

Proceeding No.: A.10-07-
Exhibit No.: _____
Witness: Yvonne M. Le Mieux

Application of San Diego Gas & Electric
Company (U 902 E) for Approval of its
Proposals for Dynamic Pricing and Recovery of
Incremental Expenditures Required for
Implementation.

PREPARED DIRECT TESTIMONY OF
YVONNE M. LE MIEUX
CHAPTER 7
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA
July 06, 2010



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1 **PREPARED DIRECT TESTIMONY OF**

2 **YVONNE M. LE MIEUX**

3 **CHAPTER 7**

4 **I. OVERVIEW AND PURPOSE**

5 The purpose of my testimony is to address cost recovery related to San Diego Gas &
6 Electric Company’s (SDG&E’s) PeakShift (PS) programs for small nonresidential (PeakShift at
7 Work – PSW) and residential (PeakShift at Home – PSH) customer classes. SDG&E proposes use
8 of the term "PeakShift" to refer to the dynamic pricing rates previously referred to as Critical Peak
9 Pricing (CPP) rates. The PeakShift terminology is intended to be more user-friendly and easily
10 understood by these customer classes. A PeakShift energy rate is a dynamic pricing rate that is
11 calculated to ensure the recovery of the PeakShift marginal capacity cost revenues during a peak
12 usage (ReduceYourUse) day, in addition to the marginal energy cost. My testimony:

- 13 • provides details regarding the concurrently filed advice letter to include incremental
14 costs from implementing a PSH rate program in the Dynamic Pricing Memorandum
15 Account (DPMA); and
- 16 • describes the proposed regulatory balancing account treatment for costs associated
17 with SDG&E’s PeakShift rate programs for small nonresidential and residential
18 customers and ongoing cost recovery either in SDG&E’s Demand Response
19 Programs (DRP) & Budgets program cycle filing or as determined by the
20 Commission.

21 **II. BACKGROUND**

22 Pursuant to D.08-02-034, SDG&E was authorized to implement CPP dynamic pricing rates
23 for medium and large nonresidential customers. SDG&E’s proposals related to dynamic pricing

1 were dependent on Advanced Metering Infrastructure (AMI) deployment, approved in
2 D.07-04-043, which will allow electricity customers to track their electric usage on a real time
3 basis and to respond to price signals through the use of automated technology and meters.
4 SDG&E is proposing to extend the PeakShift dynamic pricing rate options to small nonresidential
5 and residential customer classes in support of the Commission's policy to make dynamic pricing
6 available for all customers.¹

7 Pursuant to D.09-09-036, SDG&E was authorized to establish a memorandum account to
8 track incremental costs resulting from implementing a default CPP (for purposes of this
9 Application, referred to as the PeakShift) rate with a time-of-use rate structure, coupled with a
10 default CPP rate for small nonresidential customers less than 20 kW that are not subject to default
11 under CPP-D. The Critical Peak Pricing Small Customer Memorandum Account (CPPSMA),
12 approved by the Commission December 15, 2009, authorized SDG&E to record incremental
13 operations and maintenance (O&M) and capital-related costs incurred to implement the Critical
14 Peak Pricing for small nonresidential customers (herein referred to as PeakShift at Work or PSW)
15 rate program including but not limited to customer outreach and education, detailed rate design
16 materials, dynamic pricing analysis tools, other administrative expenses, depreciation expense and
17 applicable taxes. Costs were authorized to be recorded to the CPPSMA effective September 24,
18 2009.

19 **III. PEAKSHIFT AT HOME INCREMENTAL COSTS**

20 Concurrently with this Application, SDG&E is filing an Advice Letter requesting to change
21 the name of the CPPSMA to the Dynamic Pricing Memorandum Account (DPMA). In addition,
22 SDG&E proposes to change the CPPSMA to include incremental costs associated with

¹ See Pacific Gas and Electric Company's Electric Marginal Costs, Revenue Allocation and Rate Design Application D.08-07-045.

1 implementing a PeakShift at Home (PSH) rate program for residential customers in addition to the
2 costs associated with small nonresidential customers (herein referred to as PSW) that are currently
3 being tracked in the memorandum account, to facilitate program implementation and cost
4 recovery. Entries to the DPMA will include incremental O&M and capital-related costs incurred
5 to implement the PSH rate program including but not limited to customer outreach and education,
6 detailed rate design materials, dynamic pricing analysis tools, other administrative expenses,
7 depreciation expense, return and applicable taxes.

8 **IV. REGULATORY BALANCING ACCOUNT TREATMENT**

9 SDG&E requests approval to establish the Dynamic Pricing Balancing Account (DPBA)
10 for cost recovery related to the PSW and PSH revenue requirements. SDG&E proposes that the
11 balancing account records the authorized revenue requirement and actual O&M and capital-related
12 costs incurred for the PSW and PSH rate programs. Costs include but are not limited to customer
13 outreach and education, detailed rate design materials, dynamic pricing analysis tools, other
14 administrative expenses, depreciation expense, return and applicable taxes. Details of the revenue
15 requirement are presented in the testimony of SDG&E witness Frederick W. Myers (Ch. 6) while
16 the rate impacts associated with the recovery in rates are presented in the testimony of SDG&E
17 witness Robert W. Hansen (Ch. 4). SDG&E requests to transfer the balance in the DPMA to the
18 DPBA upon Commission approval of the Dynamic Pricing Application.

19 Consistent with treatment of the implementation costs of CPP-D and AMI, SDG&E
20 proposes to recover the requested 2010-2015 implementation costs through distribution base
21 margin. For post-2015 ongoing O&M costs, SDG&E proposes to include ongoing costs related to
22 the PSW and PSH rate programs in the demand response programs (DRP) and budgets program
23 cycle filing or as determined by the Commission. SDG&E believes that the ongoing costs

1 associated with PSW or PSH rate programs are appropriate for the DRP and should be recorded to
2 the Advanced Metering and Demand Response Memorandum Account (AMDRMA). In addition,
3 the balance in the aforementioned proposed balancing account will be transferred to the
4 AMDRMA. The proposed cost recovery method is consistent with other SDG&E demand
5 response program costs.

6 **V. SUMMARY**

7 In my testimony, SDG&E requests the Commission to:

- 8 • authorize SDG&E to establish the DPBA to record and recover costs associated
9 with both nonresidential PeakShift at Work (PSW) and residential PeakShift at
10 Home (PSH) customers rate programs and to transfer the balance in the DPMA to
11 the proposed balancing account;
- 12 • authorize SDG&E to recover 2010-2015 implementation costs through
13 distribution base margin; and
- 14 • authorize SDG&E to include ongoing post-2015 O&M costs related to PSW and
15 PSH in the Demand Response Programs & Budgets program cycle filing or as
16 determined by the Commission.

17 This concludes my direct testimony.

1 **VI. QUALIFICATIONS**

2 My name is Yvonne M. Le Mieux. I am employed by San Diego Gas & Electric
3 Company (SDG&E), as a Regulatory Accounts Analyst, in the Regulatory Accounts Department.
4 My business address is 8330 Century Park Court, San Diego, California 92123. My current
5 responsibilities include the development, implementation and analysis of regulatory balancing
6 and memorandum accounts. I assumed my current position in January 2009.

7 I received a Bachelor of Science degree in Business Administration with Distinction in
8 Accounting from San Diego State University in 2003. I have been a Certified Public Accountant
9 (CPA), licensed in the State of California, since 2005 and a Certified Internal Auditor (CIA)
10 since 2006.

11 I have been employed with SDG&E and Sempra Energy since 2003. In addition to my
12 current position in Regulatory and Finance, I held a Senior Auditor position in the Audit Services
13 department under the Financial and Operational discipline (July 2004 – January 2009) and a
14 Staff Accountant position in the Sempra Energy Global Accounting department (June 2003 –
15 July 2004) at Sempra Energy’s corporate offices.

16 I have previously testified before this Commission.