

Application: A.18-02-_____

Exhibit SDG&E-_____

Witness: Kellen C. Gill

PREPARED DIRECT TESTIMONY OF
KELLEN C. GILL
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FEBRUARY 28, 2018

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**PREPARED DIRECT TESTIMONY OF
KELLEN C. GILL**

I. INTRODUCTION

My direct testimony presents San Diego Gas and Electric Company’s (“SDG&E”) proposed rate recovery for the Assembly Bill (“AB”) 2868 investments and program in SDG&E’s 2018 Energy Storage Procurement and Investment Plan Application (“Application”). As explained in the direct testimony of SDG&E witness Stephen T Johnston, investments will focus on utility-owned energy storage microgrid projects that may provide multiple services, including resiliency, to public sector customers. SDG&E also proposes an Energy Storage Incentive for Expanded California Alternate Rates for Energy (“CARE”) Pilot Program (“pilot program”) that will focus on behind-the-meter opportunities to incentivize Expanded CARE facilities that serve low-income customers, as described in the testimony of Mayda Bandy.

II. COST RECOVERY, RATE AND BILL IMPACTS

As described further below, SDG&E proposes to recover the costs¹ of implementing the utility-owned energy storage microgrid projects through Distribution rates² and the pilot program through Public Purpose Program (“PPP”)³ rates.

Table KG-2 presents the illustrative class average electric rate impacts for 2020 through 2023 of the proposed revenue requirements as presented in the direct testimony of Michael Woodruff/James Vanderhye Jr. (for the energy storage microgrid projects) and Mayda Bandy

¹ Costs include (but are not limited to) distributed energy storage resources, labor and installation, electrical infrastructure, and staff necessary for equipment, maintenance, incentives and administrative support. *See* the direct testimony of Steven Prsha and Mayda Bandy for a detailed description of the costs.

² The Distribution rate recovery component is described in the testimony of Ted Reguly.

³ The PPP rate recovery components is described in the testimony of Mayda Bandy.

1 (for the pilot program) compared to SDG&E’s current⁴ rates. In addition, the revenue
 2 requirements presented in the direct testimony of Michael Woodruff/James Vanderhye Jr. and
 3 Mayda Bandy reflect revenue requirements beginning in 2019. SDG&E proposes to combine the
 4 2019 and 2020 revenue requirement and recover the 2019 revenue requirement in 2020 to
 5 coincide with SDG&E’s rate change occurring on January 1, 2020.⁵ The amount SDG&E
 6 proposes to recover in rates in 2020 is based on the revenue requirements presented in the
 7 testimony of Michael Woodruff/James Vanderhye Jr. and Mayda Bandy. Table KG-1 the
 8 amounts to be collected through Distribution and PPP rates in 2020 based on the revenue
 9 requirements presented in the testimony of Michael Woodruff/James Vanderhye Jr. and Mayda
 10 Bandy, respectively (without FF&U).⁶

11 **Table KG-1: 2020 Revenue Requirement (without FF&U)**

2020			
	Distribution	PPP	Total
Energy Storage Microgrid Projects	\$ 20,765,284		\$ 20,765,284
Pilot Program			
<i>Incentive</i>		\$ 1,627,083	\$ 1,627,083
<i>Non-incentive</i>			
Administrative		155,833	155,833
Marketing		25,000	25,000
Workforce, Education & Training		30,000	30,000
Total Pilot Program		\$ 1,837,916	\$ 1,837,916
Total Revenue Requirement	<u>\$ 20,765,284</u>	<u>\$ 1,837,916</u>	<u>\$ 22,603,200</u>

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⁴ Advice Letter 3176-E, pending Commission approval, effective January 1, 2018.

⁵ Timing of implementation is dependent upon approval.

⁶ FF&U is Franchise Fees and Uncollectibles.

1 The combined revenue requirement for both PPP and Distribution in 2020 is \$22.603
 2 million (without FF&U) or \$23.446 million (with FF&U). SDG&E proposes to recover ongoing
 3 costs associated with the Application in a future General Rate Case (“GRC”).

4 **Table KG-2: Illustrative Class Average Electric Rates Impact**

	Current 1/1/18 (¢/kWh)	2020			2021			2022			2023		
		Proposed Rate (¢/kWh)	Change from Current (¢/kWh)	Change from Current (%)	Proposed Rate (¢/kWh)	Change from Current (¢/kWh)	Change from Current (%)	Proposed Rate (¢/kWh)	Change from Current (¢/kWh)	Change from Current (%)	Proposed Rate (¢/kWh)	Change from Current (¢/kWh)	Change from Current (%)
Residential	27.561	27.714	0.153	0.56%	27.788	0.227	0.82%	27.779	0.218	0.79%	27.769	0.208	0.75%
Small Comm.	26.242	26.400	0.158	0.60%	26.478	0.236	0.90%	26.468	0.226	0.86%	26.457	0.215	0.82%
Med & Lg C&I	21.385	21.473	0.088	0.41%	21.510	0.125	0.58%	21.505	0.120	0.56%	21.499	0.114	0.53%
Agriculture	19.468	19.570	0.102	0.52%	19.615	0.147	0.76%	19.610	0.142	0.73%	19.603	0.135	0.69%
Lighting	21.635	21.808	0.173	0.80%	21.894	0.259	1.20%	21.883	0.248	1.15%	21.871	0.236	1.09%
System Total	23.997	24.116	0.119	0.50%	24.170	0.173	0.72%	24.163	0.166	0.69%	24.155	0.158	0.66%

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 6 In 2020, the illustrative annual bill impact based on the revenue requirements⁷ is an
 7 increase of approximately \$8.99 for a typical residential customer using 500 kWh per month in
 8 both the Inland and Coastal climate zones, as compared to current rates. On a percentage basis,
 9 this equates to an illustrative annual bill increase of 0.5%. In 2023 the illustrative annual bill
 10 impact based on the revenue requirements⁸ is an increase of approximately \$12.19 for a typical
 11 residential customer using 500 kWh per month in both the Inland and Coastal climate zones, as
 12 compared to current rates. On a percentage basis, this equates to an illustrative annual increase
 13 of 0.7%.

14 This concludes my prepared direct testimony.

⁷ See the direct testimony of Michael Woodruff and James Vanderhuy Jr. and Mayda Bandy for further details regarding the revenue requirements.

⁸ *Id.*

1 **III. WITNESS QUALIFICATIONS**

2 My name is Kellen Childs Gill and my business address is 8330 Century Park Court, San
3 Diego, California 92123. I am employed by SDG&E as a Rate Strategy Project Manager in the
4 Customer Pricing Department. My primary responsibilities include planning, development, and
5 implementation of rate-related proceedings and preparation of various regulatory filings.

6 I began work at SDG&E in March 2015 as a Regulatory Case Manager. Prior to joining
7 SDG&E, I was employed by Sempra Energy where I worked in several positions of increasing
8 responsibility in tax, accounting, internal audit and legislative policy beginning in June 2007.

9 I graduated from the University of San Diego with a Bachelor's degree in Business
10 Administration and a minor in Accounting. I went on to earn a Master of Science in
11 Accountancy with an emphasis in entity taxation from San Diego State University. I am also a
12 Certified Public Accountant licensed to practice in the state of California.

13 I have not previously testified before the California Public Utilities Commission.