

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



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Application of San Diego Gas & Electric
Company (U 902 M) for Establishment of an
Interim Rate Relief Mechanism for its
Wildfire Mitigation Plan Costs

Application 21-07-017
(Filed July 30, 2021)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 M)
NOTICE OF EX PARTE COMMUNICATION**

Edith Moreno
Regulatory Affairs Strategy Manager
San Diego Gas & Electric Company (SDG&E)
601 Van Ness Avenue, Suite 2090
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Dated: April 14, 2022

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OF THE STATE OF CALIFORNIA**

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Pursuant to Rule 8.4 of the California Public Utilities Commission’s (CPUC) Rules of Practice and Procedure, **SAN DIEGO GAS & ELECTRIC COMPANY (“SDG&E”)** (**U 902 M**) hereby gives notice of the ex parte communication that discussed the above captioned proceeding.

DATES AND TIMES OF THE ORAL COMMUNICATION:

Meetings lasted approximately 25-30 minutes.

- Monday, April 11, 2022 at 9:30 a.m. (Choe)
- Wednesday, April 13, 2022 @ 3:30 pm. (Reiger)

LOCATION:

- Webex Teleconference Dial-In
- Microsoft Teams meeting occurred on April 13, 2022 as Webex did not function

WHO INITIATED COMMUNICATION:

- SDG&E

NAMES AND TITLES OF SCHEDULED NON-CPUC PARTICIPANTS:

From SDG&E —

- Bruce Folkmann, President and CFO
- Jamie York, Director of GRC & Revenue Requirements
- Jonathan Woldemariam, Director of Wildfire Mitigation and Vegetation Management (4/11 only)
- Edith Moreno, Strategy Manager of Regulatory Affairs

NAMES AND TITLES OF SCHEDULED CPUC PARTICIPANTS:

- Candace Choe, Advisor to Commissioner Darcie Houck (4/11)
- Jason Reiger, Interim Legal and Policy Advisor to President Alice Reynolds (4/13)

BRIEF SUMMARY DESCRIPTION OF ORAL COMMUNICATION:

Both discussions were substantially similar in nature and SDG&E walked through the slides included in Attachment A.

SDG&E summarized the original Application request to amortize 50% of the recorded balances in the Wildfire Mitigation Plan Memorandum Accounts (WMPMA) from 2019-2023. SDG&E expressed concern with the direction the ALJ took in the proposed decision (PD) as testimony was not rebutted and the PD did not align with the Commission's past precedent for interim rate relief mechanisms. For example, (1) a similar mechanism for SDG&E's and SoCalGas's Pipeline Safety Enhancement Plan (PSEP) was approved, and (2) PG&E was authorized interim recovery of a dollar amount that represented 55% of incremental wildfire-related regulatory accounts. SDG&E communicated concerns with the incorrect findings the PD makes regarding utility financial health and explained the different factors that impact Moody's credit rating (including the regulatory environment) as well as how accumulation of undercollected balances could expose SDG&E to additional financial risk.

SDG&E stressed that having a financially healthy utility is also a benefit to ratepayers. SDG&E further explained the differences between the recovery timeframes as proposed by

SDG&E's Application and that described in the PD. SDG&E's interim recovery proposal stretches out recovery in smaller increments and will alleviate rate pressure in the future by putting a portion of wildfire mitigation costs into rates sooner. SDG&E estimates that ratepayers would save approximately \$40 million in interest expense if recovery is delayed consistent with the PD. As an alternative to the PD, SDG&E requested that the Commission consider TURN's alternative proposal as provided in briefs.

WRITTEN DOCUMENTS PROVIDED:

- Yes, and filed with this notice as Attachment A.

Dated on the 14th day of April 2022 at San Francisco, California.

Respectfully submitted,

By: /s/ Edith Moreno

Edith Moreno

Edith Moreno
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San Diego Gas & Electric Company (SDG&E)
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San Francisco, CA 94102
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E-mail: emoreno5@semprautilities.com

Dated: April 14, 2022

cc: PresidentReynoldsExparte@cpuc.ca.gov
Houck.Exparte@cpuc.ca.gov
Niljun Atamturk, ALJ
All Parties on Service List A. 21-07-017

Attachment A



Proposed Decision on Wildfire Interim Mechanism Application (A.21-07-017) Ex-Parte Meeting



Summary of Request

- SDG&E requests approval of an interim recovery mechanism for wildfire mitigation balances recorded in the Wildfire Mitigation Plan Memorandum Accounts (WMPMA) from 2019 – 2023.
- SDG&E proposes to amortize 50% of the recorded balances, subject to refund, after a reasonableness review.

Wildfire Mitigation Forecasted Revenue Requirement
(In Millions)

	2019	2020	2021	2022 ⁸	2023 ⁹	Total
CPUC WMP Revenue Requirement (excluding TTBA)	\$44.4	\$140.6	\$224.0	\$307.4	\$356.6	\$1,073.0
WMP GRC Revenue Requirement	(\$23.6)	(\$68.5)	(\$76.4)	(\$82.4)	(\$88.4)	(\$339.3)
Incremental WMP Revenue Requirement	\$20.8	\$72.1	\$147.6	\$225.0	\$268.2	\$733.7

Source: SDG&E Prepared Direct Testimony of Casey Butler (Cash Flow Impacts) (July 30, 2021) at CB-5

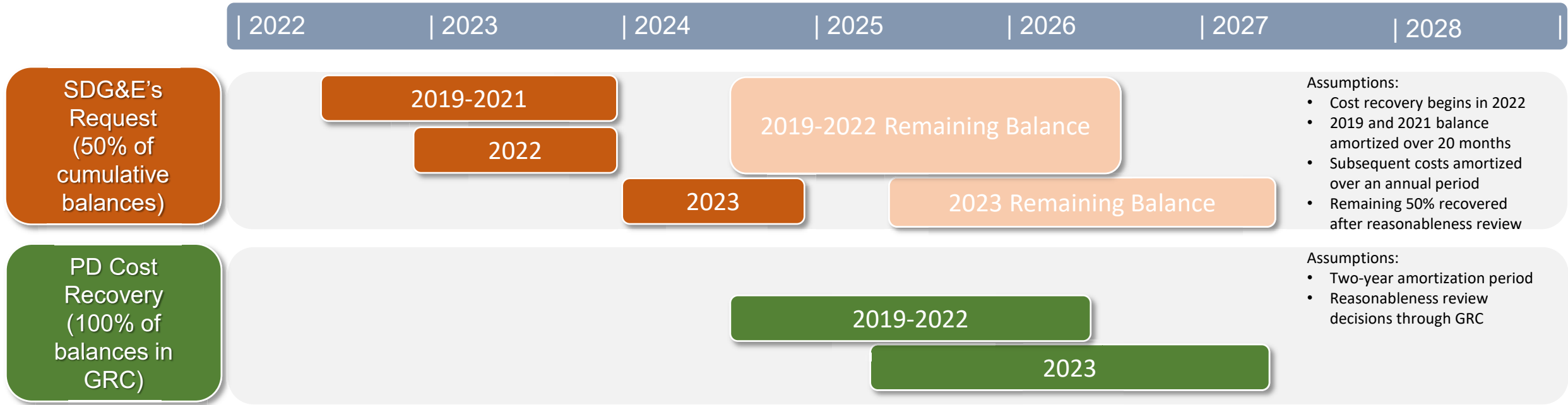
Increase of Uncollected Balances Puts SDG&E and Ratepayers at Risk

Current Credit Ratings:

Moody's	S&P	Fitch
A3	BBB+	BBB+

- SDG&E remains reduced by at least two notches by all three credit rating agencies since the 2017 and 2018 wildfires
- Regulatory environment is 50% of overall credit rating, including regulatory confidence in cost recovery of wildfire balances
- Accumulation of undercollected balances exposes SDG&E to additional financial risk due to adverse credit consequences
- Credit downgrade of SDG&E's ratings is possible upon:
 - Deterioration in the FFO/Debt credit metric to below 20% for a sustained period of time
 - Deterioration in regulatory support
- SDG&E's ability to access capital markets at low rates could be impacted, which would further increase costs to ratepayers

The PD Results in Additional Costs to Ratepayers



If the PD is adopted, SDG&E estimates ratepayers will pay approximately \$40 million in additional costs.

Questions?