

Application No.: A.12-06-xxx
Exhibit No.: _____
Witness: Amanda D. Jenison
Date: June 1, 2012

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

****REDACTED PUBLIC VERSION****

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

June 1, 2012



TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	ERRA	1
III.	TCBA	3
IV.	MRTUMA.....	4
V.	IEMA.....	6
VI.	IN-LIEU GAS FRANCHISE FEES	7
	A. Palomar Energy Center.....	8
	B. OMEC	11
VII.	CONCLUSION	13
VIII.	QUALIFICATIONS	15

1 Energy Center (“OMEC”) to serve SDG&E’s bundled service customers². The ERRA includes
2 revenues from SDG&E’s Electric Energy Commodity Cost (“EECC”) rate schedule adjusted to
3 exclude California Department of Water Resources (“CDWR”) revenues for energy provided by
4 CDWR to SDG&E customers and non-fuel generation revenues allocated to the Non-Fuel
5 Generation Balancing Account (“NGBA”).

6 On a monthly basis, the ERRA compares the energy procurement costs described above
7 with the revenue from Schedule EECC (excluding CDWR and NGBA revenue). Interest is
8 applied to any over- or undercollection balance at the three-month Commercial Paper rate.
9 SDG&E’s adopted ERRA tariff describes the entries that are made to the account on a monthly
10 basis.³

11 The ERRA balance as of December 31, 2011 was a \$14.8 million overcollection.
12 Attachment A summarizes the monthly entries to the ERRA during 2011 used to calculate the
13 balance. The 2011 activity in SDG&E’s ERRA as detailed in Attachment A is summarized in
14 Table 1 below – under/(over) collection:

15 **Table 1**

December 31, 2010 ERRA Balance ⁴	\$(32,975,693)
Revenue	\$(709,520,594)
Expenses	\$750,998,130
Other - net ⁵	\$(23,233,337)
Interest	\$(70,201)
December 31, 2011 ERRA Balance	(14,801,695)

16
17 Ordering Paragraph 19 of D.02-12-074 directed Pacific Gas & Electric Company
18 (“PG&E”), Southern California Edison Company (“SCE”) and SDG&E to file a monthly report
19 with the Commission’s Energy Division to include a summary of activity in the ERRA balancing

² As specified in the approved ERRA tariff within sections 2 and 5(t).

³ Within section 5, “Accounting Procedures”.

⁴ SDG&E’s December 31, 2010 balance is pending approval in Application (“A.”)11-06-003.

⁵ “Other-net” includes FERC refunds, transfers from other regulatory accounts, carrying costs related to hedging, rebalancing costs, EPA payments on SO2 allowances, adjustments and settlement payments.

1 account and to also submit original source documents pertaining to such activities. D.07-04-020
2 modified this requirement to allow SDG&E to provide only a breakdown of costs recorded to the
3 ERRA in the monthly filings and make the supporting documentation available to Commission
4 staff and interested parties upon request. The modified reporting requirement was effective with
5 the April 2007 report. SDG&E submitted the monthly reports to the Energy Division and
6 interested parties for all twelve months of 2011.

7 **III. TCBA**

8 In SDG&E's 2005 ERRA compliance review proceeding, the Commission authorized the
9 review of SDG&E's TCBA in future ERRA review proceedings.⁶ The annual ERRA review is
10 the appropriate forum to review the TCBA since the costs that are recorded in the TCBA
11 generally relate to the above-market portion of certain Qualifying Facilities ("QFs") and
12 purchase power costs eligible for recovery under Assembly Bill ("AB") 1890.

13 The TCBA records the eligible above-market power costs and the revenues received from
14 SDG&E's Competition Transition Charge ("CTC") rate. For 2011, the market benchmark of
15 \$42.50/MWh⁷ was used to calculate the above-market portion of AB 1890-eligible transition
16 costs. On a monthly basis, the TCBA compares the above-market power costs with the revenue
17 from the CTC rate component. Interest is applied to any over- or undercollection balance at the
18 three-month Commercial Paper rate.

19 The balance in the TCBA as of December 31, 2011 was a \$9.1 million undercollection.⁸
20 Attachment B provides a monthly summary of the entries to the TCBA during 2011. The 2011
21 activity in the SDG&E TCBA as detailed in Attachment B to my testimony is summarized in
22 Table 2 below – under/(over) collection:

⁶ D.06-12-019 at Ordering Paragraph ("OP") 3.

⁷ This amount was authorized in D.11-07-041, which approved SDG&E's 2011 ERRA Revenue Requirement Forecast proceeding, A.10-10-001.

⁸ The forecasted 2011 year-end undercollected balance of \$7.3 million was approved in AL 2298-E on December 23, 2011 for amortization in rates effective January 1, 2012.

1

Table 2

December 31, 2010 TCBA Balance ⁹	\$(26,922,658)
Revenue	\$(31,118,381)
Expenses	\$67,070,466
Other ¹⁰	\$137,955
Interest	\$(24,855)
December 31, 2011 TCBA Balance	\$(9,142,527)

2

3 **IV. MRTUMA**

4 The purpose of the MRTUMA is to record the incremental operation and maintenance
5 (“O&M”) and capital revenue requirement-related costs associated with implementing the
6 California ISO’s (“CAISO”) MRTU initiative. The CAISO implemented MRTU on April 1,
7 2009. All market participants were required to comply with the CAISO’s MRTU Tariff. As
8 described in more detail in the direct testimony of Mr. Choi, the MRTU project required SDG&E
9 to implement internal computer system changes in order to ensure integration with the CAISO’s
10 new MRTU systems. SDG&E filed Advice Letter 1867-E dated January 29, 2007 to request
11 authority from the Commission to establish the MRTUMA to record costs associated with
12 implementing the CAISO’s MRTU tariff. Interest is applied to any over- or under collection
13 balance at the three-month Commercial Paper rate. With respect to recovery of MRTU-related
14 costs, SDG&E’s approved MRTUMA tariff reads:

15 Recovery of the MRTUMA shall be addressed in the annual ERRRA
16 Reasonableness proceeding, or other proceeding determined by the
17 Commission. The balance in the MRTUMA shall be transferred to the
18 Non-fuel Generation Balancing Account (NGBA) upon Commission
19 approval.¹¹
20

⁹ SDG&E’s December 31, 2010 balance is pending approval in A.11-06-003.

¹⁰ “Other” includes authorized transfer from other accounts per D.11-10-029.

¹¹ The request to establish SDG&E’s MRTUMA Preliminary Statement was filed in AL 1867-E on January 29, 2007 and approved by the Commission on June 11, 2007, with an effective date of May 24, 2007.

1 On June 1, 2011, SDG&E filed A.11-06-003 (ERRA Compliance Application for 2010)
2 for, among other things, review and approval of its MRTU-related costs through December 31,
3 2010. A ruling issued on June 23, 2011 granted a motion to bifurcate and consolidate MRTU
4 issues into a separate proceeding for 2010. As a result, PG&E, SCE and SDG&E (collectively,
5 the “Joint Utilities”) filed joint application, A.12-01-014, on January 31, 2012 for the adoption of
6 electric revenue requirements and rates associated with the MRTU initiative. In this joint
7 application, SDG&E requested Commission adoption of MRTU-related electric revenue
8 requirement of \$1.6 million associated with cost undercollections recorded through 2010 in its
9 MRTUMA, as originally presented in A.11-06-003. The Division of Ratepayer Advocates
10 (“DRA”), the only intervening party to file comments, did not contest SDG&E’s request for cost
11 recovery, reasonableness review or to transfer the balance per the tariff disposition. As of this
12 date, a final decision in A.12-01-014 has not been issued. However, the Joint Utilities did
13 receive guidance from the Assigned Commissioner and Administrative Law Judge (“ALJ”) at the
14 MRTU Implementation Best Practices workshop, held on March 12, 2012 in A.12-01-014, to
15 include SDG&E’s 2011 MRTUMA cost recovery and reasonableness requests in its 2011 ERRA
16 Compliance proceeding. Therefore, in this application, SDG&E’s MRTUMA request is limited
17 to 2011 activity.

18 Among other issues in this application, SDG&E requests recovery of the revenue
19 requirement associated with the activity in the MRTUMA for 2011. The MRTUMA balance as
20 of December 31, 2011 is \$3.9 million undercollected. Reducing that balance by the activity in
21 2010 of \$1.6 million undercollected produces 2011 activity in the MRTUMA of \$2.3 million
22 undercollected, the amount of which SDG&E seeks recovery for MRTUMA in this Application,
23 as shown on Table 3. Attachment C to my testimony provides a monthly summary of the entries
24 to the MRTUMA during 2011.

25 It should be noted that Mr. Choi’s direct testimony describes all MRTU-related costs for
26 the record period 2011. Specifically, Mr. Choi explains the \$2.8 million, made up of capital
27 expenditures of \$1.1 million and O&M costs of \$1.7 million, primarily for software-related
28 items, contracted support, and incremental direct labor. The differing amounts (\$2.8 million in
29 Mr. Choi’s Direct Testimony vs. \$2.3 million in my request) can be attributed to the fact that the
30 MRTUMA only captures capital revenue requirement-related costs (such as depreciation, return,
31 income taxes, and interest) plus O&M, whereas the total MRTU-related costs described in Mr

1 Choi's Direct Testimony reflects O&M and all capital expenditures. Accordingly, in this
2 Application, SDG&E is seeking authority to recover 2011 MRTUMA costs of \$2.3 million and a
3 reasonableness finding as to the total MRTU-related costs of \$2.8 million.

4 **V. IEMA**

5 In D.04-12-048, the Commission adopted a variety of safeguards and procedures that
6 required the utilities to use independent evaluators ("IEs") if affiliated entities bid in a
7 procurement solicitation or if the utility sought turnkey proposals. In D.05-07-039, the
8 Commission extended the requirement to use independent evaluators for SDG&E's Renewables
9 Portfolio Standard ("RPS") solicitations. Pursuant to D.04-12-048 and D.05-07-039, the purpose
10 of the IEMA is to record third party costs associated with the use of IEs in the utility's long-term
11 procurement activities and RPS programs. Interest is applied to any over- or undercollection
12 balance at the three-month Commercial Paper rate.

13 As noted above, on June 1, 2011, SDG&E filed A.11-06-003 and a final decision in that
14 application is still pending. With respect to cost recovery, A.11-06-003 sought authority to
15 recover the IEMA activity for 2010 in the amount of \$0.5 million. Such authority is based on the
16 approved IEMA tariff, which reads: "SDG&E shall request the recovery of the balance in the
17 IEMA through the Energy Resource Recovery Account (ERRA) application, or other proceeding
18 as authorized by the Commission."¹² In light of the pending request for recovery of IEMA-
19 related costs through 2010, this Application's request for IEMA-related costs is limited to 2011
20 activity.

21 D.11-10-029,¹³ which approved Phase 1 of SDG&E's 2009 ERRA Compliance Filing,
22 granted authority for SDG&E to update its IEMA tariff disposition to allow it to transfer the
23 balance in the IEMA to the ERRA on an annual basis.¹⁴ Following the issuance of D.11-10-029,
24 SDG&E transferred the IEMA balance through 2009 to ERRA as authorized. However, a
25 decision in A.11-06-003 to approve the 2010 IEMA transactions has not been issued; therefore,
26 SDG&E has not transferred activity from 2010 forward. SDG&E will make the appropriate

¹² Request for approval of SDG&E's IEMA Preliminary Statement was filed in AL 1820-E on August 15, 2006 and approved by the Commission on October 16, 2006 with an effective date of September 14, 2006.

¹³ Issued and effective on October 20, 2011.

¹⁴ D.11-10-029 at OP 7.c.

1 transfer of approved 2010 activity when a decision in A. 11-06-003 is issued. Additionally,
2 SDG&E will transfer 2011 activity when a decision in this Application is issued.

3 The balance as of December 31, 2011 is \$1.1 million undercollected less the
4 undercollected activity in 2010 of \$0.5 million¹⁵ produces 2011 activity in the IEMA of \$0.6
5 million undercollected,¹⁶ the amount of which SDG&E seeks recovery in this Application, as
6 shown in Table 3.

7 Attachment D to my testimony provides a monthly summary of the entries to the IEMA
8 during 2010.

9 **VI. IN-LIEU GAS FRANCHISE FEES**

10 Consistent with prior annual ERRA Compliance filings,¹⁷ SDG&E is including for
11 review entries in the ERRA for in lieu gas franchise fees. These entries include costs and annual
12 true-up entries for in-lieu gas franchise fees related to the Palomar Energy Center (“Palomar”),
13 Miramar Energy Facility (“Miramar”), and the Otay Mesa Energy Center (“OMEC”). Section
14 5(d) of SDG&E’s ERRA Tariff permits monthly entries of “electric generation fuel and fuel
15 related expenses, including in lieu payments payable to communities where SDG&E-owned
16 power plants are located pursuant to D.05-08-005 or other applicable Commission decisions.”¹⁸
17 These entries are authorized to achieve the stated purpose of ERRA which, pursuant to
18 SDG&E’s Tariff, is “to provide full recovery of the Utility’s energy procurement costs
19 associated with fuel and purchased power, Utility retained generation (URG), ISO related costs
20 and costs associated with its residual net short procurement requirements to serve its bundled
21 service customers.”¹⁹

¹⁵ Pending approval of A.11-06-003.

¹⁶ 2011 activity of \$.6 million excludes the \$1.2 million IEMA 2009 balance transfer to ERRA per D.11-10-029.

¹⁷ See, e.g., 2007 ERRA Compliance filing (A.07-06-005); 2008 ERRA Compliance filing (A.08-05-036); 2009 ERRA Compliance filing (A.10-06-001); 2010 ERRA Compliance filing (A.11-06-003).

¹⁸ SDG&E Balancing Accounts: Energy Resource Recovery Account (ERRA) Tariff, secs.1 (“Purpose”) & 5(d) (“Accounting Procedures”) (effective May 11, 2006) (“ERRA Tariff”). See also Advice Letter 1778-E.

¹⁹ ERRA Tariff at sec. 1 (“Purpose”).

1 Pursuant to the Franchise Act of 1937 (“the Franchise Act”), as codified at California
2 Public Utilities Code (“P.U. Code”) § 6201 *et seq.*, a public utility is required to pay franchise
3 fees to each city or county where it has facilities in public streets and rights of way. A public
4 utility is also required to collect and remit a Municipal Public Lands Use Surcharge (“MLUS”)²⁰
5 to cities or counties that is equivalent to a franchise fee on gas commodity owned by the
6 customer but transported through the utility’s facilities. These fees are commonly referred to
7 collectively as “franchise fees.” In other words, gas franchise fees and the MLUS are collected
8 through rates and paid to a city or county by a utility when a merchant generation owner has a
9 gas transportation contract with the utility that delivers the gas to the merchant’s generation
10 facility. In such situations, SDG&E calculates and pays the gas franchise fee and MLUS
11 together in one “franchise fee” payment to the applicable jurisdiction.

12 Statutory exemptions exclude situations in which a generation plant is owned and
13 operated by a utility.²¹ Specifically, subsection (c) of P.U. Code § 6351 excludes a “utility
14 transporting its own gas through its own gas transmission or distribution system, or both, for
15 purposes of generating electricity” from paying franchise fees. Therefore, a utility, such as
16 SDG&E, does not pay franchise fees to a city or county for gas that is transported by the utility
17 and used by the utility for purposes of generating electricity.²²

18 **A. Palomar Energy Center**

19 During Rulemaking (“R.”)01-10-024, SDG&E proposed, in part, to purchase the Palomar
20 plant from Sempra Energy Resources (“SER”) to help SDG&E meet its short-term and long-term
21 grid reliability needs. SDG&E asked the Commission for the authority to pay the affected City
22 of Escondido an “in-lieu” franchise fee equal to the amount Escondido would have received had

²⁰ P.U. Code § 6350 *et seq.*

²¹ P.U. Code § 6351(c).

²² *Id.*

1 SDG&E not transported its own gas to a facility it owned and operated. In D.04-06-011, the
2 Commission approved SDG&E’s purchase of Palomar and further specified “that SDG&E may
3 make ‘in-lieu’ franchise fee payments to Escondido, or any other similarly situated city . . .
4 similarly affected by the change in ownership of Palomar,” once ownership of the facility
5 transferred to SDG&E, and approved recovery of any in-lieu franchise fee payments for Palomar
6 through the ERRA account.²³ The Commission found this arrangement to be “fair to Escondido
7 so the City is not economically disadvantaged when the facility changes from merchant to utility
8 ownership.”²⁴ Shortly thereafter, in D.05-08-005, the Commission approved SDG&E’s proposed
9 overall cost recovery regulatory plan for the Palomar purchase and future operations, including
10 approving how “imputed franchise fee payments²⁵ to the city of Escondido will be handled” in
11 SDG&E’s ERRA account as “reasonable.”²⁶ After the ownership changed from SER to
12 SDG&E, SDG&E began paying the in-lieu franchise fees in August 2006 to the City of
13 Escondido for those volumes of gas transported to the Palomar facility.

14 In August 2006, as it still does today, section 5(d) of SDG&E’s ERRA tariff permitted
15 recovery of “electric generation fuel and fuel related expenses, including in lieu payments
16 payable to communities where SDG&E-owned power plants are located pursuant to D.05-08-005
17 or other applicable Commission decisions.”²⁷ Therefore, pursuant to D.05-08-005 and SDG&E’s
18 ERRA Tariff section 5(d), SDG&E has recovered the in-lieu franchise fees paid to the City of
19 Escondido for the Palomar facility through ERRA.

20 In 2011, SDG&E recorded ██████████ in ERRA for in-lieu franchise fees for Palomar.

²³ D.04-06-011 at 7 and Finding of Fact 27; Commission Resolution E-3988 at 1 and 8 (May 11, 2006).

²⁴ D.04-06-011 at 53.

²⁵ The Commission uses the phrases “in-lieu franchise fees” and “imputed franchise fees” interchangeably.

²⁶ D.05-08-005 at Finding of Fact 3.

²⁷ SDG&E Balancing Accounts: Energy Resource Recovery Account (ERRA) Tariff, sec. 5(d) (effective May 11, 2006) (“ERRA Tariff”). *See also* Advice Letter 1778-E.

1 As described below, SDG&E has applied the reasoning behind in-lieu franchise fees for
2 Palomar to record in-lieu franchise fee payments related to OMEC and Miramar for the County
3 and City of San Diego, respectively.

4 **A. Miramar Energy Facility**

5 In the same decision approving SDG&E's purchase of the Palomar plant and
6 authorization for related in-lieu franchise fee payments, the Commission approved, in part,
7 SDG&E's acquisition of the RAMCO project (a gas-fired combustion turbine with a nominal
8 load of 46 MW).²⁸ Title to the turnkey project, later renamed the Miramar Energy Facility I
9 ("MEF I"),²⁹ and the property on which it sits, transferred to SDG&E once MEF I became
10 operational in mid-2005.³⁰ In August 2006, SDG&E calculated in-lieu franchise fee payments
11 back to the beginning of MEF I's operation in 2005 and began making those payments to the
12 City of San Diego for gas transported to the facility. In mid-2009, SDG&E also began making
13 in-lieu franchise fee payments for the gas it transported to the newly-acquired Miramar Energy
14 Facility II ("MEF II"; collectively MEF I and MEF II are known as "Miramar").³¹

15 SDG&E's payment of in-lieu franchise fee payments to the City of San Diego for
16 Miramar are reasonable and appropriate for several reasons. First, the simultaneous purchases of
17 the Palomar and MEF I electric generation facilities were sufficiently similar to warrant similar
18 treatment with regard to in-lieu franchise fee payments. Therefore, SDG&E began making in-
19 lieu franchise fee payments for MEF I the same month, August 2006, that it made the first in-lieu

²⁸ D.04-06-011 at 43-46.

²⁹ When the Commission originally approved the RAMCO project, it was scheduled to be built in Chula Vista. However, as a result of permitting issues in Chula Vista, the project was built in the City of San Diego and renamed the "Miramar Energy Facility."

³⁰ D.04-06-011 at 43-46.

³¹ On June 16, 2008, SDG&E filed A.08-06-017 for approval of the Miramar Energy Facility II ("MEF II") project with the Commission. The Commission approved the request in D.09-01-008, and as a result, the developer Wellhead constructed a 46.5 MW simple cycle gas-fired combustion turbine facility on SDG&E's property that interconnects to the SDG&E system in parallel with the MEF I. SDG&E became the owner and operator of MEF II once it obtained commercial operations in mid-2009.

1 franchise fee payment for Palomar. Second, SDG&E’s ERRA tariff, which was also in effect at
2 the time SDG&E began making the in-lieu franchise fee payments for MEF I and Palomar,
3 allows for recovery of in-lieu franchise fees through ERRA. Third, also in August 2006, the
4 Commission implied its approval of SDG&E making “in-lieu payments to communities where
5 SDG&E-owned power plants are located,” such as the City of San Diego for Miramar, in
6 Commission Resolution E-3988, which approved SDG&E’s proposed modifications to its ERRA
7 tariff and its updated revenue requirements for the Palomar purchase.³² Finally, ever since
8 SDG&E started collecting and paying the in-lieu franchise fees for Miramar in August 2006, the
9 Commission has granted SDG&E the recovery of in-lieu franchise fees for Miramar through
10 ERRA in its annual ERRA forecast applications.³³

11 The 2011 in-lieu franchise fees recorded to ERRA related to Miramar total [REDACTED].

12 **B. OMEC**

13 In D.04-06-011, the Commission also approved a ten-year Power Purchase Agreement
14 (“PPA”) between SDG&E and Otay Mesa Energy Center, LLC (“OMEC”) for the Otay Mesa
15 Energy Center plant (“Otay Mesa” or “Otay Mesa plant”) as part of a motion by SDG&E for
16 approval of a number of electric resources that were chosen following a request for proposal.
17 The Otay Mesa plant is a 573 MW natural gas-fired combined-cycle power plant in southern San
18 Diego County currently owned and operated by OMEC. The Otay Mesa PPA was modified on

³² Resolution E-3988 states:

In compliance with O.P. 3 of D.05-08-005, SDG&E submitted text updates to the ERRA Preliminary Statement that address changes made to the accounting procedure in the recording of fuel and fuel-related expenses of electric generation: (1) An entry of ‘in lieu’ payments to communities where SDG&E-owned power plants are located, (e.g. imputed franchise fees paid to the city of Escondido for gas delivered to Palomar) . . .

Res. E-3988 at 8. The Commission’s use of “e.g.” or *exempli gratia* in this context designates the City of Escondido as merely an example of when “in lieu payments to communities where SDG&E-owned power plants are located” are permitted, and not an exclusionary rule of when such “in-lieu” payments are acceptable.

³³ In its annual ERRA forecast applications, SDG&E recorded the in-lieu franchise fees for Miramar within the generation fuel forecasted amounts.

1 two subsequent occasions, first by D.06-02-031, which found the ten-year Otay Mesa PPA
2 between SDG&E and OMEC to be reasonable, and later by D.06-09-021, which noted that that
3 the PPA had been modified to include Put and Call Options, which gave SDG&E the opportunity
4 to own and operate the plant following the expiration of the ten-year PPA.³⁴ After receiving
5 Commission approval of the modifications, SDG&E and OMEC executed an Amended and
6 Restated Power Purchase Agreement on May 1, 2007.

7 On June 25, 2010, SDG&E and OMEC entered into an Assignment Agreement and
8 Consent, whereby OMEC assigned all of its interests, rights, duties and obligations under the
9 Gas Transportation Agreement to SDG&E. As a result of the assignment, SDG&E retains title
10 to the gas through the entire generation process, and subsequently takes title to all the electricity
11 generated at OMEC. Therefore, because SDG&E is now “transporting its own gas through its
12 own gas transmission or distribution system . . . for purposes of generating electricity”, the gas it
13 transports is excluded from MLUS under the P.U. Code § 6351(c) exemption, and SDG&E is not
14 required to make the normal franchise fee payments to the County of San Diego. However, akin
15 to Palomar, SDG&E provides its own gas to OMEC “for purposes of generating electricity” and
16 akin to Palomar, SDG&E takes title to the OMEC facility’s entire energy output. Therefore,
17 SDG&E believes that it is reasonable to extend the Commission-approved treatment of “in-lieu”
18 franchise fees to OMEC.

19 The 2011 in-lieu franchise fees recorded to ERRA related to OMEC total [REDACTED].

³⁴ On November 16, 2011, SDG&E filed a Petition for Modification in R.01-10-024 to modify the three previous Commission decisions approving the Otay Mesa PPA to clarify that OMEC’s greenhouse gas (“GHG”) responsibilities, attributed to SDG&E’s dispatch of the Otay Mesa plant up to a limit based on the guaranteed heat rate of the Otay Mesa plant, will be allocated to SDG&E, and any allocation of GHG allowances received by OMEC will be used to meet OMEC’s GHG compliance obligation. No protests were filed in response to SDG&E’s Petition. As of today, the Commission has not issued a decision on this matter.

1 **VII. CONCLUSION**

2 As directed in D.02-10-062 and D.02-12-074, SDG&E seeks approval of the entries and
3 calculations in its ERRA for the period January 1, 2011 through December 31, 2011 and requests
4 that the Commission find these entries and calculations appropriate, correctly stated and
5 recoverable, including confirmation that its treatment of in-lieu franchise fees with respect to
6 Miramar and OMEC is appropriate. Furthermore, as directed in D.06-12-019, SDG&E seeks
7 approval of the entries recorded to the TCBA, also for the period January 1, 2011 through
8 December 31, 2011 and requests that the Commission find these entries and calculations
9 appropriate, correctly stated and recoverable in accordance with applicable Commission policy
10 and decisions. In addition, SDG&E requests that the Commission approve recovery of the 2011
11 entries recorded in the MRTUMA and IEMA. SDG&E has made the entries to the
12 aforementioned regulatory accounts in accordance with its adopted tariffs and in compliance
13 with relevant Commission decisions. Finally, SDG&E seeks a reasonableness finding as to the
14 total 2011 MRTU-related costs described in Mr. Choi's testimony.

15 This concludes my prepared direct testimony.

Table 3

Memorandum Account Summary	Account Disposition	Amount
Market Redesign Technology Upgrade Memorandum Account (MRTUMA)	NGBA	\$2,312,259
Independent Evaluator Memorandum Account (IEMA)	ERRA	\$621,730
Total Cost Recovery Requested for Memorandum Accounts		\$2,933,989

1 **VIII. QUALIFICATIONS**

2 My name is Amanda D. Jenison. My business address is 8330 Century Park Court, San
3 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.

Attachment A

**San Diego Gas & Electric Company
Energy Resource Recovery Account (ERRA)
For the period January 1, 2011 - December 31, 2011**

Line #	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total 2011
1 REVENUES													
2 EERC Revenue (Less DWR Revenue)	(79,434,320)	(80,934,870)	(83,129,276)	(72,258,188)	(85,205,400)	(100,507,090)	(99,422,694)	(99,019,951)	(108,520,268)	(89,122,686)	(76,776,605)	(73,376,157)	
3 Electric Procurement Bill Credit	11,719	18,234	3,105	1,627	2,455	366	-	-	-	-	-	-	
4 ABX1 Surcharge Credit	-	-	-	-	-	-	-	-	-	-	-	-	
5 Peak Time Rebate (PTR) Incentive Payments	-	-	-	-	-	-	-	-	-	-	24,568	-	
6 Net Energy Metering - Net Surplus Compensation Payments	-	-	-	-	-	-	-	-	-	5,300	128,401	10,272	
7 Total ERRA Balancing Account Revenues including FF&U	(79,422,601)	(80,916,636)	(83,126,171)	(72,256,561)	(85,202,945)	(100,506,724)	(99,422,694)	(99,019,951)	(108,520,268)	(89,117,386)	(76,623,636)	(73,365,885)	
8 Less: FF&U factor (1.011808 effective 5/1/09)	927,014	944,526	970,135	843,267	994,364	1,172,938	1,160,283	1,155,582	1,266,453	1,040,141	895,936	856,314	
9 Less: FF&U factor for Electric Procurement Bill Credit	(137)	(213)	(36)	(19)	(29)	(4)	-	-	-	-	-	-	
10 Less: FF&U factor for Peak Time Rebate Payments	-	-	-	-	-	-	-	-	-	-	(287)	-	
11 Less: FF&U factor for Net Energy Metering	-	-	-	-	-	-	-	-	-	(62)	(1,499)	(120)	
12 Total for FF&U	926,877	944,313	970,099	843,248	994,335	1,172,934	1,160,283	1,155,582	1,266,453	1,040,079	894,150	856,194	
13 Subtotal ERRA Revenues w/o FF&U	(78,495,724)	(79,972,323)	(82,156,072)	(71,413,313)	(84,208,610)	(99,333,790)	(98,262,411)	(97,864,369)	(107,253,815)	(88,077,307)	(75,729,486)	(72,509,691)	
14 Less Transfer to NGBA	26,476,195	23,724,976	25,495,911	22,602,395	24,137,409	24,969,960	25,456,484	25,041,835	29,010,087	33,204,642	31,846,951	33,823,887	
15 Transfer (FERA) to BBA	(2,353)	(2,939)	(3,361)	(2,504)	(3,641)	(2,678)	(2,550)	(3,236)	(2,357)	(2,945)	(2,432)	(2,668)	
16 SDFFD Credit Adjustment for Electric Procurement Bill Credit	(314)	(322)	(61)	(25)	(26)	(4)	-	-	-	-	-	-	
17 Net Revenues to Balancing Account	(52,022,196)	(56,250,608)	(56,663,583)	(48,813,447)	(60,074,867)	(74,366,513)	(72,808,477)	(72,825,770)	(78,246,085)	(54,875,610)	(43,884,967)	(38,688,472)	(709,520,594)
EXPENSES													
32 Total Balancing Account Expenses	\$ 73,718,293	\$ 63,533,601	\$ 54,388,551	\$ 49,265,885	\$ 50,295,068	\$ 55,270,183	\$ 59,749,862	\$ 81,922,320	\$ 68,172,731	\$ 56,589,812	\$ 75,298,934	\$ 62,792,890	\$ 750,998,130
MISCELLANEOUS													
33 FERC Refunds	-	(16,343,742)	-	-	(837,934)	(196,059)	(5,301,465)	(233,110)	-	-	-	-	
34 EPA Payment on SO2 Allowance	-	-	-	-	(558)	(86)	-	-	-	-	-	-	
35 AG Curtailments Settlement Payment from Sempra Energy	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	(236,794)	
36 Carry Cost Related to Hedging Margin Dep - Broker	-	-	-	-	-	-	-	-	-	-	-	-	
37 Carry Cost Related to Hedging Margin Dep - Computed	14,008	15,208	14,164	13,106	10,545	7,877	7,121	6,713	7,989	7,220	8,024	7,852	
38 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
39 Total Miscellaneous	(222,785)	(16,565,327)	(222,630)	(223,688)	(1,064,741)	(425,062)	(5,531,137)	(463,190)	(228,805)	7,220	8,024	7,852	(24,924,269)
40 Net Current Month Under / (Over) Collection	\$ 21,473,311	\$ (9,282,334)	\$ (2,497,662)	\$ 228,751	\$ (10,844,540)	\$ (19,521,392)	\$ (18,589,753)	\$ 8,633,359	\$ (10,302,159)	\$ 1,721,422	\$ 31,421,992	\$ 24,112,269	
41 Interest Rate	0.23%	0.24%	0.23%	0.23%	0.20%	0.16%	0.15%	0.14%	0.16%	0.14%	0.15%	0.14%	
42 Interest (Current Month)	\$ (4,262)	\$ (3,230)	\$ (4,136)	\$ (4,443)	\$ (4,748)	\$ (5,823)	\$ (7,843)	\$ (7,901)	\$ (9,143)	\$ (8,501)	\$ (7,036)	\$ (3,136)	\$ (70,201)
43 Adjustments	-	-	-	-	-	-	-	-	-	\$ 10,212	(10,212)	-	
44 Transfers From Other Regulatory Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,668,490	\$ 22,442	\$ 1,690,932
45 Current Month Balance With Interest & Transfers	\$ 21,469,049	\$ (9,285,563)	\$ (2,501,797)	\$ 224,308	\$ (10,849,288)	\$ (19,527,215)	\$ (18,597,595)	\$ 8,625,458	\$ (10,311,301)	\$ 1,723,132	\$ 33,073,234	\$ 24,131,576	
46 Cumulative Balance With Interest & Transfers	\$ (11,506,644)	\$ (20,792,207)	\$ (23,294,004)	\$ (23,069,696)	\$ (33,918,984)	\$ (53,446,199)	\$ (72,043,795)	\$ (63,418,337)	\$ (73,729,638)	\$ (72,006,506)	\$ (38,933,272)	\$ (14,801,695)	

Notes:

Line 33: Refunds from FERC Refund Proceedings resolving issues related to the 2000-2001 California Energy Crisis. January - settlement with CA parties. May - Enron refund and 2008 Energy Crisis Settlement FERC refund. June - Sacramento Utilities Municipal District. July - City of Glendale, Modesto Irrigation District, City of Seattle, City of Santa Clara, City of Pasadena and PPL Montana. August - City of Burbank and Turlock Irrigation District.

Attachment B

**San Diego Gas and Electric
Transition Cost Balancing Account
For the period January 1, 2011 - December 31, 2011**

Under / (Over) Collector	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total 2011
Beginning Balance	\$ (26,922,658)	\$ (28,535,037)	\$ (28,445,924)	\$ (27,724,176)	\$ (26,551,026)	\$ (21,620,172)	\$ (17,431,620)	\$ 698,046	\$ 5,105,479	\$ 8,295,314	\$ 8,551,784	\$ 9,342,066	
CTC Revenue	\$ (2,592,319)	\$ (1,731,888)	\$ (1,192,008)	\$ (1,975,713)	\$ (2,230,540)	\$ (2,765,272)	\$ (2,679,735)	\$ (2,811,327)	\$ (3,792,003)	\$ (3,756,508)	\$ (2,714,528)	\$ (2,876,542)	\$ (31,118,381)
CTC Costs	\$ 985,254	\$ 1,826,699	\$ 1,919,138	\$ 3,154,064	\$ 7,165,408	\$ 6,956,426	\$ 20,810,447	\$ 7,218,421	\$ 6,980,944	\$ 4,011,995	\$ 3,365,746	\$ 2,675,924	\$ 67,070,466
(Over)/Under collection	\$ (1,607,065)	\$ 94,811	\$ 727,130	\$ 1,178,351	\$ 4,934,868	\$ 4,191,155	\$ 18,130,712	\$ 4,407,094	\$ 3,188,941	\$ 255,487	\$ 651,218	\$ (200,618)	
Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Current Month (over)/under collection (before int.)	\$ (1,607,065)	\$ 94,811	\$ 727,130	\$ 1,178,351	\$ 4,934,868	\$ 4,191,155	\$ 18,130,712	\$ 4,407,094	\$ 3,188,941	\$ 255,487	\$ 651,218	\$ (200,618)	
Interest Rate	0.23%	0.24%	0.23%	0.23%	0.20%	0.16%	0.15%	0.14%	0.16%	0.14%	0.15%	0.14%	
Interest (Current Month)	\$ (5,314)	\$ (5,698)	\$ (5,382)	\$ (5,201)	\$ (4,014)	\$ (2,603)	\$ (1,046)	\$ 339	\$ 893	\$ 983	\$ 1,110	\$ 1,078	\$ (24,855)
Current Month Balance With Interest	\$ (1,612,379)	\$ 89,113	\$ 721,748	\$ 1,173,150	\$ 4,930,854	\$ 4,188,552	\$ 18,129,666	\$ 4,407,433	\$ 3,189,834	\$ 256,470	\$ 652,328	\$ (199,540)	
Transfer (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,955	\$ -	
Ending Balance - Cum. Bal. With Interest	\$ (28,535,037)	\$ (28,445,924)	\$ (27,724,176)	\$ (26,551,026)	\$ (21,620,172)	\$ (17,431,620)	\$ 698,046	\$ 5,105,479	\$ 8,295,314	\$ 8,551,784	\$ 9,342,066	\$ 9,142,527	

(1) Transfer of November 2011 GDTCA balance (12/31/09 balance & 12/31/10 balance with interest) pursuant to D. 11-10-029 dated Oct. 20, 2011 & AL 2304-E effective Nov. 17, 201

Attachment C

**SAN DIEGO GAS & ELECTRIC CO.
MARKET REDESIGN TECHNOLOGY UPGRADE MEMORANDUM ACCOUNT
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011**

	January-11	February-11	March-11	April-11	May-11	June-11	July-11	August-11	September-11	October-11	November-11	December-11	TOTAL 2011
O&M EXPENDITURES	\$ 73,405	\$ 79,071	\$ 78,932	\$ 79,328	\$ 91,865	\$ 97,491	\$ 89,514	\$ 120,671	\$ 106,170	\$ 455,339	\$ 172,461	\$ 286,651	\$ 1,730,898
REVENUE REQUIREMENT:													
Depreciation	\$ 50,718	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732	\$ 50,732
Return on Rate Base	\$ 7,099	\$ 6,708	\$ 6,342	\$ 5,976	\$ 5,610	\$ 5,244	\$ 4,878	\$ 4,512	\$ 4,146	\$ 3,780	\$ 3,414	\$ 3,048	\$ 3,048
Income Tax on Return	\$ (6,172)	\$ (6,356)	\$ (6,165)	\$ (38,408)	\$ (5,632)	\$ (5,441)	\$ (5,250)	\$ (5,059)	\$ (4,867)	\$ (4,676)	\$ (4,485)	\$ (4,294)	\$ (4,294)
Total Revenue Requirement Expenditures	\$ 51,644	\$ 51,084	\$ 50,909	\$ 18,300	\$ 50,710	\$ 50,535	\$ 50,360	\$ 50,185	\$ 50,011	\$ 49,836	\$ 49,661	\$ 49,486	\$ 572,723
TOTAL Balancing Account Expenses	\$ 125,049	\$ 130,155	\$ 129,841	\$ 97,628	\$ 142,575	\$ 148,026	\$ 139,874	\$ 170,856	\$ 156,182	\$ 505,175	\$ 222,122	\$ 336,138	\$ 2,303,621
Net Current Month Under / (Over) Collection	\$ 125,049	\$ 130,155	\$ 129,841	\$ 97,628	\$ 142,575	\$ 148,026	\$ 139,874	\$ 170,856	\$ 156,182	\$ 505,175	\$ 222,122	\$ 336,138	
CUMULATIVE BALANCE	\$ 4,260,191	\$ 4,390,346	\$ 4,520,187	\$ 4,617,815	\$ 4,760,390	\$ 4,908,416	\$ 5,048,290	\$ 5,219,146	\$ 5,375,328	\$ 5,880,503	\$ 6,102,625	\$ 6,438,763	
INTEREST RATE	0.23%	0.24%	0.23%	0.23%	0.20%	0.16%	0.15%	0.14%	0.16%	0.14%	0.15%	0.14%	
INTEREST	\$ 809	\$ 870	\$ 859	\$ 881	\$ 786	\$ 648	\$ 626	\$ 602	\$ 710	\$ 660	\$ 753	\$ 434	\$ 8,638
CURRENT MONTH INTEREST	\$ 809	\$ 870	\$ 859	\$ 881	\$ 786	\$ 648	\$ 626	\$ 602	\$ 710	\$ 660	\$ 753	\$ 434	
CUMULATIVE INTEREST	\$ 25,281	\$ 26,151	\$ 27,010	\$ 27,891	\$ 28,677	\$ 29,325	\$ 29,951	\$ 30,553	\$ 31,263	\$ 31,923	\$ 32,676	\$ 33,110	
Transfer (a)											\$ (2,581,192)		\$ (2,581,192)
CURRENT BALANCE WITH INTEREST (b)	\$ 125,858	\$ 131,025	\$ 130,700	\$ 98,509	\$ 143,361	\$ 148,674	\$ 140,500	\$ 171,458	\$ 156,892	\$ 505,835	\$ (2,358,317)	\$ 336,572	\$ (268,933)
CUMULATIVE BALANCE WITH INTEREST (b)	\$ 4,285,472	\$ 4,416,497	\$ 4,547,197	\$ 4,645,706	\$ 4,789,067	\$ 4,937,741	\$ 5,078,241	\$ 5,249,699	\$ 5,406,591	\$ 5,912,426	\$ 3,554,109	\$ 3,890,681	

(a) Adjustment to transfer 2009 balance to NGBA per CPUC D. 11-10-029

(b) December 2011 current balance and cumulative balance are \$301 lower than the GL balance due to correction of December interest calculation.

Attachment D

**San Diego Gas & Electric Company
Independent Evaluator Memorandum Account
For the Period January 1, 2011 - December 31, 2011**

MONTH COLUMN #	TOTAL MONTHLY EXPENSES 1	UNDER/(OVER) COLLECTION 2	PRIOR MONTH BALANCE 3	TRANSFER 4	INTEREST BASE 5	INTEREST RATE 6	INTEREST (EXP) INC 7	ACCOUNT BALANCE 8
JANUARY	66,419	66,419	1,673,681		1,706,890	0.23%	327	1,740,427
FEBRUARY	62,750	62,750	1,740,427		1,771,802	0.24%	354	1,803,531
MARCH	-	-	1,803,531		1,803,531	0.23%	346	1,803,877
APRIL	-	-	1,803,877		1,803,877	0.23%	346	1,804,223
MAY	45,581	45,581	1,804,223		1,827,013	0.20%	305	1,850,109
JUNE	15,363	15,363	1,850,109		1,857,790	0.16%	248	1,865,720
JULY	43,653	43,653	1,865,720		1,887,546	0.15%	236	1,909,609
AUGUST	-	-	1,909,609		1,909,609	0.14%	223	1,909,832
SEPTEMBER	154,642	154,642	1,909,832		1,987,153	0.16%	265	2,064,739
OCTOBER	16,515	16,515	2,064,739		2,072,996	0.14%	242	2,081,496
NOVEMBER	40,986	40,986	2,081,496 (a)	(1,167,723)	2,101,989	0.15%	263	955,022
DECEMBER	172,545	172,545	955,022		1,041,294	0.14%	121	1,127,688
TOTAL 2011	618,454	618,454			21,771,489		3,276	

(a) Adjustment to transfer 2009 balance to ERRAs per CPUC D. 11-10-029

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

**DECLARATION
OF AMANDA D. JENISON**

A.12-06-XXX

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2011, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2011 and (iii) Costs Recorded in Related Regulatory Accounts in 2011

I, Amanda D. Jenison, declare as follows:

1. I am a Senior Regulatory Accounts Advisor for San Diego Gas & Electric Company (“SDG&E”). I have included my Direct Testimony (“Testimony”) in support of SDG&E’s Application for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities, and (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Incurred During the Record Period January 1, 2011 through December 31, 2011, and (iii) the Entries Recorded in Related Regulatory Accounts. 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 procedures adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 in 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.

Confidential Information	Matrix Reference	Reason for Confidentiality And Timing
ADJ-9 line 20 ADJ-11 line 11 ADJ-12 line 20	XIII	Energy Division Monthly Data Request; confidential for 3 years
Attachment A: ERRRA Monthly Expenses	XI	Monthly Procurement Costs; confidential for 3 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.

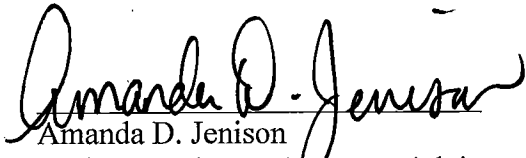
5. I will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

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 such data under those provisions, as applicable.

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 31st day of May, 2012, at San Diego, California.


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