

Investigation No.: I.12-10-013
Exhibit No.: SDGE-06
Witness: Gregory D. Shimansky

**PREPARED REBUTTAL TESTIMONY OF
GREGORY D. SHIMANSKY
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY**

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

April 22, 2013

1 **PREPARED REBUTTAL TESTIMONY**

2 **OF**

3 **GREGORY D. SHIMANSKY**

4 **I. INTRODUCTION**

5 The purpose of my rebuttal testimony is to respond to claims regarding the San
6 Onofre Nuclear Generating Station (“SONGS”) 2012 refueling outages revenues faced by
7 San Diego Gas & Electric (“SDG&E” or the “Company”) included in the testimony of
8 witness Scott Logan on behalf of the Division of Ratepayer Advocates (“DRA”).

9 **II. SONGS 2012 REFUELING OUTAGE REVENUES & COSTS**

10 Witness Logan explains that while interpreting the various testimonies, a
11 “contrast” had emerged between what Southern California Edison (“SCE”) reflected as
12 an authorized refueling outage Operations and Maintenance (“O&M”) for 2012 and what
13 SDG&E had indicated.¹ The recommendation from Mr. Logan’s analysis is to “direct
14 SCE to refund any RFO revenues recovered in rates that are in excess of the RFO
15 expenses incurred in 2012 and incorporate the adjustment in rates immediately.”²

16 **A. Addressing the Contrast in Testimonies**

17 First, it is important to understand the process of how SDG&E recovers costs in
18 rates and how SDG&E collects or returns the balancing account balances.

19 When SDG&E changes rates on January 1 of every year, a process is undertaken
20 to collect all authorized amounts and to analyze over and under collection for inclusion in
21 rates. When SDG&E filed its Annual Non-Fuel Generation Balancing Account Update

¹ Testimony of Scott Logan on behalf of DRA dated March 29, 2013, Section E, page 9. For the purposes of this testimony SDG&E is assuming Mr. Logan also meant SDG&E when referring to SCE.

² *Id.*

1 for 2012,³ the latest information available from SCE was that there was to be 2 outages in
2 2012 for a total cost to SDG&E of \$28.7 million. SDG&E acknowledged, in an advice
3 letter, that SCE had a pending General Rate Case (“GRC”) application and that the
4 Company would adjust for this in rates at a later time. The authority in SCE’s 2012 GRC
5 for an authorized \$0 revenue requirement for refueling was granted well after SDG&E’s
6 advice letter was effective for rates. Further, SCE also acknowledges in their advice
7 letter 2648-E-A that there is expected to be two refueling outages in 2012. Therefore,
8 there is no conflict in assumptions when keeping in mind the information available at the
9 time of the rate filings.

10 **B. Refund Excess Revenues**

11 As mentioned above, Mr. Logan has suggested that the California Public Utilities
12 Commission (“Commission”) direct SDG&E to refund excess revenues collected in 2012
13 above the costs incurred in 2012. SDG&E does not disagree that in fairness to
14 ratepayers, the monies collected for this expense does not belong to the Company and
15 instead should be returned. However, what Mr. Logan misses is that those monies were
16 already returned beginning on January 1, 2013 continuing through December 31, 2013.

17 When SDG&E filed its Annual Non-Fuel Generation Balancing Account Update
18 for 2013,⁴ the Company removed the refueling revenue requirement for 2013, in effect
19 decreasing rates year-over-year by \$28.7 million. Further, SDG&E included the amount
20 of “overcollection”, meaning the amount collected in 2012 revenues that were not spent
21 on 2012 outages, in that advice letter. “Only one refueling outage took place at SONGS

³ Advice Letter 2302-E filed on November 20, 2011, approved on December 23, 2011, effective December 10, 2011.

⁴ Advice Letter 2416-E filed on November 9, 2012, approved on December 19, 2012, effective December 9, 2012.

1 in 2012. The overcollection is reflected in the SONGSBA presented in this advice letter
2 for amortization in January 1, 2013 rates. For 2013, we are not anticipating any refueling
3 outages at SONGS and therefore are not requesting a revenue requirement for 2013
4 refueling at this time.”⁵ Therefore, it is clear that SDG&E has already given back the
5 revenue in excess of expense and the need to direct the Company to return the money is
6 unnecessary and redundant.

7 This concludes my prepared rebuttal testimony.

⁵ Advice Letter 2416-E, page 3.