

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-204)

**PREPARED REBUTTAL 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**

**JULY 17, 2012**



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**PREPARED REBUTTAL TESTIMONY OF  
WILLIAM G. SAXE  
(CHAPTER 4)**

**I. OVERVIEW AND PURPOSE**

The purpose of this rebuttal testimony is to respond to the prepared direct testimony submitted by the Western Manufactured Housing Communities Association (WMA) in San Diego Gas & Electric’s (SDG&E) 2012 General Rate Case (GRC) Phase 2 Application (A.11-10-002) on tariff changes. Specifically, I will address two recommendations made by WMA witness Dr. Richard J. McCann. My testimony is organized as follows:

- **Section II – WMA Proposed Rule 1 Change:** SDG&E disagrees with WMA’s proposal to modify SDG&E’s Rule 1 definition for “multi-family accommodation” by deleting the reference to “mobilehome park” (MHP).
- **Section III – WMA Proposed Schedule DT Special Condition 9 Change:** SDG&E disagrees with WMA’s proposal to modify Special Condition 9 of Schedule DT to indicate that Decision (D.) 04-04-043 supersedes any other decisions referenced in the tariff.
- **Section IV – Summary and Conclusion:** the California Public Utilities Commission (Commission) should reject WMA’s suggested modification to SDG&E’s Rule 1 definition for “multi-family accommodation” and its proposal to modify Special Condition 9 of Schedule DT.

**II. WMA PROPOSED RULE 1 CHANGE**

WMA witness McCann cites 24 CCR 102A.1 of the California Code of Regulations (CCR), which defines “newly-constructed multi-family dwellings”, and claims that SDG&E’s inclusion of the term “mobilehome park” in its Rule 1 definition of “multi-family accommodation” is in violation of the CCR. Dr. McCann states that MHP customers fall within the definition of “single-family dwellings”, as recognized by D.04-11-033, in limiting the cost basis for MHP customers to the residential average “as a whole.” Therefore, WMA proposes that SDG&E be required to revise its Rule 1 definition of “multi-family accommodation” to delete the reference to MHP.<sup>1</sup>

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<sup>1</sup> WMA (McCann), pp. 28-29.

1           SDG&E disagrees with WMA’s assertion that its Rule 1 definition for “multi-family  
2 accommodation” violates state law. SDG&E’s tariffs, including Rule 1, are approved by the  
3 Commission and carry the same weight of California law as the CCR. The Commission has  
4 approved changes to SDG&E’s Rule 1 definitions 17 times since D.04-11-033 was issued, most  
5 recently in SDG&E Advice Letter 2221-E-A, effective September 24, 2011, without raising  
6 concerns about SDG&E’s inclusion of the term “mobilehome park” in the “multi-family  
7 accommodation” definition. Additionally, according to Public Utilities Code Section 780.5,<sup>2</sup> all  
8 newly constructed multi-family dwellings must be individually metered by the utility, and as  
9 such are not master-metered. SDG&E’s Rule 1 “multi-family accommodation” definition is  
10 provided for the purposes of qualifying pre-existing MHP customers for the Schedule DT multi-  
11 family rate, which (as WMA correctly indicated) was closed to MHP construction that  
12 commenced after January 1, 1997.<sup>3</sup> As stated in SDG&E Rule 19(B)(1)(b), all MHP dwellings,  
13 for which construction has commenced after January 1, 1997, shall be individually metered,  
14 which means they would be billed under SDG&E’s Commission-approved residential rates for  
15 single dwellings. For this reason, SDG&E emphasizes that its tariffs are not in conflict with 24  
16 CCR 102A.1 and thus the Commission should reject WMA’s proposal to modify SDG&E’s Rule  
17 1 definition for “multi-family accommodation.”

### 18 **III. WMA PROPOSED SCHEDULE DT SPECIAL CONDITION 9 CHANGE**

19           WMA witness McCann states that the Commission should order SDG&E to update  
20 Special Condition 9 of Schedule DT to reference D.04-04-043 as superseding any other decisions  
21 referenced in the tariff.<sup>4</sup> WMA makes this suggestion because it believes such a change should  
22 direct rent control boards to D.04-04-043 in order to define what is included in the physical  
23 definition of a utility system.<sup>5</sup>

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<sup>2</sup> Public Utilities Code Section 780.5: **“The commission shall require every residential unit in an apartment house or similar multiunit residential structure, condominium, and mobilehome park for which a building permit has been obtained on or after July 1, 1982, other than a dormitory or other housing accommodation provided by any postsecondary educational institution for its students or employees and other than farmworker housing, to be individually metered for electrical and gas service...”** (emphasis added)

<sup>3</sup> WMA (McCann), p. 6, lines 11-12.

<sup>4</sup> WMA also points out a typographical error in the text of Schedule DT Special Condition 9 (first sentence of part b should be moved up to the last sentence of part a). SDG&E will correct this typographical error.

<sup>5</sup> WMA (McCann), pp. 33-35.

1           SDG&E believes Special Condition 9 of Schedule DT is in compliance with California  
2 Public Utilities Code Section 739.5.<sup>6</sup> D.04-04-043 did not order, direct or authorize the utilities  
3 to make changes to their related tariff special conditions regarding the type of costs that are  
4 included in the calculation of the MHP submeter discount required under Public Utilities Code  
5 Section 739.5. For this reason, WMA’s proposal that Special Condition 9 should reference  
6 D.04-04-043 in the tariff as superseding any other decisions referenced in the tariff is  
7 unnecessary and should be rejected by the Commission.

8 **IV. SUMMARY AND CONCLUSION**

9           For the reasons stated above, the Commission should (a) reject WMA’s proposal to  
10 modify SDG&E’s Rule 1 definition for “multi-family accommodation” by deleting the reference  
11 to “mobilehome park”, and (b) reject WMA’s proposal to modify Special Condition 9 of  
12 Schedule DT to reference D.04-04-043 as superseding any other decisions referenced in the  
13 tariff.

14           This concludes my prepared rebuttal testimony.

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<sup>6</sup> Public Utilities Code Section 739.5(a) states: “The commission shall require that, whenever gas or electric service, or both, is provided by a master-meter customer to users who are tenants of a **mobilehome park**, apartment building, or similar residential complex, the master-meter customer shall charge each user of the service at the same rate that would be applicable if the user were receiving gas or electricity, or both, directly from the gas or electrical corporation. The commission shall require the corporation furnishing service to the master-meter customer to establish uniform rates for master-meter service at a level that will provide a sufficient differential to cover the reasonable average costs to master-meter customers of providing submeter service, **except that these costs shall not exceed the average cost that the corporation would have incurred in providing comparable services directly to the users of the service.**” (emphasis added)