

Tuesday, March 04, 2008

On February 28, 2008, the California Public Utilities Commission issued its decision in San Diego Gas & Electric's Application 07-01-047, which addresses rate design and allocation of the electric revenue requirement in SDG&E's 2008 Test Year General Rate Case to various customer classes, including street lights.

In Decision 08-02-034, the CPUC adopts the settlement agreed to by all parties, including the California City-County Street Light Association. The all party, all issue settlement was filed with the CPUC on November 1, 2007.

The CPUC decision addresses Phase 2 issues: marginal costs, revenue allocation, and rate design. The Phase 1 proceeding (Application 06-12-009) addresses the revenue requirements for SDG&E's gas and electric systems and has not yet been decided.

In the Phase 2 proceeding, CAL-SLA was an intervenor and had submitted expert witness testimony on marginal costs, revenue allocation, and the design of rates for traffic signals and street lights. CAL-SLA participated in numerous settlement conferences and was one of 13 parties that negotiated the settlement.

As a result of the settlement and the CPUC adopting it in 2008 General Rate Case, overall revenues for the street light customer class will not change from current levels. SDG&E had originally (in January 2007) proposed a 13.8% increase in overall street light revenues. CAL-SLA was successful in getting the proposed revenue increase reduced to zero.

Specific rates are not presented in the CPUC decision, because the Phase 1 electric revenue requirement has not been decided by the Commission, and the application of the California Department of Water Resources bond charge and electric procurement charge to be allocated to SDG&E has not been decided. Actual rates will depend upon CPUC decisions in these proceedings.

New electric rates will become effective on May 1, 2008. The CPUC ordered SDG&E to file revised rate schedules in late March for CPUC staff review.

#### Customer Class Summary of Percent Change from Present Revenues

Residential 7.97%  
Small Commercial 3.36%  
Medium & Large Commercial / Industrial 3.80%  
Agricultural 2.91%  
Street Lighting 0.00%  
Total electric system 5.58%

Once again, CAL-SLA was successful in a general rate case and was able to effectively negotiate a reduction in street light rates from what SDG&E had first proposed. The overall system revenue increase is 5.8% and street light's increase is 0.0%.