Proceeding No.: A.12-10-002
Exhibit No.:
Witness: Amanda D. Jenison

AMENDED DIRECT TESTIMONY OF

AMANDA D. JENISON

SAN DIEGO GAS & ELECTRIC COMPANY

*****redacted, public version*****

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA
January 8, 2013

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AMENDED DIRECT TESTIMONY OF
AMANDA D. JENISON
ON BEHALF OF SDG&E

I. INTRODUCTION

The purpose of my amended direct testimony is to address cost recovery related to San Diego Gas & Electric Company's ("SDG&E's") Energy Resource Recovery Account ("ERRA") and Competition Transition Charge ("CTC") revenue requirements.[1] My testimony:

- describes SDG&E's ERRA and Transition Cost Balancing Account ("TCBA");
- sets forth SDG&E's forecasted 2013 ERRA and CTC revenue requirements;
- describes the Cap-and-Trade Program; and
- describes the Cost Allocation Mechanism and seeks approval of the Local Generation Balancing Account ("LGBA").

II. BACKGROUND

Pursuant to California Public Utilities Commission ("Commission") Decisions ("D.") 02-10-062 and D.02-12-074, the purpose of the ERRA is to provide full recovery of SDG&E's energy procurement costs associated with serving SDG&E's bundled service customers. Energy procurement costs include expenses associated with California Independent System Operator ("ISO") energy and ancillary services load charges, ISO revenues from utility generation and supply contracts, contract costs, generation fuel costs, ISO-related costs, hedging costs and previously approved equity re-balancing costs related to the financial statement consolidation under Accounting Standards Codification 810 ("ASC 810")[2], formerly referred to as FIN 46(R), of

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[1] This testimony supersedes my October 1, 2012 direct testimony submitted in this proceeding.
[2] ASC 810, effective January 1, 2010, amended Financial Accounting Standards Board ("FASB") Interpretation No. 46 (R).

the Otay Mesa Energy Center ("OMEC"). The ERRA records revenues from SDG&E's Electric Energy Commodity Cost ("EECC") rate schedule adjusted to exclude California Department of Water Resources ("CDWR") purchases and commodity revenues assigned to the Non-Fuel Generation Balancing Account ("NGBA").[3]

The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Portland General Electric and Qualifying Facilities ("QFs") that are above the market benchmark proxy are charged to the TCBA. Eligible CTC expenses[4] reflect the difference between the market proxy and the contract price of costs associated with the Portland General Electric and certain QF contracts.

III. 2013 ERRA AND CTC REVENUE REQUIREMENT FORECASTS

SDG&E requests Commission approval of the 2013 ERRA revenue requirement forecast of $1,015.531 million and 2013 CTC revenue requirement forecast of $42.028 million. As shown in Table 1, below, SDG&E's 2013 ERRA revenue requirement forecast is $1,015.531 million, including franchise fees and uncollectibles ("FF&U").

[3] In compliance with D.03-12-063, the NGBA became effective January 1, 2004.
[4] Expenses eligible for CTC recovery are defined by Assembly Bill ("AB") 1890.

TABLE 1 - ERRA REVENUE REQUIREMENT
(Thousands of Dollars)

No.	Component	2013 Forecast		2012 Forecast Update[5]	
1.	Load ISO Charges		[redacted]		[redacted]
2.	Supply ISO Revenues	[redacted]		[redacted]	
3.	Contract Costs (non-CTC)	[redacted]		[redacted]	
4.	Contract Costs (CTC up to market)	[redacted]		[redacted]	
5.	Generation Fuel	[redacted]		[redacted]	
6.	Net Supply ISO Revenues		[redacted]		[redacted]
7.	Equity Re-balancing Costs		[redacted]		[redacted]
8.	CAISO Misc Costs		[redacted]		[redacted]
9.	Hedging Costs		[redacted]		[redacted]
10.	**Subtotal**		1,003,679		811,883
11.	FF&U		11,851		9,587
12.	**TOTAL**[6]		1,015,531		821,470

The line items contained in Table 1, above, as well as the reasons for the $194.061 million increase in the 2013 ERRA revenue requirement forecast compared to the 2012 ERRA revenue requirement approved in AL 2396-E are addressed in detail in the amended direct testimony of SDG&E witness Andrew Scates.

As shown in Table 2, below, SDG&E's 2013 CTC revenue requirement forecast is $42.028 million, including FF&U.

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[5] The 2012 forecast, Application ("A.") 11-09-022, was approved by D.12-07-006. Pursuant to Ordering Paragraph 3 of D.12-07-006, SDG&E filed a Tier 1 Advice Letter ("AL") 2396-E on August 30, 2012, to update its 2012 ERRA and CTC revenue requirements to be consistent with Commission Resolution E-4475. The updated 2012 revenue requirements were implemented into rates on September 1, 2012.

[6] Sums may not equal due to rounding.

TABLE 2 - CTC REVENUE REQUIREMENT

(Thousands of Dollars)

No.	Component	2013 Forecast	2012 Forecast Update[7]
1.	Portland General Electric and QF Contracts	41,538	48,617
2.	FF&U[8]	490	574
3.	**TOTAL**	**42,028**	**49,191**

SDG&E's 2013 ERRA revenue requirement forecast includes the fuel costs for its electric generation facilities, including the San Onofre Nuclear Generating Station ("SONGS"), Miramar Energy Facility I ("Miramar I"), Miramar Energy Facility II ("Miramar II"), Palomar Energy Center ("Palomar"), Desert Star Energy Center ("Desert Star") and the Cuyamaca Peak Energy Plant ("Cuyamaca"). The actual fuel costs of SONGS, Miramar I, Miramar II, Palomar, Desert Star and Cuyamaca are recorded in the ERRA for recovery through commodity rates ("Schedule EECC"). SDG&E's non-fuel costs for these facilities are recorded in the NGBA and recovered through a separate component of SDG&E's commodity rates.

For CTC eligible purchase power contracts, the power purchased is recorded to the ERRA at the market proxy of $50.16/MWh. The difference between the actual contract price and the market proxy is included in the 2013 CTC forecast and recorded to the TCBA. The amended direct testimony of SDG&E witness Yvonne Le Mieux discusses in more detail the market proxy of $50.16/MWh.

[7] The 2012 forecast, A.11-09-022, was approved by D.12-07-006. Pursuant to Ordering Paragraph 3 of D.12-07-006, SDG&E filed Tier 1 AL 2396-E on August 30, 2012, to update its 2012 ERRA and CTC revenue requirements to be consistent with Resolution E-4475. The updated 2012 revenue requirements were implemented into rates on September 1, 2012.

[8] Reflects the combined franchise fee (1.0%) and uncollectible (0.141%) factor approved in A.06-12-009/D.08-07-046 (SDG&E 2008 GRC) such that 1/(1-.01-.00141) = 1.012 gross-up factor.

IV. CAP-AND-TRADE PROGRAM

Assembly Bill ("AB") 32, which capped California's Greenhouse Gas ("GHG") emissions at the 1990 level by 2020, granted the California Air Resources Board ("CARB") broad authority to regulate GHG emissions. CARB then proposed the California Cap-and-Trade Program, which after an extensive review process, was approved on December 13, 2011. Cap-and-Trade compliance began on January 2013 and CARB held its first auction of GHG emissions allowances on November 14, 2012, with auctions expected to be held quarterly thereafter.

In compliance with Ordering Paragraph ("OP") 10 of D.12-04-046, which addressed Track 1 and Track III of the Long-Term Procurement Plan ("LTPP"), SDG&E was granted authority to update its ERRA balancing account to record "costs incurred for the GHG compliance instrument transactions" for cost recovery. To implement this authority, SDG&E filed AL 2387-E on July 20, 2012[9] to modify its preliminary statement in order to record the procurement costs associated with GHG compliance instruments for recovery in rates. With the authority provided in D.12-04-046 and AL 2387-E, SDG&E began recording GHG-related procurement costs in ERRA, which was indicated in SDG&E's October 1 ERRA Forecast Application. However, in accordance with D.12-12-033, approved on December 20, 2012 adopting the Cap-and-Trade GHG allowance revenue allocation methodology in the GHG Order Instituting Rulemaking ("R.") 11-03-012 ("GHG OIR"), SDG&E is removing the recovery in this Amended Application of GHG-related costs from ERRA at this time, as discussed more fully in the amended direct testimony of SDG&E witness Ryan Miller. As seen in Table 1 above, the line item for GHG compliance costs in the 2013 ERRA revenue requirement has been

[9] Approved on August 23, 2012.

deleted. Further, GHG-related costs, associated with market purchases, were removed from lines 1. Load ISO Charges; and 4. Contract Costs (CTC up to market). Section III in Mr. Scates amended direct testimony further addresses SDG&E's 2013 ERRA Forecast expenses.

V. COST ALLOCATION MECHANISM

This section of my testimony describes the Cost Allocation Mechanism ("CAM") as it relates to balancing accounts. The rate recovery associated with CAM is further addressed in Ms. Le Mieux's amended direct testimony. In this Application, SDG&E is seeking approval of the CAM mechanism and does not propose at this time to seek cost recovery for CAM-related costs for the 2013 forecast period.

California Public Utilities Code Section 365.1(c)(2), added by Senate Bill ("SB") 695, requires that the net capacity costs of generation resources, acquired to meet system or local area reliability needs, be allocated to all benefiting customers on a non-bypassable basis. In D.06-07-029, as modified by D.08-09-012 and D.11-05-005, the Commission implemented the statutory directive by adopting a CAM policy to allow costs and benefits of new generation to be shared by all benefiting customers. Consistent with this guidance, SDG&E proposed, in A.11-05-023, to implement the Local Generation Charge ("LGC"), which is discussed further in the accompanying, amended direct testimony of Ms. Le Mieux. As mentioned above, my testimony addresses SDG&E's need for an associated mechanism: a new, two-way, interest bearing balancing account called the Local Generation Balancing Account ("LGBA").

Pursuant to Commission Resolution E-4471, SDG&E negotiated a purchase power agreement ("PPA") for a resource-adequacy product with Calpine Energy Services L.P.

("Calpine") for its Sutter power plant. SDG&E intends to recover costs associated with the PPA, consistent with the CAM policy, through the LGC and LGBA proposed in A.11-05-023. In compliance with Resolution E-4471, SDG&E filed AL 2354-E on May 4, 2012 which detailed the proposed agreement with Calpine and also requested approval to establish the Sutter Energy Center Memorandum Account ("SECMA") to record the contract costs until a decision is issued in A.11-05-023. On May 25, 2012, the Commission approved the SECMA with the disposition of the balance being transferred to the LGBA[10] or another balancing account upon Commission approval.[11]

As of the date of this Application, no final decision has been issued in A.11-05-023.[12] If a final decision is issued in that proceeding or another proceeding regarding the appropriate CAM mechanisms for SDG&E's resource costs, then SDG&E proposes that the Commission authorize SDG&E to track the costs approved in this Application through those same accounting mechanisms. If, however, the Commission does not render a final decision regarding the CAM-related accounting mechanisms in A.11-05-023 or another proceeding before its Proposed Decision is issued in the instant proceeding, SDG&E respectfully requests that the Commission approve the LGBA in its final decision in this case to ensure timely recovery of SDG&E's resource costs as proposed in this Application.[13]

VI. GHG SUB-BALANCING ACCOUNT AND ERRA TRIGGER CALCULATION

As discussed in Section IV of my amended direct testimony, and in accordance with D.12-12-033, SDG&E is removing the recovery of GHG costs from the ERRA forecast revenue

[10] The proposal of a new two-way Balancing Account to record the benefits and costs of contracts for new generation was set forth and defined in A.11-05-023, at 53-54.
[11] Disposition letter from Energy Division approving SDG&E's AL 2354-E, issued and effective on May 25, 2012.
[12] A proposed decision and an alternate proposed decision were issued on November 20, 2012.
[13] Yvonne Le Mieux's testimony addresses SDG&E's request for approval of the LGC.

requirement at this time. D.12-12-033 further requires that the investor-owned utilities ("IOUs") record estimated GHG costs for subsequent recovery in rates in a new GHG sub-balancing account.[14] Specifically, OP 20 states that the estimated GHG costs to be tracked in the new sub-balancing account will be based on the 2013 GHG forecast approved in the ERRA proceeding.[15] Moreover, in compliance with OP 22 of D.12-12-033, SDG&E will be filing a Tier 1 advice letter within 30 days of the December 20, 2012 decision date implementing the GHG sub-balancing account of ERRA and begin making entries in the newly formed sub-balancing account to track the GHG costs for recovery in future rates.

As the newly created sub-balancing account of ERRA will be tracking the authorized recovery of GHG costs for future recovery until all necessary implementation details are finalized, at this time SDG&E seeks to exclude the balance of the sub-balancing account from use in the monthly ERRA trigger calculation. SDG&E would, therefore, continue to use the cumulative monthly end balance in the ERRA, as adjusted for any outstanding amortizations, prior to the inclusion of the amounts from the sub-balancing account in its monthly trigger calculation. The exclusion of this sub-account is necessary as the implementation details of the cost recovery of GHG expenses are still being finalized. SDG&E makes this proposal to guard against possible double-recovery of the sub-account and potentially help to avoid future trigger situations.

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[14] OP 20. OP 20 further states that estimated greenhouse gas revenues must be recorded and deferred in a new GHG Revenue Balancing Account.

[15] See Amended Direct Testimony of Ryan Miller and Andrew Scates for discussion of GHG-related costs.

VII. SUMMARY

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

- approve the 2013 ERRA revenue requirement forecast of $1,015.531 million;
- approve the 2013 CTC revenue requirement forecast of $42.028 million;
- approve the LGBA; and
- approve the exclusion of the GHG sub-balancing account from the monthly ERRA trigger calculation.

This concludes my amended direct testimony.

VII. QUALIFICATIONS

My name is Amanda D. Jenison. My business address is 8330 Century Park Court, San Diego, CA 92123. I am employed by SDG&E as a Senior Regulatory Accounts Advisor in the Regulatory Accounts Department of the Financial Analysis Organization. My current responsibilities include the development, implementation and analysis of regulatory balancing and memorandum accounts.

I received a Bachelor of Science degree in Business Administration with Distinction in Accounting from San Diego State University in 2000. I have been employed by SDG&E and Sempra Energy since 2002 and have held various positions of increasing responsibility in various organizations including Audit Services, Human Resource Compliance, and Cost Accounting.

I have previously testified before the Commission.

BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA

DECLARATION
OF AMANDA D. JENISON

A.12-10-002
Application of San Diego Gas & Electric Company (U 902-E)
for Adoption of its 2013 Energy Resource Recovery Account Revenue Requirement and
Competition Transition Charge Revenue Requirement Forecasts

I, Amanda D. Jenison, declare as follows:

1. I am a Senior Regulatory Accounts Advisor for San Diego Gas & Electric Company ("SDG&E"). I included my Amended Prepared Direct Testimony ("Amended Testimony") in support of SDG&E's January 8, 2013 Amended Application for Adoption of its 2013 Energy Resource Recovery Account ("ERRA") and Competition Transition Charge ("CTC") revenue requirement forecasts. 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 procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;
- that the information is not already public; and

- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code.[1] As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Table 1 "ERRA Revenue Requirement" beginning on ADJ-2 of my Testimony includes redacted items listed in columns labeled "2013 Forecast" and "2012 Forecast Update." As set forth more specifically below, these items are considered confidential under the Matrix:

- "Load ISO Charges" are protected under Matrix category II.A.2 and are confidential for three years and Matrix category V.C and are confidential for the front three years.
- "Supply ISO Revenues" and "Net Supply ISO revenues" are protected under Matrix categories II.A.2, II.B.1, II.B.3 and II.B.4 and are confidential for three years.
- "Contract Costs (non-CTC)" and "Equity Re-balancing Costs" are protected under Matrix category II.B.4 and are confidential for three years.
- "Contract Costs (CTC up to market)" are protected under Matrix category II.B.3 and II.B.4 and are confidential for three years.
- "Generation Fuel" is protected under Matrix category II.B.1 and II.B.4 and is confidential for three years.
- "CAISO Misc Costs" are protected under Matrix category II.A.2 and are confidential for three years.
- "Hedging Costs" are protected under Matrix category I.A.4 and are confidential for three years.

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

[1] In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-C. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

5. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

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

Executed this 8th day of January, 2013, at San Diego, California.

Amanda D. Jenison

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