

Proceeding No.: A.13-04-XXX  
Exhibit No.: \_\_\_\_\_  
Witness: Norma G. Jasso

**PREPARED DIRECT TESTIMONY OF**  
**NORMA G. JASSO**  
**SAN DIEGO GAS & ELECTRIC COMPANY**

***\*PUBLIC VERSION\****

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

**April 30, 2013**



**TABLE OF CONTENTS**

**I. INTRODUCTION.....1**

**II. BACKGROUND .....2**

**III. RECORDED/FORECASTED ERRRA BALANCES .....7**

**IV. REQUESTED RELIEF .....13**

**V. FUTURE EXPECTATIONS .....14**

**VI. TRIGGER CONSIDERATION TO MINIMIZE FILINGS/RATE CHANGES.....15**

**VII. CONCLUSION .....16**

**VI. WITNESS QUALIFICATIONS .....18**



1 decision on this immediate Application is implemented (currently projected for  
2 September 1, 2013);

- 3 • sets forth SDG&E’s proposal to amortize the undercollected balance over a  
4 12-month period at the time when SDG&E anticipates its next rate change  
5 anticipated for September 1, 2013;
- 6 • requests that, for the interim period between the closing of this proceeding and the  
7 implementation of the authorized amortization in rates, no advice letter filings or  
8 other trigger applications are necessary; and
- 9 • seeks to clarify that, for purposes of ascertaining whether SDG&E is in a triggered  
10 position, SDG&E’s trigger calculation will temporarily remove GHG costs from  
11 the trigger calculation.

12 These various topics are discussed in greater detail below.

## 13 **II. BACKGROUND**

### 14 **A. Trigger Mechanism**

15 In accordance with D.02-10-062, which implemented the provisions of Assembly Bill  
16 (“AB”) 57, SDG&E’s ERRA is subject to a trigger mechanism that requires a rate adjustment  
17 when the recorded monthly balance (undercollection or overcollection) exceeds a 4% trigger  
18 point and when the balance is forecasted to exceed a 5% trigger threshold.<sup>2</sup> The trigger  
19 mechanism considers the relationship between the ERRA balance and the prior year’s recorded  
20 electric commodity revenues, excluding the revenues collected for the California Department of  
21 Water Resources (“CDWR”) contracts.

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22 <sup>2</sup> D.02-10-062 at 65.

1 The statutory and regulatory requirements applicable to the trigger mechanism specify  
2 that the required rate change application is to be expedited so as to obtain the California Public  
3 Utilities Commission's ("Commission") approval within 60 days from the application's filing  
4 date. The application seeking a rate adjustment should also include a projected account balance  
5 in 60 days or more from the date of filing. Finally, the request must propose an amortization  
6 period for the balance of not less than 90 days and an allocation of the over or undercollection  
7 among customers for rate adjustment based on the existing allocation methodology recognized  
8 by the Commission.<sup>3</sup> As indicated below, my testimony satisfies these requirements.

### 9 **B. Self-Correction Mechanism**

10 In D.07-05-008, SDG&E was authorized to notify the Commission through advice letter  
11 filing, instead of expedited application, when SDG&E's ERRA balance exceeds its trigger point  
12 and SDG&E does not seek a change in rates, if the ERRA balance will self-correct below the  
13 trigger point within 120 days of filing.<sup>4</sup> In such an advice letter, SDG&E is required to provide  
14 the necessary documentation supporting its proposal to maintain its rates. On January 31, 2013  
15 and March 5, 2013, SDG&E filed Advice Letters ("AL") 2457-E and AL 2464-E, respectively,  
16 to address the ERRA balance as of December 31, 2012 and January 31, 2013 in compliance with  
17 D.07-05-008. However, in relation to the February 28, 2013 undercollection and as shown in  
18 Attachment A of this testimony, SDG&E does not forecast a self-correction to a level below 4%  
19 within 120 days, as it had in AL 2457-E and AL 2464-E.

### 20 **C. Current Trigger/Threshold Amounts**

21 Pursuant to D.04-01-050, SDG&E is required to file an advice letter by April 1 of each year  
22 to establish the current year's trigger and threshold amounts. In AL 2335-E, approved on

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<sup>3</sup> D.02-10-062 at 65-66.

<sup>4</sup> D.07-05-008 at Ordering Paragraph ("OP") 2.

1 April 3, 2012 with an effective date of March 7, 2012, SDG&E reported that its 2011 electric  
2 commodity revenues, excluding CDWR revenue, was \$1,085 million. This advice letter was still  
3 in effect when the February 2013 ERRA balance was recorded, and the trigger point and threshold  
4 was exceeded. On March 1, 2013, SDG&E filed AL 2463-E, to report its 2012 electric commodity  
5 revenues, excluding CDWR revenue, of \$1,143 million. As a Tier 1 advice letter,<sup>5</sup> AL 2463-E is  
6 effective upon its filing date of March 1, 2013. Thus, based on 2012 revenues of \$1,143 million,  
7 the current 4% trigger point and 5% trigger threshold in effect as of March 1, 2013 is \$45.7 million  
8 and \$57.2 million, respectively. The trigger calculation for March and forecasted trigger percent  
9 for April through August, described below, are based on the current \$45.7 million trigger point and  
10 \$57.2 million trigger threshold reflected in AL 2463-E.

11 **D. SDG&E's Most Recent 2012 ERRA Trigger Application**

12 On December 20, 2012, in D.12-12-022, the Commission approved SDG&E's most  
13 recent trigger Application ("A.") 12-10-017. In that Decision, the Commission approved  
14 SDG&E's proposal to recover a projected \$96.239 million undercollection from ratepayers  
15 beginning on January 1, 2013.<sup>6</sup> As ordered in OP 1 of D.12-12-022, SDG&E filed a Tier 1  
16 advice letter, AL 2440-E, on December 21, 2012, which the Commission approved on  
17 January 22, 2013, authorizing SDG&E's final ERRA undercollection amount of \$104.3 million  
18 based on the recorded November 2012 balance plus SDG&E's best estimate of its  
19 December 2012 ERRA balance available at that time. Further, SDG&E's advice letter stated that  
20 the projected \$104.3 million balance would be collected from ratepayers over a 12-month  
21 amortization period, beginning on January 1, 2013, and indicated that the \$104.3 million amount  
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<sup>5</sup> Advice Letter 2463-E was filed on March 1, 2013 as a Tier 1 advice letter, effective upon filed. Approval of the advice letter is pending at the time of this Application.

<sup>6</sup> D.12-12-022 at Conclusion of Law ("COL") 4.

1 was above the authorized trigger point and threshold amounts. Also, with respect to SDG&E's  
2 most recent trigger proceeding, it should be noted that SDG&E correctly anticipated that this  
3 trigger event was possible. The Direct Testimony of SDG&E witness Gregory D. Shimansky,  
4 served in support of A.12-10-017 on October 26, 2012, cautioned that "Given the current  
5 assumptions and proposed amortization, SDG&E cannot determine at this time whether its  
6 ERRA balance will stay within the trigger band in 2013 to avoid another trigger situation."<sup>7</sup>  
7 Mr. Shimansky also stated that "SDG&E believes it is possible, based on past ERRA forecast  
8 proceedings, that there could be a delay in implementing its 2013 ERRA forecast revenues to  
9 cover 2013 expenses, making it difficult to stay within the trigger band."<sup>8</sup> As is now evident  
10 through this Application and supporting testimony, SDG&E correctly anticipated the prospect of  
11 a further trigger situation in 2013.

12 **E. 2013 ERRA Trigger Advice Letters**

13 As referenced above, on January 31, 2013 in AL 2457-E,<sup>9</sup> SDG&E notified the  
14 Commission that SDG&E's December 31, 2012 ERRA undercollected balance of \$160.5 million  
15 was above the 4% trigger point and 5% trigger threshold of \$43.3 million and \$54.2 million,  
16 respectively.<sup>10</sup> SDG&E did not seek a change in rates because, as is provided in D.07-05-008,  
17 SDG&E expected to self-correct within 120 days of the date of that advice letter. In its advice  
18 letter, SDG&E noted that, in December 2012, the Commission issued D.12-12-033, which  
19 directed SDG&E and other utilities not to include GHG costs in rates until implementation issues  
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<sup>7</sup> A.12-10-017 Direct Testimony of Gregory D. Shimansky at GDS-8, lines 15-17.

<sup>8</sup> A.12-10-017 Direct Testimony of Gregory D. Shimansky at GDS-9, lines 1-3.

<sup>9</sup> At the time of this instant Application, AL 2457-E remains pending with Energy Division.

<sup>10</sup> Trigger point and trigger threshold amounts were approved in AL 2335-E, effective March 7, 2012.

1 are resolved in the Greenhouse Gas Order Instituting Rulemaking (“GHG OIR”).<sup>11</sup> Consistent  
2 with that directive, SDG&E presented its ERRRA balances and trigger calculations with and  
3 without GHG costs in AL 2457-E. To verify that its interpretation of D.12-12-033 was correct,  
4 AL 2457-E sought the following confirmation: “If, however, the Commission has concerns with  
5 either SDG&E’s analysis or determination that no further application is required at this time,  
6 SDG&E respectfully requests that it notify SDG&E to discuss its concerns.”<sup>12</sup> Absent approval  
7 of AL 2457-E or a response from the Commission, SDG&E does not currently have the authority  
8 to exclude GHG costs from its trigger calculation and has, therefore, provided figures with and  
9 without GHG expenses in its filings going forward, including in this Application.

10 Again as referenced above, on March 5, 2013, in AL 2464-E, SDG&E gave notice that its  
11 January 31, 2013 ERRRA undercollected balance of \$79.5 million was above the 4% trigger point  
12 and 5% trigger threshold of \$43.3 million and \$54.2 million, respectively. Again, SDG&E did  
13 not seek a rate change as it expected at that time to self-correct within 120 days, based on a  
14 trigger calculation that, like the calculation for the prior month, excluded GHG costs. Similar to  
15 AL 2457-E, in AL 2464-E, SDG&E once more requested verification that its interpretation of  
16 Commission directives was correct: “SDG&E seeks confirmation that this advice letter satisfies  
17 the requirements of Commission directives and therefore would not require an expedited  
18 application at this time.”<sup>13</sup> As AL 2464-E is pending approval from the Commission at this time;  
19 SDG&E has received no such confirmation.

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<sup>11</sup> This issue is addressed further in Section III.A, below.

<sup>12</sup> AL 2457-E, filed January 31, 2013, at 2.

<sup>13</sup> AL 2464-E, filed March 5, 2013, at 2.



1 Like the December 2012 and January 2013 balances, SDG&E's February 28, 2013  
2 balance was in a triggered position but this time SDG&E anticipated it would not self-correct  
3 within 120 days. Accordingly, on March 15, 2013 SDG&E filed an expedited motion to re-open  
4 the record in A.12-10-002,<sup>14</sup> which was pending resolution, to include the ERRA trigger amount  
5 into rates. SDG&E believed that it was reasonable to include the undercollection trigger issue in  
6 A.12-10-002 to avoid filing a separate trigger application, minimize the potential number of rate  
7 increases customers will face in the near term, and coordinate its rate impact with the  
8 implementation of the 2013 ERRA revenue requirement. However, on March 18, 2013,  
9 Administrative Law Judge ("ALJ") Seaneen Wilson denied the motion, citing that the subject  
10 matter of the motion was outside the scope of the proceeding. Nevertheless, because SDG&E  
11 remains in a triggered position and, at this time, anticipates not self-correcting over a 120-day  
12 period since the triggering event, SDG&E is filing this expedited Application to address and  
13 recover its undercollected ERRA balance, as indicated below.

### 14 **III. RECORDED/FORECASTED ERRA BALANCES**

15 Table 1 below shows SDG&E's most recent recorded data for January through March  
16 2013 and presents, for illustrative purposes, its current ERRA forecast balances for April through  
17 June 2013.<sup>15</sup> To arrive at the forecasted balances in Table 1, SDG&E used assumptions  
18 consistent with its 2013 ERRA forecast Application, A.12-10-002. For further detail regarding  
19 SDG&E's recorded and forecasted balances for 2013, please refer to Attachment A of my  
20 testimony.

21 \_\_\_\_\_  
<sup>14</sup> Application of SDG&E for Adoption of its 2013 ERRA and Competition Transition Charge ("CTC") Revenue Requirement Forecasts, filed October 1, 2012.

<sup>15</sup> 120 days from the February 28, 2013 triggering event is June 28, 2013. June 30, 2013 was used as an approximate for June 28, 2013 to show that SDG&E will not self-correct within 120 days, as directed by D.07-05-008. Further, June 30, 2013 is approximately 60 days after the filing of this Application. According to D.02-10-062, trigger applications are to include a projected account balance in 60 days or more from the date of the filing. D.02-10-062, COL 15.

**TABLE 1: ERRA BALANCES<sup>16</sup>**

ERRA Undercollection Balances (\$ in millions)	ERRA Ending Balance	Remaining ERRA 2013 Amortization	ERRA Balance Subject to Trigger	Calculated Trigger Percentage
(A)	(B)	(C)	(D) = (B) + (C)	(E)
(1) Actual January 31, 2013	\$226.809	(\$147.315)	\$79.494	7.33%
(2) Actual February 28, 2013	235.255	(132.914)	102.341	9.43%
(3) Actual March 31, 2013	251.691	(118.803)	132.888	11.63%
(4) FORECASTED April 30, 2013	259.370			
(5) FORECASTED May 31, 2013	260.680			
(6) FORECASTED June 30, 2013	249.219			

SDG&E’s recorded February 28, 2013 ERRA balance subject to trigger is a \$102.341 million undercollection, or 9.43% of the 2011 electric commodity revenues, excluding CDWR, therefore exceeding the 4% trigger point and 5% trigger threshold. Likewise, the recorded ERRA balance of \$132.888 million undercollection, as of March 31, 2013, exceeds the 4% trigger point and 5% trigger threshold, as noted in the table above. Based on SDG&E’s forecast and assumptions that take into account numerous factors such as revenue implementations, amortizations, and costs of electricity, SDG&E does not project its ERRA balance to self-correct below the 4% trigger point within the next 120 days. Thus, pursuant to California Public Utilities Code (“P.U. Code”) § 454.5(d)(3) and D.02-10-062, SDG&E submits this expedited trigger Application seeking a rate adjustment to cover the disposition of the undercollected ERRA balance.

**A. Greenhouse Gas (“GHG”) Costs**

In D.12-04-046, approving Tracks I and III of the Long-Term Procurement Plan (“LTPP”) proceeding,<sup>17</sup> and AL 2387-E,<sup>18</sup> the Commission granted SDG&E authority to recover costs associated with the Cap-and-Trade Program through its ERRA. Subsequently, in

<sup>16</sup> These balances include GHG costs. Figures can also be found in Attachment A. Specifically, Column B is found on line 33, Column C on line 39, Column D on line 40, and Column E on line 41.

<sup>17</sup> OP10 of D.12-04-046 in R.10-05-006, issued on April 24, 2012, approved on April 19, 2012.

<sup>18</sup> AL 2387-E was filed on July 20, 2012, approved on August 23, 2012, and effective on August 20, 2012.

1 D.12-12-033, SDG&E was “ordered to defer including in rates all GHG costs and revenues,  
2 including accrued interest, until all necessary implementation details are finalized.”<sup>19</sup>  
3 Accordingly, the GHG costs are currently recorded and held in SDG&E’s ERRA pending further  
4 Commission direction.

5 This situation, however, renders unclear whether GHG-related expenses should be  
6 factored into SDG&E’s monthly calculation of whether it is in a triggered position. While  
7 SDG&E was granted the GHG subaccount to track the revenues that the company would have  
8 been collecting on the authorized costs associated with GHG compliance,<sup>20</sup> SDG&E does not  
9 have the authority to remove GHG expenses from its trigger calculation. Therefore, until the  
10 Commission issues further direction on this matter, any cost recovery sought in this Application  
11 will be net of the GHG expenses, even though the triggered ERRA balances shown still retain  
12 GHG costs. Accordingly, SDG&E is seeking the Commission’s approval to remove  
13 GHG-related expenses temporarily from its monthly calculation to determine whether it is in a  
14 triggered position until such time as the Commission makes a broader determination of how  
15 GHG-related expenses factor into the broader ERRA framework.

#### 16 **B. Causes of the Current Undercollection**

17 SDG&E’s ERRA has a number of components, including revenue items, expense items,  
18 and adjustments. As such, when the account is either overcollected or undercollected for an  
19 accounting period, numerous factors contribute to the ending position. SDG&E offers the  
20 following, high-level overview of the factors contributing to the current undercollection,  
21 presented in Table 2 below and in Attachment B of my testimony. It should be noted, however,  
22 that this is not an all-inclusive list.

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<sup>19</sup> D.12-12-033 at OP 20.

<sup>20</sup> D.12-12-033, OP 20 and AL2452-E-A approved on March 6, 2013.

**TABLE 2: PROMINENT FACTORS OF UNDERCOLLECTION**

ERRA Activity (\$ in millions)	January 2013 Actual	February 2013 Actual	March 2013 Actual
(1) Prior Month Ending Balance	\$213.6	\$226.8	\$235.3
(2) <b>Activity</b>	<b>13.3</b>	<b>8.4</b>	<b>16.4</b>
(3) Ending Balance	226.8	235.3	251.7
(4) Amortization Adjustment	(147.3)	(132.9)	(118.8)
(5) Ending Adjusted Balance	79.5	102.3	132.9
(6) Calculated Trigger w/Remaining Amortization Balance	7.33%	9.43%	11.63%
<b>Activity:</b>			
(7) Delay in Approval of A.12-10-002 (2013 ERRA Forecast) *	7.1	13.2	12.9
(8) Timing Variance of Revenues vs. Expenses	14.0	3.6	9.7
(9) Electric and Gas Price Variance	4.9	8.1	9.0
(10) Amortization	(12.2)	(15.7)	(15.4)
(11) Other Items: ^	(0.6)	(0.7)	0.2
(12) Total Activity	\$13.3	\$8.4	\$16.4

Numbers in parentheses presented as overcollections. Numbers absent parentheses presented as undercollections.

\* The information is estimated, forecast data that should be viewed only for purposes of this application and only to illustrate the approximate, relative size of the indicated costs.

^ Items included in the "Other Items" sub-category are primarily related to factors that may immaterially affect the monthly activity.

**1. Delay in 2013 Revenue Implementation**

SDG&E is awaiting final approval of its 2013 ERRA forecast revenues, as requested in A.12-10-002.<sup>21</sup> The approval and implementation of the 2013 ERRA revenue requirement will enable SDG&E to record updated revenues to match the expenses currently incurred. Absent that approval, SDG&E has continued to book revenues under the 2012 forecast revenue requirement approved in D.12-07-006. For every month that SDG&E books 2012 revenues instead of 2013, the ERRA undercollection continues to grow. The delay of SDG&E's 2013 revenue implementation, when adding the values in line 7 for January and February in Table 2 above, has contributed approximately \$20.3 million to the February undercollection.

<sup>21</sup> A Proposed Decision was issued on April 8, 2013, authorizing SDG&E's 2013 ERRA revenue requirement forecast of \$1,015.531 million and SDG&E's 2013 Ongoing CTC revenue requirement forecast of \$42.028 million.

1 It is important to note that the shortfall created in the months leading up to the  
2 implementation of A.12-10-002 will not be eliminated, trued-up, or retroactively collected  
3 through the implementation of a decision in A.12-10-002. Instead, the new, approved revenue  
4 requirement will be effective on the date SDG&E implements the Final Order in A.12-10-002.  
5 Therefore, in this Application, recovery of that shortfall is necessary to collect for expenses  
6 already incurred in 2013 and those to be recorded until the 2013 ERRA forecast revenue  
7 requirement is implemented.

8 To address this systemic problem, SDG&E filed a Petition for Modification (“Petition”)  
9 on February 7, 2013. This Petition, currently pending with the Commission, is seeking to change  
10 the filing date of SDG&E’s annual ERRA forecast applications to provide the Commission with  
11 ample opportunity to render a decision on those filings so that new rates are implemented by  
12 January 1, and thereby also eliminate the impact that such delays (i.e., post-January 1 ERRA  
13 decisions) have on triggered ERRA balances. While SDG&E understands that the proposal  
14 outlined in its Petition does not guarantee that SDG&E will not experience a future trigger  
15 situation, SDG&E’s proposal, if adopted, will alleviate or eliminate the systemic delays in the  
16 issuance of SDG&E’s ERRA forecast decisions and, therefore, should alleviate or eliminate  
17 these delays as a driver. Importantly, ratepayers will benefit from the avoidance of rate  
18 instability from this problem that has adversely impacted SDG&E customers.

## 19 **2. Natural Timing Differences in Revenue Collections versus Expenditures**

20 Each year, SDG&E observes a trend or curve when collecting revenues and a different  
21 curve when recording expenses. The timing difference between these two curves, the authorized  
22 collection of revenues and the expenditures of costs, creates a mismatch. In some months, that  
23 mismatch may result in booked revenues being higher than the actual expenses, and in others the  
24 opposite may be the case. Nonetheless, one of the contributing factors of the current SDG&E

1 undercollection is this mismatch.

2 As of February 28, 2013 (the accounting date of the trigger), this pattern further drives  
3 SDG&E's current undercollection by about \$17.6 million, as illustrated by summing the January  
4 and February figures in line 8 of Table 2. This contributing factor, specifically addressing the  
5 effect of February's balance, was previously presented to the Commission in SDG&E's  
6 April 2012 Trigger Application, A.12-04-003, approved in D.12-08-007.

### 7 **3. Electric and Gas Prices**

8 Electric and gas prices have contributed to the ERRA undercollection as of  
9 February 28, 2013. While gas prices have been higher than forecasted by approximately 2.5%,  
10 electric prices have varied from forecast by as much as 16%. This effect has contributed to  
11 SDG&E's February undercollected balance by approximately \$13.0 million, displayed on line 9  
12 of Table 2 when combining the numbers in January and February 2013.

13 SDG&E pays the California Independent System Operator ("CAISO") for the bundled  
14 load it serves to its customers at SDG&E's Load Aggregation Point ("LAP") price, which is part  
15 of the Load ISO Charges line of SDG&E's estimated expenses presented in Attachment A.  
16 Similarly, SDG&E receives revenue for each generation plant in its portfolio at the specific  
17 nodal price for each generator. These revenues can also be seen in Attachment A as part of the  
18 Supply ISO Revenues expense line. The differential between the price SDG&E pays for load  
19 and the price it receives for supply revenue has resulted in higher costs in January and  
20 February 2013, continuing on through March 2013.

21 Please note that SDG&E uses forward electric price curves for the SP-15 zonal price to  
22 forecast both the Load ISO Charges and Supply ISO Revenues. Therefore, this differential effect  
23 between the LAP and individual nodal prices is not represented in SDG&E's forecast through  
24 August, shown in Attachment A. Nor is there a method or a means to forecast this effect since

1 there are no forward price curves for individual nodal price points. Also note that this forward  
2 electric price curve represents expected market conditions and, therefore, does not represent the  
3 potential effect on prices due to unexpected conditions, constraints or events that may affect  
4 prices. The natural gas price used in this Application and the methodology for determining that  
5 gas price is discussed in greater detail in SDG&E's 2013 ERRR Forecast Application,  
6 A.12-10-002, as updated on January 8, 2013.

#### 7 **4. Trigger Amortizations**

8 SDG&E is currently amortizing over twelve months the undercollections from its two  
9 previous 2012 trigger applications. D.12-08-007 approved a collection of \$76.9 million  
10 beginning on September 1, 2012 (implemented in AL 2396-E) and SDG&E expects that balance  
11 to be completely amortized by September 2013. D.12-12-022 approved a collection of  
12 \$104.3 million beginning on January 1, 2013 (implemented in AL 2440-E) which will be fully  
13 amortized by January 2014. Amortization collections, totaling \$27.9 million for January and  
14 February 2013 as presented in line 10 of Table 2, offset the above activity that created an  
15 undercollection, but are unrelated to the current issues noted in items described above.

#### 16 **IV. REQUESTED RELIEF**

17 SDG&E requests that the Commission authorize recovery of the balance in the ERRR  
18 using the most current recorded ERRR balance (excluding GHG costs) at the time this  
19 Application is implemented (currently anticipated to be September 1, 2013 in conjunction with  
20 the rate changes associated with SDG&E's annual transmission-related rate change) and best  
21

1 estimate for activity in the month just prior to implementation.<sup>22</sup> As it stands at the timing of this  
2 filing and using the anticipated September 1, 2013 implementation date, SDG&E is forecasting  
3 the August 31, 2013 balance to be \$108.5 million, excluding GHG costs (using actuals through  
4 March 2013 and SDG&E's forecasts for April through August). This is shown in Attachment A  
5 on line 43. Because the actual balance on August 31, 2013 may differ from the forecasted  
6 amount and since August 2013 is being used for illustration purposes, SDG&E requests that the  
7 Commission authorize recovery of the balance in the ERRA as described above, i.e., using the  
8 most current recorded ERRA balance (excluding GHG costs) at the time the relief requested by  
9 this Application is implemented. This proposed methodology is consistent with the relief  
10 approved in SDG&E's most recent, prior trigger decision, D.12-12-022.

11 SDG&E further proposes to file a Tier 1 Advice Letter prior to implementing this  
12 decision showing the final undercollection amount requested for relief to be implemented in rates  
13 over a 12-month amortization period effective with the next anticipated rate change, currently  
14 estimated to be September 1, 2013. The purpose of SDG&E's timing request to have this  
15 implementation date coincide with its annual September 1 transmission-related rate change is to  
16 ensure that ratepayers do not have to endure multiple rate changes within a short period of time.

## 17 **V. FUTURE EXPECTATIONS**

18 At this time, SDG&E cannot ensure that its future ERRA balance will remain within the  
19 4% trigger point and 5% threshold. Considering the uncertain pressures and impacts affecting the  
20 ERRA, SDG&E may experience a future trigger situation. Any changes or delays in assumptions

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<sup>22</sup> For illustration purposes, if a decision on this Application comes at the June 27, 2013 Commission meeting, SDG&E would look to implement the collection as of September 1, 2013 (its next anticipated rate change). In the month of August 2013, SDG&E would file a Tier 1 advice letter stating the last known ERRA balance, in this case July 2013, and its best forecast for August 2013. That would become the amount of the ERRA balance to be included in rates on September 1, 2013. Changes in decision dates or implementation dates would change this illustration. This procedure is entirely consistent with D.12-12-022.



1 as noted herein, however, may increase SDG&E’s risk of triggering again in 2013. In particular,  
2 the sensitivity surrounding the assumptions at the San Onofre Nuclear Generating Station  
3 (“SONGS”), 2013 revenue implementation, customer sales, gas prices, and the amortization  
4 proposal herein can change the final numbers as the year progresses.

5 **VI. TRIGGER CONSIDERATION TO MINIMIZE FILINGS/RATE CHANGES**

6 To minimize the overall number of potential rate changes, SDG&E proposes to  
7 implement this relief request with SDG&E’s next anticipated rate change anticipated for  
8 September 1, 2013. However, when a final decision is issued in this proceeding, the case is  
9 closed. It is possible that SDG&E might be considered in a triggered position due to the timing  
10 difference between the close of this proceeding and the implementation date. Therefore,  
11 SDG&E seeks the Commission’s determination in this proceeding that it will not be expected to  
12 file advice letters or other trigger applications in the interim between the close of this proceeding  
13 and the implementation of the authorized amortization in rates.

14 For example, if the Commission issues a decision 60 days from the file date (e.g., at the  
15 June 27, 2013 meeting) and SDG&E subsequently implements this decision on September 1,  
16 SDG&E’s ERRRA will remain in a triggered position between the period of June 30 and  
17 September 1 as the recovery will not be in effect to lower the undercollected balance. However,  
18 SDG&E would expect to be in a 120-day self-correcting position, as it would recognize that this  
19 recovery is pending, and therefore is requesting that no advice letter related to the lag associated  
20 with the trigger position would be necessary. SDG&E will continue to comply with other trigger  
21 mechanism requirements per D.07-05-008 and applicable Commission directives.

22

1 Furthermore, to reduce the prospect of unnecessary trigger applications, until the GHG  
2 allowance revenue and cost implementation issues are finalized in the GHG OIR (R.11-03-012),  
3 SDG&E requests that it be authorized to exclude the adjusted trigger balance for the purposes of  
4 calculating the trigger percent by the cost incurred and held in the ERRA for GHG compliance.  
5 SDG&E is not requesting that the accounting of the ERRA, the recording of GHG costs, or the  
6 ERRA itself be modified. This is merely a request to temporarily suspend the inclusion of GHG  
7 costs in the adjusted ERRA balance calculation used to determine whether SDG&E is in a  
8 triggered position.

## 9 **VII. CONCLUSION**

10 In compliance with D.02-10-062, SDG&E hereby notifies the Commission that the  
11 recorded adjusted balance in the ERRA as of February 28, 2013, has exceeded the 4% trigger  
12 point and the 5% trigger threshold and is not expected to self-correct under 4% within the next  
13 120 days. In sum, as supported above, my testimony:

- 14 • requests that the Commission authorize the trigger balance in the ERRA using the most  
15 current recorded ERRA balance (excluding GHG costs) and adding SDG&E's best  
16 estimate of the activity through the date of implementation -- currently estimated for  
17 August 31, 2013, to be \$108.5 million (excluding GHG costs) -- and to be set forth in the  
18 Tier 1 Advice Letter implementing this Decision;
- 19 • proposes to amortize the trigger balance to be recorded in rates over a 12-month period  
20 effective with the next anticipated rate change, currently projected for September 1, 2013,  
21 to avoid multiple rate changes for customers;

- 1 • requests that SDG&E not be expected to file advice letters or other trigger applications in  
2 the interim between the close of this proceeding and the implementation of the authorized  
3 amortization in rates; and
- 4 • seeks the Commission’s determination that SDG&E may temporarily suspend the  
5 inclusion of GHG costs in the calculation of its ERRRA trigger balance that is used to  
6 determine whether SDG&E is in a triggered position.

7

8 SDG&E welcomes the opportunity to work collaboratively with the Commission and  
9 parties to resolve any questions, including holding a workshop, as necessary.

10

11 This concludes my prepared testimony.

12

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Norma G. Jasso. I am employed by San Diego Gas & Electric Company  
3 (SDG&E), as a Regulatory Accounts Project Manager II in the Regulatory Accounts Department  
4 of the Financial Analysis Organization. My business address is 8330 Century Park Court,  
5 San Diego, California 92123. My current responsibilities include the development,  
6 implementation and analysis of regulatory balancing and memorandum accounts.

7 I earned a Bachelor of Business Administration degree with emphasis in Accounting from  
8 the University of San Diego in 1981. I also earned a Masters of Business Administration from the  
9 University of Phoenix in 1996. I have been employed by SDG&E and Sempra Energy since  
10 December, 1997. In addition to my current position, I served as Sundry Services Policy and  
11 Compliance Project Manager II, Affiliate Compliance Manager, Senior Business Analyst, and  
12 Accounting Systems Analyst.

# ATTACHMENT A

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**TESTIMONY OF NORMA JASSO**  
**A.13-0X-XXX: ATTACHMENT A**

**ERRA Forecast (\$Million)**

(Energy Resource Recovery Account)

	Recorded Jan-13	Recorded Feb-13	Recorded Mar-13	Forecast Apr-13	Forecast May-13	Forecast Jun-13	Forecast Jul-13	Forecast Aug-13
<b>ERRA Revenue and Costs</b>								
<b>Revenue</b>								
1	[REDACTED]							
2	[REDACTED]							
3	[REDACTED]							
4	[REDACTED]							
5	[REDACTED]							
6	[REDACTED]							
7	[REDACTED]							
8	[REDACTED]							
9	[REDACTED]							
10	[REDACTED]							
11	[REDACTED]							
12	[REDACTED]							
13	[REDACTED]							
14		(63)	(58)	(61)	(73)	(100)	(118)	(120)
<b>Expense</b>								
15		Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
16	[REDACTED]							
17	[REDACTED]							
18	[REDACTED]							
19	[REDACTED]							
20	[REDACTED]							
21	[REDACTED]							
22	[REDACTED]							
23	[REDACTED]							
24	[REDACTED]							
25		72	74	69	75	89	102	105
26	[REDACTED]							
27	[REDACTED]							
28	[REDACTED]							
29		8	16	8	1	(12)	(17)	(16)
30		0	0	0	0	0	0	0
31		-	-	-	-	-	-	-
32		8	16	8	1	(11)	(17)	(16)
33		235	252	259	261	249	233	217
<b>ERRA Trigger</b>								
34	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
35	1,085	1,085	1,143	1,143	1,143	1,143	1,143	1,143
36	5%	5%	5%	5%	5%	5%	5%	5%
37	54	54	57	57	57	57	57	57
38		235	252	259	261	249	233	217.1
		21.69%	22.02%	22.69%	22.81%	21.80%	20.36%	18.99%
<b>Calculated Trigger with Remaining Amortization Balance</b>								
39	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
40		(133)	(119)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
41		102	133	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
42		9.43%	11.63%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Calculated Trigger with Remaining Amort Bal and Excluding GHG</b>								
43	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
44				90	105	108	108	108
45				7.86%	9.17%	9.44%	9.41%	9.49%
				over 5%	over 5%	over 5%	over 5%	over 5%

# ATTACHMENT B

SAN DIEGO GAS & ELECTRIC COMPANY  
TESTIMONY OF NORMA JASSO  
A.13-04-XXX: ATTACHMENT B

(\$ in Millions)								
ERRA Activity (Energy Resource Recovery Account)	January 2013 Actual	February 2013 Actual	March 2013 Actual	April 2013 Forecast	May 2013 Forecast	June 2013 Forecast	July 2013 Forecast	August 2013 Forecast
Prior Month Ending Balance	\$213.6	\$226.8	\$235.3	\$251.7	\$259.4	\$260.7	\$249.2	\$232.7
<b>Activity</b>	<b>13.3</b>	<b>8.4</b>	<b>16.4</b>	<b>7.7</b>	<b>1.3</b>	<b>(11.5)</b>	<b>(16.5)</b>	<b>(15.6)</b>
Ending Balance	226.8	235.3	251.7	259.4	260.7	249.2	232.7	217.1
Amortization Adjustment	(147.3)	(132.9)	(118.8)					
Ending Adjusted Balance	79.5	102.3	132.9					
Calculated Trigger w/Remaining Amortization Balance	7.33%	9.43%	11.63%					
<u>Activity:</u>								
Delay in Approval of A.12-10-002 (2013 ERRA Forecast) *	7.1	13.2	12.9	12.4	14.0	8.3	0.0	0.0
Timing Variance of Revenues vs. Expenses	14.0	3.6	9.7	12.2	2.2	(3.6)	1.3	2.6
Electric and Gas Price Variance	4.9	8.1	9.0	0.0	0.0	0.0	0.0	0.0
Amortization	(12.2)	(15.7)	(15.4)	(14.7)	(15.0)	(16.2)	(17.8)	(18.3)
Other Items: ^	(0.6)	(0.7)	0.2	(2.2)	0.0	0.0	0.0	0.0
<b>Total Activity</b>	<b>\$13.3</b>	<b>\$8.4</b>	<b>\$16.4</b>	<b>\$7.7</b>	<b>\$1.3</b>	<b>(\$11.5)</b>	<b>(\$16.5)</b>	<b>(\$15.6)</b>

Numbers in parentheses presented as overcollections. Numbers absent parentheses presented as undercollections.

\* The information is estimated, forecast data that should be viewed only for purposes of this application and only to illustrate the approximate, relative size of the indicated costs.

^ Items included in the "Other Items" sub-category are primarily related to factors that may immaterially affect the monthly activity.



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

**DECLARATION  
OF NORMA G. JASSO**

**A.13-04-XXX**

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

I, Norma G. Jasso, declare as follows:

1. I am a Regulatory Accounts Project Manager II for San Diego Gas & Electric Company (“SDG&E”). I have included my Direct Testimony (“Testimony”) in support of the expedited Application of SDG&E. Additionally, as a Regulatory Accounts Project Manager II, 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.<sup>1</sup> 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.

<b>Confidential Information</b>	<b>Matrix Reference</b>	<b>Reason for Confidentiality</b>	<b>Confidentiality Expiration</b>
NGJ-8: Table 1	II.B.1,  II.B.4	Generation Cost Forecasts of Utility Retained Generation, Generation Cost Forecasts of Non-QF Bilateral Contracts	3 years,  3 years
Attachment A: Recorded Revenues	XIII	Energy Division Monthly Data Request	3 years
Attachment A: Recorded Expenses, Adjustments, and Calculated Trigger Excluding GHG	XI	Monthly Procurement Costs (Energy Resource Recovery Account [ERRA] Filings)	3 years
Attachment A: Forecast Revenues	V.C	LSE Total Energy Forecast – Bundled Customer	Front 3 years
Attachment A: Forecast Expenses and Adjustments	II.B	Generation Cost Forecasts	3 years
Attachment A: Forecast Calculated Trigger with Remaining Amortization Balance	II.B.1,  II.B.4	Generation Cost Forecasts of Utility Retained Generation, Generation Cost Forecasts of Non-QF Bilateral Contracts	3 years,  3 years
Attachment B: Lines 4-6	II.B.1,  II.B.4	Generation Cost Forecasts of Utility Retained Generation, Generation Cost Forecasts of Non-QF Bilateral Contracts	3 years,  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 such 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. 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 and continue to provide the level of support to the Application as intended; however SDG&E is certainly willing to work with the Commission regarding possible aggregations if the Commission seeks to make any of the confidential information provided in the Testimony public.

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

Executed this 30th day of April, 2013, at San Diego, California.

  
\_\_\_\_\_  
Norma G. Jasso  
Regulatory Accounts Project Manager II  
San Diego Gas & Electric Company