

Application of SAN DIEGO GAS & ELECTRIC)
COMPANY for authority to update its gas and)
electric revenue requirement and base rates)
effective January 1, 2008 (U 902 M).)

Application No. 06-12-009
Exhibit No.: (SDG&E-219)

REBUTTAL TESTIMONY
OF DANIEL S. BAERMAN
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

JULY 20, 2007

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1 **REBUTTAL TESTIMONY**
2 **OF DANIEL S. BAERMAN**
3 **ON BEHALF OF SDG&E**

4 **I. INTRODUCTION**

5 The following rebuttal testimony addresses the intervenor testimony from the
6 following parties:

- 7 • Division of Ratepayer Advocates (DRA)
- 8 • Utility Consumers' Action Network (UCAN)

9
10 **II. REBUTTAL TO DRA**

11 **1. Electric Generation O&M Expenditures**

12 DRA accepts San Diego Gas & Electric Company's (SDG&E) forecasted electric
13 generation O&M expense estimate of \$17.5 million for 2008. (Exhibit DRA-5, page 5-1)

14
15 Rebuttal:

16 SDG&E acknowledges DRA's acceptance of the O&M forecast for 2008.
17 However, DRA is using pre-errata numbers in its proposal. The forecast was updated in
18 the April 2007 errata testimony (Exhibit No. SDG&E-2-E, SDGE Doc. #198710, page
19 DSB-1) from \$17.5 million to \$17.7 million. SDG&E presumes DRA's use of the pre-
20 errata numbers was an oversight and that DRA would have, but for the oversight,
21 accepted the corrected amount of \$17.7 million. SDG&E intends to further address this
22 issue at hearing.

23
24 **2. Electric Generation Capital Expenditures**

25 DRA recommends electric generation capital expenditures of \$469.1 million in
26 2006, \$11.0 million in 2007, and \$1.9 million in 2008, a reduction from SDG&E's
27 requested \$483.0, \$6.5 and \$1.9 million, respectively. (Exhibit DRA-5, page 5-1) This
28 recommendation is based on the 2006 actual capital expenditures, and a shift of the
29 Palomar chiller addition from 2006 to 2007.

30
31 Rebuttal:

1 SDG&E disagrees with DRA’s recommendations for electric generation capital
2 expenditures because DRA uses 2006 recorded data in reaching its conclusions. SDG&E
3 believes that DRA’s approach is unfair because the Commission’s Rate Case Plan
4 explicitly denies applicants the opportunity to update its case but for very limited reasons,
5 thus DRA should likewise not be allowed to introduce new data. Allowing DRA to
6 introduce 2006 results into the case while denying SDG&E the same opportunity to
7 present an update of changed circumstances all but ensures data “cherry picking” by
8 DRA and results in a one sided, inaccurate presentation to the Commission.

9
10 **III. REBUTTAL TO UCAN**

11 **1. Electric Generation Expenditures in Account 546**

12 UCAN recommends a reduction of \$242,000 in Account 546. This
13 recommendation is based on the response SDG&E provided to UCAN DR 26-03.
14 (Testimony of William Marcus, on behalf of UCAN, page 10)

15
16 Rebuttal:

17 UCAN DR 26-03 specifically asked SDG&E to “divide actual 2006 costs,
18 forecast 2006 costs, and actual 2008 costs between **Ramco** and **Palomar**”. Account 546
19 also includes costs for the operational oversight of SONGS. SONGS was not included in
20 UCAN DR 26-03 and therefore the \$242,000 for the operational oversight of SONGS
21 was not included in the analysis presented in response to the request. For this reason,
22 SDG&E believes UCAN misunderstood the underlying accounting and thus the total for
23 Account 546 should remain intact and that the overall Electric Generation O&M amount
24 of \$17.7 million should remain unchanged.

25 This concludes my rebuttal testimony.