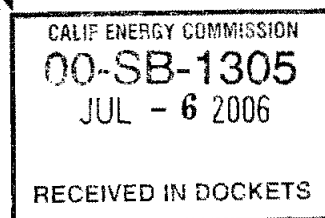


**APPLICATION FOR CONFIDENTIAL DESIGNATION
(20 CCR SECTION 2505)**

POWER SOURCE DISCLOSURE
Docket Number 00-SB-1305



Applicant: San Diego Gas & Electric Company ("SDG&E")

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1. (a) Title, data, and description of the record.

2005 SDG&E Annual Report on Power Sources ("Annual Report").

(b) Specify the part(s) of the record for which you request confidential designation.

SDG&E is requesting confidential treatment of individual units or classes of supply contained in its 2005 Annual Report on Power Sources. The specific provisions to be treated as confidential are highlighted in the Schedules attached to the Annual Report and are discussed below:

SB 1305 Schedule 1 (Retail Sales):

1. Gross kilowatt hours ("kWh") of electricity purchased from natural gas fired generation facilities (rows 31-38 and 40-57).
2. Electricity, in kWh, generated by San Onofre Nuclear Generation Station ("SONGS") (rows 58-59).
3. Electricity, in kWh, purchased through bi-lateral contracts (row 60).
4. Electricity, in kWh, purchased through the Department of Water Resources ("DWR") contracts (rows 61-63 and 116).
5. Electricity, in kWh, purchased through CAISO imbalance (rows 70 and 166)
6. Electricity, in kWh, exchanged (rows 84 and 164)
7. Electricity, in kWh, obtained through location swaps (row 165)

8. Electricity, in kWh, purchased from two wind power generators (rows 118 and 121).

SB 1305 Schedule 2A (Retail Sales):

1. Coal, in kWh, sold (row 23)
2. Natural Gas, in kWh, sold (row 25)
3. Other Resources, in kWh, sold (row 27)

SB 1305 Schedule 2B (Retail Sales):

1. Net Purchases / Retail Sales / Difference, in kWh, Coal (row 20)
2. Net Purchases / Retail Sales / Difference, in kWh, Natural Gas (row 22)
3. Net Purchases / Retail Sales / Difference, in kWh, Other Resources (row 24)

SB 1305 Schedule 2C (Retail Sales):

1. Information related to specific purchases, Coal (rows 24, 45, 59, 73, 87, 101, 115)
2. Information related to specific purchases, Natural Gas (row 26, 47, 61, 75, 89, 103, 117)
3. Information related to specific purchases, Other Resources (row 28, 49, 63, 77, 91, 105, 119)

2. State and justify the length of time the Commission should keep the record confidential.

SDG&E requests that the portions of Annual Report for which it requests confidential designation herein be kept confidential for a minimum of three years. SDG&E believes that this is the length of time that is required to ensure that recent historical data does not reveal SDG&E's ongoing and future procurement positions and strategies, thereby compromising SDG&E's ability to secure the most favorable deals for customers. Because SDG&E's portfolio is largely static through 2009, market sensitive information remains confidential for the near term, even on a historic basis, because of the knowledge it could impart about SDG&E's future procurement needs and patterns.

3. (a) State the provision(s) of the Public Records Act or other law that allows the Commission to keep the record confidential, and explain why the provision(s) applies to the record.

The information discussed above provides competitively and commercially sensitive business and procurement information and trade secrets. Under the Public Records Act, Govt. Code Section 6254(k), records subject to the privileges established in the Evidence Code are not required to be disclosed. See also Govt. Code Section 6254.7(d). Evidence Code Section 1060 provides a privilege for trade secrets, which is defined in Civil Code Section 3426.1 as information, including a formula, technique, and process, that derives independent economic value from not being generally known to the public or to other persons who could obtain value from its disclosure.

Annual reporting of power sources is required under SB 1305, which clearly provided for protection for trade secrets: "Information submitted to the California Energy Conservation and Development Commission pursuant to this section that is a trade secret as defined in subdivision (d) of Section 3426.1 of the Civil Code shall not be released except in an aggregated form such that trade secrets cannot be discerned." Public Utility Code section 398.5(b).

SDG&E believes that Section 454.5 of the Public Utilities Code is also pertinent. That section requires the California Public Utilities Commission ("CPUC") to maintain on a confidential basis market sensitive information related to a distribution utility's procurement plan. Significantly, that code section does not even require any demonstration of "ratepayer" harm, even though that risk is clearly present here.

As discussed above, portions of SDG&E's Annual Report contain detailed market sensitive procurement information that provides a picture of SDG&E's demand and strategies for conducting procurement. SDG&E believes that this data thus satisfies the trade secret standard as discussed further herein. Furthermore, to publicly release this information would allow market participants to have access to competitively sensitive information that would normally not be available to them. As a matter of law and public policy, the CEC should ensure that it does not facilitate availability of such data.

(b) Discuss the public interest in nondisclosure of the record. If the record contains trade secrets or its disclosure would otherwise cause loss of a competitive advantage, please also state how it would be lost, the value of the information to the Applicant, and the ease or difficulty with which the information could be legitimately acquired or duplicated by others.

SDG&E believes that there is a compelling public interest in protecting this information, as described above. The primary public interest to be protected here is that SDG&E will be compromised in its competitiveness as it transacts in the

market for its customer needs. It is apparent that where parties have “unequal information” and where the seller knows the buyer’s needs and details concerning other suppliers’ bids, SDG&E’s customers stand to be disadvantaged.

Specific to the data in this report, with access to critical component pieces of SDG&E’s supply portfolio, competitors need only look for the information regarding market purchases to understand the size of SDG&E’s market position. Further, by publicizing data on the individual pieces of SDG&E’s portfolio that have not previously been available, it is possible for competitor to create a production cost model of SDG&E’s positions to better understand the nature and timing of SDG&E’s market needs. It is not necessary for competitors to be able to replicate positions exactly for harm to be done to SDG&E – a reasonable approximation, as could be gained from public release of this data, is sufficient to cause harm.

4. **State whether the record may be disclosed if it is aggregated with other information or masked to conceal certain portions (including but not limited to the identity of the Applicant). State the degree of aggregation or masking required. If the data cannot be disclosed even if it is aggregated or masked, explain why.**

The above referenced portions of SDG&E’s Annual Report cannot be disclosed, even in an aggregated manner. If an entity has access to the data SDG&E seeks to protect, it would be a relatively simple process to “reverse engineer” and calculate the amount of energy SDG&E needs to procure in the market after meeting its forecasted load with must-take power and utility retained generation (known as the “residual net short” position). These key components provide protection from other parties ability to calculate SDG&E’s procurement needs.

SDG&E suggests the following for making greater data publicly available:

- 1) Release all sources as proposed in the report but a) translate all numbers to percentages of the total AND b) mask the identity of the utility (this would also require that specific sources such as “Palomar” be changed to “Nat Gas Gen”). Both steps are required to make this masking effective.
- 2) If the identity of SDG&E is to be public, it is possible that higher level aggregation of supply into broader types of sources (staying away from more granular descriptions) may allow for release of this data.

SDG&E remains willing to continue to work with CEC staff to further assemble data that could be revealed publicly.

5. State how the record is kept confidential by the Applicant and whether it has ever been disclosed to a person other than an employee of the Applicant. If it has, explain the circumstances under which disclosure occurred.

For customer protection as explained above, SDG&E maintains access to this information on a confidential basis. It is only available by hard copy and electronically on a limited basis within certain departments that must have access to the information to conduct their procurement and regulatory activities. The information is password protected on computer systems or in hard copy form kept in secure locations. Only certain individuals with key card access are able to enter areas of the Company where the information is available and utilized.

The CEC should also be aware that under Standard of Conduct #2 adopted by the CPUC for the utilities' procurement activities; utility employees are obligated to protect the Company's trade secrets:

2. Each utility must adopt, actively monitor, and enforce compliance with a comprehensive code of conduct for all employees engaged in the procurement process that: 1) identifies trade secrets and other confidential information; 2) specifies procedures for ensuring that such information retains its trade secret and/or confidential status [e.g., limiting access to such information to individuals with a need to know, limiting locations at which such information may be accessed, etc.]; ... (See D.02-12-074, pp. 57-58.)

Some parts of the Annual Report for which SDG&E is seeking protection have been previously reported to the Federal Energy Regulatory Commission ("FERC"), although in a different form. Portions of item 1 have been provided by SDG&E as part its FERC 1 report relating to procurement from Qualifying Facilities, but only as a single aggregated amount. Also, individual renewable procurement, which overlaps with item 7, is reported annually to the CEC. As discussed in section 4 above, the data has never been provided in manner that would allow parties to calculate the residual net short to the detriment of SDG&E's customers.

SDG&E has not, to the best of its knowledge, previously publicly released this information in this format.

I certify under penalty of perjury that the information contained in this application for confidential designation is true, correct, and complete to the best of my knowledge and that I am authorized to make the application and certification on behalf of the Applicant.

Dated: June 27, 2006

Signed:

Name:

Title:


Aimee M. Smith
Senior Regulatory Counsel