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Witnesses: J. Mondragon; N. Malik; S. Miller

**PREPARED SUPPLEMENTAL TESTIMONY REGARDING
RECORD YEAR 2021 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**



AUGUST 28, 2023

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APPENDIX A – WITNESS QUALIFICATIONS

1 **PREPARED SUPPLEMENTAL TESTIMONY REGARDING RECORD YEAR 2021**
2 **PUBLIC SAFETY POWER SHUTOFF UNREALIZED SALES AND REVENUE**
3 **CALCULATIONS ON BEHALF OF SDG&E**

4 **I. INTRODUCTION**

5 This supplemental testimony presents San Diego Gas & Electric Company’s (SDG&E)
6 calculation of unrealized volumetric sales and unrealized revenue resulting from Public Safety
7 Power Shutoff (PSPS) events in 2021 for purposes of determining the PSPS ratemaking remedy set
8 forth in Decision (D.) 21-06-014. This supplemental testimony is sponsored by three SDG&E
9 witness: (1) Josue Mondragon – unrealized sales calculation; (2) Neetu Malik – unrealized revenues
10 calculation; and (3) Sheri Miller – accounting adjustments / implementation. This supplemental
11 testimony is organized as follows:

- 12 • **Section II** – Summarizes the Commission’s decision establishing the PSPS
13 ratemaking remedy and the Commission’s directives on the methodology to be
14 used by the investor-owned utilities (IOUs) to calculate unrealized sales and
15 unrealized revenues for purposes of determining the PSPS ratemaking remedy.
16 This section also provides a description of SDG&E’s PSPS Program.
- 17 • **Section III** – Identifies the PSPS events that occurred in SDG&E’s service
18 territory in 2021 and presents SDG&E’s calculation of unrealized volumetric
19 sales for purposes of determining the PSPS ratemaking remedy.
- 20 • **Section IV** - Presents SDG&E’s calculation of unrealized revenues for purposes
21 of determining the PSPS ratemaking remedy.
- 22 • **Section V** – Presents SDG&E’s proposal to implement the PSPS ratemaking
23 remedy from an accounting perspective.

1 **II. BACKGROUND**

2 **A. Commission Decisions Establishing the PSPS Ratemaking Remedy**

3 On November 13, 2019, the Commission initiated its *Order Instituting Investigation on the*
4 *Commission’s Own Motion on the Late 2019 Public Safety Power Shutoff Events (PSPS OII)*¹ to
5 determine whether California’s electric investor-owned utilities complied with applicable laws,
6 rules, and regulations when they initiated the PSPS events in 2019.

7 On June 7, 2021, the Commission issued D.21-06-014 in the PSPS OII (PSPS OII
8 Decision).² The PSPS OII Decision found that the utilities did not reasonably comply with the
9 critical guideline to identify, evaluate, weigh, and report public risks for the late 2019 PSPS events.³
10 Accordingly, the Commission determined a “ratemaking remedy” that would apply prospectively
11 from the effective date of the PSPS OII Decision. Specifically, the Commission stated:

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

19 The PSPS OII Decision directs that the IOUs shall include the estimated unrealized
20 volumetric sales and unrealized revenue resulting from future PSPS in their respective ERRA
21 proceedings, addressing the years in which the PSPS events occurred.⁵ The PSPS OII Decision also

¹ Investigation 19-11-01.

² *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).

³ D.21-06-014, p. 56.

⁴ *Id.* at p. 60.

⁵ *Id.* at Ordering Paragraph (OP) 1

1 directs that the IOUs forgo collection in rates of unrealized sales and unrealized revenues until the
2 utility demonstrates improvements in identifying, evaluating, weighing, and reporting public harm
3 when determining whether to initiate a PSPS event.⁶ The PSPS OII Decision directed SDGE,
4 Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE) to
5 agree on a methodology to be used to calculate the estimated unrealized volumetric sales and
6 revenues and present it for the Commission’ consideration in the ERRA proceeding.⁷

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

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

15 SDG&E is obligated to operate its system safely and takes this obligation very seriously. As
16 part of this obligation, SDG&E de-energizes circuits to protect public safety when weather and
17 other conditions pose a heightened risk or potential of wildfire ignitions. The Commission has
18 acknowledged that “SDG&E has statutory authority under Pub. Util. Code § 399.2(a) and § 451 to
19 shut off power in emergency situations when necessary to protect public safety, including the

⁶ *Id.*

⁷ *Id.*

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

⁹ D.23-06-054, OP 1.

1 situation where strong Santa Ana winds exceed the design basis for SDG&E’s overhead power-line
2 facilities and threaten to topple energized power lines onto tinder dry brush.”¹⁰ Further, the
3 Commission recognized that “de-energizing electric facilities during dangerous conditions can save
4 lives and property and can prevent wildfires.”¹¹

5 Over the past few years, unprecedented conditions have led to extreme weather events and
6 exacerbated wildfire conditions throughout California. Utilities have had to de-energize circuits as
7 a measure of last resort to mitigate this risk.¹² During extreme weather, SDG&E may employ the
8 use of PSPS to try to prevent its electric system from becoming the source of an ignition which may
9 endanger local residents and communities. SDG&E’s Community Wildfire Safety Program applies
10 a host of precautionary measures to help reduce the threat of wildfire in its communities.

11 A PSPS is a measure of last resort and is based on a combination of factors. SDG&E uses a
12 number of tools to monitor the extent and duration of weather events and the condition of available
13 fuels across its service territory. The company also has field personnel who observe environmental
14 conditions such as lying debris or other threats to power lines. SDG&E assesses each situation for
15 potential impacts to electric infrastructure and surrounding communities, allowing it to reduce the
16 potential of fire from its electric system by operating it at various levels of caution. The decision
17 and action to turn off power is based on a combination of factors, including high winds (including

¹⁰ 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.

¹¹ 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.

¹² 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”).

Red Flag warnings), low humidity, dry vegetation (that could serve as fuel), fire threat (to electric infrastructure), on-the-ground observations, and public safety risk. If a PSPS is needed due to extreme conditions, customers can expect early warning notification, ongoing updates, safety inspections and ultimately power restoration.¹³

III. CALCULATION OF UNREALIZED SALES DUE TO RY 2021 PSPS EVENTS (J. MONDRAGON)

A. Summary of PSPS Events in 2021

In 2021, SDG&E activated two PSPS events in response to adverse weather and fire potential indices. However, only one of these PSPS events occurred after the effective date of the PSPS OII (*i.e.*, June 2021) and is included as part of the PSPS ratemaking remedy calculation.

Table 1 below provides the dates of the PSPS event in SDG&E’s territory after June 2021, along with the number of customers impacted per SDG&E’s Post-PSPS Event Reports. More information on SDG&E’s PSPS events can be found in SDG&E’s Post-PSPS Event Reports.¹⁴

Table 1 - Summary of Post-June 2021 Impacted Customers per Post-PSPS Event Reports

Event Day(s)	Residential	Small Commercial	Medium & Large Commercial	Agriculture	Streetlighting	Customers Impacted
November 24-26, 2021	4,890	699	68	181	2	5,840

B. SDG&E’s Unrealized Sales Associated with PSPS Events in 2021

As an initial matter, SDG&E notes that its electric sales will vary depending on a number of factors, including but not limited to weather, time of year, time of week, time of day, economic conditions, customer behavior, etc. As a result, any accounting of the impacts of PSPS events will necessarily be an estimate that is subject to uncertainty and highly dependent on assumptions used.

¹³ 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>

¹⁴ As required by Resolution ESRB-8 and D.19-05-042 and archived at <https://www.sdge.com/wildfire-safety/pssp-more-info>

1 Accordingly, SDG&E makes no assurances as to the accuracy of the estimated impacts described
2 herein, and the limitations inherent in the forecast methodology described below should be
3 considered when assessing any regulatory action. SDG&E follows all applicable statutory and
4 regulatory directives when issuing a PSPS event. With this understanding, SDG&E has attempted
5 to estimate the impact to billed revenues for customers impacted by PSPS events.

6 The following describes SDG&E's methodology for the estimation of unrealized sales
7 associated with PSPS event, which aligns with the methodology set forth in D.23-06-054:¹⁵

- 8 • **First**, SDG&E identified the specific customer accounts that were impacted by each
9 PSPS event in 2021. *See* Table 1 above.
- 10 • **Second**, for each affected customer of a PSPS event, SDG&E developed an electric
11 consumption baseline using hourly load data from the seven days before and the
12 seven days after each PSPS event (excluding data from other PSPS events during
13 those two seven-day periods). For net energy metering (NEM) accounts, kilowatt-
14 hour (kWh) net values are used; for non-NEM accounts, kWh delivered values are
15 used;
- 16 • **Third**, for each affected customer of a PSPS event, SDG&E calculated a weekday
17 baseline profile for Mondays through Fridays and a weekend baseline profile for
18 Saturdays, Sundays, and holidays for each hour (not just the hours affected by the
19 PSPS event) by averaging the data from the two seven-day periods described in step
20 ii above, resulting in 24 hourly weekday baseline profiles and 24 hourly weekend
21 baseline profiles for each affected customer of a PSPS event;

¹⁵ *See* D.23-06-054, OP 1(a).

- Fourth**, SDG&E identified each affected customer’s hourly load data for each hour of each day of a PSPS event (not just the hours affected by the PSPS event). For customer accounts without hourly load data, the utility calculates the ratio of the total hourly load for the affected customer’s class to the total hourly baseline profile for that class and then multiplies that ratio by the customer’s hourly baseline profile to obtain that customer’s imputed hourly load;
- Fifth**, for each affected customer of a PSPS event, the hourly load data for each hour of each day of a PSPS event as described in step four above are subtracted from the corresponding weekday or weekend hourly baseline profile described in step three above to calculate unrealized volumetric sales, and those customer level unrealized sales are then aggregated by customer class.

Using these steps, Table 2 below summarizes the unrealized volumetric electric sales for the 2021 PPS event by customer class. For example, if a baseline shows 500 kWh but during the event period only 100 kWh was consumed, the unrealized sales would be 400 kWh.

Table 2 - PPS Unrealized Sales (kWh) for 2021 PPS Events by Customer Class

Event Day(s)	Residential	Small Commercial	Medium & Large Commercial	Agriculture	Streetlighting	Total
November 24-26, 2021	68,927	19,798	54,087	4,430	43	147,285

IV. CALCULATION OF UNREALIZED REVENUES DUE TO RY 2021 PPS EVENTS (N. MALIK)

D.23.06-054 directs the IOUs to calculate the electric rate as follows:

The electric rate that shall be used to calculate a utility’s unrealized revenues shall consist of all rate components that are under the jurisdiction of the California Public Utilities Commission and are charged based on volumetric sales, except rate components that do not recover any revenue shortfalls or variances resulting from PPS events and rate components that provide a credit to ratepayers during the PPS event. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall include all applicable rate components

1 in the electric rate based on the utility's rate structure at the time the PSPS event was
 2 initiated.¹⁶

3 SDG&E quantified the revenue impact for each customer class by multiplying the results
 4 from Table 2 above to the applicable energy rates. Table 3 below shows the rates that were used to
 5 perform the calculation and the resulting unrealized sales revenues. The total of all unrealized
 6 revenues associated with 2021 PSPS events was \$13,999.74.

7 **Table 3 - PSPS Calculation of Unrealized 2021 Revenues by Customer Class**

Customer Class Average Rates (\$/kWh) ¹	Residential	Small Commercial	M/L Commercial and Industrial	Agricultural	Lighting	Total
Distribution ²	0.10504	0.10813	0.00228	0.01784	0.14404	\$ 9,589.55
PPP ³	0.01635	0.01392	0.01413	0.01174	0.00356	\$ 2,218.96
ND ⁴	0.00007	0.00007	0.00007	0.00007	0.00007	\$ 10.31
CTC ⁵	0.00078	0.00076	0.00069	0.00044	0.00005	\$ 108.08
LGC ⁶	0.00884	0.00619	0.00632	0.00361	0.00595	\$ 1,089.94
TRAC ⁷	0.01426	0.00000	0.00000	0.00000	0.00000	\$ 982.90
Total Applicable Rate	0.14534	0.12907	0.02349	0.03370	0.15367	
Unrealized Sales (kWh)	68,927	19,798	54,087	4,430	43	147,285
Unrealized Revenue = (Total Applicable Rate* Unrealized Sales)	\$ 10,017.98	\$ 2,555.23	\$ 1,270.65	\$ 149.27	\$ 6.61	\$ 13,999.74

¹ Electric rates shown were approved in SDG&E Advice Letter 3855-E for rates effective November 1, 2021, and are based on the calculated class average rate.

² Distribution rate is prorated based on the revenue calculated from energy only rates to remove demand, monthly service fees, and other fixed charges not impacted during PPS events.

³ Public Purpose Programs ("PPP")

⁴ Nuclear Decommissioning ("ND")

⁵ Ongoing Competition Transition Charges ("CTC")

⁶ Local Generation Charge ("LGC")

⁷ Total Rate Adjustment Component ("TRAC")

8
 9 **V. IMPLEMENTATION OF PSPS RATEMAKING REMEDY (S. MILLER)**

10 D.23-06-054 directs as follows:

11 When applying the methodology adopted in this decision to calculate a utility's
 12 unrealized revenues, shareholders for Pacific Gas and Electric Company, Southern
 13 California Edison Company, and San Diego Gas & Electric Company shall fund all

¹⁶ D.23-06-054, OP 1(b).

1 revenue shortfalls recorded in each of their respective balancing accounts resulting
2 from Public Safety Power Shutoff events.¹⁷

3 To implement the PSPS ratemaking remedy, SDG&E will reverse the expense in the
4 applicable balancing account associated with each rate component listed in Table 3 above upon the
5 issuance of a final decision in this proceeding.

6 **VI. CONCLUSION**

7 This concludes SDG&E's supplemental testimony on Record Year 2021 PSPS issues.
8

¹⁷ D.23-06-054, OP 1(d).

APPENDIX A – WITNESS QUALIFICATIONS

1 **SAN DIEGO GAS & ELECTRIC COMPANY**
2 **QUALIFICATIONS OF JOSUE MONDRAGON**

3 My name is Josue Mondragon. My business address is 8330 Century Park Court, San
4 Diego, California 92123. I am employed by San Diego Gas & Electric Company as the Load
5 Research Manager within the Energy Research and Analysis Department in Customer Pricing.
6 My primary responsibility is the study and research of customer electric energy usage. I have
7 held my current position since 2020. Prior to this, I have held various roles of increasing
8 responsibilities in the Load Research area since 2003.

9 I have previously testified before the California Public Utilities Commission.
10

1 **SAN DIEGO GAS & ELECTRIC COMPANY**
2 **QUALIFICATIONS OF NEETU MALIK**

3 My name is Neetu Malik. I am employed by San Diego Gas & Electric Company and my
4 business address is 8330 Century Park Court, San Diego, California 92123. I am the Electric
5 Research and Analysis Manager at SDG&E. My primary responsibilities include overseeing the
6 development of sales forecast, load research and load studies. I also provide strategic direction
7 and support for the implementation of electric rates for SDG&E, ensuring compliance with the
8 Commission's various rate related decisions and support for cost recovery and rate design. I
9 began work at SDG&E in 2012 as a Senior Business Analyst and have held positions of
10 increasing responsibility throughout the company.

11 I received a Bachelor of Engineering from McMaster University, Canada in 2004 and a
12 Master of Business Administration with a focus on Strategic Management from University of
13 British Columbia, Canada in 2009.

14 I have previously testified before the California Public Utilities Commission.
15

1 **SAN DIEGO GAS & ELECTRIC COMPANY**
2 **QUALIFICATIONS OF SHERI MILLER**

3 My name is Sheri Miller. My business address is 8315 Century Park Court, San Diego,
4 CA 92123. I am employed by SDG&E as a Principal Settlement Advisor in the Settlements &
5 Systems group in the Energy Supply organization. My responsibilities include writing and
6 reviewing ERRA witness testimony and advising on regulatory and legislative matters that
7 impact SDG&E's energy and gas procurement settlements and cost recovery processes.

8 I joined SDG&E in October 2000, and since that time, I have held various positions at
9 SDG&E including Senior Accountant, Principal Accountant, and Settlements Manager. I have
10 experience with many aspects of SDG&E's accounting processes, including approving the gas and
11 electric commodity invoices and overseeing the reporting processes.

12 I received a Bachelor of Science degree in Accounting and a Masters of Business
13 Administration from National University. I am also a Certified Public Accountant licensed in
14 the state of California.

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