

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

SDG&E

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

November 2014

**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 -0.7% over estimated 2015 rates and increase +0.7% over 2014 rates.
- When comparing 2015 estimated rates to the 2016 GRC rates, the average residential bill will decrease -0.8%.
- When comparing 2014 rates to the 2016 GRC rates, the average residential bill will increase +0.7%.

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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 and Cynthia Fang, Ex. SDG&E-39);
- (ii) franchise fee rate (see testimony of Ragan Reeves, Ex. SDG&E-29);
- (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

and, therefore, have been held constant for the present versus proposed comparison.¹ The transportation rates and revenues reflect the allocation of costs and sales volumes adopted in SDG&E's most recent cost allocation proceeding implemented on July 1, 2014,² and other proceedings as appropriate.

The following tables show current and proposed gas transportation revenues and rates by major customer class. 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 decisions³ and (ii) the rates currently in effect in 2014.

Table 1
SDG&E
Summary of Gas Bundled Revenue
by Major Customer Class
(\$ millions)

Line No.	Customer Class	Total Revenues		Change		Total Revenues		Change	
		Estimated 2015	2016	\$	%	2014	2016	\$	%
1	Residential Core Commercial &	\$459	\$455	-\$4	-0.9%	\$452	\$455	\$3	0.7%
2	Industrial	\$139	\$138	-\$1	-0.5%	\$138	\$138	\$0	0.2%
3	NGV	\$8	\$8	\$0	0.8%	\$8	\$8	\$0	1.6%
4	Total Core	\$606	\$601	-\$5	-0.8%	\$598	\$601	\$4	0.6%
	Noncore								
5	C&I	\$5	\$5	\$0	-1.5%	\$5	\$5	\$0	-0.6%
6	Sempra-Wide EG	\$12	\$13	\$0	3.9%	\$12	\$13	\$1	8.1%
7	Noncore Average	\$17	\$18	\$0	2.3%	\$17	\$18	\$1	5.6%
8	SYSTEM TOTALS	\$623	\$619	-\$4	-0.7%	\$614	\$619	\$4	0.7%

¹ For illustrative purposes, the commodity price reflected in these tables was effective on July 1, 2014; and, the PPP surcharges were effective January 1, 2014. See SDG&E Advice Letter Nos. 2260-G and 2236-G for the commodity and PPPS charges, respectively.

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

³ 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.

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		Total Rates		Change	
		Estimated 2015	2016	\$	%	2014	2016	\$	%
1	Residential	\$1.42541	\$1.41325	-\$0.01216	-0.9%	\$1.40371	\$1.41325	\$0.00954	0.7%
2	Core Commercial & Industrial	\$0.78276	\$0.77870	-\$0.00406	-0.5%	\$0.77681	\$0.77870	\$0.00189	0.2%
3	NGV	\$0.70978	\$0.71569	\$0.00592	0.8%	\$0.70459	\$0.71569	\$0.01111	1.6%
4	Total Core	\$1.18603	\$1.17709	-\$0.00894	-0.8%	\$1.17018	\$1.17709	\$0.00692	0.6%
5	Noncore C&I	\$0.12665	\$0.12475	-\$0.00190	-1.5%	\$0.12546	\$0.12475	-\$0.00071	-0.6%
6	Sempre-Wide EG	\$0.01794	\$0.01864	\$0.00070	3.9%	\$0.01724	\$0.01864	\$0.00139	8.1%
7	Noncore Average	\$0.02379	\$0.02435	\$0.00056	2.3%	\$0.02307	\$0.02435	\$0.00128	5.6%
8	SYSTEM TOTALS	\$0.50632	\$0.50294	-\$0.00339	-0.7%	\$0.49932	\$0.50294	\$0.00362	0.7%

III. RESIDENTIAL CUSTOMER BILL IMPACTS

The following table provides estimates of the average monthly gas bill for residential customers, including commodity and transportation charges. This is based on the average residential customer usage of 28 therms per month. As shown below, the bill amount for the average customer usage of 28 therms per month would decrease by \$0.32 per month, or 0.8% when compared to estimated 2015 rates; and, increase by \$0.25 per month, or 0.7% when compared to 2014 rates.

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

	Average Monthly Bill		Change		Average Monthly Bill		Change	
	Estimated 2015	2016	\$	%	2014	2016	\$	%
Average Bill 28 therms/month	\$39.09	\$38.77	(\$0.32)	-0.8%	\$38.52	\$38.77	\$0.25	0.7%

IV. CONCLUSION

This concludes my 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.