

Company: San Diego Gas & Electric Company  
Proceeding: 2022 Electric Sales Forecast  
Application: A.21-08-010  
Exhibit: SDG&E-04

**AMENDED PREPARED REBUTTAL TESTIMONY OF  
HANNAH CAMPI  
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

**October 22, 2021**



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1 **AMENDED PREPARED REBUTTAL TESTIMONY OF**

2 **HANNAH CAMPI**

3 **I. INTRODUCTION**

4 The purpose of this testimony is to respond to issues raised by intervenors related to San  
5 Diego Gas & Electric Company's ("SDG&E") 2022 Sales Forecast Application. Three  
6 intervenors submitted direct testimony: the California Public Advocates Office ("Cal Advocates"  
7 or "CalPA"), the Small Business Utility Advocates ("SBUA") and the Utility Consumers' Action  
8 Network ("UCAN"). This testimony will address issues related to rate design and rate impacts,  
9 including the following:

- 10 1. Rate Design Workpaper Comments
- 11 2. SAPC Methodology
- 12 3. Impact of the Sales Forecast on Rates
- 13 4. Other Issues

14 SDG&E's failure to address any particular intervenor testimony or individual issue in this  
15 rebuttal testimony does not imply agreement by SDG&E with any argument, position, or  
16 proposal asserted by the intervenors.

17 **II. UPDATES TO RATE DESIGN WORKPAPERS**

18 **A. SDG&E Agrees with UCAN Regarding Removal of the High Usage Charge**  
19 **in Workpapers (HUC)**

20 SDG&E agrees with UCAN that the HUC should be removed from its workpapers.<sup>1</sup> The  
21 HUC was eliminated from SDG&E's tariffs, pursuant to Decision (D.) 20-03-003, on June 1,  
22 2021, during the development of this application, and was inadvertently included in workpapers

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<sup>1</sup> See *Direct Testimony of Mary Neal on Behalf of the Utility Consumers' Action Network Concerning San Diego Gas & Electric Company's Application for Approval of Its 2022 Electric Sales Forecast* (October 1, 2021) ("UCAN Opening Testimony") at 5-6.

1 in the instant application. SDG&E intends to serve workpapers reflecting this change to all  
2 parties to the proceeding. Removing the HUC does not change the class average rates presented  
3 in this application.

4 **B. SDG&E Will Modify Its Wildfire Non-Bypassable Charge (WF-NBC)**  
5 **Calculation**

6 The WF-NBC applies to eligible electric commodity customers and is calculated pursuant  
7 to D.19-10-056. Certain Direct Access (DA) customers<sup>2</sup> and customers utilizing customer  
8 generation departing load, as defined by D.03-04-030, and CARE and Medical Baseline  
9 customers are exempt from the WF-NBC. SDG&E calculates WF-NBC estimated revenues on  
10 the WF-NBC tab using system bundled and eligible departing load determinants, multiplied by  
11 the annual WF-NBC rate set by the Department of Water Resources (“DWR”). UCAN argues in  
12 its testimony that SDG&E uses incorrect determinants, specifically system net sales, to calculate  
13 WF-NBC revenues.<sup>3</sup> SDG&E uses bundled sales to estimate the revenue collected from its  
14 bundled customers, and net sales for eligible departed load customers. This combination is  
15 effectively system net sales.

16 UCAN argues that the WF-NBC should be calculated on a delivered sales basis.<sup>4</sup>  
17 SDG&E agrees that going forward, using system delivered sales and removing exempted  
18 customers is more appropriate than adding non-exempt CCA and DA sales to bundled sales. I

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<sup>2</sup> As stated in D.19-10-056 at p.28, “the statute states that the Wildfire Fund NBC shall be collected in the same manner as the DWR Bond Charge. Without any statutory language to the contrary this decision therefore finds that continuous DA customers should be excluded from paying the Wildfire Fund NBC.”

<sup>3</sup> UCAN Opening Testimony at 5 (stating “The ‘WF-NBC’ tab in the spreadsheet that calculates the class average revenues uses billing determinants that are on a net sales basis. On the ‘Class Avg Rates Adj’ tab these class revenues are divided by billing determinants on a delivered sales basis. Because the WFNBC is non-bypassable, it should be calculated on a delivered sales basis like other such charges. Therefore, the ‘WF-NBC’ tab in the workpaper should be corrected.”)

<sup>4</sup> *Id.* at 5.

1 have updated my Direct Testimony accordingly and SDG&E will also make this change in its  
2 workpapers. Importantly, the WF-NBC rate is not set by SDG&E, but rather by the Department  
3 of Water Resources. The sales used on the WF-NBC tab are used to estimate the revenue  
4 collected by the rate, but do not have an impact on setting the rate. Therefore, this change in  
5 modeling will not impact the rates requested in this application or rates that go into effect when  
6 this change is implemented.

7 **III. UCAN’S PROPOSED SYSTEM AVERAGE PERCENT CHANGE (SAPC)**  
8 **METHODOLOGY CONFLICTS WITH THE TERMS OF THE 2019 GENERAL**  
9 **RATE CASE (GRC) PHASE 2 SETTLEMENT AGREEMENT**

10 SDG&E disagrees with UCAN’s proposed methodology for calculating SAPC rate  
11 change factors.<sup>5</sup> The methodology SDG&E proposed in this application is consistent with the  
12 methodology outlined in SDG&E’s 2019 GRC Phase 2 settlement agreement, which UCAN  
13 supported, and the California Public Utilities Commission (Commission) adopted in full.<sup>6</sup>  
14 Further, the rate impacts presented in the GRC Phase 2 Settlement Addendum were developed  
15 using the same methodology (class average rates scaled to current revenue requirements) that  
16 was used in the 2022 Sales Forecast Application. To use detailed determinants, split out by rate  
17 schedule at the rate component level, as suggested by UCAN, would deviate from the terms of  
18 the 2019 GRC Phase 2 Settlement Addendum, which states, *inter alia*, as follows:

19 Parties agree that the 2021 sales forecast change and any future Commission-  
20 adopted sales forecast changes implemented for the distribution, commodity

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<sup>5</sup> See UCAN Opening Testimony at 6-10.

<sup>6</sup> See D.21-07-010, OP 1; *see also* Application (“A.”) 19-03-002, Joint Motion for Admission of Addendum to the Settlement Agreement of San Diego Gas & Electric Company (U 902 E), the Public Advocates Office, Utility Consumers’ Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, The Utility Reform Network, and The City of San Diego (February 26, 2021) (“GRC Phase 2 Settlement Addendum”), Appendix, Section 2.2.1.1 at 2.

1 revenue requirement (excluding over- and under-collections), ongoing  
 2 competition transition charges (“CTC”), the local generation charge (“LGC”), the  
 3 vehicle grid integration (“VGI”) charge, and the demand response (“DR”) charge  
 4 during SDG&E’s 2019 GRC Phase 2 term (sales changes implemented through  
 5 12/31/23) should be based on the system average percent change (“SAPC”)  
 6 approach, where rate components identified above for each customer class will  
 7 experience the same average rate change based on the change in system sales.<sup>7</sup>

8

| Customer Class   | Current Effective Rates as of January 1, 2020 |  |                               | GRC Phase 2 Illustrative Rates:<br>Removing 2021 Proposed Bundled Sales |   |                                | Total Rate Change<br>(€/kWh) | Total Rate Change (%) |
|------------------|---|--|-------------------------------|---|---|--------------------------------|------------------------------|-----------------------|
|                  | Current Total UDC Rate<br>(€/kWh)             | Current Avg. Commodity + DWR Credit<br>(€/kWh) | Current Total Rate<br>(€/kWh) | Proposed Total UDC Rate<br>(€/kWh)                                      | Proposed Avg. Commodity + DWR Credit<br>(€/kWh) | Proposed Total Rate<br>(€/kWh) |                              |                       |
| Residential      | 17.308  | 9.872  | 27.180                        | 17.450  | 9.872   | 27.322                         | 0.142                        | 0.52%                 |
| Small Commercial | 16.138  | 8.947  | 25.085                        | 16.827  | 8.943   | 25.770                         | 0.685                        | 2.73%                 |
| M/L C&I          | 11.793  | 10.485   | 22.278                        | 12.028  | 10.569  | 22.597                         | 0.319                        | 1.43%                 |
| Agricultural     | 9.831   | 7.148  | 16.979                        | 10.391  | 7.146   | 17.537                         | 0.558                        | 3.29%                 |
| Street Lighting  | 15.623  | 6.475  | 22.098                        | 15.937  | 6.442   | 22.379                         | 0.281                        | 1.27%                 |
| Schools          | 0.000   | 0.000  | 0.000                         | 17.792  | 8.861   | 26.653                         | 26.653                       | 0.00%                 |
| System           | 14.166  | 9.906  | 24.072                        | 14.429  | 9.906   | 24.335                         | 0.263                        | 1.09%                 |

9 UCAN’s proposal to change the SAPC methodology would disrupt a Commission-  
 10 adopted settlement agreement and therefore cannot be supported by SDG&E.

11 **IV. SBUA DRAWS INACCURATE CONCLUSIONS REGARDING THE EFFECT**  
 12 **ON RATES OF HIGHER RESIDENTIAL USE AND LOWER COMMERCIAL**  
 13 **USE**

14 In the testimony of SBUA, Witness Wilson states that “the 2022 Electric Sales Forecast  
 15 very likely understates residential load and overstates commercial load, and this inaccuracy will  
 16 flow through to revenue assignment and to rates, likely raising rates for small commercial  
 17 customers. This calls into question whether the Company’s methodology for deriving its  
 18 proposed 2022 Electric Sales Forecast, and the resulting rates, are reasonable and should be  
 19 approved.”<sup>8</sup>

<sup>7</sup> GRC Phase 2 Settlement Addendum at Section 2.2.1.1.

<sup>8</sup> *Direct Testimony of James F. Wilson on Behalf of Small Business Utility Advocates* (October 1, 2021) (“SBUA Opening Testimony”) at 6.

1 As discussed in the Rebuttal Testimony of SDG&E witness Schiermeyer, the forecast  
2 used to develop rates in this application is based on the best available data, using a sound  
3 methodology which will result in reasonable rates. However, for purposes of clarification, it  
4 should be noted that not only is SBUA's premise false (that residential load is understated and  
5 commercial loads is overstated), but SBUA's conclusion is also false. If small commercial use  
6 was overstated in SDG&E's forecast, the resulting rates for small commercial customers would  
7 be lower. Since this application is not proposing to change revenue allocation or other elements  
8 of rate design,<sup>9</sup> which were recently settled in SDG&E's 2019 GRC Phase 2,<sup>10</sup> a downward  
9 adjustment to small commercial sales would result in higher rates than what is shown in this  
10 application currently.

#### 11 **V. SBUA'S COST CAUSATION TESTIMONY IS OUT OF SCOPE**

12 SBUA further argues that an adjustment is necessary to rate design to address COVID-19  
13 related changes to cost causation.<sup>11</sup> SDG&E notes that rate design pursuant to cost-causation  
14 principles is determined in SDG&E's GRC Phase 2 application that was recently decided in  
15 D.21-07-010. This application is designed to be a stand-alone sales forecast application with a  
16 narrow scope limited to sales-forecast related issues.<sup>12</sup> SDG&E believes adjustment to the cost  
17 causation methodology is out of the scope of this proceeding.

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<sup>9</sup> With the exception of utilizing SAPC for revenue allocation.

<sup>10</sup> *See generally* D.21-07-010.

<sup>11</sup> SBUA Opening Testimony at 14-16.

<sup>12</sup> Assigned Commissioner's Scoping Memo and Ruling (September 24, 2021) at 2; *see also* D. 21-07-010 at 19 ("The Settlement Agreement further requires that SDG&E file a *stand-alone* application to update its sales forecast for 2022, with a request that implementation be made effective January 1, 2022.") (Emphasis added.)

1       **VI. OTHER ISSUES**

2           **A. Clarification of Illustrative Rate Impacts**

3           In the response to Q30, SBUA references illustrative rate impacts as outlined in Table  
4 HC-2 in Chapter Two (Campi) of SDG&E’s Direct Testimony.<sup>13</sup> SDG&E would like to clarify  
5 that the rates displayed in Table HC-2 are not the rates being requested in this application. Table  
6 HC-2 shows the illustrative impact on rates of consolidating SDG&E’s 2022 Sales Forecast  
7 Application with SDG&E’s 2022 Electric Resource Recovery Account (ERRA) Forecast  
8 Application (A.21-04-010) and is intended to support this application’s request to consolidate  
9 future sales forecast applications with future ERRA applications. Illustrative rates and the  
10 associated percentage change requested in this application are displayed in Table HC-1. SDG&E  
11 does not believe this has a significant impact on SBUA’s argument but wishes to clarify that the  
12 rates presented in Table HC-2 are not what are being requested in this application.

13           **B. Consolidation with ERRA Application**

14           SDG&E notes that no party provided direct testimony in opposition to SDG&E’s request  
15 to consolidate future Sales Forecast Applications with the ERRA application. As stated  
16 previously, SDG&E believes that consolidation between the ERRA and Sales Forecast  
17 Applications would reduce confusion on overlapping issues between the two applications and  
18 prevent the possibility of rate volatility that would result from separate implementation dates.  
19 SDG&E requests consolidation beginning with the forecasts for 2023, provided the filing date  
20 for ERRA be moved to June 15<sup>th</sup>.

21           This concludes my amended rebuttal testimony.

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<sup>13</sup> SBUA Opening Testimony at 16.