maintenance expense, non-direct expenses, and a true-up

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<sup>1</sup> Each informational filing is referred to as a "Cycle," and reflects costs for the twelve month period between June 1 of the previous year and May 31 of the current year.

<sup>2</sup> SDG&E, SDG&E Transmission Owner Agreement, Appendix X (Volume 11).

<sup>3</sup> SDG&E's Appendix X formula rate is referred to as the "Border East Rate."

adjustment. The true-up adjustment, according to SDG&E, is the result of reconciling the difference between SDG&E's actual costs of providing transmission service to Citizens Sunrise during the most recent twelve-month period less the actual revenues received from Citizens Sunrise for transmission services during the same twelve-month period.<sup>4</sup>

3. SDG&E asserts that the Border East Line rate for the period of June 1, 2014, through May 31, 2015, is approximately \$4.69 million. SDG&E explains that the rate increased by 253 percent, and that the increase was primarily because: (1) the prior period's cycle only included 6 months of costs, rather than 12 months; and (2) wildfire related costs recorded in SDG&E's administrative and general expenses increased over the prior period.<sup>5</sup>

4. SDG&E notes that, currently, Appendix X is based on a cost allocation formula that terminated on August 31, 2013, pursuant to a settlement that the Commission approved on May 27, 2014, a day before it submitted the instant informational filing.<sup>6</sup> SDG&E states that it will submit a revised informational filing, after it updates the formula rate in Appendix X, in a subsequent section 205 filing under the Federal Power Act.<sup>7</sup>

5. Notice of SDG&E's filing was published in the *Federal Register*, 79 Fed. Reg. 33,744 (2014), with protests and interventions due on or before June 18, 2014. Timely, unopposed motions to intervene were filed by the City of Santa Clara, California; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, Six Cities); Modesto Irrigation District; M-S-R Public Power Agency; Southern California Edison Company; California Department of Water Resources State Water Project; and Trans Bay Cable LLC. On June 18, 2014, Six Cities filed a protest, and on July 2, 2014, SDG&E filed an answer to Six Cities' protest.

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<sup>4</sup> SDG&E May 28, 2014 Filing at 2 (SDG&E Filing).

<sup>5</sup> *Id.* at 3.

<sup>6</sup> The instant filing was prepared using the TO3 Formula under SDG&E's Transmission Owner Tariff, which terminated on August 31, 2013, while the recent settlement approved SDG&E's TO4 Formula. SDG&E Filing at 3.

<sup>7</sup> *Id.* at 4; SDG&E, SDG&E Transmission Owner Agreement, Appendix X, § I. Introduction (Volume 11 ) ("Citizens and SDG&E agree that if the cost methodology in the TO3 Formula is modified in future rate filings, e.g., in an SDG&E Formula, this Appendix will be modified accordingly.").

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SDG&E's answer because it has provided information that assisted us in our decision-making process.

8. In its protests, Six Cities asserts that SDG&E's filing contains several minor errors in SDG&E's calculation of the Border East Line rate resulting in an over-collection of between \$200,000 and \$250,000. Six Cities asserts that Citizens Sunrise will be impacted by these errors because the Border East Line rate is included in its transmission revenue requirement. Six Cities states that it discussed the discrepancies directly with SDG&E, and that SDG&E represented that, after it conforms the formula in Appendix X with the most recent settlement approving its revised transmission revenue requirement, it will make the necessary corrections to Appendix X in a subsequent informational filing. Six Cities states that it does not oppose SDG&E's approach.<sup>8</sup>

9. In its answer to Six Cities' protests, SDG&E explains that the revised informational filing will include any over- and/or under-collected cost resulting from errors in the Cycle 3 filing.<sup>9</sup> In addition, SDG&E states that it will make a filing "as soon as practicable" to update Appendix X to reflect the terms of the most recent settlement, and that subsequently, it will submit an informational filing to modify Appendix X to conform it to the TO4 Formula.

10. We accept SDG&E's Cycle 3 informational filing. We also accept SDG&E's commitment to refund Citizens Sunrise any over-collected costs resulting from errors noted by Six Cities when SDG&E submits a filing to conform Appendix X to its TO4 Formula, which was recently approved by the Commission. As Six Cities notes, however, if SDG&E revises the Appendix X Cycle 3 formula rate to account for the discrepancies discussed herein, Citizens Sunrise's transmission revenue requirement will be impacted.<sup>10</sup> Thus, we also expect SDG&E, consistent with its commitment, will make

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<sup>8</sup> Six Cities June 18, 2014 Comments at 3-4.

<sup>9</sup> SDG&E July 2, 2014 Answer at 2-3.

<sup>10</sup> On May 28, 2014, Citizens Sunrise filed tariff revisions, pursuant to section 205 of the Federal Power Act, revising its transmission revenue requirement to reflect the current Border East Line rate. *Citizens Sunrise Transmission, LLC*, 148 FERC ¶ 61,062 (2014).

a filing to modify Appendix X as soon as practicable. As stated above, Six Cities does not object to SDG&E's proposed approach. Therefore, we accept SDG&E's informational filing, effective June 1, 2014, as requested.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.