

Application No: A.17-05-
Exhibit No.: _____
Witness: M. Schmidt-Pines

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 7
GAS RATES IMPACTS
PREPARED DIRECT TESTIMONY OF
MARJORIE SCHMIDT-PINES
ON BEHALF OF SAN DIEGO GAS & ELECTRIC

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

May 5, 2017

Table of Contents

	Page
I. PURPOSE OF TESTIMONY.....	1
II. COST ALLOCATION.....	1
III. NATURAL GAS RATE IMPACTS.....	1
IV. RESIDENTIAL CUSTOMER BILL IMPACTS.....	5
V. STATEMENT OF QUALIFICATIONS	5

1 **I. PURPOSE OF TESTIMONY**

2 The purpose of my prepared direct testimony on behalf of San Diego Gas & Electric
3 Company (“SDG&E”) is to: (1) sponsor the cost allocation and recovery of natural gas costs
4 associated with the Mobile Home Park (“MHP”) Utility Upgrade Program (“MHP Program”) proposed in this Application; (2) present a summary of the gas transportation rate changes; and
5 (3) present an estimate of the residential customer bill impact. The MHP Program is a six-year
6 extension (i.e., Years 2018 through 2023) of the three-year pilot program authorized by Decision
7 (“D.”) 14-03-021, in which the California Public Utilities Commission (“Commission”) approved the pilot program to incentivize mobilehome parks and manufactured housing
8 communities with master-metered natural gas and electricity to transfer to direct utility service.
9
10

11 **II. COST ALLOCATION**

12 SDG&E proposes the continuation of the Equal Percentage of Authorized Margin
13 (“EPAM”) cost allocation methodology set forth in D.14-03-021 for costs associated with the
14 MHP Program. As discussed in the Chapter 4 prepared direct testimony of Reginald Austria, SDG&E natural gas costs associated with the MHP Program will be recorded in SDG&E’s
15 Master Meter Balancing Account (“MMBA”) and incorporated into natural gas transportation
16 rates in its annual October regulatory account update filing for rates effective January 1st of the
17 following year.
18

19 **III. NATURAL GAS RATE IMPACTS**

20 The following table shows current and proposed gas transportation rates by major
21 customer class based on the recovery of costs associated with the MHP Program. The rates
22 shown are based on the forecasted revenue requirement provided in the Chapter 5 prepared direct
23 testimony of Michael Woodruff and James Vanderhye, Jr. As Messrs. Woodruff and Vanderhye
24 explain, the revenue requirement to be ultimately collected in rates will be trued-up for actual

1 costs via the MMBA. Other rate components of the bundled rates, such as gas commodity cost
2 and Public Purpose Program (“PPP”) surcharge, would remain unchanged based on this
3 Application and, therefore, have been held constant for the present versus proposed rate
4 comparison.

5 Both the current and proposed transportation rates reflect the allocation of costs and sales
6 volumes adopted in SDG&E’s most recent 2016 Triennial Cost Allocation Proceeding decision
7 and implemented on January 1, 2017.¹ For illustrative purposes, the commodity price and PPP
8 surcharge reflected in these tables also reflect the rates in effect on January 1, 2017.² Tables
9 SDG&E-1A and SDG&E-1B show the impact on transportation rates if Southern California
10 Edison (“SCE”) shares costs with SoCalGas, such as trenching costs. SDG&E has estimated the
11 impact of the requested \$0.1 million in 2018, \$1.2 million in 2019, \$4.6 million in 2020, \$7.9
12 million in 2021, \$10.6 million in 2022 and \$13.3 million in 2023 increase in gas revenues under
13 the proposed rates as shown in the tables below. Tables SDG&E-2A and SDG&E-2B show the
14 rate impact if SCE does not participate in the program and SoCalGas incurs all costs. SoCalGas’
15 costs impact SoCalGas’ transportation costs that SDG&E pays, and SDG&E’s and SoCalGas’
16 Sempra-wide rates, including Natural Gas Vehicles, Electric Generation – Distribution and
17 Transmission Level Service. Sempra-wide rates imply that, for each of these three customer
18 classes, a single common rate is developed for both SDG&E and SoCalGas.³

¹ See D.16-10-004.

² SDG&E Advice Letter Nos. 2546-G and 2524-G for the commodity and PPP charges, respectively.

³ Sempra-wide rates are slightly different between SoCalGas and SDG&E due to different California Solar Initiative Thermal Memo Accounts (“CSITMA”), California Air Resource Board (“CARB”) adders and Franchise Fee & Uncollectibles (“FF&U”)

**TABLE SDG&E-1A
SDG&E RATE AND RESIDENTIAL BILL IMPACTS with
SOCALGAS sharing costs with SCE (e.g. trenching)**

	2018			2019		2020	
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.962	\$0.961	0%	\$0.964	0%	\$0.973	1%
Core C/I	\$0.372	\$0.372	0%	\$0.373	0%	\$0.375	1%
Natural Gas Vehicles	\$0.175	\$0.175	0%	\$0.176	0%	\$0.176	0%
NonCore C/I - Distribution	\$0.092	\$0.092	0%	\$0.092	0%	\$0.093	1%
Electric Generation - Distribution	\$0.060	\$0.060	0%	\$0.060	0%	\$0.060	1%
Transmission Level Service	\$0.016	\$0.016	0%	\$0.016	0%	\$0.016	0%

**TABLE SDG&E-1B
SDG&E RATE AND RESIDENTIAL BILL IMPACTS with
SOCALGAS sharing costs with SCE (e.g. trenching)**

	2021			2022		2023	
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.962	\$0.982	2%	\$0.989	3%	\$0.997	4%
Core C/I	\$0.372	\$0.377	1%	\$0.378	2%	\$0.380	2%
Natural Gas Vehicles	\$0.175	\$0.177	1%	\$0.177	1%	\$0.178	1%
NonCore C/I - Distribution	\$0.092	\$0.094	2%	\$0.095	3%	\$0.096	4%
Electric Generation - Distribution	\$0.060	\$0.060	1%	\$0.061	2%	\$0.061	2%
Transmission Level Service	\$0.016	\$0.016	1%	\$0.016	1%	\$0.016	2%

TABLE SDG&E-2A
SDG&E RATE AND RESIDENTIAL BILL IMPACTS with
SOCALGAS incurring all costs (e.g. trenching)

	2018			2019		2020	
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.962	\$0.964	0%	\$0.964	0%	\$0.973	1%
Core C/I	\$0.372	\$0.373	0%	\$0.373	0%	\$0.375	1%
Natural Gas Vehicles	\$0.175	\$0.176	0%	\$0.176	0%	\$0.176	0%
NonCore C/I - Distribution	\$0.092	\$0.092	0%	\$0.092	0%	\$0.093	1%
Electric Generation - Distribution	\$0.060	\$0.060	0%	\$0.060	0%	\$0.060	1%
Transmission Level Service	\$0.016	\$0.016	0%	\$0.016	0%	\$0.016	1%

TABLE SDG&E-2B
SDG&E RATE AND RESIDENTIAL BILL IMPACTS
with SOCALGAS incurring all costs (e.g. trenching)

	2021			2022		2023	
	Current Rate \$/th	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate	Proposed \$/th	% Change from current rate
	A	B	C	D	E	F	G
Residential	\$0.962	\$0.982	2%	\$0.989	3%	\$0.997	4%
Core C/I	\$0.372	\$0.377	1%	\$0.378	2%	\$0.380	2%
Natural Gas Vehicles	\$0.175	\$0.177	1%	\$0.177	1%	\$0.178	1%
NonCore C/I - Distribution	\$0.092	\$0.094	2%	\$0.095	3%	\$0.096	4%
Electric Generation - Distribution	\$0.060	\$0.060	1%	\$0.061	2%	\$0.061	2%
Transmission Level Service	\$0.016	\$0.016	1%	\$0.016	1%	\$0.016	2%

IV. RESIDENTIAL CUSTOMER BILL IMPACTS

The following table provides the estimates of a residential bundled customer average monthly gas bill for commodity and transportation costs. This estimate is based on the average residential customer usage of 25 therms per month.

As shown below in Table SDG&E-3 (SCE participates and shares in the program costs with SoCalGas) and SDG&E-4 (SCE does not participate with SoCalGas), the bill amount for the average customer that uses an average of 25 therms per month would change by (\$0.03) to \$0.85 per month, or 0% to 2%.

TABLE SDG&E-3
San Diego Gas & Electric
Typical Monthly Residential Gas Bill at Present and Proposed Rates
Mobile Home Park Utility Upgrade Program

Typical Usage	Average Monthly Bill Present	2018 Proposed	Change \$	%	2019 Proposed	Change \$	%	2020 Proposed	Change \$	%
25	\$38.57	\$38.54	(\$0.03)	0%	\$38.62	\$0.05	0%	\$38.84	\$0.27	1%

Typical Usage	Average Monthly Bill Present	2021 Proposed	Change \$	%	2022 Proposed	Change \$	%	2023 Proposed	Change \$	%
25	\$38.57	\$39.06	\$0.49	1%	\$39.24	\$0.67	2%	\$39.42	\$0.85	2%

TABLE SDG&E-4
San Diego Gas & Electric
Typical Monthly Residential Gas Bill at Present and Proposed Rates with
SOCALGAS incurring all costs, e.g. trenching
Mobile Home Park Utility Upgrade Program

Typical Usage	Average Monthly Bill Present	2018 Proposed	Change \$	%	2019 Proposed	Change \$	%	2020 Proposed	Change \$	%
25	\$38.57	\$38.62	\$0.05	0%	\$38.62	\$0.05	0%	\$38.84	\$0.27	1%

Typical Usage	Average Monthly Bill Present	2021 Proposed	Change \$	%	2022 Proposed	Change \$	%	2023 Proposed	Change \$	%
25	\$38.57	\$39.06	\$0.49	1%	\$39.24	\$0.67	2%	\$39.42	\$0.85	2%

This concludes my prepared direct testimony.

V. STATEMENT OF QUALIFICATIONS

My name is Marjorie A. Schmidt-Pines. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I am employed by the Southern California Gas Company

1 (SoCalGas) as a Principal Regulatory Economic Advisor in the CPUC/FERC Gas Regulatory
2 Affairs Department for SoCalGas and SDG&E.

3 I hold a Bachelor of Science degree in Business Administration and Accounting from
4 California State University at Northridge, California. I have been employed by SoCalGas since
5 1981, and have held positions of responsibilities as an Accountant and Senior Accountant in the
6 Accounting & Finance department, as an Analyst and a Budget Coordinator in the Gas Supply
7 department, and as a Market Advisor for the Marketing and Customer Services departments. I
8 have been in my current position since September 2009.

9 As Principal Regulatory Economic Advisor, I support the gas transportation rates for both
10 SoCalGas and SDG&E. This includes allocating authorized revenue requirements to customer
11 rate classes, developing the design of the rate for each class, and computing the impact on
12 customers' monthly bills.

13 I have previously testified before the Commission.