

Proceeding No.: A.12-04-003
Exhibit No.: _____
Witness: Gregory D. Shimansky

AMENDMENT TO
PREPARED DIRECT TESTIMONY OF
GREGORY D. SHIMANSKY
SAN DIEGO GAS & ELECTRIC COMPANY
****REDACTED PUBLIC VERSION****

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

June 6, 2012



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1 **AMENDMENT TO**
2 **PREPARED DIRECT TESTIMONY OF**
3 **GREGORY D. SHIMANSKY**
4 **ON BEHALF OF SDG&E**

5 **I. INTRODUCTION**

6 The purpose of this Amendment to my Prepared Direct Testimony is to revise San Diego
7 Gas & Electric Company's ("SDG&E's") request for a revenue requirement adjustment necessary
8 to correct the undercollection recorded in its Energy Resource Recovery Account ("ERRA"). My
9 testimony:

- 10 • provides an updated ERRA balance of approximately \$49.9 million (approximately
11 \$3 million less than what was reported in my original testimony) as of June 30,
12 2012, based on January through April actuals and forecasted data for May and June,
13 using known gas prices (based on the New York Mercantile Exchange
14 ["NYMEX"]) as of May 30, 2012;
- 15 • shows that by June 30, 2012 (approximately 120 days after SDG&E exceeded the
16 4% trigger point in February 2012), the updated ERRA balance does not self-
17 correct below the trigger point mandated by Assembly Bill ("AB") 57 and adopted
18 via Advice Letters ("AL") 2233-E and 2335-E; and
- 19 • sets forth SDG&E's proposal to amortize the updated undercollected ERRA
20 balance as of June 30, 2012 over a 12-month period beginning no later than
21 September 1, 2012.

1 **II. BACKGROUND¹**

2 **A. ERRA Workshop**

3 Following the filing of SDG&E’s original Application and service of my original Direct
4 Testimony on April 9, 2012, SDG&E hosted a workshop at the California Public Utilities
5 Commission (“Commission”) on May 22, 2012. The purpose of the workshop was to provide a
6 detailed explanation of the basis of SDG&E’s triggered ERRA balance and specific request for a
7 revenue requirement adjustment. Prior to the workshop, SDG&E had provided responses to a
8 number of Division of Ratepayer Advocates (“DRA”) data requests focusing on the drivers of
9 SDG&E’s February triggered balance. Among other things, the workshop was designed to provide
10 further detail related to SDG&E’s data request responses and to answer any further questions DRA
11 or the Utility Consumers’ Action Network (“UCAN”) might have about the trigger balance and its
12 drivers. At the close of the workshop, SDG&E agreed to provide further information related to its
13 trigger balance, including updating a spreadsheet showing how the forecasted balance for months
14 where actuals were not available at the time of filing (March – June) was impacted by a change in
15 the gas price. Indeed, one of the main topics of discussion during the workshop was how changes
16 to the forecasted gas price impacted the ERRA balance.

17 Another key topic of discussion at the workshop was the statutory requirement that the 4%
18 trigger and 5% threshold calculations are to be based on a percentage of “actual recorded
19 generation revenues for the prior calendar year excluding revenues collected for the Department of
20 Water Resources.”² In D.04-01-050, the Commission Ruled that the annual trigger calculations
21 would be determined via an advice letter to be filed by the investor-owned utilities (“IOUs”) by

¹ The background section in my original testimony (Section II BACKGROUND), including general discussion of the trigger mechanism, self-correction mechanism and current trigger amount, is not repeated here, but continues to apply.

² California Public Utilities Code (“P.U. Code”) § 454.5 (d)(3).

1 April 1 of each year.³ During the workshop, SDG&E explained that it had followed this
2 Commission-mandated process for establishing the 2012 trigger and threshold amounts.
3 Specifically, Advice Letter 2233-E set forth SDG&E's 4% trigger at \$40.8 million and 5%
4 threshold at \$51.0 million for the period of March 1, 2011 until the effective date of the next
5 trigger/threshold update. Then, Advice Letter 2335-E set forth SDG&E's 4% trigger at \$43.4
6 million and 5% threshold at \$54.2 million and was approved by the Director of the Commission's
7 Energy Division on April 3, 2012, effective March 7, 2012. Accordingly, as explained in my
8 original Direct Testimony, SDG&E used these amounts as the basis for its triggered position.

9 **B. Pre-Hearing Conference Agreement**

10 At the close of the workshop, SDG&E agreed to provide additional information, including
11 a revised spreadsheet showing the full impact of the gas price adjustment that was used in the
12 model which forecasted the ERRA balance for the months of March through June. The original
13 Application's ERRA balance for the month ending June 2012 was based on January and February
14 actuals and a forecast for the months of March through June, using gas prices known as of March
15 22, 2012. The intent behind SDG&E's agreement to provide this further information was to
16 establish a basis upon which the parties could potentially reach agreement at the Pre-Hearing
17 Conference ("PHC") scheduled for May 30, 2012.

18 At the PHC, SDG&E and DRA (UCAN did not attend) discussed various options for
19 coming to an agreement on a final trigger-related revenue requirement adjustment. In an effort to
20 ease concerns regarding forecasting error and due to the passage of time, SDG&E agreed to re-run
21 its forecasting model using actual data through April and forecasted data for May and June, using
22 gas prices (based on NYMEX) known as of the day of the PHC or May 30. Thus, instead of using
23 four months of forecasted data (March – June) as was used in the original Application, this

³ D.04-01-050 at 175-177.

1 Amendment to the Expedited Trigger Application of SDG&E (“Amendment”), which is being
2 filed in conjunction with the service of this testimony, would rely on only two months of
3 forecasted data (May – June).

4 A spreadsheet showing the results of SDG&E’s updated forecast for June 30, 2012 is
5 attached hereto as Attachment A.

6 **III. UPDATED ERRA BALANCE**

7 As shown in Attachment A, SDG&E’s updated forecast for its June 30, 2012 ERRA
8 balance is approximately \$49.9 million (approximately \$3 million less than what was requested
9 in the my original Direct Testimony), which still exceeds the \$43.4 million trigger point adopted
10 via Advice Letter 2335-E. The spreadsheet shows how SDG&E has been above the 4% trigger
11 point since the end of February 2012 and will not self-correct by June 30, 2012 or within
12 approximately 120 days of the end of February 2012, when SDG&E first exceeded the trigger
13 point.

14 **IV. PROPOSED DISPOSITION**

15 SDG&E proposes to make this trigger-related revenue requirement adjustment via a 12-
16 month amortization effective beginning no later than September 1, 2012.

17 This concludes the Amendment to my Prepared Direct Testimony.
18

1 **V. WITNESS QUALIFICATIONS**

2 My name is Gregory D. Shimansky. I am employed by San Diego Gas & Electric
3 Company (SDG&E), as the Regulatory Accounts and Financial Services Manager in the Financial
4 Analysis Department. My business address is 8330 Century Park Court, San Diego, California
5 92123. My current responsibilities include managing the process for the development,
6 implementation, and analysis of regulatory balancing and memorandum accounts as well as
7 supervising the treasury function at SDG&E. I assumed my current position in July 2010.

8 I have been employed with SDG&E and Sempra Energy since June 30, 2003. In addition
9 to my current position in Regulatory Affairs, I served as the Financial Planning Manager for
10 Sempra Energy Corporate (Parent), the Regulatory Reporting Manager at SDG&E and from June
11 2003 through August 2008, I worked for SDG&E in utility planning. I earned a Bachelors of
12 Science degree in Economics from the University of California, Los Angeles in June 1993. I also
13 earned a Masters of Science in Management, with concentrations in Finance and Marketing, from
14 Purdue University in May 1998.

15 I have previously provided written testimony to the Commission.

ATTACHMENT A

	Recorded Jan-12	Recorded Feb-12	Recorded Mar-12	Recorded Apr-12	Forecast May-12	Forecast Jun-12	Forecast Jul-12	Forecast Aug-12	Forecast Sep-12	Forecast Oct-12	Forecast Nov-12	Forecast Dec-12
Beginning Balance	(14,801,698)	(743,401)	24,024,938	39,794,056	47,030,351	47,075,053	37,438,200	45,546,267	56,119,118	54,788,369	35,588,830	31,897,145
REVENUES												
Net Revenues to Balancing Account	(43,431,536)	(40,950,707)	(38,988,228)	(36,324,292)	(51,449,223)	(66,255,771)	(80,160,045)	(88,875,338)	(82,661,858)	(86,179,901)	(69,521,095)	(58,641,536)
EXPENSES												
Total Balancing Account Expenses	\$ 57,482,260	\$ 65,708,812	\$ 56,718,880	\$ 43,659,751	\$ 51,484,721	\$ 56,610,669	\$ 88,259,910	\$ 99,438,057	\$ 82,219,897	\$ 66,970,908	\$ 65,822,002	\$ 74,556,494
MISCELLANEOUS												
SONGS disallowance Mar '12 (2)			(368,802)									
Net Current Month Under / (Over) Collection	\$ 14,059,204	\$ 24,766,981	\$ 15,767,278	\$ 7,229,784	\$ 35,498	\$ (9,645,101)	\$ 8,099,865	\$ 10,562,719	\$ (1,341,961)	\$ (19,208,993)	\$ (3,699,093)	\$ 15,914,958
Interest Rate	0.14%	0.14%										
Interest (Current Month)	\$ (907)	\$ 1,358	\$ 1,840	\$ 6,511	\$ 9,203	\$ 8,248	\$ 8,203	\$ 10,132	\$ 11,212	\$ 9,454	\$ 7,408	\$ 8,669
Adjustments												
Transfers From Other Regulatory Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Month Balance With Interest & Transfers	\$ 14,058,297	\$ 24,768,339	\$ 15,769,118	\$ 7,236,295	\$ 44,701	\$ (9,636,853)	\$ 8,108,068	\$ 10,572,851	\$ (1,330,749)	\$ (19,199,538.97)	\$ (3,691,685)	\$ 15,923,627
Cumulative Balance With Interest & Transfers	\$ (743,401)	\$ 24,024,938	\$ 39,794,056	\$ 47,030,351	\$ 47,075,053	\$ 37,438,200	\$ 45,546,267	\$ 56,119,118	\$ 54,788,369	\$ 35,588,830	\$ 31,897,145	\$ 47,820,772
Calculated Trigger % prior to amortization	-0.07%	2.36%	3.67%	4.34%	4.34%	3.45%	4.20%	5.17%	5.05%	3.28%	2.94%	4.41%
Prior Year Generation Revenue	\$ 1,019,245,553	\$ 1,019,245,553	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505	\$ 1,084,707,505
Threshold %	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Threshold Amount (1)	\$ 50,962,278	\$ 50,962,278	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375	\$ 54,235,375
Calculated Trigger % with Remaining Amortization Balance												
Amortization Beginning Balance (AL 2298-E)	\$ (21,876,448)	\$ (20,946,883)	\$ (19,208,416)	\$ (17,504,998)	\$ (15,879,623)	\$ (14,235,597)	\$ (12,468,824)	\$ (10,523,265)	\$ (8,526,859)	\$ (6,385,592)	\$ (4,499,246)	\$ (2,745,167)
Authorized Monthly Sales (kWh)	755,372,859	1,412,693,672	1,384,212,928	1,320,794,566	1,335,950,495	1,435,695,591	1,580,979,131	1,622,297,408	1,740,012,594	1,532,861,959	1,425,380,401	1,475,374,537
Amortization Applied	\$ (929,565)	\$ (1,738,467)	\$ (1,703,418)	\$ (1,625,375)	\$ (1,644,026)	\$ (1,766,773)	\$ (1,945,559)	\$ (1,996,406)	\$ (2,141,267)	\$ (1,886,346)	\$ (1,754,079)	\$ (1,815,602)
Ending Amortization Balance	\$ (20,946,883)	\$ (19,208,416)	\$ (17,504,998)	\$ (15,879,623)	\$ (14,235,597)	\$ (12,468,824)	\$ (10,523,265)	\$ (8,526,859)	\$ (6,385,592)	\$ (4,499,246)	\$ (2,745,167)	\$ (929,565)
Balance Subject to ERRA Trigger/Threshold	\$ 20,203,482	\$ 43,233,354	\$ 57,299,054	\$ 62,909,974	\$ 61,310,650	\$ 49,907,024	\$ 56,069,532	\$ 64,645,977	\$ 61,173,961	\$ 40,088,076	\$ 34,642,312	\$ 48,750,337
Calculated Trigger % - Standard	1.98%	4.24%	5.28%	5.80%	5.65%	4.60%	5.17%	5.96%	5.64%	3.70%	3.19%	4.49%
Calculated Trigger % with NGBA Balance Offset												
NGBA Balance (including SONGS MAAC Subaccount)												
ERRA Balance with NGBA offset												
Calculated Trigger % - NGBA Offset												
Notes:												
(1) 2011 trigger and threshold approved in Advice Letter 2233-E. The trigger and threshold of \$40.8 million and \$51.0, respectively, were approved on March 30, 2011. 2012 trigger and threshold approved in Advice Letter 2335-E. The trigger and threshold of \$43.4million and \$54.2 million, respectively, were approved effective March 7, 2012.												
(2) D. 12-03-014 Dated March 8, 2012 disallowed \$368,802 related to a SONGS unit 2 outage on December 28, 2008.												
(3) 2009 Settlement with NEGT arising from the energy crisis.												
(4) Energy crisis settlement with NV Energy.												

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

**DECLARATION
OF GREGORY D. SHIMANSKY**

A.12-04-003

Expedited Application of San Diego Gas & Electric Company (U 902-E) under the Energy
Resource Recovery Account Trigger Mechanism

I, Gregory D. Shimansky, declare as follows:

1. I am the Financial Services and Regulatory Accounts Manager for San Diego Gas & Electric Company ("SDG&E"). I have included my Amendment to Direct Testimony ("Testimony") in support of SDG&E's Amendment to Expedited Trigger Application ("Amended Application") addressing the disposition of SDG&E's current Energy Resource Recovery Account ("ERRA") balance. Additionally, as the Financial Services and Regulatory Accounts Manager, 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 provided by SDG&E is allowed confidential treatment in accordance with Appendix 1 – IOU Matrix in D.06-06-066. The highlighted information in Attachment A is confidential per D.06-06-066 under Matrix categories II.B Generation Cost Forecasts, XI Monthly Procurement Costs, and XIII Energy Division Monthly Data Request and is confidential for three years.

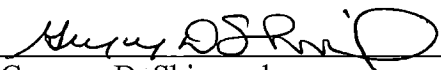
4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. I will comply with the limitations on confidentiality specified in the Matrix for the type of data that is provided herewith.

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 5th day of June, 2012, at San Diego, California.


Gregory D. Shimansky
Financial Services and
Regulatory Accounts Manager
San Diego Gas & Electric Company

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.