

Company: San Diego Unified Port District
Application: 17-09-005
Witness: Adam Borison
Exhibit No.: SDUPD-_____

**PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF
ADAM BORISON
ON BEHALF OF SAN DIEGO UNIFIED PORT DISTRICT**

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

APRIL 4, 2018

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1 **I. INTRODUCTION**

2 My name is Adam Borison. I am an expert in economic/engineering analysis in the power
3 industry. My experience, education and background were set forth in my Prepared Direct
4 Testimony submitted on September 26, 2017. At the time of that submission, I was a Managing
5 Director at Berkeley Research Group, LLC (“BRG”), a corporate advisory and expert testimony
6 firm headquartered in Emeryville, California. Since then, I left BRG and joined Nathan, an
7 international economics consulting firm, as a Senior Vice President. My current business address
8 is 2479 East Bayshore Road, Suite 150, Palo Alto, California 94303.

9 **II. OVERVIEW OF TESTIMONY**

10 On March 8, 2018, a *Scoping Memo and Ruling of Assigned Commissioner Picker and*
11 *Joint Ruling with Administrative Law Judge (“ALJ”) Lau* (“Scoping Memo”) was issued, which
12 required San Diego Gas & Electric Company (“SDG&E”) to file supplemental testimony to
13 provide additional information to address the following questions:

- 14 (1) How does the Port District transfer the monthly electricity costs for its cruise ship
15 terminal account to the individual cruise ships?
- 16 (2) What are the historical monthly electricity usages and costs of the Port District’s
17 cruise ship terminal account for the past three years?
- 18 (3) What is the monthly forecasted electricity demand for the cruise ship terminal
19 account for the next five years?
- 20 (4) Compare the estimated bill impacts, with and without the requested discounts, for
21 the Port District’s cruise ship terminal account for the next five years under
22 Schedules A, AL-TOU, and A6-TOU.

23 Originally, the Scoping Memo assigned all four questions to SDG&E, however, pursuant
24 to ALJ Lau’s e-mail dated Friday, March 16, 2018, the District was assigned to answer Questions
25 1 and 3 in its supplemental testimony due on April 4, 2018. The purpose of my supplemental
26 testimony is to present the District’s response to Questions 3. Stephen Shafer of the District will
27 provide supplemental testimony containing the District’s Response to Question 1. SDG&E
28 Witness Cynthia Fang submitted testimony on March 28, 2018 responding to Questions 2 and 4.

1 **III. RESPONSE TO SCOPING MEMO QUESTION NO. 3.**

2 Scoping Memo Question No. 3 states: What is the monthly forecasted electricity demand
3 for the cruise ship terminal account for the next five years? My response on behalf of the District
4 is set forth here. In preparing this response, I have collaborated with Mr. Stephen Shafer
5 regarding information on cruise ship passenger volumes.

6 It is important to note at the outset that the District does not forecast electricity demand.
7 Instead, the District forecasts passenger volumes to help estimate future revenues and returns on
8 investments. Using a variety of assumptions, passenger volume forecasts can be translated into
9 cruise ship call forecasts, and then into electricity demand forecasts.

10 There are two significant caveats associated with these forecasts.

11 (1) First, passenger volumes result from decisions made both by cruise lines and
12 passengers. Consequently, they are inherently uncertain. The District has reasonable clarity only
13 one or two seasons ahead based on cruise ship bookings (which can be cancelled). Over five
14 years, passenger volumes are highly unpredictable. We have provided a base case or most likely
15 forecast below.

16 (2) Second, as pointed out in prior District testimony, passenger volumes are highly
17 dependent on the costs of calling in San Diego. Stated simply, demand is a strong function of
18 price. As discussed in testimony, cruise ship visits are elastic with visits declining substantially if
19 costs increase. We have provided a forecast assuming unchanged TOU-A electricity rates below.

20 Recognizing these caveats, our base case forecast with unchanged TOU-A electricity rates
21 is that passenger volumes will grow at an annualized growth rate of 10% a year over the next five
22 years from 240,000 in Fiscal Year 2018 (July 2017-June 2018) to 378,000 in Fiscal Year 2022.
23 For comparison, passenger volume was 222,000 in Fiscal Year 2017. These are fiscal year
24 forecasts, whereas the passenger volumes in testimony were for calendar years.

25 Given these passenger volumes, the District base case forecast with unchanged TOU-A
26 electricity rates for the number of cruise ship calls is:

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Fiscal Year	Number of Cruise Ship Calls
2018	86
2019	92
2020	108
2021	112
2022	118

This forecast is an input to the electricity rate impact model. As discussed above, demand is a strong function of price. With base case using unchanged TOU-A rates, our demand forecast is as shown in the table below. With higher than base case electricity rates, demand will be substantially lower. In fact, the model indicates that demand will drop to zero with the A6-TOU or AL-TOU rates. With lower than base case electricity rates, demand will be a few percentage points higher. As noted in SDG&E testimony, the model is a Monte Carlo simulation and subject to the usual sample variation.

BASE CASE ELECTRICITY DEMAND FORECAST (kWh)													
		Month											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2018	344651	222958	453167	362168	426294	2624	2624	2624	156118	817235	238561	272434
	2019	460208	224986	483141	371262	368199	2624	2624	2624	272533	811233	407125	298200
	2020	451428	240466	581613	432585	360827	2624	2624	2624	290862	844665	338512	348165
	2021	571040	291013	481559	540426	454110	2624	2624	2624	234355	974629	461625	446160
	2022	404717	309752	629259	486236	467506	2624	2624	2624	133501	1E+06	439507	349535

IV. CONCLUSION

This concludes my prepared testimony at this time.