Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company for Approval of Utility Retained Generation Cost Recovery Mechanism. (U 902-E)	Application 02-01-015 (Filed January 10, 2002)

OPINION GRANTING MOTION TO DISMISS

Pursuant to authorization and direction ordered in Decision (D.) 01-12-015, San Diego Gas & Electric Company (SDG&E) filed this application for approval of an incentive ratemaking and accounting mechanism applicable to its utility-retained generation (URG).[1] A prehearing conference was held on March 8, 2002, and an evidentiary hearing was held on May 20, 2002. No party other than SDG&E presented testimony. SDG&E and California Farm Bureau Federation (CFBF) participated in the hearing and filed briefs and reply briefs.

By ruling issued on January 15, 2003, the Administrative Law Judge noted the potential impact that recent decisions in the Commission's procurement rulemaking (Rulemaking (R.) 01-10-024) might have on SDG&E's proposals in this proceeding. The ruling set aside submission of Application (A.) 02-01-015 to take comments regarding any modifications to SDG&E's proposals that might be appropriate in view of the Commission's actions in R.01-10-024.

[1] The mechanism would apply to SDG&E's Qualifying Facilities resources, its purchased power contract with Portland General Electric, and other contractual power purchases, but not to its interest in the San Onofre Nuclear Generation Station.

On January 27, 2003, SDG&E filed comments in response to the ruling and concurrently moved for dismissal without prejudice of this application on the grounds that the relief sought is no longer necessary. No reply comments or responses to the motion have been filed.

SDG&E believes that with the passage of time, Commission decisions in the procurement rulemaking (e.g., D.02-10-062 dated October 24, 2002), and recent legislation (Assembly Bill 57, signed by the Governor on September 24, 2002, and codified as Section 454.5 of the Public Utilities Code), the proposals presented to the Commission in A.02-01-015 need not be resolved at this time. Issues relating to SDG&E's ongoing recovery of URG costs have been resolved, making SDG&E's proposal in this proceeding for a separate URG cost recovery mechanism unnecessary. SDG&E also has the ability to propose an incentive mechanism through the procurement decisions. Finally, SDG&E's procurement plans set forth all the activities SDG&E planned to do or might do in 2003, and these procurement plans were reviewed pursuant to Commission orders in the procurement proceeding.

We concur with SDG&E that no reason exists to pursue final resolution of the issues in A.02-10-015. Therefore, in the interest of administrative economy and to promote efficient use of the Commission's and parties' time and resources, we will approve SDG&E's motion for dismissal without prejudice of A.02-01-015.

Comments on Draft Decision

With respect to SDG&E's motion to dismiss, this is an uncontested matter in which the decision grants the relief sought. Accordingly, review of and comment on the draft decision are waived pursuant to Article 19 of the Rules of Practice and Procedure.

Assignment of Proceeding

Carl W. Wood is the Assigned Commissioner and Mark S. Wetzell is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. With the issuance of decisions in the procurement rulemaking, including D.02-10-062, it is not necessary to pursue resolution of the issues in A.02-10-015.
2. Dismissal of this application is in the interest of administrative economy and will promote efficient use of the Commission's and parties' time and resources.

Conclusion of Law

SDG&E's motion for dismissal should be granted.

O R D E R

IT IS ORDERED that:

1. The motion of San Diego Gas & Electric Company for dismissal is granted.
2. This application is dismissed without prejudice, and the proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.