

Application No.: A.23-05-013
Exhibit No.: SDGE-1403
Witness: Brenda Hua

UPDATED PREPARED DIRECT TESTIMONY OF
BRENDA HUA
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

*****REDACTED, PUBLIC VERSION*****

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



October 13~~May 15~~, 2023

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1 **UPDATED PREPARED DIRECT TESTIMONY OF**
2 **BRENDA HUA**
3 **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

4 **I. INTRODUCTION**

5 The purpose of my updated testimony is to address costs related to San Diego Gas &
6 Electric Company’s (“SDG&E”) Energy Resource Recovery Account (“ERRA”), Competition
7 Transition Charge (“CTC”), Local Generation (“LG”) revenue requirements and Tree Mortality
8 Non-Bypassable revenue requirements. More specifically, my testimony:

- 9 • Describes SDG&E’s ERRA, Transition Cost Balancing Account
10 (“TCBA”), Local Generating Balancing Account (“LGBA”), Tree
11 Mortality Non-Bypassable Charge Balancing Account (“TMNBCBA”),
12 Solar on Multifamily Affordable Housing (“SOMAH”) Program funding,
13 Disadvantaged Communities Single Family Solar Homes program
14 (“DAC-SASH”), Portfolio Allocation Balancing Account (“PABA”),
15 Power Charge Indifference Adjustment (“PCIA”) Undercollection
16 Balancing Account (“CAPBA”), and Modified Cost Allocation
17 Mechanism Balancing Account (“MCAMBA”); and,
18 • Sets forth SDG&E’s forecasted 2024 ERRA, CTC, LG, TMNBC, PABA
19 and MCAM revenue requirements. In addition, my testimony presents the
20 comparison between the recorded 2022 year-end balances with the actual
21 2022 year-end balances in the GHG allowance revenues and expenses
22 balancing accounts. Finally, my testimony requests authorization of the
23 revenue requirement of the San Onofre Nuclear Generating Station
24 (“SONGS”) Unit 1 Offsite Spent Fuel Storage costs as described in
25 Section XIII below.

- Cost recovery for the revenue requirements discussed in this testimony is addressed in the testimony of SDG&E witness Rachelle R. Baez.

II. BACKGROUND

Pursuant to California Public Utilities Commission (“Commission”) Decisions (“D.”) 02-10-062 and D.02-12-074, the purpose of the ERRA balancing account is to provide full recovery of SDG&E’s energy procurement costs associated with serving SDG&E’s bundled service customers. Energy procurement costs include expenses associated with the California Independent System Operator (“CAISO”) such as energy and ancillary services load charges, CAISO revenues from utility generation and supply contracts, contract costs, generation fuel costs, CAISO-related costs, and hedging costs. The ERRA records revenues from SDG&E’s Electric Energy Commodity Cost (“EECC”) rate schedule, adjusted to exclude commodity revenues assigned to the Non-Fuel Generation Balancing Account (“NGBA”),¹ and other Commission approved adjustments.

The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying Facilities (“QFs”) that are above the market benchmark proxy are charged to the TCBA. Eligible CTC expenses² reflect the difference between the market proxy and the contract price of costs associated with certain QF contracts.

The purpose of the LGBA is to record the revenues and costs of generation and other energy sources where the Commission has determined that the resource is subject to the Cost Allocation Mechanism (“CAM”). Such generation may take the form of purchase power

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

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

1 agreements, company-owned generation units associated with new generation resources, and any
 2 other resources approved by the Commission for CAM treatment.

3 **III. 2024 ERRA, CTC, AND LG REVENUE REQUIREMENT FORECASTS**

4 As shown in Table 1 below, SDG&E’s 2024 ERRA revenue requirement forecast is
 5 ~~\$432.497~~ 487.665 million, including forecasted GHG costs.³ The direct testimony of SDG&E
 6 witness Mr. -Jimmy Elias provides a detailed discussion of the Greenhouse Gas (“GHG”) costs.

7 **TABLE 1**
 8 **ERRA REVENUE REQUIREMENT**
 9 **(\$Millions of Dollars)**

No.	Component	2024 Forecast	2023 Forecast	Change from Prior Year
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.	TOTAL	432.497 <u>487.665</u>	538.540	(106.043) <u>(50.875)</u>

10
 11 The forecasted cost components set forth in the line items contained in Table 1 above,
 12 and the reasons for the ~~\$(106.043)~~ (50.875) million decrease in the 2024 ERRA revenue

³ All figures in this testimony exclude Franchise Fees and Uncollectibles (FF&U).

1 requirement forecast – as compared to the 2023 ERRA revenue requirement (as submitted in the
 2 2023 Forecast) – are addressed in Mr. Elias’s testimony.

3 As shown in Table 2 below, SDG&E’s 2024 CTC revenue requirement forecast is
 4 ~~\$16.795~~8.143 million.

5 **TABLE 2**
 6 **CTC REVENUE REQUIREMENT**
 7 **(\$Millions of Dollars)**

No.	Component	2024 Forecast	2023 Forecast	Change from Prior Year
1.	QF Contracts	16.795 <u>8.143</u>	10.637	6.158 <u>(2.494)</u>
2.	TOTAL	16.795 <u>8.143</u>	10.637	6.158 <u>(2.494)</u>

8 For CTC-eligible purchase power contracts, the power purchased is recorded to the
 9 ERRA at the market proxy of ██████/MWh. The difference between the actual contract price
 10 and the market proxy is included in the 2024 CTC forecast and recorded to the TCBA. SDG&E
 11 witness Mr. -Elias discusses the market proxy in greater detail in his testimony.

12 As shown in Table 3 below, SDG&E’s 2024 Local Generation (“LG”) revenue
 13 requirement forecast is ~~\$245.518~~206.987 million.

14 **TABLE 3**
 15 **LG REVENUE REQUIREMENT**
 16 **(\$Millions of Dollars)**

No.	Component	2024 Forecast	2023 Forecast	Change from Prior Year
1.	Combined Heat & Power	[REDACTED]	[REDACTED]	[REDACTED]
2.	Energy Storage			
3.	Peakers & Resource Adequacy			
4.	Local Generation GHG			
5.	CAM portion of MCAM			
6.	TOTAL⁴	245.518 <u>206.986</u>	187.573	57.945 <u>19.412</u>

17 ⁴ Sums may not equal due to rounding.

1
2 The LGBA was authorized in D.13-03-029. The LGBA records the LG costs and the
3 revenues received from SDG&E's LG rate. On a monthly basis, the LGBA compares the LG
4 costs with the revenues received. Interest is applied to any over- or under-collected balance at
5 the three-month Commercial Paper rate. The LGBA utilizes sub-accounts for each generation
6 resource. In addition, D.21-05-004 was approved on May 6, 2021, clarifying direct GHG costs
7 of a resource are appropriately recorded in the balancing account to which cost recovery of the
8 underlying resource is approved. In accordance with the decision SDG&E has included GHG
9 costs in the 2024 Forecast for LGBA.

10 **IV. REQUEST TO RECOVER PROJECTED YEAR-END 2023 LGBA BALANCE**

11 In this application, SDG&E requests recovery of the projected 2023 year-end balance
12 recorded to LGBA of \$~~120.813~~131.764 million. This request is made pursuant to Resolution E-
13 5217, which directs the IOUs to update projected year-end balances for each of its Regulatory
14 Accounts in its annual year-end Consolidated Electric Revenue and Rate Change Advice Letter.⁵
15 Therefore, SDG&E requests that the Commission authorizes this sum to be included in its year-
16 end Consolidated Electric Rate Change.

17 **V. INVESTMENT TAX CREDITS (ITCS)**

18 In August 2022, the United States congress passed the Inflation Reduction Act (IRA)
19 which included Investment Tax Credits (ITCs) for renewable energy infrastructure, including
20 standalone energy storage technology. SDG&E has eight energy storage and microgrid projects
21 scheduled to come online in 2023 that would be eligible for these credits. SDG&E is eligible to
22 claim the ITCs on these projects on its 2023 federal tax return, which is expected to be filed in

⁵ E-5217, OP 3.

1 October 2024. SDG&E intends to provide these benefits to customers via a reduction to the
 2 same account as the capital projects after the final amount of the ITCs are determined at the time
 3 of filing the federal tax return. As such, at this time, SDG&E is not including the tax credits in
 4 the 2023 year-end balancing account forecasts and will include the tax credits in the 2024 year-
 5 end balancing account forecasts in its 2025 ERRA Forecast Application Filing.

6 **VI. COMPARISON OF 2022 RECORDED VS ACTUAL YEAR-END BALANCES IN**
 7 **GHG BALANCING ACCOUNTS**

8 In accordance with Finding of Fact (“FOF”) 13 of D.14-10-033, utilities must reconcile
 9 forecast amounts with recorded amounts until all actuals are available for the forecast year.
 10 Consistent with this methodology, SDG&E provides a comparison of the 2022 year-end
 11 recorded/forecasted balances with the 2022 year-end actual balances in three GHG balancing
 12 accounts in Table 4 below. More specifically, (1) GHG allowance revenues are recorded in the
 13 GHG Revenue Balancing Account (“GHGRBA”); (2) expenses are recorded in the GHG
 14 Customer Outreach and Education Memorandum Account (“GHGCOEMA”); and (3) expenses
 15 are recorded in the GHG Administrative Costs Memorandum Account (“GHGACMA”).

16 **TABLE 4**
 17 **COMPARISON OF 2022 RECORDED VS ACTUAL YEAR-END BALANCES IN GHG**
 18 **BALANCING ACCOUNTS**

Line	Description	2022 Recorded ¹ (\$)	2022 Actual (\$)	Difference
	(1) GHGRBA			
1	Beginning Balance 1/1/2022	(19,307,155)	(19,307,155)	-
2	Allowance Revenue	(192,652,668)	(189,236,214)	3,416,454
3	Revenue returned to customers	193,091,528	193,931,043	839,514
4	Franchise Fees and Uncollectibles	(1,946,368)	(2,301,661)	(355,292)
5	Transfer to GHGCOEMA and GHGACMA ^{2,3}	-	27,778	27,778
6	Allowance Set Aside for Multi-Family Program ⁴	14,980,037	14,949,939	(30,098)
7	Allowance Set Aside for DAC-SASH ⁵	1,090,000	1,090,000	-
8	Interest	(335,008)	(286,178)	48,830
9	Ending Balance 12/31/2022	(5,079,634)	(1,132,448)	3,947,186
	(2) GHGCOEMA			

10	Beginning Balance 1/1/2022	(23,000)	(23,000)	-
11	Transfer from GHGRBA ²	-	(13,295)	(13,295)
12	Expenses	13,543	27,881	14,338
13	Interest	(248)	(60)	188
14	Ending Balance 12/31/2022	(9,705)	(8,474)	1,231
	(3) GHGACMA			
15	Beginning Balance 1/1/2022	(56,410)	(56,410)	-
16	Transfer from GHGRBA ³	-	(14,483)	(14,483)
17	Expenses	13,508	18,185	4,677
18	Interest	(615)	(708)	(93)
19	Ending Balance 12/31/2022	(43,517)	(53,416)	(9,899)

¹ Per A.22-05-025 (2023 ERRR Forecast Update October 12, 2022) Attachment G. Template D-1: Annual Allowance Revenue Receipts and Customer Returns; and Template D-3: Detail of Outreach and Administrative Expenses. Recorded amounts represent actual recorded activity from January through August 2022 and forecasted amounts from September through December 2022.

² The 2022 Actual column shows the approved 2023 GHGCOEMA forecast per D.22-12-042, which was approved in December 2022.

³ The 2022 Actual column shows the approved 2023 GHGACMA forecast per D.22-12-042, which was approved in December 2022.

⁴ This represents the program funding and true-ups for SOMAH. The 2022 Recorded column shows forecast funding and the Actual column shows the approved funding per D.22-12-042, which was approved in December 2022.

⁵ This represents the program funding for DAC-SASH. The 2022 Recorded column shows forecast funding and actual column shows the approved funding per D.22-12-042, which was approved in December 2022.

1 **VII. GREEN TARIFF SHARED RENEWABLE BALANCING ACCOUNT**
2 **(“GTSRBA”)**

3 Per D.15-01-051, SDG&E established the GTSRBA⁶ to record the difference between the
4 revenues collected from individual customers electing to participate in the GTSR program and
5 the incremental costs incurred to serve customers participating in that program. The GTSR
6 program consists of both a Green Tariff (“GT”) component and an Enhanced Community
7 Renewables (“ECR”) component which are recorded in separate subaccounts with the GTSRBA.
8 SDG&E’s GTSR program (SDG&E branded as “EcoChoice”) began in 2016 and recorded
9 activity through 2022, as described in SDG&E’s Annual GTSR Program Progress Report filed
10 on March 15, 2023 (A.12-01-008).

⁶ See SDG&E Advice Letter (“AL”) 2889-E, approved June 23, 2016 and effective May 28, 2016.

On August 25, 2022, the CPUC issued a ruling in its Application A.22-05-023 which suspended SDG&E's EcoChoice program. Due to the suspension, SDG&E is not requesting any 2024 revenue requirement for GTSRBA. At this time, the balance in GTSRBA is approximately \$~~2.773~~2.820 million. SDG&E is not requesting any recovery of this balance at this time, because the Green Access Proceeding (GAP) has not yet concluded.⁷ In addition, SDG&E has not been directed to recover the ending balance or terminate the program.

VIII. TREE MORTALITY NON-BYPASSABLE CHARGE BALANCING ACCOUNT (“TMNBCBA”)

Per D.18-12-003, SDG&E's AL 3343-E established the TMNBCBA to record the tree mortality related procurement costs.⁸ As noted in D.18-12-003, Ordering Paragraph (“OP”) 9, the TMNBCBA cost will be recovered through the public purpose programs (“PPP”) charge.

As shown in Table 5 below, SDG&E's 2024 TMNBCA revenue requirement forecast is

[REDACTED] million, which is described in Mr. Elias's testimony.

**TABLE 5
TMNBCA REVENUE REQUIREMENT
(\$Millions of Dollars)**

No.	Component	2024 Forecast	2023 Forecast	Change from Prior Year
1.	Contract Costs			
2.	CAISO Revenues			
3.	Renewable Energy Credits Sales			
4.	Resource Adequacy Sales Revenues			
5.	TOTAL			

⁷ A.22-05-023.

⁸ Two supplemental ALs were filed for AL 3343. AL 3343-B was submitted on May 31, 2019 and approved on July 19, 2019 with a July 2, 2019 effective date. AL 3343-E was approved on July 19, 2019 with an effective date of July 2, 2019.

1 **IX. SOLAR ON MULTIFAMILY AFFORDABLE HOUSING (“SOMAH”)**
 2 **PROGRAM**

3 D.17-12-022 OP 4, at p. 69, states that the IOUs “each shall reserve 10% of the proceeds
 4 from the sale of greenhouse gas allowances defined in Public Utilities Code Section 748.5
 5 through its annual Energy Resource Recover Account (ERRA) proceedings for use in the Solar
 6 on Multifamily Affordable Housing Program, starting with its ongoing 2018 ERRA forecast
 7 proceeding.” D.20-04-012 continued the authorization of funds allocated to the SOMAH
 8 program through June 30, 2026.

9 In D.22-09-009, the Commission approved the petition to modify D.17-12-022 and D.20-
 10 04-012 to simplify the process for forecasting and setting aside funding for the SOMAH
 11 Program. D.22-09-009 requires the SOMAH values be substantiated to show that the combined
 12 budget of all the utilities named in the decision is equal to or more than \$1 billion.

13 Pursuant to D.22-09-009, SDG&E presents the following Table 6 below which reflects
 14 that combined utility budgets.

TABLE 6 - COMBINED IOU GHG PROCEEDS TO DETERMINE SOMAH SHARE METHODOLOGY				
Line No.	IOU	2022 Recorded GHG Proceeds (\$000)	2023 Recorded GHG Proceeds ^(a) (\$000)	2024 Forecasted GHG Proceeds (\$000)
1	PG&E	\$486,244	\$488,922 <u>536,289</u>	\$550,484 <u>663,932</u>
2	SCE	\$700,179	\$709,362 <u>777,028</u>	\$755,680 <u>932,108</u>
3	SDG&E	\$189,236	\$188,264 <u>189,802</u>	\$203,386 <u>246,235</u>
4	Liberty	\$5,366	\$5,160	\$5,309
5	PacifiCorp	\$15,563	\$16,639 <u>15,559</u>	\$16,897 <u>15,397</u>
6	Total	\$1,396,588	\$1,408,347<u>1,524,018</u>	\$1,531,756<u>1,862,981</u>
(a)	2023 Recorded GHG Proceeds includes January through March <u>September</u> recorded, plus April <u>October</u> -through December forecast for PG&E and, SCE, SDG&E,; <u>For SDG&E, it is January through August recorded, plus September through December forecast. For Liberty, it is January through March recorded, plus April through December forecast. For</u> and <u>PacifiCorp, it is January through June recorded, plus July through December forecast.</u> The final 2023 Recorded GHG Proceeds for all IOUs will be updated in the true-up advice letter to be filed by March 1, 2024.			

1 Because the combined IOU GHG proceeds exceed an estimated \$100 million
 2 (~~\$1.532~~1.863 billion x 10% = ~~\$153.2~~186.3 million), SDG&E utilized the set percentage adopted
 3 in D.22-09-009, Table 6 to set aside its SOMAH program funding from GHG proceeds for 2024
 4 of \$12.016 million.

5 **A. 2024 SOMAH Program Funding True-Up**

6 D.20-04-012 directs each utility to provide a table showing how they reached the balance
 7 of their SOMAH prior year true-up stating:

8 Each utility shall include a true-up of the prior year’s authorized SOMAH set-
 9 aside amount, listed separately from the forecast year amount, in their applicable
 10 November update filings. This true-up will compare the prior year’s SOMAH
 11 set-aside to actual (i.e., not forecast) auction revenues, and adjust the total forecast
 12 amount to reflect actual auction revenues. The true-up information shall be
 13 presented in a table in the same format as the untitled table in D.20-02-047 at
 14 page 20.⁹

15 Accordingly, SDG&E presents the following Table 7, below, which reflects SDG&E’s
 16 true-up of the prior year’s authorized SOMAH set-aside amount:

TABLE 7 - SOMAH RECONCILIATION ¹⁰				
Calendar Year ERRA Forecast	Recorded GHG Allowance Revenues	Set-Aside Based On 10% of Recorded GHG Allowance Revenue or the Proportionate Amount of \$100M	Actual Set- Aside	Difference (Actual Less Set- Aside Requirement)
2016 ¹	\$40,779,160	\$4,077,916	\$0	\$(4,077,916)
2017 ¹	\$92,539,677	\$9,253,968	\$0	\$(9,253,968)
2018 ¹	\$93,727,555	\$9,372,756	\$10,300,000	\$927,245
2019 ¹	\$104,156,909	\$10,415,691	\$10,115,640	\$(300,051)
2020 ¹	\$104,691,923	\$10,469,192	\$18,222,844	\$7,753,652
2021 ^{2,4}	\$161,825,842	\$14,517,611	\$35,975,035	\$21,457,424
2022 ⁴	\$189,236,214	\$13,549,896	\$14,949,939 ⁵	\$1,400,043
2023 ³	\$188,263,848 <u>189,801,672</u>	\$12,015,972	\$0	\$(12,015,972)

⁹ D.20-04-012, p. 10.

¹⁰ Excludes FF&U.

2024 ^{3,6}	\$ 203,386,289 <u>246,234,940</u>	\$12,015,972	\$0	\$(12,015.972)
Total	\$1,178,607,417 <u>1,222,993,892</u>	\$95,688,973	\$89,563,458	\$(6,125,515)
	<p>¹Per D.20-01-005, in 2016 and 2017 the SOMAH Program funding SDG&E set aside was returned to residential customers as a Climate Credit because SDG&E did not have a balancing account to hold such funds. However, pursuant to D.20-01-005, in 2020, SDG&E set aside an additional \$12,604,205 to true up SOMAH funding for years 2016-2019 (\$4,077,916 and \$9,253,968 for funding years 2016 and 2017, \$(927,245) for 2018, and \$199,565 for 2019).</p> <p>²2021 actual set-aside was capped at \$14,543,681 per Advice Letter 3960-E. However, AL 4042-E revised the 2021 allowance proceeds for PacifiCorp, which in turn revised the allowances for all IOUs. SDG&E’s revised set aside decreased by 0.02607%, and is \$14,517,611 per AL 4042-E. This adjustment reduces SDG&E’s 2021 true-up of \$2,960,037 by \$26,070, for an adjusted true-up of \$2,933,967.</p> <p>³The IOUs’ forecasted GHG proceeds exceed \$1 billion; therefore, pursuant to D.22-09-009, SDG&E has set aside the set amount of \$12,015,971.92.</p> <p>⁴Actual 2021 set-aside includes the approved 2021 ERRRA Forecast request of \$11,583,644, and 2019-2020 true-up requests of \$4,951,039. In addition, SDG&E transferred the 2022 set aside amount of \$19,440,352 to the SOMAHBA in December of 2021.</p> <p>⁵The 2023 forecast of \$12,015,972 and true-up request of \$2,933,967 were set aside in December of 2022 per D. 22-12-042.</p> <p>⁶The 2024 forecast of \$12,015,972 will be set aside in A.23-05-013XXX.</p>			

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X. DAC-SASHBA

The purpose of the DAC-SASHBA is to balance allocated greenhouse gas (“GHG”) allowance revenues and program costs. The DAC-SASH Balancing Account was established in 2019 in D.18-06-027 and Advice Letter 3410-E. D.18-06-027 OP 8 states that the DACSASH program will be funded with GHG allowance proceeds if available and recovered through the PPP mechanism if GHG allowance proceeds are unavailable.

The associated direct testimony of SDG&E witness Mr. Elias states that the total DAC-SASH program funding is estimated to be \$1.095 million. The forecasted 2024 GHG allowance revenues available for clean energy and energy efficiency programs will be sufficient to cover this sum after setting aside funding for the Solar on Multifamily Affordable Housing (“SOMAH”) Program.

XI. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)

Pursuant to D.18-10-019 and Advice Letter 3318-E,¹¹ the purpose of the PABA is to record the “above-market” costs and revenues associated with all generation resources that are eligible for cost recovery through the PCIA rates, including SDG&E’s Utility-Owned Generation (“UOG”). Costs recorded in each vintage subaccount will include, but are not limited to, fuel, GHG costs, third party power purchase contracts costs, and UOG’s revenue requirement.

SDG&E’s 2024 PABA revenue requirement forecast includes the fuel costs for its electric generation facilities, including Miramar Energy Facility I (“Miramar I”), Miramar Energy Facility II (“Miramar II”), Palomar Energy Center (“Palomar”), Desert Star Energy Center (“Desert Star”), and the Cuyamaca Peak Energy Plant (“Cuyamaca”). The actual fuel costs of Miramar I, Miramar II, Palomar, Desert Star, and Cuyamaca are recorded in the PABA for recovery through commodity rates.

**TABLE 8
PABA REVENUE REQUIREMENT
(\$Millions of Dollars)**

No.	Component	2024 Forecast ¹²	2023 Forecast ¹³	Change from Prior Year
1.	Supply ISO Revenues	[REDACTED]		
2.	Contract Costs (non-CTC)			
3.	Generation Fuel			
4.	GHG Costs			
5.	TOTAL	90.517 <u>113.771</u>	97.801	(7.284) <u>15.970</u>

¹¹ See SDG&E AL 3318-E, filed on December 10, 2018, and approved on May 30, 2019.

¹² Table 8 does not include the 2023 Year End Forecasted PABA balance of \$(~~32.305~~ 31.290) million, as shown in Attachment C to Ms. Miller’s testimony.

¹³ The Updated October 2023 Forecast, included the 2022 forecasted year-end PABA under collected balance of \$179.759 million (not shown).

1 As Table 8 indicates, SDG&E’s 2024 PABA revenue requirement forecast is
2 ~~\$90.517~~113.771 million. In addition, D.19-10-001 authorized the recovery of the PABA prior
3 year-end balance to be recovered through the ERRA Forecast filing. SDG&E requests recovery
4 of the projected 2023 year-end balances recorded to PABA of ~~\$(32.305)~~ (31.290) million, as
5 shown in SDG&E witness Ms. Sheri Miller’s testimony workpapers.¹⁴ The proposed 2023
6 PABA year-end balance is projected based on ~~three~~eight months of actuals (January through
7 ~~March~~August of 2023) and ~~nine~~four months of forecasted expenses and revenues. ~~The~~
8 ~~forecasted year-end balance will be updated in SDG&E’s October Update filing and will include~~
9 ~~actual recorded entries from January through August.~~ Furthermore, the PABA year-end balance
10 will be updated in SDG&E’s annual year-end process pursuant to Resolution E-5217.

11 Pursuant to D.22-01-023, SDG&E shall transfer the 2023 ending balance of ERRA to the
12 most recent subaccount of PABA. The projected 2023 year-end balance of ERRA is
13 ~~\$26.932~~23.662 million¹⁵, ~~and~~ ~~and will be updated in SDG&E’s October Update filing as well as~~
14 ~~will be updated in the~~ SDG&E’s annual year-end process pursuant to Resolution E-5217.

15 **XII. POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA)**
16 **UNDERCOLLECTION BALANCING ACCOUNT (CAPBA)**

17 Pursuant to D.18-10-019 and Advice Letter 3436-E,¹⁶ the purpose of the CAPBA is to
18 record the obligation that accrues for departing load (“DL”) customers in the event that the half-
19 cent per kWh PCIA rate cap is reached. The CAPBA is comprised of a subaccount for each

¹⁴ [This figure reflects the correcting CAISO revenue accounting entries made to the PABA balancing account in September 2023 as described my Prepared Rebuttal Testimony dated September 8, 2023 at pages 3-6.](#)

¹⁵ [This figure reflects the correcting CAISO revenue accounting entries made to the ERRA balancing account in September 2023 as described in my Prepared Rebuttal Testimony dated September 8, 2023 at pages 3-6.](#)

¹⁶ See SDG&E AL 3436-E, filed on September 30, 2019, and approved on October 30, 2019.

1 customer vintage, as well as a specific bundled subaccount, which capture the shortfall amount
2 that is financed by bundled customers for DL customers when the DL PCIA rate is capped, and
3 the repayment amount from DL customers to bundled customers.

4 D.21-05-030 in the PCIA Order Instituting Rulemaking, R.17-06-026, the Commission
5 removed the PCIA rate cap and required SDG&E to dispose of any remaining CAPBA balance
6 in PCIA Rates. SDG&E filed a 2020 CAPBA Trigger application (A.20-07-009) in July 2020.
7 To reduce the volatility that would result from incorporating the CAPBA Trigger revenues into
8 PCIA rates, the Commission adopted an amortization for the CAPBA Trigger balance, to
9 amortize the total balance of \$8.92 million in 2021, 2022, and 2023 PCIA rates. Accordingly,
10 SDG&E's 2020 CAPBA was implemented and amortized on March 1, 2021, through December
11 31, 2023.

12 Pursuant to D.22-12-042, SDG&E requests to transfer any remaining balance in the
13 CAPBA subaccounts to the corresponding PABA vintage subaccounts and close the CAPBA
14 preliminary statement in this proceeding.¹⁷ At this time, the 2023 year-end forecasted CAPBA
15 undercollected balance is \$1.274 million.

16 **XIII. MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT**
17 **(MCAMBA)**

18 In D.19-11-016, the Commission required the IOUs to procure additional generation
19 capacity on behalf of other LSEs in their service territories that elected to opt-out self-
20 procurement ("opt out procurement") or failed to acquire their share of the required capacity
21 after electing self-procurement ("backstop procurement"). Please refer to Ms. Baez's testimony
22 for required LSE's procurement in greater detail.

¹⁷ D.22-12-042, p. 32.

1 Pursuant to D.22-05-015 and Advice Letter 4043-E,¹⁸ the purpose of MCAMBA is to
 2 record the net costs related with the procurement of energy resources by SDG&E incurred on
 3 behalf of certain load-serving entities (LSE's) in the following circumstances: (1) opt-out
 4 procurement-related costs, including incremental administrative costs for customers of LSEs that
 5 have opted out of self-procurement; (2) backstop procurement-related costs, including
 6 incremental administrative costs for customers of LSEs that fail to provide the capacity required
 7 by D.19-11-016 and or/D.21-06-035; and (3) opt-out LSEs that have left the market and no
 8 longer serve customers.

9 On January 12, 2023, the Commission issued Resolution E-5241 approving SDG&E's
 10 cost recovery to implement MCAM.¹⁹ As such, SDG&E implemented its MCAM balancing
 11 account and transferred the costs from Resource Adequacy Procurement Memorandum Account
 12 (RAPMA) to this account.²⁰

13 As shown in Table 9 below, SDG&E's 2024 MCAMBA revenue requirement forecast is
 14 ~~\$0.275~~0.646 million.

15 **TABLE 9**
 16 **MCAMBA REVENUE REQUIREMENT**
 17 **(\$Millions of Dollars)**

No.	Component	2024 Forecast	2023 Forecast	Change from Prior Year
1.	Load ISO Charges			
2.	Supply ISO Revenues			
3.	Contract Costs (non-CTC)			
4.	RA Sales			
5.	TOTAL	0.275 <u>0.646</u>	-	0.275 <u>0.646</u>

18

¹⁸ See SDG&E AL 4043-E, filed on July 18, 2022 and approved on January 12, 2023.

¹⁹ E-5241, OP 1.

²⁰ See Resolution E-5117. RAPMA is an interim memorandum account that existed to record costs until the MCAMBA was created and approved in D.22-05-015.

1 **XIV. SONGS UNIT 1 OFFSITE SPENT FUEL STORAGE**

2 In this application, SDG&E requests authorization of the forecasted SONGS Unit 1
3 Offsite Spent Fuel Storage costs revenue requirement of ~~\$1.300~~1.285 million for 2024, which are
4 described in Mr. Elias’s testimony. The authorized revenue requirement is tracked in SDG&E’s
5 Nuclear Decommissioning Adjustment Mechanism account.

6 **XV. SUMMARY**

7 My testimony presents and requests the Commission’s approval of the following revenue
8 requirements for which SDG&E seeks recovery in this application:

- 9 • the 2024 ERRA revenue requirement forecast of ~~\$432.497~~487.665 million
10 (which includes forecasted GHG costs);
- 11 • the 2024 CTC revenue requirement forecast of ~~\$16.795~~8.143 million;
- 12 • the 2024 LG revenue requirement forecast of ~~\$245.518~~206.986 million;
- 13 • the 2024 TMNBC revenue requirement forecast of [REDACTED] million;
- 14 • the 2024 PABA revenue requirement forecast of ~~\$90.517~~113.771 million;
- 15 • the 2024 MCAM revenue requirement forecast of ~~\$0.275~~0.646 million;
- 16 • the 2023 forecasted year-end undercollected balance of LGBA of
17 ~~\$120.813~~131.764 million;
- 18 • the 2023 forecasted year-end undercollected balance of ERRA of ~~\$26.932~~23.662
19 million;
- 20 • the 2023 forecasted year-end overcollected balance of PABA of
21 ~~\$(32.305)~~(31.290) million; and
- 22 • the 2024 SONGS Unit 1 Offsite Spent Fuel Storage costs revenue
23 requirement forecast of ~~\$1.300~~1.285 million.

1 The amounts above projected for the ERRA, PABA and LGBA year-end balances will be
2 updated in SDG&E's annual year-end process pursuant to Resolution E-5217. Finally, my
3 testimony also presents the comparison of the 2022 recorded/forecasted vs. actual year-end
4 balances in the GHG allowance revenues and expenses balancing accounts.

5 This concludes my prepared direct testimony.

1 **XVI. QUALIFICATIONS**

2 My name is Brenda Hua. My business address is 8315 Century Park Court, San Diego,
3 California 92123. I am employed by SDG&E as a Principal Accountant in the Settlements and
4 Systems Department in the Electric and Fuel Procurement organization. My responsibilities
5 include processing the electric commodity invoices, preparing monthly journal entries, and
6 supporting various compliance filings. I assumed my current position in December 2021.

7 I have been employed by SDG&E since 2009 and have held various positions in
8 Regulatory Reporting, Financial Accounting, and Nuclear Decommissioning Fiscal
9 Management. My experiences include overseeing the monthly closing processes, preparing
10 financial statements, and supporting various regulatory and Securities and Exchange
11 Commission (SEC) reporting filings.

12 I received a Bachelor of Science degree in Business Administration with an emphasis in
13 Information Systems from San Diego State University.

14 I have not previously testified before the California Public Utilities Commission.

ATTACHMENT A

DECLARATION OF BRENDA HUA

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

**DECLARATION
OF BRENDA HUA**

A.23-05-013

**Updated Application of San Diego Gas & Electric Company (U 902-E)
for Approval of Its 2024 Electric Procurement Revenue Requirement Forecasts and GHG-
Related Forecasts**

I, Brenda Hua, declare as follows:

1. I am the Principal Accountant for San Diego Gas & Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s Updated Application for Approval of its 2024 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (“Application”). Additionally, as a Principal Accountant, 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 Testimony and 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 adopted in D.08-04-023, 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 Protected 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 Code¹. As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Table 1 of testimony named “ERRA Revenue Requirement”	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for three years.
	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Yellow highlighted amount in Section III, fourth paragraph of testimony - CTC market proxy price	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
Amounts highlighted in yellow in Table 3 of testimony named “LG Revenue Requirement”	II.B.1	Generation Cost Forecasts of Utility Retained Generation, confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.

¹ 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-D. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Section VII and Table 5 of testimony named “TMNBCA Revenue Requirement”	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Amounts highlighted in yellow in Table 8 of testimony named “PABA Revenue Requirement”	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Amounts highlighted in yellow in Table 9 of testimony named “MCAMBA Revenue Requirement”	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	LSE Total Energy Forecast; confidential for the front 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. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

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 13th day of October, 2023, at San Diego, California.

/s/ *Brenda Hua*
Brenda Hua
Principal Accountant
San Diego Gas & Electric Company

ATTACHMENT B

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

I, Aaron Franz, do declare as follows:

1. I am the Manager of the Settlements & Systems department for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Adam Pierce, Vice President of Energy Procurement & Rates. I have reviewed Brenda Hua’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s Updated “Application for Approval of its 2024 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.”) 14-10-003, 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 13th day of October, 2023, at San Diego.

Aaron Franz

Aaron Franz
Manager, Settlements & Systems

ATTACHMENT A

SDG&E Request for Confidentiality on the following information in its Updated Application for Approval of Its 2024 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts

Location of Protected Information	Legal Authority	Narrative Justification
Table 1, line 9: Direct GHG Costs	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g). California Code of Regulations, Title 17, Section 95914(c)(1)	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E’s forecasted GHG obligation, thereby compromising SDG&E’s contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E’s customers.
Table 3, line 4: Local Generation GHG	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g). California Code of Regulations, Title 17, Section 95914(c)(1)	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E’s forecasted GHG obligation, thereby compromising SDG&E’s contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E’s customers.

<p>Table 8, line 4: GHG Costs</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). California Code of Regulations, Title 17, Section 95914(c)(1)</p>	<p>GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E's forecasted GHG obligation, thereby compromising SDG&E's contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E's customers.</p>
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