

Application: A.18-11-015

Exhibit No.: SDG&E-

Witness: Claire F. Olegario

**UPDATED PREPARED DIRECT TESTIMONY OF
CLAIRE F. OLEGARIO
CHAPTER 6
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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



NOVEMBER 13, 2020

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**UPDATED PREPARED DIRECT TESTIMONY OF
CLAIRE F. OLEGARIO - CHAPTER 6**

I. INTRODUCTION

The purpose of my prepared direct testimony is to provide an update and supersede the prepared direct testimony filed on November 26, 2018 by John A. Roy, which is necessitated by the passage of time that has elapsed since the Application and testimony was originally filed.¹ In that initial testimony, Mr. Roy proposed the cost recovery mechanism for the costs below, which are described in the updated prepared direct testimony of witnesses Neil Umali (Chapter 2) and Tom Moses (Chapter 3):

A. Costs to enhance the click-through authorization process (“CTP”), which is already in operation and serving customers and demand response providers (“DRP”) today.²

B. Costs to build the Alternate Solution. San Diego Gas & Electric Company (“SDG&E”) would incur and recover these costs only if required by the California Public Utilities Commission (“Commission” or “CPUC”) to implement this element.³

II. SDG&E COST RECOVERY

A. Cost Recovery for Costs to Enhance the CTP

SDG&E proposes to continue its current cost recovery mechanism to recover the costs for the proposed CTP enhancements.

¹ This update testimony has been authorized by the Assigned Commissioner’s First Amended Scoping Memo and Ruling (October 23, 2020) at 6.

² The requested budget is summarized in the Prepared Direct Testimony of Douglas White (Chapter 1) (“White Testimony Chapter 1”), Section IV. Summary of SDG&E’s Budget Request and Other Cost Estimates, Table DW-1. The revenue requirement is discussed in the Prepared Direct Testimony of Kristi Khong (Chapter 5).

³ Cost estimates are summarized in the White Testimony (Chapter 1), Section IV. Summary of SDG&E’s Budget Request and Other Cost Estimates, Table DW-2.

1 SDG&E’s current Direct Participation Demand Response Memorandum Account
2 (“DPDRMA”)⁴ records operation and maintenance (“O&M”) and capital-related costs associated
3 with implementing the direct participation of demand response in the California Independent
4 System Operator’s (“CAISO”) market. The costs for the various enhancements to the CTP are
5 described in the updated prepared direct testimony of witness Tom Moses (Chapter 3). The
6 revenue requirement is described in witness Kristi Khong’s updated prepared direct testimony
7 (Chapter 5).

8 The DPDRMA also describes the process for the disposition of the balance. At the end
9 of each year, the DPDRMA balance is transferred to the Rewards and Penalties Balancing
10 Account (“RPBA”). SDG&E files an advice letter in October of each year to include the
11 forecasted year-end RPBA balance in rates effective January 1 of the following year.

12 **B. Cost Recovery to Build the Alternate Solution**

13 The White Testimony (Chapter 1), describes why the Alternate Solution should not be
14 undertaken. However, should the Commission require SDG&E to build the Alternate Solution,
15 SDG&E proposes the following cost recovery:

16 1. SDG&E requests authority to establish a balancing account to record the revenue
17 requirement and costs associated with a Commission order to build the Alternate Solution and
18 related activities described in the prepared direct testimony of witnesses Neil Umali (Chapter 2)
19 and Tom Moses (Chapter 3). The revenue requirement to be placed into rates is to be based on
20 the estimated costs described in Chapters 2 and 3 and would be presented subsequently because
21 the current prepared direct testimony of Kristi Khong does not include them. The costs to be

⁴ The DPDRMA Preliminary Statement describes its purpose and disposition of the account balance. See SDG&E, *Preliminary Statement*, available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_DPDRMA.pdf.

1 recorded in the balancing account include capital-related (*i.e.*, depreciation, taxes and return) and
2 O&M incremental costs.

3 2. SDG&E proposes a two-way interest-bearing balancing account mechanism. A
4 two-way account is especially appropriate due to the significant uncertainty SDG&E has with
5 what actual costs may be incurred and the high risk associated with the Alternate Solution.
6 Given this risk, it is possible that there are unforeseen implications and corresponding costs. A
7 two-way balancing account is fair to SDG&E's ratepayers and shareholders because ratepayers
8 would pay for actual costs incurred and would be refunded any overcollections, and shareholders
9 would not be responsible for costs that exceed SDG&E's cost estimates provided in this
10 Application given the risk and uncertainties mentioned above. Thus, a two-way balancing
11 account ensures that the utility does not make or lose money due to uncertainties in the work
12 scope.

13 3. This account would be referred to as the Customer Data Access Balancing
14 Account ("CDABA") to record the revenue requirement and incremental costs associated with
15 building the Alternate Solution.

16 SDG&E proposes to address the disposition of the CDABA's under/over-collected
17 balance in SDG&E's annual electric regulatory account update advice letter filing. This annual
18 update is filed as a Tier 2 (effective upon CPUC staff approval) advice letter in October of each
19 year and presents the forecasted year-end balances of certain regulatory accounts for
20 amortization in rates effective January 1 of the following year.

21 This concludes my prepared direct testimony.

1 **III. STATEMENT OF QUALIFICATIONS**

2 My name is Claire F. Olegario. I am employed by SDG&E as the Regulatory Accounts
3 Supervisor in the Controller’s Division. My business address is 8330 Century Park Court, San
4 Diego, California 92123. My current responsibilities include managing the process for the
5 development, implementation and analysis for regulatory balancing and memorandum accounts.
6 I assumed my current position in August 2019.

7 I received a Bachelor of Science in Accounting in 2007 from San Diego State University.
8 I am a Certified Public Accountant (“CPA”) licensed in the State of California since 2009.

9 I have been employed with SDG&E since 2016. Before assuming my current position in
10 Regulatory accounts, I served as a Principal Accountant for Utility Accounting at SoCalGas.
11 Prior to joining SDG&E, I worked for a public accounting firm from 2007 – 2016 and held
12 various positions with increasing responsibility including Audit – Supervisor.

13 I have previously submitted prepared testimony before this Commission.