

Proceeding No.: A.12-10-XXX

Exhibit No.: _____

Witness: Amanda D. Jenison

DIRECT TESTIMONY OF
AMANDA D. JENISON
SAN DIEGO GAS & ELECTRIC COMPANY

*****redacted, public version*****

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA
October 1, 2012**



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1 **DIRECT TESTIMONY OF**
2 **AMANDA D. JENISON**
3 **ON BEHALF OF SDG&E**

4 **I. INTRODUCTION**

5 The purpose of my testimony is to address cost recovery related to San Diego Gas &
6 Electric Company's ("SDG&E's") Energy Resource Recovery Account ("ERRA") and
7 Competition Transition Charge ("CTC") revenue requirements. My testimony:

- 8 ■ describes SDG&E's ERRA and Transition Cost Balancing Account ("TCBA");
- 9 ■ sets forth SDG&E's forecasted 2013 ERRA and CTC revenue requirements;
- 10 ■ describes the Cap-and-Trade Program; and
- 11 ■ describes the Cost Allocation Mechanism and seeks approval of the Local
12 Generation Balancing Account ("LGBA").

13 **II. BACKGROUND**

14 Pursuant to California Public Utilities Commission ("Commission") Decisions
15 ("D.") 02-10-062 and D.02-12-074, the purpose of the ERRA is to provide full recovery of
16 SDG&E's energy procurement costs associated with serving SDG&E's bundled service customers.
17 Energy procurement costs include expenses associated with California Independent System
18 Operator ("ISO") energy and ancillary services load charges, ISO revenues from utility generation
19 and supply contracts, contract costs, generation fuel costs, ISO-related costs, hedging costs and
20 previously approved equity re-balancing costs related to the financial statement consolidation
21 under Accounting Standards Codification 810 ("ASC 810")¹, formerly referred to as FIN 46(R), of
22

¹ ASC 810, effective January 1, 2010, amended Financial Accounting Standards Board ("FASB") Interpretation No. 46 (R).

1 the Otay Mesa Energy Center (“OMEC”). The ERRA records revenues from SDG&E’s Electric
 2 Energy Commodity Cost (“EECC”) rate schedule adjusted to exclude California Department of
 3 Water Resources (“CDWR”) purchases and commodity revenues assigned to the Non-Fuel
 4 Generation Balancing Account (“NGBA”).²

5 The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible
 6 generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Portland
 7 General Electric and Qualifying Facilities (“QFs”) that are above the market benchmark proxy
 8 are charged to the TCBA. Eligible CTC expenses³ reflect the difference between the market
 9 proxy and the contract price of costs associated with the Portland General Electric and certain
 10 QF contracts.

11 **II. 2013 ERRA AND CTC REVENUE REQUIREMENT FORECASTS**

12 SDG&E requests Commission approval of the 2013 ERRA revenue requirement forecast
 13 of \$1,103.743 million and 2013 CTC revenue requirement forecast of \$51.834 million. As
 14 shown in Table 1, below, SDG&E’s 2013 ERRA revenue requirement forecast is
 15 \$1,103.743 million, including franchise fees and uncollectibles (“FF&U”).

16 **TABLE 1 - ERRA REVENUE REQUIREMENT**
 17 **(Thousands of Dollars)**

| No. | Component | 2013 Forecast | | 2012 Forecast Update ⁴ | |
|-----|-----------------------------------|---------------|---|-----------------------------------|---|
| 1. | Load ISO Charges | | ■ | | ■ |
| 2. | Supply ISO Revenues | ■ | | ■ | |
| 3. | Contract Costs (non-CTC) | ■ | | ■ | |
| 4. | Contract Costs (CTC up to market) | ■ | | ■ | |

² In compliance with D.03-12-063, the NGBA became effective January 1, 2004.

³ Expenses eligible for CTC recovery are defined by Assembly Bill (“AB”) 1890.

⁴ The 2012 forecast, Application (“A.”) 11-09-022, was approved by D.12-07-006. Pursuant to Ordering Paragraph 3 of D.12-07-006, SDG&E filed a Tier 1 Advice Letter (“AL”) 2396-E on August 30, 2012, to update its 2012 ERRA and CTC revenue requirements to be consistent with Commission Resolution E-4475. The updated 2012 revenue requirements were implemented into rates on September 1, 2012.

| No. | Component | 2013 Forecast | | 2012 Forecast Update ⁴ | |
|-----|---|---------------|-----------|-----------------------------------|---------|
| 5. | Generation Fuel | ██████ | | ██████ | |
| 6. | Net Supply ISO Revenues | | ██████ | | ██████ |
| 7. | Equity Re-balancing Costs | | ██████ | | ██████ |
| 8. | CAISO Misc Costs | | ██████ | | ██████ |
| 9. | Hedging Costs | | ██████ | | ██████ |
| 10. | Greenhouse Gas (GHG) Costs ⁵ | | ██████ | | ██████ |
| 10. | Subtotal | | 1,090,862 | | 811,883 |
| 11. | FF&U | | 12,881 | | 9,587 |
| 12. | TOTAL | | 1,103,743 | | 821,470 |

1 The line items contained in Table 1, above, as well as the reasons for the \$282.273 million
2 increase in the 2013 ERRA revenue requirement forecast compared to the 2012 ERRA revenue
3 requirement approved in AL 2396-E are addressed in detail in the direct testimony of SDG&E
4 witness Andrew Scates.

5 As shown in Table 2, below, SDG&E's 2013 CTC revenue requirement forecast is
6 \$51.834 million, including FF&U.

7 **TABLE 2 - CTC REVENUE REQUIREMENT**
8 **(Thousands of Dollars)**

| No. | Component | 2013 Forecast | 2012 Forecast Update ⁶ |
|-----|--|---------------|-----------------------------------|
| 1. | Portland General Electric and QF Contracts | 51,229 | 48,617 |
| 2. | FF&U ⁷ | 605 | 574 |
| 3. | TOTAL | 51,834 | 49,191 |

⁵ SDG&E's GHG costs were authorized in D.12-04-046 and AL 2387-E.

⁶ The 2012 forecast, A.11-09-022, was approved by D.12-07-006. Pursuant to Ordering Paragraph 3 of D.12-07-006, SDG&E filed Tier 1 AL 2396-E on August 30, 2012, to update its 2012 ERRA and CTC revenue requirements to be consistent with Resolution E-4475. The updated 2012 revenue requirements were implemented into rates on September 1, 2012.

⁷ Reflects the combined franchise fee (1.0%) and uncollectible (0.141%) factor approved in A.06-12-009/D.08-07-046 (SDG&E 2008 GRC) such that $1/(1-.01-.00141) = 1.012$ gross-up factor.

1 SDG&E's 2013 ERRR revenue requirement forecast includes the fuel costs for its
2 electric generation facilities, including the San Onofre Nuclear Generating Station ("SONGS"),
3 Miramar Energy Facility I ("Miramar I"), Miramar Energy Facility II ("Miramar II"), Palomar
4 Energy Center ("Palomar"), Desert Star Energy Center ("Desert Star") and the Cuyamaca Peak
5 Energy Plant ("Cuyamaca"). The actual fuel costs of SONGS, Miramar I, Miramar II, Palomar,
6 Desert Star and Cuyamaca are recorded in the ERRR for recovery through commodity rates
7 (Schedule EECC). SDG&E's non-fuel costs for these facilities are recorded in the NGBA and
8 recovered through a separate component of SDG&E's commodity rates.

9 For CTC eligible purchase power contracts, the power purchased is recorded to the
10 ERRR at the market proxy of \$47.24/MWh. The difference between the actual contract price
11 and the market proxy is included in the 2013 CTC forecast and recorded to the TCBA. The
12 direct testimony of SDG&E witness Yvonne Le Mieux discusses in more detail the market proxy
13 of \$47.24/MWh.

14 **III. CAP-AND-TRADE PROGRAM**

15 Assembly Bill ("AB") 32, which capped California's Greenhouse Gas ("GHG")
16 emissions at the 1990 level by 2020, granted the California Air Resources Board ("CARB")
17 broad authority to regulate GHG emissions. CARB then proposed the California Cap-and-Trade
18 Program, which after an extensive review process, was approved on December 13, 2011. Cap-
19 and-Trade compliance is scheduled to begin in January 2013. CARB has scheduled its first
20 auction of GHG emissions allowances to occur on November 14, 2012, with auctions expected to
21 be held quarterly thereafter.

22 In compliance with Ordering Paragraph ("OP") 10 of D.12-04-046, which addressed
23 Track I and Track III of the Long-Term Procurement Plan ("LTPP"), SDG&E was granted

1 authority to update its ERRA balancing account to record “costs incurred for the GHG
2 compliance instrument transactions” for cost recovery. To implement this authority, SDG&E
3 filed AL 2387-E on July 20, 2012⁸ to modify its preliminary statement in order to record the
4 procurement costs associated with GHG compliance instruments for recovery in rates. With the
5 authority provided in D.12-04-046 and AL 2387-E, SDG&E will begin recording GHG-related
6 procurement costs in ERRA and the 2013 ERRA revenue requirement includes forecasted costs
7 for these GHG-related transactions.⁹ The direct testimony of SDG&E witness Ryan Miller
8 discusses the GHG cost categories and forecasted costs in further detail.

9 **IV. COST ALLOCATION MECHANISM**

10 This section of my testimony describes the Cost Allocation Mechanism (“CAM”) as it
11 relates to balancing accounts. The rate recovery associated with CAM is further addressed in
12 Ms. Le Mieux’s direct testimony. In this Application, SDG&E is seeking approval of the CAM
13 mechanism, not cost recovery for 2013.

14 California Public Utilities Code Section 365.1(c)(2), added by Senate Bill (“SB”) 695,
15 requires that the net capacity costs of generation resources, acquired to meet system or local area
16 reliability needs, be allocated to all benefiting customers on a non-bypassable basis. In
17 D.06-07-029, as modified by D.08-09-012 and D.11-05-005, the Commission implemented the
18 statutory directive by adopting a CAM policy to allow costs and benefits of new generation to be
19 shared by all benefiting customers. Consistent with this guidance, SDG&E proposed, in

⁸ Approved on August 23, 2012.

⁹ In SDG&E’s General Rate Case, A.10-12-005, filed December 15, 2010, SDG&E proposed to establish a New Environmental Regulations Balancing Account (“NERBA”) to record, among other things, costs associated with CARB’s proposed Cap-and-Trade Program. Therefore, upon approval of the NERBA in A.10-12-005, SDG&E will create the new balancing account, as described above, to capture the AB32 Cap-and-Trade GHG compliance costs rather than recording to ERRA as currently authorized. However, until such time as A.10-12-005 is decided, the costs will be recorded in ERRA.

1 A.11-05-023¹⁰, to implement the Local Generation Charge (“LGC”), which is discussed further
2 in the accompanying, direct testimony of SDG&E witness Yvonne Le Mieux. As mentioned
3 above, my testimony addresses SDG&E’s need for an associated mechanism: a new, two-way,
4 interest bearing balancing account called the Local Generation Balancing Account (“LGBA”).

5 Pursuant to Commission Resolution E-4471, SDG&E negotiated a purchase power
6 agreement (“PPA”) for a resource-adequacy product with Calpine Energy Services L.P.
7 (“Calpine”) for its Sutter power plant. SDG&E intends to recover costs associated with the PPA,
8 consistent with the CAM policy, through the LGC and LGBA proposed in A.11-05-023. In
9 compliance with Resolution E-4471, SDG&E filed AL 2354-E on May 4, 2012 which detailed
10 the proposed agreement with Calpine and also requested approval to establish the Sutter Energy
11 Center Memorandum Account (“SECMA”) to record the contract costs until a decision is issued
12 in A.11-05-023. On May 25, 2012, the Commission approved the SECMA with the disposition
13 of the balance being transferred to the Local Generation Balancing Account (“LGBA”)¹¹ or other
14 balancing account upon Commission approval.¹²

15 As of the date of this Application, no proposed decision or final decision has been issued
16 in A.11-05-023. If a final decision is issued in that proceeding or another proceeding regarding
17 the appropriate CAM mechanisms for SDG&E’s resource costs, then SDG&E proposes that the
18 Commission authorize SDG&E to track the costs approved in this Application through those
19 same accounting mechanisms. If, however, the Commission does not render a decision
20 regarding the CAM-related accounting mechanisms in A.11-05-023 or another proceeding before

¹⁰ Filed May 19, 2011.

¹¹ The proposal of a new two-way Balancing Account to record the benefits and costs of contracts for new generation was set forth and defined in A.11-05-023 at 53-54.

¹² Disposition letter from Energy Division approving SDG&E’s AL 2354-E, issued and effective on May 25, 2012.

1 its Proposed Decision is issued in the instant proceeding, SDG&E respectfully requests that the
2 Commission approve the LGBA in its final decision in this case to ensure timely recovery of
3 SDG&E's resource costs as proposed in this Application.¹³

4 **V. SUMMARY**

5 In my testimony, SDG&E requests that the Commission:

- 6 ■ approve the 2013 ERRR revenue requirement forecast of \$1,103.743 million;
- 7 ■ approve the 2013 CTC revenue requirement forecast of \$51.834 million; and
- 8 ■ approve the LGBA.

9

10 This concludes my direct testimony.

11

¹³ Yvonne Le Mieux's testimony addresses SDG&E's request for approval of the LGC.

1 **VI. QUALIFICATIONS**

2 My name is Amanda D. Jenison. My business address is 8330 Century Park Court,
3 San Diego, CA 92123. I am employed by San Diego Gas & Electric Company (“SDG&E”) as a
4 Senior Regulatory Accounts Advisor in the Regulatory Accounts Department of the Financial
5 Analysis Organization. My current responsibilities include the development, implementation
6 and analysis of regulatory balancing and memorandum accounts.

7 I received a Bachelor of Science degree in Business Administration with Distinction in
8 Accounting from San Diego State University in 2000. I have been employed by SDG&E and
9 Sempra Energy since 2002 and have held various positions of increasing responsibility in various
10 organizations including Audit Services, Human Resource Compliance, and Cost Accounting.

11 I have previously testified before the Commission.

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION
OF AMANDA D. JENISON**

A.12-10-XXX

Application of San Diego Gas & Electric Company (U 902-E)
for Adoption of its 2013 Energy Resource Recovery Account Revenue Requirement and
Competition Transition Charge Revenue Requirement Forecasts

I, Amanda D. Jenison, declare as follows:

1. I am a Senior Regulatory Accounts Advisor for San Diego Gas & Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s October 1, 2012 Application for Adoption of its 2013 Energy Resource Recovery Account (“ERRA”) and Competition Transition Charge (“CTC”) revenue requirement forecasts. Additionally, as a Senior Regulatory Accounts Advisor, I am thoroughly familiar with the facts and representations in this declaration, and if called upon to testify I could and would testify to the following based upon personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision (“D.”) 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;
- that the information is not already public; and

- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code.¹ As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Table 1 “ERRA Revenue Requirement” beginning on ADJ-2 of my Testimony includes redacted items listed in columns labeled “2013 Forecast” and “2012 Forecast Update.” As set forth more specifically below, these items are considered confidential under the Matrix:

- “Load ISO Charges” are protected under Matrix category II.A.2 and are confidential for three years and Matrix category V.C and are confidential for the front three years.
- “Supply ISO Revenues” and “Net Supply ISO revenues” are protected under Matrix categories II.A.2, II.B.1, II.B.3 and II.B.4 and are confidential for three years.
- “Contract Costs (non-CTC)” and “Equity Re-balancing Costs” are protected under Matrix category II.B.4 and are confidential for three years.
- “Contract Costs (CTC up to market)” are protected under Matrix category II.B.3 and II.B.4 and are confidential for three years.
- “Generation Fuel” is protected under Matrix category II.B.1 and II.B.4 and is confidential for three years.
- “CAISO Misc Costs” are protected under Matrix category II.A.2 and are confidential for three years.
- “Hedging Costs” are protected under Matrix category I.A.4 and are confidential for three years.
- “Greenhouse Gas (GHG) Costs” are protected under Matrix category II.B.1 and II.B.4 and are confidential for three years.

¹ In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-C. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

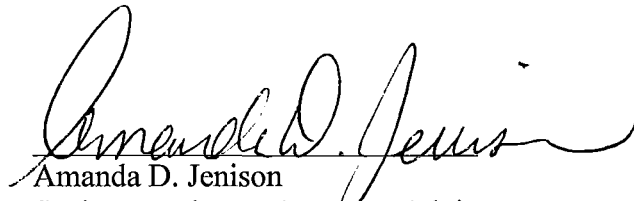
4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 27th day of September, 2012, at San Diego, California.


Amanda D. Jenison
Senior Regulatory Accounts Advisor
San Diego Gas & Electric Company