

Proceeding No.: A.13-09-
Exhibit No.: _____
Witness: Sheri S. Miller

DIRECT TESTIMONY OF
SHERI S. MILLER
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

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

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

September 27, 2013



TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	BACKGROUND	1
III.	2014 ERRRA AND CTC REVENUE REQUIREMENT FORECASTS	2
IV.	LOCAL GENERATION BALANCING ACCOUNT	5
V.	GREENHOUSE GAS COSTS	5
VI.	SUMMARY	7
VII.	QUALIFICATIONS	8

1 **DIRECT TESTIMONY OF**
2 **SHERI S. MILLER**
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"), Competition
7 Transition Charge ("CTC"), and Local Generation Balancing Account ("LGBA") revenue
8 requirements. My testimony:

- 9 ■ describes SDG&E's ERRA and Transition Cost Balancing Account ("TCBA");
- 10 ■ sets forth SDG&E's forecasted 2014 ERRA, CTC, and LGBA revenue
11 requirements; and
- 12 ■ discusses the current situation regarding Greenhouse Gas ("GHG").

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 the California Independent System
18 Operator ("CAISO") energy and ancillary services load charges, CAISO revenues from utility
19 generation and supply contracts, contract costs, generation fuel costs, CAISO-related costs,
20 hedging costs and previously approved equity re-balancing costs related to the financial statement
21 consolidation under Accounting Standards Codification 810 ("ASC 810"),¹ formerly referred to as
22 FIN 46(R), of the Otay Mesa Energy Center ("OMEC"). The ERRA records revenues from
23

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

1 SDG&E's Electric Energy Commodity Cost ("EECC") rate schedule adjusted to exclude
2 California Department of Water Resources ("CDWR") purchases and commodity revenues
3 assigned to the Non-Fuel Generation Balancing Account ("NGBA"),² along with other
4 Commission approved adjustments.

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 Qualifying
7 Facilities ("QFs") that are above the market benchmark proxy are charged to the TCBA. Eligible
8 CTC expenses³ reflect the difference between the market proxy and the contract price of costs
9 associated with certain QF contracts.

10 **III. 2014 ERRA AND CTC REVENUE REQUIREMENT FORECASTS**

11 As shown in Table 1 below, SDG&E's 2014 ERRA revenue requirement forecast is
12 \$1,228.035 million, including franchise fees and uncollectibles ("FF&U") and excluding GHG
13 estimated costs in accordance with D.12-12-033.

14

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.

1
2

**TABLE 1 - ERRA REVENUE REQUIREMENT
(Millions of Dollars)**

No.	Component	2014 Forecast		2013 Forecast ⁴		2012 Forecast ⁵	
1.	Load ISO Charges						
2.	Supply ISO Revenues						
3.	Contract Costs (non-CTC)						
4.	Contract Costs (CTC up to market)						
5.	Generation Fuel						
6.	Net Supply ISO Revenues						
7.	Equity Re-balancing Costs						
8.	CAISO Misc. Costs						
9.	Hedging Costs						
10.	Subtotal		1,213.259		1,003.679		811.883
11.	FF&U ⁶		14.776		11.851		9.587
12.	TOTAL⁷		1,228.035		1,015.531		821.470

3 The line items contained in Table 1, above, as well as the reasons for the \$212.504 million
4 increase in the 2014 ERRA revenue requirement forecast compared to the 2013 ERRA revenue
5 requirement as submitted in the 2013 forecast are addressed in detail in the direct testimony of
6 SDG&E witness Andrew Scates.

7 SDG&E's 2014 ERRA revenue requirement forecast includes the fuel costs for its
8 electric generation facilities, including Miramar Energy Facility I ("Miramar I"), Miramar
9 Energy Facility II ("Miramar II"), Palomar Energy Center ("Palomar"), Desert Star Energy

⁴ The 2013 ERRA Forecast, Application ("A.")12-10-002, is pending Commission approval at the time of this filing.

⁵ The 2012 ERRA forecasted revenue requirement was approved in D.12-07-006 (issued on July 16, 2012).

⁶ The 2014 Forecast reflects the combined franchise fee (1.031%) and uncollectible (0.174%) expense approved in D.13-05-010 (SDG&E 2012 GRC) such that $1/((1-0.00174)-((1-0.00174)*0.01031)) = 1.012179$ gross-up factor. The 2013 and 2012 Forecasts reflect 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.

Center (“Desert Star”), and the Cuyamaca Peak Energy Plant (“Cuyamaca”). The actual fuel costs of Miramar I, Miramar II, Palomar, Desert Star, and Cuyamaca are recorded in the ERRA for recovery through commodity rates. SDG&E’s non-fuel costs for these facilities are recorded in the NGBA and also recovered through SDG&E’s commodity rates.

As shown in Table 2 below, SDG&E’s 2014 CTC revenue requirement forecast is \$14.557 million, including FF&U.

TABLE 2 - CTC REVENUE REQUIREMENT

(Millions of Dollars)

No.	Component	2014 Forecast	2013 Forecast ⁸	2012 Forecast ⁹
1.	Portland General Electric ¹⁰ and QF Contracts	14.382	41.538	48.617
2.	FF&U ¹¹	.175	.490	.574
3.	TOTAL	14.557	42.028	49.191

For CTC eligible purchase power contracts, the power purchased is recorded to the ERRA at the market proxy of \$54.41/MWh. The difference between the actual contract price and the market proxy is included in the 2014 CTC forecast and recorded to the TCBA. The direct testimony of SDG&E witness Yvonne Le Mieux discusses in more detail the market proxy of \$54.41/MWh.

⁷ This schedule excludes GHG amounts.

⁸ The 2013 ERRA Forecast, A.12-10-002, is pending Commission approval at the time of this filing.

⁹ The 2012 ERRA forecasted revenue requirement was approved in D.12-07-006 (issued on July 16, 2012).

¹⁰ The PGE component only applies to the years 2012 and 2013.

¹¹ The 2014 Forecast reflects the combined franchise fee (1.031%) and uncollectible (0.174%) expense approved in D.13-05-010 (SDG&E 2012 GRC) such that $1/((1-0.00174)-((1-0.00174)*0.01031))= 1.012179$ gross-up factor. The 2013 and 2012 Forecasts reflect 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 **IV. LOCAL GENERATION BALANCING ACCOUNT (“LGBA”)**

2 The LGBA, approved in D.13-03-029 and implemented in Advice Letter (“AL”) 2499-E
3 effective July 31, 2013, is a two-way balancing account to record the revenues and costs of
4 generation where the Commission has determined that a resource is subject to the Cost
5 Allocation Mechanism (“CAM”). Such generation may take the form of power purchasing
6 agreements as well as company-owned generation units associated with new generation
7 resources and any other resources approved by the Commission for CAM treatment.

8 As shown in Table 3 below, SDG&E’s 2014 LGBA revenue requirement forecast is
9 \$5.173 million, including FF&U.

10 **TABLE 3 - LGBA REVENUE REQUIREMENT**
11 **(Millions of Dollars)**

No.	Component	2014 Forecast	2013 Forecast	2012 Forecast
1.	Escondido Energy Center	5.111	0	0
2.	FF&U ¹²	.063	0	0
3.	TOTAL	5.174	0	0

12
13 The LGBA will have sub-accounts corresponding to each generation resource, such as
14 Escondido.

15 **V. GREENHOUSE GAS COSTS ACCOUNTING**

16 This section of my testimony serves to support the accounting treatment of GHG costs in
17 the ERRA proceedings and on SDG&E’s accounting books. GHG costs forecasted in this
18 application are supported by SDG&E witness Ana Garza-Beutz.

19 In compliance with Ordering Paragraph (“OP”) 10 of D.12-04-046, which addressed
20 Track 1 and Track III of the Long-Term Procurement Plan (“LTPP”), SDG&E was granted

¹² The 2014 Forecast reflects the combined franchise fee (1.031%) and uncollectible (0.174%) expense approved in D.13-05-010 (SDG&E 2012 GRC) such that $1/((1-0.00174)-(1-0.00174)*0.01031))= 1.012179$ gross-up factor.

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, 2012¹³ to modify its ERRA preliminary statement and with the
4 authority provided in D.12-04-046 and AL 2387-E, SDG&E began recording GHG-related
5 procurement costs in ERRA in November 2012.

6 Later in the year (on December 20, 2012), the Commission approved D.12-12-033
7 adopting the Cap-and-Trade GHG allowance revenue allocation methodology in the GHG Order
8 Instituting Rulemaking 11-03-012 (“GHG OIR”). As directed by D.12-12-033 OP 20, a
9 sub-balancing account in ERRA was to be set up to record “**estimated** greenhouse gas costs for
10 subsequent recovery in rates” (emphasis added). Also in that same OP, the term *estimated*
11 “Greenhouse Gas” was defined: “Greenhouse gas costs will be based upon the 2013 greenhouse
12 gas forecast approved in each utility’s Energy Resource Recovery Account...forecast
13 proceeding.” The sub-balancing account referenced in D.12-12-033 OP 20 was set up in
14 AL 2452-E, effective January 22, 2013, and is awaiting GHG cost approval from the 2013
15 ERRA Forecast Proceeding (A.12-10-022) to have estimated costs booked. In the interim, costs
16 associated with the November 2012 GHG-related costs remain in ERRA but await a decision in
17 the GHG OIR as to how and when to recover those costs.

18 In compliance with the above mentioned decisions and rulings, SDG&E, while
19 presenting the cost estimates in Ms. Garza-Beutz’s testimony, does not seek the recovery of
20 GHG-related costs in this ERRA Forecast Application.

21 However, as noted in the accompanying direct testimony of Ms. Garza-Beutz, the
22 Commission has convened a new proceeding, A.13-08-002 et al., to further address GHG-related

¹³ Approved on August 23, 2012.

1 cost and revenue issues. Ms. Garza-Beutz's testimony is submitted in this Application in the
2 event that the Commission does not resolve SDG&E's 2013 and 2014 forecasted GHG-related
3 costs in A.13-08-002 et al.

4 **VI. SUMMARY**

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

- 6 ■ approve the 2014 ERRA revenue requirement forecast of \$1,228.035 million;
- 7 ■ approve the 2014 CTC revenue requirement forecast of \$14.557 million; and
- 8 ■ approve the 2014 LGBA revenue requirement forecast of \$5.174 million.

9 The above amounts all include FF&U.

10 Further, my testimony described the current situation that SDG&E finds itself in relating
11 to GHG costs and the necessary accounting treatment to be in compliance with CPUC directives.
12 SDG&E is including the GHG section of this application, found in Ms. Garza-Beutz's testimony,
13 to complement A.13-08-002 et al.

14 This concludes my testimony.
15

1 **VII. QUALIFICATIONS**

2 My name is Sheri S. Miller. I am employed by SDG&E as a Principal Accountant in the
3 Regulatory Accounts Department. My business address is 8330 Century Park Court, San Diego,
4 CA 92123. My current responsibilities include the development, implementation and analysis of
5 regulatory balancing and memorandum accounts. I assumed my current position in July of 2013.

6 I have been employed by SDG&E since October of 2000. In addition to my current role
7 in Regulatory Accounts, I have worked in three other departments at SDG&E in positions of
8 increasing responsibility. From December 2009 to July 2013, I was employed in the Regulatory
9 Reporting group and prepared filings of financial data to the CPUC and FERC, and also closed
10 and analyzed the balancing accounts each month. Prior to that, I worked in various SDG&E
11 accounting groups preparing monthly financial statements, analysis, and cost allocations.

12 I received a Bachelor of Science degree in Accounting from National University in 1999.
13 I also received a Masters of Business Administration with an emphasis in Finance from National
14 University in 2003. I received a CPA designation in California in 2007 and have maintained
15 active CPA status.

16
17 I have not previously testified before the Commission.

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

**DECLARATION
OF SHERI S. MILLER**

A.13-09-XXX

Application of San Diego Gas & Electric Company (U 902-E)
for Adoption of its 2014 Energy Resource Recovery Account Revenue Requirement,
Competition Transition Charge Revenue Requirement, and Local Generation Balancing Account
Revenue Requirement Forecasts

I, Sheri S. Miller, declare as follows:

1. I am a Principal Accountant for San Diego Gas & Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s September 27, 2013 Application for Adoption of its 2014 Energy Resource Recovery Account (“ERRA”), Competition Transition Charge (“CTC”), and Local Generation Balancing Account (“LGBA”) revenue requirement forecasts. Additionally, as a Principal Accountant, 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:

Confidential Information	Matrix Reference	Reason for Confidentiality
Table 1, line 1: Load ISO Charges	II.A.2 V.C	Utility Electric Price Forecasts; confidential for 3 years. LSE Total Energy Forecast; confidential for the front 3 years.
Table 1, lines 2 and 6: Supply ISO Revenues	II.A.2 II.B.1 II.B.3 II.B.4	Utility Electric Price Forecasts; confidential for 3 years. Generation Cost Forecasts of Utility Retained Generation; confidential for 3 years. Generation Cost Forecasts of QF Contracts; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, lines 3 and 7: Contract Costs (non-CTC) & Equity Re- balancing Costs	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, line 4: Contract Costs (CTC up to market)	II.B.3 II.B.4	Generation Cost Forecasts of QF Contracts; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, line 5: Generation Fuel	II.B.1 II.B.4	Generation Cost Forecasts of Utility Retained Generation; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, line 8: CAISO Misc. Costs	II.A.2	Utility Electric Price Forecasts; confidential for 3 years.
Table 1, line 9: Hedging Costs	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for 3 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 25th day of September, 2013, at San Diego, California.



Sheri S. Miller
Principal Accountant
San Diego Gas & Electric Company