

Proceeding No.: A.17-05-  
Exhibit No.: \_\_\_\_\_  
Witness: Norma G. Jasso

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

***\*\*Redacted, Public Version\*\****

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

**May 17, 2017**



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1 **II. BACKGROUND**

2 **A. Trigger Mechanism**

3 In accordance with Decision (“D.”) 02-10-062, which implemented the provisions of  
4 Assembly Bill (“AB”) 57, SDG&E’s ERRA is subject to a trigger mechanism that requires a rate  
5 adjustment when the recorded monthly balance (undercollection or overcollection) exceeds a 4%  
6 trigger point and when the balance is forecasted to exceed a 5% trigger threshold.<sup>1</sup> The trigger  
7 mechanism considers the relationship between the ERRA balance and the prior year’s recorded  
8 electric commodity revenues.

9 The statutory and regulatory requirements applicable to the trigger mechanism specify  
10 that the required rate change application is to be expedited so as to obtain the Commission’s  
11 approval within 60 days from the application’s filing date. The application seeking a rate  
12 adjustment should also include a projected account balance of 60 days or more from the date of  
13 filing. Finally, the request must propose an amortization period for the balance of not less than  
14 90 days and an allocation of the over or undercollection among customers for rate adjustment  
15 based on the existing allocation methodology recognized by the Commission.<sup>2</sup> As indicated  
16 below, my testimony satisfies these requirements.

17 **B. Self-Correction Mechanism**

18 In D.07-05-008, SDG&E was authorized to notify the Commission through advice letter  
19 filing, instead of expedited application, when SDG&E’s ERRA balance exceeds its trigger point  
20 and SDG&E does not seek a change in rates, if the ERRA balance will self-correct below the  
21 trigger point within 120 days of filing.<sup>3</sup> In such an advice letter, SDG&E is required to provide

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<sup>1</sup> D.02-10-062 at 65.

<sup>2</sup> D.02-10-062 at 65-66.

<sup>3</sup> D.07-05-008 at Ordering Paragraph (“OP”) 2

1 the necessary documentation supporting its proposal to maintain its rates. SDG&E currently  
2 does not forecast a self-correction to a level below the 4% within 120 days. *See* Attachment A.

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

4 Pursuant to Decision (D.) 04-01-050, SDG&E is required to file an advice letter by April 1  
5 of each year to establish the current year's trigger and threshold amounts. On February 17, 2017,  
6 SDG&E filed AL 3045-E<sup>4</sup>, to report its 2016 electric commodity revenues of \$1,443 million.  
7 Thus, based on 2016 revenues of \$1,443 million, the current 4% trigger point and 5% trigger  
8 threshold in effect as of February 17, 2017 are \$57.7 million and \$72.1 million, respectively. The  
9 trigger calculations presented in Table 1 and described below, are based on the current \$72.1  
10 million trigger threshold.<sup>5</sup>

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

12 Table 1 below shows SDG&E's recorded data for January through April 2017 and  
13 presents, for illustrative purposes, its current forecast of the ERRA balance for May through July  
14 2017. July 31, 2017 is approximately 60 days after the filing of this Application. According to  
15 D.02-10-062, trigger applications are to include a projected account balance in 60 days or more  
16 from the date of the filing.<sup>6</sup>

17 To arrive at the forecasted balances in Table 1, SDG&E used assumptions consistent with  
18 its 2017 ERRA Forecast Application, as approved by the Commission in D.16-12-053<sup>7</sup> and its  
19 2016 year-end consolidated filing.<sup>8</sup> In Attachment A, SDG&E provides further detail regarding

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4 Approved March 20, 2017

5 January, 2017 trigger threshold is \$80.9 million

6 D.02-10-062, Conclusions of Law 15

7 Implemented in rates effective March 1, 2017 per AL 3034-E & AL 3034-E-A

8 AL 3028-E effective 1/1/17

1 the recorded and forecasted activities as well as monthly ERRA balances for January through  
 2 July, 2017.

3 **TABLE 1: ERRA BALANCES<sup>9</sup>**

(\$ in Millions)					
ERRA Monthly Summary	Beginning Balance	Revenues	Expenses	Ending Balance	Calculated Trigger Percentage
ACTUAL January 31, 2017	\$25	(73)	\$99	\$50	3.1%
ACTUAL February 28, 2017	\$50	(68)	\$84	\$66	4.6%
ACTUAL March 31, 2017	\$66	(73)	\$99	\$93	6.4%
ACTUAL April 30, 2017	\$93	(68)	\$94	\$119	8.3%
FORECASTED May 31, 2017	\$119	(99)	\$113	\$134	9.3%
FORECASTED June 30, 2017	\$134	(129)	\$120	\$125	8.7%
FORECASTED July 31, 2017	\$125	(144)	\$137	\$118	8.2%

4  
 5 As presented in Table 1, SDG&E’s ERRA balance at April 30, 2017 is undercollected by  
 6 \$119 million, which correlates with a trigger calculation of 8.3%, clearly exceeding the 4%  
 7 trigger point and 5% trigger threshold. SDG&E’s analysis of potential revenues and expected  
 8 expenses for May through July reveals that the ERRA undercollected balance will not self-  
 9 correct within the prescribed 120 day period. Thus, SDG&E is filing this Application seeking  
 10 recovery of the undercollection.

11  
 12  
 9 <sup>9</sup> Figures can also be found in Attachment A

1           **A.       Causes of the Current Undercollection**

2           SDG&E’s ERRA is comprised of several components, including revenue items, expense  
3 items, and adjustments. As such, when the account is either overcollected or undercollected for  
4 an accounting period, several factors contribute to the ending position. In the case of the current  
5 ERRA undercollection, SDG&E’s analysis reveals that the main factor in its current  
6 undercollection is the misalignment of authorized sales as compared to actual and anticipated  
7 sales.

8           Authorized sales refer to the customer consumption forecasted<sup>10</sup> by SDG&E and  
9 authorized by the Commission in the Rate Design Window proceeding as discussed in greater  
10 detail in the testimony of SDG&E witness Cynthia Fang. Currently, SDG&E’s authorized sales  
11 are based on a 2015-test year and do not reflect actual customer consumption. This  
12 misalignment is impacting SDG&E’s ability to fully recover its 2017 ERRA authorized revenue  
13 requirement.

14           For illustrative purposes, Table 2 shows that during the first four months of 2017 actual  
15 sales are 6.7% below authorized, consistent with the projection laid out in the testimony of  
16 SDG&E witness Cynthia Fang and we expect this trend to continue for remainder of the year.

17                           **TABLE 2: COMPARISON OF 2017 SALES**

(in GWh)			
Month	Authorized	Actuals	Difference
January	1,428	1,338	-6.3%
February	1,325	1,188	-10.3%
March	1,267	1,238	-2.3%
April	1,255	1,160	-7.6%
Total	5,275	4,924	-6.7%

<sup>10</sup> Based on the California Energy Commission’s adopted California Energy Demand forecast.

1 **IV. AMORTIZATION PERIOD**

2 As noted above and depicted in Table 1, SDG&E is forecasting its ERRA balance to  
3 reach \$118 million as of July 31, 2017 at which time the calculated trigger is projected to be  
4 8.2%. With no clear expectation of self-correcting, SDG&E proposes to recover in rates \$120  
5 million through a 14-month amortization period beginning in November 2017 and concluding in  
6 December 2018. This amortization allows for ratepayers to cover the shortfall through an  
7 extended period; and provides SDG&E financial stability as intended by AB57 and D.02-10-062.

8 **V. FUTURE EXPECTATIONS**

9 With the pending approval and implementation of SDG&E's General Rate Case ("GRC")  
10 Phase 2 ("P2") (A.15-04-012) and the 2018 ERRA Forecast application (A.17-04-016), SDG&E  
11 awaits a new level of authorized electric sales that aligns more closely with customers'  
12 consumption levels and SDG&E's actual sales levels. This updated authorized sales forecast will  
13 provide SDG&E the ability to set customer rates at a level that will permit recovery of its 2018  
14 ERRA revenue requirement. Additionally, the recovery of the \$120 million undercollected ERRA  
15 balance amortized beginning November, 2017 will provide another factor that should prevent the  
16 2018 ERRA balance from exceeding the 5% trigger threshold.

17 **VI. CONCLUSION**

18 In compliance with D.02-10-062, SDG&E hereby notifies the Commission that the  
19 recorded adjusted balance in the ERRA as of April 30, 2017, has exceeded the 4% trigger point  
20 and the 5% trigger threshold. SDG&E:

- 21 • requests that the Commission authorize the recovery of \$120 million undercollected  
22 ERRA balance projected as of July 31, 2017 to be implemented through a Tier 1 Advice  
23 Letter; and



1  
2  
3  
4

- proposes to amortize the trigger balance in rates over a 14month effective November 1, 2017 through December 31, 2018.

This concludes my prepared testimony.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Norma G. Jasso. I am employed by San Diego Gas & Electric Company  
3 (SDG&E) as the Regulatory Accounts Analysis Manager in the Financial and Business Planning  
4 organization. My business address is 8330 Century Park Court, San Diego, California 92123. My  
5 current responsibilities include managing the process for the development, implementation and  
6 analysis of regulatory balancing and memorandum accounts. I assumed my current position in  
7 June 2013.

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

14 I have previously provided testimony for this Commission.

# **Attachment A**

## ERRA Forecast (\$Million)

(Energy Resource Recovery Account)

ERRA Revenue and Costs	Recorded Jan-17	Recorded Feb-17	Recorded Mar-17	Recorded Apr-17	Forecast May-17	Forecast Jun-17	Forecast Jul-17
1 Beginning Balance	25	50	66	93	119	134	125
2 <b>Revenue</b>							
3 Electric Energy Commodity Cost (EECC) Revenue							
4 Franchise Fees							
5 SDGE Residual Revenue (w/o FF&U)							
6 <b>Non-Fuel Generation Balancing Account (NGBA)</b>							
7 <b>Marine Mitigation Memorandum Account (MMA)</b>							
8 <b>General Rate Case Memorandum Account (GRCMA)</b>							
9 <b>Demand Response Generation Balancing Account (DRGBA)</b>							
10 <b>Net ERRA Revenue</b>	(73)	(68)	(73)	(68)	(99)	(129)	(144)
11							
12 <b>Expense</b>	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
13 ISO Load Charges & Supply Revenues							
14 Contract Costs (Non-CTC) (Incl RECs & NRG)							
15 Contract Costs (CTC Up to Mkt)							
16 Generation Fuel							
17 CAISO Misc Costs							
18 Hedging Costs & Financial Transactions							
19 Rebalancing Costs (OMEC/Calpine PPA Debt Equivalence)							
20 Green House Gas Costs							
21 Adjustments							
22 <b>Net Expense</b>	99	84	99	94	113	120	137
23 <b>Net Under / (Over) Collect Prior to Interest &amp; Transfers</b>	25	16	26	27	14	(9)	(7)
24 Interest	0	0	0	0	0	0	0
25 Transfers Other Bal Accts:	-	-	-	-	-	-	-
26 <b>Total Under / (Over) Collect for Period with Interest &amp; Transfers</b>	25	16	26	27	14	(9)	(7)
27							
28 <b>Cumulative Balance Under / (Over) Collect (1)</b>	50	66	93	119	134	125	118
29							
30 <b>ERRA Trigger</b>	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
31 Prior Year Generation Revenue	1,620	1,443	1,443	1,443	1,443	1,443	1,443
32 5% Threshold	5%	5%	5%	5%	5%	5%	5%
33 5% Threshold \$ Value	81	72	72	72	72	72	72
34 <b>Cumulative ERRA Balance Under / (Over) Collection</b>	50	66	93	119	134	125	118
35 <b>Calculated Trigger %</b>	3.1%	4.6%	6.4%	8.3%	9.3%	8.7%	8.2%

(1) Footnote (Line 28 - Cumulative Balance Under/Over Collect): Totals may not add due to rounding.

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

**DECLARATION  
OF NORMA G. JASSO**

I, Norma G. Jasso, declare as follows:

1. I am the Regulatory Accounts Analysis Manager for San Diego Gas & Electric Company (“SDG&E”). I have included my Direct Testimony (“Testimony”) in support of SDG&E’s Expedited Trigger Application. Additionally, as the Regulatory Accounts Analysis 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”) being provided 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 confidential information contained in SDG&E’s Energy Resource Recovery Account 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 And Timing</b>
Sales, Purchases, Receipts and Miscellaneous Expenses (Page NGJ-10) ERRA schedule	XI	Monthly Procurement Cost 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 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 10th day of May, 2017, at San Diego, California.

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

<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.