

Proceeding No.: A.15-09-\_\_\_\_\_  
Exhibit No.: SDG&E-04  
Witness: Fang

**PREPARED DIRECT TESTIMONY OF**  
**CYNTHIA S. FANG**  
**ON BEHALF OF**  
**SAN DIEGO GAS & ELECTRIC COMPANY**

**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**OF THE STATE OF CALIFORNIA**

**SEPTEMBER 25, 2015**



**TABLE OF CONTENTS**

**I. INTRODUCTION..... 1**

**II. PURPOSE OF TESTIMONY ..... 1**

**III. RATE AND BILL IMPACTS FOR SIX-YEAR, EIGHT-YEAR, AND TEN-YEAR  
AMORTIZATION PROPOSALS..... 2**

**IV. CONCLUSION ..... 5**

**APPENDIX 1: Qualifications**

1                   **PREPARED DIRECT TESTIMONY OF CYNTHIA S. FANG**  
2                   **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

3  
4 **I.       INTRODUCTION**

5 Q.       Please state your name and business address.

6 A.       My name is Cynthia S. Fang. My business address is 8330 Century Park Court, San  
7 Diego, CA 92123.

8 Q.       What is your current position?

9 A.       I am currently employed by San Diego Gas & Electric Company (“SDG&E”) as the Rate  
10 Strategy and Analysis Manager in the Customer Pricing Department. My primary  
11 responsibilities include the oversight of electric load analysis, electric demand forecasting and  
12 electric rate design which includes the development of cost-of-service studies, determination of  
13 revenue allocation and electric rate design methods, analysis of ratemaking theories, and  
14 preparation of various regulatory filings. My qualifications are set forth in Appendix 1 hereto.

15 **II.       PURPOSE OF TESTIMONY**

16 Q.       What is the purpose of your testimony?

17 A.       The purpose of my testimony is to present the rate and bill impacts associated with  
18 SDG&E’s application to recover its Wildfire Expense Memorandum Account Costs (“WEMA  
19 Costs”). SDG&E seeks to recover \$379 million, as set forth in the prepared direct testimony of  
20 SDG&E witness Mr. R. Craig Gentes.<sup>1</sup> Per the direction of SDG&E witness Mr. Lee Schavrien,  
21 I have prepared the rate and bill impacts associated with three amortization scenarios –a six-year

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<sup>1</sup> As noted in Mr. Gentes’s testimony, the \$379 million includes estimates of certain expense and deduction amounts, and if the actual expenses or deductions vary from those estimates, SDG&E will file an update.

1 amortization, an eight-year amortization, and a ten-year amortization. Under each amortization  
2 scenario, the \$379 million is allocated equally to each year. With respect to each case, I present  
3 rate impacts by customer class as well as the bill impacts for SDG&E's typical residential  
4 customer.

5 **III. RATE AND BILL IMPACTS FOR SIX-YEAR, EIGHT-YEAR, AND TEN-YEAR**  
6 **AMORTIZATION PROPOSALS**

7 Q. What rate design does SDG&E propose to use in recovery of the WEMA Costs in this  
8 proceeding?

9 A. SDG&E proposes to recover the \$379 million WEMA Costs through the same rate design  
10 currently authorized for its electric distribution rates.

11 Q. Please describe the rate impacts by customer class using the six-year amortization  
12 scenario.

13 A. Table CF-1 below provides illustrative rate impacts by customer class in the first year of  
14 implementation assuming a six-year amortization of the \$379 million WEMA Costs. Under the  
15 six-year amortization scenario, \$66.0 million<sup>2</sup> would be recovered from customers each year  
16 over a six-year period. A typical non-California Alternate Rates for Energy ("CARE")  
17 residential customer with basic service living in the Inland climate zone and using 500 kilowatt-  
18 hours ("kWh") per month under the current residential rate structure<sup>3</sup> could see a monthly  
19 summer bill increase of \$1.67, or 1.6%, from a current monthly bill of \$106.72 to \$108.39 in the  
20 first year of implementation.

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<sup>2</sup> Amortization amount includes current authorized Franchise Fee and Uncollectibles ("FF&U") revenues.

<sup>3</sup> The current residential rate structure reflects 2015 residential rate design reform implemented on 9/1/15 pursuant to D. 15-07-001 issued in R. 12-06-013 per Advice Letter 2783-E.

1

**Table CF-1: Class Average Rate Impacts under Six-Year Amortization**

Customer Class	Class Average Rates Reflecting Current Effective <sup>1</sup> (¢/kWh)	Class Average Rates Reflecting Proposed Six-Year Amortization (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change (%)
<i>Residential</i>	22.651	23.048	0.397	1.75%
<i>Small Commercial</i>	24.653	25.075	0.422	1.71%
<i>Medium and Large C&amp;I<sup>2</sup></i>	19.529	19.756	0.227	1.16%
<i>Agricultural</i>	17.642	17.911	0.269	1.52%
<i>Lighting</i>	18.062	18.271	0.209	1.16%
<i>System Total</i>	21.154	21.464	0.310	1.47%

2

<sup>1</sup> Rates effective 9/1/15 per Advice Letter 2783-E.

3

<sup>2</sup> C&I is the abbreviation for Commercial & Industrial.

4

5 Q. Please describe the rate impacts by customer class using the eight-year amortization  
6 scenario.

7 A. Table CF-2 below provides illustrative rate impacts by customer class in the first year of  
8 implementation assuming an eight-year amortization of the \$379 million WEMA Costs. Under  
9 the eight-year amortization scenario, \$49.5 million<sup>4</sup> would be recovered from customers each  
10 year over an eight-year period. A typical non-CARE residential customer with basic service  
11 living in the Inland climate zone and using 500 kWh per month could see a monthly summer bill  
12 increase of \$1.25, or 1.2%, from a current monthly bill of \$106.72 to \$107.97 in the first year of  
13 implementation.

<sup>4</sup> Amortization amount includes current authorized FF&U revenues.

1

**Table CF-2: Class Average Rate Impacts under Eight-Year Amortization**

Customer Class	Class Average Rates Reflecting Current Effective <sup>1</sup> (¢/kWh)	Class Average Rates Reflecting Proposed Eight-Year Amortization (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change (%)
<i>Residential</i>	22.651	22.948	0.297	1.31%
<i>Small Commercial</i>	24.653	24.970	0.317	1.29%
<i>Medium and Large C&amp;I<sup>2</sup></i>	19.529	19.699	0.170	0.87%
<i>Agricultural</i>	17.642	17.844	0.202	1.14%
<i>Lighting</i>	18.062	18.219	0.157	0.87%
<i>System Total</i>	21.154	21.387	0.233	1.10%

2

<sup>1</sup> Rates effective 9/1/15 per Advice Letter 2783-E.

3

<sup>2</sup> C&I is the abbreviation for Commercial & Industrial.

4

5 Q. Please describe the rate impacts by customer class using the ten-year amortization  
6 scenario.

7 A. Table CF-3 below provides illustrative rate impacts by customer class in the first year of  
8 implementation assuming a ten-year amortization of the \$379 million WEMA Costs. Under the  
9 ten-year amortization scenario, \$39.6 million would be recovered from customers each year over  
10 a ten-year period.<sup>5</sup> A typical non-CARE residential customer with basic service living in the  
11 Inland climate zone and using 500 kWh per month could see a monthly summer bill increase of  
12 \$1.00, or 0.9%, from a current monthly bill of \$106.72 to \$107.72 in the first year of  
13 implementation.

14

<sup>5</sup> Amortization amount includes current authorized FF&U revenues.

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**Table CF-3: Class Average Rate Impacts under Ten-Year Amortization**

Customer Class	Class Average Rates Reflecting Current Effective <sup>1</sup> (¢/kWh)	Class Average Rates Reflecting Proposed Ten-Year Amortization (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change (%)
<i>Residential</i>	22.651	22.889	0.238	1.05%
<i>Small Commercial</i>	24.653	24.907	0.254	1.03%
<i>Medium and Large C&amp;I<sup>2</sup></i>	19.529	19.665	0.136	0.70%
<i>Agricultural</i>	17.642	17.803	0.161	0.91%
<i>Lighting</i>	18.062	18.188	0.126	0.70%
<i>System Total</i>	21.154	21.340	0.186	0.88%

2

<sup>1</sup> Rates effective 9/1/15 per Advice Letter 2783-E.

3

<sup>2</sup> C&I is the abbreviation for Commercial & Industrial.

4

**IV. CONCLUSION**

5

Q. Does this conclude your testimony?

6

A. Yes it does.

# **APPENDIX 1**



## **STATEMENT OF QUALIFICATIONS OF CYNTHIA S. FANG**

My name is Cynthia S. Fang and my business address is 8330 Century Park Court, San Diego, California 92123. I am the Rate Strategy and Analysis Manager in the Customer Pricing Department of SDG&E. My primary responsibilities include the oversight of electric load analysis, electric demand forecasting and electric rate design which includes the development of cost-of-service studies, determination of revenue allocation and electric rate design methods, analysis of ratemaking theories, and preparation of various regulatory filings. I began work at SDG&E in May 2006 as a Regulatory Economic Advisor and have held positions of increasing responsibility in the Electric Rate Design group. Prior to joining SDG&E, I was employed by the Minnesota Department of Commerce, Energy Division, as a Public Utilities Rates Analyst from 2003 through May 2006.

In 1993, I graduated from the University of California at Berkeley with a Bachelor of Science in Political Economics of Natural Resources. I also attended the University of Minnesota where I completed all coursework required for a Ph.D. in Applied Economics.

I have previously submitted testimony before the Federal Energy Regulatory Commission and have submitted testimony and testified before the California Public Utilities Commission regarding SDG&E's electric rate design and other regulatory proceedings. In addition, I have previously submitted testimony and testified before the Minnesota Public Utilities Commission on numerous rate and policy issues applicable to the electric and natural gas utilities.