TURN DATA REQUEST
TURN-SDG&E-DR-07
SDG&E VEHICLE GRID INTEGRATION PROJECT
A.14-04-014
SDG&E RESPONSE
DATE RECEIVED: APRIL 20, 2015
DATE RESPONDED: APRIL 23, 2015

Fang Rebuttal

1. At p. CF-7 (starting at line 16) – CF-8, SDG&E Witness Cynthia Fang states, "In response, SDG&E provides the following clarification of its proposal. As noted in the direct testimony of Norma Jasso, during the installation period (2015-2019), any over/under-collection will be carried forward to the following year until the end of the period currently projected to be on or about 2019. Following the installation period, any authority to recover ongoing costs will be addressed in the next GRC."
    a. Is this a change to SDG&E's original proposal?
    b. If this is not a change to SDG&E's original proposal please identify where in SDG&E Witness Norma Jasso's direct testimony she testified that, "any authority to recover ongoing costs will be addressed in the next GRC."

SDG&E Response:

a. This is not a change in SDG&E's original proposal. It is a clarification of Norma Jasso's direct testimony. Please refer to SDG&E's response to Q2 of this Data Request for detailed explanation regarding Norma Jasso's testimony.

b. Norma Jasso's direct testimony states on page NGJ-1 (starting at line 17) "The disposition of this account will be addressed in SDG&E's Annual Regulatory Account Balance Update filing, or **<u>other applicable proceeding as directed by the Commission</u>**." Emphasis added.

TURN DATA REQUEST
TURN-SDG&E-DR-07
SDG&E VEHICLE GRID INTEGRATION PROJECT
A.14-04-014
SDG&E RESPONSE
DATE RECEIVED: APRIL 20, 2015
DATE RESPONDED: APRIL 23, 2015

Jasso Direct Testimony

2. At p. NCJ-1 of SDG&E Witness Norma Jasso's testimony, she states,

   "SDG&E requests authority to establish a new Vehicle Grid Integration Balancing Account (VGIBA) to track and account for revenues and costs associated with SDG&E's VGI Pilot Program, as described in the testimony of SDG&E witness Randy Schimka (Chapter 2).

   This two-way interest bearing VGIBA is needed to record revenue and incremental costs (i.e., incremental to existing company resources) resulting from implementing the VGI Pilot Program. SDG&E proposes that the balancing account records the authorized revenue requirement and actual operations and maintenance (O&M) and capital-related costs (e.g., depreciation expense, authorized return on equity, and taxes) incurred for the VGI Pilot Program. The details of the revenue requirement are presented in the testimony of SDG&E witness Jonathan Atun (Chapter 4).

   The disposition of this account will be addressed in SDG&E's Annual Regulatory Account Balance Update filing, or other applicable proceeding as directed by the Commission. However, during the installation period (2015-2019), any over/under-collection will be carried forward to the following year until the end of the period currently projected to be on or about 2019."

   a. Please provide a detailed explanation of the "Annual regulatory Account Balance Update filing", referenced in the passage.
   b. Why did Ms. Jasso make the distinction between a period where the disposition of the account would be done through the "Annual Regulatory Account Balance Update filing", which presumably would be filed on an annual basis, and the installation period (2015-2019) where "any over/under collection will be carried forward to the following year until the end of the period currently projected to be on or about 2019?"
   c. What costs would be collected outside the period, 2015-2019, through the "Annual Regulatory Account Balance Update filing" that would not be covered by the installation-period (2015-2019) costs referenced in the passage? Please identify such costs by the descriptive name used by SDG&E Witness Randy Schimka in his direct testimony, year(s) in which the cost would be recovered in the "Annual Regulatory Account Balance Update filing," and annual amount of the cost by year.

SDG&E Response:

a. SDG&E files the Annual Regulatory Account Balance Update through a Tier 2 (effective after Energy Division staff approval) Advice Letter ("AL") during October of each year proposing the amortization of projected year-end balances for a number

Response to Question 2a (Continued)

of regulatory accounts. The AL proposes and describes changes in SDG&E's rates for implementation effective January of the following year.

b. During the installation period (2015-2019), costs associated with the pilot and recorded in the balancing account (both O&M and capital-related costs) could potentially have a high degree of variability. As a brand new project with no historical data to measure, there is a potential for overcollecting or undercollecting during this installation period. If, for example, after the first year there is an overcollected balance in the account, SDG&E would refund the balance to ratepayers. If then after the following year there is an undercollected balance in the account, SDG&E would need to recover that from ratepayers. This would result in rate instability. Thus, for the benefit of the ratepayer, SDG&E is proposing to not amortize the year-end balance on an annual basis until the end of the installation period when it is assumed that the major construction costs would be winding-down.

c. After the installation period, and before the program becomes part of SDG&E's base business in the next appropriate GRC[1] or other applicable proceedings as directed by the Commission, the balancing account would continue to record authorized revenue and actual costs. The account's year-end projected balance would be included in SDG&E's Annual Regulatory Account Balance Update filing to refund any projected year-end overcollection or to recover the undercollection.
The costs recorded in the balancing account in any given year would be the types of costs authorized by the Commission for this pilot program and subject to Commission review during the Annual Regulatory Account Balance Update process.

[1] The next GRC test year for SDG&E is 2019. This coincides with the last installation year for the VGI program. Thus, because SDG&E's GRCs are currently on a three-year cycle, it is expected that the first GRC to incorporate VGI program costs will be the test year 2022 GRC.