Attachment I

Rate Design Questions

1) Please describe, in summary form, the proposed default residential rate structure for each year 2015 – 2018, including your proposed rates under two scenarios: (a) no additional revenue requirement change and (b) revenue requirements adjusted by 2.1% per year. Include a Rate Design Roadmap that provides a detailed year-by-year narrative, and a summary table that shows the major rate design structure, policy, and elements year-by-year including the proposed rates. Include any optional rates that you are proposing in this proceeding as well as other optional rates in effect or being determined in other proceedings.

SDG&E proposes:

- Implementation of a 2-tiered rate structure for rates effective January 1, 2015 and glide-path to 20% differential between the lowest and highest tier by 2018, specifically through the following phase-in schedule:
 - o 2016: 40% differential between highest and lowest tier
 - o 2017: 30% differential between highest and lowest tier
 - o 2018: 20% differential between highest and lowest tier
 - o Revenue requirement allocated as necessary to reach target differentials.
 - o Reflect seasonal differentiation of commodity rates in both lower and upper tiered rates.
- Implementation of a residential monthly service fee ("MSF") beginning 2015 and transitioning through 2018 and beyond for separately metered customers as follows:
 - o 2015: \$5/month non-CARE and \$2.50/month CARE
 - o 2016: \$7.50/month non-CARE and \$3.75/month CARE
 - o 2017: \$10/month non-CARE and \$5/month CARE
 - o 2018: begin annual CPI increase.
- To increase the minimum bill charge for master-metered customers beginning 2015 from \$0.17/day to \$0.30/day for non-CARE and no change to the existing \$0.17/day minimum bill charge for CARE master metered customers and implement an annual CPI adjustment beginning 2016 for both the non-CARE and CARE minimum bill charge.

		Current			2015			2016 2017		2018					
	Distribution	Commodity	Tiers	Distribution	Commodity	Tiers	Distribution	Commodity	Tiers	Distribution	Commodity	Tiers	Distribution	Commodity	Tiers
		Standard Rate	!	S	tandard Rate			Standard Rate			Standard Rate			Opt-Out Rate	!
															2-tiered volumetric
													\$10+CPI Non-		rate with 20%
Tier Option							\$7.50 Non-			\$10 Non-CARE/\$5			CARE/\$5+CPI		differential;
iler Option				\$5 Non-CARE/\$2.50			CARE/\$3.75 CARE		2-tiered	CARE MSF with		2-tiered	CAREMSFwith		presented as flat
	flat			CARE MSF with	flat seasonal	2-tiered	MSF with residual		volumetric rate	residual		volumetric	residual	flat seasonal	rate with bill credit
	volumetric	flat seasonal	4-tiered	residual recovered	volumetric	volumetric	recoveredin	flat seasonal	with 40%	recove red in	flat seasonal	rate with 30%	recovered in	volumetric	applicable to 130%
	rate	volumetricrate	volumetric rate	in volu metricrate	rate	rate	volu metric rate	volumetric rate	differential	volumetric rate	volumetricrate	differential	volumetric rate	rate	baselin e usage
					New Option			Opti onal			Optional			Optional	
TOUOption				DDMSFfor	volumetric		DDMSF for	rate		DDMSFfor	rate		DDMSFfor	volumetric	
ТОООРШИП				recove ry of	rate		recovery of	differentiated by		recove ry of	differentiate d		recovery of	rate	
				distribution costs	differentiated	N/A	distribution costs	season	N/A	distribution costs	by season	N/A	distribution costs	differentiate	N/A
														Default	
													CARE/\$5+CPI	TOU	
TOUOption													CAREMSFwith	volumetric	
ТОООРЕЮН													residual	rate	bill credit
													recovered in	differentiate	applicable to 130%
													volumetric rate	d by season	baseline usage

^{*}Does not include rates with limited applicability. Detailed inventory of residential rate schedules included in Attachment H.

Table below reflects SDG&E's proposal for rates beginning January 1, 2015 and the roadmap for rates through 2018 under no revenue change.

No revenue change is revenue neutral to rates that will be effective with the implementation of SDG&E's 2012 GRC P2 (AL-2575).

No Revenue changes	GRC P2 (Based on Feb 2014)	2015	% Change	2016	% Change	2017	% Change	2018	% Change
Residential Revenue	1,462,415,758	1,462,415,775	0.0%	1,462,415,775	0.0%	1,462,415,775	0.0%	1,462,415,775	0.0%
System Revenue	3,407,523,538	3,407,506,236	0.0%	3,407,506,236	0.0%	3,407,506,236	0.0%	3,407,506,236	0.0%
Residential Average Rate	19.7	19.7	0.0%	19.7	0.0%	19.7	0.0%	19.7	0.0%
System Average Rate	18.2	18.2	0.0%	18.2	0.0%	18.2	0.0%	18.2	0.0%
Schedule DR									
Monthly Service Fee	0.00	5.00	N/A	7.50	50.0%	10.00	33.3%	10.21	2.1%
Summer Energy									
Baseline Energy	15.4	17.8	15.5%	18.2	2.4%	18.4	0.9%	19.0	3.2%
101% to 130% of Baseline	17.8	17.8	0.0%	18.2	2.4%	18.4	0.9%	19.0	3.2%
131% to 200% of Baseline	33.3	27.6	-17.3%	25.5	-7.5%	23.9	-6.3%	22.8	-4.7%
Above 200% of Baseline	35.3	27.6	-22.0%	25.5	-7.5%	23.9	-6.3%	22.8	-4.7%
High Tier / Low Tier Ratio	2.29	1.5		1.40		1.30		1.20	
Winter Energy									
Baseline Energy	15.4	15.3	-0.4%	15.5	1.1%	15.5	-0.2%	15.8	2.2%
101% to 130% of Baseline	17.8	15.3	-13.7%	15.5	1.1%	15.5	-0.2%	15.8	2.2%
131% to 200% of Baseline	29.4	23.8	-19.0%	21.7	-8.7%	20.1	-7.4%	19.0	-5.6%
Above 200% of Baseline	31.4	23.8	-24.2%	21.7	-8.7%	20.1	-7.4%	19.0	-5.6%
Minimum Bill	0.17	0	-100.0%	0	N/A	0	N/A	0	N/A
High Tier / Low Tier Ratio	2.04	1.55		1.40		1.30		1.20	
Schedule DRLI (After Discount and I	Exemption)								
Monthly Service Fee	0.00	2.50	N/A	3.75	50.0%	5.00	33.3%	5.11	2.2%
Summer Energy									
Baseline Energy	10.1	11.0	9.9%	11.8	7.1%	12.5	5.5%	12.9	3.6%
101% to 130% of Baseline	11.8	11.0	-6.1%	11.8	7.1%	12.5	5.5%	12.9	3.6%
131% to 200% of Baseline	17.3	17.6	1.4%	16.9	-3.8%	16.5	-2.5%	15.7	-4.9%
Above 200% of Baseline	17.3	17.6	1.4%	16.9	-3.8%	16.5	-2.5%	15.7	-4.9%
High Tier / Low Tier Ratio	1.73	1.59		1.43		1.32		1.21	
Winter Energy									
Baseline Energy	10.1	9.4	-6.3%	9.9	5.6%	10.4	4.1%	10.6	2.6%
101% to 130% of Baseline	11.8	9.4	-19.9%	9.9	5.6%	10.4	4.1%	10.6	2.6%
131% to 200% of Baseline	16.2	15.1	-7.1%	14.3	-5.2%	13.7	-3.8%	12.9	-5.9%
Above 200% of Baseline	16.2	15.1	-7.1%	14.3	-5.2%	13.7	-3.8%	12.9	-5.9%
Minimum Bill	0.14	0.00	-100.0%	0.00	N/A	0.00	N/A	0.00	N/A
High Tier / Low Tier Ratio	1.61	1.60		1.44		1.33		1.22	
Total Effective Discount	39%	38%	-3.2%	36%	-5.4%	34%	-5.5%	34%	-0.1%
Line Item Discount (excludes MSF)	20%	33%	65.5%	30%	-8.9%	27%	-10.2%	27%	-0.4%

Table below reflects SDG&E's proposal for rates beginning January 1, 2015 and the roadmap for rates through 2018 with revenue change.

Revenue change scenario assumes 100% of estimated revenue increases described in the testimony and assumption of 2.1% annual CPI increase to system revenues to rates that will be effective with the Implementation of SDG&E's 2012 GRC P2 Implementation (AL-2575).

100% Revenues + CPI	GRC P2 (Based on Feb 2014)	2015	% Change	2016	% Change	2017	% Change	2018	% Change
Residential Revenue	1,462,415,758	1,754,468,934	20.0%	1,793,865,363	2.2%	1,834,089,116	2.2%	1,875,157,569	2.2%
System Revenue	3,407,523,538	4,041,499,131	18.6%	4,125,430,626	2.1%	4,211,124,682	2.1%	4,298,618,312	2.1%
Residential Average Rate	19.7	23.6	20.1%	24.2	2.2%	24.7	2.2%	25.2	2.2%
System Average Rate	18.2	22.0	20.9%	22.4	2.1%	22.9	2.1%	23.4	2.1%
Schedule DR									
Monthly Service Fee	0.00	5.00	N/A	7.50	50.0%	10.00	33.3%	10.21	2.1%
Summer Energy									
Baseline Energy	15.4	21.8	41.5%	22.9	5.0%	23.7	3.8%	25.1	5.7%
101% to 130% of Baseline	17.8	21.8	22.5%	22.9	5.0%	23.7	3.8%	25.1	5.7%
131% to 200% of Baseline	33.3	33.6	0.8%	32.0	-4.7%	30.9	-3.6%	30.1	-2.4%
Above 200% of Baseline	35.3	33.6	-4.9%	32.0	-4.7%	30.9	-3.6%	30.1	-2.4%
High Tier / Low Tier Ratio	2.29	1.54		1.40		1.30		1.20	
Winter Energy									
Baseline Energy	15.4	18.2	18.1%	18.8	3.5%	19.3	2.5%	20.2	4.5%
101% to 130% of Baseline	17.8	18.2	2.3%	18.8	3.5%	19.3	2.5%	20.2	4.5%
131% to 200% of Baseline	29.4	28.0	-4.5%	26.3	-6.1%	25.1	-4.8%	24.2	-3.5%
Above 200% of Baseline	31.4	28.0	-10.6%	26.3	-6.1%	25.1	-4.8%	24.2	-3.5%
Minimum Bill	0.17	0	-100.0%	0	N/A	0	N/A	0	N/A
High Tier / Low Tier Ratio	2.04	1.54		1.40		1.30		1.20	
Schedule DRLI (After Discount and	Exemption)								
Monthly Service Fee	0.00	2.50	N/A	3.75	50.0%	5.00	33.3%	5.11	2.2%
Summer Energy									
Baseline Energy	10.1	13.5	34.3%	14.8	9.6%	16.0	8.3%	17.0	6.1%
101% to 130% of Baseline	11.8	13.5	14.7%	14.8	9.6%	16.0	8.3%	17.0	6.1%
131% to 200% of Baseline	17.3	21.3	22.6%	21.1	-1.0%	21.1	0.2%	20.6	-2.5%
Above 200% of Baseline	17.3	21.3	22.6%	21.1	-1.0%	21.1	0.2%	20.6	-2.5%
High Tier / Low Tier Ratio	1.73	1.58		1.42		1.32		1.21	
Winter Energy									
Baseline Energy	10.1	11.1	10.7%	12.0	8.0%	12.8	6.8%	13.5	4.9%
101% to 130% of Baseline	11.8	11.1	-5.4%	12.0	8.0%	12.8	6.8%	13.5	4.9%
131% to 200% of Baseline	16.2	17.6	8.7%	17.2	-2.5%	17.0	-1.2%	16.3	-3.6%
Above 200% of Baseline	16.2	17.6	8.7%	17.2	-2.5%	17.0	-1.2%	16.3	-3.6%
Minimum Bill	0.14	0.00	-100.0%	0.00	N/A	0.00	N/A	0.00	N/A
High Tier / Low Tier Ratio	1.61	1.58		1.43	,	1.32	,	1.21	,
Total Effective Discount	39%	38%	-3.3%	36%	-5.3%	34%	-5.5%	34%	-0.1%
Line Item Discount (excludes MSF)	20%	34%	71.0%	32%	-7.9%	29%	-8.8%	29%	-0.1%

3) Describe how your rate design proposal complies legally and substantively with the relevant provisions of D.08-07-045, particularly ordering paragraph 8.

Ordering Paragraph ("OP") 8 requires PG&E to file an application proposing a default time-variant rate for residential customers 90 days after the Commission approves a decision that interprets a change in the AB 1X rate protections in a manner that could allow for a default or mandatory time-variant rates for residential customers. The effective date for this default time-variant rate should be no later than one year after the filing date of the application unless PG&E can justify a later effective date as being necessary to allow for customer education and system upgrades.

AB 327 added Section 745 to the Public Utilities Code that allows the Commission to implement default time-variant pricing for residential customers beginning January 1, 2018. Section 745 of the Public Utilities Code provides, in pertinent part, as follows:

- "(b) . . . The commission shall not establish a mandatory or default time-variant pricing tariff for any residential customer except as authorized in subdivision (c).
- (c) Beginning January 1, 2018, the commission may require or authorize an electrical corporation to employ default time-of-use pricing for residential customers..."

Pursuant to AB 327 and in compliance with the February 13, 2014 ACR in this proceeding, SDG&E's residential rate roadmap includes a proposed default TOU rate for residential customers beginning January 1, 2018, as addressed in the prepared direct testimony of SDG&E witness Chris Yunker (Chapter 1). SDG&E will file the details of this default TOU rate in a future application. In this proceeding, SDG&E is proposing optional and experimental TOU rates starting January 1, 2015 to help inform and educate customers about the default TOU structure that will be implemented on January 1, 2018.

In addition, SDG&E will be implementing optional TOU and Critical Peak Pricing ("CPP") rates for residential customers in 2014, pursuant to D.12-12-004. In accordance with OP 5 of D.08-0745, SDG&E proposed optional CPP and TOU rates for residential customers in A.10-07-009 that were adopted in D.12-12-004. These optional CPP and TOU rates will be implemented on May 1, 2014 pursuant to pending SDG&E Advice Letter 2577-E filed on February 18, 2014. These rates, similar to the additional optional and TOU rates proposed in this proceeding, will help educate customers about TOU structures prior to the default TOU rate being implemented for residential customers in 2018.

Fixed Charges, Demand Charges and Minimum Bills

11) If your proposal contains fixed charges, demand charges, or minimum bills that are higher than current minimum bills, describe such charges, and why they are appropriate. Please state whether such charges reflect different costs of serving multi-family vs. single-family customers, or other cost-based distinctions among residential households. If no such cost-based distinctions among residential households should apply with respect to fixed charges, demand charges, and/or minimum bills, please explain your rationale for reaching that conclusion.

SDG&E's cost studies identify two cost components to the distribution system for providing service to customers: distribution customer costs and distribution demand-related costs.

A distribution rate structure that would reflect transparent and accurate price signals would be based on the following rate structure in order to recover distribution costs in the same manner as that in which they are incurred:

- MSF (\$/month) for the recovery of distribution-related customer costs, differentiated by customer class. Currently only non-residential customers have a MSF.
- Non-coincident Demand ("NCD") Charge (\$/kW) for the recovery of distribution demand related distribution costs, through a dollar per kW NCD charge structure based on distribution usage, differentiated by customer class and voltage level. However, a NCD is not being proposed for residential customers at this time.

Currently, SDG&E residential customers are subject to a minimum bill charge on a per day basis. A minimum bill charge is a mechanism that that is intended to recover a minimum level of revenue recovery, recognizing that some costs are still incurred to maintain service even in the event that a customer does not use energy. A minimum bill charge however does not provide customers with a price signal that reflects the fact that some of the costs of utility service are incurred on a fixed cost basis. In SDG&E's 2012 GRC P2, SDG&E identified the average distribution customer costs of providing service to residential customers as \$10.64 per month and the distribution demand costs of providing service to residential customers as \$5.85 per kW per month. Updated for current revenues, average distribution customer costs would be \$14.56 and for distribution demand \$8.00 per kW per month. SDG&E proposes to replace the minimum bill charge with a monthly MSF of \$5 beginning January 1, 2015, \$7.50 in 2016, \$10 in 2017 and begin the annual CPI adjustment to MSF in 2018, with the residual distribution customer and demand costs continuing to be recovered through a volumetric (\$ per kWh) distribution rate.

SDG&E proposes that this change be applicable to all residential customers, excluding only master-metered customers at this time. The cost of service associated with distribution customer costs to master-meter customers differs from separately metered customers. While the customer of record is the master-meter, the customer costs are dependent on the number of customer behind the meter adjusted for the level of service provided. Due to these differences, SDG&E proposes to retain the minimum bill charge structure for master meter customers and proposes an increase of the current \$0.17 per day to \$0.30 per day for non-CARE and maintain the \$0.17 level for CARE in 2015, with annual CPI adjustments beginning 2016.

12) Should such charges be phased in over time concurrent with other changes proposed herein? If so on what timetable?

SDG&E proposes a transition path for residential tiered rates to reach a 20% differential by 2018. SDG&E further proposes to use the revenues associated with the residential MSF to reduce upper tier rates as one of the mechanisms to meet the transition path for tiered rates. The specific transition path is presented in SDG&E response to Q1 above.

13) For any proposed fixed charges address how your proposed charges satisfy the following criteria contained in AB 327.

- Reasonably reflect the different costs of serving small and large customers.
- Not unreasonably impair incentives for conservation, customer generation, and energy efficiency.
- Not overburden low-income customers.

SDG&E proposes the introduction of a MSF, or fixed charge. SDG&E proposes to implement the MSF consistent with the recommendations set forth in the ED proposal for a transition in the event a fixed charge is proposed. The level of fixed charge being introduced is well below the SDG&E cost of service for customer costs and do not vary by size for the standard residential rate schedule. Differences in the cost of serving small and large customers would result from differences in distribution demand cost of service. SDG&E's proposed optional TOU does include a demand-differentiated monthly service fee (DDMSF) for the recovery of distribution customer and demand costs, but a DDMSF is not being proposed for the default rate. The DDMSF does reflect some of the differences in the cost of serving small and large customers. SDG&E's residential MSF during the 2015-2018 time period would be below cost-based levels for the recovery of customer costs but would constitute a forward movement towards more accurate price signals. In the event that this change in structure results in insufficient incentives to support state and Commission objectives related to conservation, customer generation, and energy efficiency, SDG&E recommends that any incentives that are deemed necessary to fulfill these policy goals be set forth in a clear and transparent manner rather than being buried in the rate design. Consistent with AB 327 and the guidance provided in the ED proposal, SDG&E's recommendation is to set the CARE MSF at 50% of non-CARE MSF levels until the introduction of annual CPI adjustments. In addition, CARE customers would continue to receive all other subsidies, specifically, line-item discount and exemptions.

- 14) What level of CARE discount are you proposing for the years 2015-2018, and how will your CARE proposal satisfy the following criteria in 2015 and in subsequent years:
- a) The average effective CARE discount shall not be less than 30 percent or more than 35 percent of the revenues that would have been produced for the same billed usage by non-CARE customers.
- b) That low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures, pursuant to subdivision (b) of Section 382.
- c) That the level of the discount for low-income electricity ratepayers correctly reflects the level of need as determined by the needs assessment conducted pursuant to subdivision (d) of Section 382.
- d) If the level of CARE discount is current above 35% the currently effective discount in excess of this amount should be reduced by a reasonable amount on an annual basis.

As shown in Table CF-7 of the prepared direct testimony of SDG&E witness Cynthia Fang (Chapter 2), SDG&E's current average effective CARE discount for residential customers is 39% based on rates implemented on February 1, 2014. In addition, as stated in Table CF-11 of Ms. Fang's testimony, SDG&E's current average CARE discount for small commercial and medium/large commercial & industrial ("M/L C&I") customers is 47% and 51%, respectively. Because these effective discounts exceed the 30% to 35% legislative range adopted in AB 327, SDG&E is proposing a transition path to move the effective discount into the legislative range through reasonable and gradual reductions, to be implemented on an annual basis. In accordance with Section 739.1(c)(2) of the Public Utilities Code, as amended by AB 327, SDG&E is proposing to transition the effective CARE residential discount to the effective CARE discount in effect based on SDG&E's January 1, 2013 rates of 34%. In order to avoid any rate shock through the introduction of this CARE discount change, SDG&E is proposing to reduce the average effective CARE discount for residential customers to 38% in 2015 and by 2% annually thereafter beginning January 1, 2016, until the 34% effective discount is reached, as addressed in Ms. Fang's testimony. In addition, as discussed in the testimony of Ms. Fang, the non-residential average effective CARE discount will be reduced by 3% annually for small commercial customers and by 4% annually for M/L C&I customers each year beginning January 1, 2015 to reach the 35% legislated maximum effective CARE discount by 2018.

15) Describe how you propose to structure and operate the FERA program in each year of your rate design proposal.

For customers that do not meet the qualifications for CARE, the Family Electric Rate Assistance Program ("FERA") provides another option for assistance for customers meeting eligibility requirements including income guidelines. Customers eligible for FERA are billed Tier 2 rates for Tier 3 usage. Under SDG&E's proposal, FERA customers will continue to be billed Tier 2 rates for Tier 3 usage; however, as with all residential customers on tiered rates, their Tier 1 rate will increase to Tier 2 levels. SDG&E does not propose any changes to the structure or operation of the FERA program as part of this filing. SDG&E notes that programs tied to the current rate structure should be re-examined. SDG&E recommends a program structure that would provide customers with accurate price signals and address incentives outside of rate design in a manner that creates accurate and transparent price signals.

16) Describe how you propose to structure and operate the Medical Baseline program in each year of your rate design proposal.

Customers eligible for medical baseline usage receive an additional baseline allowance of 16.5 kWh per day per device. In addition, medical baseline customers are exempt from DWR-BC and pay a reduced rate, with non-CARE medical baseline customers historically paying the CARE rate prior to the 20% line item discount and CARE surcharge. CARE medical baseline customers receive full CARE rate benefits. Under SDG&E's proposal, all medical baseline customers would continue to receive an additional baseline allowance of 16.5 kWh per day per device and exemption from the DWR-BC with non-CARE medical baseline customers now paying non-CARE rates (less the DWR-BC exemption) and CARE medical baseline customers paying the new CARE rates with the new line item discount. SDG&E proposes to implement this transition over a 4-year period for non-CARE medical baseline customers such that non-CARE medical baseline customers would pay non-CARE rates otherwise applicable to other non-CARE customers by 2018 less the DWR-BC exemption. Specifically, beginning January 1, 2015, the medical baseline rates will increase by 25% of the differential between non-CARE and medical baseline rates and each subsequent year until 2018. SDG&E notes that programs tied to the current rate structure should be re-examined. SDG&E does propose to move non-CARE medical baseline rates to be in line with other non-CARE rates. SDG&E recommends a program structure that would provide customers with accurate price signals and address incentives outside of rate design in a manner that is direct and transparent.

Greenhouse Gas (GHG) Costs Embedded in Residential Rates

17) When do you propose to embed GHG costs in residential rates?

Consistent with D.13-12-041, SDG&E will include GHG costs in residential rates beginning April 1, 2014.

18) Quantify the rate impact of including GHG costs in residential rates.

Upon implementation of the GHG costs in rates on April 1, 2014, SDG&E's residential customers are expected to see an increase in revenue requirement of \$640.9 million resulting in an increase from the current class average residential rate of \$0.20619 per kWh to \$0.21459 per kWh, or an increase of \$0.00840 or 4.07%.

23) Please quantify the bill impacts (including the average, median, and range) of any rate design changes on NEM customers.

The following table presents bill impacts associated with SDG&E proposed 2015 rates compared to current effective rates for a sample of approximately 15,000 NEM customers currently receiving standard residential service (Schedule DR). Only accounts with 12 months of billing from November 2012 – October 2013 were included.

The bill impacts presented reflect the impact to monthly bills of SDG&E's proposal for changes to the standard residential rate schedules for residential customers. The bill impacts below are not intended to reflect actual NEM bills and do not account for other provisions such as annual true-up and AB 920 net surplus compensation.

Note: Actual NEM bills store excess generation dollars in a bank that gets applied as rolling credits on a monthly basis. At year-end true-up, any excess dollars in the customer's bank are zeroed out and if the customer is a net generator for the year, they receive a Net Surplus Compensation Credit (NSC) based only on their net generation for the year.

For purposes of measuring the bill impact of the proposed rates, only NEM consumption was used. Net generators for the month were displayed as zero, no rolling credits were applied with no bank and no NSC credit at true-up. Leaving generation credits out of the calculations clarified the impact of the proposed rates on NEM customers.

% Bill Impact Range	Avg. Monthly Bill Impact	# of Customers	Avg. Monthly kWh	Avg. Monthly Bill @ current rates 2/1/14	Avg. Monthly Bill with 2015 proposed rates
-30% to -25%	-\$337	73	3,794	\$1,275.79	\$938.95
-25% to -20%	-\$100	430	1,471	\$446.76	\$346.40
-20% to -15%	-\$42	909	880	\$237.77	\$196.04
-15% to -10%	-\$19	1,248	628	\$152.58	\$133.48
-10% to -5%	-\$8	1,451	472	\$104.50	\$96.57
-5% to 0%	-\$2	1,911	351	\$72.27	\$70.35
0% to 5%	\$1	1,815	290	\$55.69	\$56.99
5% to 10%	\$3	1,962	222	\$40.31	\$43.28
10% to 15%	\$4	2,040	170	\$29.88	\$33.56
15% to 20%	\$4	1,598	145	\$24.77	\$29.06
20% to 25%	\$5	932	128	\$21.42	\$26.16
25% to 30%	\$5	471	110	\$18.21	\$23.15
30% to 35%	\$5	192	89	\$14.88	\$19.65

35% to 40%	\$5	78	80	\$13.38	\$18.35
40% to 45%	\$5	30	66	\$11.22	\$15.94
45% to 50%	\$5	13	58	\$9.83	\$14.49
50% to 55%	\$4	6	47	\$8.43	\$12.87
55% to 60%	\$4	4	42	\$7.56	\$11.87
65% to 70%	\$5	1	51	\$8.05	\$13.52
Total	-\$7.51	15,164	368	\$85.41	\$77.91

25) For any default and optional TOU rate proposed describe in detail:

- Peak to off-peak ratios and semi-peak to off-peak ratios by season
- TOU time periods by season

SDG&E defines a cost-based rate as one that is based on marginal cost (Principle 2) and cost-causation principles (Principle 3). TOU rate structures are ones that reflect cost-basis for commodity rates. SDG&E's proposed TOU rate options for both optional TOU beginning 2015 and default TOU beginning 2018 would have TOU ratios and seasonal differences in commodity rates that reflect the marginal cost and cost causation of providing commodity service. For SDG&E's current TOU periods and adjusted for implementation of D.14-01-002 this presents as a 2.0 ratio of peak to off-peak and 1.4 ratio of semi-peak to off-peak for summer and a 1.5 ratio of peak to off-peak and 1.3 ratio of semi-peak to off-peak for winter. In addition, for flat seasonal rates, the ratio is 1.9 for summer/winter. The seasonal differences are largely driven by the seasonal differences associated with commodity capacity costs.

Residential Commodity Rates						
Summer Energy	(\$/kWh)	0.10540				
	On-Peak (\$/kWh)	0.15061				
	Semi-Peak (\$/kWh)	0.10540				
	Off-Peak (\$/kWh)	0.07464				
Winter Energy	(\$/kWh)	0.05503				
	On-Peak (\$/kWh)	0.07874				
	Semi-Peak (\$/kWh)	0.06719				
	Off-Peak (\$/kWh)	0.05117				

Additionally, the TOU and seasonal ratios of the total rates will depend upon the level of distribution recovery in volumetric rates (cents/kWh).

While AB 327 removed the constraints to residential rate design previously legislated by AB 1X and SB 695 that resulted in current tiered rates, AB 327 still contained some constraints to residential rate design, in particular beginning January 1, 2015, fixed charges that do not exceed ten dollars (\$10) per residential customer account per month for customers not enrolled in the CARE program and five dollars (\$5) per residential customer account per month for customers enrolled in the CARE program that may be adjusted by no more than the annual percentage increase in the Consumer Price Index beginning January 1, 2016 for any default rate schedule, at least one optional tiered rate schedule, and at least one optional time variant rate schedule, where a

"Fixed charge" is defined as "any fixed customer charge, basic service fee, demand differentiated basic service fee, demand charge, or other charge not based upon the volume of electricity consumed."

As noted in testimony of Ms. Fang, a rate structure that would reflect cost-basis for distribution would be one that has a fixed charge for recovery of fixed costs (i.e., customer costs) and a NCD charge for the recovery of distribution demand costs. The constraints imposed by AB 327 for residential fixed charge results in only partial cost recovery of fixed costs through a fixed charge and only allows for the recovery of distribution demand costs through a volumetric rate (\$/kWh) over the time period addressed in this proceeding. The more recovery of distribution costs through volumetric rates, the lower the ratios by TOU and season. SDG&E's proposed TOU optional rate with a DDMSF, which has distribution recovery removed from the volumetric rate, the total rate ratio moves closer to the more cost-based ratios represented by the TOU and seasonal ratios in the commodity rates.

SDG&E's proposed Options TOU rate with DDMSF beginning 2015:

- Peak to off-peak ratios and semi-peak to off-peak ratios by season Ratios for Total Volumetric Rate
 - o Summer
 - Peak to off-peak = 1.6
 - Semi-peak to off-peak = 1.3
 - Winter
 - Peak to off-peak = 1.3
 - Semi-peak to off-peak = 1.2

SDG&E Pro	SDG&E Proposed 2015 Optional TOU with DDMSF							
DDMSF								
	0 to < 3kW (\$/Month)	27.78						
	3 to < 6kW (\$/Month)	48.42						
	6+ kW (\$/Month)	79.53						
Summer Energy								
	On-Peak (\$/kWh)	0.19631						
	Semi-Peak (\$/kWh)	0.15110						
	Off-Peak (\$/kWh)	0.12034						
Winter Energy								
	On-Peak (\$/kWh)	0.12444						
	Semi-Peak (\$/kWh)	0.11289						
	Off-Peak (\$/kWh)	0.09387						

SDG&E's proposed Default TOU rate beginning 2018:

- Peak to off-peak ratios and semi-peak to off-peak ratios by season—Ratios for Total Volumetric Rate
 - o Summer
 - Peak to off-peak = 1.4
 - Semi-peak to off-peak = 1.2
 - Winter
 - Peak to off-peak = 1.1
 - Semi-peak to off-peak = 1.1

SDG&E Proposed	SDG&E Proposed 2018 Default TOU with 130% baseline credit							
Monthly Service Fee	\$/Month	10.21						
Summer Energy								
	On-Peak (\$/kWh)	0.27279						
	Semi-Peak (\$/kWh)	0.22758						
	Off-Peak (\$/kWh)	0.19682						
Winter Energy								
	On-Peak (\$/kWh)	0.21351						
	Semi-Peak (\$/kWh)	0.20196						
	Off-Peak (\$/kWh)	0.18594						
130% Baseline Credit	\$/kWh	(0.03793)						
Summer								
130% Baseline Credit	\$/kWh	(0.03163)						
Winter								