Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) For Authority To Update Electric Rate Design Effective on January 1, 2015

Application 14-01-027
Exhibit No.: (SDG&E- ____)

PREPARED REBUTTAL TESTIMONY OF

CHRIS YUNKER

CHAPTER 1

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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TABLE OF CONTENTS

PREPARED REBUTTAL TESTIMONY OF
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CHAPTER 1

I. OVERVIEW

The purpose of my rebuttal testimony is to respond to the prepared direct testimony submitted by intervening parties in SDG&E's 2015 Rate Design Window ("RDW") on policy issues relating to the design, intent and impact of San Diego Gas & Electric Company's ("SDG&E") proposed time-of-use ("TOU") periods. Specifically, my testimony addresses intervenors:

- who failed to show that SDG&E's cost-based TOU proposal does not advance the State's policy on the economically efficient adoption of Distributed Energy Resources ("DERs")
    - Prepared Direct Testimony of Jose Luis Contreras on behalf of the California Solar Energy Industries Association ("CALSEIA")
    - Testimony of David R. Croyle on behalf of the Utility Consumers Action Network ("UCAN")
- who argue for delay in addressing the shifting peak in SDG&E's service territory
    - Testimony of William A. Monsen on behalf of the City of San Diego ("City")
    - Prepared Direct Testimony of Jose Luis Contreras on behalf of the CALSEIA
- who argue for grandfathering Net Energy Metering ("NEM") customers on outdated TOU periods, which will lead to cost shifts and economically inefficient decisions
    - Testimony of William A. Monsen on behalf of the City

- Testimony of Laura Norin on behalf of the California Farm Bureau Federation ("Farm Bureau")
- Testimony of Lee-Whei Tan on behalf the Office of Ratepayer Advocates ("ORA")
- Testimony of David R. Croyle on behalf of UCAN

In addition, my testimony addresses parties' representations of bill impacts to select groups of customers. With any rate design change there will be bill impacts, however, those bill impacts need to be considered in the context of all customers as well as individual customers.

My testimony is organized as follows:

- Section II – Proper Purpose of TOU Periods
- Section III – SDG&E's High Cost Periods, as Established in the Base TOU Periods, Needs to be Updated Today to Accurately Reflect Costs and Capture Potential Customer-Sided Benefits, and Can be Used to Inform Alternative and Optional TOU Rates in Current or Future Rate Design Proceedings
- Section IV – The Time to Address SDG&E'S TOU Periods is Now
- Section V – Grandfathering Customers Confounds the Ability to Achieve State Policy Outlined in SB17 and Perpetuates the Need to Grandfather Customers' Future Investments that were Guided by Openly Acknowledged Inaccurate Prices
- Section VI – With Any Change to Rate Design Creating Positive and Negative Bill Impacts, the Appropriate Perspective with which to Consider Bill Impacts is on the Impacts to All Customers and on Customers' Total Bills
- Section VII – Conclusion

II. PROPER PURPOSE OF TOU PERIODS

TOU periods need to be established based on SDG&E's periods of high costs in order to provide accurate information to customers, and should not be based on a desire to provide or retain subsidies hidden in rates as proposed by CALSEIA and others. In addition, while optional and alternative tariffs can be considered, as contemplated in SDG&E's Residential Rate OIR proposal in Resolution ("R.")12-06-013, the foundational TOU periods should be established based on cost causation principles so that customer decisions for load management or DER adoption[1] which results in lowering a customer's bill also create the benefit of reduced system capacity and energy costs. This approach helps ensure that cost shifts between customers are mitigated. As we advance the State's policy for the adoption of low carbon DERs, we need to protect customers who either cannot or choose not to participate in the adoption of low carbon technology. Direct subsidies and incentives with accurate prices, rather that subsidies buried in rates, provide a mechanism to promote such policy, while ensuring that such customers are protected.

Direct incentives or subsidies are more efficient than subsidies hidden in rates. This is because a direct incentive can be sized efficiently to achieve the desired policy goal (e.g., solar adoption) while providing customers with accurate information on their energy service so that they can make economically efficient decisions. Burying subsidies in rates results in distorted price signals that do not promote economically efficient decisions and cannot be readily changed to adjust for market conditions, such as solar panel or system costs.

Further, the impact on a customer's payback with regard to solar investment has already been taken into account in the NEM grandfathering decisions for customers up to the cap and is being considered in the NEM 2.0 proceeding for customers who install solar after the cap is

[1] As contemplated by Senate Bill ("SB") 17, pp. 1-4, and subject of the investor-owned-utilities ("IOUs") demand response programs ("DRPs") per Assembly Bill ("AB") 327, pp. 4, 15 and 28.

reached.[2] Parties' arguments to provide additional grandfathering subsidies for NEM customers by locking in inaccurate and outdated TOU periods complicates customers' decisions for future investments and will create an incentive that works against the State's policy in favor of economically efficient adoption of DERs. Grandfathering these customers' TOU periods will only create an economic incentive to manage their energy and lower their bills in such a way that will increase system costs and increase cost shifts to other customers.

In sum, proper TOU periods will more accurately reflect costs and create meaningful opportunities for customers to better understand the cost of service associated with their electricity use. They will also empower customers to make economically efficient decisions that lower both their bill and system costs. For example, solar customers will have an economic incentive to orient solar systems to the west, which could help meet afternoon and early evening capacity needs. If SDG&E shifts TOU periods now, any customer response in managing their energy use profile can be captured in the load forecast sooner, which can help avoid future infrastructure requirements.

III. SDG&E'S HIGH COST PERIODS, AS ESTABLISHED IN THE BASE TOU PERIODS, NEEDS TO BE UPDATED TODAY TO ACCURATELY REFLECT COSTS AND CAPTURE POTENTIAL CUSTOMER-SIDED BENEFITS, AND CAN BE USED TO INFORM ALTERNATIVE AND OPTIONAL TOU RATES IN CURRENT OR FUTURE RATE DESIGN PROCEEDINGS

As shown below, TOU periods should be based on the periods of high and low energy costs. Only by following cost causation can a comprehensive plan to achieve policy objectives be realized.

A. SDG&E's On-peak period is Determined by the Periods of High Cost for SDG&E

Per the testimony of witness D. Barker, SDG&E has presented a case that is based on setting on-peak periods consistent with SDG&E's periods of high system cost. ORA proposed optional

[2] NEM 2.0 questions set forth in Attachment A to the September 5, 2014 Ruling of ALJ Simon; modeling evaluation measures in question B.3.c. *Renewable DG value proposition (e.g., IRR $, payback period (years)).*

rates with shorter on-peak periods for small commercial and residential customers.[3] In this application, SDG&E proposes to establish time periods that best reflect cost of service. While SDG&E is not opposed to optional alternative TOU structures, they would need to be studied in order to determine if they provide an overall benefit consistent with the reduction in high cost energy and capacity hours that have been identified in the base TOU periods proposed herein.

In the Residential Rate OIR (R.12-06-013), SDG&E proposed a pilot which would look at the combination of two shorter on-peak periods (i.e., 2 pm to 6 pm and 5 pm to 9 pm) relative to one longer on-peak period (i.e., 2 pm to 9 pm). A critical component of the pilot would be to study whether more, less, or the same amount of load reduction was achieved between with the combination of customers on the two shorter periods compared to the customers on the longer TOU period. In this way, SDG&E looks to better understand how offering such optional TOU rates with shorter periods can be done while achieving the objective of reducing energy use during what has been identified as the high cost period (i.e., 2 pm to 9 pm).

If alternatives are to be considered and analyzed, SDG&E would do so in another proceeding with a specific proposal for those rates, such as was done in the Residential Rate OIR, or in a future rate design proceeding, such as the GRC Phase 2. SDG&E's proposal in this proceeding is to establish the high cost periods for SDG&E's existing TOU rates.

With regard to the winter on-peak period, the Farm Bureau[4] has argued against extending the winter on-peak to 9:00 p.m. such that it would be consistent with the end of the summer on-peak period. In the testimony of SDG&E witness D. Barker, SDG&E has shown that the 9:00 hour is reasonably justified to be within the on-peak period. SDG&E does note that arguments could also be made to include the 8 to 9 o'clock hour in the semi-peak period. However, given that there is a

[3] Testimony of Robert M. Fagan and Patrick Luckow on behalf of ORA, pp. 3-4.
[4] Testimony of Laura Norin on behalf of the Farm Bureau,, p. 16, lines 16-17 and p. 35, lines 11-12.

reasonable cost basis for the hour to be in the on-peak period, consideration was given to the benefit of having consistency between summer and winter for simplicity in customer education and outreach. As such, SDG&E's proposal includes the 8 to 9 o'clock hour in the winter on-peak period.

B. Super Off-Peak Period Encourages Shifting Consumption to Low Load Periods, Increasing Capacity Utilization, and Providing Market Opportunity for New DERs

As noted above, SDG&E's proposal is consistent with the Rate Design Principles introduced in the Residential Rate OIR (R.12-06-013), State policy promoting the efficient adoption of DERs, as outlined in Senate Bill ("SB") 17[5], and the subject of the Investor Owned Utilities' ("IOUs'") Distributed Resource Plans to be filed in compliance with Assembly Bill ("AB") 327.[6] ORA's proposal for a two period TOU structure for small commercial and residential customers[7] hinders the implementation of the State's policy to efficiently adopt DERs in such a way as to increase their potential value.

As noted in the testimony of SDG&E witness D. Barker, the super off-peak period is one of both low system energy costs and low circuit capacity load. More efficient utilization of the grid can be achieved by shifting load to the super off-peak period and providing additional headroom with which to absorb load growth with existing grid capacity. By providing the price signals that acknowledge this benefit, the DER market is incentivized to develop and market technologies that can help customers shift their load. Accurate pricing such as the introduction of the super off-peak period to all TOU rates will advance the economically efficient adoption of DERs in a way that can benefit the grid.

[5] SB 17, p. 2.
[6] AB 327, pp. 4, 15 and 28.
[7] Testimony of Lee-Whei Tan on behalf of ORA, p. 1, lines 17-18.

IV. THE TIME TO ADDRESS SDG&E'S TOU PERIODS IS NOW

In order to provide customers with the opportunity to make economically efficient decisions, and to ease their transition to rates which support State policy, accurate pricing needs to be provided now. Moving on TOU periods now will provide greater opportunity for new DER technologies to be adopted in such a way as to maximize their potential benefit.

A. Waiting for the Next GRC Phase 2 Could Lead to a Long and Unnecessary Delay

The City argues to postpone the review of TOU periods until the next SDG&E General Rate Case ("GRC") Phase 2 Application.[8] The May 15, 2014 Scoping Memo and Ruling of Assigned Commissioner already determined that the examination of SDG&E's proposed TOU periods is to be addressed in this proceeding. In addition, SDG&E maintains that there is no need to delay updating SDG&E's TOU periods and that doing so now will allow customers to more quickly move toward better managing their energy use and adopting emerging DER technologies in such a way as to provide the potential to avoid future system capacity needs. Moreover, in light of the length of time required to reach a final decision in a case like the GRC Phase 2 proceeding (which could take upwards of two years), SDG&E must take action now in order to reflect shifts in costs that are occurring today. Moreover, taking a broad view when assessing bill impacts does not mean that decisions need to be further delayed to a future GRC Phase 2, as some parties argue[9]. Any impact which comes from proposals, such as allocations between classes in a future GRC Phase 2 or rate design proceeding, can also take a broad view on the overall bill impacts that the then subject proposal creates.

[8] Testimony of William A. Monsen on behalf of the City, pp. 4-5 and 14-20.
[9] Testimony of William A. Monsen on behalf of the City, pp. 4-5 and 14-20.

B. New Periods Must Be in Place for the Introduction of New Optional Residential TOU rates and 2 TOU pilots

SDG&E has proposed two residential TOU pilots and optional TOU rates to be implemented in 2015.[10] Given that the TOU period is justified based on the shifting peak in SDG&E's service territory and the policy of the State to efficiently integrate DERs into the grid, it makes little sense to delay the introduction of the new TOU periods. Implementing new accurate periods now will provide greater value from the TOU pilots, eliminate an unnecessary transition for widespread adoption of residential TOU rates, and ease the development of education and outreach material for residential customers. This is consistent with Rate Design Principle 10 (Transitions to the new rate structure should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and avoids the potential for rate shock).[11]

Introducing the new TOU periods will provide added value to SDG&E's first TOU pilot which is studying how a customer's response to shorter on-peak periods will impact their load shape. By introducing the new periods now, the study will also be able to analyze these shorter periods in the context of the new accurate time periods that will continue to be relevant in the early years of widespread residential TOU adoption. Parties[12] have only argued to delay the assessment of SDG&E's TOU periods and have failed to provide any meaningful analysis to counter SDG&E's assertion that the peak is shifting. Even ORA agrees with the conclusion that SDG&E's peak is shifting to later in the day. [13]

With the peak shifting to later in the day, pushing the assessment of the periods to the next GRC Phase 2 simply creates a situation where residential customers who are early adopters of TOU rates will be forced to shift onto new TOU periods after becoming accustomed to the old periods.

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[10] February 13, 2014 Assigned Commissioner Ruling Requiring Utilities to Submit Phase 1 Rate Change Proposals in R.12-06-013, Appendix A, pp. 1-2.
[11] Administrative Law Judge's Ruling Requesting Residential Rate Design Proposals, issued on March 19, 2013, Attachment A Principles of Rate Design.
[12] Prepared Direct Testimony of Jose Luis Contreras on behalf of the CALSEIA, p. 6, lines 27-31; Testimony of William A. Monsen on behalf of the City, p. 4, lines 15-19.
[13] Testimony of Lee-Whei Tan on behalf of ORA, p. 1, lines 15-17.

This creates a more difficult transition to TOU rates and could discourage customers from adopting TOU rates, as any outreach and education would have to note that the existing periods would be subject to change in the near future. In that instance, it is reasonable to assume that this confusion could give customers pause and could create a wait and see approach by customers in the voluntary adoption of TOU rates.

V. GRANDFATHERING CONFOUNDS THE ABILITY TO ACHIEVE STATE POLICY OUTLINED IN SB 17 AND PERPETUATES THE NEED TO GRANDFATHER CUSTOMERS' FUTURE INVESTMENTS THAT WERE GUIDED BY OPENLY ACKNOWLEDGED INACCURATE PRICES

Parties that argue to grandfather customers on outdated TOU periods miss the fundamental reason to update TOU periods in the first place: so that customers who adopt new technologies that are available to some, but not all customers, do so in a way that also lowers system costs to the extent those decisions lower a participating customer's bill. This ensures that both participants and non-participants are protected as customers adopt an increasing variety of low carbon DERs, consistent with State policy.[14]

A. Grandfathering is Addressed in the NEM Grandfathering Decision

Parties[15] have argued that the consideration of impacts for solar customers is justification to grandfather NEM customers on outdated and inaccurate TOU periods. However, the Commission has already addressed NEM grandfathering in Decision ("D.") 14-03-041, which adopted a 20 year transition period for NEM customers, in part, to account for the fact that the underlying tariff upon which the NEM Tariff is applied will change over time and with the understanding that any change to the underlying tariff structure will impact a NEM customer's payback.

[14] SB 17, p. 2.
[15] Prepared Direct Testimony of Jose Luis Contreras on behalf of the CALSEIA, p. 7, lines 1-8; Testimony of William A. Monsen on behalf of the City, pp. 48, lines 12-21; Testimony of Laura Norin on behalf of the Farm Bureau, pp. 31-32; Testimony of Lee-Whei Tan On behalf ORA, pp. 15-16.

The NEM tariff is a billing mechanism by which customers receive a full retail credit for the energy that they export back onto the grid.

> *Under NEM, customer-generators receive a financial credit for power generated by their on-site system that is fed back into the power grid for use by other utility customers.*[16]

The grandfathering decision notes that the underlying tariffs will change, which will impact the payback for NEM customers' solar systems and notes that there are any number of reasons that changes in rate structures can occur.

> *For example, the utility estimates cannot account for future changes to the actual electric rates underlying the NEM structure, which the Commission is reviewing in Rulemaking (R.) 12-06-013, and will be developed in compliance with AB 327. This review is expected to result in significant changes to the residential rate structure, which may reduce the monthly savings from NEM. In addition, as noted by CFBF, it is not clear whether the utilities' analyses include agricultural customers, and the analyses do not appear to include the specific circumstances applicable to government agencies, which do not qualify for all of the same tax and depreciation benefits as commercial customer generators. In addition, the analyses may not account for factors relevant to individual cases, such as reduced generation due to weather, shade, or other factors specific to a customer or location.*[17]

Ultimately the decision takes into account the potential variability in Customers' otherwise applicable tariffs as a reason for the 20 year transition period for customers on the existing NEM tariff. The NEM grandfathering decision then concludes that the 20 year period provides a reasonable period for customers to recoup the cost of their investment.

> *The timing and rules established in this decision for transitioning to the new tariff should ensure that customers who interconnect renewable distributed generation systems under the currently applicable net energy metering program have a reasonable opportunity to recoup the costs of their investment in those systems. In addition, a 20-year transition period is consistent with some estimates of the expected useful life of such systems, reflected in many existing power purchase agreements and financing arrangements for renewable distributed generation*[18].

[16] D.14-03-041, at p.3
[17] D.14-03-041, at pp. 18-19.
[18] D.14-03-041, at pp. 3

B. Grandfathering is Inconsistent with the Commission's Rate Design Principles and Lead to Perpetual Grandfathering if Parties Arguments are Accepted

SDG&E believes in providing customers with accurate information on their cost of service and, to the extent necessary, providing direct incentives or subsidies to achieve policy objectives. Parties' arguments to grandfather customers on outdated and inaccurate TOU periods for customer payback considerations are inconsistent with achieving the State's policy objectives identified in SB 17 and the Rate Design Principles the CPUC updated and outlined in Phase 1 of R.12-06-013:

> 1. Low-income and medical baseline customers should have access to enough electricity to ensure basic needs (such as health and comfort) are met at an affordable cost;
>
> 2. Rates should be based on marginal cost;
>
> 3. Rates should be based on cost-causation principles
>
> 4. Rates should encourage conservation and energy efficiency;
>
> 5. Rates should encourage reduction of both coincident and non-coincident peak demand;
>
> 6. Rates should provide stability, simplicity and customer choice;
>
> 7. Rates should avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals;
>
> 8. Rates should encourage economically efficient decision-making;
>
> 9. Incentives should be explicit and transparent; and
>
> 10. Transitions to the new rate structure should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and avoids the potential for rate shock.

Providing customers with misinformation on their cost of service is inconsistent with Rate Design Principle 9 (Incentives should be explicit and transparent). Indeed, the continued use of outdated TOU periods will effectively retain embedded incentives and subsidies for customers who are not shifting their demand from the system peak.

Collectively, Rate Design Principle 2 (Rates should be based on marginal cost); 3 (Rates should be based on cost-causation principles); 4 (Rates should encourage conservation and energy efficiency); and 5 (Rates should encourage reduction of both coincident and non-coincident peak demand) require providing customers accurate information on their cost of service. Grandfathering customers on outdated TOU periods is inconsistent with marginal cost and cost causation Principles 2 and 3. Grandfathering TOU periods for NEM customers will also run counter to the conservation of infrastructure as grandfathered customers will be sent a reduced price signal in what has been established as SDG&E's new high cost on-peak period (principles 4 and 5).

Without accurate information on their cost of service, customers cannot make economically efficient decisions (Principle 8). Customers on grandfathered TOU periods will continue to make decisions and investments to manage the load to lower their overall bill. Additional investments in load management, batteries, and distributed generation will be made to maximize their investments based on an inaccurate on-peak period. Grandfathered customers would also not be able to benefit from a super off-peak period which encourages customers to shift load to the middle of the night. Grandfathering customers on the old TOU periods will encourage customers to make investments that lower their bill yet could increase system costs by providing semi-peak prices in the early evening hours, which is in the new on-peak period. According to the intervenors' grandfathering arguments, those new investments would need to be grandfathered as well so as not to adversely impact their economics, creating a perpetual cycle of grandfathering.

If customers continue to manage their load to the old, inaccurate TOU periods, this will increase cost shifts to other customers by encouraging load growth in the new on-peak period, driving increases in system energy and capacity costs. This is counter to Rate Design Principle *7 (*Rates should avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals) and 1 (Low-income and medical baseline customers should have access to enough

electricity to ensure basic needs [such as health and comfort] are met at an affordable cost). Customers who make inefficient decisions and drive system costs higher because of inaccurate pricing information are creating subsidies that could have been avoided, counter to principle 7. Increasing system costs and shifting those costs to other customers is counter to providing energy services at an affordable cost (Principle 1).

Finally, providing some customers with outdated TOU periods and others with accurate TOU periods creates confusion that is counter to Principles 6 (Rates should provide stability, simplicity and customer choice); and 10 (Transitions to the new rate structure should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and avoids the potential for rate shock). Special education and outreach would be required so that customer's with grandfathered accounts understood that they are not subject to the same TOU periods as the rest of SDG&E's TOU customers. This adds general confusion and complexity to any broad communication and education efforts by SDG&E, as well as significant confusion for customers with multiple accounts (e.g., those with accounts subject to both the old TOU period and the new TOU periods).

The energy industry is one in which competitive alternatives are emerging for some, but not all customers. The customers that Parties have targeted to grandfather are those very customers for whom alternative options have demonstrated to be available. Under the current market conditions, which include emerging distributed competitive alternatives to various services that have been traditionally provided by utilities, a failure to implement utility rates that recover costs in the same manner in which they have been incurred creates opportunities for customers to achieve savings by making investments that allow them to avoid costs that have been incurred on their behalf, shifting those costs to other customers. The result would be a shifting, rather than reduction, in overall costs. At the same time, customers would be deprived of information that could more accurately

inform them regarding the actual cost associated with how and when they use electricity, as well as the costs associated with maintaining a utility grid interconnection that would otherwise empower them to engage in economically efficient energy efficiency, demand response, and DERs investments.

For these reasons, updated TOU periods should be adopted to address current market conditions in order to meet the needs of an emerging competitive market in a way that empowers customers with accurate information, enables more effective and direct incentives to achieve conservation, and promotes fairness to customers that may not be able to make investments in DERs.

VI. WITH ANY CHANGE TO RATE DESIGN CREATING POSITIVE AND NEGATIVE BILL IMPACTS, THE APPROPRIATE PERSPECTIVE WITH WHICH TO CONSIDER BILL IMPACTS IS ON THE IMPACTS TO ALL CUSTOMERS

Any rate design proposal is ultimately accompanied by bill impacts which can both increase and decrease customers' bills. It is therefore appropriate to assess bill impacts of a proposal by looking at the impact on all customers.

For example, while a later on-peak period could result in lowering the amount of solar generation that occurs during the on-peak period (depending on the system orientation), a customer can still experience an overall reduction in their bill if their overall usage in the on-peak period goes down. Also, the increase in the amount of generation that is now in the middle "semi-peak" period has increased given that, under SDG&E's proposal, weekend solar generation would be in the semi-peak and not in the lowest TOU period of "super off –peak".

With regard to bill impacts related to the school parties, SDG&E notes that at the schools election, discussion about a proposed discount ended when the schools indicated that they would

prefer to simply participate as intervenors in this proceeding, rather than entertain a proposed discount, as SDG&E had indicated it was willing to do.

SDG&E witness Cynthia Fang also notes in her rebuttal testimony that parties such as the water districts have benefited significantly from the adopted Partial Settlements in D.14-01-002 issued in SDG&E's 2012 GRC Phase 2, where they were reclassified into the agricultural class with an overall benefit of having a lower overall allocation of costs compared to if they had stayed in the Medium and Large Commercial & Industrial class. In addition, the Valley Center Municipal Water District ("District") noted that updating TOU periods will have an impact on the cost of providing water to their rate payers.[19] In reality, updating TOU periods simply accurately reflects the cost of providing water. Maintaining the old, inaccurate TOU periods would simply hide the cost of providing water to water districts such as the District in the rates of electric customers. By not updating TOU periods to reflect costs, water districts would receive price signals that, if they are an economically rational energy user, would create a perverse incentive to use energy at a time that would increase system costs. Hiding the cost of providing water service in electric rates does not lower the cost of providing water service, it simply shifts who pays for the cost of water service and provides water to customers at below the actual cost.

VII. CONCLUSION

This concludes my prepared rebuttal testimony.

[19] Testimony of Gary Arant on behalf of the District, pp. 3-4.