Application:	A.19-10-012	
Exhibit No.:		
Witness:	John Black	

# PREPARED REBUTTAL TESTIMONY OF

### **JOHN BLACK**

### ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

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



**JUNE 19, 2020** 

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### PREPARED REBUTTAL TESTIMONY OF JOHN BLACK

### I. OVERVIEW AND PURPOSE

My prepared rebuttal testimony responds to testimony submitted by certain intervening parties in the Application ["A."] of San Diego Gas & Electric Company ("SDG&E") To Extend and Modify the Power Your Drive Pilot (A.19-10-012). Specifically, I will address issues aimed at my direct testimony raised by witnesses representing the Public Advocates Office ("Cal Advocates"), The Utility Reform Network ("TURN"), and The Utility Consumer Action Network ("UCAN").

## II. PYD EXTENSION PROGRAM COST ESTIMATES ARE BASED ON ACTUAL COSTS FROM THE PYD PILOT AND ARE REASONABLE

Cal Advocates states that the "Commission should reject SDG&E's number of ports per site and the resulting cost assumptions because they are not based on actual PYD Pilot costs," and that "SDG&E should also adjust its cost per port and cost per site assumptions to match the PYD Pilot." Cal Advocates also recommends SDG&E's PYD Extension Program budget should be reduced by a total of \$6,625,123, which includes \$2,968,974 based on overestimations as compared to the PYD Pilot. UCAN argues that the costs per port installed under the proposed PYD Extension Program are far higher than the actual PYD Pilot costs. Both parties misrepresent the cost data provided in my prepared direct testimony and workpapers.

References to these parties herein is to their respective responsive testimony served on May 18, 2020, which will be cited as follows: [ Party name or nickname] (witness surname) at [page number(s)]:[line number(s)].

<sup>&</sup>lt;sup>2</sup> Cal Advocates (Bach) at 1-4 and 1-1.

<sup>&</sup>lt;sup>3</sup> Cal Advocates (Bach) at 1-6 and 1-4.

<sup>&</sup>lt;sup>4</sup> UCAN (Charles) at 29:19-30:3.

SDG&E reiterates the PYD Extension Program cost estimates are lower than the actual costs in the PYD Pilot and are primarily based on the actual cost data to implement the PYD Pilot program. The PYD Extension Program workpapers show a total cost per port to implement the program of \$21.6 thousand,<sup>5</sup> before escalation and contingency. This is compared to actual costs of \$23.1 thousand for the PYD Pilot Program.<sup>6</sup> The main driver of the difference in total costs of the PYD Pilot Program and the PYD Extension Program estimates are the IT billing system upgrade costs for the PYD Pilot Program. Since these were one-time costs, they should be excluded for a comparison of the two programs. The table below shows the adjusted comparison using the most recent PYD Pilot Semi-Annual report cost data.

### Costs to Implement Program<sup>1</sup>

	PYD Pilot	<b>PYD Extension</b>
Total Cost/Estimate	70,253,053	43,210,321
Less: Billing System Upgrade <sup>2</sup>	(3,935,040)	-
Adjusted Cost/Estimate	66,318,013	43,210,321
Program Ports	3,040	2,000
Adjusted Cost Per Port <sup>3</sup>	21,815	21,605

#### Notes:

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- 1) Excludes ongong maintenance costs
- 2) Includes direct costs and associated non-direct costs
- 3) PYD Extension costs before contingency and escalation

SDG&E's proposed PYD Extension Program costs reflect the best practices and lessons learned while implementing the PYD Pilot.

Application of San Diego Gas & Electric Company (U 902 E) to Extend and Modify the Power Your Drive Pilot Approved by Decision 16-01-045, *Chapter 3 Workpapers*, *see* Summary Table, Cell Q39 (Per Port) ("Chapter 3 Workpapers), available at <a href="https://www.sdge.com/rates-and-regulations/proceedings/extend-modify-pyd-pilot">https://www.sdge.com/rates-and-regulations/proceedings/extend-modify-pyd-pilot</a>

Rulemaking 18-12-006, *Electric Vehicle-Grid Integration Pilot Program* ("Power Your Drive") Eighth Semi-Annual Report of SDG&E (April 1, 2020), Attachment A at 11, Figure 10 (Fully Loaded, Program Cost per Port), available at <a href="https://www.sdge.com/sites/default/files/regulatory/R.18-12-006%20SDG%26E%20April%201%2C%202020%20PYD%20Report.pdf">https://www.sdge.com/sites/default/files/regulatory/R.18-12-006%20SDG%26E%20April%201%2C%202020%20PYD%20Report.pdf</a>

## III. PROGRAM ENGINEERING COST ESTIMATES ARE REASONABLE AND SHOULD NOT BE REDUCED

Cal Advocates states that SDG&E should reduce its PYD Extension Program engineering cost estimates by at least 10% and used an engineering design budget of \$4.938 million in their analysis. The PYD Extension Program total engineering direct cost estimate is not \$4.938 million; instead it is \$3.2 million for 200 customer sites at a cost per site of \$16,000 per site. The analysis by Cal Advocates included all costs on a line item in the workpapers called "Eng Design and Construction Ext Implementation - E-398.20" for \$1.738 million. However, roughly \$1.5 million of this line item is for construction costs not related to engineering.

The most recent PYD Pilot Semi-Annual report shows engineering design costs of \$7,442,332 for an average actual direct cost per site across 254 sites of \$29,300. When compared to the PYD Extension engineering cost estimate of \$16,000 per site, the reduction in engineering costs by site is approximately 45% for the PYD Extension Program compared to the PYD Pilot. The PYD Extension engineering design cost estimates are substantially lower than those of the Pilot, refuting Cal Advocates' assertion.

## IV. TURN'S RECOMMENDATION TO LIMIT THE EXTENSION TO A \$15,000/PORT AVERAGE EXPENDITURE IS NOT REASONABLE

The Commission should reject TURN's recommendation that SDG&E adhere to a \$15,000 per port average cost, a figure TURN argues is between the unit costs achieved by Southern California Edison and Pacific Gas & Electric. 10 TURN is not clear as to what types of

<sup>&</sup>lt;sup>7</sup> Cal Advocates (Bach) at 1-5-1-6.

Prepared Direct Testimony of John Black on behalf of SDG&E Testimony (October 28, 2019) ("Black Direct Testimony") at JB-4, Table 3-3 (Site Engineering column).

<sup>&</sup>lt;sup>9</sup> Chapter 3 Workpapers, see Cost Estimate By Month, Cell D9.

<sup>&</sup>lt;sup>10</sup> TURN (Borden) at 10:22-27.

costs are included or excluded in their analysis for each California utility. TURN's per port
average cost comparison is potentially misleading, overly simplistic, and may not capture the
total cost to build out TE infrastructure. SDG&E's estimated cost per port of \$21,605 to
implement the program before escalation and contingency is based on the actual costs to
construct over 250 sites<sup>11</sup> and includes all estimated cost categories including indirect costs and
AFUDC. TURN's recommendation should be disregarded due to its lack of clarity and evidence.

This concludes my prepared rebuttal testimony.

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<sup>11</sup> Black Direct Testimony at JB-2.