

Application No.: A.24-06-XXX  
Exhibit No.: SDGE-7  
Witnesses: Josue Mondragon

**PREPARED DIRECT TESTIMONY OF JOSUE MONDRAGON  
REGARDING RECORD YEAR 2023 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**



**JUNE 3, 2024**

## 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 2023 PSPS EVENTS .....	5
	A. Summary of PSPS Events in 2023.....	5
IV.	CALCULATION OF UNREALIZED REVENUES DUE TO RY 2023 PSPS EVENTS .....	5
V.	CONCLUSION.....	5
VI.	WITNESS QUALIFICATION.....	6

1                   **PREPARED DIRECT TESTIMONY OF JOSUE MONDRAGON REGARDING**  
2                   **RECORD YEAR 2023 PUBLIC SAFETY POWER SHUTOFF UNREALIZED SALES**  
3                   **AND REVENUE CALCULATIONS ON BEHALF OF SDG&E**

4                   **I.       INTRODUCTION**

5                   This testimony presents San Diego Gas & Electric Company’s (SDG&E) calculation of  
6                   unrealized volumetric sales and unrealized revenue resulting from Public Safety Power Shutoff  
7                   (PSPS) events in 2023 for purposes of determining the PSPS ratemaking remedy set forth in  
8                   Decision (D.) 21-06-014 and using the methodology set forth in D.23-06-054. This testimony is  
9                   sponsored by SDG&E witness 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 2023 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*  
23                   *the Commission’s Own Motion on the Late 2019 Public Safety Power Shutoff Events* (PSPS OII)<sup>1</sup>

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<sup>1</sup> Investigation 19-11-01.

1 to determine whether California’s electric investor-owned utilities complied with applicable  
2 laws, 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  
4 Decision).<sup>2</sup> The PSPS OII Decision found that the utilities did not reasonably comply with the  
5 critical guideline to identify, evaluate, weigh, and report public risks for the late 2019 PPS  
6 events.<sup>3</sup> Accordingly, the Commission determined a “ratemaking remedy” that would apply  
7 prospectively from the effective date of the PPS OII Decision. Specifically, the Commission  
8 stated:

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

16 The PPS OII Decision directs that the IOUs shall include the estimated unrealized  
17 volumetric sales and unrealized revenue resulting from future PPS in their respective ERRA  
18 proceedings, addressing the years in which the PPS events occurred.<sup>5</sup> The PPS OII Decision  
19 also directs that the IOUs forgo collection in rates of unrealized sales and unrealized revenues  
20 until the utility demonstrates improvements in identifying, evaluating, weighing, and reporting  
21 public harm when determining whether to initiate a PPS event.<sup>6</sup> The PPS OII Decision

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<sup>2</sup> *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).

<sup>3</sup> D.21-06-014, p. 56.

<sup>4</sup> *Id.* at p. 60.

<sup>5</sup> *Id.* at Ordering Paragraph (OP) 1

<sup>6</sup> *Id.*

1 directed SDGE, Pacific Gas and Electric Company (PG&E), and Southern California Edison  
2 Company (SCE) to agree on a methodology to be used to calculate the estimated unrealized  
3 volumetric sales and revenues and present it for the Commission’s consideration in the ERRA  
4 proceeding.<sup>7</sup>

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

## 12 **B. SDG&E’S Public Safety Power Shutoff Program**

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

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<sup>7</sup> *Id.*

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

<sup>9</sup> D.23-06-054, OP 1.

<sup>10</sup> 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 Further, the Commission recognized that “de-energizing electric facilities during dangerous  
2 conditions can save lives and property and can prevent wildfires.”<sup>11</sup>

3 During extreme weather, SDG&E may employ the use of PSPS to try to prevent its  
4 electric system from becoming the source of an ignition which may result in a wildfire.  
5 SDG&E’s Community Wildfire Safety Program applies a host of precautionary measures to help  
6 reduce the threat of wildfire in its communities.

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

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<sup>11</sup> 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.

<sup>12</sup> 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”).

<sup>13</sup> 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>

1 **III. CALCULATION OF UNREALIZED SALES DUE TO RY 2023 PSPS EVENTS**

2 **A. Summary of PSPS Events in 2023**

3 SDG&E initiated PSPS protocols from October 29-31, 2023, but ultimately did not de-  
4 energize any customers during the 2023 PSPS event. Because SDG&E did not de-energize any  
5 customers during its PSPS event in 2023, it did not experience any unrealized sales due to PSPS  
6 events in record year 2023. Information on SDG&E's PSPS events can be found in SDG&E's Post-  
7 PSPS Event Reports.<sup>14</sup>

8 **IV. CALCULATION OF UNREALIZED REVENUES DUE TO RY 2023 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.<sup>15</sup>

19 As reflected in Section III above, SDG&E did not de-energize any customers during its  
20 PSPS event in 2023 and therefore did not experience any unrealized sales for purposes of the  
21 PSPS ratemaking remedy. Accordingly, SDG&E does not have any unrealized revenues  
22 associated with record year 2023 to report for purposes of the PSPS ratemaking remedy.

23 **V. CONCLUSION**

24 This concludes SDG&E's direct testimony on Record Year 2023 PSPS issues.  
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<sup>14</sup> As required by Resolution ESRB-8 and D.19-05-042 and archived at <https://www.sdge.com/wildfire-safety/psps-more-info>

<sup>15</sup> 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 Electric  
4 Load Research Manager within the Customer Pricing Department. My primary responsibility is  
5 the study and research of customer electric energy usage. I have held my current position since  
6 2020. Prior to this, I have held various roles of increasing responsibilities in the Load Research  
7 area since 2003.

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