

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

Citizens Sunrise Transmission LLC) Docket No. ER23-____-000

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 50 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,
18 Inc., a nationally recognized firm serving clients throughout the United
19 States and abroad as engineers and consultants, principally in energy and

1 utility matters. From 1970 to 1974, I worked for the Pacific Gas & Electric
2 Company as a planning engineer involved in planning and design of
3 electric transmission and distribution facilities. Prior to that, I was an
4 officer in the U.S. Navy Civil Engineer Corps, specializing in utility
5 matters.

6
7 Q. PLEASE GIVE US A FEW EXAMPLES OF YOUR WORK IN THE
8 UTILITY RATE AND TARIFF AREA.

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

17
18 Q. HAVE YOU TESTIFIED AS AN EXPERT WITNESS REGARDING
19 UTILITY RATES AND TARIFFS AND OTHER UTILITY MATTERS?

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

22
23 Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL
24 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 Sunrise Transmission, LLC (“Citizens
7 Sunrise Transmission” or “CST”)

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 Sunrise Transmission’s operating cost true-up to be effective
12 January 1, 2023, in accordance with the CST Transmission Owner Tariff
13 (“TO Tariff”), Appendix III.

14
15 **II. BACKGROUND**

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

18 A. On July 3, 2012, the Transfer Capability Lease Agreement between
19 Citizens Sunrise Transmission and SDG&E was closed which effectuated
20 the Citizens Sunrise transfer capability entitlement in the Border East Line
21 of the Sunrise Powerlink Project. For the Citizens Sunrise transfer
22 capability entitlement in the Border East Line, the effective date of
23 commercial operation and turnover of operational control to the CAISO
24 was July 3, 2012. The Commission, in Docket ER12-686-001, accepted the
25 CST TO Tariff, including Appendix III which contained the CST
26 Transmission Revenue Requirement (“TRR”) and the formulaic terms of

1 the tariff, effective July 3, 2013 (Letter Order dated October 26, 2012). In a
2 Letter Order December 23, 2020 in Docket ER21-220-000, the
3 Commission accepted, effective January 1, 2021, tariff revisions that
4 effectuated a change in the rate year from one beginning June 1 each year
5 to one beginning January 1 each year and also revised Appendix III to
6 incorporate new Formula Rate Protocols.

7
8 Q. WHAT IS THE CST OPERATING COST TRUE-UP?

9 A. The operating cost true-up is specified in the Citizens Sunrise Transmission
10 TO Tariff, Appendix III. The true-up procedure is specified in paragraphs
11 four through eight of Appendix III, as follows:

- 12
13 4. The costs included in the Transmission Operating Cost Revenue
14 Requirement associated with Citizens Sunrise Transmission's share
15 of the Sunrise Powerlink Project are those directly attributable to
16 Citizens Sunrise Transmission's Transfer Capability on the Project,
17 as recorded in FERC accounts 560-573, and 920-935 under the
18 FERC Uniform System of Accounts. The costs are in two parts; (1)
19 those costs billed to Citizens Sunrise Transmission by SDG&E, the
20 operator of the Project, and (2) those costs incurred directly by
21 Citizens Sunrise Transmission in managing and administering its
22 Transfer Capability. The Transmission Operating Cost Revenue
23 Requirement is the sum of those two parts, and is established each
24 year as described in paragraphs 5, 6, 7 and 8 below.
25
26 5. The costs billed to Citizens Sunrise Transmission by SDG&E are
27 those billed pursuant to the Transfer Capability Lease. The costs
28 included in this Transmission Operating Cost Revenue Requirement
29 are those costs specified under the provisions of Appendix X to the
30 SDG&E Transmission Owner Tariff.
31
32 6. Pursuant to Appendix X, SDG&E will submit to FERC on or before
33 October 31 of each year an informational filing showing the Citizens
34 Border East Line Rate in effect for the period January 1 through
35 December 31 of the subsequent year. Citizens Sunrise Transmission

1 shall include in the Transmission Operating Cost Revenue
2 Requirement effective January 1 each year the Citizens Border East
3 Line Rate amount specified in the SDG&E informational filing each
4 year. Appendix X to the SDG&E Transmission Owner Tariff states
5 that in the event of a challenge to any of the costs reflected in rates
6 derived in Appendix X, SDG&E shall bear the burden of
7 demonstrating that such costs and expenditures included for
8 recovery were prudently incurred, accurate and consistent with the
9 formula. Therefore, Citizens Sunrise Transmission shall not bear the
10 burden of demonstrating that such portion of its costs and
11 expenditures included for recovery that were specified in Appendix
12 X to the SDG&E Transmission Owner Tariff were prudently
13 incurred, accurate and consistent with the formula. However,
14 Citizens Sunrise Transmission will adjust its Transmission
15 Operating Cost Revenue Requirement to reflect any required
16 changes to the Citizens Border East Line Rate pursuant to a FERC
17 Order and revised billing by SDG&E. The initial Citizens Border
18 East Line Rate for the period through May 31, 2013 is \$2,627,000 as
19 specified in the SDG&E filing in FERC Docket ER12-1417-000.
20

- 21 7. The costs incurred directly by Citizens Sunrise Transmission in
22 managing and administering its Transfer Capability are those
23 recorded by Citizens Sunrise Transmission in FERC accounts 561.4,
24 923, 924, 925, 928, and 930.2. Citizens Sunrise Transmission shall
25 include in the Transmission Operating Cost Revenue Requirement
26 effective January 1 each year the sum of the amounts recorded in the
27 above FERC accounts for the second calendar year prior to the
28 January 1 effective date, plus or minus a true-up adjustment equal to
29 the difference between the total amount recorded in the above FERC
30 accounts for the calendar year and the amount recovered through the
31 Transmission Operating Cost Revenue Requirement for that calendar
32 year. Interest will be calculated on the true-up adjustment in
33 accordance with FERC Regulation 35.19(a) for the period January
34 through December of the year immediately prior to the January 1
35 effective date, and such interest will be fully amortized over the
36 twelve month period commencing January 1. The initial amount of
37 costs incurred directly by Citizens Sunrise Transmission in
38 managing and administering its Transfer Capability is estimated for
39 the period through May 31, 2013 and shall be \$772,000 for the
40 initial period through May 31, 2013.
41

1 8. Citizens Sunrise Transmission shall submit to FERC on or before
2 October 31 of each year an Informational Filing showing Citizens
3 Sunrise Transmission's Transmission Operating Cost Revenue
4 Requirement to be in effect for the Period January 1 through
5 December 31 of the subsequent year (the "Informational Filing").
6 The Informational Filing shall not subject the Formula set forth in
7 this Appendix III to modification. The Informational Filing shall
8 only be contestable with respect to the prudence of the Citizens
9 Sunrise Transmission costs and expenditures included for recovery,
10 the accuracy of the data and the consistency with the Formula of the
11 changes in data shown in the Informational Filing. In the event of a
12 challenge to any of the costs reflected in the Transmission Operating
13 Cost Revenue Requirement derived under this Appendix III, Citizens
14 Sunrise Transmission shall, except with respect to the SDG&E costs
15 and expenditures as provided in Appendix X to the SDG&E
16 Transmission Owner Tariff, bear the burden of demonstrating that
17 such costs and expenditures included for recovery were prudently
18 incurred, accurate and consistent with the Formula. Any revisions to
19 the Transmission Revenue Requirement resulting from a FERC
20 Order will be provided to the CAISO for its use in the calculation of
21 the refunds due under the Transmission Access Charge methodology
22 in accordance with the CAISO Tariff.

23
24 As described above, the true-up mechanism essentially trues up the
25 operating cost component of the TRR to reflect the actual operating costs of
26 the second prior calendar year. The tariff specifies that the new TRR is to
27 be effective on January 1 of each year.

28
29 **III. CALCULATION OF THE OPERATING COST TRUE-UP**
30 **ADJUSTMENT**

31 Q. PLEASE DESCRIBE THE CALCULATION OF OPERATING COST
32 TRUE-UP ADJUSTMENT.

33 A. The calculation of the operating cost true-up adjustment to be effective on
34 January 1, 2023 is shown on Exhibit CST-2 and Exhibit CST-3 attached to
35 this testimony. Exhibit CST-2 shows the calculations, while Exhibit CST-3
36 shows the actual operating cost data by FERC account upon which the

1 calculations are based. Referring to Exhibit CST-2, line 1 shows the annual
2 operating cost revenue requirement in effect for the calendar year 2021,
3 exclusive of the revenue requirement for operating costs billed to CST by
4 SDG&E and the prior year true-up adjustment. Thus, the line 1 operating
5 cost revenue requirement is for those costs incurred directly by CST, as
6 opposed to operating costs billed by SDG&E to CST for operation and
7 maintenance of the project, which will be discussed later. Line 2 shows the
8 actual costs for the calendar year 2021, as shown by FERC account on
9 Exhibit CST-3. Line 3 of Exhibit CST-2 is the difference between the
10 operating cost revenue requirement for calendar year 2021 and the actual
11 operating costs for calendar year 2021. Line 4 shows the interest for the
12 period January through December 2022, in accordance with the formula in
13 Appendix III. The interest is calculated in accordance with FERC
14 regulations, as specified in Appendix III. Line 5 shows the true-up
15 adjustment of \$34,480 including the interest component. That amount is
16 amortized by including it in the annualized operating costs to be in effect
17 for the period January 1, 2023 through December 31, 2023.

18
19 Q. HOW IS THE TRUE-UP ADJUSTMENT AMOUNT INCLUDED IN
20 THE OPERATING COSTS?

21 A. Referring to Exhibit CST-2, line 6 shows the actual operating costs for the
22 calendar year 2021. That amount is used as the estimate for the calendar
23 year 2023, in accordance with the Appendix III formula. Line 7 shows the
24 true-up adjustment amount and line 8, which is the sum of lines 6 and 7,
25 shows the annual operating cost to be effective January 1, 2023.

26
27 Q. PLEASE EXPLAIN THE OPERATING COSTS BILLED TO CST BY
28 SDG&E.

1 A. Pursuant to Appendix X to the SDG&E Transmission Owner Tariff,
2 SDG&E bills CST for the CST share of net operating costs of the Sunrise
3 Powerlink project. The SDG&E Appendix X contains a formula by which
4 the net operating costs billed by SDG&E to CST are trued-up to actual
5 costs each year effective January 1 of each year. The net amount for the
6 SDG&E operating costs attributable to CST to be effective on January 1,
7 2023 is \$4,118,520. A full explanation and support for the SDG&E net
8 operating cost billing amount is contained in the SDG&E filing made
9 approximately concurrent with this CST filing.

10

11 Q. WHAT IS THE CST OPERATING COST TRR TO BE EFFECTIVE
12 JANUARY 1, 2023?

13 A. The CST Operating Cost TRR to be effective January 1, 2023 is \$5,190,294
14 as shown on line 10 of Exhibit CST-2 as the sum of the operating costs
15 (excluding the SDG&E billed operating costs) and the net operating costs
16 billed to CST by SDG&E. That amount is also shown in paragraph 2 of
17 Appendix III to the CST TO Tariff, which is Attachment A in this filing in
18 clean version, and Attachment B in redline version.

19

20 Q. WHAT IS THE CST BASE TRR TO BE EFFECTIVE JANUARY 1,
21 2023?

22 A. Referring to Exhibit CST-2, the Base TRR to be effective January 1, 2023
23 is the sum of the Operating Cost TRR shown on line 10 and the Capital
24 Cost TRR shown on line 11. The Base TRR is shown on line 12 as
25 \$15,018,649. That amount is also shown in paragraph 1 to Appendix III to
26 the CST TO Tariff, which is Attachment A in this filing in clean version,
27 and Attachment B in redline version.

28

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

2 A. The CST TRR is the CST Base TRR plus the Transmission Revenue
3 Balancing Account Adjustment (“TRBAA”). On October 13, 2022, CST
4 filed with FERC in Docket ER23-82-000 an update to the CST TRBAA to
5 be effective January 1, 2023, which is shown on Exhibit CST-2 at line 13.
6 Line 14 shows the TRR to be effective January 1, 2023 as \$14,284,795.
7 That amount is also shown in paragraph 1 to Appendix III to the CST TO
8 Tariff, which is Attachment A in this filing in clean version, and
9 Attachment B in redline version (Redline version is marked against the
10 Appendix III as filed in Docket ER23-82-000). The TRR in effect prior to
11 this filing, including the TRBAA to be effective January 1, 2023 is
12 \$15,176,889, as shown in Attachment B. Thus, the result of this filing is to
13 decrease the CST TRR effective January 1, 2023 by \$892,094 or 5.9%.

14

15 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

16 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