

Company: San Diego Gas & Electric Company (U902M)  
Proceeding: 2016 General Rate Case  
Application: A.14-11-003  
Exhibit: SDG&E-40-R

**REVISED**

**SDG&E**

**DIRECT TESTIMONY OF GARY G. LENART  
(REVENUES AT PRESENT AND PROPOSED RATES)**

March 2015

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



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## SUMMARY

- This testimony presents the gas transportation revenue and rate changes and the estimated residential customer bill impacts associated with SDG&E's 2016 GRC proposals.
- System total bundled rates revenue will decrease -0.8% over effective 2015 rates.
- When comparing 2015 effective rates to the 2016 GRC rates, the average residential bill will decrease -0.9%.

**SDG&E DIRECT TESTIMONY OF GARY G. LENART  
(REVENUES AT PRESENT AND PROPOSED RATES)**

**I. INTRODUCTION**

The purpose of my testimony is to: (1) present a summary of the gas transportation revenue and rate changes that would result from adoption of the Test Year 2016 General Rate Case (“GRC”) natural gas business proposals of San Diego Gas & Electric Company (“SDG&E”), and (2) present estimates of residential customer bill impacts.

**II. SUMMARY OF PRESENT AND PROPOSED GAS TRANSPORTATION REVENUES AND RATES**

SDG&E’s proposals in this proceeding would result in changes to:

- (i) total authorized base margin for transportation rates (see testimonies of Khai Nguyen, Ex. SDG&E-36-R and Cynthia Fang, Ex. SDG&E-39-R);
- (ii) franchise fee rate (see testimony of Ragan Reeves, Ex. SDG&E-29-R);
- (iii) uncollectible rate (see testimony of Bradley Baugh, Ex. SDG&E-14);
- (iv) balances for amortization of certain regulatory accounts (see testimony of Norma Jasso, Ex. SDG&E-35); and,
- (v) amounts for administrative fees paid to California Air Resources Board (see testimony of R. Scott Pearson, Ex. SDG&E-18).

SDG&E Gas Proposals Resulting in Rate Changes:	Proposed 2016 Amounts
Base Margin \$ millions	\$321
Franchise Fee Rate	2.07270%
Uncollectible Rate	0.17400%
General Rate Case Memorandum Account (“GRCMA”)	\$0
California Air Resources Board Admin Fees \$000's	\$560

Rates and revenues for other components of the bundled rates, including commodity and Public Purpose Program (“PPP”) surcharge, would remain unchanged based on this application

1 and, therefore, have been held constant for the present versus proposed comparison.<sup>1</sup> The  
 2 transportation rates and revenues reflect the allocation of costs and sales volumes adopted in  
 3 SDG&E's most recent cost allocation proceeding implemented on July 1, 2014,<sup>2</sup> and updated for  
 4 the January 1, 2015 Consolidated Rate Update.<sup>3</sup>

5 The following tables show current and proposed gas transportation revenues and rates by major  
 6 customer class.

7  
 8 **Table 1**  
 9 SDG&E  
 10 Summary of Gas Bundled Revenue  
 11 by Major Customer Class  
 12 (\$ millions)

Line No.	Customer Class	Total Revenues		Change	
		Effective 2015	2016	\$	%
1	Residential	\$491	\$486	-\$5	-0.9%
2	Core Commercial & Industrial	\$152	\$151	-\$1	-0.5%
3	NGV	\$8	\$8	\$0	0.8%
4	Total Core	\$651	\$645	-\$5	-0.8%
Noncore					
5	C&I	\$3	\$3	\$0	-2.6%
6	Sempra-Wide EG	\$13	\$14	\$0	3.3%
7	Noncore Average	\$16	\$17	\$0	2.2%
8	SYSTEM TOTALS	\$667	\$662	-\$5	-0.8%

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<sup>1</sup> For illustrative purposes, the commodity price reflected in these tables was effective on July 1, 2014; and, the PPP surcharges were effective January 1, 2015. See SDG&E Advice Letter Nos. 2260-G and 2235-G for the commodity and PPPS charges, respectively.

<sup>2</sup> See Decision (D.) 14-06-007. Transportation rates and revenues reflect adjustments for System Integration, Backbone Transportation Service, and Sempra-wide rate adjustments.

<sup>3</sup> See SDG&Egas Advice Letter No. 4730 for Consolidated Rate Update effective January 1, 2015.

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**Table 2**  
SDG&E - Gas Department  
Summary of Gas Class Average Bundled Rates  
by Major Customer Class  
(\$/therm)

Line No.	Customer Class	Total Rates		Change	
		Effective 2015	2016	\$	%
1	Residential	\$1.52450	\$1.51018	(\$0.01432)	-0.9%
2	Core Commercial & Industrial	\$0.85424	\$0.84958	(\$0.00466)	-0.5%
3	NGV	\$0.72961	\$0.73511	\$0.00550	0.8%
4	Total Core	\$1.27375	\$1.26323	(\$0.01052)	-0.8%
	Noncore				
5	C&I	\$0.07990	\$0.07782	(\$0.00208)	-2.6%
6	Sempra-Wide EG	\$0.01951	\$0.02015	\$0.00065	3.3%
7	Noncore Average	\$0.02276	\$0.02326	\$0.00050	2.2%
8	<b>SYSTEM TOTALS</b>	<b>\$0.54214</b>	<b>\$0.53806</b>	<b>(\$0.00407)</b>	<b>-0.8%</b>

6 **III. RESIDENTIAL CUSTOMER BILL IMPACTS**

7 The following table provides estimates of the average monthly gas bill for residential  
8 customers, including commodity and transportation charges. This is based on the average  
9 residential customer usage of 28 therms per month. As shown below, the bill amount for the  
10 average customer usage of 28 therms per month would decrease by \$0.38 per month, or 0.9%  
11 when compared to effective 2015 rates.

**Table 3**  
SDG&E - Gas Department  
Typical Monthly Residential Gas Bill  
at Present and Proposed Rates

	Average Monthly Bill		Change	
	Effective 2015	2016	\$	%
Average Bill 28 therms/month	\$41.79	\$41.41	(\$0.38)	-0.9%

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1 **IV. CONCLUSION**

2 This concludes my revised prepared direct testimony.



1 **V. WITNESS QUALIFICATIONS**

2 My name is Gary G. Lenart. My business address is 555 West Fifth Street, Los Angeles,  
3 California, 90013-1011. I am employed by SoCalGas as a Project Manager in the Regulatory  
4 Affairs Department for SoCalGas and SDG&E.

5 I hold a Bachelor of Science degree in Business Finance and Computer Science from  
6 Bradley University in Peoria, Illinois and a Master of Business Administration from California  
7 State University at Northridge, California. I have been employed by SoCalGas since 1988, and  
8 have held positions of increasing responsibilities in the Accounting, Strategic Planning, New  
9 Product Development, Customer Service & Information, and Regulatory Affairs departments. I  
10 have been in the gas rates department since 2006.

11 I have previously testified before the Commission.

**SDG&E 2016 GRC Testimony Revision Log – March 2015**

<b>Exhibit</b>	<b>Witness</b>	<b>Page</b>	<b>Line</b>	<b>Revision Detail</b>
SDG&E-40	Gary Lenart	GGL-ii		Second bullet-point, changed “-0.7% to -0.8%”; changed “estimated” to “effective”; deleted “and +0.7% over 2014 rates”
SDG&E-40	Gary Lenart	GGL-ii		Third bullet-point, changed “estimated” to “effective”; changed “-0.8% to -0.9%”
SDG&E-40	Gary Lenart	GGL-ii		Deleted fourth bullet-point in its entirety: “When comparing 2014 rates to the 2016 GRC rates, the average residential bill will increase +0.7%.”
SDG&E-40	Gary Lenart	GGL-2	3-4	Added “updated for the January 1, 2015 Consolidated Rate Update”; deleted “other proceedings as appropriate.”
SDG&E-40	Gary Lenart	GGL-2	FN3	Added FN3: “See SDG&E gas Advice Letter No. 4730 for Consolidated Rate Update effective January 1, 2015.” Deleted previous FN3: “D.13-05-010 (SDG&E’s 2012 GRC decision) authorized an attrition increase in base margin for 2015, which has been applied. D.14-06-007 the Triennial Cost Allocation Proceeding authorized the Transition Adjustment, which is an adjustment to cost allocation, which is also reflected in the 2015 estimated rates.”
SDG&E-40	Gary Lenart	GGL-2	6-9	Deleted paragraph “Since the revenue requirement is not proposed to be implemented until 2016, the tables below reflect the impact of this proposal on both (i) rates estimated to be in effect in 2015 due to existing GRC and cost allocation decisions and (ii) the rates currently in effect in 2014.”
SDG&E-40	Gary Lenart	GGL-2	FN1	Changed “2014” to “2015”; changed “2236-G” to “2235-G.”
SDG&E-40	Gary Lenart	GGL-2	Table 1	Replaced Table
SDG&E-40	Gary Lenart	GGL-3	Tables 2 & 3	Replaced Tables
SDG&E-40	Gary Lenart	GGL-3	10-11	Changed “\$0.32 to \$0.38”; changed “0.8% to 0.9%”, changed “estimated” to “effective”; deleted “and, increase by \$0.25 per month, or 0.7% when compared to 2014 rates.”