

Application No.: A.23-06-002

Exhibit No.: SDGE-7

Witnesses: Josue Mondragon

**PREPARED SUPPLEMENTAL TESTIMONY OF JOSUE MONDRAGON
REGARDING RECORD YEAR 2022 PUBLIC SAFETY POWER
SHUTOFF UNREALIZED SALES AND REVENUE CALCULATIONS
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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



AUGUST 28, 2023

TABLE OF CONTENTS

I. INTRODUCTION 1

II. BACKGROUND 1

 A. Commission Decisions Establishing the PSPS Ratemaking Remedy 1

 B. SDG&E’S Public Safety Power Shutoff Program..... 3

III. CALCULATION OF UNREALIZED SALES DUE TO RY 2022 PSPS EVENTS 5

 A. Summary of PSPS Events in 2022..... 5

IV. CALCULATION OF UNREALIZED REVENUES DUE TO RY 2022 PSPS
EVENTS 5

V. CONCLUSION..... 5

VI. WITNESS QUALIFICATION..... 6

1 **PREPARED SUPPLEMENTAL TESTIMONY OF JOSUE MONDRAGON**
2 **REGARDING RECORD YEAR 2022 PUBLIC SAFETY POWER SHUTOFF**
3 **UNREALIZED SALES AND REVENUE CALCULATIONS ON BEHALF OF SDG&E**

4 **I. INTRODUCTION**

5 This supplemental testimony presents San Diego Gas & Electric Company’s (SDG&E)
6 calculation of unrealized volumetric sales and unrealized revenue resulting from Public Safety
7 Power Shutoff (PSPS) events in 2022 for purposes of determining the PSPS ratemaking remedy set
8 forth in Decision (D.) 21-06-014. This supplemental testimony is sponsored by SDG&E witness
9 Josue Mondragon and is organized as follows:

- 10 • **Section II** – Summarizes the Commission’s decision establishing the PSPS
11 ratemaking remedy and the Commission’s directives on the methodology to be used
12 by the investor-owned utilities (IOUs) to calculate unrealized sales and unrealized
13 revenues for purposes of determining the PSPS ratemaking remedy. This section
14 also provides a description of SDG&E’s PSPS Program.
- 15 • **Section III** – Identifies the PSPS events that occurred in SDG&E’s service territory
16 in 2022 and presents SDG&E’s calculation of unrealized volumetric sales for
17 purposes of determining the PSPS ratemaking remedy.
- 18 • **Section IV** - Presents SDG&E’s calculation of unrealized revenues for purposes of
19 determining the PSPS ratemaking remedy.

20 **II. BACKGROUND**

21 **A. Commission Decisions Establishing the PSPS Ratemaking Remedy**

22 On November 13, 2019, the Commission initiated its *Order Instituting Investigation on the*
23 *Commission’s Own Motion on the Late 2019 Public Safety Power Shutoff Events (PSPS OII)*¹ to

¹ Investigation 19-11-01.

1 determine whether California’s electric investor-owned utilities complied with applicable laws,
2 rules, and regulations when they initiated the PSPS events in 2019.

3 On June 7, 2021, the Commission issued D.21-06-014 in the PSPS OII (PSPS OII Decision).²
4 The PSPS OII Decision found that the utilities did not reasonably comply with the critical guideline to
5 identify, evaluate, weigh, and report public risks for the late 2019 PSPS events.³ Accordingly, the
6 Commission determined a “ratemaking remedy” that would apply prospectively from the effective date of
7 the PSPS OII Decision. Specifically, the Commission stated:

8 ...we find that a ratemaking remedy, in the form of a future downward rate
9 adjustment for customers with the amount of the downward adjustment tied to the
10 duration and scope of any future PSPS events will serve to address the Commission’s
11 concerns discussed above and recognize the undue harms caused to customers by
12 overly broad PSPS events. To minimize the complexity of this ratemaking remedy,
13 this downward rate adjustment will not apply retroactively but, instead, apply
14 starting on the effective date of this decision.⁴

15 The PSPS OII Decision directs that the IOUs shall include the estimated unrealized
16 volumetric sales and unrealized revenue resulting from future PSPS in their respective ERRA
17 proceedings, addressing the years in which the PSPS events occurred.⁵ The PSPS OII Decision also
18 directs that the IOUs forgo collection in rates of unrealized sales and unrealized revenues until the
19 utility demonstrates improvements in identifying, evaluating, weighing, and reporting public harm
20 when determining whether to initiate a PSPS event.⁶ The PSPS OII Decision directed SDGE,
21 Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE) to

² *Decision Addressing the Late 2019 Public Safety Power Shutoffs by Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Mitigate the Risk of Wildfire Caused by Utility Infrastructure* (Issued June 7, 2021).

³ D.21-06-014, p. 56.

⁴ *Id.* at p. 60.

⁵ *Id.* at Ordering Paragraph (OP) 1

⁶ *Id.*

1 agree on a methodology to be used to calculate the estimated unrealized volumetric sales and
2 revenues and present it for the Commission' consideration in the ERRA proceeding.⁷

3 On July 3, 2023, the Commission issued D.23-06-054, which adopted the methodology for
4 calculating unrealized sales and revenues during PSPS events.⁸ D.23-06-054 states that the
5 unrealized revenues resulting from a PSPS event "shall be calculated by multiplying the unrealized
6 volumetric electric sales by the electric rate."⁹ D.23-06-054 provides a detailed description as to
7 how the utilities are to calculate both the unrealized volumetric electric sales as well as the electric
8 rate that should be used. Sections III and IV below address how SDG&E has applied the
9 Commission's methodology in its calculations.

10 **B. SDG&E'S Public Safety Power Shutoff Program**

11 SDG&E is obligated to operate its system safely and takes this obligation very seriously. As
12 part of this obligation, SDG&E de-energizes circuits to protect public safety when weather and
13 other conditions pose a heightened risk or potential of wildfire ignitions. The Commission has
14 acknowledged that "SDG&E has statutory authority under Pub. Util. Code § 399.2(a) and § 451 to
15 shut off power in emergency situations when necessary to protect public safety, including the
16 situation where strong Santa Ana winds exceed the design basis for SDG&E's overhead power-line
17 facilities and threaten to topple energized power lines onto tinder dry brush."¹⁰ Further, the

⁷ *Id.*

⁸ *Decision Adopting Methodology for Calculating Unrealized Revenues During Public Safety Power Shutoffs* (issued in Application 20-02-009, *et al.*)

⁹ D.23-06-054, OP 1.

¹⁰ D.12-04-024, p.35 (Conclusion of Law 1). This decision applied only to SDG&E and established requirements for reasonableness, notification, mitigation, and reporting for SDG&E's de-energization events.

1 Commission recognized that “de-energizing electric facilities during dangerous conditions can save
2 lives and property and can prevent wildfires.”¹¹

3 Over the past few years, unprecedented conditions have led to extreme weather events and
4 exacerbated wildfire conditions throughout California. Utilities have had to de-energize circuits as
5 a measure of last resort to mitigate this risk.¹² During extreme weather, SDG&E may employ the
6 use of PSPS to try to prevent its electric system from becoming the source of an ignition which may
7 endanger local residents and communities. SDG&E’s Community Wildfire Safety Program applies
8 a host of precautionary measures to help reduce the threat of wildfire in its communities.

9 A PSPS is a measure of last resort and is based on a combination of factors. SDG&E uses a
10 number of tools to monitor the extent and duration of weather events and the condition of available
11 fuels across its service territory. The company also has field personnel who observe environmental
12 conditions such as lying debris or other threats to power lines. SDG&E assesses each situation for
13 potential impacts to electric infrastructure and surrounding communities, allowing it to reduce the
14 potential of fire from its electric system by operating it at various levels of caution. The decision
15 and action to turn off power is based on a combination of factors, including high winds (including
16 Red Flag warnings), low humidity, dry vegetation (that could serve as fuel), fire threat (to electric
17 infrastructure), on-the-ground observations, and public safety risk. If a PSPS is needed due to

¹¹ Resolution ESRB-8 (July 12, 2018), p.1. This resolution extended the de-energization reasonableness, public notifications, mitigation, and reporting requirements established in D.12-04-024 to all electric IOUs and also added new requirements.

¹² In December 2018, the Commission opened a rulemaking proceeding to examine de-energization policies and guidelines adopted in D.12-04-024 and Resolution ESRB-8 (De-Energization OIR Rulemaking (R.) 18-12-005, Order Instituting Rulemaking to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions (December 13, 2018) (referred to herein as “PSPS Rulemaking”).

1 extreme conditions, customers can expect early warning notification, ongoing updates, safety
2 inspections and ultimately power restoration.¹³

3 **III. CALCULATION OF UNREALIZED SALES DUE TO RY 2022 PSPS EVENTS**

4 **A. Summary of PSPS Events in 2022**

5 SDG&E did not activate any PSPS events in 2022. Information on SDG&E's PSPS events
6 can be found in SDG&E's Post-PSPS Event Reports.¹⁴ Because SDG&E did not activate any PSPS
7 events in 2022, it did not experience any unrealized sales due to PSPS events in record year 2022.

8 **IV. CALCULATION OF UNREALIZED REVENUES DUE TO RY 2022 PSPS EVENTS**

9 D.23.06-054 directs the IOUs to calculate the electric rate as follows:

10 The electric rate that shall be used to calculate a utility's unrealized revenues shall
11 consist of all rate components that are under the jurisdiction of the California Public
12 Utilities Commission and are charged based on volumetric sales, except rate
13 components that do not recover any revenue shortfalls or variances resulting from
14 PSPS events and rate components that provide a credit to ratepayers during the PSPS
15 event. Pacific Gas and Electric Company, Southern California Edison Company, and
16 San Diego Gas & Electric Company shall include all applicable rate components in
17 the electric rate based on the utility's rate structure at the time the PSPS event was
18 initiated.¹⁵

19 As reflected in Section II above, SDG&E did not activate any PSPS events in 2022 and did
20 not experience any unrealized sales for purposes of the PSPS ratemaking remedy. Accordingly,
21 SDG&E does not have any unrealized revenues associated with record year 2022 to report for
22 purposes of the PSPS ratemaking remedy.

23 **V. CONCLUSION**

24 This concludes SDG&E's supplemental testimony on Record Year 2022 PSPS issues.
25

¹³ More information about PSPS events and SDG&E's Community Wildfire Safety Program can be found at <https://www.sdge.com/our-commitment-wildfire-safety>

¹⁴ As required by Resolution ESRB-8 and D.19-05-042 and archived at <https://www.sdge.com/wildfire-safety/psps-more-info>

¹⁵ D.23-06-054, OP 1(b).

1 **VI. WITNESS QUALIFICATION**

2 My name is Josue Mondragon. My business address is 8330 Century Park Court, San
3 Diego, California 92123. I am employed by San Diego Gas & Electric Company as the Load
4 Research Manager within the Energy Research and Analysis Department in Customer Pricing. My
5 primary responsibility is the study and research of customer electric energy usage. I have held my
6 current position since 2020. Prior to this, I have held various roles of increasing responsibilities in
7 the Load Research area since 2003.

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