

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 28, 2002

In Reply Refer To:
San Diego Gas & Electric Company
Docket No. ER02-1687-000

San Diego Gas & Electric Company
555 W. Fifth Street, Suite 1400
Los Angeles, CA 90013-1011

Attention: Michael R. Thorpe, Esquire
Attorney for San Diego Gas & Electric Company

Reference: Revised Supplemental Surcharge Transmission Rate

Dear Mr. Thorpe:

1. On May 1, 2002, as corrected on May 6, 2002, San Diego Gas & Electric Company (SDG&E) filed revised tariff sheets to reflect an increase in the Supplemental Surcharge Transmission Rate under its Transmission Owner Tariff.¹ SDG&E proposes the increased charge in order to recover the costs incurred as the result of increased security measures being undertaken by SDG&E to further safeguard its transmission system in response to recent terrorist activities and threats recently experienced by the nation. This added security will ensure the operation of the transmission grid within the SDG&E control area. For this reason we will conditionally accept this filing as discussed below.

2. SDG&E states that the security measures are being implemented to prevent unauthorized access to certain critical transmission facilities. SDG&E states that these measures include perimeter controls and monitoring equipment at critical substations, additional security for the grid control center, and aerial patrols for key transmission facilities. SDG&E estimates the capital costs of these measures to be approximately

¹In Docket Nos. ER01-3074-000 and ER01-3074-001, the Commission conditionally accepted the Supplemental Surcharge Transmission Rate, subject to refund, and directed SDG&E to file additional documentation supporting its rates, San Diego Gas & Electric Company, 97 FERC ¶ 61,228 (2001). Those dockets remain pending Commission action.

\$1,004,000, and that the operation and maintenance of these facilities and measures will cost approximately \$590,000 annually.

3. SDG&E applied its approved underlying rate allocation methodology and return percentage to derive a security surcharge of \$0.00004 per kWh, to be added to the Supplemental Surcharge Transmission Rate which is applied to all of SDG&E's transmission rates. SDG&E states that the revised rates will result in additional annual revenue of \$698,515.

4. Notice of the filing was published in the Federal Register, 67 Fed. Reg. 34,446 (2002), with protests and interventions due on or before May 22, 2002. On May 17, 2002, Southern California Edison Company (SoCal Edison) filed a motion to intervene. No protests or adverse comments were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedures, 18 C.F.R. § 384.214 (2002), the timely, unopposed motion to intervene serves to make SoCal Edison a party to this proceeding.

5. On September 14, 2001, we issued a Statement of Policy assuring utilities that we would approve applications to recover prudently incurred costs necessary to safeguard the nation's energy supply.² Therefore, we will grant waiver of prior notice requirements, pursuant to Section 35.11 of the Commission's rules and regulations (18 C.F.R. § 35.11), and accept the revised sheets for filing effective July 1, 2002. The revised sheets are designated as shown on the Enclosure.

By direction of the Commission.

Linwood A. Watson, Jr.,
Deputy Secretary.

²See Extraordinary Expenditures Necessary to Safeguard National Energy Supplies, PL01-6-000, 96 FERC ¶ 61,299 (2001).

Enclosure

San Diego Gas & Electric Company
Docket No. ER02-1687-000
Rate Schedule Designations
Effective Date: July 1, 2002

<u>Designation</u>	<u>Description</u>
(1) Second Revised Sheet No. 57 under FERC Electric Tariff, First Revised Volume No. 6 (Supersedes First Revised Sheet No. 57)	Revised Appendix I - Transmission Revenue Requirement
(2) Second Revised Sheet No. 58 under FERC Electric Tariff, First Revised Volume No. 6 (Supersedes First Revised Sheet No. 58)	Revised Appendix II - Charges for Wholesale Transmission Service
(3) First Revised Sheet No. 79A under FERC Electric Tariff, First Revised Volume No. 6 (Supersedes Original Sheet No. 79A)	Revised Supplemental Surcharge Transmission Rate