Decision **PROPOSED DECISION OF ALJ GALVIN** **(Mailed 8/19/2002)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Diego Gas & Electric Company For Authority to Make Various Electric Rate Design Changes, Close Certain Rates, and Revise Cost Allocation Among Customer Classes Effective August 1, 2002 (U 902-E).	Application 01-11-004 (Filed November 1, 2001)

Vicki Thompson, Attorney at Law, for San Diego Gas & Electric Company, applicant.
John M. Cummins, Attorney at Law, for Department of Navy;
Ronald Liebert, Attorney at Law, for California Farm Bureau Federation; and Anderson & Pool by Edward G. Poole, Attorney at Law, for Western Manufactured Housing Community Association, interested parties.
J. Jason Reiger, Attorney at Law, for the Office of Ratepayer Advocates.

OPINION APPROVING RATE DESIGN SETTLEMENT AGREEMENT

I. Summary

This decision adopts an all-party settlement agreement (agreement) that makes minor changes to San Diego Gas & Electric Company's (SDG&E) rate design for its small commercial, commercial and industrial, and agricultural customers. There is no reallocation of revenues between customer classes.

II. Background

SDG&E submitted its 2002 rate design window (RDW) application in accordance with the schedule adopted in Decision (D.) 89-01-040, as amended by D.95-09-020. That rate design schedule was established in 1989 to eliminate rate design issues in "ECAC" proceedings and to minimize the number of rate design advice letter filings.

In this RDW application, SDG&E seeks authority to continue its movement toward cost-based electric distribution rates by increasing distribution-related basic service fees and demand charges for the larger commercial and industrial customers while decreasing energy usage charges for those same customers, align non-distribution related rates on a consistent basis, update its marginal distribution costs, maintain its existing revenue allocation methodology, close or cancel certain rate options, and to "clean up" the language of certain other tariffs.

III. Procedural History

SDG&E submitted testimony as part of its application. Notice of the filing of SDG&E's application was published in the Commission's November 8, 2001 Daily Calendar. Upon receipt and consideration of protests, a prehearing conference (PHC) was held on January 25, 2002.

Each of the interested parties that filed an appearance at the PHC submitted testimony. Office of Ratepayer Advocates (ORA) submitted its testimony on April 25, 2002. The United States Department of Navy and all other Federal Executive Agencies (FEA), California Farm Bureau Federation (Farm Bureau), and Western Manufactured Housing Communities Association (WMA) submitted their testimony on May 9, 2002.

SDG&E noticed parties of a May 14, 2002 all-party settlement conference. That notice was in conformance with Rule 51.1(b) of the Commission's Rules of

Practice and Procedure (Rules). The purpose of that conference was to provide parties an opportunity to discuss stipulation and settlement proposals. All parties attended and actively participated in that conference.

On June 7, 2002, three days prior to the start of evidentiary hearings, the parties filed a joint motion for adoption of an agreement. The June 10, 2002 evidentiary hearing was held as scheduled. Testimony from SDG&E, FEA, Farm Bureau, WMA, and ORA was received into evidence. The agreement was also received into evidence. A representative of all parties testified on the reasonableness of the proposed agreement.

IV. All Party Settlement

We previously set forth a standard to be applied in reviewing all-party settlements.[1] As a precondition to our approval of such an agreement we must be satisfied that the proposed settlement commands:

1. The unanimous sponsorship of all active parties to the instant proceeding,
2. That the sponsoring parties are fairly reflective of the affected interests,
3. That no term of the settlement contravenes statutory provisions or prior Commission decisions, and
4. That the settlement conveys to the Commission sufficient information to permit us to discharge our future regulatory obligations with respect to the parties and their interests.

[1] 46 CPUC 2d 538 at 550-551.

1. Unanimous Sponsorship

All parties that filed an appearance at the PHC signed the agreement. Those parties were SDG&E, FEA, Farm Bureau, WMA, and ORA. No additional appearances were received at the evidentiary hearing. Hence, unanimous sponsorship of the active parties of record to the instant proceeding has been satisfied.

2. Affected Interest

The next precondition requires that the sponsoring parties must be reflective of the affected interests. In this case, there are five active parties with diverse interest. SDG&E represents the service provider. FEA represents federal agencies that consume substantial quantities of electricity and use the transmission and distribution system of SDG&E. Farm Bureau represents over 80% of California's commercial agriculture. WMA represents over 1,500 manufactured housing communities that contain 160,000 homes. Finally, ORA represents the interest of all energy users**.** Clearly, the small commercial, commercial and industrial, and agricultural customers that will be affected by the agreement are fairly represented by the sponsoring parties.

3. No Term Contravenes Statutory Provisions

The parties represent that the agreement complies with all statues and prior Commission decisions. Further, we find no proposed modification of Commission policy or formulation of unannounced policy within the agreement that would produce a result inconsistent with prior Commission decisions. The agreement satisfies the requirement that no term of the settlement contravenes statutory provisions or prior Commission decisions.

4. Sufficient Information

This leaves us to address the final condition, whether sufficient information exists to permit us to discharge our future regulatory obligations with respect to the parties and their interests. In that regard, the Commission settlement rules set forth a standard for making such an assessment.

Rule 51.1(e) states in pertinent part that the Commission will not approve a settlement unless the "settlement is reasonable in light of the whole record, consistent with law, and in the public interest." We review the record with that criterion in mind.

Testimony from the individual parties disclosed a diverse position on SDG&E's application. For example, FEA took issue with SDG&E's proposal to change the structure and design of Schedule A6-TOU and AL-TOU, and opposed SDG&E's proposal to close Schedule A6-TOU to new businesses. The Farm Bureau took issue with SDG&E's attempt to alter the proportion of variable versus fixed charges in a RWD proceeding. WMA focused on the master-meter differential ("space discount") contained in SDG&E's Schedule DT. WMA proposed to update the existing per/unit discount and delineate which cost categories are included in the master-meter differential. ORA opposed SDG&E's proposals to increase non-residential basic service fees and demand charges; increase standby charges on Schedule S; cancel Schedule A-V1; and add new tariff language concerning the obligations of customers who choose to interconnect generating units to SDG&E's system.

Regardless of those diverse concerns, the parties used their collective experience to enter into an agreement that results in minor changes to SDG&E's rate design for its small commercial, commercial and industrial, and agricultural

customers. A copy of that agreement, which incorporates the initial position of each party, is attached as Appendix A.

For example, WMA dropped its objection to the status quo mobile home park sub-metering charges while SDG&E agreed to establish a consistent basis for calculating mobile home park discounts.[2] SDG&E dropped its proposal to increase basic service fees for agricultural, commercial, and industrial customers, except at the transmission level.[3] Although not an initial RDW recommendation of SDG&E, all parties concurred that a 7.5% rate cap should be established so that no individual customer would see a bill increase over that rate cap due to the agreement.[4] This rate cap was proposed because the parties recognize that SDG&E's shift from usage charges toward demand charges may result in higher bills for some customers. Parties also agreed to consolidate tariffs and change specific tariff language for consistency and clarification purposes.[5] As an example, the parties agree that Schedule A-V1 should be consolidated into other schedules and the parties seek a 60-day period to smoothly transition customers off Schedule A-V1.[6]

We considered modifying language in the agreement that precludes any legal action from being brought against individual parties related to the agreement.[7] In that regard, the settling parties' representative clarified that that

---

[2] *See* Item A.3 of the Agreement, page 3 of 13.

[3] *See* Item C of the Agreement, page 4 of 13.

[4] *See* Item C.11 of the Agreement, pages 8 and 9 of 13.

[5] *See* Item D of the Agreement, pages 9 and 10 of 13.

[6] *See* Item C.4 of the Agreement, pages 5 and 6 of 13.

[7] *See* the Agreement, first paragraph on page 11 of 13.

language in no way intends to have the Commission assume any liability of the settling parties. With that clarification, we find no need to change the language.

We also considered modifying language that provides parties the right to seek Commission modification "any time" after the Commission issues a decision adopting the agreement.[8] Again, the settling parties' representative clarified that the intent of that language is only to provide parties an opportunity to file a petition for modification if a final decision on this matter differs from the agreement entered into by the parties. The representative emphasized and all settling parties affirmed, that that language is not intended to provide parties an opportunity to seek modification of a decision that may adopt the agreement in its entirety. With that understanding we forego any modification of the agreement on this issue.

V. Conclusion

Upon careful review and consideration of all the evidence presented in this proceeding by SDG&E, FEA, Farm Bureau, WMA, and ORA, we find that the agreement benefits small commercial, commercial and industrial, and agricultural customers. Such benefits include no major changes in rate design; no reallocation of revenues between customers; imposition of a cap in any instance where a shift of rates from usage to demand may occur; and, consolidation, clarification and simplification of tariff schedules.

The agreement is reasonable in light of the whole record, consistent with law, and in the public interest. We adopt the agreement without any modification.

---

[8] *See* the Agreement, page 12 of 13.

VI. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(d) and Rule 77.1 of the rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on_____.

Findings of Fact

1. SDG&E submitted its 2002 RWD application and testimony in accordance with the schedule adopted in D.89-01-040, as amended by D.95-09-020.

2. ORA submitted its testimony on April 25, 2002.

3. FEA, Farm Bureau, and WMA submitted testimony on May 9, 2002.

4. SDG&E noticed an all-party settlement conference. That notice was in conformance with Rule 51.1(b). All parties attended that conference.

5. A standard to be applied in reviewing all-party settlements was established in SDG&E's A.91-11-024 general rate case proceeding.

6. An agreement signed by all parties was filed on June 7, 2002 and subject to an evidentiary hearing on June 10, 2002.

7. Sponsoring parties represent the small commercial, commercial and industrial, and agricultural customers that will be affected by the agreement.

8. The parties represent that the agreement complies with all statues and prior Commission decisions.

9. The settling parties' representative clarified that language in the agreement precluding any legal action being brought against individual parties related to the agreement is in no way intended to have the Commission assume liability of the settling parties.

10. The settling parties' representative clarified that language in the agreement providing parties the right to seek Commission modification any time

after the Commission issues a decision is not intended to provide parties the opportunity to seek modification of a decision that may adopt the agreement in its entirety.

11. Parties agree to consolidate Schedule A-VI into other schedules and to provide SDG&E a 60-day period to smoothly transition customers off that schedule to other appropriate schedules.

Conclusions of Law

1. The agreement satisfies the standard for all-party settlements and is reasonable in light of the whole record, consistent with law, and in the public interest. The agreement should be adopted.

2. SDG&E should be authorized a transition period for moving customers off Schedule A-V1.

3. Consistent with Rule 51.8, this agreement is not precedent and does not constitute approval of any principle or issue in future proceedings.

4. This order should be effective today in order to allow the agreement to be implemented immediately.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company (SDG&E) is authorized to establish the rates and tariff language set forth in Appendix A & B.

2. SDG&E shall file an advice letter to revise its respective tariffs to incorporate the tariff changes authorized herein within five days after the effective date of this order. Except for Tariff Schedule A-V1, changes shall go into effect within 5 days of filing unless suspended by the Energy Division Director. If the Energy Division Director suspends any tariffs, such tariffs shall

become effective upon the date the Energy Division Director confirms that the tariffs are in compliance.

3. The consolidation of Schedule A-VI into other schedules shall become effective within 5 days of filing unless suspended by the Energy Division. SDG&E shall have 60-days from the effective date of the tariffs to transition customers off Schedule A-VI to other appropriate schedules. If the Energy Division Director suspends any tariffs, such tariffs shall become effective upon the date the Energy Division Director confirms that the tariffs are in compliance.

4. Application 01-11-004 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

SETTLEMENT AGREEMENT BETWEEN ALL ACTIVE PARTIES TO SAN DIEGO GAS & ELECTRIC COMPANY'S NOVEMBER 1, 2001 RATE DESIGN WINDOW PROCEEDING, APPLICATION 01-11-004

I. INTRODUCTION AND BACKGROUND:

A. Introduction

This Settlement proposes resolutions to the issues raised in San Diego Gas & Electric Company's (SDG&E) November 1, 2001 Rate Design Window Proceeding (RDW), Application (A.) 01-11-004 (the Settlement). The Settlement is made by and among all of the interested parties, specifically SDG&E, the Office of Ratepayer Advocates (ORA), the Federal Executive Agencies (FEA), the California Farm Bureau Federation (Farm Bureau) and the Western Manufactured Housing Community Association (WMA) collectively referred to as the "Parties."[9[1]] The Settlement was achieved pursuant to Rules 51 through 51.10 of the Commission's Rules of Practice and Procedure (the Rules).

B. Background

In accordance with the schedule adopted in Decision (D.) 89-01-040, as modified by D.94-08-023, SDG&E filed its proposed changes to various marginal costs and revenue allocation methodologies in July 2001. On November 1, 2001, SDG&E submitted its RDW Application. Based upon the ORA report and responsive testimony submitted by FEA, the Farm Bureau and WMA, SDG&E believed that there was an opportunity to settle all contested issues. To achieve that end, the Parties held several face-to-face meetings and conference calls, and exchanged various data to further clarify each Party's position. Because these discussions were quite productive, SDG&E noticed a formal Settlement Conference for May 10, 2002**,** in

---

9[1] Although a Party to this Settlement, WMA is actively supporting the proposed resolution of issues concerning SDG&E's Schedule DT as described in Section B.3. below.

accordance with Rule 51.1(b) of the Commission's Rules.

The Settlement Conference was held as scheduled in San Francisco, California, at the Sempra Energy Office, 601Van Ness Avenue, San Francisco, CA. All active parties attended. As permitted by Rule 51.b, the Parties held two additional meetings in San Francisco. Both subsequent meetings were orally noticed and attended by prior conference attendees. The Settlement below describes the Parties initial positions and the final agreement reached by the Parties.

CHAPTER II: SETTLEMENT AGREEMENT

A. Residential Rate Design

1. Residential Customer Charge

SDG&E Position

Defer the requirement for SDG&E to propose a residential customer charge until no later than December 31, 2002 (Hansen, page 4 of 12, Section E).

ORA Position

Defer the requirement for SDG&E to address a residential customer charge indefinitely (Khoury, Chapter 1, page 1-9, Section H).

Recommendation of Parties

Eliminate the requirement in the decision in SDG&E's last RDW proceeding, that SDG&E propose a residential a customer charge in this RDW proceeding. Give SDG&E the choice of whether or not to propose a residential customer charge in a subsequent Rate Design Window or other appropriate proceeding.

2. Generation related charges

SDG&E Position

Align the Schedule EECC rates for all residential tariffs (Derbas page 5 of 6).

Recommendation of Parties

No action is necessary.

\
\

a. Unit/month discount price

WMA Position

Set the Schedule DT per-unit discount at $0.2512/unit/day (McCann, Table WMA-1).

Recommendation of Parties

The current Schedule DT per-unit discount should not be modified.

b. Recognition of basis of costs in the discount

WMA Position

Costs that are excluded from the discount are those costs that SDG&E does not incur in providing service to mobile home parks where SDG&E provides service to each tenant based on its current electric extension rules, Rules 15 and 16.

Recommendation of Parties

Add the following language to the end of the first paragraph of Special Condition 10 a. of Schedule DT:

"The costs recovered by the mobile home park owner through the sub-metering discount must be consistent with those costs that the utility's line extension Rule 15 and service extension Rule16."

Add the following language to the end of the second paragraph of Special Condition 10 a.:

". . ."and Ordering Paragraph X of Decision 02-XX-XXX, dated XX, XX, 2002" (the final decision in this proceeding).

B. Street Lighting Rate Design

SDG&E Position

Make no change to existing street light rates (Hansen, page 12 of 12, Derbas, page 4 of 6).

Recommendation of Parties

Make no changes to existing street light rates.

C. Agricultural, Commercial and Industrial Rate Design

1. Basic Service Fees

SDG&E Position

SDG&E recommends increasing existing Basic Service Fees, adding several new categories of Basic Service Fees, and, in conjunction, decreasing the kWh charges in order to produce a revenue neutral result (Hansen, page 4 of 12, Section G, Derbas, Table I, Sheet 1 of 12).

ORA Position

ORA opposes an increase to the Basic Service Fees (Khoury, Chapter 2, page 2-1, Section II.A.).

Farm Bureau Position

The Farm Bureau opposes SDG&E's proposal to increase fixed fees and decrease the energy rates for distribution services (Illingworth, page 8).

FEA Position

Opposes SDG&E's proposed customer charge changes to AL-TOU and A6-TOU (Brubaker, page 6).

Recommendation of Parties

Make no change to the Basic Service Fees, except for a 10% increase to the transmission level Basic Service Fees on Schedules AL-TOU, AY-TOU, A6-TOU, A-V1, and NJ.

2. Energy Charges for Distribution

SDG&E Position

Eliminate energy charges as a way to collect distribution costs (Hansen, pages 8-9 of 12, Section I, Derbas, Table I, Sheet 2 of 12).

ORA Position

ORA opposes SDG&E except for the proposed decrease to the Basic Service Fee for customers under 20 kW(Khoury, Chapter 2, page 2-2, Section III.B.)

Farm Bureau Federation

The Farm Bureau opposes SDG&E's proposal to increase fixed fees and decrease the energy rates for distribution services in this proceeding (Illingworth, page 8)

Recommendation of Parties

Do not adopt SDG&E's proposal to eliminate energy charges as a way to collect distribution costs.

3. Demand Charges for Schedules AD, AL-TOU, AY-TOU, A6-TOU, PA-T-1 and NJ

SDG&E Position

SDG&E proposes to generally increase the Non-Coincident Demand Charges, Summer On-Peak Demand Charges and Winter On-Peak Demand Charges (Derbas, Table I, Hansen, page 8-9).

ORA Position

ORA opposes SDG&E's proposal (Khoury, Chapter 2, page 2-2, Section III.B.).

Farm Bureau Federation

The Farm Bureau opposes SDG&E's proposal to increase fixed fees and decrease the energy rates for distribution services in this proceeding (Illingworth, page 8)

Recommendation of Parties

SDG&E's specifically proposed changes to demand charges should be adopted as set forth in attached Table I.

4. Changes to Schedule A-V1

SDG&E Position

Close Schedule A-V1 effective with a decision in this proceeding (Hansen, page 10 of 12). Cancel Schedule A-V1 twelve months after the date of a decision in this proceeding, and transfer customers to Schedule AL-TOU effective with closure (Hansen, page 10 of 12). Align the generation related commodity rates for Signal Periods to be at least as high as the higher on-peak rate for other TOU rate schedules (Derbas, page 5 of 6). Increase the demand charges by an amount necessary to keep these changes revenue neutral after decreasing the Contract Maximum Demand Charge, and reducing the Period 1G and energy rates (Hansen, page 10 of 12).

ORA Position

Schedule A-V1 should not be closed, however, moving some of the variable costs to the commodity rates is acceptable (Ross, Chapter 3, page 3-4, Section III.C.).

Recommendation of Parties

The following changes to tariffs should be made:

a. Schedule A-V1 should be closed and cancelled effective 60 days after the effective date of a decision in this proceeding.

b. A new Schedule AL-TOU-CP (Critical Peak) should be created.

   1) The Rates section of Schedule AL-TOU-CP would have the identical rates as Schedule AL-TOU.

   2) Schedule AL-TOU-CP would have the Signaling Equipment Charge and the Contact Closure Fee from the existing A-V1.

   3) Schedule AL-TOU-CP would have a special condition stating that the On-Peak energy rate will apply during a Signaled Period 1G-time periods.

   4) Special conditions from the current Schedule A-V1 would be shifted to Schedule AL-TOU-CP with the deletion of Special Condition 8.

   5) Clean up – delete applicability sentences beginning with "As of 01-01-01, customers on Schedule …"

   6) Customers on A-V1 should be transferred to AL-TOU-CP at the start of their billing period, following the Commission-adopted effective date to initiate service for AL-TOU-CP. Tariff language should be added to A-V1 stating that this will occur, and that AL-TOU-CP is available to customers (up to 5 (five) per month).

c. Changes to Schedule EECC (See Table II)

   1) Change the A-V1 portion to include: Signaled Period 1G, On-Peak, Semi-Peak and Off-Peak rates.

   2) Make the Signaled Period 1G rate equal to the sum of the current Signaled Period 1G rates from A-V1 and EECC.

   3) Make the On-Peak, Semi-Peak and Off-Peak rates on Schedule EECC lower than those for Schedule AL-TOU on EECC by an amount equal to: [(EECC for A-V1 for Period 1G minus EECC for AL-TOU On-Peak) multiplied by 25 hours/year of signaled periods] divided by 8735 remaining hours/year.

   4) Change the sub-header to refer to Schedule AL-TOU-CP instead of A-V1.

5.) Commodity rates for TOU on Schedule EECC

SDG&E Position

Where the TOU periods are the same, the commodity rates (Schedule EECC) also should be the same for all customers (Derbas, page 6 of 6).

Recommendation of Parties

Where the TOU periods are the same, the commodity rates (Schedule EECC) also should be the same for all customers. Table III, attached, sets forth the changes to Schedule EECC rates consistent with this recommendation."

6. Schedule A6-TOU and NJ - Public Purpose Program and Restructuring Energy Rates

SDG&E Position

The Schedule A6-TOU and NJ Public Purpose Program and Restructuring Energy Rates should be made the same as for Schedule AL-TOU (Hansen, page 9 of 12).

Recommendation of Parties

The Schedule A6-TOU and NJ Public Purpose Program and Restructuring Energy Rates should be made the same as for Schedule AL-TOU.

7. Standby Fee

SDG&E Position

Increase the Standby Fee from $2.67/kW to $5.28/kW (Hansen, page 11 of 12, Derbas, Exhibit I, page 10 of 12).

ORA Position

ORA opposes an increase in the Standby Fee at this time (Ross, Chapter 3, page 3-6, Section D.).

Recommendation of Parties

The Standby Fee should increase 15% as set forth in Table I.

8. Closure of Schedule A6-TOU

SDG&E Position

Close Schedule A6-TOU to new customers, effective with a decision (Hansen, page 9 of 12).

FEA Position

Opposes the closure of Schedule A6-TOU (Brubaker, page 7).

Recommendation of Parties

Schedule A6-TOU should remain open.

9. Closure of Schedule A-TOU

SDG&E Position

Close Schedule A-TOU effective with a decision in this proceeding (Hansen, page 11 of 12)

Recommendation of Parties

Schedule A-TOU should be closed to new customers, effective with a decision in this proceeding.

10. Cancellation of Rate Schedule NJ

SDG&E Position

Cancel Schedule NJ, effective January 1, 2003 (Hansen, page 10 of 12)

Recommendation of Parties

Schedule NJ should be cancelled, effective January 1, 2003.

11. Rate Cap on impact to customer bills on Schedule AL-TOU

Recommendation of Parties

Add a new SPECIAL CONDITION 17 to Schedule AL-TOU as follows:

The utility will, between (___ insert a date 13 months following the effective date of a rate change resulting from a joint recommendation or settlement in Application 01-11-004) and (____ insert a date 15 months after the above effective date), perform a calculation that may lead to bill credits for some customers on this rate schedule. The calculation shall be based on twelve consecutive billing periods of usage for each customer on this rate schedule, commencing with the customers first billing period after (____ insert the effective date of the rate change). The calculation shall determine the annual bill at total adopted rates less the annual bill at total present rates, divided by the annual bill at total

present rates, to arrive at each customer's annual percentage change in bill. Total rates shall include all applicable rates that a bundled customer taking service under this rate schedule would be billed, including Schedule EECC rates. Based on the result of this calculation, any customer who has experienced an annual bill increase that exceeds 7.5% shall be eligible for a bill credit equal to that portion of their bill increase that causes them to exceed a 7.5% increase. Present rates will be those rates in effect on (___ insert the day prior to the effective date of the rate change). All customers eligible for a bill credit under the provisions of this Special Condition shall receive such bill credits by (____ insert a date 16 months of the effective date of the rates).

D. Other tariff changes

1. Clarity of applicability of E-Depart and CTC

SDG&E Position

Each rate schedule should clearly state that the E-Depart and CTC will apply (Hansen, page 11 of 12).

ORA Position

ORA opposes including proposed statement in each rate schedule (Ross, Chapter 3, page 3-7, Section V.).

Recommendation of Parties

All rate schedules should contain the following special condition language "Rules 21, 23 and Schedule E-Depart apply to customers with generators."

2. Rule 1: Distance Adjustment Fee

SDG&E Position

Modify the language in Rule 1 "Distance Adjustment Fee" to comport with the language in the form contract that customers sign for service (Derbas, Table III).

Recommendation of Parties

Modify the language in Rule 1 "Distance Adjustment Fee" to comport with the language in the form contract that customers sign for service.

3. Basic Service Fee Determination

SDG&E Position

Provide additional clarity in the tariffs that the basic service fee is to be calculated based on the customer's annual maximum demand (Derbas, Table III).

Recommendation of Parties

Provide additional clarity in the tariffs that the basic service fee is to be calculated based on the customer's annual maximum demand

4. Rule 9 duplicative language

SDG&E Position

Remove paragraph 9.A.3.c. of Rule 9 (Derbas, Table III).

Recommendation of Parties

Remove paragraph 9.A.3.c. of Rule 9

5. Bill for high demand on temporary service

SDG&E Position

Add language that requires SDG&E to bill for high demand when temporary service exceeds 20 kW (Derbas, Table III).

Recommendation of Parties

Add language that requires SDG&E to bill for high demand when temporary service exceeds 20 kW

6. Reconnection Charge on Schedule AL-TOU

1. **SDG&E Position**

Add language stating that a customer must pay the higher of the Basic Service Fee or Minimum Bill when service is terminated and then reconnected (Derbas, Table III).

Recommendation of Parties

Add language stating that a customer must pay the higher of the Basic Service Fee or Minimum Bill when service is terminated and then reconnected

CHAPTER III. GENERAL TERMS

The Parties agree that the California Public Utilities Commission shall have exclusive jurisdiction over any issues related to this Settlement, and that no other court, regulatory agency, or other governing body shall have jurisdiction over any issue related to the interpretation of the Settlement, the enforcement of the Settlement, or the rights of the Parties to the Settlement (with the exception of the California Court of Appeals or the California Supreme Court in connection with review of any Commission decision). All rights and remedies are limited to those available before the California Public Utilities Commission.

The Parties further agree that no signatory to this Settlement, nor any staff member of the Public Utilities Commission, assumes any personal liability as a result of this Settlement. The Settling Parties agree that no legal action may be brought in any state or federal court, or in any other forum, against any individual Party, Party representative, or staff member related to this Settlement.

The Parties agree that the principles, assumptions, methodologies, positions, and arguments underlying the specific items addressed in the Settlement are recommended for purposes of this proceeding only and are not to be considered as precedent in any Commission proceeding or litigation, except as necessary to implement the recommendations contained herein. The Parties expressly reserve the right to advocate in other proceedings, principles, assumptions, methodologies, arguments, and positions different from those that may underlie or appear to be implied by this Settlement. Nothing in this Settlement is intended to limit the positions taken by the Parties or the possible outcome of discussions in any other proceeding.

The Parties intend and agree that this Settlement is subject to each and every condition set forth herein, including its acceptance by the Commission in its entirety, without change or condition. The Parties also agree to cooperate to establish a procedural schedule should the Commission reject this Settlement. If the Commission does not adopt the Parties' recommendations as set forth in this Settlement without change or condition, the Parties shall

convene a settlement conference within 15 days after Commission action on this Settlement to discuss whether to resolve by settlement the unchanged portions. The Parties agree to expend reasonable efforts to ensure the Commission's adoption of the Settlement.

The Parties further agree that any time after the Commission issues a decision adopting the Settlement, a Party has the right to seek Commission modification of that decision (or modification of its terms in any other related proceeding). Other Parties have the right to oppose or protest any such request. Nothing in this Settlement is intended to limit or expand any Party's right under Commission Rules and decisions, to Petition to Modify a decision adopting this Settlement, or to propose or protest such a Petition.

CHAPTER IV. EXECUTION

The undersigned, on behalf of the Parties they represent, hereby agree to abide by the conditions and recommendations set forth herein. This Settlement

/

/

/

/

/

/

/

/

/

/

/

/

/

may be signed in counterparts.

Dated this 4th day of June 2002.

Respectfully Submitted,

By: _____

Vicki L. Thompson
Attorney for:
San Diego Gas & Electric Company

By: _____

J. Jason Reiger
Staff Counsel for:
The Office of the Ratepayer Advocates
California Public Utilities Commission

By: _____

John M. Cummins
Associate Counsel for:

Department of the Navy
Counsel for Federal Executive Agencies

By: _____

Ronald Liebert
Associate Counsel for:
California Farm Bureau Federation

By: _____

Edward G. Poole
Anderson & Poole
Counsel for the Western Manufactured Housing Community Association

APPENDIX B