

Application No: A.17-05-
Exhibit No.: _____
Witness: J. McKay

Application of San Diego Gas & Electric Company
(U 902 M) for Approval To Extend the Mobilehome
Park Utility Upgrade Program.

Application 17-05-
(Filed May 5, 2017)

CHAPTER 6
ELECTRIC COST RECOVERY AND RATE IMPACTS
PREPARED DIRECT TESTIMONY OF
JENELL MCKAY
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 5, 2017

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1 **I. OVERVIEW AND PURPOSE**

2 The purpose of my prepared direct testimony is to sponsor the recovery of the forecasted
3 revenue requirement associated with San Diego Gas & Electric Company’s (SDG&E)
4 Mobilehome Park Utility Upgrade Program (MHP Program) through electric distribution rates of
5 all customers. The MHP Program is proposed as a six-year program (i.e., Years 2018 through
6 2023) similar to the three-year pilot program (i.e., Years 2015-2017) authorized by the California
7 Public Utilities Commission (Commission) in Decision (D.) 14-03-021. D.14-03-021 provides
8 the opportunity for mobilehome parks and manufactured housing communities with master-
9 metered natural gas and electricity to voluntarily convert their energy distribution systems to
10 direct utility service.

11 My testimony also presents illustrative electric rate impacts and illustrative residential
12 customer bill impacts resulting from the recovery of the forecasted annual electric costs in
13 SDG&E’s Master Meter Balancing Account (MMBA) associated with the six-year continuation
14 of the SDG&E MHP Program. The illustrative electric rate impacts and illustrative residential
15 customer bill impacts are calculated using the forecasted annual revenue requirements presented
16 in the Chapter 5 prepared direct testimony of Michael R. Woodruff and James G. Vanderhye, Jr.
17 SDG&E proposes that the forecasted electric revenue requirements be recovered from all
18 customers through electric distribution rates. This proposed recovery mechanism for the
19 continuation of the proposed SDG&E MHP Program remains the same as that used for the MHP
20 Pilot Program¹.

¹ D.14-03-021 Ordering Paragraph (“OP”) 8 approved the recovery of actual program costs through distribution rates.

1 **II. COST RECOVERY**

2 Consistent with D.14-03-021, SDG&E proposes that the forecasted electric revenue
3 requirements associated with the six-year continuation of the SDG&E MHP Program be
4 recovered in the electric distribution rates of all customers. As explained in the Chapter 4
5 prepared direct testimony of Reginald M. Austria, the actual revenue requirements associated
6 with the six-year continuation of the MHP Program will be recorded in SDG&E’s MMBAAs.
7 These revenue requirements will be incorporated in electric distribution rates in the utilities’
8 annual October regulatory account balance update filing for rates effective January 1st of the
9 following year.

10 **III. RATE AND BILL IMPACTS**

11 The following rate and bill impacts are based on the recovery of the forecasted revenue
12 requirement anticipated from the execution of the MHP Program as presented in the Chapter 5
13 prepared direct testimony of Michael R. Woodruff and James Vanderhye, Jr.

14 **A. Class Average Rate Impacts**

15 Attachment A presents the class average illustrative electric rate impacts in years 2018-
16 2023 from recovery of the forecasted revenue requirements associated with the six-year post-
17 pilot of the MHP Program as presented in the testimony of Mr. Woodruff and Mr. Vanderhye, Jr.
18 Attachment A also shows the illustrative class average rate impacts based on a comparison of
19 current electric rates² to the electric rates that reflect recovery of the forecasted revenue
20 requirements presented by Mr. Woodruff and Mr. Vanderhye, Jr.

² Current effective rates as of 3/1/2017 per SDG&E Advice Letter 3034-E/E-A, approved by Energy Division letter on April 5, 2017.

1 **B. Residential Customer Bill Impacts**

2 Attachment B provides the illustrative monthly electric residential bill impacts for years
3 2018-2023 by climate zone (Coastal and Inland climate zones), season and usage level for
4 customers taking service on SDG&E’s standard residential tariff, Schedule DR, from recovery of
5 the forecasted revenue requirements as presented by Mr. Woodruff and Mr. Vanderhye, Jr. The
6 first year of forecasted revenue requirements are estimated to have a monthly summer bill impact
7 of approximately \$0.00 in 2018 for a typical residential customer living in the inland climate
8 zone and using 500 kWh per month, as compared to current rates. On a percentage basis, this
9 equates to an increase of 0.00%. The year 2023 forecasted revenue requirements are estimated
10 to have a monthly summer bill impact of approximately \$0.42 for a typical residential customer
11 living in the inland climate zone and using 500 kWh per month, as compared to current rates.
12 On a percentage basis, this equates to an increase of 0.34%. Additional rate impacts are set forth
13 in detail in Attachment B hereto.

14 **IV. CONCLUSION**

15 SDG&E requests Commission approval of the recovery of the six-year continuation of
16 MHP Program costs from customers through distribution rates, which is consistent with the cost
17 recovery treatment adopted for SDG&E’s three -year pilot program phase (2015-2017) of the
18 MHP Program.³

19 This concludes my prepared direct testimony.

³ D.14-03-021, OP 8

1 **V. STATEMENT OF QUALIFICATIONS**

2 My name is Jenell McKay. My business address is 8330 Century Park Court, San Diego,
3 California 92123. I am employed as a Rate Strategy Business Economics Advisor in the
4 Customer Pricing Department of SDG&E. My primary responsibilities include the development
5 of cost-of-service studies, determination of revenue allocation, and support of electric rate design
6 in various regulatory filings. I have worked for SDG&E since August 2016. Prior to joining
7 SDG&E, I was employed by Midcontinent Independent System Operator, Inc. (MISO) as a
8 Senior Policy Analyst from July 2010 to August 2016. In addition, I was employed by the
9 Electric Reliability Council of Texas (ERCOT) as an Economist from 2010 until 2013.

10 I received a Bachelor of Science degree in Economics from Tulane University in 2009. I
11 received a Master's of Finance degree, with a concentration in Energy, from the AB Freeman
12 School of Business at Tulane University in 2010.

ATTACHMENT A
SDG&E ELECTRIC CLASS AVERAGE RATE IMPACTS
ILLUSTRATIVE RATE IMPACTS DUE TO RECOVERY OF THE POST-PILOT MOBILEHOME PARK PROGRAM FORECASTED
REVENUE REQUIREMENTS

	Current Effective ¹ (¢/KWhr)	2018		2019		2020		2021		2022		2023	
		Proposed Rate (¢/KWhr)	% Change from Present	Proposed Rate (¢/KWhr)	% Change from Present	Proposed Rate (¢/KWhr)	% Change from Present	Proposed Rate (¢/KWhr)	% Change from Present	Proposed Rate (¢/KWhr)	% Change from Present	Proposed Rate (¢/KWhr)	% Change from Present
Residential Small	24.990	24.990	0.00%	24.998	0.03%	25.022	0.13%	25.046	0.22%	25.066	0.30%	25.085	0.38%
Commercial Medium/Large	23.928	23.928	0.00%	23.936	0.03%	23.959	0.13%	23.982	0.23%	24.001	0.31%	24.020	0.38%
C&I	19.850	19.851	0.01%	19.855	0.03%	19.869	0.10%	19.882	0.16%	19.893	0.22%	19.904	0.27%
Agricultural	17.735	17.735	0.00%	17.740	0.03%	17.755	0.11%	17.77	0.20%	17.783	0.27%	17.795	0.34%
Lighting	19.917	19.917	0.00%	19.921	0.02%	19.935	0.09%	19.948	0.16%	19.959	0.21%	19.970	0.27%
System Total	22.122	22.122	0.00%	22.128	0.03%	22.147	0.11%	22.165	0.19%	22.180	0.26%	22.194	0.33%

Note: ¹Current rates are rates effective 3/1/17, per SDG&E Advice Letter 3034-E/E-A, approved by Energy Division letter on April 5, 2017.

ATTACHMENT B
SDG&E ELECTRIC RESIDENTIAL CUSTOMER BILL IMPACTS
ILLUSTRATIVE MONTHLY IMPACTS DUE TO THE POST-PILOT MOBILEHOME PARK PROGRAM FORECASTED REVENUE REQUIREMENTS

	Current ¹ Bill (\$/month)	2018			2019			2020			2021			2022			2023		
		Projected Bill (\$/month)	Change from Current (\$/month)	Change from Current (%)	Projected Bill (\$/month)	Change from Current (\$/month)	Change from Current (%)	Projected Bill (\$/month)	Change from Current (\$/month)	Change from Current (%)	Projected Bill (\$/month)	Change from Current (\$/month)	Change from Current (%)	Projected Bill (\$/month)	Change from Current (\$/month)	Change from Current (%)	Projected Bill (\$/month)	Change from Current (\$/month)	Change from Current (%)
Coastal Climate Zone Customers																			
<u>Summer</u>																			
250 kWh per Month	\$52.27	\$52.27	\$ -	0.00%	\$52.29	\$0.02	0.04%	\$52.33	\$0.06	0.11%	\$52.38	\$0.11	0.21%	\$52.41	\$0.14	0.27%	\$52.45	\$0.18	0.34%
500 kWh per Month	\$137.53	\$137.54	\$ 0.01	0.01%	\$137.58	\$0.05	0.04%	\$137.69	\$0.16	0.12%	\$137.81	\$0.28	0.20%	\$137.90	\$0.37	0.27%	\$137.99	\$0.46	0.33%
1,000 kWh per Month	\$352.73	\$352.75	\$ 0.02	0.01%	\$352.85	\$0.12	0.03%	\$353.14	\$0.41	0.12%	\$353.44	\$0.71	0.20%	\$353.68	\$0.95	0.27%	\$353.92	\$1.19	0.34%
2,000 kWh per Month	\$783.15	\$783.19	\$ 0.04	0.01%	\$783.41	\$0.26	0.03%	\$784.06	\$0.91	0.12%	\$784.72	\$1.57	0.20%	\$785.26	\$2.11	0.27%	\$785.79	\$2.64	0.34%
3,000 kWh per Month	\$1,213.57	\$1,213.63	\$ 0.06	0.00%	\$1,213.97	\$0.40	0.03%	\$1,214.98	\$1.41	0.12%	\$1,216.00	\$2.43	0.20%	\$1,216.84	\$3.27	0.27%	\$1,217.66	\$4.09	0.34%
<u>Winter</u>																			
250 kWh per Month	\$48.31	\$48.31	\$ -	0.00%	\$48.33	\$0.02	0.04%	\$48.37	\$0.06	0.12%	\$48.41	\$0.10	0.21%	\$48.45	\$0.14	0.29%	\$48.49	\$0.18	0.37%
500 kWh per Month	\$125.46	\$125.47	\$ 0.01	0.01%	\$125.50	\$0.04	0.03%	\$125.62	\$0.16	0.13%	\$125.73	\$0.27	0.22%	\$125.83	\$0.37	0.29%	\$125.92	\$0.46	0.37%
1,000 kWh per Month	\$324.32	\$324.33	\$ 0.01	0.00%	\$324.43	\$0.11	0.03%	\$324.72	\$0.40	0.12%	\$325.02	\$0.70	0.22%	\$325.26	\$0.94	0.29%	\$325.50	\$1.18	0.36%
2,000 kWh per Month	\$722.05	\$722.08	\$ 0.03	0.00%	\$722.30	\$0.25	0.03%	\$722.95	\$0.90	0.12%	\$723.61	\$1.56	0.22%	\$724.15	\$2.10	0.29%	\$724.68	\$2.63	0.36%
3,000 kWh per Month	\$1,119.78	\$1,119.83	\$ 0.05	0.00%	\$1,120.17	\$0.39	0.03%	\$1,121.18	\$1.40	0.13%	\$1,122.20	\$2.42	0.22%	\$1,123.04	\$3.26	0.29%	\$1,123.86	\$4.08	0.36%
Inland Climate Zone Customers																			
<u>Summer</u>																			
250 kWh per Month	\$52.27	\$52.27	\$ -	0.00%	\$52.29	\$0.02	0.04%	\$52.33	\$0.06	0.11%	\$52.38	\$0.11	0.21%	\$52.41	\$0.14	0.27%	\$52.45	\$0.18	0.34%
500 kWh per Month	\$125.36	\$125.36	\$ -	0.00%	\$125.40	\$0.04	0.03%	\$125.50	\$0.14	0.11%	\$125.61	\$0.25	0.20%	\$125.70	\$0.34	0.27%	\$125.78	\$0.42	0.34%
1,000 kWh per Month	\$340.56	\$340.57	\$ 0.01	0.00%	\$340.67	\$0.11	0.03%	\$340.95	\$0.39	0.11%	\$341.24	\$0.68	0.20%	\$341.48	\$0.92	0.27%	\$341.71	\$1.15	0.34%
2,000 kWh per Month	\$770.98	\$771.01	\$ 0.03	0.00%	\$771.23	\$0.25	0.03%	\$771.87	\$0.89	0.12%	\$772.52	\$1.54	0.20%	\$773.06	\$2.08	0.27%	\$773.58	\$2.60	0.34%
3,000 kWh per Month	\$1,201.40	\$1,201.45	\$ 0.05	0.00%	\$1,201.79	\$0.39	0.03%	\$1,202.79	\$1.39	0.12%	\$1,203.80	\$2.40	0.20%	\$1,204.64	\$3.24	0.27%	\$1,205.45	\$4.05	0.34%
<u>Winter</u>																			
250 kWh per Month	\$48.31	\$48.31	\$ -	0.00%	\$48.33	\$0.02	0.04%	\$48.37	\$0.06	0.12%	\$48.41	\$0.10	0.21%	\$48.45	\$0.14	0.29%	\$48.49	\$0.18	0.37%
500 kWh per Month	\$122.40	\$122.40	\$ -	0.00%	\$122.44	\$0.04	0.03%	\$122.55	\$0.15	0.12%	\$122.66	\$0.26	0.21%	\$122.75	\$0.35	0.29%	\$122.84	\$0.44	0.36%
1,000 kWh per Month	\$321.25	\$321.26	\$ 0.01	0.00%	\$321.36	\$0.11	0.03%	\$321.65	\$0.40	0.12%	\$321.94	\$0.69	0.21%	\$322.19	\$0.94	0.29%	\$322.42	\$1.17	0.36%
2,000 kWh per Month	\$718.98	\$719.01	\$ 0.03	0.00%	\$719.23	\$0.25	0.03%	\$719.88	\$0.90	0.13%	\$720.53	\$1.55	0.22%	\$721.08	\$2.10	0.29%	\$721.60	\$2.62	0.36%
3,000 kWh per Month	\$1,116.71	\$1,116.76	\$ 0.05	0.00%	\$1,117.10	\$0.39	0.03%	\$1,118.11	\$1.40	0.13%	\$1,119.12	\$2.41	0.22%	\$1,119.97	\$3.26	0.29%	\$1,120.78	\$4.07	0.36%

Note: ¹Current bills are based on rates effective 3/1/17, per SDG&E Advice Letter 3034-E/E-A, approved by Energy Division letter on April 5, 2017.