

Application No.: A.20-04-
Exhibit No.: _____
Witness: Monica V. Chihwaro

PREPARED DIRECT TESTIMONY OF
MONICA V. CHIHWARO
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

*****REDACTED – PUBLIC VERSION*****

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



April 15, 2020

TABLE OF CONTENTS

I.	PURPOSE AND OVERVIEW	1
II.	ACCOUNTING FOR DIRECT GHG EMISSIONS	1
III.	QUALIFICATIONS	3

ATTACHMENT A – SUMMARY OF GHG CHARGES

ATTACHMENT B – DECLARATION OF RAJAN AGARWAL REGARDING
CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT TO D.16-08-024, *et al.*

**PREPARED DIRECT TESTIMONY OF
MONICA V. CHIHWARO
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY**

I. PURPOSE AND OVERVIEW

This testimony presents San Diego Gas & Electric Company’s (“SDG&E”) accounting procedure used to record the greenhouse gas (“GHG”) Compliance Instrument Costs that are described in the testimony of SDG&E witness Ana Garza-Beutz.

II. ACCOUNTING FOR DIRECT GHG EMISSIONS

As described in the prepared direct testimony of Ana Garza-Beutz, SDG&E values its purchased GHG compliance instruments on a monthly basis using the Weighted Average Cost (“WAC”) of Compliance Instruments by compliance period, in accordance with Decision (“D.”) 19-04-016. The SDG&E Utility Accounting Department recorded GHG costs in the Energy Resource Recovery Account (“ERRA”) balancing account based on data detailing actual GHG emissions and WAC calculations provided by Ms. Garza-Beutz. More specifically, the Utility Accounting Department computes the GHG costs by multiplying the total monthly emissions amount with the WAC for each month. The product comprised the direct GHG costs and was booked as an expense. SDG&E recognized the expense of the costs of GHG compliance instruments for ERRA balancing account purposes as it emits GHG and incurs a liability to the California Air and Resources Board (“CARB”). Each month, as monthly emissions were reported, the Utility Accounting Department recorded the costs for the current month. If reported emission amounts from previous months were revised, then the Utility Accounting Department updated the current month’s expense to reflect the true-up of costs associated with the revised emission amounts from prior months.

1 Recorded GHG Direct Compliance costs expensed in the ERRA balancing account for
2 the year ended December 31, 2019 were [REDACTED] million, which includes amounts expensed to
3 true-up costs as defined in D. 19-04-016. *See* Attachment A – Summary of GHG Charges
4 attached hereto, for a summary of these transactions.

5 This concludes my prepared direct testimony.

6

1 **III. QUALIFICATIONS**

2 My name is Monica V. Chihwaro. My business address is 8315 Century Park Court, San
3 Diego, CA 92123. I am employed by SDG&E as a Financial Accounting Manager in their
4 Utility Accounting Department. My responsibilities include reviewing journal entries recorded
5 to prepare financial statements, which include GHG-related accounts.

6 I joined SDG&E in July 1996, and since that time, I have held various positions within
7 Sempra Energy companies, including Corporate Development Manager, Audit Services Manager,
8 and Financial Reporting Manager at Sempra Energy. I rejoined SDG&E in November 2013.

9 I received a Bachelor of Science degree in Business Administration with an emphasis in
10 Accounting from San Diego State University. I am also a Certified Public Accountant licensed
11 in the state of California.

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

ATTACHMENT A
SUMMARY OF GHG CHARGES

ATTACHMENT "A"
Summary of GHG Charges

<u>Year Recorded</u>	<u>Compliance Year</u>	<u>GHG Direct Compliance Costs</u>		
		<u>Accrual-based Actual⁽¹⁾</u>	<u>Charged to ERRA</u>	<u>Charged to PABA⁽²⁾</u>
<u>Project-to-date total as of 12/31/2018</u>	2013 - 2018	<u>\$ 219,565,230</u>	<u>\$ 219,565,230</u>	<u>\$ -</u>
<u>2019</u>	2019			
<u>Total 2019</u>				
<u>Total Program-to-date (as of 12/31/2019)</u>		<u>\$ 239,704,378</u>	<u>\$ 225,432,685</u>	<u>\$ 14,271,693</u>

(1) Amounts represent total direct GHG cost historically calculated for the period January through December 2013 - 2018, and GHG direct costs according to Ms. Garza-Beutz' testimony, *Section IV. GHG Compliance Costs, C. GHG Costs*, for the period January through December 2019.

(2) Pursuant to Commission Decision 18-10-019 and Advice Letter 3318-E.

(5) Expense recorded to ERRA in 2019 for estimated-actuals, including true-ups, provided as of 1/3/2020 for reporting period 1/1/2019 through 12/31/2019.

ATTACHMENT B

**DECLARATION OF RAJAN AGARWAL REGARDING
CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-024, *et al.***

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

**DECLARATION OF RAJAN AGARWAL
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-024, *et al.***

I, Rajan Agarwal, do declare as follows:

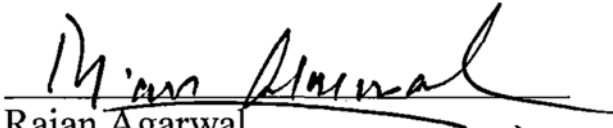
1. I am the Assistant Controller in the Controller division for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Bruce A. Folkmann, Senior Vice President, Controller and Chief Financial Officer. I have reviewed Monica Chihwaro’s Updated Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts” (“Application”). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decisions (“D.”) 16-08-024, D.17-05-035, and D.17-09-023 to demonstrate that the confidential information (“Protected Information”) provided in the Testimony is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 15th day of April, 2020, at San Diego.


Rajan Agarwal

ATTACHMENT A

SDG&E Request for Confidentiality on the following information in its Application for Approval of Its 2021 Electric Procurement Revenue Requirement Forecasts and GHG- Related Forecasts

Location of Protected Information	Legal Authority	Narrative Justification
<p>MVC-2 Direct GHG Compliance Cost as of December 31, 2019.</p> <p>Attachment A - Summary of GHG Charges (GHG) Detail which provides Direct GHG Compliances Costs.</p>	<p>D.08-04-023</p> <p>D.14-10-033, D.16-08-024, D.17-05-035, D.17-09-023, Public Utilities Code Section 454.5(g)</p> <p>General Order (“GO”) 66-D</p> <p>17 CCR § 95914(c) (the “ARB Confidentiality Regulations”)</p> <p>The GHG Confidential Information Matrix in Attachment A of D.14-10-033 and revised in D.15-01-024</p> <p>The Matrix makes the following confidential: “Weighted Average Cost (WAC) of compliance instruments, and the calculation of WAC”</p> <p>Gov’t Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>The Protected Information is entitled to confidential treatment under applicable law, including, but not limited to, the legal authority cited herein. The information does not expressly fall within any category of the IOU Matrix applicable to electric procurement information but is market-sensitive information.</p> <p>Among other things, 17 CCR Section 95914(c)(1) of the Cap-and-Trade regulations prohibits disclosure of any auction-related information. Violation of Section 95914 may subject SDG&E to penalties by the California Air Resources Board.</p> <p>In addition, Attachments A, C & D of D.15-01-024 and Appendices A & B of D.15-10-032 require Auction-related information, forecasts of emissions intensity, forecasts of greenhouse gas (GHG) costs, GHG transactions, compliance instrument prices, weight average cost (“WAC”) and other GHG information to be kept confidential.</p> <p>Additionally, the Protected Information also includes trade secret information because SDG&E’s bidding/consignment strategies contain “commercial value,” which gives SDG&E “an opportunity to obtain a business advantage over competitors who do not know or use it.”</p> <p>Disclosure of this information would place SDG&E at an unfair business disadvantage relative to other Cap-and-Trade market participants and result in higher Cap-and-Trade compliance costs for SDG&E and its end-use ratepayers.</p>