

I.

Application No.: A.19-04-010
Exhibit No.: _____
Witness: Monica V. Chihwaro

UPDATED PREPARED DIRECT TESTIMONY OF
MONICA V. CHIHWARO
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

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

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

November 7~~April 15~~, 2019



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**UPDATED PREPARED DIRECT TESTIMONY OF
MONICA V. CHIHVARO
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

I. PURPOSE AND OVERVIEW

This testimony presents San Diego Gas & Electric Company's ("SDG&E") accounting procedure used to record the greenhouse gas ("GHG") Compliance Instrument Costs that are described in the testimony of SDG&E witness Ana Garza-Beutz.

II. ACCOUNTING FOR DIRECT GHG EMISSIONS

As described in the prepared direct testimony of Ana Garza-Beutz, SDG&E values its purchased GHG compliance instruments on a monthly basis using the Weighted Average Cost ("WAC") of Compliance Instruments by compliance period, in accordance with Decision ("D.") ~~1419-1004-033016, as corrected by D.15-01-024~~. The SDG&E Utility Accounting Department recorded GHG costs in the Energy Resource Recovery Account ("ERRA") balancing account based on data detailing actual GHG emissions and WAC calculations provided by Ms. Garza-Beutz. More specifically, the Utility Accounting Department took the total monthly emissions and multiplied that amount by the WAC for each month. The product comprised the direct GHG costs and was booked as an expense. SDG&E recognized the expense of the costs of GHG compliance instruments for ERRA balancing account purposes as it emits GHG and incurs a liability to the California Air and Resources Board ("CARB"). Each month, as monthly emissions were reported, the Utility Accounting Department recorded the costs for the current month. If reported emission amounts from previous months were revised, then the Utility Accounting Department updated the current month's expense to reflect the true-up of costs associated with the revised emission amounts from prior months.

Recorded GHG Direct Compliance costs expensed in the ERRA balancing account for the year ended December 31, 2018 were [REDACTED] million, which includes amounts expensed to true-up

1 2013 through 2017 emissions costs. Of the total [REDACTED] million of GHG Direct Compliance costs
2 reported by Ms. Ana Garza-Beutz' testimony for the period January 1 through September 30,
3 2019, SDG&E recorded GHG Direct Compliance costs of [REDACTED] million, including true-ups as
4 defined in D.19-04-016, in the ERRA balancing account for the year-to-date period ended
5 September 30, 2019. See Attachment A, attached hereto, for summary of these transactions.

6 This concludes my prepared direct testimony.

1 **III. QUALIFICATIONS**

2 My name is Monica V. Chihwaro. My business address is 8315 Century Park Court, San
3 Diego, CA 92123. I am employed by SDG&E as a Financial Accounting Manager in their
4 Utility Accounting Department. My responsibilities include reviewing journal entries recorded
5 to prepare financial statements, which include GHG-related accounts.

6 I joined SDG&E in July 1996, and since that time, I have held various positions within
7 Sempra Energy companies, including Corporate Development Manager, Audit Services
8 Manager, and Financial Reporting Manager at Sempra Energy. I rejoined SDG&E in November
9 2013.

10 I received a Bachelor of Science degree in Business Administration with an emphasis in
11 Accounting from San Diego State University. I am also a Certified Public Accountant licensed
12 in the state of California.

ATTACHMENT A

UPDATED ATTACHMENT "A"
Summary of GHG Charges

<u>Year Recorded</u>	<u>Compliance Year</u>	<u>GHG Direct Compliance Costs</u>		
		<u>Accrual-based Actual⁽¹⁾</u>	<u>Charged to ERRA</u>	<u>Charged to PABA⁽²⁾</u>
<u>Project-to-date total as of 2017</u>	2013 - 2017	<u>\$ 186,632,337</u>	<u>\$ 186,529,846</u>	
2018	2018			(3)
<u>2018 - True ups</u>	2013 - 2017			(4)
<u>Total 2018</u>				
2019	2019			(5)
<u>Total 2019</u>				
<u>Total Program-to-date (as of 9/30/2019)</u>		<u>\$ 237,179,079</u>	<u>\$ 225,929,176</u>	<u>\$ 11,249,903</u>

(1) Amounts represent total direct GHG cost historically calculated for the period January through December 2013 - 2018, and GHG direct costs according to Ms. Ana Garza-Beutz' testimony, Section IV. GHG Compliance Costs, C. GHG Costs for the period January through September 2019.

(2) Pursuant to Commission Decision 18-10-019 and Advice Letter 3318-E.

(3) Expense recorded to ERRA in 2018 for estimated-actuals provided as of 1/3/2019 for reporting period 1/1/2018 through 12/31/2018.

(4) Expense recorded to ERRA in 2018 to true-up 2013 - 2017 GHG direct compliance costs for estimated-actuals provided as of 1/3/2019.

(5) Expense recorded to ERRA in 2019 for estimated-actuals, including true-ups, provided as of 10/3/2019 for reporting period 1/1/2019 through 9/30/2019.

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

**DECLARATION OF RAJAN AGARWAL
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-, *et al.***

I, Rajan Agarwal, do declare as follows:

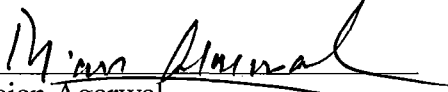
1. I am the Assistant Controller in the Controller division for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Bruce A. Folkmann, Senior Vice President, Controller and Chief Financial Officer. I have reviewed Monica Chihwaro’s Updated Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application for Approval of its 2020 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts” (“Application”). I am personally 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 my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decisions (“D.”) 16-08-024, D.17-05-035, and D.17-09-023 to demonstrate that the confidential information (“Protected Information”) provided in the Testimony is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

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

Executed this 7th day of November, 2019, at San Diego.


Rajan Agarwal

ATTACHMENT A

SDG&E Request for Confidentiality on the following information in its Application for Approval of Its 2020 Electric Procurement Revenue Requirement Forecasts and GHG- Related Forecasts

Location of Protected Information	Legal Authority	Narrative Justification
<p>MVC-2 Direct GHG Compliance Cost as of December 31, 2018, and as of September 30, 2019.</p> <p>Attachment A - Summary of GHG Charges (GHG) Detail which provides Direct GHG Compliances Costs.</p>	<p>D.08-04-023</p> <p>D.14-10-033, D.16-08-024, D.17-05-035, D.17-09-023, Public Utilities Code Section 454.5(g)</p> <p>General Order (“GO”) 66-D</p> <p>17 CCR § 95914(c) (the “ARB Confidentiality Regulations”)</p> <p>The GHG Confidential Information Matrix in Attachment A of D.14-10-033 and revised in D.15-01-024</p> <p>The Matrix makes the following confidential: “Weighted Average Cost (WAC) of compliance instruments, and the calculation of WAC”</p> <p>Gov’t Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>The Protected Information is entitled to confidential treatment under applicable law, including, but not limited to, the legal authority cited herein. The information does not expressly fall within any category of the IOU Matrix applicable to electric procurement information but is market-sensitive information.</p> <p>Among other things, 17 CCR Section 95914(c)(1) of the Cap-and-Trade regulations prohibits disclosure of any auction-related information. Violation of Section 95914 may subject SDG&E to penalties by the California Air Resources Board.</p> <p>In addition, Attachments A, C & D of D.15-01-024 and Appendices A & B of D.15-10-032 require Auction-related information, forecasts of emissions intensity, forecasts of greenhouse gas (GHG) costs, GHG transactions, compliance instrument prices, weight average cost (“WAC”) and other GHG information to be kept confidential.</p> <p>Additionally, the Protected Information also includes trade secret information because SDG&E’s bidding/consignment strategies contain “commercial value,” which gives SDG&E “an opportunity to obtain a business advantage over competitors who do not know or use it.”</p> <p>Disclosure of this information would place SDG&E at an unfair business disadvantage relative to other Cap-and-Trade market participants and result in higher Cap-and-Trade compliance costs for SDG&E and its end-use ratepayers.</p>