

Application of San Diego Gas & Electric
Company (U-902-E) For Authority To Update
Marginal Costs, Cost Allocation, And Electric
Rate Design

Application: 19-03-____
Exhibit No.: _____

CHAPTER 2

PREPARED DIRECT TESTIMONY OF

JESSE B. EMGE

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

MARCH 2019



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1 **PREPARED DIRECT TESTIMONY OF**
2 **JESSE B. EMGE**
3 **(CHAPTER 2)**

4 **I. OVERVIEW AND PURPOSE**

5 The purpose of my testimony is to present San Diego Gas & Electric Company's
6 ("SDG&E") revenue allocations reflecting (a) 2020 forecast sales as presented in the direct
7 testimony of SDG&E witness Schiermeyer (Chapter 4); and, (b) updated customer class designations
8 for Distribution, Commodity and CTC to accommodate SDG&E's proposed addition of a Schools-
9 only class as presented in the testimony of SDG&E witness Stein (Chapter 1).

10 **II. REVENUE ALLOCATIONS**

11 Revenue allocation is the assignment of authorized revenue requirements to customer classes.
12 SDG&E currently has five customer classes for the determination of revenue allocations and is
13 proposing to create a new customer class for Schools, as presented in the direct testimony of
14 SDG&E witness Stein (Chapter 1). The testimony of SDG&E witness Morien (Chapter 3) discusses
15 in more detail the rate design of the schools. The six proposed customer classes are as follows:

- 16 1. Residential;
- 17 2. Small Commercial;
- 18 3. Medium and Large Commercial and Industrial ("M/L C&I");
- 19 4. Agricultural;
- 20 5. Street Lighting; and
- 21 6. Schools.

22 Revenue allocations to these six customer classes are defined differently by rate component
23 and, in some cases, differently by categories within given rate components. As discussed in the
24 testimony of SDG&E witness Stein (Chapter 1), SDG&E is proposing updated revenue allocations
25 for some of the Public Purpose Program ("PPP") rate components, but is not proposing any updates

1 to the current effective revenue allocations for the Distribution, Commodity, Competition Transition
 2 Charges (“CTC”), and Local Generation Charge (“LGC”) rate components established by D.17-08-
 3 030, except as needed to accommodate the addition of the Schools-only customer class.¹ Table JE-1
 4 displays the cost-based revenue allocations from SDG&E’s distribution, commodity, and CTC cost
 5 studies, as discussed in the testimony of witnesses Saxe (Chapter 5) and Montoya (Chapter 6), as
 6 well as the cost-based revenue allocation for LGC, which is derived from SDG&E’s current
 7 Transmission Owner (“TO”) proceeding.²

8 **Table JE-1: Cost-Based and Proposed Revenue Allocations³**

	Distribution		Commodity		CTC		LGC	
	Cost-Based Allocation	Proposed Allocation	Cost-Based Allocation	Proposed Allocation	Cost-Based Allocation	Proposed Allocation	Cost-Based Allocation	Proposed Allocation
Residential	51.4%	44.2%	44.3%	42.8%	43.2%	38.6%	43.1%	41.8%
Small Commercial	14.5%	15.7%	13.7%	13.2%	11.9%	12.5%	10.5%	10.8%
M/L C&I	30.9%	36.8%	37.7%	40.3%	41.6%	45.9%	45.0%	46.1%
Agricultural	1.2%	1.3%	1.9%	1.5%	1.1%	1.1%	1.1%	0.9%
Street Lighting	0.6%	0.6%	0.6%	0.4%	0.2%	0.0%	0.3%	0.4%
Schools	1.4%	1.4%	1.8%	1.8%	2.0%	2.0%	N/A	N/A

9
 10 The proposed revenue allocations for Distribution, Commodity, CTC, PPP, and LGC are
 11 discussed in more detail below.

¹ SDG&E is proposing no changes to the allocation of costs related to Demand Response programs in this proceeding. In accordance with the *Joint Assigned Commissioner and Administrative Law Judge’s Ruling Providing Guidance for 2017 Demand Response Programs and Activities Proposal Filings*, issued on September 15, 2015 in Rulemaking 13-09-011, SDG&E filed its 2017 Demand Response Programs and Budgets proposal on February 1, 2016. SDG&E will address the cost causation guidance provided in Ordering Paragraph 8 of Decision (“D.”) 14-12-024 in that filing. Additionally, SDG&E has not proposed to update the DR program revenue allocations to include schools as a separate class. Pending approval of SDG&E’s proposed schools-only customer class, SDG&E will submit an update to the Demand Response revenue allocations to accommodate this new customer class.

² ER19-221-000.

³ Note that shortly before filing, SDG&E noted an error in the testimony of SDG&E witness Montoya (Chapter 6). The Renewable Portfolio Standard price will be updated in a subsequent errata, which will affect the cost-based commodity revenue allocation in Table JE-1 and Table JE-3.

1 **A. Distribution**

2 SDG&E proposes to update the Distribution revenue allocation to accommodate its proposed
3 schools-only class as discussed in the testimony of witness Stein (Chapter 1). Table JE-2 presents
4 the updated distribution allocation factors by customer class, and the allocation of distribution
5 revenues to each customer class based on those factors.

6 **Table JE-2: Distribution Revenue Allocation Update^{4,5}**

	Current (\$000)	Current (%)	Updated Allocation (\$000)	Updated Allocation (%)	Percentage Change (%)
Residential	629,694	44.20%	629,693	44.20%	0.00%
Small Commercial	224,775	15.78%	223,429	15.68%	-0.60%
M/L C&I	542,249	38.06%	523,573	36.75%	-3.44%
Agricultural	18,619	1.31%	18,575	1.30%	-0.24%
Streetlighting	9,274	0.65%	9,164	0.64%	-1.18%
Schools	0	0.00%	20,177	1.42%	0.00%
System	1,424,611	100.00%	1,424,611	100.00%	0.00%

7
8 **B. Commodity**

9 SDG&E proposes to update the Commodity revenue allocation to accommodate its proposed
10 schools-only customer class as discussed in the testimony of witness Stein (Chapter 1). Table JE-3
11 also presents the proposed allocation of commodity revenues to each customer class based on those
12 factors.

⁴ Excludes miscellaneous programs recovered through distribution rates, specifically DR and VGI currently recovered in distribution rates.

⁵ The Total Distribution Revenue Requirement dollars for Current and Updated are the distribution revenues collected in rates effective January 1, 2019, pursuant to AL 3326-E (effective January 1, 2019) and do not reflect any adjustment for 2020 sales.

1 **Table JE-3: Commodity Revenue Allocation Update⁶**

	Current (\$000)	Current (%)	Updated Allocation (\$000)	Proposed (%)	Percentage Change (%)
Residential	667,639	42.83%	667,638	42.83%	0.00%
Small Commercial	206,877	13.27%	205,779	13.20%	-0.53%
M/L C&I	655,184	42.03%	628,057	40.29%	-4.14%
Agricultural	23,370	1.50%	23,305	1.50%	-0.28%
Streetlighting	5,747	0.37%	5,718	0.37%	-0.52%
Schools	0	0.00%	28,322	1.82%	0.00%
System	1,558,818	100.00%	1,558,818	100.00%	0.00%

2

3 **C. Ongoing Competition Transition Charges**

4 SDG&E proposes to update the CTC revenue allocation to accommodate its proposed
5 schools-only customer class as discussed in the testimony of witness Stein (Chapter 1).

6 In the TY 2016 GRC Phase 2 proceeding (Application (“A.”) 15-04-012), SDG&E proposed
7 modifying the CTC revenue allocation for the Streetlighting class from zero to 0.03%, which is
8 reflected in current effective revenue requirements. This proposal was included in the 2016 GRC
9 Phase 2 Settlement approved by the California Public Utilities Commission (“CPUC” or
10 “Commission”).⁷ As mentioned above, SDG&E proposes to update the CTC revenue allocation to
11 accommodate its proposed schools-only customer class as presented in Table JE-4 below.

⁶ The Total Commodity Revenue Requirement dollars for Current and Updated are the commodity revenues collected in rates effective January 1, 2019, pursuant to AL 3326-E (effective January 1, 2019) and do not reflect any adjustment for 2020 sales.

⁷ TY 2016 GRC Phase 2 (A.15-04-012) April 13, 2015 Revenue Allocation Settlement Agreement pp. 9.

1 **Table JE-4: CTC Revenue Allocation Proposal⁸**

	Current (\$000)	Current (%)	Updated Allocation (\$000)	Proposed (%)	Percentage Change (%)
Residential	4,875	38.55%	4,875	38.55%	0.00%
Small Commercial	1,589	12.56%	1,580	12.49%	-0.57%
M/L C&I	6,043	47.79%	5,800	45.87%	-4.01%
Agricultural	134	1.06%	134	1.06%	-0.30%
Streetlighting	4	0.03%	4	0.03%	0.00%
Schools	0	0.00%	252	1.99%	0.00%
System	12,645	100.00%	12,645	100.00%	0.00%

2
3 **D. Public Purpose Program**

4 PPP consists of: (1) Low Income Programs, specifically California Alternate Rates for
5 Energy (“CARE”), Family Electric Rate Assistance (“FERA”), and Food Bank Discount and Energy
6 Savings Assistance Programs (“ESAP”); (2) EE, (3) EPIC, (4) Self-Generation Program (“SGIP”)
7 and (5) California Solar Initiative (“CSI”).⁹ SDG&E proposes updates to revenue allocations for
8 CARE, FERA, Food Bank, ESAP, EE, EPIC, and SGIP. SDG&E is not proposing to update any
9 components of PPP revenue allocations to include schools as a separate class. School rates will
10 reflect either the Small Commercial or M/L C&I class, depending on the rate schedule each account
11 migrated from. Pending approval of SDG&E’s proposed schools-only customer class, SDG&E will
12 submit updated revenue allocations to accommodate this new customer class. Tables JE-5 through
13 JE-14 below provide both the proposed update to allocations as well as the illustrative rate impact
14 for these components of PPP.

⁸ The Total CTC Revenue Requirement dollars for Current and Updated are the CTC revenues collected in rates effective January 1, 2019, pursuant to AL 3326-E (effective January 1, 2019) and do not reflect any adjustment for 2020 sales.

⁹ SGIP and CSI were moved from the distribution rate component to the PPP rate component pursuant to D.17-08-030.

1 **1. Low Income (“CARE/FERA/Food Bank/ESAP”)**

2 SDG&E currently allocates CARE, FERA, Food Bank Discount, and ESAP costs to the
3 customer classes using an equal cent per kilowatt hour (“kWh”) approach. The sales used to develop
4 the CARE, FERA, Food Bank and ESAP allocations are adjusted to exclude the usage of
5 Streetlighting customers who are exempt from paying for the cost of these programs. CARE
6 customer sales are also excluded from CARE, FERA, and Food Bank allocations, as these customers
7 are exempt from paying the CARE, FERA and Food Bank surcharge. Pursuant to California Public
8 Utilities Code Section 327(a)(7), CARE program costs are currently allocated on a per kWh basis to
9 all classes of customers that were subject to the surcharge that funded the program on January 1,
10 2008. In addition, Advice Letter (“AL”) 2783-E highlights that the FERA discount is to be collected
11 in PPP rates, similarly to the CARE discount. Thus, CARE customers are exempt from paying the
12 FERA discount surcharge. In accordance with D.17-08-030, Food Bank program costs are currently
13 allocated on a per kWh basis to all non-CARE customers. Consistent with prior Commission
14 decisions (i.e. D.08-11-031 and D.06-12-038), ESAP costs are currently allocated on an equal cent
15 per kWh basis to all non-exempt authorized sales as defined in D.97-08-056. SDG&E proposes
16 updating allocations to reflect updated 2020 sales and current class definitions, consistent with the
17 current revenue allocation methodology for CARE, FERA, Food Bank and ESAP. Tables JE-5
18 through JE-8 reflect the updated allocations for CARE, FERA, Food Bank and ESAP, respectively.

1 **Table JE-5: CARE Revenue Allocation Proposal¹⁰**

	Current (%)	Proposed (%)	Percentage Change (%)	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	32.47%	31.70%	-2.38%	\$ 0.00830	\$ 0.00857	3.35%
Small Commercial	11.91%	12.36%	3.77%	\$ 0.00808	\$ 0.00857	6.09%
M/L C&I	53.97%	54.09%	0.21%	\$ 0.00810	\$ 0.00857	5.91%
Agricultural	1.65%	1.85%	12.66%	\$ 0.00823	\$ 0.00857	4.19%
Streetlighting	0.00%	0.00%	0.00%	\$ -	\$ -	N/A
System	100.00%	100.00%	0.00%	\$ 0.00816	\$ 0.00857	5.07%

3 **Table JE-6: FERA Revenue Allocation Proposal¹¹**

	Current (%)	Proposed (%)	Percentage Change (%)	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	32.47%	31.70%	-2.38%	\$ 0.00012	\$ 0.00012	3.35%
Small Commercial	11.91%	12.36%	3.77%	\$ 0.00012	\$ 0.00012	6.09%
M/L C&I	53.97%	54.09%	0.21%	\$ 0.00012	\$ 0.00012	5.91%
Agricultural	1.65%	1.85%	12.66%	\$ 0.00012	\$ 0.00012	4.19%
Streetlighting	0.00%	0.00%	0.00%	\$ -	\$ -	N/A
System	100.00%	100.00%	14.26%	\$ 0.00012	\$ 0.00012	5.07%

5 **Table JE-7: Food Bank Revenue Allocation Proposal¹²**

	Current (%)	Proposed (%)	Percentage Change (%)	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	32.47%	31.70%	-2.38%	\$ 0.00000	\$ 0.00000	3.35%
Small Commercial	11.91%	12.36%	3.77%	\$ 0.00000	\$ 0.00000	6.09%
M/L C&I	53.97%	54.09%	0.21%	\$ 0.00000	\$ 0.00000	5.91%
Agricultural	1.65%	1.85%	12.66%	\$ 0.00000	\$ 0.00000	4.19%
Streetlighting	0.00%	0.00%	0.00%	\$ -	\$ -	N/A
System	100.00%	100.00%	14.26%	\$ 0.00000	\$ 0.00000	5.07%

¹⁰ The current rates reflect 2016 TY GRC Phase 2 sales while the Illustrative Proposed Rates are adjusted to reflect 2020 GRC Phase 2 sales.

¹¹ The current rates reflect 2016 TY GRC Phase 2 sales while the Illustrative Proposed Rates are adjusted to reflect 2020 GRC Phase 2 sales.

¹² The current rates reflect 2016 TY GRC Phase 2 sales while the Illustrative Proposed Rates are adjusted to reflect 2020 GRC Phase 2 sales.

1 **Table JE-8: ESAP Revenue Allocation Proposal¹³**

	Current (%)	Proposed (%)	Percentage Change (%)	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	36.15%	35.36%	-2.20%	\$ 0.00030	\$ 0.00031	2.12%
Small Commercial	11.26%	11.69%	3.86%	\$ 0.00029	\$ 0.00031	6.20%
M/L C&I	51.03%	51.20%	0.32%	\$ 0.00029	\$ 0.00031	6.02%
Agricultural	1.55%	1.75%	12.78%	\$ 0.00030	\$ 0.00031	4.30%
Streetlighting	0.00%	0.00%	0.00%	\$ -	\$ -	N/A
System	100.00%	100.00%	0.00%	\$ 0.00030	\$ 0.00031	4.61%

2

3 **2. Energy Efficiency**

4 EE allocations are currently based on the forecasted EE program spending by customer class,
5 as approved in D.05-09-043. SDG&E proposes to update EE allocations to reflect 2019 forecasted
6 EE program spending, consistent with the current allocation methodology for EE. At this time,
7 SDG&E’s most current forecasted EE program spending is associated with the 2019 program year,
8 which was approved in D.18-05-041. Forecasted spending specifically associated with individual
9 customer classes was allocated as such, with unspecified C&I spending split proportionately
10 between the Small Commercial and M/L C&I classes, using the existing EE allocations as a
11 reference. All remaining spending, which currently is not assigned to a specific class, was allocated
12 based on the subtotals for all customer classes. Table JE-9 presents the proposed updated allocations
13 based on this methodology.

¹³ The current rates reflect 2016 TY GRC Phase 2 sales while the Illustrative Proposed Rates are adjusted to reflect 2020 GRC Phase 2 sales.

1 **Table JE-9: Energy Efficiency Revenue Allocation Proposal**

	Current (%)	Proposed (%)	Percentage Change (%)	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	46.05%	25.85%	-43.87%	\$ 0.00690	\$ 0.00404	-41.39%
Small Commercial	11.30%	15.50%	37.11%	\$ 0.00523	\$ 0.00733	40.21%
M/L C&I	41.45%	56.83%	37.11%	\$ 0.00424	\$ 0.00614	44.91%
Agricultural	1.12%	1.83%	63.38%	\$ 0.00381	\$ 0.00576	51.10%
Streetlighting	0.08%	0.00%	-97.93%	\$ 0.00104	\$ 0.00002	-97.96%
System	100.00%	100.00%	0.00%	\$ 0.00526	\$ 0.00550	4.58%

3 **3. Electric Program Investment Charge**

4 EPIC was established by D.11-12-035 in order to fund renewables and Research,
 5 Development, and Demonstration (“RD&D”) programs. That decision set EPIC revenue allocations
 6 equal to current PPP allocations, with the exclusion of the EE component. Currently, EPIC costs are
 7 allocated to the customer classes on a per kWh basis pursuant to D.17-08-030. SDG&E proposes to
 8 update the allocation of EPIC to reflect 2020 sales, consistent with the methodology for current
 9 EPIC allocations. Table JE-10 presents the proposed updated allocations based on this
 10 methodology.

11 **Table JE-10: EPIC Revenue Allocation Proposal¹⁴**

	Current (%)	Proposed (%)	Percentage Change (%)	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	35.99%	35.20%	-2.21%	\$ 0.00089	\$ 0.00091	2.11%
Small Commercial	11.21%	11.64%	3.84%	\$ 0.00085	\$ 0.00091	6.19%
M/L C&I	50.81%	50.96%	0.30%	\$ 0.00086	\$ 0.00091	6.01%
Agricultural	1.55%	1.74%	12.76%	\$ 0.00087	\$ 0.00091	4.29%
Streetlighting	0.44%	0.45%	2.76%	\$ 0.00089	\$ 0.00091	1.50%
System	100.00%	100.00%	0.00%	\$ 0.00087	\$ 0.00091	4.58%

12 ¹⁴ The current rates reflect 2016 TY GRC Phase 2 sales while the Illustrative Proposed Rates are adjusted to reflect 2020 GRC Phase 2 sales.

1 **4. Self-Generation Incentive Program**

2 California’s SGIP was established in 2001 by the Commission in D.01-03-073 in response to
3 Assembly Bill (“AB”) 970 (Ducheny, Stats. 2000, Ch. 329). That decision determined that SGIP
4 costs would be recovered as part of the Distribution rate component. Currently, SGIP costs are
5 recovered as part of the PPP rate component pursuant to D.17-08-030. SDG&E proposes to update
6 the allocation of SGIP on a rolling basis annually to reflect actual benefits resulting from the
7 disbursement of program incentives over the previous three years, consistent with the methodology
8 presented in Ordering Paragraph 3 of Resolution E-4926. Tables JE-11 and JE-12 reflect the
9 updated allocations for SGIP based on this methodology.

10 **Table JE-11: SGIP Revenue Allocation Proposal**

	Current	Proposed	Percentage
	(%)	(%)	Change
	(%)	(%)	(%)
Residential	35.99%	8.42%	-76.62%
Small Commercial	11.21%	0.00%	-100.00%
M/L C&I	50.81%	87.71%	72.64%
Agricultural	1.55%	3.87%	150.05%
Streetlighting	0.44%	0.00%	-100.00%
System	100.00%	100.00%	0.00%

1 **Table JE-12: SGIP Rate Proposal^{15,16}**

	Current Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	\$ 0.00104	\$ 0.00025	-75.59%
Small Commercial	\$ 0.00100	\$ -	-100.00%
M/L C&I			
<i>Energy (\$/kWh)</i>	\$ 0.00107	\$ 0.00188	76.74%
<i>NCD (\$/kW)</i>	\$ 0.39	\$ 0.69	74.55%
Agricultural	\$ 0.00102	\$ 0.00235	131.26%
Streetlighting	\$ 0.00105	\$ -	-100.00%
System	\$ 0.00102	\$ 0.00106	4.58%

2
3 Table JE-13 below shows the percentage change in the various components of PPP. Table
4 JE-14 provides illustrative rates for the components of PPP that reflect the proposed updates to PPP
5 allocations.

6 **Table JE-13: Percentage Change in Allocations for PPP Components**

	Proposed Change in Allocation for CARE	Proposed Change in Allocation for ESAP	Proposed Change in Allocation for EE	Proposed Change in Allocation for EPIC	Proposed Change in Allocation for SGIP	Proposed Change in Allocation for CSI	Proposed Change in Allocation for FERA	Proposed Change in Allocation for Food Bank	Proposed Change in Allocation for Total PPP
Residential	-2.38%	-2.20%	-43.87%	-2.21%	-76.62%	0.00%	-2.38%	-2.38%	-24.40%
Small Commercial	3.77%	3.86%	37.11%	3.84%	-100.00%	0.00%	3.77%	3.77%	8.25%
M/L C&I	0.21%	0.32%	37.11%	0.30%	72.64%	0.00%	0.21%	0.21%	15.81%
Agricultural	12.66%	12.78%	63.38%	12.76%	150.05%	0.00%	12.66%	12.66%	35.64%
Streetlighting	0.00%	0.00%	-97.93%	2.76%	-100.00%	0.00%	0.00%	0.00%	-65.68%
Component as Percentage of Total Revenues	50.19%	1.92%	34.25%	5.64%	6.61%	0.66%	0.72%	0.02%	100.00%

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¹⁵ M/L C&I energy rate applicable to schedules AL-TOU, AL-TOU2 Secondary and Primary only; Schedules DG-R, OL-TOU, VGI all voltage levels.
¹⁶ M/L C&I NCD applicable to schedules AL-TOU, AL-TOU2 Substation and Transmission only; Schedule A6-TOU all voltage levels.

1 **Table JE-14: Illustrative PPP Rates Based on Change in Allocations¹⁷**

	Current Total PPP Rate (\$/kWh)	Proposed CARE Rate (\$/kWh)	Proposed ESAP Rate (\$/kWh)	Proposed EE Rate (\$/kWh)	Proposed EPIC Rate (\$/kWh)	Proposed SGIP Rate (\$/kWh)	Proposed CSI Rate (\$/kWh)	Proposed FERA Rate (\$/kWh)	Proposed Food Bank Rate (\$/kWh)	Proposed Total PPP Rate (\$/kWh)	Percentage Change (%)
Residential	\$ 0.01769	\$ 0.00857	\$ 0.00031	\$ 0.00404	\$ 0.00091	\$ 0.00025	\$ 0.00015	\$ 0.00012	\$ 0.00000	\$ 0.01436	-18.80%
Small Commercial	\$ 0.01567	\$ 0.00857	\$ 0.00031	\$ 0.00733	\$ 0.00091	\$ -	\$ 0.00010	\$ 0.00012	\$ 0.00000	\$ 0.01735	10.68%
M/L C&I											
<i>Energy (\$/kWh)¹</i>	\$ 0.01476	\$ 0.00857	\$ 0.00031	\$ 0.00614	\$ 0.00091	\$ 0.00188	\$ 0.00010	\$ 0.00012	\$ 0.00000	\$ 0.01804	22.21%
<i>NCD (\$/kW)²</i>	\$ 0.43	\$ -	\$ -	\$ -	\$ -	\$ 0.69	\$ 0.04	\$ -	\$ -	\$ 0.72	68.59%
<i>Energy (\$/kWh)²</i>	\$ 0.01360	\$ 0.00857	\$ 0.00031	\$ 0.00614	\$ 0.00091	\$ -	\$ -	\$ 0.00012	\$ 0.00000	\$ 0.01605	18.07%
Agricultural	\$ 0.01445	\$ 0.00857	\$ 0.00031	\$ 0.00576	\$ 0.00091	\$ 0.00235	\$ 0.00010	\$ 0.00012	\$ 0.00000	\$ 0.01813	25.44%
Streetlighting	\$ 0.00310	\$ -	\$ -	\$ 0.00002	\$ 0.00091	\$ -	\$ 0.00012	\$ -	\$ -	\$ 0.00105	-66.10%
System	\$ 0.01595	\$ 0.00857	\$ 0.00031	\$ 0.00550	\$ 0.00091	\$ 0.00106	\$ 0.00024	\$ 0.00012	\$ 0.00000	\$ 0.01673	4.83%

3 ¹ Applicable to schedules AL-TOU, AL-TOU2 Secondary and Primary only; Schedules DG-R, OL-TOU, VGI all voltage levels

4 ² Applicable to schedules AL-TOU, AL-TOU2 Substation and Transmission only; Schedule A6-TOU all voltage levels

5 **E. Local Generation Charge**

6 The Commission authorized SDG&E to establish an LGC to recover new generation costs on
7 a non-bypassable basis from all customers, consistent with the requirements of the Cost Allocation
8 Mechanism (“CAM”) set forth in Rulemaking (“R.”) 06-02-013 and D.06-07-029.¹⁸ Pursuant to
9 D.08-09-012, which addressed remaining implementation issues related to CAM, LGC is allocated
10 to the customer classes based on the 12-month coincident peak demand methodology.¹⁹

11 SDG&E proposes to maintain the current LGC revenue allocations approved in D.17-08-030.
12 SDG&E has not proposed to update the LGC revenue allocations to include schools as a separate
13 class. Pending approval of SDG&E’s proposed schools-only customer class, SDG&E will submit
14 updated revenue allocations to accommodate this new customer class.

¹⁷ The current rates reflect 2016 TY GRC Phase 2 sales while the Illustrative Proposed Rates are adjusted to reflect 2020 TY GRC Phase 2 sales.

¹⁸ The Commission approved D.14-05-022, adopting the local generation revenue requirement and new LGC which was implemented in SDG&E’s AL 2613-E and AL 2613-E-A approved July 31, 2014 and effective August 1, 2014.

¹⁹ D.06-07-029 at 31.

1 **Table JE-15: LGC Revenue Allocation Proposal**

	Current (%)	Updated Allocation (%)	Percentage Change (%)
Residential	41.76%	41.76%	0.00%
Small Commercial	10.83%	10.83%	0.00%
M/L C&I	46.15%	46.15%	0.00%
Agricultural	0.90%	0.90%	0.00%
Streetlighting	0.37%	0.37%	0.00%
System	100.00%	100.00%	0.00%

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3 **F. Proposed Revenue Allocation Changes**

4 Table JE-16 summarizes SDG&E’s proposed changes to revenue allocation by rate
 5 component. In addition, Table JE-16 includes the current percentage of each rate component as part
 6 of total revenues based on current effective rates adjusted for sales to provide information regarding
 7 the relative impact to total rates.

8 **Table JE-16: Summary of Proposed Revenue Allocation Changes**

	Distribution	Commodity	PPP	CTC	LGC
Residential	0.00%	0.00%	-24.40%	0.00%	0.00%
Small Commercial	-0.60%	-0.53%	8.25%	-0.57%	0.00%
M/L C&I	-3.44%	-4.14%	15.81%	-4.01%	0.00%
Agricultural	-0.24%	-0.28%	35.64%	-0.30%	0.00%
Streetlighting	-1.18%	-0.52%	-65.68%	0.00%	0.00%
Schools	N/A	N/A	N/A	N/A	N/A
Component as Percentage of Total Revenues	33.01%	40.00%	7.91%	0.32%	4.56%

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10 This concludes my prepared direct testimony.

1 **III. WITNESS QUALIFICATIONS**

2 My name is Jesse B. Emge. My business address is 8330 Century Park Court, San Diego,
3 California 92123.

4 I have been employed as Rate Design Manager in the Customer Pricing Department of San
5 Diego Gas & Electric Company since January 2019. My primary responsibilities include the
6 development of cost-of-service studies, determination of revenue allocation, and electric rate design
7 in various regulatory filings. I began work at SDG&E in 2016 as a Supervisor and have held
8 positions of increasing responsibility throughout the company.

9 I received a Bachelor of Arts in Business Economics from the University of California, Santa
10 Barbara in 2006, a Master of Arts in International Political Economy, and a Doctor of Philosophy in
11 Political Science and Statistics from Claremont Graduate University in 2012 and 2015 respectively.

12 I have not previously submitted testimony or testified before the California Public Utilities
13 Commission.