

Application: _____

Exhibit No.: SDG&E-_____

PREPARED DIRECT TESTIMONY OF
AMANDA D. WHITE
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY
CHAPTER 5



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 26, 2018

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1 **PREPARED DIRECT TESTIMONY OF**
2 **AMANDA D. WHITE**
3 **CHAPTER 5**

4 **I. INTRODUCTION**

5 The purpose of my prepared direct testimony is to present the San Diego Gas & Electric
6 Company (“SDG&E”) revenue requirement resulting from the Click-Through Solution capital
7 and operations and maintenance (“O&M”) spend. The total revenue requirement for the
8 enhancements to the current and already operational click-through authorization process (“CTP”)
9 is \$1.5 million, over the period of 2019 to 2069.

10 **II. REVENUE REQUIREMENT**

11 The revenue requirement associated with this Application is based on the forecasted
12 capital and O&M costs described in the prepared direct testimony of witness Claudio Pellegrini
13 (Chapter 3). Table AW-1, below, summarizes the direct costs of the CTP.

14 **Table AW-1: Direct Costs**
15 *(In Thousands of Dollars)*

	2020	2021	2022	2023	2024	Total
Capital	\$ 831.7	\$0	\$0	\$0	\$0	\$ 831.7
O&M	\$ 29.2	\$71.3	\$60.7	\$50.2	\$39.7	\$ 251.2
Total	\$ 860.9	\$71.3	\$60.7	\$50.2	\$39.7	\$1,082.9

16 The methodology to determine a revenue requirement involves several steps and
17 considerations. First, the incremental capital and O&M costs are adjusted to include overhead
18 allocations, consistent with their classification as company labor, contract labor, or purchased
19 services and materials. Overhead allocations are those activities and services that are associated
20 with direct costs, such as payroll taxes and pension and benefits, or costs that cannot be
21 economically direct-charged, such as administrative and general overheads. The overhead
22 allocations adhere to the methodology established by the Federal Energy Regulatory
23 Commission (“FERC”) and were derived using the same methodology used in SDG&E’s most
24

1 recent General Rate Case (“GRC”) filing. SDG&E used September 2018 internal overhead
 2 planning rates for illustrative purposes in this Application; however, actual overhead rates will be
 3 applied in the determination of actual revenue requirement, and only overheads that are
 4 incremental to the program will be included.

5 Next, the variable O&M costs are escalated for inflation. SDG&E applied the indices
 6 published in IHS Markit 1st Quarter 2018 Utility Cost Forecast¹ for this Application. Table AW-
 7 2, below, summarizes the fully loaded and escalated costs.

8 **Table AW-2: Fully Loaded and Escalated Costs Summary**
 9 *(In Thousands of Dollars)*

	2020	2021	2022	2023	2024	Total
Capital	\$ 969.6	\$0	\$0	\$0	\$0	\$ 969.6
O&M	\$ 29.4	\$ 71.6	\$ 61.1	\$ 50.5	\$ 39.9	\$ 252.5
Total	\$ 990.0	\$ 71.6	\$ 61.1	\$ 50.5	\$ 39.9	\$1,222.1

10 The revenue requirement calculation assumes all capital costs, including Allowance for
 11 Funds Used During Construction (“AFUDC”), are recovered through depreciation over the book-
 12 life of the assets. In addition to the fully loaded and escalated costs shown in Table AW-2, the
 13 revenue requirement captures all capital-related costs, such as the authorized return on
 14 investment, taxes, and franchise fees and uncollectible needed to support the investment for its
 15 useful life. The revenue requirement calculation uses SDG&E’s current authorized rate of return
 16 of 7.55%. Table AW-3 below summarizes the forecasted revenue requirement for costs
 17 associated with SDG&E’s current and already operational CTP.
 18
 19

¹ IHS Markit is an internationally recognized econometric forecasting firm. The firm’s forecasts have been used in many regulatory proceedings, including SDG&E’s Test Year 2016 GRC.

1 **Table AW-3: Forecasted Revenue Requirement Summary**
2 **(In Thousands of Dollars)**

	2020	2021	2022	2023	2024-2069	Total
Revenue Requirement	\$168.2	\$339.3	\$307.0	\$295.9	\$390.9	\$1,501.3

3
4 SDG&E will determine the actual capital and O&M costs of the CTP enhancements and
5 will calculate the actual revenue requirement associated with those costs for recovery in rates.

6 Further details on cost recovery of the actual revenue requirement are discussed in the prepared
7 direct testimony of witness John Roy (Chapter 6).

8 SDG&E uses the forecasted revenue requirement for purposes of illustrating the potential
9 rate impact as a result of the Application. The details of the illustrated rate impacts are discussed
10 in the prepared direct testimony of witness Kellen Gill (Chapter 7).

11 This concludes my prepared direct testimony.

1 **III. STATEMENT OF QUALIFICATIONS**

2 My name is Amanda D. White. I am employed with San Diego Gas & Electric
3 Company. My business address is 8315 Century Park Court, San Diego, CA 92123-1576. I am
4 currently a Principal Business Analyst – Financial and Strategic Analysis Department and I am
5 responsible for the calculation of revenue requirements for specific cases or projects filed before
6 the California Public Utilities Commission (“Commission”). In addition, I am also responsible
7 for conducting financial analysis and project evaluations requiring the use of, and the
8 development of, various revenue requirement models. I have held this position since March
9 2015.

10 I received a Bachelor of Science degree in Management from Virginia Tech, Blacksburg,
11 in 2000 and a Master of Business Administration from Purdue University, West Lafayette, in
12 2010. In 2011, I joined SDG&E, and have held various positions including Energy Advisor and
13 Senior Business Analyst in the Electric & Fuel Procurement Department.

14 I have not previously testified before the Commission.

LIST OF ACRONYMS

AFUDC	Allowance for Funds Used During Construction
CTP	Click-Through Authorization Process
FERC	Federal Energy Regulatory Commission
GRC	General Rate Case
O&M	Operations and Maintenance
SDG&E	San Diego Gas & Electric Company