

Proceeding No.: A.09-10-xxx  
Exhibit No.: \_\_\_\_\_  
Witness: Yvonne M. Le Mieux

**DIRECT TESTIMONY OF**  
**YVONNE M. LE MIEUX**  
**SAN DIEGO GAS & ELECTRIC COMPANY**

***\*\*Redacted, public version\*\****

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA  
October 1, 2009**



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1 **DIRECT TESTIMONY OF**  
2 **YVONNE M. LE MIEUX**  
3 **ON BEHALF OF SDG&E**

4 **I. INTRODUCTION**

5 The purpose of my testimony is to address cost recovery related to San Diego Gas &  
6 Electric Company's ("SDG&E's") Energy Resource Recovery Account ("ERRA") and  
7 Competition Transition Charge ("CTC") revenue requirements. My testimony:

- 8 ■ describes SDG&E's ERRA and Transition Cost Balancing Account ("TCBA");
- 9 ■ sets forth SDG&E's forecasted 2010 ERRA and CTC revenue requirements;
- 10 ■ discusses the ERRA trigger mechanism and SDG&E's intention to continue to  
11 including the year-end balance in its Regulatory Account Update advice letter filing for  
12 rates effective January 1<sup>st</sup> of the following year.

13 **II. BACKGROUND**

14 Pursuant to Decision ("D.")02-10-062 and D.02-12-074, the purpose of the ERRA is to  
15 provide full recovery of SDG&E's energy procurement costs, including expenses associated with  
16 Independent System Operator ("ISO") energy and ancillary services load charges, ISO revenues  
17 from utility generation and supply contracts, contracts costs, generation fuel costs, ISO-related  
18 costs and hedging costs associated with serving SDG&E's bundled service customers. The ERRA  
19 records revenues from SDG&E's Electric Energy Commodity Cost ("EECC") rate schedule  
20 adjusted to exclude California Department of Water Resources ("CDWR") purchases and  
21 commodity revenues assigned to the Non-Fuel Generation Balancing Account ("NGBA").<sup>1</sup>

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<sup>1</sup> In compliance with D.03-12-063, the NGBA became effective January 1, 2004.

1 The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible  
 2 generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Portland General  
 3 Electric and Qualifying Facilities (“QFs”) that are above the market benchmark proxy are charged  
 4 to the TCBA. Eligible CTC expenses<sup>2</sup> reflect the difference between the market proxy and the  
 5 contract price of costs associated with the Portland General Electric and certain QF contracts.

6 **III. 2010 ERRA AND CTC REVENUE REQUIREMENT FORECASTS**

7 As shown in Table 1 below, SDG&E’s 2010 ERRA revenue requirement forecast is  
 8 \$848.869 million (including franchise fees and uncollectibles).

9 **TABLE 1 - ERRA REVENUE REQUIREMENT**  
 10 **(Thousands of Dollars)**

No.	Component	2010 Forecast		2009 Forecast <sup>3</sup>	
1.	Load ISO Charges <sup>4</sup>				
2.	Energy	██████			
3.	Ancillary Services	██████			
4.	Total Load ISO Charges		██████		
5.	Supply ISO Revenues <sup>5</sup>	██████			
6.	Contract Costs (non-CTC) <sup>6</sup>	██████		██████	
7.	Contract Costs (CTC up to market) <sup>7</sup>	██████		██████	
8.	Generation Fuel	██████		██████	
9.	Net Supply ISO Revenues		██████		
10.	Other ISO Related Costs (GMC, UFE)		██████		██████
11.	Hedging Costs		██████		██████
12.	<b>Subtotal</b>		<b>838,963</b>		<b>864,349</b>
13.	FF&U <sup>8</sup>		9,906		10,206
14.	<b>TOTAL</b>		<b>848,869</b>		<b>874,555</b>

<sup>2</sup> Expenses eligible for CTC recovery are defined by Assembly Bill (“AB”) 1890.

<sup>3</sup> The 2009 forecast was approved in A.08-10-004/D.09-04-021.

<sup>4</sup> For 2010, the ERRA revenue requirement forecast includes Load ISO Charges due to the implementation of the Market Redesign Technology Upgrade (“MRTU”).

<sup>5</sup> For 2010, the ERRA revenue requirement forecast includes Supply ISO Revenues due to the implementation of the MRTU.

<sup>6</sup> For 2009, Contract Costs (non-CTC) includes Other Long-Term Purchased Power, Renewable Energy, Net Short and Sale of Surplus Energy.

<sup>7</sup> For 2009, Contract Costs (CTC up to market) includes Portland General Electric and Qualifying Facilities.

<sup>8</sup> Reflects the combined franchise fee (1.0%) and uncollectible (0.141%) factor approved in A.06-12-009/D.08-07-046 (SDG&E 2008 GRC) such that  $1/(1-.01-.00141) = 1.012$  gross-up factor.

1 The line items contained in Table 1, as well as the reasons for the \$26 million decrease in the  
2 2010 ERRA revenue requirement forecast compared to the 2009 ERRA revenue requirement  
3 forecast approved by the Commission, are addressed in detail in the testimony of SDG&E  
4 witness Mr. Tony Choi.

5 As shown in Table 2 below, SDG&E's 2010 CTC revenue requirement forecast is  
6 \$25.995 million (including franchise fees and uncollectibles).

7 **TABLE 2 - CTC REVENUE REQUIREMENT**  
8 **(Thousands of Dollars)**

No.	Component	2010 Forecast	2009 Forecast <sup>9</sup>
1.	Portland General Electric and QF Contracts	25,692	43,896
2.	FF&U <sup>10</sup>	303	518
3.	<b>TOTAL</b>	<b>25,995</b>	<b>44,414</b>

9  
10 SDG&E's 2010 ERRA revenue requirement forecast includes the fuel costs for its  
11 electric generation facilities, including the San Onofre Nuclear Generating Station ("SONGS"),  
12 Miramar Energy Facility ("Miramar"), Miramar Energy Facility II ("Miramar II") and the  
13 Palomar Energy Center ("Palomar"). The actual fuel costs of SONGS, Miramar, Miramar II and  
14 Palomar are recorded in the ERRA for recovery through commodity rates (Schedule EECC).  
15 SDG&E's non-fuel costs for SONGS, Miramar, Miramar II and Palomar facilities are recorded  
16 in the NGBA and recovered through a separate component of SDG&E's commodity rates.

17 For CTC eligible purchase power contracts, the power purchased is recorded to the  
18 ERRA at the market proxy of \$67.57/MWh. The difference between the actual contract price

<sup>9</sup> The 2009 forecast was approved in A.08-10-004/D.09-04-021.

<sup>10</sup> Reflects the combined franchise fee (1.0%) and uncollectible (0.141%) factor approved in A.06-12-009/D.08-07-046 (SDG&E 2008 GRC) such that  $1/(1-.01-.00141) = 1.012$  gross-up factor.

1 and the market proxy is included in the 2010 CTC forecast and recorded to the TCBA. Mr. Choi  
2 discusses in more detail the market proxy of \$67.57/MWh.

3 SDG&E requests commission approval of the 2010 ERRR revenue requirement forecast  
4 of \$848.869 million and 2010 CTC revenue requirement forecast of \$25.995 million.

#### 5 **IV. ERRR TRIGGER AND YEAR-END BALANCE**

6 In accordance with AB 57, SDG&E's ERRR is subject to a trigger mechanism that  
7 requires the filing of a rate change application when SDG&E's monthly forecasts indicate that  
8 the ERRR will face an undercollection or overcollection in excess of 5%. D.02-10-062 requires  
9 that in any month when the balance in the ERRR reaches 4% of the prior year's recorded electric  
10 revenues, excluding CDWR revenue, SDG&E file an application that will ensure timely recovery  
11 of the projected ERRR balance.

12 On September 24, 2009, the Commission issued D.09-09-042 in SDG&E's ERRR  
13 Trigger application (A.09-08-002) authorizing SDG&E to return an ERRR overcollection to  
14 ratepayers for its latest updated ERRR balance (\$124 million as of August 31, 2009) as a one-  
15 time bill credit, beginning on October 1, 2009.

16 In D.09-04-021, the Commission authorized SDG&E to include the ERRR account in  
17 SDG&E's annual regulatory account update advice filing (filed in October) for rates effective  
18 January 1<sup>st</sup> of the following year in the event that the forecasted December 31<sup>st</sup> balance is  
19 projected to be under the 5% trigger threshold. SDG&E intends to continue using that approach.

#### 20 **V. SUMMARY**

21 In my testimony, SDG&E requests the Commission to:

- 22 ■ approve the 2010 ERRR revenue requirement forecast of \$848.869 million and
- 23 ■ approve the 2010 CTC revenue requirement forecast of \$25.995 million.

1

This concludes my direct testimony.

1 **VI. QUALIFICATIONS**

2 My name is Yvonne M. Le Mieux. I am employed by San Diego Gas & Electric  
3 Company (“SDG&E”), as a Regulatory Accounts Analyst, in the Regulatory Accounts  
4 Department. My business address is 8330 Century Park Court, San Diego, California 92123.  
5 My current responsibilities include the development, implementation and analysis of regulatory  
6 balancing and memorandum accounts. I assumed my current position in January 2009.

7 I received a Bachelor of Science degree in Business Administration with Distinction in  
8 Accounting from San Diego State University in 2003. I have been a Certified Public Accountant  
9 (“CPA”), licensed in the State of California, since 2005 and a Certified Internal Auditor (“CIA”)  
10 since 2006.

11 I have been employed with SDG&E and Sempra Energy since 2003. In addition to my  
12 current position in Regulatory and Finance, I held a Senior Auditor position in the Audit Services  
13 department under the Financial and Operational discipline (July 2004 – January 2009) and a  
14 Staff Accountant position in the Sempra Energy Global Accounting department (June 2003 –  
15 July 2004) at Sempra Energy’s corporate offices.

16 I have not previously testified before this Commission.



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

**DECLARATION  
OF YVONNE M. LE MIEUX**

**A.09-10-XXX**

Application of San Diego Gas & Electric Company (U 902 E)  
For Adoption of its 2010 Energy Resource Recovery Account (ERRA) Forecast Revenue  
Requirement and Review of its Power Procurement Balancing Account

I, Yvonne M. Le Mieux, do declare as follows:

1. I am a Regulatory Accounts Analyst for San Diego Gas and Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s September 30, 2009 Application for Adoption of its 2010 Energy Resource Recovery Account (ERRA) Forecast Revenue Requirement and Review of its Power Procurement Balancing Account. Additionally, as a Regulatory Accounts Analyst, I am thoroughly 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 personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision (D) 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure set forth in D.08-04-023 for Testimony in a formal proceeding, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;
- that the information is not already public; and

- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The confidential information contained in my testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code.<sup>1</sup> As such, the Protected Information provided by SDG&E is allowed confidential treatment in accordance with Appendix I – IOU Matrix in D.06-06-066.

Table 1 “ERRA Revenue Requirement” at YML-2 of my Testimony, specifically, the redacted items listed in columns labeled “2010 Forecast” and “2009 Forecast” are considered confidential under the Matrix. The redacted amounts for “Load ISO Charges” (Energy and Ancillary Services) are protected under Matrix category II.A.2 which are “confidential for three years” and V.C which are “front three years of forecast data confidential.” The redacted amounts for “Supply ISO Revenues” are protected under Matrix category II.A.2, II.B.1, II.B.3 and II.B.4 which are “confidential for three years.” “Contract Costs (non-CTC)” is protected under Matrix category II.B.4, “Contract Costs (CTC up to market)” is protected under II.B.3 and “Generation Fuel” is protected under II.B.1 all of which are “confidential for three years.” Lastly, the redacted “Other ISO Related Costs (GMC, UFE)” are protected under II.A.2 and the “Hedging Costs” are protected under I.A.4 and are “confidential for three years.”

4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. I will comply with the limitations on confidentiality specified in the Matrix for the type of data that is provided herewith.

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<sup>1</sup> In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-C. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

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

Executed this 1st day of October, 2009, at San Diego, California.



Yvonne M. Le Mieux  
Yvonne M. Le Mieux  
Regulatory Accounts Analyst  
San Diego Gas & Electric Company