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

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) For Authority To Update Electric Rate Design Effective on January 1, 2020 Application 19-07-XXX

# PREPARED DIRECT TESTIMONY OF WOO-JIN SHIM

# **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

# JULY 3, 2019



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# PREPARED DIRECT TESTIMONY OF **WOO-JIN SHIM**

### I.

**PURPOSE AND SUMMARY** 

The purpose of this prepared direct testimony on behalf of San Diego Gas & Electric Company ("SDG&E") is to present the revenue requirement associated with the Electric Vehicle High Power ("EV-HP") rate. The forecasted revenue requirement for this project is \$1.1 million over the years 2020 through 2021. Since this proposal includes costs above and beyond those authorized by the California Public Utilities Commission ("Commission") in SDG&E's most recent General Rate Case ("GRC"), all costs associated with this project are incremental, and thus are additive to any currently authorized levels of revenue requirement.

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II.

### **OPERATIONS AND MAINTENANCE ("O&M") COSTS**

Table 1 below summarizes the direct costs described in the prepared direct testimony of Brittany Applestein Syz.<sup>1</sup> These costs do not yet reflect the impact of escalation, and loaders.

### **Table 1: Direct Costs**

(In Millions, 2019\$)

		2020	2021	Total
0&M	1	\$ 0.7	\$ 0.3	\$1.0

#### A. Escalation

Escalation is applied to direct costs to properly account for inflation. SDG&E applied the indices published in IHS Global Insight's 2019 1st quarter Utility Cost Forecast for this Application.

<sup>1</sup> Prepared Direct Testimony of Brittany Applestein Syz at BS-12.

### **B.** Overhead Allocations

Overhead allocations are directly associated with project costs and are used to account for costs that cannot be economically direct-charged, such as payroll taxes and administrative and general costs. Overhead allocations are added to project costs, consistent with those costs' classification as company labor, contract labor, or purchased services and materials. The overhead allocations in this Application adhere to the methodology established by the Federal Energy Regulatory Commission ("FERC")<sup>2</sup> and were derived using the same methodology used in SDG&E's most recent GRC filing.<sup>3</sup> Only overhead allocations considered incremental to the project are applied in the determination of the revenue requirement.

Table 2 below summarizes the total loaded and escalated O&M cost.

2020

\$ 0.8

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0&M

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### III. REVENUE REQUIREMENT

Total O&M

The revenue requirement consists of the total O&M, working cash, and franchise fees and uncollectibles ("FF&U").<sup>4</sup> The sections below cover these components in greater detail.

Table 2: Total O&M

(In Millions, Nominal)

2021

\$ 0.3

**Total** \$1.1

<sup>&</sup>lt;sup>2</sup> FERC guidelines reference the Statement of Federal Financial Accounting Standards 4: Managerial Cost Accounting Standards and Concepts.

<sup>&</sup>lt;sup>3</sup> Application ("A.") 17-10-007, Second Revised SoCalGas/SDG&E Direct Testimony of James Vanderhye (Shared Services & Shared Assets Billing, Segmentation & Capital Reassignments) (Ex. SCG-34-2R/SDG&E-32-2R) (April 6, 2018).

<sup>&</sup>lt;sup>4</sup> The revenue requirement components are computed based on the same standard, Commission-approved methodology used in the 2016 GRC and other incremental applications.

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#### A. **O&M** Expenses

The loaded and escalated O&M expenses shown in Table 2 above are included as a component of the total revenue requirement.

B. Working Cash

Working cash is the funding supplied by investors to meet day-to-day utility operational requirements, and to cover the time that expenditures are made for services until the time revenues are collected for those services.<sup>5</sup> It is included as a component of the total revenue requirement.

C.

### **Franchise Fees and Uncollectibles**

The revenue requirement includes costs related to the payment of FF&U. FF&U covers payments made to counties and incorporated cities pursuant to local ordinances granting right of way access, as well as uncollectible expenses incurred by SDG&E.<sup>6</sup>

#### D. **Forecasted Revenue Requirement**

Table 3 below illustrates the final forecasted revenue requirement for the Proposed Project.

### Table 3: Forecasted Revenue Requirement Summary (In Millions, Nominal)

	2020	2021	Total
<b>Revenue Requirement</b>	\$ 0.8	\$ 0.3	\$1.1

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The above revenue requirement is based on the forecasted costs provided in this

application. SDG&E will determine any applicable O&M costs of the Proposed Project as it is

<sup>6</sup> FF&U multipliers used for these revenue requirements are consistent with those supported in Decision ("D.") 16-06-054.

<sup>&</sup>lt;sup>5</sup> A.17-10-007, Second Revised SDG&E Direct Testimony of Steven P. Dais (Working Cash) (Ex. SDG&E-36-2R) (April 6, 2018) at 2.

completed, and will calculate the actual revenue requirements associated with those costs for
recovery in rates. Details on cost recovery of the actual revenue requirement are discussed in the
prepared direct testimony of Jenny Phan. Details of the rate impacts of the revenue requirement
are discussed in the prepared direct testimony of William Saxe.

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This concludes my prepared direct testimony.

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### IV. STATEMENT OF QUALIFICATIONS

My name is Woo-Jin Shim. My business address is 8330 Century Park Court, San Diego, California 92123. I am employed by SDG&E as a Principal Business Analyst in Financial & Strategic Analysis. I am responsible for overseeing the financial analysis and development of revenue requirements for SDG&E projects. I joined SDG&E in 2018. Prior to SDG&E, I was employed by GreatCall for 0.5 years as a Senior Financial Analyst. I received a Bachelors in Political Science from University of California ("UC") Berkeley in 2001. I received a Master of Business Administration degree from UC San Diego in 2013.

I have not previously testified before the California Public Utilities Commission.