

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

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2018, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2018 and (iii) Costs Recorded in Related Regulatory Accounts in 2018.

Application 19-05-_____
(Filed May 31, 2019)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)
FOR APPROVAL OF ERRA COMPLIANCE FOR RECORD PERIOD 2018**

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May 31, 2019

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I. INTRODUCTION

In compliance with California Public Utilities Code (“P.U. Code”) Section 454.5, relevant Decisions (“D.”) of the California Public Utilities Commission (“Commission” or “CPUC”), including, but not limited to, D.02-10-062, D.02-12-074, D.05-01-054, and D.05-04-036, and the Commission’s Rules of Practice and Procedure, San Diego Gas & Electric Company (“SDG&E”) hereby submits its Application for review and approval of: (i) contract administration, least-cost dispatch and power procurement activities in 2018, (ii) costs related to those activities recorded to the Energy Resource Recovery Account (“ERRA”), Transition Cost Balancing Account (“TCBA”) and Local Generation Balancing Account (“LGBA”) in 2018 and (iii) costs recorded in related regulatory accounts in 2018, including New Environmental Regulatory Balancing Account (“NERBA”); Independent Evaluator Memorandum Account (“IEMA”); the Litigation Cost Memorandum Account (“LCMA”); the Green Tariff Marketing Education & Outreach Memorandum Account (“GTME&OMA”); the Green Tariff Shared Renewables Administrative Cost Memorandum Account (“GTSRACMA”); the Enhanced Community Renewable ME&O Memorandum Account (“ECRME&OMA”); and the Green

Tariff Shared Renewable Balancing Account (“GTSRBA”). SDG&E is not seeking a cost recovery or a rate change at this time for any of these costs.

However, as explained herein and in the associated prepared direct testimony of SDG&E witness Khoang T. Ngo, with respect to SDG&E’s LGBA, SDG&E seeks the Commission’s permission to return this account’s overcollection in SDG&E’s next-filed ERRA Forecast Application for year 2021, which will be filed on or about April 15, 2020. In addition, SDG&E seeks the Commission authorization to defer cost recovery of the GTSRBA’s undercollection to SDG&E’s next-filed ERRA Forecast Application for year 2021. SDG&E is doing so to assist its electricity customers by avoiding a further rate adjustment for a relatively small amount and thereby promoting rate stability.

II. BACKGROUND

A. SCOPE OF ERRA COMPLIANCE REVIEW

The ERRA balancing account mechanism was established in D.02-10-062 to track fuel and purchased power billed revenues against actual recorded costs. That decision also required the electric utilities to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism, and a schedule for semiannual ERRA proceedings. The first semiannual proceeding (the forecast application) consists of an application by the utility to establish annual fuel and purchased power forecasts for the upcoming calendar year. During the second semiannual proceeding, a compliance review of the utility’s prior period energy resource contract administration, least-cost dispatch, and ERRA balancing account is conducted.

In D.02-10-062, the Commission adopted minimum standards of conduct the utilities must follow in performing their procurement responsibilities. Standard of Conduct #4

("SOC 4") describes the compliance review criteria for contract administration and economic dispatch of generation resources on which the utilities will be evaluated: "The utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner. Our definitions of prudent contract administration and least cost dispatch are the same as our existing standard."¹

The scope of compliance review described in D.02-10-062 and D.02-12-074 includes Commission review of utility retained electric generation ("URG") fuel expenses, contract administration, California Independent System Operator ("CAISO")-related costs, existing Qualified Facilities ("QF") contracts, other power purchase agreements (including renewable resource contracts) and economic dispatch of electric generation resources (including Miramar, Palomar, Desert Star Energy Center ["Desert Star"], Cuyamaca, Escondido and El Cajon Battery Energy Storage System ("BESS") and Ramona Solar Energy Project).

The Commission further stated in D.03-06-067 that in determining whether the utilities complied with the requirement to "dispose of economic long power and to purchase economic short power in a manner that minimizes ratepayer costs,"² the Commission would examine "the prudence of each utility's decision to dispatch resources contained in the integrated DWR-IOU portfolio and execute market transactions for economic purposes"³ Accordingly, the Commission's annual compliance review focuses on prudent contract administration, least-cost dispatch and URG fuel procurement activities.

The appropriate scope and standard of review for these ERRA applications have also been addressed in D.05-04-036 and D.05-01-054. According to those decisions and pertinent to

¹ D.02-10-062 at Conclusion of Law 11.

² D.03-06-067 at 10.

³ *Id.*

the scope of review of the utility's least-cost dispatch obligation, the Commission will consider those decisions to dispatch the resources in the daily, hourly, and real-time markets. As for the standard of review of the utility's least-cost dispatch, contract administration, and URG costs, the Commission reiterated in D.05-04-036 that its review is not a "reasonableness review," but is instead a "compliance review:"

We [the Commission] went on to state that the least cost dispatch review process is a compliance review, and that there are no ranges of possible outcomes. (D.05-01-054 at 13-14.) Instead, we stated in pertinent part that:

The outcome or standard for review has been predetermined – that is the lowest cost. SCE must demonstrate that it has complied with this standard, by providing sufficient information and/or analysis in order for the Commission to verify that SCE's dispatch resulted in the most cost-effective mix of total resources, thereby minimizing the cost of delivering electric services. Based on analyses of SCE's showing and subsequent discovery, ORA or any other party may take the position that SCE did not fully comply with SOC 4. In such cases, we will judge the merits of the parties' positions and may impose disallowances and/or penalties.... This compliance process encompasses much more than that characterized by ORA. Imposing a compliance process for least-cost dispatch under SOC 4, rather than a reasonableness review process, does not diminish our ability to ensure just and reasonable rates. (D.05-01-054 at 14-15)⁴

In this same decision, the Commission goes on to say that:

D.05-01-054 did not adopt specific criteria for determining "what constitutes least-cost dispatch compliance or what the utility needs to provide to meet its burden to prove such compliance." (D.05-01-054 at 15 (emphasis added)) Instead, we stated that if ORA or another party can demonstrate that the utility "has not dispatched resources in a least-cost manner, the Commission will review that evidence and make appropriate adjustments for non-compliance." (*Id.* at 16.)⁵

Finally, on October 21, 2014, SDG&E, along with Pacific Gas and Electric Company ("PG&E) and Southern California Edison Company ("SCE"), jointly filed a Joint Proposal for

⁴ D.05-04-036 at 26. *Accord* D.15-11-011 at 2; D.17-03-016 at 3.

⁵ *See also* D.05-04-036 at 27 (internal footnote omitted).

the Demonstration of Least-Cost Dispatch (“Joint Proposal”), which detailed the information that the utilities would include in testimony or workpapers in ERRA compliance proceedings to demonstrate least-cost dispatch. On November 5, 2014, the Commission’s Office of Ratepayer Advocates (“ORA”) filed a response which included four recommended modifications to the Joint Proposal. On December 2, 2014, Administrative Law Judge Roscow and Commissioner Florio issued an “Interim Ruling Providing Guidance for the 2014 ERRA Compliance Proceedings,” which adopted both the Joint Proposal as well as ORA’s suggested modifications relating to economically dispatched demand response programs. These requirements were adopted on a non-interim basis in D.15-05-005 and D.15-12-025. The prepared direct testimony and associated Attachments and workpapers of SDG&E witness Joseph Pasquito address these least-cost dispatch requirements and satisfy SDG&E’s burden of proof for the 2018 record period.

B. ERRA

As noted above, 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. Accordingly, SDG&E’s ERRA revenue requirement includes specific recovery of CAISO energy and ancillary services load charges, contract costs, generation fuel costs, CAISO-related costs, hedging costs and previously approved equity rebalancing costs related to the financial statement consolidation of Otay Mesa Energy Center (“OMEC”) under Accounting Standards Codification 810 (“ASC 810”), formerly referred to as FASB Interpretation No. 46 (R) or “Fin 46 (R).” Pursuant to Section 5(d) of SDG&E’s ERRA Tariff, the ERRA also includes “in lieu payments payable to communities where SDG&E is transporting its own gas through its own gas transmission or distribution system, or both, for purposes of generating electricity or for use in its own

operations.” The ERRA also includes revenues from SDG&E’s Electric Energy Commodity Cost (“EECC”) rate schedules (commodity revenue), non-fuel generation revenues allocated to the Non-Fuel Generation Balancing Account (“NGBA”) and other Commission-approved accounts.

SDG&E believes that the costs and expenses recorded to the ERRA during 2018 are appropriate, correctly stated and recoverable in accordance with applicable Commission policy and decisions. The ERRA balance as of December 31, 2018 was approximately a \$49.7 million undercollection.

C. TCBA

In D.06-12-019, the Commission determined that SDG&E’s annual TCBA review should be included as part of the annual ERRA compliance review. The ERRA compliance review is the appropriate forum to review the TCBA because the costs that are recovered in the TCBA generally relate to the above-market portion of certain QF and purchase power costs eligible for recovery under Assembly Bill (“AB”) 1890. Specifically, the TCBA records the eligible above-market power costs and the revenues received from SDG&E’s Competition Transition Charge (“CTC”) rate. The TCBA balance as of December 31, 2018 was a \$(8.824) million overcollection.⁶

D. LGBA

The LGBA was authorized in D.13-03-029. The LGBA records the costs and revenues for generation that have been determined to be subject to the cost allocation mechanism (“CAM”). For 2018, the contracts included in the LGBA were the Escondido Energy Center (“EEC”) contract, the Pio Pico Energy Center (“PPEC”), CP Kelco Combined Heat & Power

⁶ The forecasted 2018 year-end overcollected balance of \$5 million was approved in Advice Letter (“AL”) 3291-E on December 17, 2018 for amortization in rates effective January 1, 2019.

(“CHP”), the Grossmont Hospital CHP, and Carlsbad Energy Center (effective December 12, 2018). Also included were the SDG&E-owned Escondido Energy and El Cajon Energy Storage Facilities.⁷ As of December 31, 2018, the LGBA balance reflected an overcollection, as shown in the accompanying confidential prepared direct testimony of Khoang T. Ngo and its associated Table 3, as well as in Attachment C, which provides a monthly summary of the accounting entries recorded to the LGBA during 2018. In this Application, SDG&E is requesting, among other things, that SDG&E’s 2018 transactions reflected in its LGBA are in compliance with Commission directives.

In summary, SDG&E is requesting that the Commission (a) determine that its LGBA’s 2018 transactions are in compliance with Commission directives and are recoverable; and (b) SDG&E shall request authorization from the Commission to return the overcollected 2018 recorded activity in its 2021 ERRR Forecast Application.

E. NERBA

The NERBA, as approved by the Commission’s Decision 13-05-010 in SDG&E’s 2012 General Rate Case (“GRC”), records the operating and maintenance (“O&M”) and capital-related costs associated with certain new and proposed federal and state environmental programs, such as fees charged by the California Air Resources Board (“CARB”) under AB 32. As of January 1, 2018, the beginning balance in the AB 32 electric subaccount in NERBA was a \$0.049 million undercollection. Revenues in 2018 were \$(0.012) million, expenses totaled \$0.412 million, and interest of approximately seven thousand dollars was booked in 2018, as

⁷ Per D.13-03-029, and established in Advice Letter (“AL”) 2499-E fuel costs for EEC, El Cajon Energy Storage Facility, Escondido Energy Storage Facility (in AL 2924-E), PPEC (in D.14-02-016), CP Kelco CHP (in AL 2897-E), Grossmont Hospital CHP (in CHP Program Settlement Agreement Term Sheet October 8, 2010 and adopted in D.10-12-035) and Carlsbad Energy Center (in D.15-05-051 and adopted in AL2757-E) are to be recorded to the LGBA.

shown in Attachment D of the accompanying prepared direct testimony of Khoang T. Ngo. The resulting activity in the AB 32 electric subaccount in NERBA as of December 31, 2018 was approximately a \$0.431 million undercollection. SDG&E is not requesting authorization to include the balance of \$0.480 million undercollection in rates at this time because (1) we are experiencing fluctuations in expenses which may offset the undercollection, and (2) the AB 32 electric NERBA activity in 2018 was minimal.

Additionally, SDG&E requests confirmation that the transactions recorded in the AB 32 electric subaccount in NERBA are appropriate and correctly stated in accordance with Commission directives.

F. IEMA

Pursuant to D.04-12-048 and D.05-07-039, the purposed of the IEMA is to record third party costs associated with the use of Independent Evaluators (“IEs”) in the utility’s long-term procurement activities and Renewables Portfolio Standard (“RPS”) programs. Interest is applied to any over- or undercollection balance at the three-month Commercial Paper rate.

In D.11-10-029, which approved Phase 1 of SDG&E’s 2009 ERRA Compliance filing, SDG&E was authorized to update its IEMA tariff disposition to transfer the balance in the IEMA to the ERRA on an annual basis.⁸

As explained in the accompanying prepared direct testimony of Khoang T. Ngo, pursuant to the above-mentioned decisions, SDG&E transferred the IEMA 2018 undercollection balance of \$0.208 million to ERRA. SDG&E is requesting confirmation in this Application that the amounts transferred from IEMA to ERRA during 2018 are in compliance with applicable Commission directives.

⁸ D.11-10-029 was implemented in AL 2304-E, which was approved on January 12, 2012 and effective November 17, 2011.

G. LCMA

Pursuant to Resolution (“Res.”) E-3893, the LCMA records litigation costs associated with refunds resulting from the energy crisis in October 2000 through January 2001. The LCMA tracks the difference between incurred litigation costs and settlement proceeds received.

At this time, SDG&E is not requesting recovery of its December 31, 2018 undercollected LCMA balance as there are pending litigation cases, and the appropriate vehicle for requesting recovery is through a separate filing. SDG&E requests that the Commission review SDG&E’s 2018 LCMA transactions. As of January 1, 2018, the beginning balance in the LCMA was an undercollection of approximately \$0.043 million. Litigation revenues in 2018 were \$(0.099) million, expenses totaled \$0.141 million, and interest of approximately twelve hundred dollars was booked in 2018. Thus, the balance in the LCMA as of December 31, 2018 was an undercollection of \$0.087 million. Once SDG&E has closed all LCMA related litigation, SDG&E will evaluate and execute next steps.

H. GTME&OMA

Pursuant to D.15-01-051, the GTME&OMA records the difference between the revenues collected through the GT-ME&O Charge and the initial and ongoing incremental ME&O cost incurred to implement the Green Tariff Shared Renewables Program (“GTSRP”). In 2018, the GTME&OMA had costs and interest totaling \$(0.106) million, and the ending balance was \$0.152 million as shown in the accompanying prepared direct testimony of Khoang T. Ngo in Attachment G. In this proceeding, SDG&E requests confirmation that the transactions recorded in the GTME&OMA are appropriate and correctly stated in accordance with the Commission’s directives.

I. GTSRACMA

Pursuant to D.15-01-051, the purpose of the GTSRACMA is to record the difference between the revenues collected through the GTSR Administrative Charge and the initial and ongoing incremental administrative costs incurred to implement the GTSRP.

In 2018, the GTSRACMA had current activity and interest of \$(0.214) million, and the ending balance was \$1.89 million, as shown in Attachment H in the accompanying prepared direct testimony of Khoang T. Ngo. SDG&E requests confirmation that the transactions recorded in the GTSRACMA are appropriate and correctly stated in accordance with Commission directives.

J. ECRME&OMA

Pursuant to D.15-01-051, the purpose of the ECRME&OMA is to record the difference between the revenues collected through the ECR-ME&O Charge and the initial and ongoing incremental ME&O costs incurred to implement the GTSRP. The GTSRP consists of both a Green Tariff option and an Enhanced Community Renewables option. ME&O costs for the Enhanced Community Renewables option are recorded in the ECRME&OMA.

In 2018, the ECRME&OMA had current activity and interest of fifty eight dollars, and the ending balance was also \$0.003 million as shown in Attachment I of the accompanying prepared direct testimony of Khoang T. Ngo. SDG&E requests confirmation that the transactions recorded in the ECRME&OMA are appropriate and correctly stated in accordance with Commission directives.

K. 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. The GTSRBA tariff states that: “The balance in the GTSRBA will be addressed in SDG&E’s annual Energy Resource Recovery Account (ERRA) Forecast proceeding or in a separate application deemed appropriate by the Commission.”¹⁰ In 2018, GTSRBA had current activity and interest resulting in a \$0.119 million undercollection, and the undercollection ending balance of \$.125 million, as shown in Attachment J. Accordingly, SDG&E requests that the Commission confirm that the transactions recorded in the GTSRBA are appropriate and correctly stated in accordance with Commission directives, and that SDG&E may request recovery of the undercollected 2018 ending balance of \$0.125 million in its next-filed ERRA Forecast Application.

III. SUMMARY OF PREPARED DIRECT TESTIMONY

In support of this Application, SDG&E provides the prepared direct testimony of five witnesses. As SDG&E’s prepared direct testimony demonstrates, in 2018, SDG&E has fully complied with its Commission-approved electric procurement plans,¹¹ all relevant contract terms

⁹ See AL 2889-E, approved June 23, 2016 and effective May 28, 2016.

¹⁰ See Cal. P.U.C. Sheet No. 28265-E, Preliminary Statement at Sheet 5 *available at* https://www.sdge.com/sites/default/files/elec_elec-prelim_gtsrba.pdf.

¹¹ For purposes of the Commission’s review and the compliance findings requested herein, the relevant LTPP is SDG&E’s 2014 LTPP, approved in Commission Res. E-4543 (October 11, 2012), in compliance with D.15-10-031.

and conditions, SOC 4 and applicable Commission decisions. The prepared direct testimony also shows the accuracy and reasonableness of SDG&E's 2018 ERRA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and GTSRBA accounting entries. The prepared direct testimony of SDG&E's witnesses, and the issues they address, are summarized below and incorporated by reference herein:

- **Mr. Joseph Pasquito**

Mr. Pasquito's prepared direct testimony describes the various energy resources in SDG&E's electricity portfolio and addresses the manner in which SDG&E complied during the record period with its obligation to dispatch its energy portfolio in a least-cost manner, consistent with SDG&E's Commission-approved LTPP.

- **Ms. Khoang T. Ngo**

Ms. Ngo's prepared direct testimony provides a description of the transactions for the 2018 entries to SDG&E's ERRA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and GTSRBA. Ms. Ngo's prepared direct testimony explains the regulatory basis for SDG&E's requested disposition for these accounts and seeks the Commission's determination that, for the 2018 record period, SDG&E's recommended dispositions are in compliance with Commission directives and should be approved as reasonable and accurate.

- **Mr. Daniel L. Sullivan**

Mr. Sullivan's prepared direct testimony describes the categories of expenses that were recorded to SDG&E's ERRA, TCBA, and LGBA accounts and explains the contract administration activities associated with SDG&E's power purchase agreements during 2018.

- **Ms. Ana Garza-Beutz**

Ms. Garza-Beutz's prepared direct testimony explains SDG&E's procurement of Greenhouse Gas ("GHG") compliance instruments during the 2018 record period. In this proceeding, SDG&E is requesting that the Commission review and approve GHG compliance instrument procurement activity incurred in 2018 in compliance with the LTPP, AB 32, and recent Commission directives regarding GHG compliance costs, including D.19-04-016.

- **Mr. Carl S. LaPeter**

Mr. LaPeter's prepared direct testimony explains that SDG&E has complied with applicable Commission standards governing the operation of Utility Owned Generation ("UOG") resources and the management of planned and unplanned outages during the 2018 record period.

IV. REQUESTED RELIEF AND ISSUES TO BE CONSIDERED

The issues to be considered and the relief requested are contained in this Application, supporting testimony and related exhibits. In submitting this Application and supporting testimony, SDG&E demonstrates and requests express Commission findings that:

1. During 2018, SDG&E prudently administered and dispatched its UOG resources and portfolio of contracts, including Miramar, Palomar, Desert Star, Cuyamaca, Escondido and El Cajon Battery Energy Storage System, Ramona Solar Energy Project, power purchase agreements, QFs, non-QF resources, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan;

2. All 2018 entries and costs recorded in SDG&E's ERRA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and GTSRBA are appropriate and correctly stated;
3. SDG&E's procurement of GHG compliance instruments during the 2018 record period is consistent with the Commission's current directives applicable to those compliance instruments;
4. Confidential treatment of the unredacted versions of the prepared direct testimony, as requested in the declarations accompanying the testimony, is appropriate and authorized; and
5. SDG&E will return the overcollection in SDG&E's LGBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2021, which will be filed on April 15, 2020 or SDG&E's next Annual Electric Regulatory Update filing.
6. SDG&E will pursue cost recovery of the undercollection in SDG&E's GTSRBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2021, which will be filed on or about April 15, 2020.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1 (a) – (c)

In accordance with Rule 2.1 (a) – (c) of the Commission's Rules of Practice and Procedure, SDG&E provides the following information.

1. Rule 2.1 (a) - Legal Name

SDG&E is a corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is

8330 Century Park Court, San Diego, California 92123. SDG&E's attorney in this matter is Paul A. Szymanski.

2. Rule 2.1 (b) - Correspondence

Correspondence or communications regarding this Application should be addressed to:

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3. Rule 2.1 (c)

a. Proposed Category of Proceeding

In accordance with Rule 7.1, SDG&E requests that this Application be categorized as ratesetting.

b. Need for Hearings

SDG&E does not believe that approval of this Application will require hearings. SDG&E has provided ample supporting testimony, analysis and documentation that provide the Commission with a sufficient record upon which to grant the relief requested.

c. Issues to be Considered

The issues to be considered are described in this Application and the accompanying testimony and exhibits (see Summary of Application and Summary of Testimony, above). Regarding safety considerations, based on current information, SDG&E’s proposals in this Application and associated testimony will not result in any adverse safety impacts on the facilities or operations of SDG&E.

d. Proposed Schedule

SDG&E proposes the following schedule:¹²

<u>ACTION</u>	<u>DATE</u>
Application filed	Friday, May 31, 2019
Prehearing Conference	Tuesday, July 9, 2019
Intervenor Testimony	Thursday, October 31, 2019
Rebuttal Testimony	Thursday, December 12, 2019
Hearings (if necessary)	Wed/Thurs, January 8-9, 2020
Opening Briefs	Thursday, January 30, 2020
Reply Briefs	Thursday, February 13, 2020
Proposed Decision	Thursday April 23, 2020
Comments on Proposed Decision	Wednesday, May 13, 2020
Reply Comments	Monday, May 18, 2020
Commission Approval	June of 2020

B. Rule 2.2 – Articles of Incorporation

A certified copy of SDG&E’s Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the

¹² SDG&E notes that it is not available to participate in a Prehearing Conference between July 10, 2019 and August 5, 2019. SDG&E respectfully requests that the Prehearing Conference in this proceeding occur on or before July 9, 2019 or on or after August 6, 2019.

Commission on September 10, 2014, in connection with SDG&E's Application No. A.14-09-008, and is incorporated herein by reference.

VI. CONFIDENTIAL INFORMATION

SDG&E is submitting the prepared direct testimony supporting this Application in both public (redacted) and non-public (unredacted and confidential) form, consistent with SDG&E's declarations of confidential treatment attached to the witnesses' testimony and submitted in conformance with D.06-06-066 and D.08-04-023. In short, confidential treatment is necessary in this proceeding to avoid inappropriate disclosure of the confidential and commercially sensitive information (pertaining to SDG&E's electric procurement resources and strategies) that SDG&E witnesses must identify to support this Application.

VII. SERVICE

This is a new application. No service list has been established. Accordingly, SDG&E will serve this Application, prepared direct testimony and related exhibits on parties to the service list for A.18-06-002 (last year's SDG&E ERRR compliance proceeding) and R.12-03-014 (OIR to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans). Hard copies will be sent by overnight mail to Administrative Law Judge ("ALJ") ALJ Gerald F. Kelly, the assigned ALJ in A.18-06-002, and Chief ALJ Anne Simon.

VIII. CONCLUSION

WHEREFORE, SAN DIEGO GAS & ELECTRIC COMPANY requests that the Commission:

- (1) find that during 2018 SDG&E prudently administered its generation resources and portfolio of contracts and dispatched energy in a least-cost manner, in compliance with SDG&E's Commission-approved procurement plan;

- (2) find that SDG&E's 2018 entries in its ERRA, TCBA, LGBA, NERBA IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and GTSRBA were accurate and reasonable;
- (4) determine that SDG&E's procurement of GHG compliance instruments during the record period was consistent with applicable standards;
- (5) authorize SDG&E to pursue adjustment of the overcollection in SDG&E's LGBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2021, which will be filed on April 15, 2020 or SDG&E's next Annual Electric Regulatory Update filing;
- (6) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's GTSRBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2021, which will be filed on or about April 15, 2020; and
- (7) grant such additional relief as the Commission believes is just and reasonable.

SDG&E is ready to proceed with its showing in this Application.

Respectfully submitted,

By: /s/ Paul A. Szymanski
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SAN DIEGO GAS & ELECTRIC COMPANY

By: /s/ Kendall K. Helm

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DATED at San Diego, California, this 31st day of May 2019.

OFFICER VERIFICATION

