

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

Application 11-10-002
Exhibit No.: (SDG&E-104)

REVISED PREPARED DIRECT TESTIMONY OF
WILLIAM G. SAXE
CHAPTER 4
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FEBRUARY 2012



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1 **REVISED PREPARED DIRECT TESTIMONY OF**
2 **WILLIAM G. SAXE**
3 **(CHAPTER 4)**
4

5 **I. OVERVIEW AND PURPOSE**

6 The purpose of my revised prepared direct testimony is to propose tariff and bill
7 changes that will provide greater clarification to our customers. None of these proposed
8 changes result in changes to rates and/or revenues. My testimony is organized as follows:

- 9 • **Section II – Presentation of Total Rates on Residential Utility Distribution**
10 **Company (UDC) Rate Schedule Tariffs:** presents the proposal to change the
11 format of residential UDC rate schedule tariffs to allow total rates (UDC, Electric
12 Energy Commodity Cost (EECC), and Department of Water Resources Bond
13 Charge (DWR-BC)), to be presented in the tariffs;
- 14 • **Section III – Separating Total Rate Adjustment Component (TRAC) and**
15 **Public Purpose Program (PPP) Charges on Customer Bills:** presents the
16 proposal to separate TRAC and PPP charges on residential customer bills;
- 17 • **Section IV – Schedule A6-TOU Applicability Language:** presents the
18 proposal to change the Applicability language in Schedule A6-TOU (General
19 Service – Time Metered Optional);
- 20 • **Section V – Schedule DR-TOU Applicability Language:** presents the proposal
21 to change the Applicability language in Schedule DR-TOU (Experimental
22 Domestic Time-of-Use Service); and
- 23 • **Section VI – Summary and Conclusion:** provides a summary of
24 recommendations.

25 **II. PRESENTATION OF TOTAL RATES ON RESIDENTIAL UTILITY**
26 **DISTRIBUTION COMPANY (UDC) RATE SCHEDULE TARIFFS**

27 San Diego Gas & Electric Company (SDG&E) proposes changes to the format of
28 residential UDC rate schedule tariffs to identify the total rates billed customers by SDG&E

1 rather than only the UDC rates. Currently, residential customers taking bundled service¹
2 need to review three separate tariffs (UDC, EECC, and DWR-BC) to identify the total rates
3 paid to SDG&E. Although it displays total rates for residential customers on its web page
4 (www.sdge.com),² SDG&E believes it would provide greater clarity to its customers if the
5 total rates were also presented on the UDC tariffs. For this reason, SDG&E proposes format
6 changes to residential UDC tariffs to identify the total rates paid by customers to SDG&E.

7 Attachment A presents the proposed format changes to Schedule DR, the UDC tariff
8 applicable to most SDG&E residential customers. The proposed changes are highlighted in
9 the attached Schedule DR tariff. Similar format changes will be implemented for all other
10 residential UDC tariffs to identify total rates by tier and/or TOU period.

11 **III. SEPARATING TOTAL RATE ADJUSTMENT COMPONENT (TRAC) AND** 12 **PUBLIC PURPOSE PROGRAM (PPP) CHARGES ON CUSTOMER BILLS**

13 SDG&E proposes to separate TRAC and PPP charges on residential customer bills.
14 In accordance with the settlement reached and approved in its 2008 General Rate Case
15 (GRC) Phase 2 proceeding,³ SDG&E began combining TRAC and PPP charges for billing
16 purpose on May 1, 2008.⁴ Combining these two charges under the Public Purpose Programs
17 bill component on customer bills has resulted in customer confusion and complaints over the
18 past three years primarily because, unlike the PPP charges, the TRAC charges can represent
19 a significant portion of a customer's bill. For this reason, SDG&E proposes that TRAC
20 charges/credits be displayed separately from PPP charges in order to clearly identify the
21 amount customers are being billed under the TRAC rate component.

22 **IV. SCHEDULE A6-TOU APPLICABILITY LANGUAGE**

23 SDG&E requests modification to the Applicability language in Schedule A6-TOU to
24 clarify how A6-TOU is being implemented today. The Applicability language of Schedule
25 A6-TOU states that this schedule is optionally available to customers whose maximum
26 demand in any time period is 500 kW or greater. SDG&E proposes modification to this

¹ Bundled service customers purchase both their delivery (UDC) and commodity (EECC) services from SDG&E.

² <http://www.sdge.com/customer/rates/totalRates.shtml>

³ A.08-11-014, "Motion for Adoption of All Party and All Issue Settlement," Attachment 1, Section C. Residential Rate Design, item 3, p. 2, adopted by D.08-02-034.

⁴ SDG&E Advice Letter 1978-E, effective May 1, 2008.

1 language to make it clear that “any time period” means a customer only needs to reach
2 demand 500 kW or greater at one time during any 15-minute interval of the most recent
3 consecutive 12 months to qualify for Schedule A6-TOU. Below is the applicability section
4 of the Schedule A6-TOU tariff that needs to be modified with the specific proposed changes
5 highlighted.

6 **Current Schedule A6-TOU Tariff Language**

7 Applicability: This schedule is optionally available to customers receiving service at
8 Primary, Primary Substation, or Transmission service voltage level, as defined in
9 Rule 1, whose maximum demand in any time period is 500 kW or greater.

10 **Proposed Schedule A6-TOU Tariff Language**

11 Applicability: This schedule is optionally available to customers receiving service at
12 Primary, Primary Substation, or Transmission service voltage level, as defined in
13 Rule 1, whose maximum measured demand in any time period is 500 kW or greater
14 during any 15-minute interval of the most recent 12-month period.

15 **V. SCHEDULE DR-TOU APPLICABILITY LANGUAGE**

16 SDG&E requests modification to the Applicability language in Schedule DR-TOU to
17 allow this rate schedule to serve a customer’s “common-use” areas. Below is the
18 applicability section of the Schedule DR-TOU tariff that needs to be modified with the
19 specific proposed changes highlighted. These proposed changes will provide greater clarity
20 and consistency with how Schedule DR-TOU is applied today, and is similar to the
21 “common-use” language found in Schedule DR. In addition, SDG&E proposes to add
22 Special Condition 13 to Schedule DR-TOU to define “common-use” service.

23 **Current Schedule DR-TOU Tariff Language**

24 Applicability: Optionally available to domestic service for lighting, heating,
25 cooking, water heating, and power, or combination thereof, in single family
26 dwellings, flats, and apartments where the customer is separately metered by the
27 utility. Qualifying California Alternative Rates For Energy (CARE) customers are
28 eligible for service on this schedule, as further described under Special Condition 10
29 of this schedule. The utility reserves the right to limit the number of customers
30 receiving service under the terms of this schedule, as described in Special
31 Condition 8.

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Proposed Schedule DR-TOU Tariff Language

Applicability: Optionally available to domestic service for lighting, heating, cooking, water heating, and power, or combination thereof, in single family dwellings, flats, and apartments, along with service used in common for residential purposes by tenants in multi-family dwellings described under Special Condition 13, where the customer is separately metered by the utility. Qualifying California Alternative Rates For Energy (CARE) customers are eligible for service on this schedule, as further described under Special Condition 10 of this schedule. The utility reserves the right to limit the number of customers receiving service under the terms of this schedule, as described in Special Condition 8.

Special Condition 13:

Common Use Service: Service used in common for residential purposes in a multi-family dwelling, on a single premises, whether separately metered or combined with service to an individual dwelling unit, will be supplied under this schedule. Non-profit group living facilities are eligible to receive the CARE discount in both separately metered and non-separately metered common-use areas provided the facility meets the eligibility criteria set forth in PU Code §739.1.

VI. SUMMARY AND CONCLUSION

SDG&E recommends that the California Public Utilities Commission (Commission) adopt the tariff and bill changes proposed above because these changes will not impact rates and/or revenues and should provide greater clarification to our customers.

This concludes my revised prepared direct testimony.

ATTACHMENT A
SCHEDULE DR



SCHEDULE DR

RESIDENTIAL SERVICE
(Includes Rates for DR-LI)

APPLICABILITY

Applicable to domestic service for lighting, heating, cooking, water heating, and power, or combination thereof, in single family dwellings, flats, and apartments, separately metered by the utility; to service used in common for residential purposes by tenants in multi-family dwellings under Special Condition 8; to any approved combination of residential and nonresidential service on the same meter; and to incidental farm service under Special Condition 7.

This schedule is also applicable to customers qualifying for the California Alternate Rates for Energy (CARE) Program, residing in single-family accommodations, separately metered by the Utility, and may include Non-profit Group Living Facilities and Qualified Agricultural Employee Housing Facilities, if such facilities qualify to receive service under the terms and conditions of Schedule E-CARE.

TERRITORY

Within the entire territory served by the Utility.

RATES

Total Rates:

Description - DR Rates	UDC Total Rate	EECC Rate	DWR-BC Rate	Total Rate
Summer				
Baseline Energy (\$/kWh)				
101% to 130% of Baseline				
131% - 200% of Baseline				
Above 200% of Baseline				
Winter				
Baseline Energy (\$/kWh)				
101% to 130% of Baseline				
131% - 200% of Baseline				
Above 200% of Baseline				
Minimum Bill (\$/day)				

Description -DR-LI Rates	UDC Total Rate	EECC Rate	DWR-BC Rate	Total Rate
Summer - Care Rates				
Baseline Energy (\$/kWh)				
101% to 130% of Baseline				
131% - 200% of Baseline				
Above 200% of Baseline				
Winter - Care Rates				
Baseline Energy (\$/kWh)				
101% to 130% of Baseline				
131% - 200% of Baseline				
Above 200% of Baseline				
Minimum Bill (\$/day)				

Note:

- Total Rates consist of UDC, Schedule EECC (Electric Energy Commodity Cost), and Schedule DWR-BC (Department of Water Resources Bond Charge) Rates.
- Total Rates presented are for customers that receive commodity supply and delivery service from utility. Differences in total rates paid by Direct Access (DA) and Community Choice Aggregation (CCA) customers are identified in Schedule DA-CRS and CCA-CRS, respectively.

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SCHEDULE DR

RESIDENTIAL SERVICE
(Includes Rates for DR-LI)

RATES (Continued)

(3) DWR-BC charges do not apply to customers receiving discounts under the California Alternate Rates for Energy (CARE) Program (e.g., DR-LI customers), customers receiving a medical baseline allowance, and generation departed load exempted under Special Condition 4 of Schedule CGDL-CRS.

UDR Rates:

Description - DR Rates	Transm	Distr	PPP	ND	CTC	RS	TRAC	UDC Total
Summer								
Baseline Energy (\$/kWh)								
101% to 130% of Baseline								
131% - 200% of Baseline								
Above 200% of Baseline								
Winter								
Baseline Energy (\$/kWh)								
101% to 130% of Baseline								
131% - 200% of Baseline								
Above 200% of Baseline								
Minimum Bill (\$/day)								

Description -DR-LI Rates	Transm	Distr	PPP	ND	CTC	RS	TRAC	UDC Total
Summer – Care Rates								
Baseline Energy (\$/kWh)								
101% to 130% of Baseline								
131% - 200% of Baseline								
Above 200% of Baseline								
Winter – Care Rates								
Baseline Energy (\$/kWh)								
101% to 130% of Baseline								
131% - 200% of Baseline								
Above 200% of Baseline								
Minimum Bill (\$/day)								

Notes: Transmission Energy charges include the Transmission Revenue Balancing Account Adjustment (TRBAA) of \$(0.00013) per kWh and the Transmission Access Charge Balancing Account Adjustment (TACBAA) of \$0.00031 per kWh. PPP rate is composed of: Low Income PPP rate (LI-PPP) \$0.00341 /kWh, Non-low Income PPP rate (Non-LI-PPP) \$0.00132 /kWh (pursuant to PU Code Section 399.8, the Non-LI-PPP rate may not exceed January 1, 2000 levels), and Procurement Energy Efficiency Surcharge Rate of \$0.00149 /kWh.

The Non-Baseline rates are for energy used in excess of the baseline allowance.

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SCHEDULE DR

RESIDENTIAL SERVICE
(Includes Rates for DR-LI)

RATES (Continued)

Minimum Bill

The minimum bill is calculated as the minimum bill charge per day times the number of days in the billing cycle. Rate components under the minimum bill, including charges associated with Schedule EECC (Electric Energy Commodity Cost), will be calculated based on average minimum bill usage.

Rate Components

The Utility Distribution Company Total Rates (UDC Total) shown above are comprised of the following components (if applicable): (1) Transmission (Trans) Charges, (2) Distribution (Distr) Charges, (3) Public Purpose Program (PPP) Charges, (4) Nuclear Decommissioning (ND) Charge, (5) Ongoing Competition Transition Charges (CTC), (6) Reliability Services (RS), and (7) the Total Rate Adjustment Component (TRAC).

Certain Direct Access customers are exempt from the TRAC, as defined in Rule 1-Definitions.

~~Utility Distribution Company (UDC) Total Rate shown above excludes any applicable commodity charges associated with Schedule EECC and Schedule DWR-BC (Department of Water Resources Bond Charge).~~

Customers taking service under this schedule may be eligible for a 20% California Alternate Rates for Energy (CARE) discount on their bill, if they qualify to receive service under the terms and conditions of Schedule E-CARE. In addition, qualified CARE customers are exempt from paying the CARE surcharge of \$0.00305 per kWh.

Franchise Fee Differential

A Franchise Fee Differential of 5.78% will be applied to the monthly billings calculated under this schedule for all customers within the corporate limits of the City of San Diego. Such Franchise Fee Differential shall be so indicated and added as a separate item to bills rendered to such customers.

SPECIAL CONDITIONS

- Load Checks. The utility has the right to make load checks to verify the possession and use of appliances for which baseline quantities are being allowed. In the event that a customer is found, by load check, not to have the necessary appliances to qualify for a specific baseline quantity previously declared by the customer, the utility shall have the right to rebill the customer's previous 11 months' bills using the baseline quantities found to be appropriate.
- Baseline Rates. Baseline rates are applicable only to separately metered residential usage.
- Baseline Usage. The following quantities of electricity are to be billed at the rates for baseline usage:

	Baseline Allowance For Climatic Zones*			
	Coastal	Inland	Mountain	Desert
Basic Allowance				
Summer (May 1 to October 31)	9.6	11.2	14.8	16.4
Winter (November 1 to April 30)	10.1	10.8	13.8	11.2
All Electric**				
Summer (May 1 to October 31)	9.8	11.0	17.3	19.5
Winter (November 1 to April 30)	16.6	18.3	28.5	22.0

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SCHEDULE DR

RESIDENTIAL SERVICE
(Includes Rates for DR-LI)

SPECIAL CONDITIONS (Continued)

3. Baseline Usage (Continued)

* Climatic Zones are shown on the Territory Served, Map No. 1.

** All Electric allowances are available upon application to those customers who have permanently installed space heating or who have electric water heating and receive no energy from another source.

4. Medical Baseline Usage. Upon completion of an application and verification by a state-licensed physician or osteopath (Form 132-150), an additional baseline allowance of 16.5 kwhr per day will be provided for paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patients, or persons being treated for a life-threatening illness or who have a compromised immune system.

Where it is established that the energy required for a life-support device (including an air conditioner or space heater) exceeds 16.5 kwhr per day, the additional allowance will be granted in increments of 16.5 kwhr per day until the estimated daily usage of the device is covered.

By granting the baseline allowances set forth above, the utility does not guarantee a continuous and sufficient supply of energy. The supply of all energy by the utility is subject to the provisions of Rule 14.

5. Voltage. Service under this schedule will be supplied at the standard lighting voltage.

6. Welder Service. Service under this schedule will be supplied to a welder load of 2.9 Kva or less at 240 volts, and to 0.5 Kva or less at 120 volts. Welders will be rated in accordance with Rule 2F-1.

7. Incidental Farm Service. Incidental farm service used in the production of farm crops and produce will be supplied under this schedule when combined with domestic service and supplied through the same meter as the domestic service for the farm operator's residence, provided the transformer capacity required for the combined load does not exceed twice the normal capacity required for the single-family domestic load of that residence.

8. Common Use Service. Service used in common for residential purposes in a multi-family dwelling, on a single premises, whether separately metered or combined with service to an individual dwelling unit, will be supplied under this schedule. Non-profit group living facilities are eligible to receive the CARE discount in both separately metered and non-separately metered common use areas provided the facility meets the eligibility criteria set forth in PU Code §739.1

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SCHEDULE DR

RESIDENTIAL SERVICE
(Includes Rates for DR-LI)

SPECIAL CONDITIONS (Continued)

9. Billing. A customer's bill is first calculated according to the total rates and conditions listed above. The following adjustments are made depending on the option applicable to the customer:

- a. **UDC Bundled Service Customers** receive supply and delivery services solely from the Utility. The customer's bill is based on the Total Rates set forth above. The EECC component is determined by multiplying the EECC price for this schedule during the last month by the customer's total usage. The DWR-BC component is determined by multiplying the DWR-BC rate by the customer's total usage.
- b. **Direct Access (DA) and Community Choice Aggregation (CCA) Customers** purchase energy from a non-utility provider and continue to receive delivery services from the Utility. The bills for a DA and CCA Customer will be calculated as if it were a UDC Bundled Service Customer, then crediting the bill by the amount of the EECC component and DWR-BC component for continuous DA customers that are exempt from the DWR-BC charge, as determined for a UDC Bundled Customer, and including the appropriate Cost Responsibility Surcharge (CRS), if applicable.

Nothing in this service schedule prohibits a marketer or broker from negotiating with customers the method by which their customer will pay the CTC charge.

10. Other Applicable Tariffs: Rules 21, 23 and Schedule E-Depart apply to customers with generators. Schedules NEM, NEM-BIO, and NEM-FC apply to Net Energy Metering customers