

Application No.: A.19-04-010
Exhibit No.: _____
Witness: Khoang T. Ngo

UPDATED PREPARED DIRECT TESTIMONY OF
KHOANG T. NGO
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

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

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

~~April 12~~ November 7, 2019



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1 **UPDATED PREPARED DIRECT TESTIMONY OF**
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5

6 **I. INTRODUCTION**

7 The purpose of my updated testimony is to address cost recovery related to San Diego Gas
8 & Electric Company's ("SDG&E") Energy Resource Recovery Account ("ERRA"), Competition
9 Transition Charge ("CTC"), Local Generation ("LG") revenue requirements and Tree Mortality
10 Non-Bypassable revenue requirements. More specifically, my testimony:

- 11 ■ describes SDG&E's ERRA, Transition Cost Balancing Account ("TCBA"),
12 Local Generating Balancing Account ("LGBA"), Tree Mortality Non-Bypassable
13 Charge Balancing Account ("TMNBCBA"), ~~and~~ Portfolio Allocation Balancing
14 Account ("PABA") and Power Charge Indifference Adjustment ("PCIA")
15 Undercollection Balancing Account ("CAPBA");
- 16 ■ sets forth SDG&E's forecasted 2020 ERRA, CTC, LG, TMNBC and PABA
17 revenue requirements; and
- 18 ■ ~~and~~ requests recovery of the December 31, 2017 LGBA undercollected activity of
19 \$14.4 million, as pending for approval of in the SDG&E's 2017 ERRA
20 Compliance application in A.18-06-002.

21 In addition, my updated testimony presents the comparison between the recorded 2018
22 year-end balances with the actual 2018 year-end balances in the GHG allowance revenues and
23 expenses balancing accounts, as well as a reconciliation of the 2019 GHG Allowance Revenue &
24 Expenses. Finally, my testimony requests authorization of the revenue requirement of the San
25 Onofre Nuclear Generating Station ("SONGS") Unit 1 Offsite Spent Fuel Storage costs, as
26 described in Section IX below.

1 **II. BACKGROUND**

2 Pursuant to California Public Utilities Commission (“Commission”) Decisions
3 (“D.”) 02-10-062 and D.02-12-074, the purpose of the ERRA balancing account is to provide full
4 recovery of SDG&E’s energy procurement costs associated with serving SDG&E’s bundled
5 service customers. Energy procurement costs include expenses associated with the California
6 Independent System Operator (“CAISO”) such as energy and ancillary services load charges,
7 CAISO revenues from utility generation and supply contracts, contract costs, generation fuel costs,
8 CAISO-related costs, and hedging costs. The ERRA records revenues from SDG&E’s Electric
9 Energy Commodity Cost (“EECC”) rate schedule, adjusted to exclude commodity revenues
10 assigned to the Non-Fuel Generation Balancing Account (“NGBA”),¹ and other Commission-
11 approved adjustments.

12 The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible
13 generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying
14 Facilities (“QFs”) that are above the market benchmark proxy are charged to the TCBA. Eligible
15 CTC expenses² reflect the difference between the market proxy and the contract price of costs
16 associated with certain QF contracts.

17 The purpose of the LGBA is to record the revenues and costs of generation and other
18 energy sources where the Commission has determined that the resource is subject to the Cost
19 Allocation Mechanism (“CAM”). Such generation may take the form of purchase power
20 agreements, company-owned generation units associated with new generation resources, and any
21 other resources approved by the Commission for CAM treatment.

¹ In compliance with D.03-12-063, the NGBA became effective January 1, 2004.

² Expenses eligible for CTC recovery are defined by Assembly Bill (“AB”) 1890.

1 **III. 2020 ERRA, CTC, AND LG REVENUE REQUIREMENT FORECASTS**

2 As shown in Table 1 below, SDG&E’s 2020 ERRA revenue requirement forecast is
 3 ~~\$801.225 1,204.973~~ million, including forecasted GHG costs as well as franchise fees and
 4 uncollectibles (“FF&U”). The direct testimony of SDG&E witness Mr. ~~Deturi~~ Covic provides a
 5 detailed discussion of the Greenhouse Gas (“GHG”) costs.

6 **TABLE 1 - ERRA REVENUE REQUIREMENT**
 7 **(\$Millions of Dollars)**

No.	Component	2020 Forecast		2019 Forecast		Change from Prior Year
1.	Load ISO Charges					
2.	Supply ISO Revenues					
3.	Contract Costs (non-CTC)					
4.	Contract Costs (CTC up to market)					
5.	Generation Fuel					
6.	Net Supply ISO Revenues					
7.	Equity Re-balancing Costs					
8.	CAISO Misc. Costs					
9.	Hedging Costs					
10.	Direct and Indirect GHG Costs					
11.	Subtotal		<u>1,190.513</u> <u>791.611</u> ³		1,215.534	<u>(423.923)</u> <u>(25.021)</u>
12.	FF&U ⁴		<u>9.614</u> <u>14.4</u> <u>60</u>		14.763	<u>(5.149)</u> <u>(0.304)</u>

3 This ~~amount includes~~ does not include the PABA revenue requirement of ~~\$359.065 508.667~~ million (~~\$363.426514.845~~ million including FF&U) for recovery of the above-market costs and revenues associated with all generation resources that are eligible for cost recovery through Power Charge Indifference Adjustment (“PCIA”) rates.

4 The 2020 and 2019 Forecasts reflect the franchise fee and uncollectible factor of 1.0121448.

No.	Component	2020 Forecast		2019 Forecast		Change from Prior Year	
13.	TOTAL ⁵		801.2251, 204.973		1,230.297		(429.072) (25.325)

1 While the GHG Forecast was formerly filed in a separate application, SDG&E began
2 including the GHG Forecast within the ERRA Forecast beginning in 2016 (Application (“A.”)
3 15-04-014), in accordance with D.14-10-033. Consistent with that approach, the 2020 GHG
4 Forecast is included in this ERRA Forecast Application.

5 The forecasted cost components set forth in the line items contained in Table 1 above,
6 and the reasons for the \$~~(429.072)~~ ~~(25.325)~~-million decrease in the 2020 ERRA revenue
7 requirement forecast – as compared to the 2019 ERRA revenue requirement (as submitted in the
8 2019 Forecast) – are addressed in Mr. ~~Deturi~~Covic’s testimony.

9 SDG&E’s 2020 ERRA revenue requirement forecast includes the fuel costs for its
10 electric generation facilities, including Miramar Energy Facility I (“Miramar I”), Miramar
11 Energy Facility II (“Miramar II”), Palomar Energy Center (“Palomar”), Desert Star Energy
12 Center (“Desert Star”), and the Cuyamaca Peak Energy Plant (“Cuyamaca”). The actual fuel
13 costs of Miramar I, Miramar II, Palomar, Desert Star, and Cuyamaca are recorded in the ERRA
14 for recovery through commodity rates. SDG&E’s non-fuel costs for these facilities are recorded
15 in the NGBA and also recovered through SDG&E’s commodity rates.

16 As shown in Table 2 below, SDG&E’s 2020 CTC revenue requirement forecast is
17 \$~~18.725~~ ~~17.103~~-million, including FF&U.

18

⁵ Sums may not equal due to rounding.

TABLE 2 - CTC REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2020 Forecast	2019 Forecast	Change from Prior Year
1.	QF Contracts	18.500 16.898	17.493	1.007 (0.595)
2.	FF&U ⁶	0.225 0.205	0.212	0.012 (0.007)
3.	TOTAL	18.725 17.103	17.705	1.019 (0.602)

For CTC-eligible purchase power contracts, the power purchased is recorded to the ERRA at the market proxy of \$ [REDACTED] /MWh. The difference between the actual contract price and the market proxy is included in the 2020 CTC forecast and recorded to the TCBA. SDG&E witness Mr. ~~Deturi~~ Covic discusses the market proxy of \$ [REDACTED] /MWh in greater detail.

As shown in Table 3 below, SDG&E’s 2020 Local Generation (“LG”) revenue requirement forecast is \$ ~~132.915~~ ~~186.486~~ million, including FF&U.

TABLE 3 - LG REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2020 Forecast	2019 Forecast	Change from Prior Year
1.	New Generation PPAs	[REDACTED]		
2.	Combined Heat & Power			
3.	Energy Storage			
4.	Peakers			
5.	Local Generation GHG			
6.	SUBTOTAL	131.320 184.248	177.437	(46.116) 6.812
7.	FF&U ⁷	1.595 2.238	2.155	(0.560) 0.083
8.	TOTAL⁸	132.915 186.486	179.592	(46.676) 6.894

⁶ *Id.*

⁷ *Id.*

⁸ Sums may not equal due to rounding.

1 The LGBA was authorized in D.13-03-029. The LGBA records the ~~LG~~local generation
2 ("LG") costs and the revenues received from SDG&E's LG rate. On a monthly basis, the LGBA
3 compares the LG costs with the revenues received. Interest is applied to any over- or under-
4 collected balance at the three-month Commercial Paper rate. The LGBA utilizes sub-accounts
5 for each generation resource. In the 2019 LG Forecast, costs for new energy storage units were
6 presented in the New Generation PPAs line. For the 2020 LG Forecast, energy storage is shown
7 as a separate line item.

8 **IV. COST RECOVERY OF LGBA UNDERCOLLECTION**

9 In SDG&E's 2017 ERRa Compliance Application, ~~which is pending the~~ as approved
10 in A.18-06-002-, SDG&E presented a monthly summary of accounting entries recorded to the
11 LGBA during 2017, totaling \$14.4 million. In that application, SDG&E proposed to request cost
12 recovery in this 2020 ERRa Forecast Application. Accordingly, SDG&E seeks recovery of the
13 2017 activity, as shown in Table 3 in the 2017 ERRa Compliance Application.

14 **V. COMPARISON OF 2018 RECORDED VS ACTUAL YEAR-END BALANCES IN** 15 **GHG BALANCING ACCOUNTS**

16 In accordance with Finding of Fact ("FOF") 13 of D.14-10-033, utilities must reconcile
17 forecast amounts with recorded amounts until all actuals are available for the forecast year.
18 Consistent with this methodology, SDG&E provides a comparison of the 2018 year-end
19 recorded/forecasted balances with the 2018 year-end actual balances in three GHG balancing
20 accounts in Table 4 below. More specifically, (1) GHG allowance revenues are recorded in the
21 GHG Revenue Balancing Account ("GHGRBA"); (2) expenses are recorded in the GHG
22 Customer Outreach and Education Memorandum Account ("GHGCOEMA"); and (3) expenses
23 are recorded in the GHG Administrative Costs Memorandum Account ("GHGACMA").

<u>TABLE 4 - COMPARISON OF 2018 RECORDED VS ACTUAL YEAR-END BALANCES IN GHG BALANCING ACCOUNTS</u>				
<u>Line</u>	<u>Description</u>	<u>2018 Recorded¹</u> <u>(\$)</u>	<u>2018 Actual (\$)</u>	<u>Difference</u>
	<u>(1) GHGRBA</u>			=
<u>1</u>	<u>Beginning Balance 1/1/2018</u>	<u>(6,529,128)</u>	<u>(6,529,128)</u>	=
<u>2</u>	<u>Allowance Revenue</u>	<u>(94,230,697)</u>	<u>(93,727,555)</u>	<u>503,142</u>
<u>3</u>	<u>Revenue returned to customers</u>	<u>90,690,451</u>	<u>94,634,580</u>	<u>3,944,129</u>
<u>4</u>	<u>Franchise Fees and Uncollectibles</u>	<u>(1,088,220)</u>	<u>(1,135,547)</u>	<u>(47,327)</u>
<u>5</u>	<u>Transfer to GHGCOEMA and GHGACMA^{2, 3}</u>	<u>48,463</u>	<u>48,463</u>	=
<u>5</u>	<u>Allowance Set Aside for Multi-Family Program⁴</u>	<u>10,300,000</u>	<u>10,300,000</u>	=
<u>6</u>	<u>Interest</u>	<u>122,939</u>	<u>143,250</u>	<u>20,311</u>
<u>7</u>	<u>Ending Balance 12/31/2018</u>	<u>(686,192)</u>	<u>3,734,063</u>	<u>4,420,255</u>
	<u>(2) GHGCOEMA</u>			
<u>8</u>	<u>Beginning Balance 1/1/2018</u>	<u>(141,452)</u>	<u>(141,452)</u>	=
<u>9</u>	<u>Transfer from GHGRBA²</u>	<u>1,485</u>	<u>1,485</u>	=
<u>10</u>	<u>Expenses</u>	=	=	=
<u>11</u>	<u>Interest</u>	<u>(2,583)</u>	<u>(2,665)</u>	<u>(82)</u>
<u>12</u>	<u>Ending Balance 12/31/2018</u>	<u>(142,550)</u>	<u>(142,632)</u>	<u>(82)</u>
	<u>(3) GHGACMA</u>			
<u>13</u>	<u>Beginning Balance 1/1/2018</u>	<u>(12,573)</u>	<u>(12,573)</u>	=
<u>14</u>	<u>Transfer from GHGRBA³</u>	<u>(49,948)</u>	<u>(49,948)</u>	=
<u>15</u>	<u>Expenses</u>	<u>23,343</u>	<u>23,425</u>	<u>82</u>
<u>16</u>	<u>Interest</u>	<u>(1,088)</u>	<u>(1,082)</u>	<u>6</u>
<u>17</u>	<u>Ending Balance 12/31/2018</u>	<u>(40,266)</u>	<u>(40,178)</u>	<u>88</u>
	¹ Per A.18-04-004 (2019 ERRRA Forecast Update November 27, 2018) Attachment G. Template D-1: Annual Allowance Revenue Receipts and Customer Returns; and Template D-3: Detail of Outreach and Administrative Expenses. Recorded amounts represent actual recorded activity from January through September 2018 and forecasted amounts from October through December 2018.			
	² Transfer per D.17-12-014 from GHGRBA to GHGCOEMA. This represents 1/1/18 projected overcollected balance of (\$141,485), plus 2018 forecasted expenses of \$140,000.			
	³ Transfer per D.17-12-014 from GHGRBA to GHGACMA. This represents 1/1/18 projected undercollected balance of \$2,448, plus 2018 forecasted expenses of \$47,500.			
	⁴ Transfer per D.17-12-014 from GHGRBA to SOMAHBA. This represents the program funding for 2018.			

1
2 **VI. RECONCILIATION OF 2019 GHG ALLOWANCE REVENUE AND EXPENSES**

3 Pursuant to OP 11 of D.14-10-033, SDG&E is providing a fourth quarter update by
4 presenting its 2019 GHG Allowance Revenue and Expense Reconciliation. This process consists
5 of updating the 2019 recorded amounts to determine the December 31, 2019 true-up balances for
6 the GHGRBA, GHGCOEMA and GHGACMA.

7 In Template D-1: Annual Allowance Revenue Receipts and Customer Returns in
8 Attachment G to this Application, SDG&E presents a December 31, 2019 recorded GHGRBA
9 balance of \$1.311 million. This reflects activity recorded through September 30, 2019 and
10 forecasted for the last three months of 2019.

11 In Template D-3: Detail of Outreach and Administrative Expenses, SDG&E presents
12 \$0.0189 million for total 2019 expenses. This reflects activity recorded through September 30,
13 2019 and forecasted for the last three months of 2019 for GHGCOEMA and GHGACMA. Table 5
14 below shows a summary of all activity recorded in these accounts.

15 The December 31, 2019 GHGRBA true-up balance is \$1.311 million as shown on
16 Template D-1 and the combined December 31, 2019 GHGCOEMA and GHGACMA expense
17 true-up balance is (\$0.030) million as presented in Table 5, line 11. The total prior year true-up for
18 the revenue and expense reconciliation is \$1.281 million.

**TABLE 5 - GHGCOEMA AND GHGACMA RECORDED UNDER/(OVER)
COLLECTION AND EXPENSE TRUE-UP**

<u>Line</u>	<u>Description</u>	<u>2019 Recorded¹</u> <u>(\$)</u>
<u>1</u>	<u>Beginning 1/1/2019 GHGCOEMA Balance</u>	<u>(142,632)</u>
<u>2</u>	<u>Transfer from GHGRBA²</u>	<u>142,550</u>
<u>3</u>	<u>Expenses</u>	<u>=</u>
<u>4</u>	<u>Interest</u>	<u>(268)</u>
<u>5</u>	<u>Ending 12/31/2019 GHGCOEMA Balance</u>	<u>(350)</u>
<u>6</u>	<u>Beginning 1/1/2019 GHGACMA Balance</u>	<u>(40,178)</u>
<u>7</u>	<u>Transfer from GHGRBA²</u>	<u>(7,234)</u>
<u>8</u>	<u>Expenses</u>	<u>18,873</u>
<u>9</u>	<u>Interest</u>	<u>(1,090)</u>
<u>10</u>	<u>Ending 12/31/2019 GHGACMA Balance</u>	<u>(29,629)</u>
<u>11</u>	<u>12/31/2019 Expense True-Up (Line 5 + Line 10)</u>	<u>(29,979)</u>

¹The 2019 recorded amounts reflect actual data for January to September 2019 (through the third quarter) and updated forecasted data for October to December 2019 (fourth quarter).

²Per D.18-12-016, adopting 2019 administrative and customer outreach forecast of \$47,500 (page 17) and 12/31/2018 outreach and administrative expense true-up (page 25) of (\$182,816): Transfer from GHGRBA of (\$135,316).

VI-VII. GREEN TARIFF SHARED RENEWABLE BALANCING ACCOUNT
(“GTSRBA”)

Per D.15-01-051, SDG&E established the GTSRBA⁹ to record the difference between the revenues collected from individual customers electing to participate in the GTSR program and the incremental costs incurred to serve customers participating in that program. The GTSR program consists of both a Green Tariff (“GT”) component and an Enhanced Community Renewables (“ECR”) component which are recorded in separate subaccounts with the GTSRBA. SDG&E’s

⁹ See SDG&E Advice Letter (“AL”) 2889-E, approved June 23, 2016 and effective May 28, 2016.

1 GTSR program began in 2016 and recorded minimal activity through 2018 as described in
2 SDG&E's Annual GTSR Program Progress Report filed on March 15, 2019 (A.12-01-008).
3 SDG&E is not requesting recovery of prior year balances in this instant application.

4 **VII.VIII. TREE MORTALITY NON-BYPASSABLE CHARGE BALANCING**
5 **ACCOUNT ("TMNBCBA")**

6 Per D.18-12-003, SDG&E filed AL 3343-E¹⁰ ~~requesting approval to~~ which established the
7 TMNBCBA to record the tree mortality-related procurement costs ~~incurred as directed by~~
8 ~~Resolution E-4770 and Resolution E-4805.~~ As noted in D.18-12-003, Ordering Paragraph ("OP")
9 9, the TMNBCBA cost will be recovered through the public purpose program ("PPP") charge. ~~At~~
10 ~~the time of this filing, AL 3343-E has not yet been approved. In AL 3343-E, SDG&E requested the~~
11 ~~review of its 2017-2018 costs recorded in the BioMASSMA and BioRAMMA memorandum~~
12 ~~accounts, and upon approval will transfer the balance in the BioMASSMA and BioRAMMA to the~~
13 ~~TMNBCBA in this instant application.~~ SDG&E ~~will file~~ d an additional Advice Letter 3343-E-B to
14 request review and approval of the 2018⁹ year-end costs balances in BioMASSMA and
15 BioRAMMA. ~~The balances were and transferred to the TMNBCBA per AL 3343-E-B which was~~
16 ~~approved on July 19, 2019~~ ¹¹ after TMNBCBA is approved.

17 SDG&E's 2020 TM NBC revenue requirement forecast is \$14.835 ~~million~~
18 (\$15.015 ~~million~~ including FF&U), which is described in Mr. DeturiCovic's testimony. ~~Once~~
19 ~~approved, this revenue requirement and the 2018 year-end balance in the TMNBCBA will be~~
20 ~~included in the upcoming October Electric PPP Filing for rates effective January 1, 2020. These~~
21 ~~costs will continue to be recorded in the current BioMASS Memorandum Account (BioMASSMA)~~

¹⁰ See SDG&E AL 3343-E, filed on February 19, 2019, and ~~currently pending approval~~ approved on May 31, 2019.

¹¹ See SDG&E AL 3440-E, filed on October 1, 2019, and currently pending approval.

1 ~~and BioRAM Memorandum Account (BioRAMMA) until TMNBCBA is approved by the~~
2 ~~Commission.~~

3 **VIII.IX. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)**

4 Pursuant to Commission Decision 18-10-019 and Advice Letter 3318-E¹², the purpose of
5 the PABA is to record the “above-market” costs and revenues associated with all generation
6 resources that are eligible for cost recovery through the PCIA rates, including SDG&E’s Utility-
7 Owned Generation (“UOG”). Costs recorded in each vintage subaccount will include, but are
8 not limited to, fuel, GHG costs, third-party power purchase contracts, and UOG’s revenue
9 requirement. The above-market costs of all generation resources that are eligible for cost
10 recovery through the PCIA rates, including SDG&E’s UOG, will be also be recorded in the
11 PABA ~~going forward~~. SDG&E’s 2020 PABA revenue requirement forecast is \$363.426526.227
12 million, including FF&U.

13 ~~SDG&E is currently waiting for the approval of its Tier 2 Advice Letter 3318-E~~
14 ~~establishment of PABA preliminary statement and the necessary proposed modifications to the~~
15 ~~ERRA. SDG&E’s PABA account shall take effect January 1, 2019, subject to advice letter~~
16 ~~approval. Pursuant to Commission D.19-10-001, and As mentioned in Ms. Montanez’s~~
17 ~~testimony, the 2019 PABA year-end balance of \$251.008 million wwill also be included in the~~
18 ~~2020 PCIA rates. Please refer to Attachment A XXfor a description of the PABA 2019 activity~~
19 ~~and year-end balance. Above-market costs will continue to be recorded in ERRA until AL 3318-~~
20 ~~E is approved and PABA is established. Accordingly, SDG&E seeks recovery of the 2019~~
21 ~~forecasted -year-end forecasted 2019-PABA under collectioncollected balance of \$254.057~~
22 ~~millionXX, including FF&U.~~

¹² See SDG&E AL 3318-E, filed on December 10, 2018, and approved on May 30, 2019.

1 **PABA IMPUTED REC AND RA VALUE TRUE-UP**

2 As part of the above-market calculation, PABA is credited monthly with the imputed
3 market values of the Renewable Energy Credits (“RECs”) associated with PCIA-eligible
4 contracts that are retained by SDG&E, using the most recently approved benchmark from Energy
5 Division. PABA is credited monthly with the imputed market values of resource adequacy
6 (“RA”) for the PCIA-eligible contracts, using the most recently approved RA benchmark
7 provided by Energy Division.

8 In the month of October, SDG&E trued up the values in PABA for imputed REC and RA
9 for the January through September activity, using the updated benchmarks provided by Energy
10 Division on November 1, 2019. The true-up amounts for both REC and RA were booked as
11 adjustments to PABA with an offsetting entry to ERRA.

12 The REC imputed amount was calculated monthly from January to September using
13 estimated generated volumes. The final amount is calculated using actual volume deliveries and
14 the updated benchmark of \$16.44 per REC. SDG&E had no unsold RECs for in 2019 and will
15 have no unsold RECs for the remainder of 2019.

16 **TABLE 6 - RPS MARKET VALUE TRUE UP**

	<u>Price</u>	<u>Amount</u>	<u>Updated Price</u>	<u>Amount</u>	<u>True up</u>
<u>Actual Retained</u>	<u>\$18/REC</u>	<u>\$80.1M</u>	<u>\$16.44/REC</u>	<u>\$74.2M</u>	<u>(\$5.9M)</u>
<u>Actual Sold (bundled</u> <u>RECs revenue)</u>	<u>Contract</u> <u>price</u>	<u>\$35.2M</u>	<u>N/A</u>	<u>\$35.2</u>	<u>\$0</u>
<u>Actual Unsold</u>	<u>\$0</u>	<u>N/A</u>	<u>\$0</u>	<u>N/A</u>	<u>\$0</u>

The RA imputed amount was calculated monthly from January to September using the prior benchmark and the Net Qualifying Capacity (“NQC”) values of the PCIA-eligible generators. The final RA imputed value was calculated using the updated benchmark and the actual resource adequacy volumes submitted to CAISO for resource adequacy compliance, and the updated benchmarks for Local, Flex, and System RA that were provided by Energy Division on November 1, 2019. SDG&E had no unsold RA for 2019 and does not foresee having any unsold RA for the remainder of 2019.

TABLE 7 - RA MARKET VALUE TRUE UP

	<u>Price</u>	<u>Amount</u>	<u>Updated Price</u>	<u>Amount</u>	<u>True up</u>
<u>Actual Retained RA</u>	<u>\$37.08/KWh-year</u>	<u>\$74.8M</u>	<u>See Local Flex and System prices below</u>	<u>\$76.1M</u>	<u>\$1.3M</u>
<u>Retained Local RA</u>	<u>N/A</u>	<u>N/A</u>	<u>\$41.52/KWh-year</u>	<u>N/A</u>	<u>N/A</u>
<u>Retained Flex RA</u>	<u>N/A</u>	<u>N/A</u>	<u>\$33.36/KWh-year</u>	<u>N/A</u>	<u>N/A</u>
<u>Retained System RA</u>	<u>N/A</u>	<u>N/A</u>	<u>\$33.24/KWh-year</u>	<u>N/A</u>	<u>N/A</u>
<u>Actual Sold</u>	<u>Contract</u>	<u>\$.4M</u>	<u>N/A</u>	<u>\$.4M</u>	<u>N/A</u>
<u>Actual Unsold</u>	<u>\$0</u>	<u>N/A</u>	<u>\$0</u>	<u>N/A</u>	<u>\$0</u>

X. POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA) UNDERCOLLECTION BALANCING ACCOUNT (CAPBA)

Pursuant to ~~Commission Decision~~ 18-10-019, the purpose of the CAPBA is to record the obligation that accrues for departing load (“DL”) customers in the event that the 0.05 cent per kWh PCIA cap is reached. The CAPBA will have a subaccount for each customer vintage, as well as a specific bundled subaccount which will capture any amount financed by bundled

1 customers for DL customers. Financing by bundled customers may occur in situations where the
2 DL PCIA rate is capped (shortfall) and part of the amount owed by DL cannot be collected due
3 to the capped rate. When the amounts can be collected from DL customers, the amount financed
4 will be a repayment from DL customers to bundled customers. In addition, pursuant to OP 10,
5 SDG&E is required to establish the trigger mechanism for the PCIA cap. SDG&E witness Ms.
6 Montanez discusses the need for a PCIA cap as part of the annual ERRA Forecast application in
7 greater detail.

8 SDG&E is currently waiting for the approval of its Tier 2 Advice Letter 3436-E
9 requesting establishment of CAPBA preliminary statement and the necessary proposed
10 modifications to the ERRA. SDG&E's CAPBA account shall take effect January 1, 2020,
11 subject to advice letter approval.

12 **IX.XI. SONGS UNIT 1 OFFSITE SPENT FUEL STORAGE**

13 This section of my testimony requests authorization of the SONGS Unit 1 Offsite Spent
14 Fuel Storage costs revenue requirement of \$1.060 ~~1.097~~-million (\$1.073 ~~1.11~~-million including
15 FF&U) for 2020, which are described in Mr. ~~Deturi~~Covic's testimony. The authorized revenue
16 requirement is tracked in SDG&E's Nuclear Decommissioning Adjustment Mechanism account.

17 **X.XII. SUMMARY**

18 My testimony presents the following revenue requirements for which SDG&E seeks
19 recovery in this ~~2020~~-ERRA Forecast Application for forecast year 2020:

- 20 ■ the 2020 ERRA revenue requirement forecast (which includes forecasted GHG
21 costs) of \$801.225 ~~1,204.973~~-million;
- 22 ■ the 2020 CTC revenue requirement forecast of \$18.725~~17.103~~-million; and
- 23 ■ the 2020 LG revenue requirement forecast of \$132.915~~186.486~~-million.

1 ■ the 2020 TM NBC revenue requirement forecast of \$ million.¹³

2 ■ the 2020 PABA revenue requirement forecast of \$363.426514.845 million

3 ■ the 2019 forecasted year-end PABA under collected year-end forecasted 2019

4 PABA under collection balance of \$254.057 million.XX

5 Each of these amounts includes FF&U.

6 SDG&E also requests recovery of the December 31, 2017 LGBA activity of \$14.4
7 million.

8 In addition, my updated testimony also presents the comparison of the 2018
9 recorded/forecasted vs. actual year-end balances in the GHG allowance revenues and expenses
10 balancing accounts, as well as a reconciliation of the 2019 GHG Allowance Revenue &
11 Expenses.

12 Finally, SDG&E requests that the Commission approve the 2020 revenue requirement of
13 \$1.060 1.097 million (\$1.073 1.11 million including FF&U) for the forecasted SONGS Unit 1
14 Offsite Spent Fuel Storage costs.

15 This concludes my updated, prepared direct testimony.

¹³ ~~Once approved, this revenue requirement and the 2018 year-end balance in the TMNBCBA will be included in the upcoming October Electric PPP Filing for rates recovery effective January 1, 2020.~~

1 **XIII. QUALIFICATIONS**

2 My name is Khoang T. Ngo. I am employed by SDG&E as the Senior Energy
3 Administrator in the Settlements & Systems Department. My business address is 8315 Century
4 Park Court, San Diego, California 92123. My current responsibilities include handling the
5 payment, recovery, and regulatory reporting processes for SDG&E's procurement activities. I
6 began working in Settlements & Systems as a Senior Energy Administrator in November 2013.

7 I have been employed by SDG&E since January of 2000. In addition to my current role in
8 Settlements & Systems, I have worked in two other departments at SDG&E in positions of
9 increasing responsibility. From January 2000 to August 2006, I was employed in the Cost
10 Accounting group where I was primarily responsible for the accounting related to Electric
11 Transmission assets, prepared FERC Forms, and involved in the monthly close functions of the
12 transmission FERC accounts. From August 2006 to September 2013, I worked in the Electric
13 Transmission Planning group. My responsibilities included managing the generator
14 interconnection contracts, interconnection financial security deposits, CAISO study agreements
15 and reconciling engineering interconnection and network reliability costs.

16 I have previously testified before the California Public Utilities Commission.

GLOSSARY OF ACRONYMS

AB: Assembly Bill

AL: Advice Letter

CAISO: California Independent System Operator

CTC: Competition Transition Charge

CAM: Cost Allocation Mechanism

CAPBA: Power Charge Indifference Adjustment Undercollection Balancing Account

CPUC: California Public Utilities Commission

CUYAMACA: Cuyamaca Peak Energy Plant

D: Decision

DAC: Disadvantaged Community

DAC-SASH: Disadvantaged Community – Single family Solar Homes

DACSASHBA: Disadvantaged Community – Single family Solar Homes Balancing Account

DESERT STAR: Desert Star Energy Center

DL: Departed Load

ECR: Enhanced Community Renewables

ERRA: Energy Resource Recovery Account

EECC: Electric Energy Commodity Cost

FASB: Financial Accounting Standards Board

FOF: Finding of Fact

FF&U: Franchise fee and uncollectible

GHG: Greenhouse Gas

GHGACMA: GHG Administrative Costs Memorandum Account

GHGCOEMA: GHG Customer Outreach and Education Memorandum Account

GHGRBA: GHG Revenue Balancing Account

GT: Green Tariff

GTSRBA: Green Tariff Shared Renewable Balancing Account

LG: Local Generation

LGBA: Local Generating Balancing Account

MIRAMAR I: Miramar Energy Facility I

MIRAMAR II: Miramar Energy Facility II

MWh: Megawatt hour

NGBA: Non-Fuel Generation Balancing Account

OMEC: Otay Mesa Energy Center

OP: Ordering Paragraph

PALOMAR: Palomar Energy Center

PABA: Portfolio Allocation Balancing Account

PPP: Public Purpose Program

QFs: Qualifying Facilities

RA: Resource Adequacy

REC: Renewable Energy Credits

SDG&E's: San Diego Gas & Electric Company's

SOMAHBA: Solar on Multifamily Affordable Housing Balancing Account

SONGS: San Onofre Nuclear Generating Station

TCBA: Transition Cost Balancing Account

TMNBCBA: Tree Mortality Non-Bypassable Charge Balancing Account

UOG: Utility-Owned Generation

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

**DECLARATION
OF KHOANG T. NGO**

A.19-04-__

Application of San Diego Gas & Electric Company (U 902-E)
for Approval of Its 2020 Electric Procurement Revenue Requirement Forecasts and GHG-
Related Forecasts

I, Khoang T. Ngo, declare as follows:

1. I am a Senior Energy Administrator for San Diego Gas & Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s November 7, 2019 Application for Approval of its 2020 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (“Application”). Additionally, as a Senior Energy Administrator, 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. As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Confidential Information	Matrix Reference	Reason for Confidentiality
Table 1, line 1: Load ISO Charges	II.A.2 V.C	Utility Electric Price Forecasts; confidential for 3 years. LSE Total Energy Forecast; confidential for the front 3 years.
Table 1, lines 2 and 6: Supply ISO Revenues	II.A.2 II.B.1 II.B.3 II.B.4	Utility Electric Price Forecasts; confidential for 3 years. Generation Cost Forecasts of Utility Retained Generation; confidential for 3 years. Generation Cost Forecasts of QF Contracts; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, lines 3 and 7: Contract Costs (non-CTC) & Equity Re-balancing Costs	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, line 4: Contract Costs (CTC up to market)	II.B.3 II.B.4	Generation Cost Forecasts of QF Contracts; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, line 5: Generation Fuel	II.B.1 II.B.4	Generation Cost Forecasts of Utility Retained Generation; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
Table 1, line 8: CAISO Misc. Costs	II.A.2	Utility Electric Price Forecasts; confidential for 3 years.
Table 1, line 9: Hedging Costs	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for 3 years.
Table 3, line 1: New Generation PPAs	II.A.2 II.B.1 II.B.4	Utility Electric Price Forecasts; confidential for 3 years. Generation Cost Forecasts of Utility Retained Generation; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.

Confidential Information	Matrix Reference	Reason for Confidentiality
Table 3, line 2: Combined Heat & Power	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for 3 years.
Table 3, line 4: Peakers	II.B.3 II.B.4	Generation Cost Forecasts of QF Contracts; confidential for 3 years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for 3 years.
<u>Attachment A</u>	<u>II.A.2</u>	<u>Utility Electric Price Forecasts; confidential for 3 years.</u> <u>LSE Total Energy Forecast; confidential for the front 3 years.</u>

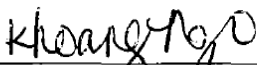
4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. 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 7th day of November 2019, at San Diego, California.



Khoang T. Ngo
Senior Energy Administrator
San Diego Gas & Electric Company

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

**DECLARATION OF JAMES MAGILL
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-024, *et al.***

I, James Magill, do declare as follows:

1. I am the Manager of the Settlement & Systems department for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Miguel Romero, Vice President of Energy Supply. I have reviewed Khoang Ngo’s 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.



James Magill

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
Table 1, line 10: Direct and Indirect GHG Costs	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g).	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E’s forecasted GHG obligation, thereby compromising SDG&E’s contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E’s customers.
Table 3, line 5: Local Generation GHG	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g).	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E’s forecasted GHG obligation, thereby compromising SDG&E’s contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E’s customers.

ATTACHMENT A

SAN DIEGO GAS & ELECTRIC
ATTACHMENT A
FORECASTED 2019 YEAR END PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA) BALANCES
(THOUSANDS OF DOLLARS)

Line No.	Legacy												Total	
		UOG	Vin 2009	Vin 2010	Vin 2011	Vin 2012	Vin 2013	Vin 2014	Vin 2015	Vin 2016	Vin 2017	Vin 2018		Vin 2019
1	<u>Recorded Balances from January to September 2019 (a)</u>													
2	Portfolio Costs	371,458	32,200	97,279	266,728	73,451	4,690	2,266	14,442	0	(0)	0	14,308	876,823
3	PCIA Billed Customer Revenue	(112,869)	(884)	(36,099)	(80,006)	(22,421)	214	(503)	(5,001)	0	(269)	0	(4,888)	(262,726)
4	Brown Power Market Value	(133,042)	(2,422)	(14,605)	(65,619)	(17,145)	(1,495)	(681)	(4,243)	0	0	0	0	(239,251)
6	Imputed REC Market Value	(27,115)	(6,592)	(16,656)	(41,849)	(16,754)	(1,188)	(411)	0	0	(4,428)	0	0	(114,993)
5	Imputed RA Market Value	(13,278)	(2,456)	(3,115)	(5,386)	(2,518)	(230)	(75)	0	0	0	0	(14,983)	(42,041)
7	1x Adjustments	(0)	(0)	(0)	0	(0)	0	0	0	0	(0)	0	0	(0)
8	Interest	679	150	178	399	34	11	2	(15)	0	(54)	0	(38)	1,346
9	Recorded Balances from January to September 2019	85,834	19,996	26,982	74,267	14,647	2,002	599	5,184	0	(4,751)	0	(5,601)	219,158
10	<u>Forecast from October to December 2019 (b)</u>													
11	Portfolio Costs													261,442.007
12	PCIA Billed Customer Revenue													(94,040)
13	Brown Power Market Value													(105,818.817)
14	Imputed REC Market Value													(26,735.178)
15	Imputed RA Value													(25,738.203)
16	1x Adjustments													16,536
17	REC MPB true up													5,865
18	RA MPB true up													(1,348)
19	Interest													1,687
20	Forecast Balances from October to December 2019	(7,162)	3,257	7,029	16,235	10,189	(339)	(149)	2,504	0	301	0	(15)	31,850
21	<u>Year-End 2019 Forecast (c = a + b)</u>													
22	Portfolio Costs	493,986	45,919	122,341	337,404	95,613	5,711	2,613	14,442	0	843	0	19,393	1,138,265
23	PCIA Billed Customer Revenue	(153,269)	(1,201)	(49,021)	(108,643)	(30,447)	291	(683)	(6,791)	0	(365)	0	(6,637)	(356,766)
24	Brown Power Market Value	(204,724)	(3,498)	(19,726)	(86,387)	(23,452)	(1,997)	(772)	(4,243)	0	(272)	0	0	(345,070)
25	Imputed REC Market Value	(15,555)	(6,353)	(3,895)	(14,998)	(6,372)	(523)	(114)	0	0	(119)	0	(14,983)	(62,911)
26	Imputed RA Value	(41,205)	(8,019)	(17,935)	(45,431)	(17,323)	(1,320)	(436)	0	0	(4,453)	0	(5,956)	(142,079)
27	1x Adjustments	(1,768)	(3,905)	1,856	7,540	6,614	(522)	(163)	4,243	0	(0)	0	2,641	16,536
28	Interest	1,206	309	392	1,017	202	22	5	36	0	(84)	0	(73)	3,033
29	Year-End Balance Forecast	78,671	23,253	34,011	90,502	24,835	1,662	451	7,688	0	(4,450)	0	(5,616)	251,008
30	FF&U @ 0.0121448	955	282,404	413	1,099	302	20	5	93	0	(54)	0	(68)	3,048
31	Total Year-End Balance Forecast with FF&U	79,627	23,535	34,425	91,601	25,137	1,682	456	7,781	0	(4,504)	0	(5,684)	254,056.7