

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

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Application No. 07-01-047
Exhibit No.: (SDGE-10supp) _____

**SUPPLEMENTAL
PREPARED DIRECT TESTIMONY
OF JAMES R. MAGILL
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

MAY 11, 2007

TABLE OF CONTENTS

I. INTRODUCTION..... 1

**II. CRITICAL PEAK PRICING IMPACTS FOR NON-RESIDENTIAL
MASTER-METERED ACCOUNTS 2**

ATTACHMENT JRM 10supp-12 A1

1 **SUPPLEMENTAL**
2 **PREPARED TESTIMONY**
3 **OF**
4 **JAMES R. MAGILL**
5 **CHAPTER 10**

6 **I. INTRODUCTION**

7 The purpose of this supplemental testimony is to supplement my original direct
8 testimony, filed on January 31st, 2007, to address additional issues identified in the
9 Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge
10 (“Scoping Memo”) issued on April 11th, 2007. In the Scoping Memo, Administrative
11 Law Judge (ALJ) Wong addressed comments presented by the Building Owners and
12 Managers Association of California (“Building Owners”) with respect to non-residential
13 submetered customers and current submetering restrictions contained in SDG&E’s Rule
14 19.¹ ALJ Wong determined that “Due to the prohibition against submetering of a non-
15 residential building, the building owner and the tenants of the building may not be able to
16 respond effectively to the type of price signals that dynamic pricing and critical peak
17 pricing send...Accordingly, the issue of what impact dynamic pricing and critical peak
18 pricing will have on buildings with a single meter, and how those kinds of price signals
19 may affect building owners and tenants who are metered pursuant to SDG&E’s Rule 19,
20 will be included in our scope of issues.”²

21
22 **II. CRITICAL PEAK PRICING IMPACTS FOR NON-RESIDENTIAL**
23 **MASTER-METERED ACCOUNTS**
24

25 In developing the response for the additional critical peak pricing (CPP) analysis
26 required by the Scoping Memo, it should be noted that SDG&E’s analysis is limited to
27 the usage information available from the building’s single (i.e. master) meter. SDG&E is

¹ “Submetering of non-residential service is prohibited. A customer shall not charge others for electricity received through a single meter except where the cost of electricity is absorbed in the rent for each individual tenant. The rent shall not vary with electric consumption, and there is no separate identifiable charge to the tenants for electricity.”

² Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, p. 4.

1 unable to analyze bill impacts for individual tenants or determine how individual tenants
2 may affect the building's master-metered loads. To complete this type of analysis would
3 require information that SDG&E does not have such as: the individual tenant's end-uses
4 and usage patterns and the contractual relationship between the building owner and
5 tenant.

6 In determining the impacts of critical peak pricing on non-residential master-
7 metered accounts (i.e. buildings with a single meter), SDG&E has identified those
8 accounts with demands greater than or equal to 20kW served through a single meter,
9 which were included in the customer sample used to develop the bill impact analysis
10 provided in Attachment JRM-2 filed on January 31st, 2007. As presented in my direct
11 testimony, SDG&E conducted bill impact scenarios for a sample of customers with
12 demands greater than or equal to 20 kW to determine the number of customers that could
13 potentially see adverse bill impacts under the proposed default CPP rate. In running the
14 bill impacts, SDG&E compared customers' bills under the proposed CPP tariff, assuming
15 nine (9) CPP days, to the customers' proposed applicable rate.³ In determining the nine
16 (9) CPP days, SDG&E identified the highest peak load days during the summer of 2006.

17 Based on this analysis, for the sample of master-metered customers, it is estimated
18 that customer annual bill impacts can range from a decrease of 7.5 percent to an increase
19 of five (5) percent, with approximately 73 percent of the customers falling within plus or
20 minus 2.5 percent⁴. It should be noted that the bill impacts do not reflect any potential
21 CPP-period load reductions that customers may be able to achieve, which will have a
22 downward affect on customers' actual bills. A frequency distribution of the potential
23 master-metered customer bill impacts is provided in Attachment JRM
24 10supp-12.

³ The customer CPP bill analysis reflects first-year bill impacts excluding bill protection.

⁴ The results of the bill impact analysis primarily reflect master-metered customers with demands greater than 200kW. SDG&E has no reason to believe that the results for customers with demands between 20 and 200kW would be significantly different.

Attachment JRM 10supp-12

Proposed Default CPP Bill Impacts

Master Metered Customers with Demands 20 kW or Greater

Percent Bill Impact	Number of Accounts
-7.5% to -5.0%	7
-5.0% to -2.5%	2
-2.5% to 0.0%	17
0.0% to 2.5%	36
2.5% to 5.0%	11