

Application No.: A.20-04-014

Exhibit No.: _____

Witness: Sheri Miller~~Monica V. Chihware~~

UPDATED PREPARED DIRECT TESTIMONY OF

SHERI MILLER~~MONICA V. CHIHWARE~~

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

*****REDACTED – PUBLIC VERSION*****

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



A  Sempra Energy utility

November 6~~April 15~~, 2020

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1 **UPDATED PREPARED DIRECT TESTIMONY OF**
2 **SHERI MILLERMONICA V. CHIHVARO**
3 **ON BEHALF OF**
4 **SAN DIEGO GAS & ELECTRIC COMPANY**

5 **I. PURPOSE AND OVERVIEW AND PURPOSE**

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

9 **II. ACCOUNTING FOR DIRECT GHG EMISSIONS**

10 Decision ("D.") 14-10-033 provided the approved method of calculating the GHG
11 Compliance Instrument Weighted Average Cost ("WAC"). D-14-10-033 was later revised by
12 D.14-10-055, D.15-01-024, and D.19-04-016. SDG&E calculates the gas and electric WAC
13 monthly in accordance with these decisions. Attachment B of this testimony contains the electric
14 WAC calculation workpapers for 2019 and January through September of 2020.

15 As described in the prepared direct testimony of Mr. Lewis~~Ana Garza Beutz~~, SDG&E
16 values its purchased GHG compliance instruments on a monthly basis using the Weighted
17 Average Cost ("WAC, for the current") of Compliance Instruments by compliance period, in
18 accordance with Decision ("D.") 19-04-016. The SDG&E Utility Accounting Department
19 recorded The electric GHG costs are then recorded in the Energy Resource Recovery Account
20 ("ERRA") balancing account and the Portfolio Allocation Balancing Account ("PABA") based
21 on data detailing actual GHG emissions and WAC calculations ~~provided by Ms. Garza~~
22 Beutz~~Sheri Miller~~. More specifically, ~~the Utility Accounting Department computes~~ the direct
23 GHG costs associated with SDG&E's conventional resources and contracts are calculated by
24 multiplying the total monthly GHG emissions volumes created by those resources' energy
25 generation amount with the WAC for each month, which ~~The product comprised equals~~ the

1 direct GHG costs. ~~These costs are and was recorded booked monthly~~ as an expense in the
2 appropriate authorized cost recovery balancing accounts, and also as a liability to the California
3 Air and Resources Board (“CARB”) for carbon credits not yet submitted. ~~SDG&E recognized~~
4 ~~the expense of the costs of GHG compliance instruments for ERRA balancing account purposes~~
5 ~~as it emits GHG and incurs a liability to the California Air and Resources Board (“CARB”).~~
6 ~~Each month, as monthly emissions were reported, the Utility Accounting Department recorded~~
7 ~~the costs for the current month.~~ If reported emission amounts from previous months were
8 revised, ~~then the Utility Accounting Department updated~~ the current month’s expense will
9 include an amount ~~to that~~ reflects the true-up of costs associated with the revised emission
10 amounts from prior months.

11 Recorded GHG Direct Compliance costs expensed in the ERRA balancing account for
12 the year ended December 31, 2019 were [REDACTED] million, which includes amounts ~~expensed~~
13 necessary to true-up costs of prior months in the same GHG compliance period as defined in D.
14 19-04-016. Of the total [REDACTED] million of GHG Direct Compliance costs reported by Ms. Sheri
15 Miller’s testimony for the year-to-date period January 1 through September 30, 2020, SDG&E
16 recorded GHG Direct Compliance costs of [REDACTED] million; including true ups as defined in D-
17 19-04-016, into the ERRA balancing account and [REDACTED] million to the PABA balancing
18 account for the year to date period ended September 30, 2020. See Attachment A – Summary of
19 GHG Charges attached hereto, for a summary of these transactions.

20 This concludes my prepared updated direct testimony.
21

1 **III. QUALIFICATIONS**

2 My name is ~~Sheri Miller~~Monica V. Chihware. My business address is 8315 Century
3 Park Court, San Diego, CA 92123. I am employed by SDG&E as a Principal Settlement
4 Advisor~~Financial Accounting Manager~~ in their Settlements & Systems group in the Energy
5 Supply organization~~Utility Accounting Department~~. My responsibilities include reviewing
6 ERRA testimony and advising on regulatory and legislative matters that impact SDG&E's
7 energy and gas procurement settlements and cost recovery processes~~reviewing journal entries~~
8 ~~recorded to prepare financial statements, which include GHG related accounts.~~

9 I joined SDG&E in ~~October~~July 1996~~2000~~, and since that time, I have held various
10 positions ~~with~~at SDG&E including Senior Accountant, Principal Accountant, and Settlements
11 Manager. I have experience with many aspects of SDG&E's accounting processes, including
12 approving the gas and electric commodity invoices and overseeing the reporting processes.
13 ~~Sempra Energy companies, including Corporate Development Manager, Audit Services Manager,~~
14 ~~and Financial Reporting Manager at Sempra Energy. I rejoined SDG&E in November 2013.~~

15 I received a Bachelor of Science degree in ~~Accounting Business Administration and a~~
16 Masters of Business Administration with an emphasis in Accounting from San Diego State
17 Ufrom National University. I am also a Certified Public Accountant licensed in the state of
18 California.

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

ATTACHMENT A
SUMMARY OF GHG CHARGES

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 12/31/2019</u>	2013 - 2019	\$ 239,704,378	\$ 225,432,685	\$ 14,271,693
<u>2020</u>	2020			
<u>Total 2020</u>				
<u>Total Program-to-date (as of 9/30/2020)</u>		\$ 258,748,734	\$ 232,853,374	\$ 25,895,360

(1) Amounts represent total direct GHG cost historically calculated for the period January through December 2013 - 2019, and GHG direct costs for the period January through September 2020.

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

(3) Expense recorded to ERRA in 2020 for actual GHG costs including true-ups, for reporting period 1/1/2020 through 09/30/2020.

ATTACHMENT B

**SDG&E's 2020 MONTHLY ELECTRIC WAC
CALCULATION SPREADSHEET**

Month	Transaction/Activity Details							Inventory Emissions and \$		WAC Pricing (\$/MT)	Direct GHG Costs		True-Ups	Monthly BA Entry
Month	Transaction Date	Transaction Type	Quantity Pur/(Sales) (MT)	Purchase \$ (\$/MT)	Sales \$ (\$/MT)	Total Cost (\$)	Total Sales (\$)	Inventory Balance (\$)	Total Qty in Inventory (MT)	WAC (\$/MT)	Direct Monthly Emissions (MT)	WAC x Direct Emissions Qty (\$)	True-Up Value +/- (\$)	Monthly Balancing Account Entries (\$)
Jan-18	1/1/2018	CP2 WAC Transfer												
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18														
Jan-18	1/31/2018	Monthly Recording to Balancing Accounts												
Feb-18	2/1/2018	Surrender Event												
Feb-18														
Feb-18														
Feb-18						\$0.00	\$0.00							
Feb-18						\$0.00	\$0.00							
Feb-18						\$0.00	\$0.00							
Feb-18	2/28/2018	Monthly Recording to Balancing Accounts												
Mar-18	3/1/2018	Surrender Event												
Mar-18														
Mar-18														
Mar-18						\$0.00	\$0.00							
Mar-18						\$0.00	\$0.00							
Mar-18						\$0.00	\$0.00							
Mar-18						\$0.00	\$0.00							
Mar-18	3/31/2018	Monthly Recording to Balancing Accounts												
Apr-18	4/1/2018	Surrender Event												
Apr-18														
Apr-18														
Apr-18						\$0.00	\$0.00							
Apr-18						\$0.00	\$0.00							
Apr-18						\$0.00	\$0.00							
Apr-18	4/30/2018	Monthly Recording to Balancing Accounts												
May-18	5/1/2018	Surrender Event												
May-18														
May-18														
May-18						\$0.00	\$0.00							
May-18						\$0.00	\$0.00							
May-18						\$0.00	\$0.00							

May-18			\$0.00	\$0.00			
May-18	5/31/2018	Monthly Recording to Balancing Accounts					
Jun-18	6/1/2018	Surrender Event					
Jun-18			\$0.00	\$0.00			
Jun-18			\$0.00	\$0.00			
Jun-18			\$0.00	\$0.00			
Jun-18			\$0.00	\$0.00			
Jun-18			\$0.00	\$0.00			
Jun-18			\$0.00	\$0.00			
Jun-18	6/30/2018	Monthly Recording to Balancing Accounts					
Jul-18	7/1/2018	Surrender Event					
Jul-18			\$0.00	\$0.00			
Jul-18			\$0.00	\$0.00			
Jul-18			\$0.00	\$0.00			
Jul-18			\$0.00	\$0.00			
Jul-18			\$0.00	\$0.00			
Jul-18			\$0.00	\$0.00			
Jul-18	7/31/2018	Monthly Recording to Balancing Accounts					
Aug-18	8/1/2018	Surrender Event					
Aug-18							
Aug-18							
Aug-18							
Aug-18			\$0.00	\$0.00			
Aug-18			\$0.00	\$0.00			
Aug-18	8/31/2018	Monthly Recording to Balancing Accounts					
Sep-18	9/1/2018	Surrender Event					
Sep-18							
Sep-18			\$0.00	\$0.00			
Sep-18			\$0.00	\$0.00			
Sep-18			\$0.00	\$0.00			
Sep-18			\$0.00	\$0.00			
Sep-18	9/30/2018	Monthly Recording to Balancing Accounts					
Oct-18	10/1/2018	Surrender Event					
Oct-18							
Oct-18							
Oct-18			\$0.00	\$0.00			
Oct-18			\$0.00	\$0.00			
Oct-18	10/31/2018	Monthly Recording to Balancing Accounts					
Nov-18	11/2/2018	Surrender Event					
Nov-18							
Nov-18							
Nov-18			\$0.00	\$0.00			
Nov-18			\$0.00	\$0.00			
Nov-18			\$0.00	\$0.00			
Nov-18	11/30/2018	Monthly Recording to Balancing Accounts					
Dec-18	12/1/2018	Surrender Event					
Dec-18							
Dec-18			\$0.00	\$0.00			
Dec-18			\$0.00	\$0.00			

Dec-18			\$0.00	\$0.00			
Dec-18			\$0.00	\$0.00			
Dec-18	12/31/2018	Monthly Recording to Balancing Accounts					
Jan-19	1/1/2019	Surrender Event					
Jan-19			\$0.00	\$0.00			
Jan-19			\$0.00	\$0.00			
Jan-19			\$0.00	\$0.00			
Jan-19			\$0.00	\$0.00			
Jan-19			\$0.00	\$0.00			
Jan-19	1/31/2019	Monthly Recording to Balancing Accounts					
Feb-19	2/1/2019	Surrender Event					
Feb-19							
Feb-19			\$0.00	\$0.00			
Feb-19			\$0.00	\$0.00			
Feb-19			\$0.00	\$0.00			
Feb-19			\$0.00	\$0.00			
Feb-19	2/28/2019	Monthly Recording to Balancing Accounts					
Mar-19	3/1/2019	Surrender Event					
Mar-19							
Mar-19							
Mar-19							
Mar-19			\$0.00	\$0.00			
Mar-19			\$0.00	\$0.00			
Mar-19	3/31/2019	Monthly Recording to Balancing Accounts					
Apr-19	4/1/2019	Surrender Event					
Apr-19							
Apr-19			\$0.00	\$0.00			
Apr-19			\$0.00	\$0.00			
Apr-19			\$0.00	\$0.00			
Apr-19			\$0.00	\$0.00			
Apr-19	4/30/2019	Monthly Recording to Balancing Accounts					
May-19	5/1/2019	Surrender Event					
May-19							
May-19							
May-19							
May-19							
May-19			\$0.00	\$0.00			
May-19	5/31/2019	Monthly Recording to Balancing Accounts					
Jun-19	6/1/2019	Surrender Event					
Jun-19			\$0.00	\$0.00			
Jun-19			\$0.00	\$0.00			
Jun-19			\$0.00	\$0.00			
Jun-19			\$0.00	\$0.00			
Jun-19			\$0.00	\$0.00			
Jun-19	6/30/2019	Monthly Recording to Balancing Accounts					
Jul-19	7/1/2019	Surrender Event					
Jul-19			\$0.00	\$0.00			
Jul-19			\$0.00	\$0.00			

Jul-19			\$0.00	\$0.00			
Jul-19			\$0.00	\$0.00			
Jul-19			\$0.00	\$0.00			
Jul-19	7/31/2019	Monthly Recording to Balancing Accounts					
Aug-19	8/1/2019	Surrender Event					
Aug-19							
Aug-19							
Aug-19							
Aug-19			\$0.00	\$0.00			
Aug-19	8/31/2019	Monthly Recording to Balancing Accounts					
Sep-19	9/1/2019	Surrender Event					
Sep-19							
Sep-19							
Sep-19			\$0.00	\$0.00			
Sep-19			\$0.00	\$0.00			
Sep-19			\$0.00	\$0.00			
Sep-19	9/30/2019	Monthly Recording to Balancing Accounts					
Oct-19	10/1/2019	Surrender Event					
Oct-19							
Oct-19							
Oct-19							
Oct-19							
Oct-19							
Oct-19							
Oct-19	10/31/2019	Monthly Recording to Balancing Accounts					
Nov-19	11/1/2019	Surrender Event					
Nov-19							
Nov-19			\$0.00	\$0.00			
Nov-19			\$0.00	\$0.00			
Nov-19			\$0.00	\$0.00			
Nov-19			\$0.00	\$0.00			
Nov-19	11/30/2019	Monthly Recording to Balancing Accounts					
Dec-19	12/1/2019	Surrender Event					
Dec-19			\$0.00	\$0.00			
Dec-19			\$0.00	\$0.00			
Dec-19			\$0.00	\$0.00			
Dec-19			\$0.00	\$0.00			
Dec-19			\$0.00	\$0.00			
Dec-19	12/31/2019	Monthly Recording to Balancing Accounts					
Jan-20	1/1/2020	Surrender Event					
Jan-20			\$0.00	\$0.00			
Jan-20			\$0.00	\$0.00			
Jan-20			\$0.00	\$0.00			
Jan-20			\$0.00	\$0.00			
Jan-20			\$0.00	\$0.00			
Jan-20	1/31/2020	Monthly Recording to Balancing Accounts					

Feb-20	2/1/2020	Surrender Event					
Feb-20							
Feb-20			\$0.00	\$0.00			
Feb-20			\$0.00	\$0.00			
Feb-20			\$0.00	\$0.00			
Feb-20			\$0.00	\$0.00			
Feb-20	2/29/2020	Monthly Recording to Balancing Accounts					
Mar-20	3/1/2020	Surrender Event					
Mar-20			\$0.00	\$0.00			
Mar-20			\$0.00	\$0.00			
Mar-20			\$0.00	\$0.00			
Mar-20			\$0.00	\$0.00			
Mar-20			\$0.00	\$0.00			
Mar-20	3/31/2020	Monthly Recording to Balancing Accounts					
Apr-20	4/1/2020	Surrender Event					
Apr-20			\$0.00	\$0.00			
Apr-20			\$0.00	\$0.00			
Apr-20			\$0.00	\$0.00			
Apr-20			\$0.00	\$0.00			
Apr-20			\$0.00	\$0.00			
Apr-20	4/30/2020	Monthly Recording to Balancing Accounts					
May-20	5/1/2020	Surrender Event					
May-20							
May-20							
May-20			\$0.00	\$0.00			
May-20			\$0.00	\$0.00			
May-20			\$0.00	\$0.00			
May-20	5/31/2020	Monthly Recording to Balancing Accounts					
Jun-20	6/1/2020	Surrender Event					
Jun-20			\$0.00	\$0.00			
Jun-20			\$0.00	\$0.00			
Jun-20			\$0.00	\$0.00			
Jun-20			\$0.00	\$0.00			
Jun-20			\$0.00	\$0.00			
Jun-20	6/30/2020	Monthly Recording to Balancing Accounts					
Jul-20	7/1/2020	Surrender Event					
Jul-20			\$0.00	\$0.00			
Jul-20			\$0.00	\$0.00			
Jul-20			\$0.00	\$0.00			
Jul-20			\$0.00	\$0.00			
Jul-20			\$0.00	\$0.00			
Jul-20	7/31/2020	Monthly Recording to Balancing Accounts					
Aug-20	8/1/2020	Surrender Event					
Aug-20							
Aug-20			\$0.00	\$0.00			
Aug-20			\$0.00	\$0.00			
Aug-20			\$0.00	\$0.00			
Aug-20			\$0.00	\$0.00			

Aug-20	8/31/2020	Monthly Recording to Balancing Accounts			
Sep-20	9/1/2020	Surrender Event			
Sep-20					
Sep-20					
Sep-20					
Sep-20					
Sep-20					
Sep-20					
Sep-20					
Sep-20	9/30/2020	Monthly Recording to Balancing Accounts			

ATTACHMENT **CB**

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

**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 Settlements and Systems in the Electric & Fuel Procurement 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 Sheri Miller’s Updated Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application for Approval of its 2021 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 3rd day of November, 2020, at San Diego.



James Magill
Manager – Settlements and Systems

ATTACHMENT C

SDG&E Request for Confidentiality on the following information in its Application for Approval of Its 2021 Electric Procurement Revenue Requirement Forecasts and GHG- Related Forecasts

Location of Protected Information	Legal Authority	Narrative Justification
<p>SM-2 Direct GHG Compliance Cost as of December 31, 2019.</p> <p>Attachment A - Summary of GHG Charges (GHG) Detail which provides Direct GHG Compliances Costs.</p> <p>Attachment B – 2018 and 2020 WAC Calculations.</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>