

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Citizens Sycamore-Penasquitos) Docket No. ER23-____-000
Transmission LLC)**

PREPARED DIRECT TESTIMONY OF DAVID T. HELSBY

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is David T. Helsby. My business address is 7660 North Mercer
4 Way #103, Mercer Island, Washington 98040. I am an independent
5 consultant.

6

7 Q. MR. HELSBY, WOULD YOU PLEASE SUMMARIZE YOUR
8 PROFESSIONAL EXPERIENCE.

9 A. I have over 40 years of experience in utility engineering, planning,
10 operations, rate and financial analysis, and regulation. Since 1970, I have
11 been involved in work relating to various public utility matters, including
12 the preparation and presentation of planning studies, economic analyses,
13 and rate studies. I have worked extensively in matters involving utility
14 rates and tariffs and have testified as an expert witness on electric and
15 natural gas rates and other utility matters before federal and state regulatory
16 agencies, city councils, and courts of law. I am currently an independent
17 consultant. From 1974 through 1999, I was a consultant with R. W. Beck,

1 Inc., a nationally recognized firm serving clients throughout the United
2 States and abroad as engineers and consultants, principally in energy and
3 utility matters. From 1970 to 1974, I worked for the Pacific Gas & Electric
4 Company as a planning engineer involved in planning and design of
5 electric transmission and distribution facilities. Prior to that, I was an
6 officer in the U.S. Navy Civil Engineer Corps, specializing in utility
7 matters.

8
9 Q. PLEASE GIVE US A FEW EXAMPLES OF YOUR WORK IN THE
10 UTILITY RATE AND TARIFF AREA.

11 A. I have worked extensively analyzing rates and tariffs for utility services. I
12 have prepared and analyzed utility contracts and the terms and conditions of
13 service contained in those contracts. I have prepared cost-of-service studies
14 and analyzed and designed utility rates for clients. I have also analyzed the
15 components of cost-of-service studies including expenses, rate base and
16 rate of return, and studied and developed cost allocation procedures and
17 rate design techniques in proceedings before regulatory agencies and courts
18 involving electric and natural gas utilities.

19
20 Q. HAVE YOU TESTIFIED AS AN EXPERT WITNESS REGARDING
21 UTILITY RATES AND TARIFFS AND OTHER UTILITY MATTERS?

22 A. Yes, I have testified as an expert witness over one hundred times before
23 federal and state regulatory agencies, city councils, and courts of law.

24
25 Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL
26 BACKGROUND.

1 A. I earned a Bachelor of Science degree in Electrical Engineering from
2 Washington State University in 1967. I am registered to practice as a
3 Professional Engineer in California and Washington.

4
5 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

6 A. I am testifying on behalf of Citizens Sycamore-Penasquitos Transmission,
7 LLC (“Citizens Sycamore” or “CSPT”)

8
9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. The purpose of my testimony in this filing is to explain and support
11 Citizens Sycamore’s operating cost true-up to be effective January 1, 2023,
12 in accordance with the CSPT Transmission Owner Tariff (“TO Tariff”),
13 Appendix III.

14
15 **II. BACKGROUND**

16 Q. PLEASE EXPLAIN THE CSPT TO TARIFF AND WHEN IT BECAME
17 EFFECTIVE.

18 A. On September 23, 2019, the Transfer Capability Lease Agreement between
19 Citizens Sycamore and SDG&E was closed which effectuated the Citizens
20 Sycamore transfer capability entitlement in the Sycamore-Penasquitos
21 Transmission Project. Thus, the effective date of turnover of operational
22 control to the CAISO was September 23, 2019. The Commission, in
23 Docket ER19-1442, accepted the CSPT TO Tariff, including Appendix III
24 which contains the CSPT Transmission Revenue Requirement (“TRR”) and
25 the formulaic terms of the tariff (Order dated August 30, 2018). On
26 September 23, 2019, Citizens Sycamore filed its compliance filing required

1 by the August 30, 2018 Order in ER18-1442. The effective date is
2 September 23, 2019.

3
4 Q. WHAT IS THE CSPT OPERATING COST TRUE-UP?

5 A. The operating cost true-up is specified in the Citizens Sycamore TO Tariff,
6 Appendix III. A proposed revised version of Appendix III to be effective
7 January 1, 2023 is included in this filing as Attachment A. A redline
8 version, marked against the Appendix III effective January 1, 2022, is
9 included as Attachment B. The true-up procedure is specified in
10 paragraphs four through eight of Appendix III, as follows:

11
12 4. The costs included in the Transmission Operating Cost Revenue
13 Requirement associated with Citizens Sycamore's share of the Sycamore to
14 Penasquitos Project are those directly attributable to Citizens Sycamore's
15 Transfer Capability on the Project. The costs are in two parts; (1) those
16 costs billed to Citizens Sycamore by SDG&E, the operator of the Project,
17 and (2) those costs incurred directly by Citizens Sycamore in managing and
18 administering its Transfer Capability. The Transmission Operating Cost
19 Revenue Requirement is the sum of those two parts, and is established each
20 year as described in paragraphs 5, 6, 7 and 8 below.

21
22 5. The costs billed to Citizens Sycamore by SDG&E are those billed pursuant
23 to the Transfer Capability Lease. The costs included in this Transmission
24 Operating Cost Revenue Requirement are those costs specified under the
25 provisions of Appendix XII to the SDG&E Transmission Owner Tariff.

26

1 6. Pursuant to Appendix XII, SDG&E will submit to FERC on or before
2 October 31 of each year an informational filing showing the Citizens
3 Sycamore Rate in effect for the period January 1 through December 31 of
4 the subsequent year. Citizens Sycamore shall include in the Transmission
5 Operating Cost Revenue Requirement effective January 1 each year the
6 Citizens Sycamore Rate amount specified in the SDG&E informational
7 filing each year. Appendix XII to the SDG&E Transmission Owner Tariff
8 provides that SDG&E shall bear the burden of demonstrating the justness
9 and reasonableness of the implementation of its appendix XII formula.
10 Therefore, Citizens Sycamore shall not bear the burden of demonstrating
11 that such portion of its costs and expenditures included for recovery that
12 were specified in Appendix XII to the SDG&E Transmission Owner Tariff
13 are just and reasonable. However, Citizens Sycamore will adjust its
14 Transmission Operating Cost Revenue Requirement to reflect any required
15 changes to the Citizens Sycamore Rate pursuant to a FERC Order and
16 revised billing by SDG&E. The initial Citizens Sycamore Rate for the
17 period through December 31, 2019 is \$799,000 per year as specified in the
18 SDG&E filing in FERC Docket ER19-1513-000. The amount shall be
19 extrapolated as necessary to be properly reflected in an annual
20 Transmission Revenue Requirement calculation.

21
22 7. The costs incurred directly by Citizens Sycamore in managing and
23 administering its Transfer Capability are those recorded by Citizens
24 Sycamore in FERC accounts 561.4, 923, 924, 925, 928, and 930.2.
25 Citizens Sycamore shall include in the Transmission Operating Cost
26 Revenue Requirement effective January 1 each year the sum of the amounts

1 recorded in the above FERC accounts for the second calendar year prior to
2 the January 1 effective date, plus or minus a true-up adjustment equal to the
3 difference between the total amount recorded in the above FERC accounts
4 for the calendar year (or part thereof for the initial period) and the amount
5 recovered through the Transmission Operating Cost Revenue Requirement
6 for that calendar year (or part thereof for the initial period). Interest will be
7 calculated on the true-up adjustment in accordance with FERC Regulation
8 35.19(a) for each month of the period January through December (or part
9 thereof for the initial period), and such interest will be fully amortized over
10 the twelve month period commencing in January. The initial amount of
11 costs incurred directly by Citizens Sycamore in managing and
12 administering its Transfer Capability is estimated and shall be \$185,210 per
13 year for the period through December 31, 2019. The amount shall be
14 extrapolated as necessary to be properly reflected in an annual
15 Transmission Revenue Requirement calculation.

- 16
- 17 8. Citizens Sycamore shall submit to FERC on or before October 31 of each
18 year an Informational Filing showing Citizens Sycamore's Operating Cost
19 Revenue Requirement to be in effect for the Period January 1 through
20 December 31 of the subsequent year (the "Informational Filing"). The
21 Informational Filing shall not subject the Formula set forth in this
22 Appendix III to modification. The Informational Filing shall only be
23 contestable with respect to the prudence of the Citizens Sycamore's costs
24 and expenditures included for recovery, the accuracy of the data and the
25 consistency with the Formula of the changes in data shown in the
26 Informational Filing. In the event of a challenge to any of the costs

1 reflected in the Transmission Operating Cost Revenue Requirement derived
2 under this Appendix III, Citizens Sycamore shall, except with respect to the
3 SDG&E costs and expenditures as provided in Appendix XII to the
4 SDG&E Transmission Owner Tariff, bear the burden of demonstrating that
5 such costs and expenditures included for recovery were prudently incurred,
6 accurate and consistent with the Formula. Any revisions to the
7 Transmission Revenue Requirement resulting from a FERC Order will be
8 provided to the CAISO for its use in the calculation of the refunds due
9 under the Transmission Access Charge methodology in accordance with the
10 CAISO Tariff.

11
12 As described above, the true-up mechanism essentially true up the
13 operating cost component of the TRR to reflect the actual operating costs of
14 the historical year. The tariff specifies that the new TRR is to be effective
15 on January 1 of each year.

16
17 **III. CALCULATION OF THE OPERATING COST TRUE-UP**
18 **ADJUSTMENT**

19 Q. PLEASE DESCRIBE THE CALCULATION OF OPERATING COST
20 TRUE-UP ADJUSTMENT.

21 A. The calculation of the operating cost true-up adjustment to be effective on
22 January 1, 2023 is shown on Exhibit CSP-2 and Exhibit CSP-3 attached to
23 this testimony. Exhibit CSP-2 shows the calculations, while Exhibit CSP-3
24 shows the operating cost data by FERC account upon which the
25 calculations are based. Referring to Exhibit CSP-2, line 1 shows the annual
26 operating cost revenue requirement for 2021, exclusive of the revenue
27 requirement for operating costs billed to CSPT by SDG&E and the prior

1 year true-up adjustment. Thus, the line 1 operating cost revenue
2 requirement is for those costs incurred directly by CSPT, as opposed to
3 operating costs billed by SDG&E to CSPT for operation and maintenance
4 of the project, which are discussed below. Lines 2-5 show the calculation
5 of the true-up adjustment applicable to CSPT directly incurred operating
6 costs, exclusive of operating costs billed by SDG&E.

7
8 Q. PLEASE EXPLAIN THE OPERATING COSTS BILLED TO CSPT BY
9 SDG&E.

10 A. Pursuant to Appendix XII to the SDG&E Transmission Owner Tariff, as
11 accepted by the Commission in Docket ER19-1513, SDG&E bills CSPT
12 for the CSPT share of operating costs. The SDG&E Appendix XII contains
13 a formula by which the net operating costs billed by SDG&E to CSPT are
14 trued-up to actual costs each year effective January 1 of each year. The net
15 amount for the SDG&E operating costs attributable to CSPT to be effective
16 on January 1, 2023 is \$891,384. A full explanation and support for the
17 SDG&E net operating cost billing amount is contained in the SDG&E
18 filing pursuant to the SDG&E TO Tariff Appendix XII formula, made
19 approximately concurrent with this CSPT filing.

20
21 Q. WHAT IS THE CSPT OPERATING COST TRR TO BE EFFECTIVE
22 January 1, 2023?

23 A. The CSPT Operating Cost TRR to be effective January 1, 2023 is
24 \$1,108,316 as shown on line 10 of Exhibit CSP-2 as the sum of the
25 operating costs (excluding the SDG&E billed operating costs) and the net
26 operating costs billed to CSPT by SDG&E. That amount is also shown in
27 paragraph 2 of Appendix III to the CSPT TO Tariff, which is Attachment A
28 in this filing in clean version, and Attachment B in redline version.

1

2 Q. WHAT IS THE CSPT BASE TRR TO BE EFFECTIVE JANUARY 1,
3 2023?

4 A. Referring to Exhibit CSP-2, the Base TRR to be effective January 1, 2023
5 is the sum of the Operating Cost TRR shown on line 10 and the Capital
6 Cost TRR shown on line 11. The Base TRR is shown on line 12 as
7 \$3,966,009. That amount is also shown in paragraph 1 to Appendix III to
8 the CSPT TO Tariff, which is Attachment A in this filing in clean version,
9 and Attachment B in redline version.

10

11 Q. WHAT IS THE CSPT TRR TO BE EFFECTIVE JANUARY 1, 2023?

12 A. The CSPT TRR is the CSPT Base TRR plus the Transmission Revenue
13 Balancing Account Adjustment (“TRBAA”). Referring to Exhibit CSP-2,
14 line 13 shows the TRBAA to be effective January 1, 2023 pursuant to the
15 CSPT filing on October 14, 2022 in Docket ER23-84-001. Line 14 shows
16 the TRR to be effective January 1, 2023 as \$3,744,611. That amount is also
17 shown in paragraph 1 to Appendix III to the CSPT TO Tariff, which is
18 Attachment A in this filing in clean version, and Attachment B in redline
19 version (Redline version is marked against the Appendix III as filed in
20 Docket ER23-84-001). The TRR in effect prior to this filing, including the
21 TRBAA to be effective January 1, 2023, is \$3,870,681 as shown in
22 Attachment B. Thus, the result of this filing is to decrease the CSPT TRR
23 effective January 1, 2023 by \$126,070, or 3.3%.

24

25 Q. ARE THE CALCULATIONS YOU HAVE DESCRIBED PREPARED IN
26 ACCORDANCE WITH THE PROVISIONS OF THE FORMULA
27 CONTAINED IN APPENDIX III TO THE CSPT TO TARIFF?

28 A. Yes, they are.

1

2 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

3 A. Yes, it does.

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Verification of Direct Testimony

Pursuant to 18 C.F.R. § 385.2005(b)(3), I verify under penalty of perjury that the foregoing Prepared Direct Testimony is true and correct to the best of my knowledge, information and belief.

By : /s/ David T. Helsby
David T. Helsby