

PROTECT OUR COMMUNITIES FOUNDATION DATA REQUEST

POC-SDG&E-DR-002

SDG&E 2019 GRC – A.17-10-007

SDG&E RESPONSE

DATE RECEIVED: MAY 25, 2018

DATE RESPONDED: JUNE 8, 2018

1. The May 1, 2007 Power Purchase Tolling Agreement (“PPTA”) between SDG&E and Calpine states that: “WHEREAS, Seller and Buyer entered into that certain "Summary of Principal Terms and Conditions to be Incorporated into a Power Purchase Agreement" dated as of October 3, 2003 (the "Term Sheet"), setting forth the basic terms and conditions on which Seller would sell, and Buyer would purchase, unit-specific Capacity, Energy and Ancillary Services from the Facility.” PPTA at 8.
Please provide this term sheet referred to in the PPTA.

SDG&E Response 1:

SDG&E objects to this question on relevance grounds. In addition, the October 3, 2003 Term Sheet was superseded by the May 1, 2007 PPTA. Notwithstanding and subject to this objection, SDG&E responds as follows. SDG&E has not been able to readily locate a copy of the October 3, 2003 Term Sheet; if a copy is found, SDG&E will supplement its response at a later date.

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2. The May 1, 2007 PPTA states that: “WHEREAS, in furtherance of the foregoing, Seller and Buyer entered into that certain Power Purchase Agreement dated as of February 5, 2004 (the "Original PPA")”, and the Conclusion of Law # 7 in D.04-06-011 states that: “SDG&E may execute the Otay Mesa Power Purchase Agreement (PPA), attached to Exhibit RFP-8 as Attachment A, and SDG&E is authorized to record the costs of this PPA in the ERRA and recover the costs through commodity rates. 2007 PPTA at 1; D.04-06-011 at 86-87.

Please provide the Original PPA referenced in the aforementioned documents.

SDG&E Response 2:

SDG&E objects to this question on relevance grounds. In addition, the February 5, 2004 Original PPA was superseded by the May 1, 2007 PPTA. Notwithstanding and subject to this objection, SDG&E responds as follows. Please refer to the attached document, Purchase Agreement dated as of February 5, 2004 (file: POC Data Request-May 25th, 2018 – Q2 – 2004-02-05 OMEC - Purchase Power Agreement.pdf).

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3. Daniel Baerman’s testimony submitted on October 6, 2017 states: “The PPTA has no renewal option but it includes “put” and “call” options. The Put Option - exercisable at OMEC’s sole discretion and with OMEC’s notice due to SDG&E no later than April 1, 2019 - would require SDG&E to purchase the Otay Mesa plant at a set price. The Call Option, exercisable at SDG&E’s sole discretion, “would require OMEC to sell the Otay Mesa plant at a set price.” Baerman Testimony at DSB-5.

The PPTA does not define the circumstances under the Put and Call options. Please clarify which contracts specifically define the Put and Call Options referred to in Mr. Baerman’s testimony and provide all of them in the responsive records.

SDG&E Response 3:

The May 1, 2007 Ground Sublease and Easement Agreement, which SDG&E provided to POC in response to POC’s first data request on May 23, 2018, describes the Put and Call Options. See in particular Article IV.

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4. Daniel Baerman's testimony submitted on October 6, 2017 states: "SDG&E has contracted for the plant's local capacity and energy through a Power Purchase Tolling Agreement (PPTA) since October 3, 2009 with the PPTA reaching the end of its term on October 2, 2019. Baerman Testimony at DSB-5.

The PPTA does not reference any October 2, 2019 termination date. Please clarify which agreement or document specifies this October 2, 2019 termination date and provide them in the responsive records.

SDG&E Response 4:

The contract termination date of October 2, 2019 is based on the Delivery term, which commenced on the October 3, 2009 Delivery Start Date and continues up to the day before the 10th anniversary of the Delivery Start Date, as referenced in the May 1, 2007 Amended and Restated Power Purchase Agreement (Section 2.1).

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5. Daniel Baerman’s testimony submitted on October 6, 2017 states: “To help ensure that ratepayers only pay SDG&E for the plant (depreciation, taxes, and return, otherwise known as “capital-related costs”) when and if the ownership of the plant shifts to SDG&E, SDG&E is proposing to track the revenue requirement for this particular asset in a balancing account so customers are indifferent to the timing of the transfer.” *See* p. 6 of Daniel Baerman’s Testimony. Please provide this balancing account and revenue requirements associated with the OMEC purchase.

SDG&E Response 5:

The balancing account associated with the OMEC request has not been established and therefore cannot be provided. This application requests that this balancing account be authorized. Once authorized, the balancing account can be established and implemented. The 2019 revenue requirement associated with the purchase of this existing plant and the ongoing capital and O&M would be \$67.643M.

For explanations and details of the proposed balancing account and revenue requirements associated with the OMEC, please refer to Exhibit SDG&E-16 at p. DSB-6 (Daniel S. Baerman) Exhibit SDG&E-41, at p. NGJ-13 (Norma G. Jasso).

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6. Please supply all of Mr. Baerman's work papers used to finalize his testimony regarding OMEC costs submitted on October 6, 2017.

SDG&E Response 6:

See the attached copies of Mr. Baerman's testimony and workpapers exhibits:

SDG&E-16 Baerman.pdf

SDG&E-16-CWP Baerman.pdf

SDGE-16-WP Baerman - Electric Generation PUBLIC_Redacted.pdf

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7. Please supply all of the documents that support Mr. Baerman's contention that the OMEC Put Option will be exercised.

SDG&E Response 7:

SDG&E has not had sufficient time to prepare a response to this question. SDG&E will provide a response at a later date.

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8. D. 06-09-021 which approved the OMEC PPTA and which is referred to in SDG&E's GRC application, was finalized on September 6, 2006, but the Amended PPTA was not issued until May 1, 2007. Please supply all communications between SDG&E, Calpine, OMEC, and the Commission regarding the PPTA between September 6, 2006 approval date and final May 1, 2007 modified PPTA, especially any communications where one or more CPUC commissioners formally approves the May 1, 2007 modified PPTA.

SDG&E Response 8:

SDG&E has not had sufficient time to prepare a response to this question. SDG&E will provide a response at a later date.