

Proceeding No.: A.14-04-  
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**

**April 15, 2014**



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1 the financial statement consolidation under Accounting Standards Codification 810 (“ASC 810”),<sup>1</sup>  
2 formerly referred to as FIN 46(R), of the Otay Mesa Energy Center (“OMEC”). The ERRA  
3 records revenues from SDG&E’s Electric Energy Commodity Cost (“EECC”) rate schedule  
4 adjusted to exclude California Department of Water Resources (“DWR”) purchases, commodity  
5 revenues assigned to the Non-Fuel Generation Balancing Account (“NGBA”),<sup>2</sup> and other  
6 Commission approved adjustments.

7 The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible  
8 generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying  
9 Facilities (“QFs”) that are above the market benchmark proxy are charged to the TCBA. Eligible  
10 CTC expenses<sup>3</sup> reflect the difference between the market proxy and the contract price of costs  
11 associated with certain QF contracts.

12 The purpose of the LGBA is to record the revenues and costs of generation where the  
13 Commission has determined that the resource is subject to the Cost Allocation Mechanism  
14 (“CAM”). Such generation may take the form of purchase power agreements as well as  
15 company-owned generation units associated with new generation resources and any other  
16 resources approved by the Commission for CAM treatment.

### 17 **III. 2015 ERRA, CTC, AND LGBA REVENUE REQUIREMENT FORECASTS**

18 As shown in Table 1 below, SDG&E’s 2015 ERRA revenue requirement forecast is  
19 \$1,206.353 million, including franchise fees and uncollectibles (“FF&U”) and excluding GHG  
20 estimated costs in accordance with D.12-12-033.

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<sup>1</sup> ASC 810, effective January 1, 2010, amended Financial Accounting Standards Board (“FASB”) Interpretation No. 46(R).

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

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

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

No.	Component	2015 Forecast		2014 Forecast <sup>4</sup>		2013 Forecast <sup>5</sup>	
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.	<b>Subtotal</b>		1,191.838		1,195.505		933.234
11.	FF&U <sup>6</sup>		14.515		14.560		11.366
12.	<b>TOTAL<sup>7</sup></b>		1,206.353		1,210.065		944.600

3 The line items contained in Table 1, above, as well as the reasons for the \$3.712 million  
4 decrease in the 2015 ERRRA revenue requirement forecast compared to the 2014 ERRRA revenue  
5 requirement as submitted in the 2014 Forecast are addressed in detail in the direct testimony of  
6 SDG&E witness Benjamin A. Montoya.

<sup>4</sup> The 2014 ERRRA Forecast, Application (“A.”) 13-09-017, is pending Commission approval at the time of this filing.

<sup>5</sup> The 2013 ERRRA forecasted revenue requirement was approved in D.13-10-053 (issued on October 31, 2013) and included in rates on December 1, 2013.

<sup>6</sup> The 2015 and 2014 Forecasts reflect 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 Forecast 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.

<sup>7</sup> This schedule excludes GHG amounts.

SDG&E’s 2015 ERRA revenue requirement forecast includes the fuel costs for its electric generation facilities, including Miramar Energy Facility I (“Miramar I”), Miramar Energy Facility II (“Miramar II”), Palomar Energy Center (“Palomar”), Desert Star Energy 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 2015 CTC revenue requirement forecast is \$16.233 million, including FF&U.

**TABLE 2 - CTC REVENUE REQUIREMENT**

(Millions of Dollars)

No.	Component	2015 Forecast	2014 Forecast <sup>8</sup>	2013 Forecast <sup>9</sup>
1.	Portland General Electric <sup>10</sup> and QF Contracts	16.038	15.174	42.559
2.	FF&U <sup>11</sup>	.195	.185	.518
3.	<b>TOTAL</b>	<b>16.233</b>	<b>15.359</b>	<b>43.077</b>

For CTC eligible purchase power contracts, the power purchased is recorded to the ERRA at the market proxy of \$53.69/MWh. The difference between the actual contract price and the market proxy is included in the 2015 CTC forecast and recorded to the TCBA. The

<sup>8</sup> The 2014 ERRA Forecast, A.13-09-017, is pending Commission approval at the time of this filing.

<sup>9</sup> The 2013 ERRA forecasted revenue requirement was approved in D.13-10-053 (issued on October 31, 2013).

<sup>10</sup> The PGE component only applies to the year 2013.

<sup>11</sup> The 2015 and 2014 Forecasts reflect 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 Forecast 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 direct testimony of SDG&E witness Yvonne Le Mieux discusses in more detail the market proxy  
2 of \$53.69/MWh.

3 The new LGBA was authorized by D.13-03-029 and established in Advice Letter (“AL”)  
4 2499-E, which was approved on August 9, 2013. As shown in Table 3 below, SDG&E’s 2015  
5 LGBA revenue requirement forecast is \$6.949 million, including FF&U.

6 The purpose of the LGBA is to record the revenues and costs of generation where the  
7 Commission has determined that the resource is subject to a cost allocation. The LGBA records  
8 the LG costs subject to the Cost Allocation Mechanism (“CAM”) and the revenues received from  
9 SDG&E’s LG rate. On a monthly basis, the LGBA compares the LG costs with the revenues  
10 received. Interest is applied to any over- or under-collection balance at the three-month  
11 Commercial Paper rate.

12 **TABLE 3 - LGBA REVENUE REQUIREMENT**  
13 **(Millions of Dollars)**

No.	Component	2015 Forecast	2014 Forecast <sup>12</sup>	2013 Forecast <sup>13</sup>
1.	Escondido Energy Center	6.865	5.160	0
2.	FF&U <sup>14</sup>	.084	.063	0
3.	<b>TOTAL</b>	<b>6.949</b>	<b>5.223</b>	<b>0</b>

14  
15 The LGBA currently has one sub-account corresponding to the Escondido Energy Center  
16 generation resource.

<sup>12</sup> The 2014 ERRAs Forecast, A.13-09-017, is pending Commission approval at the time of this filing.

<sup>13</sup> The 2013 LGBA Forecast is zero.

<sup>14</sup> The 2015 and 2014 Forecasts reflect the combined franchise fee (1.031%) and uncollectible expense (0.174%) 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 **IV. GREENHOUSE GAS COSTS ACCOUNTING**

2 This section of my testimony serves to acknowledge the process approved for the  
3 forecasting of greenhouse gas (GHG) costs. Pursuant to D.12-12-033, Ordering Paragraph  
4 (“OP”) 23, SDG&E will file a separate application setting forth forecasted greenhouse gas costs  
5 and revenues for the subsequent year. Pursuant to D.13-12-041 OP 13, SDG&E is filing its  
6 Greenhouse Gas Revenue and Reconciliation Application concurrently with this 2015 ERRR  
7 Forecast Application. In compliance with these decisions, SDG&E does not seek recovery of  
8 GHG-related direct and indirect costs in this ERRR Forecast Application.

9 **V. SUMMARY**

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

- 11 ■ approve SDG&E’s 2015 ERRR revenue requirement forecast of \$1,206.353  
12 million;
- 13 ■ approve SDG&E’s 2015 CTC revenue requirement forecast of \$16.233 million;  
14 and
- 15 ■ approve SDG&E’s 2015 LGBA revenue requirement forecast of \$6.949 million.

16 The above amounts all include FF&U.

17 Further, my testimony affirms that the forecast of GHG-related costs and revenues for the  
18 year 2015 will be submitted in a separate filing concurrently with this ERRR Forecast, and that  
19 GHG-related costs are not included in this ERRR Forecast.

20 This concludes my testimony.  
21



1 **VI. 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 previously testified before the Commission.

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

**DECLARATION  
OF SHERI S. MILLER**

**A.14-04-XXX**

Application of San Diego Gas & Electric Company (U 902-E)  
for Adoption of its 2015 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 April 15, 2014 Application for Adoption of its 2015 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.<sup>1</sup> As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

<b>Confidential Information</b>	<b>Matrix Reference</b>	<b>Reason for Confidentiality</b>
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.

<sup>1</sup> 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 15th day of April, 2014, at San Diego, California.



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