

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

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 8, 2021



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1 **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.¹ 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

¹ 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’s Calculation of Wildfire Non-Bypassable Charge (WF-NBC)**
5 **Revenues is Correct**

6 UCAN argues in its testimony that SDG&E uses incorrect determinants, specifically
7 system net sales, to calculate WF-NBC revenues.² SDG&E disagrees. The calculation of the
8 WF-NBC revenues does not use system net sales in either the WF-NBC or the Class Average
9 Rates Tab.

10 UCAN argues that the WF-NBC should be calculated on a delivered sales basis.³
11 However, for purposes of the WF-NBC, using system delivered sales would improperly include
12 certain exempted customers. The WF-NBC applies to eligible electric commodity customers and
13 is calculated pursuant to D.19-10-056. Certain Direct Access (DA) customers⁴ and customers
14 utilizing customer generation departing load, as defined by D.03-04-030, and CARE and
15 Medical Baseline customers are exempt from the WF-NBC. SDG&E calculates WF-NBC
16 revenues on the WF-NBC tab using system bundled and eligible departing load determinants,
17 multiplied by the annual WF-NBC rate set by the Department of Water Resources (“DWR”).

² 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.”)

³ *Id.* at 5.

⁴ 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.”

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

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

13 Parties agree that the 2021 sales forecast change and any future Commission-
14 adopted sales forecast changes implemented for the distribution, commodity
15 revenue requirement (excluding over- and under-collections), ongoing
16 competition transition charges (“CTC”), the local generation charge (“LGC”), the
17 vehicle grid integration (“VGI”) charge, and the demand response (“DR”) charge
18 during SDG&E’s 2019 GRC Phase 2 term (sales changes implemented through
19 12/31/23) should be based on the system average percent change (“SAPC”)
20 approach, where rate components identified above for each customer class will
21 experience the same average rate change based on the change in system sales.⁷

⁵ See UCAN Opening Testimony at 6-10.

⁶ 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.

⁷ GRC Phase 2 Settlement Addendum at Section 2.2.1.1.

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Customer Class	Current Effective Rates as of January 1, 2020			GRC Phase 2 Illustrative Rates: Removing 2021 Proposed Bundled Sales			Total Rate Change (€/kWh)	Total Rate Change (%)
	Current Total UDC Rate (€/kWh)	Current Avg. Commodity + DWR Credit (€/kWh)	Current Total Rate (€/kWh)	Proposed Total UDC Rate (€/kWh)	Proposed Avg. Commodity + DWR Credit (€/kWh)	Proposed Total Rate (€/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%

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UCAN’s proposal to change the SAPC methodology would disrupt a Commission-

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adopted settlement agreement and therefore cannot be supported by SDG&E.

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

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

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As discussed in the Rebuttal Testimony of SDG&E witness Schiermeyer, the forecast used to develop rates in this application is based on the best available data, using a sound methodology which will result in reasonable rates. However, for purposes of clarification, it should be noted that not only is SBUA’s premise false (that residential load is understated and commercial loads is overstated), but SBUA’s conclusion is also false. If small commercial use

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

1 was overstated in SDG&E’s forecast, the resulting rates for small commercial customers would
2 be lower. Since this application is not proposing to change revenue allocation or other elements
3 of rate design,⁹ which were recently settled in SDG&E’s 2019 GRC Phase 2,¹⁰ a downward
4 adjustment to small commercial sales would result in higher rates than what is shown in this
5 application currently.

6 **V. SBUA’S COST CAUSATION TESTIMONY IS OUT OF SCOPE**

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

13 **VI. OTHER ISSUES**

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

15 In the response to Q30, SBUA references illustrative rate impacts as outlined in Table
16 HC-2 in Chapter Two (Campi) of SDG&E’s Direct Testimony.¹³ SDG&E would like to clarify
17 that the rates displayed in Table HC-2 are not the rates being requested in this application. Table

⁹ With the exception of utilizing SAPC for revenue allocation.

¹⁰ *See generally* D.21-07-010.

¹¹ SBUA Opening Testimony at 14-16.

¹² 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.)

¹³ SBUA Opening Testimony at 16.

1 HC-2 shows the illustrative impact on rates of consolidating SDG&E's 2022 Sales Forecast
2 Application with SDG&E's 2022 Electric Resource Recovery Account (ERRA) Forecast
3 Application (A.21-04-010) and is intended to support this application's request to consolidate
4 future sales forecast applications with future ERRA applications. Illustrative rates and the
5 associated percentage change requested in this application are displayed in Table HC-1. SDG&E
6 does not believe this has a significant impact on SBUA's argument but wishes to clarify that the
7 rates presented in Table HC-2 are not what are being requested in this application.

8 **B. Consolidation with ERRA Application**

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

16 This concludes my rebuttal testimony.