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.: SDG&E-19

PREPARED SUPPLEMENTAL TESTIMONY OF CYNTHIA FANG ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

October 7, 2016



PREPARED SUPPLEMENTAL TESTIMONY OF

CYNTHIA FANG

This supplemental testimony is provided in response to Administrative Law Judge ("ALJ") McKinney's October 3, 2016 Ruling Requiring Supplemental Information.¹

Charts 1 and 2 below present the average 2015 SDG&E summer default load aggregation point ("DLAP") prices under SDG&E's current time of use ("TOU") summer period (May-October) for both the currently-defined standard TOU periods and SDG&E's proposed TOU periods as set forth in this application. The hourly DLAP prices are discussed and provided in the Direct Testimony of SDG&E witness Anderson. SDG&E presents the historic prices grouped into TOU periods in two different ways: (1) weekday and weekend/holidays are averaged independently by taking the average of the five weekdays and two weekend days individually and (2) weekday and weekend/holidays are averaged based on the number of hours in the whole week for that period to match the defined TOU period definitions covering all seven days of the week.

Chart 1 presents weekdays and weekend/holidays independently, meaning the average price for the TOU periods is different on weekdays than it is on weekend/holidays, i.e., the average 4 p.m. - 9 p.m. price on the weekdays is different than the average 4 p.m. - 9 p.m. price on the weekends. This is the same methodology SDG&E followed in preparing Chart 1 of my August 30, 2016 rebuttal testimony.

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In her October 3, 2016 ruling, ALJ McKinney explained that "[t]his ruling requires SDG&E to submit supplemental testimony regarding summer weekend/holiday DLAP prices." The ruling further provides: "Chart 1 of SDG&E's August 30, 2016 Rebuttal Testimony shows summer weekday DLAP prices by TOU period. SDG&E is directed to serve testimony containing a similar chart containing the DLAP prices for summer weekends/holidays by TOU period." SDG&E understands that the reference to "Chart 1 of SDG&E's August 30, 2016 Rebuttal Testimony" is to Chart 1 in the Prepared Rebuttal Testimony of Cynthia Fang at page CF-21.

See, e.g., the Prepared Direct Testimony of Robert B. Anderson at pages RBA-9 through RBA-15.

CHART 1: COMPARISON OF AVERAGE SUMMER DLAP PRICE UNDER CURRENT AND PROPOSED TOU PERIODS - INDEPENDENT WEEKDAY

& WEEKEND/HOLIDAY³

Prices by TOU Period

4

1

2

3

5 6

\$50

\$45

\$35 \$30 \$25

Average \$/MWh \$40

7

8 9

10

11

12

14

13

15 16

17

2015 SDG&E May-Oct Weekend/Holiday 2015 SDG&E May-Oct Weekday DLAP **DLAP Prices by TOU Period** \$50 445 \$40 \$35 \$35 \$30 \$25 \$25 Current TOU On-Peak Semi (Off) Peak Off (Super-Off) Peak On-Peak Semi (Off) Peak Off (Super-Off) Peak

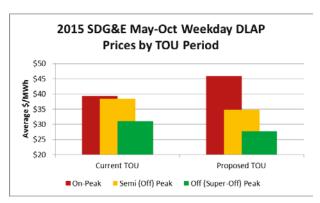
Chart 2 presents the blended average DLAP price for five weekdays and two

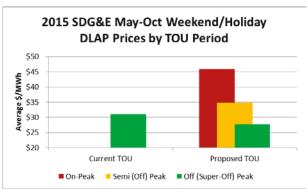
weekend/holidays, meaning the average price for the TOU periods is the same on weekdays and weekend/holidays, i.e., the average price for 4 p.m. - 9 p.m. on the weekdays is the same as the average price for 4 p.m. - 9 p.m. on the weekends, as would be the case with the retail electric rates. Mathematically, this is (average weekday price between 4 p.m. - 9 p.m. x 5 hours x 5 weekdays + average weekend/holiday price between 4 p.m. - 9 p.m. x 5 hours x 2 weekend days) / (5 hours x 5 weekdays + 5 hours x 2 weekend days) = average price for on-peak TOU period.

The weekday table on the left is identical to what SDG&E presented in its August 30, 2016 rebuttal testimony (Cynthia Fang rebuttal at page CF-21).

As SDG&E explained in the Prepared Direct Testimony of Cynthia Fang (February 9, 2016) at page CF-21 lines 2-5, "Regardless of the TOU period definition, the high cost hours will continue to be the high cost hours. For TOU periods to be effective in aligning costs, TOU period definitions should provide a group of high cost hours in the on-peak period, low cost hours in the super-off peak, with mid-cost hours in the "mid-peak" period." TOU pricing is simply averaging the hourly costs that occur in a defined TOU period.

CHART 2: COMPARISON OF AVERAGE SUMMER DLAP PRICE UNDER CURRENT AND PROPOSED TOU PERIODS - BLENDED WEEKDAY & WEEKEND/HOLIDAY





This concludes my supplemental testimony.