

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U 902 E) For Authority To
Update Marginal Costs, Cost Allocation,
And Electric Rate Design.

Application: 15-04-012
Exhibit No.:

**JOINT SUPPLEMENTAL TESTIMONY ON RESIDENTIAL AND SMALL
COMMERCIAL CUSTOMER ISSUES OF CYNTHIA FANG ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY, NATHAN CHAU ON BEHALF OF
THE OFFICE OF RATEPAYER ADVOCATES, WILLIAM MONSEN ON BEHALF OF
THE CITY OF SAN DIEGO AND
ALISON M. LECHOWICZ ON BEHALF OF THE CALIFORNIA CITY-COUNTY
STREET LIGHT ASSOCIATION**

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

November 16, 2016



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7 **STREET LIGHT ASSOCIATION**

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14 **I. INTRODUCTION**

15 In their prepared testimony, San Diego Gas & Electric Company (“SDG&E”), the Office
16 of Ratepayer Advocates (“ORA”), the City of San Diego (“City of San Diego”) and the
17 California City-County Street Light Association (“CAL-SLA”) (“Joint Parties”) presented
18 conflicting proposals on various Residential and Small Commercial customer issues. After a
19 number of discussions, the Joint Parties reached a compromise that resolves their differences.
20 The Joint Parties request that the California Public Utilities Commission (“CPUC” or
21 “Commission”) approve the joint proposal set forth below.

22 **II. JOINT PROPOSAL**

A. Issues Being Addressed: SDG&E’s Residential and Small Commercial
customers.

B. SDG&E’s Original Proposal:

 No proposals for rate design changes to Residential rate schedules, with the exception of
changes to residential time-of use (“TOU”) rate schedules resulting from proposed changes to
TOU period definitions.

 SDG&E proposals for rate design changes to rate schedules for Small Commercial
customers:

- Monthly Service Fee (“MSF”): Transition to an increase of 100% from current by Year 3:
 - 0-5 kW: Current \$7/month, Year 1 - \$9.33/month, Year 2 - \$11.67/month, Year 3- \$14/month
 - 5-20 kW: Current \$12/month, Year 1 - \$16/month, Year 2 - \$20/month, Year 3- \$24/month
 - 20-50 kW: Current \$20/month, Year 1 - \$26.67/month, Year 2 - \$33.33/month, Year 3- \$40/month
 - >50 kW: Current \$50/month, Year 1 - \$66.67/month, Year 2 - \$83.33/month, Year 3- \$100/month
- TOU Commodity Differentials: Increase Summer On-Peak to Summer Super Off-Peak differentials to a ratio of 3.88¹ as compared with the current 1.81 ratio.
- CPP Adder: Maintain current percentage of capacity recovery (58%).
- Introduction of new Small Commercial rate options including:
 - Two-Period TOU Rate Option:² Introduced in rebuttal as an option for Small Commercial customers, and reflects the following TOU period definition:
 - On-Peak: 4pm-9pm all days
 - Off-Peak: 12am-4pm; 9pm-12am all days

¹ See the Prepared Rebuttal Testimony of SDG&E witness Swartz (at, page 15).

² Introduced by SDG&E in its Rebuttal Testimony (Testimony of Witness Fang, page 25, lines 2-9 and Testimony of Witness Swartz, page 27, line 16 – page 28, line 6) in response to ORA’s Direct Testimony (Testimony of Witness Chau, page 8-2, lines 1-3).

- Greater Fixed Charge Option: Propose to recover 100% of distribution costs, customer costs and distribution demand through the existing demand differentiated customer charge that is part of the standard rate option for this class and includes a compensating decrease in energy rates for this option.
- Schedule A-TOU: Reopened with change to have cost-based MSF and nominal demand charge to be transitional rate for customers 20-40 kW.

C. Other Parties' Original Proposals:

- ORA Proposal: For rate design changes to rate schedules for Small Commercial customers:
 - MSF: No change to current levels, which was supported by CAL-SLA.
 - TOU differentials: Reduced differential to 1.35.
 - CPP Adder: Reduced to \$1.03.
 - Schedule A-TOU: Oppose changes.
- CAL-SLA and City of San Diego Proposal: Propose to move Schedule ATC to a separate class.

D. Joint Proposal:

- **Applicable to Residential Rate Schedules:**
 - No changes to Residential tiered rate design as a result of this proceeding with the exception of changes to the seasonal definition.
 - Seasonal definition:
 - Summer: June-October
 - Winter: November-May

- No issues with SDG&E's proposal for the introduction of optional EV rate with \$16 MSF

- **Applicable to Small Commercial Rate Schedules:**

- **Schedule TOU-A:**

- MSF: The MSF increase according to the following:

- 0-5 kW: 2017 - \$8/month, 2018- \$9/month, 2019- \$10/month
 - 5-20 kW: \$16/month
 - 20-50 kW: \$30/month
 - >50 kW: \$75/month
 - Parties have agreed on the levels of small commercial charges in this proceeding. Parties further agree not to cite to these small commercial customer levels as precedent in any other case, including the potential consideration of residential fixed charges that is being examined in R.12-06-013 and Pacific Gas and Electric Company's current GRC Phase 2 proceeding, A.16-06-013.

- CPP Adder: Fixed at current level of \$1.17 for term of this GRC Phase 2.

- **Schedule A-TOU**: Re-opened with updated rate design as proposed by SDG&E.

- **Greater Fixed Charge Option**: Modify SDG&E's proposal to include only 50% of total distribution costs, including customer costs and distribution demand, through the demand differentiated customer charge

1 with the remaining distribution costs to continue to be recovered through
2 distribution energy rates.

3 ○ **Schedule ATC:**

- 4 ▪ The MSF would increase according to the following:
- 5 • 0-5 kW: 2017 - \$8/month, 2018- \$9/month, 2019- \$10/month
- 6 • > 5 kW: \$16/month
- 7 ▪ Schedule ATC would continue to be part of the Small Commercial
- 8 class.
- 9 ▪ Maintain existing Schedule ATC rate design adopted in SDG&E's
- 10 2012 GRC Phase 2 decision (D.14-01-002) which includes reduced
- 11 distribution energy rates that reflect recovery of only distribution
- 12 demand costs.

13 In the event SDG&E's TOU periods presented in rebuttal are adopted for Small
14 Commercial, for Schedule TOU-A the following TOU rate design would apply.

- 15 ○ Option A: 2-periods (default)
- 16 ▪ On-Peak: 4pm-9pm weekdays
- 17 ▪ Off-Peak: 9pm-4pm weekdays, all hours weekends and holidays
- 18 ▪ TOU rate differentials consistent with current TOU-A Ratio for a
- 19 Summer On-Peak to Summer Super Off-Peak commodity rate
- 20 differential of 1.81.
- 21 ○ Option B: 3-periods (optional)
- 22 ▪ On-Peak: 4pm-9pm all days

- 1 ▪ Off-Peak: 9pm-12am and 6am-4pm weekdays, 9pm-12am and 2pm-
2 4pm weekends and holidays
- 3 ▪ Super-Off-Peak: 12am-6am weekdays; 12am-2pm weekend/holidays
- 4 ▪ TOU rate differentials consistent with SDG&E's Year 3 TOU-A Ratio
5 for a Summer On-Peak to Summer Super Off-Peak commodity rate
6 differential of 3.88.
- 7 ○ Seasonal definition:
 - 8 ▪ Summer: June-October
 - 9 ▪ Winter: November-May

10 **III. CONCLUSION**

11 The Joint Parties respectfully request that the Commission approve this joint proposal.

12 This concludes our joint supplemental testimony.