

Proceeding No.: A.18-04-004
Exhibit No.: _____
Witness: Kellen C. Gill Jenell McKay

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

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

November 7 ~~April 13~~, 2018



TABLE OF CONTENTS

I.	OVERVIEW AND PURPOSE.....	1
II.	2019 RATE IMPACTS TO REFLECT RECOVERY OF UPDATED REVENUE REQUIREMENTS FOR ERRRA, CTC, LG, AND SONGS	<u>33</u>
III.	RATES FOR RETURN OF THE GHG ALLOWANCE REVENUES	<u>77</u>
	1. EITE.....	<u>99</u>
	2. Small Business Volumetric Return.....	<u>1040</u>
	3. Residential CCC.....	<u>1144</u>
IV.	2019 PCIA RATES.....	<u>1242</u>
	1. Indifference Methodology	<u>1444</u>
	2. Treatment of SONGS-related Costs.....	<u>1646</u>
V.	GREEN TARIFF SHARED RENEWABLES PROGRAM.....	<u>1848</u>
VI.	SUMMARY AND RELIEF REQUESTED	<u>2727</u>
VII.	QUALIFICATIONS	<u>2828</u>
	ATTACHMENT A	
	ATTACHMENT B	
	ATTACHMENT C	
	GLOSSARY	

1 **UPDATED PREPARED DIRECT TESTIMONY OF**

2 **KELLEN C. GILL¹ ~~JENELL MCKAY~~**

3 **ON BEHALF OF**

4 **SAN DIEGO GAS & ELECTRIC COMPANY**

5 **I. OVERVIEW AND PURPOSE**

6 The purpose of this testimony is to present San Diego Gas & Electric Company's
7 ("SDG&E") rate recovery proposals for its application for approval of its 2019 forecasts of (1) the
8 Energy Resource Recovery Account ("ERRA") revenue requirement, which includes greenhouse
9 gas ("GHG") costs; (2) the Competition Transition Charge ("CTC") revenue requirement; (3) the
10 Local Generation ("LG") revenue requirement; and (4) the San Onofre Nuclear Generation Station
11 ("SONGS") Unit 1 Offsite Spent Fuel Storage Cost revenue requirement and the sum of 2016
12 Local Generating Balancing Account ("LGBA") activity recorded to the LGBA presented in the
13 updated testimony of SDG&E witness Khoang Ngo.

14 In addition, this testimony presents SDG&E's 2019 proposed rates for: (1) GHG
15 Allowance return to customers, specifically the Small Business Volumetric Return Rate and the
16 Residential California Climate Credit ("CCC"); (2) the vintage Power Charge Indifference
17 Adjustment ("PCIA") rates; and (3) rate components for the Green Tariff Shared Renewables
18 ("GTSR") Program, which includes rates for the Green Tariff ("GT") program and the Enhanced
19 Community Renewables ("ECR") program.

¹ Ms. McKay no longer works for SDG&E. As noted in Section VII below (Qualifications), I am an Electric Rates Project Manager in the Customer Pricing Department. I adopt Ms. McKay's April 13, 2018 Direct Testimony and have prepared this Updated Direct Testimony.

1 The rates and rate impacts presented in this testimony are calculated using current effective
2 rates² and current authorized sales.³

3 This testimony is organized as follows:

- 4 1. Section II – 2019 Rate Impacts to Reflect Recovery of Updated Revenue
5 Requirements for ERRA, CTC, LG, and SONGS;
- 6 2. Section III – 2019 Rates for the Return of GHG Allowance Revenues;
- 7 3. Section IV – 2019 PCIA Rates;
- 8 4. Section V – 2019 Rates for SDG&E’s GTSR Program;
- 9 5. Section VI – Summary and Relief Requested; and
- 10 6. Section VII – Qualifications.

² Effective ~~January~~ November 1, 2018, per Advice Letter (“AL”) ~~31673290~~-E. ~~AL 3167-E is currently suspended by the Commission as of January 25, 2018.~~

³ Per SDG&E 2016 General Rate Case (“GRC”) Phase 2 (A.15-04-012) authorized by Decision (“D.”) 17-08-030 Ordering Paragraph (“OP”) 1. SDG&E filed on March 1, 2018 its Application for Approval of its 2019 Electric Sales Forecast (A.18-03-003) to update its authorized sales to include the 2019 test year. ~~which is currently pending before the Commission~~ A draft decision was issued on October 29, 2018. SDG&E requested that the 2019 sales update be implemented on January 1, 2019. Upon approval and implementation of SDG&E’s 2019 Test Year Sales Update, all rate values will update to reflect the changes in sales with the exclusion of the Residential California Climate Credit and the Green Tariff Shared Renewables rate components.

1 **II. 2019 RATE IMPACTS TO REFLECT RECOVERY OF UPDATED REVENUE**
2 **REQUIREMENTS FOR ERRa, CTC, LG, AND SONGS**

3 SDG&E requests the recovery in rates of the following 2019 revenue requirements⁴

4 presented in the updated direct testimony of SDG&E witness Khoang Ngo:

- 5 1. 2019 ERRa Revenue Requirement of \$1,~~216114.374858~~215.534 million
6 (\$1,~~1272310.908636297~~ million including FF&U) for recovery of energy
7 procurement costs, which include GHG costs, associated with serving SDG&E's
8 bundled service customers;⁵
- 9 2. 2019 CTC Revenue Requirement of \$~~13167.230169493~~ million (\$~~11367.391365705~~
10 million including FF&U) for recovery of above-market costs associated with CTC-
11 eligible resources from all customers;⁶
- 12 3. 2019 LG Revenue Requirement of \$~~1941777.186437437~~ million (\$~~196179.545592~~
13 million including FF&U) for the recovery of net costs associated with resources
14 approved by the California Public Utilities Commission ("Commission") for Cost
15 Allocation Mechanism ("CAM") treatment for recovery from all benefiting
16 customers, including all bundled service, Direct Access ("DA") and Community

⁴ The revenue requirement figures in this testimony exclude franchise fees and uncollectible expenses ("FF&U") unless otherwise noted.

⁵ SDG&E does not propose any changes to the allocation of commodity to customer classes as part of this proceeding. The allocation of commodity costs to customer classes was recently updated on December 1, 2017 per D.17-08-030.

⁶ SDG&E does not propose any changes to the allocation of CTC to customer classes as part of this proceeding. The allocation of CTC to customer classes was recently updated on December 1, 2017 per D.17-08-030.

1 Choice Aggregation (“CCA”) customers,⁷ and recovery of balances recorded to
2 LGBA of \$0.524 million including FF&U;^{8,9} and

- 3 4. 2019 SONGS Unit 1 Offsite Fuel Storage Revenue Requirement of \$1.0~~8455~~ million
4 (\$1.0~~9768~~ million including FF&U) for the recovery of costs associated with the
5 spent fuel storage costs.¹⁰

6 Table 1 below compares the currently effective revenue requirements to the 2019 proposed
7 revenue requirements discussed above and the GHG Allowance revenues eligible for return to
8 customers through electric rates discussed in more detail below in Section III.
9

⁷ In D.13-03-029, the Commission authorized SDG&E to implement the LGC rate component, which is designed to recover new generation costs for local reliability that are deemed to be subject to the CAM policy adopted in D.06-07-029 and D.11-05-005, as a per kilowatt hour non-bypassable charge from all benefiting customers including all bundled service, DA and CCA customers.

⁸ Consistent with D.06-07-029, LGC is as a per kilowatt hour charge developed by allocating the net costs among all customer classes based on the 12-month coincident peak (“12 CP”) demand methodology, including bundled, DA and CCA customers, and then dividing the resulting customer class revenue by current authorized sales by customer class. SDG&E does not propose any changes to the allocation of LGC to customer classes as part of this proceeding. The allocation of LGC to customer classes was recently updated on December 1, 2017 per D.17-08-030.

⁹ The exact amount of the LGBA recorded balance requested for recovery is \$523,747.

¹⁰ D. 15-12-032 authorized SDG&E to recover the costs of SONGS Unit 1 Offsite Spent Fuel Storage through its ERRA proceeding.

**Table 1 - ERRA, CTC, LG, SONGS, and GHG Revenue Requirements
(\$000)**

Line	Description	Current Authorized Revenue Requirement ¹¹		Proposed Revenue Requirement		Change from Current ¹²	Change (%)
		w/o FF&U	w/ FF&U	w/o FF&U	w/ FF&U	w/ FF&U	w/ FF&U
1	ERRA ¹³	\$1,340,538	\$1,356,818	1,215,534 1,216,858 1,114,374	1,230,297 1,231,636 1,127,908	\$(126,522) \$(125,182) \$(228,910)	-9.3% 9.2% 16.9%
2	CTC	\$24,015	\$24,307	17,493 16,169 13,230	17,705 16,365 13,391	\$(6,602) \$(7,941) 10,916	-27.2% 32.7% 44.9%
3	LG ¹⁴	\$158,295	\$160,218	177,437 177,437 194,186	179,592 179,592 96,545	19,374 19,374 36,327	12.1% 12.1% 22.7%
4	SONGS	\$1,075	\$1,088	1,084 1,084 1,055	1,097 1,097 1,068	9 9 20	0.8% 0.8% -1.9%
5	LGBA Balance	\$491	\$497	517 517 517	524 524 524	27 27 27	5.4% 5.4% 5.4%
6	Subtotal	\$1,524,414	\$1,542,928	1,412,065 1,412,065 1,323,363	1,429,215 1,429,215 1,339,435	(113,713) (113,713) (203,493)	-7.4% 7.4% 13.2%
GHG Allowance Revenues Eligible for Return to Customers							
7	Small Business Volumetric Return		3,750 3,750		2,798 3,877	952 127	25.4% 3.4%
8	Residential CCC		88,789 88,789		85,631 87 2 86,564	158 2,225	-0.23% 3%

¹¹ Authorized by D.17-12-014 and effective January 1, 2018 per AL 3167-E.

¹² Differences may not equal due to rounding.

¹³ Includes GHG costs.

¹⁴ Pursuant to D.17-07-005, SDG&E updated its authorized rate of return on ratebase in AL 3120-E with impacts to revenue requirements to be reflected in the January 1, 2018 Consolidated filing, which impacted the LG revenue requirement that was approved in D.17-12-014. This adjustment for SDG&E's 2018 cost of capital results in a change in the LG revenue requirement from \$160.427 million, approved in D.17-12-014 to \$160.218 million including FF&U.

1 **III. RATES FOR RETURN OF THE GHG ALLOWANCE REVENUES**

2 In compliance with D.12-12-033, the GHG allowance revenues eligible for return to
3 customers is based on the GHG Allowance Revenues forecast of ~~\$97~~101.382~~156~~ million
4 (~~\$98.102.656~~219~~385~~ million including FF&U) presented in the updated testimony of SDG&E
5 witness Jennifer Montanez, adjusted for the following:

- 6 1. Reconciliation of 2017 year-end recorded/forecasted with 2017 year-end actuals as
7 well as 2018 “actuals”¹⁷ recorded in GHG Revenue Balancing Account
8 (“GHGRBA”) presented in the updated testimony of SDG&E witness Khoang Ngo
9 of ~~\$23.234~~373~~0.686~~ million (including FF&U);
- 10 2. GHG expenses related to customer outreach and education and administrative costs
11 presented in the updated testimony of SDG&E witness ~~Roland Mollen~~Eunice
12 Tanjaquio of ~~\$0.135~~048~~7048~~ million (\$0.048 million including FF&U)¹⁸ that will
13 be recorded in the GHG Customer Outreach and Education Memorandum Account
14 (“GHGCOEMA”) and the GHG Administrative Costs Memorandum Account
15 (“GHGACMA”); and
- 16 3. Solar on Multifamily Affordable Housing (“SOMAH”) Program funding¹⁹ of
17 ~~\$9.738~~10.116 million (~~\$9.857~~10.238 million including FF&U) presented in the
18 updated testimony of SDG&E witness Jennifer Montanez. In addition,

¹⁷ 2018 Recorded reflects activity recorded through September 30, 2018 and forecasted for the last three months of 2018.

¹⁸ The exact amount requested in SDG&E witness ~~Roland Mollen’s~~Eunice Tanjaquio’s updated testimony for GHG related expenses is \$47,500 which is \$48,077 including FF&U.

¹⁹ D.17-12-022 OP 4 requires the IOUs to “each shall reserve 10% of the proceeds from the sale of greenhouse gas allowances defined in Public Utilities Code Section 748.5 through its annual Energy Resource Recovery Account (ERRA) proceedings for use in the Solar on Multifamily Affordable Housing program, starting with its ongoing 2018 ERRA forecast proceeding.”

1 Disadvantaged Community Single-Family Solar Homes (“DAC-SASH”) Program
 2 funding of \$1.030 million (\$1,043 million including FF&U), the DAC – Green
 3 Tariff (DAC-GT) Program funding of \$2.114 million (\$2,139 million including
 4 FF&U), and the Community Solar Green Tariff (CSGT) Program funding of
 5 \$0.391 million (\$0.395 million including FF&U), also presented in the updated
 6 testimony of SDG&E witness Jennifer Montanez.²⁰

7 Table 3 below provides the current authorized and proposed GHG Allowance revenues to
 8 determine the GHG Allowance revenues eligible for return to customers.

9 **Table 3 – GHG Allowance Revenues²¹ Eligible for Return to Customers**

10

	Current Authorized²² (\$000)	Proposed (\$000)	Change (\$000)	Change (%)
GHG Allowance Revenues	\$(98,286) \$(98,286)	\$(101,156) \$(97,382)	\$(2,870) \$904	2.9% -0.9%
Interest	\$91 \$91	\$179,251 \$(11)	\$88,160 \$(102)	96.3% 175.0% +11.8%
GHG Expenses ²³	\$48 \$48	\$(135) \$48	\$(184) \$(1)	-379.2% -2%
Clean Energy/Energy Efficiency Program Costs	\$10,300 \$10,300	\$13,650 \$9,738	\$3,350 \$(562)	32.5% -5.5%
FF&U	\$(1,067) \$(1,067)	\$(1,061) \$(1,064)	\$56 \$3	-0.45% -0.3%
Prior Year GHGRBA Revenue Return True-Up ²⁴	\$(4,295) \$(4,295)	\$(3,373) \$686	\$923 \$3,609 \$(2,061)	-21.5% 84.0% 48.0%
GHG Allowance Revenues Eligible for Return to Customers				

²⁰ On August 24, 2018, SDG&E filed AL 3262-E-A. SDG&E is waiting for approval of this AL, which is currently suspended by the Commission. In the event that this advice letter is not approved prior to issuance of a decision in the currently pending ERRR proceeding, SDG&E will remove this funding and adjust the GHG Allowance Revenues available for return accordingly.

²¹ All values exclude FF&U unless otherwise noted.

²² Authorized by D.17-12-014 and effective January 1, 2018 per AL 3167-E.

²³ GHG Expenses include utility outreach and administrative costs, including IT billing and program management costs, as well as statewide outreach costs.

²⁴ D.14-10-033, Finding of Fact (“FOF”) 15 allows utilities to use a balancing account to maintain a record of allowance revenues.

	\$(93,209)	\$(93,209)	\$(91,898,138)	\$(90,905)	\$1,311,070	-14.4%	-2.5%
					\$2,303		

Ordering Paragraph 1 of D.12-12-033 directed the Investor Owned Utilities (“IOUs”) to distribute GHG allowances revenues eligible for return to customers in the following manner:²⁵

1. **Emissions-Intensive and Trade-Exposed (“EITE”)** entities will receive an annual, fixed-amount on-bill credit based on Commission calculations, discussed below;
2. **Small Business Volumetric Return** is intended to offset the rate impacts of the Cap-and-Trade program in the electricity rates of small businesses, defined as entities with monthly demand not exceeding 20 kilowatts (“kW”) in more than three months in a twelve-month period,²⁶ through a volumetrically calculated rate adjustment and is described in more detail below; and
3. **Residential CCC** for the distribution of all remaining GHG Allowance revenues to residential customers on an equal per residential account basis delivered as a semi-annual, on-bill credit and is described in more detail below.

1. EITE

D.15-01-024 states “[o]nce EITE customers have begun receiving an EITE return, the forecast return is based on the recorded prior-year revenue returned to EITE customers.”²⁷ In 2018, EITE customers began to receive EITE returns in the amount of \$0.465 million. As such, the adjustment to GHG Allowance Revenues eligible for return to customers in 2019 reflects an assumed return to EITE customers of \$0.46~~9~~5 million.

²⁵ Consistent with D.15-07-001, OP 18, the Residential Volumetric Return is no longer applicable.

²⁶ D.12-12-033, OP 1(B).

²⁷ D.15-01-024, Attachment D, page 5.

1 **2. Small Business Volumetric Return**

2 Ordering Paragraph 1 of D.12-12-033 defines small businesses as non-residential
3 customers on a general service or agricultural tariff with monthly demand not exceeding 20 kW for
4 more than three months in a twelve-month period. This includes customers from SDG&E’s Small
5 Commercial, Medium and Large Commercial and Industrial, and Agricultural customer classes.
6 Pursuant to Ordering Paragraph 1 of D.12-12-033 small businesses are entitled to receive
7 allowance revenue returns that will offset the rate impacts of GHG costs subject to an assistance
8 factor that determines the amount of transition assistance small business customers will receive
9 from GHG Allowance revenues. D.13-12-002 modified the assistance factors applied to small
10 businesses to provide a smoother transition path for the decline in level of assistance level and
11 avoid discrete and large changes, which can be problematic for small business customers from year
12 to year²⁸ and is presented in Table 4 below, with the 2019 effective factor of 60%.

13 **Table 4 – Small Business Assistance Factors**

Year	2013	2014	2015	2016	2017	2018	2019	2020
Assistance Factor (%)	100	100	100	90	80	70	60	50

14
15 To comply with Ordering Paragraph 1 of D.12-12-033, which directs the utilities to offset
16 the rate impacts of the cap-and-trade program in the electricity rates of small businesses, the credit
17 is volumetrically-calculated using customer class defined small business bundled sales and based
18 on the amount of GHG-related costs that are allocated to the defined bundled small business
19 customers adjusted for the assistance factor, differentiated by customer class. Pursuant to Ordering

²⁸ D.13-12-002, pp. 1-2 and Conclusion of Law (“COL”) 2.

1 Paragraph 7 of the same decision, the same credit that is applied to bundled small business
 2 customers, differentiated by customer class, will apply to DA and CCA small business customers
 3 to ensure they are treated equally. In addition, the Small Business Volumetric return is presented
 4 as a bill credit applied to the delivery component of the small business customers' bill and appears
 5 as separate line-item referred to as the Small Business California Climate Credit. Table 5 below
 6 presents the Small Business Volumetric Return rates by customer class and the associated GHG
 7 Allowances revenues that will be returned.

8 **Table 5 – Small Business Volumetric Return**

Customer Class	Rate Impact of GHG Costs (¢/kWh (A))	Small Business Volumetric Return (¢/kWh (B))	Assistance (%) (C= -B/A) ²⁹
Small Commercial	0.002590 0.00331	(0.00155) (0.00218)	60%
M/L C&I	0.002740 0.00350	(0.00164) (0.00231)	60%
Agriculture	0.002350 0.00300	(0.00141) (0.00198)	60%
Small Business Allowance Revenues for Return³⁰ (\$000)		(\$2,798) (\$3,877)	

9 **3. Residential CCC**

10 The remaining GHG Allowance revenues eligible for return to customers will be allocated
 11 to all residential customers on an equal cents-per-household basis, which will be credited to
 12 customers semi-annually as a bill credit, also known as the Residential Semi-Annual CCC.³¹ Table
 13 6 below presents the remaining GHG Allowance revenues available for return through the
 14 Residential CCC of ~~\$8868.564631~~~~85.872~~ million, which results in a semi-annual Residential CCC
 15 of ~~\$31.54321.32~~.

²⁹ May not equal due to rounding.

³⁰ Includes FF&U.

³¹ D.15-07-001, COL 29 stated that beginning January 1, 2016, the GHG offset for upper tier residential customers should be eliminated and that the revenue return allocated to residential customers will consist solely of the semi-annual CCC.

Table 6 – GHG Allowance Revenues³² Eligible for Return through Residential CCC

	Current Authorized (\$000)³³	Proposed (\$000)	Change³⁴ (\$000)	Change (%)
GHG Allowance Revenues Eligible for Return	\$ (93,209)	\$(91,898) \$(89,138) \$(90,905)	\$1,311 4,070 \$2,303	-14.4% -2.5%
EITE Customer Return Revenues	\$669	\$469 \$465	\$(201) \$(205)	-30.0% -30.6%
Small Business Volumetric Return Revenues	\$3,750	\$2,798 \$3,877	\$(952) \$127	-25.4% 3.4%
Residential CCC Revenues	\$88,789	\$885,631 872 \$86,564	\$(2,918) \$(2,225)	-0.23% -2.5%
Residential Semi-Annual CCC (\$/semi annual)	\$33.50	\$321.32 \$31.54	\$(12.18) 182 \$(1.96)	-36.5% -5.9%

IV. 2019 PCIA RATES

In D.06-07-030, modified by D.07-01-030, the Commission established authority for the PCIA component of the Cost Responsibility Surcharge (“CRS”) to preserve bundled customer indifference by ensuring departing load customers pay their share of the cost responsibility associated with the above-market costs based on an administrative benchmark, also known as the “indifference amount,” of the utilities’ total procurement resource portfolio.³⁵

In D.08-09-012, the Commission continued to refine the indifference amount methodology to better protect bundled customer indifference by introducing the requirement to “vintage”

³² Includes FF&U.

³³ Authorized by D.17-12-014 and effective January 1, 2018 per AL 3167-E.

³⁴ Difference may not equal due to rounding.

³⁵ In D.07-01-025, the Commission adopted the PCIA methodology for CCA customers. ~~Although there are currently no CCA parties in SDG&E’s service territory, SDG&E is required to provide PCIA rates for potential CCA customers.~~

1 departing load customers, based on their departure date, when determining the customers' cost
2 responsibility for the "total portfolio" of resources.³⁶ Assigning customers to a vintage ensured
3 that departing load customers pay their share of above-market costs associated with the specific
4 vintage portfolio of resources that were acquired to serve them prior to their departure from
5 bundled load service in order to better protect bundled customer indifference. After departure
6 from bundled service, the departing load customers are not required to pay for above-market costs
7 associated with utility procurement commitments after that load departs.

8 In D.11-12-018, the Commission adopted further refinement to the indifference amount
9 methodology recognizing that regulatory and industry changes had impacted energy procurement
10 practices. Changes to the Market Price Benchmark ("MPB") methodology, used to determine the
11 "above-market" value of electricity, now included the addition of a renewables portfolio standards
12 adder ("RPS adder") to better reflect the market value of renewable resources and a revised
13 resource adequacy capacity adder ("CAP adder"), which resulted in vintage MPBs.³⁷ The vintage
14 portfolio of resources calculation was revised to better reflect time-of-use load variations and also
15 removed load-related costs incurred by the California Independent System Operator ("CAISO")
16 that are then charged to the utilities.

17 In accordance with D.16-09-044, the Joint Utilities and CCAs³⁸ developed a uniform
18 workpaper template through the PCIA Working Group to "facilitate comparison and analysis of

³⁶ D.08-09-012, OP 10.

³⁷ D.11-12-018, OP 2.

³⁸ Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company (collectively, the Joint Utilities), CCAs, certain Electric Service Providers and other representatives of Direct Access interests, and consumer, labor and environmental groups participated to the PCIA working group.

1 the PCIA across utilities.”³⁹ Pursuant to D.17-08-026 OP 1 and consistent with SDG&E’s 2018⁹
2 ERRA Forecast, SDG&E has reflected the uniform workpaper template as attached in Appendix 7
3 of D.06-07-030 as part of this filing. The Commission further ordered in D.18-10-019 that PG&E,
4 SCE and SDG&E develop a uniform common template for the calculation of each of their PCIA
5 rates reflecting the changes ordered in the Decision.⁴⁰ SDG&E submitted its common template to
6 the CPUC’s Energy Division and concurrently served the updated common template to the service
7 list for its ERRA proceeding.

8 In D.18-10-019, the Commission issued a decision modifying the PCIA methodology
9 revising inputs to the market price benchmark (“MPB”) that is used to calculate the PCIA. The
10 revised methodology affects PCIA rates that that will take effect as of January 1, 2019. In addition
11 to the revised MPB inputs, the decision also adopted an annual true-up mechanism, as
12 recommended by a number of parties, as well as a cap that will limit the change of the PCIA rate
13 from one year to the next. Starting in forecast year 2020, the cap level of the PCIA rate is set at
14 0.5 cents/kWh more than the prior year’s PCIA, differentiated by vintage.

15 **1. Indifference Methodology**

16 Under Commission rules,⁴¹ departing load customers are responsible for their fair share of
17 above-market costs, or an indifference amount, incurred by the utility on behalf of those customers
18 when electric generation costs exceed the current market price, or market price benchmark. To
19 maintain bundled customer indifference to the departure of SDG&E’s customers to non-utility
20 service, SDG&E calculates the indifference amount to determine the cost responsibility for DA,
21 CCA and other departing load, specifically:

³⁹ D.17-08-026, p. 2.

⁴⁰ D.18-10-019, OP 3.

⁴¹ California Public Utilities Code Section 365.2.

1 **Indifference Amount = CTC + PCIA**

2 The above-market costs for both the CTC and PCIA are determined using a MPB, a
3 calculated proxy for the market value of electricity. This methodology is consistent with
4 Commission directives, specifically D.11-12-018 and Resolution E-4475. CTC revenue
5 requirements are addressed in the updated testimony of SDG&E witness Jennifer Montanez with
6 rate impacts discussed above.

7 In this Application, SDG&E is proposing to update the currently effective vintage PCIA
8 rates and to include the new vintage 2019 PCIA rates to account for customers' departing load in
9 the second half of 2018. With respect to this 2019 ERRR proceeding, SDG&E's portfolio of
10 resources, used to calculate the vintage 2019 indifference amounts and the resulting 2019 PCIA
11 rates, will include applicable costs from SDG&E's:

- 12 • Forecasted 2019 ERRR, CTC, and LG revenue requirements;
- 13 • Authorized 2019 Department of Water Resources ("DWR") Power Charge costs
14 allocated to SDG&E; and
- 15 • SDG&E's authorized 2019 Non-Fuel Generation Balancing Account ("NGBA")
16 revenue requirement.

17 ~~However, the 2019 DWR and 2019 NGBA revenue requirements as well as the vintage~~
18 ~~2018 MPBs are not available at the time of this filing.⁴² Therefore, the 2018 DWR and 2018~~
19 ~~NGBA revenue requirements, as well as the current MPBs.⁴³ were used in the preliminary~~
20 ~~calculation of the vintage 2019 PCIA rates in this testimony and will be updated in SDG&E's~~
21 ~~November Update filing of this proceeding.~~

⁴² ~~SDG&E expects to update this testimony in November once that information is available.~~

⁴³ ~~Per SDG&E AL 3126 E.~~

1 This updated testimony reflects the values for the 2018 DWR revenue requirement and the
2 latest values for the 2019 NGBA revenue requirement. As of the date of this filing, the 2019 DWR
3 Power Charge revenue requirement decision is pending Commission approval (R.15-02-012) and
4 the 2019 NGBA revenue requirement is pending disposition.⁴⁴ Therefore, in this update filing,
5 consistent with prior November updates, SDG&E is using the 2018 DWR Power Charge revenue
6 requirement of \$0 from the Final Decision,⁴⁵ the 2019 NGBA revenue requirement of \$246.272
7 million,⁴⁶ as well as the inputs for current MPB's⁴⁷ to calculate vintage PCIA rates. Consistent
8 with prior November updates, SDG&E proposes to update the vintage PCIA rates, if needed, to
9 reflect any changes in authorized 2019 DWR Power Charge revenue requirements allocated to
10 SDG&E or 2019 NGBA revenue requirements in a Tier 1 Advice Letter filing to be effective with
11 SDG&E's 2019 ERA Forecast final decision, which as requested, would implement with the
12 January 1, 2019 Consolidated filing.⁴⁸ Attachment A presents SDG&E's proposed vintage PCIA
13 rates applicable to DA and CCA customers, subject to update.

14 **2. Treatment of SONGS-related Costs**

15 ~~The PCIA is intended to preserve bundled customer indifference and therefore intended to~~
16 ~~ensure that DA customers bear their share of above market "total portfolio" costs. As such, PCIA~~
17 ~~is determined on a "total portfolio" basis, taking into account both DWR and utility procured~~
18 ~~generation resources. In D.08-09-012, which addressed the non-bypassable charges for new~~

⁴⁴ SDG&E filed AL 3297-E on November 5, 2018.

⁴⁵ Final Decision D.17-11-018 was issued on December 11, 2017 allocating the final revised 2018 revenue requirement determination of the California Department of Water Resources (pg.2).

⁴⁶ Excludes FF&U.

⁴⁷ Per SDG&E AL 3281-E, submitted on October 1, 2018.

⁴⁸ The PCIA is calculated by subtracting the ongoing CTC revenues from the Utility's above market total portfolio costs.

1 generation and related issues, the Commission stated “[f]urther, we determine that pre-
2 restructuring resources [footnote 9] should continue to be included in the portfolio of resources
3 used in determining any ongoing CTC and D.04-12-048 charges, once cost recovery of the DWR
4 contracts ends.”⁴⁹ Footnote 9 of this decision defines “pre-structuring resources” as “...current
5 IOU resources that existed prior to March 31, 1998 and are not subject to ongoing CTC
6 treatment. These resources consist principally of the IOUs’ retained generation (i.e., hydro, coal
7 and nuclear plants).” The “pre-restructuring resources” costs included in SDG&E’s PCIA
8 calculations consist of two categories of SONGS-related expenses—regulatory asset and nuclear
9 fuel. For this reason, SONGS-related costs must be recovered in the PCIA to achieve bundled
10 customer indifference. On July 26, 2018, the Commission approved D.18-07-037 adopting the
11 majority of the 2018 Revised Settlement Agreement (“Agreement”), which stated, in part, that
12 SDG&E would cease collecting in rates the revenue requirement authorized to be recovered related
13 to the SONGS regulatory asset.

14 PCIA rates are calculated on a prospective basis and do not incorporate any balancing
15 account adjustment. Because there is no mechanism in place to account for adjustments, the
16 Commission approved the *DA Customer Ratemaking Consensus Protocol for SONGS Outages and*
17 *Retirement* (“Consensus Protocol”), submitted by SDG&E on behalf of participating parties, in
18 D.14-05-022 to govern the ratemaking treatment of SONGS-related adjustments for DA
19 customers. The Consensus Protocol is intended to ensure that the impacts of the SONGS outages
20 and closure are borne by both bundled and DA customers equitably and symmetrically (upward or
21 downward).

⁴⁹ ——— D.08-09-012, p. 4.

1 ~~The vintage 2019~~ SDG&E's PCIA rates ~~which therefore no longer~~ include SONGS-related
2 Regulatory Asset costs.⁵⁰ ~~are presented in Attachment A of this testimony.~~ The only remaining
3 SONGS-related costs included in PCIA rates are non-fuel-related costs authorized in SDG&E's
4 2016 General Rate Case, which are included in the PCIA rates in Attachment A.

5 **V. GREEN TARIFF SHARED RENEWABLES PROGRAM**

6 In D.15-01-051, the Commission began the implementation of Senate Bill (“SB”) 43,
7 which set a formal requirement for the three California IOUs to implement the Green Tariff Shared
8 Renewables Program (“GTSR”). SB 43 was signed into law by Governor Brown on September
9 28, 2013. The GTSR Program is intended to (1) expand access to “all eligible renewable energy
10 resources to all ratepayers who are currently unable to access the benefits of onsite generation,”
11 and (2) “create a mechanism whereby institutional customers...commercial customers...and
12 groups of individuals...can meet their needs with the electrical generation from eligible renewable
13 energy resources.”⁵¹

14 Findings of Fact 136 of D.15-01-051, states that “Each IOU’s revenue requirements and
15 associated forecasts of fuel and purchase power...are currently reviewed and approved in the
16 annual ERRA forecast proceeding...” and Finding of Fact 137 states that “[c]oordinating review of
17 true-up of GTSR and credits with the ERRA process will provide greater certainty that entries to
18 the GTSR accounts are stated correctly and are consistent with Commission decisions.”
19 Accordingly, the commodity-related costs and credits as well as the resulting rates applied to

⁵⁰ In the Order Instituting Investigation on the Commission’s Own Motion in the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company (“SCE”) and SDG&E Associated with the San Onofre Nuclear Generating Station Units 2 and 3 (I. 12-10-013), a Joint Motion for Adoption of Settlement Agreement was filed on January 30, 2018 and is currently pending at the approved by the Commission in D.18-07-037. -

⁵¹ California Public Utilities Code Section 2831 (b) and (f).

1 GTSR customers are presented in this 2019 ERRR forecast application. Pursuant to D.15-01-051,
2 “[t]he RPR [Renewable Power Rate]⁵² and other components of GTSR rates should be updated
3 annually”⁵³ and “[c]hanges to the rates can be accomplished through Advice Letters.”⁵⁴ As such,
4 for 2019 SDG&E proposes updating the 2019 GTSR Program rate components, to be effective
5 with SDG&E’s 2019 ERRR Forecast, which as requested, would implement with SDG&E’s 2019
6 Consolidated Filing to Implement January 1, 2019 Electric Rates, assuming Commission approval
7 of this filing in time for inclusion in the Consolidated Filing.

8 The GTSR program includes two rate options: (1) a Green Tariff (“GT”) rate and (2) an
9 Enhanced Community Renewables (“ECR”) rate. The GT program provides customers with the
10 ability to purchase energy that contains a higher percentage of renewable power than offered under
11 other scheduled service. The ECR program provides customers with the ability to purchase
12 renewable energy from community-based projects directly through the developers of those projects
13 (“Developer”).

14 The rate components for the GT and ECR rates⁵⁵ associated with these programs are as
15 follows:

- 16 1. **Renewable Power Rate**⁵⁶ for the GT rate is the price that customers pay for the
17 commodity portion which is based on the cost of the incremental local solar projects
18 that the Utility procures for the program. The 2019 cost of local solar component of

⁵² SDG&E’s RPR was previously referred to as the Cost of Local Solar.

⁵³ D.15-01-051, COL 53.

⁵⁴ *Id.* COL 51.

⁵⁵ All GT and ECR rate components include FF&U unless otherwise noted.

⁵⁶ SDG&E’s Renewable Power rate was previously referred to as the Cost of Local Solar.

1 the GT is \$58.76/MWh as described in the updated direct testimony of SDG&E
2 witness Jennifer Montanez.⁵⁷

3 2. **Renewable Energy Commodity Price**⁵⁸ for the ECR rate is equal to the portion of
4 the renewable generating facility's output that the customer has subscribed to,
5 multiplied by the amount per kWh that the Utility has agreed to pay the developer
6 ("Renewable Energy Commodity Price"). These values are part contract agreement
7 with the Developers and therefore not addressed in this proceeding.

8 3. **Renewable Energy Value Adjustment**⁵⁹ for the GT and ECR rates calculates the
9 relative value of energy and capacity for the solar resources supporting the GT and
10 ECR programs compared to the Utility's current portfolio of resources serving all
11 bundled load. The 2019 Renewable Energy Value Adjustment ~~component~~ is ~~not yet~~
12 ~~available,~~⁶⁰ ~~therefore the 2018 Renewable Energy Value Adjustment of~~
13 ~~\$0.00421781/kWh as described in the updated direct testimony of SDG&E witness~~
14 ~~Jennifer Montanez~~⁶¹ ~~was used in the preliminary calculation of GT and ECR rates.~~

15 4. **Administrative Costs** for the GT and ECR rates includes incremental costs such as
16 labor and non-labor for program management and policy support, Green-e
17 certification, and information technology ("IT") costs. Per Resolution E-4734

⁵⁷ SDG&E witness Jennifer Montanez shows the Renewable Power Rate as \$58.05/MWh, which is without FF&U. The rate of \$58.76/MWh includes FF&U.

⁵⁸ Formerly the Solar Commodity Price.

⁵⁹ D.16-05-006, p. 27 changed the name from Value of Solar Energy and Capacity Adjustment to Renewable Energy Value Adjustment to reflect the ability of multiple renewable technology types to participate in the GTSR Program.

⁶⁰ ~~This value will be updated in the November update.~~

⁶¹ SDG&E witness Jennifer Montanez shows the Renewable Energy Value Adjustment as \$0.~~00772~~00416/kWh, which is without FF&U. The adjustment of \$0.~~00781~~00421/kWh includes FF&U.

1 which approved the administrative costs for the GT and ECR programs, the charge
2 for administrative costs remains at \$0.00385/kWh for GT and \$0.00343/kWh for
3 ECR.⁶²

4 5. **Marketing Costs** for the GT and ECR rates includes incremental costs needed to
5 implement the marketing plan. These costs are composed of labor (spent for
6 planning, managing to the marketing plan, and community outreach) and non-labor
7 tactical implementation (i.e. creative design, production, translation and mailing
8 fees). Per Resolution E-4734 which approved the marketing costs for the GT and
9 ECR programs, the marketing charge remains at \$0.00117/kWh for GT and
10 \$0.00013/kWh for ECR.⁶³

11 6. **Renewable Energy Commodity Credit**⁶⁴ for the ECR rate assumes the customer
12 has already purchased the rights to this output from the developer, the Utility
13 concurrently assigns a credit to the customer equal to Renewable Energy
14 Commodity Price (“Renewable Energy Commodity Credit”). These values are part
15 of the contract agreement with the Developers and therefore not addressed in this
16 proceeding.

17 7. **SDG&E’s Average Commodity Cost Adjustment** for the GT and ECR rates is
18 intended to approximate the avoided commodity costs and is based on SDG&E’s

⁶² SDG&E filed AL 3168-E on December 26, 2017 requesting approval to extend its GTSR program. Included in the AL is the updated budget for Administrative Costs associated with the GTSR program. Upon approval of AL 3168-E, SDG&E will update the Administrative Costs rate components to implement the Administrative budget associated with the extension of the GTSR program.

⁶³ SDG&E filed AL 3168-E on December 26, 2017 requesting approval to extend its GTSR program. Included in the AL is the updated budget for Marketing Costs associated with the GTSR program. Upon approval of AL 3168-E, SDG&E will update the Marketing Costs rate components to implement the Administrative budget associated with the extension of the GTSR program.

⁶⁴ Formerly known as Solar Commodity Credit.

1 class average commodity cost at the time of this filing which is credited to the
2 customer and is discussed in more detail below.

3 8. **Western Renewable Energy Generation Information System (“WREGIS”)** for
4 the GT and ECR rates may include, but is not limited to, the annual WREGIS fee
5 and a per megawatt-hour (“MWh”) certificate fee that is charged as Renewable
6 Energy Credits (“RECs”) are retired. As discussed in the updated direct testimony
7 of Jennifer Montanez, the WREGIS costs are \$0.00001/kWh.⁶⁵

8 9. **CAISO GMC** for the GT and ECR rates include CAISO charges are associated
9 with grid management charges (“GMC”) and energy scheduling. The 2019 CAISO
10 costs, as described in the updated direct testimony of Jennifer Montanez, are
11 \$0.00071/kWh.⁶⁶

12 10. **Renewable Integration Costs (“RIC”)** for the GT and ECR rates are currently set
13 at \$0/kWh as a placeholder.⁶⁷ A RIC Charge that is greater than \$0/kWh may be
14 imposed in the future on a going-forward basis only to all customers served under
15 this Schedule, unless otherwise directed by the Commission.

16 11. **PCIA** for the GT and ECR rates is intended to serve as a reasonable proxy for the
17 GTSR customer indifference charge and is discussed further below.

⁶⁵ SDG&E witness Jennifer Montanez shows WREGIS as \$0.00001/kWh, which is without FF&U. The cost of \$0.00001/kWh includes FF&U.

⁶⁶ SDG&E witness Jennifer Montanez shows CAISO GMC as \$0.00070/kWh, which is without FF&U. The cost of \$0.00071/kWh includes FF&U.

⁶⁷ D.15-01-051 recognized that “[b]ecause GTSR is made up of renewable resources, the cost of renewables integration is of particular importance” (p. 115). D.15-01-051 further directed the IOUs to set a RIC charge of \$0 as a placeholder. Within 60 days of a decision setting a RIC charge for ratepayers, the IOUs must file a Tier 3 Advice Letter setting forth how the RIC charge will be allocated to customers (both new and existing). *Id.*, p. 119.

Table 7 – GT Rate Components

	GT Rate Components	
	Current Authorized⁶⁸	Proposed
Renewable Power Rate ⁶⁹	0.06407	0.05876 0.06200
Renewable Energy Value Adjustment ⁷⁰	0.00781	0.00781 0.00421
Administrative Costs	0.00385	0.00385
Marketing Costs	0.00117	0.00117
SDG&E's Average Commodity Cost Adjustment	See Table 9 below	
WREGIS	\$0.00001	\$0.00001
CAISO GMC	\$0.00071	\$0.00071
Renewable Integration Cost	\$0.00000	\$0.00000
PCIA	See Table 10 below	

Table 8 – ECR Rate Components

	ECR Rate Components	
	Current Authorized⁷¹	Proposed
Renewable Energy Commodity Price ⁷²	Refer to Contract	
Renewable Energy Value Adjustment ⁷³	0.00781	0.00781 0.00421
Administrative Costs	0.00343	0.00343
Marketing Costs	0.00013	0.00013
Renewable Energy Commodity Credit ⁷⁴	Refer to Contract	
SDG&E's Average Commodity Cost Adjustment	See Table 9 below	
WREGIS	\$0.00001	\$0.00001
CAISO GMC	\$0.00071	\$0.00071
Renewable Integration Cost	\$0.00000	\$0.00000
PCIA	See Table 10 below	

SDG&E's Average Commodity Cost Adjustment is used as a proxy to reflect SDG&E's avoided commodity costs, which ideally would be reflected in the average commodity rate by

⁶⁸ Authorized by D.17-12-014 and effective January 1, 2018 per AL 3167-E

⁶⁹ Formerly known as Cost of Local Solar per SDG&E AL 3006-E.

⁷⁰ Formerly known as Value of Solar Energy and Capacity Adjustment per SDG&E AL 3006-E.

⁷¹ Authorized by D.17-12-014 and effective January 1, 2018 per AL 3167-E .

⁷² Formerly known as Solar Commodity Price.

⁷³ Formerly known as Value of Solar Energy and Capacity Adjustment per SDG&E AL 3006-E.

⁷⁴ Formerly known as Solar Commodity Credit.

1 customer class. To better reflect the avoided commodity cost, the average commodity rate is
2 adjusted for ERRAs-related balances given that such balances can cause the average commodity
3 rate to differ from the costs, as well as adjusted for updated commodity costs as filed in SDG&E's
4 2019 NGBA update⁷⁵. For this reason, SDG&E is substituting the ERRA component of the
5 average commodity rate by customer class with an ERRA forecast value in order to adjust for
6 ERRA Balances and updated NGBA costs to better approximate avoided costs, as authorized in
7 D.15-01-051. SDG&E's 2019 adjusted class average commodity rate for the GTSR rate
8 components is based on effective average commodity rate by customer class,⁷⁶ ~~at the time of this~~
9 ~~filing adjusted with the adjustments stated above, for ERRA-related balances as are~~ shown in the
10 Table 9 below. ~~These values will be updated in November to reflect the most current values at that~~
11 ~~time.~~ Consistent with prior November updates, SDG&E proposes to update the class average
12 commodity rates, if needed, to reflect any changes in authorized 2018 NGBA or 2019 ERRA
13 revenue requirements in a Tier 1 Advice Letter filing to be effective with SDG&E's 2019 ERRA
14 Forecast final decision, which as requested, would implement with the January 1, 2019
15 Consolidated filing. Upon implementation of the 2019 GTSR rates, SDG&E proposes to update
16 the SDG&E's Average Commodity Cost Adjustment to include current effective commodity rates
17 at the time of implementation to better reflect the avoided commodity costs.

⁷⁵ SDG&E filed AL 3297-E on November 5, 2018.

⁷⁶ Current commodity rates effective 11/1/18 per AL 3290-E.

Table 9: GT and ECR Rate Components – Class Average Commodity Adjustment Rates (\$/kWh)

	Current Authorized⁷⁷	Proposed
Residential	(0.10138)	(0.10607) (0.10870)
Small Commercial	(0.09934)	(0.10483) (0.10725)
M/L C&I	(0.09943)	(0.10820) (0.11047)
Agricultural	(0.08293)	(0.08869) (0.09108)
Streetlighting	(0.06691)	(0.07018) (0.07193)

The PCIA component of the GT and ECR rates comprises the indifference adjustment or the above market cost of the Utility’s existing procurement portfolio and is calculated annually. D.15-01-051 Finding of Fact 100 states, “[t]he PCIA calculated for DA and CCA customers provides a reasonable proxy for the GTSR customer indifference charge.” Accordingly, the utilities were directed to use vintaged PCIA as a proxy for the indifference adjustment.⁷⁸ This is a cost that is ultimately born by all customers for resources that were procured on their behalf. GT and ECR customers’ PCIA rates will be billed by customer class and customer specific vintage using the 2019 PCIA rates discussed above and identified in Attachment A.

Per Resolution E-4734, GTSR participants are subjected to a termination fee if they cancel their subscription after the 60-day cooling off period⁷⁹ beginning on the effective date of the subscription, but prior to the minimum one-year agreement term. The GT and ECR Termination Fee is comprised of the above-market costs associated with the participant’s subscription of solar energy plus any administrative and marketing costs associated with the participant’s subscription. The above market costs are calculated as the present value of the forecasted difference between the

⁷⁷ Effective January 1, 2018 per AL 3167-E.

⁷⁸ D.15-01-051, p. 103.

⁷⁹ Per SDG&E AL 2745-E.

1 Solar Commodity Price and the sum of MPB in the PCIA calculation, the solar value adjustment,
2 and green attributes.

3 The GTSR Termination Fees vary by class as follows:

- 4 • GTSR Residential Termination Fee: one termination fee for the residential class to
5 make it easier for customers to understand and to provide cost certainty in the event
6 of a customer desiring an early termination. The current GT Residential
7 Termination Fee is \$70.00 and the current ECR Residential Termination Fee is
8 \$80.00.⁸⁰ SDG&E is not proposing a change to the Residential Termination fee at
9 this time.
- 10 • GTSR Non-Residential Termination Fee: due to the wide potential variation in
11 usage and corresponding subscription level for the commercial customers. SDG&E
12 calculates the GTSR Non-Residential Termination Fee using above-market costs
13 associated with the customer’s subscription of solar energy plus administrative and
14 marketing costs.

15 Table 11 below presents the termination fees for both the GT and ECR programs for non-
16 residential customers.

17 **Table 10: GTSR Non-Residential Termination Fees (\$/kWh)**

	Current Authorized⁸¹	Proposed
GT	0.01028	\$0.00337 0.00823
ECR	0.01016	\$0.00325 0.00811

⁸⁰ Per SDG&E AL 3006-E.
⁸¹ Approved by D.17-08-030, OP 5.

1 The detailed components of the GT and ECR rates and the total GT and ECR rates are
2 presented in Attachments B and C of this updated testimony.

3 **VI. SUMMARY AND RELIEF REQUESTED**

4 Consistent with the rate recovery proposed in this updated testimony, SDG&E requests the
5 following relief in the Commission’s forthcoming decision in this proceeding:

6 1. Approve for recovery in rates: (1) the 2019 ERRR revenue requirement,
7 which includes GHG costs, of \$~~1,127,231~~~~0.908636297~~ million; (2) the
8 2019 CTC revenue requirement of \$~~131,673,913~~~~670,555~~ million; (3) the
9 2019 LG revenue requirement of \$~~196,179,545~~~~592~~ million; (4) the SONGS
10 revenue requirement of \$~~1,068,097~~ million and (5) the balances recorded
11 to the LGBA of \$0.524 million.⁸²

12 2. Approve SDG&E’s 2019 proposed rates for:

- 13 a. GHG Allowance return to customers, specifically the EITE return,
14 the Small Business Volumetric Return Rate presented in Table 5
15 and the Residential Semi-Annual CCC of \$~~31,543~~~~1,32~~
- 16 b. 2019 PCIA rates presented in Attachment A;⁸³ and
- 17 c. 2019 rate components for the GTSR Program, which includes rates
18 for the GT program and ECR program presented in Attachment B
19 and C.

20 This concludes my updated prepared direct testimony.
21

⁸² The exact amount of the LGBA recorded balance requested for recovery is \$523,747.

⁸³ Order Instituting Rulemaking (“R”) 17-06-026 is currently pending before the Commission. The outcome of this proceeding may impact this filing.

1 **VII. 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 Accountancy
11 with an emphasis in entity taxation from San Diego State University. I am also a Certified Public
12 Accountant licensed to practice in the state of California.

13 I have previously submitted testimony to the California Public Utilities Commission.

14 ~~My name is Jenell McKay and my business address is 8330 Century Park Court, San~~
15 ~~Diego, California 92123. I am a Senior Business Economics Advisor in the Customer Pricing~~
16 ~~Department of SDG&E. My primary responsibilities include the development of cost-of-service~~
17 ~~studies, determination of revenue allocation, and support of electric rate design in various~~
18 ~~regulatory filings. I began work at SDG&E in August 2016 as a Business Economic Advisor~~
19 ~~and have held positions of increasing responsibility in the Electric Rate Design group. Prior to~~
20 ~~joining SDG&E, I was employed by Midcontinent Independent System Operator, Inc. as a~~
21 ~~Senior Policy Analyst from July 2010 to August 2016. In addition, I was employed by the~~
22 ~~Electric Reliability Council of Texas as an Economist from 2010 until 2013.~~

1 ~~I graduated from Tulane University with a Bachelor of Science in Economics and~~
2 ~~Psychology. I also attended the A.B. Freeman School of Business at Tulane University where I~~
3 ~~received a Master of Finance with a concentration in Energy.~~

4 ~~I have previously submitted testimony before the California Public Utilities Commission.~~

**SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2019 ERRR Forecast**

Attachment A

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers¹

(\$/kWh)

Rate Group	DWF BC (All Vintage)	CTC (For All Vintages) [†]	PCIA 2001 Vintage	PCIA 2002 Vintage	PCIA 2003 Vintage	PCIA 2004 Vintage	PCIA 2005 Vintage	PCIA 2006 Vintage	PCIA 2007 Vintage	PCIA 2008 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage
Residential	0.00549	0.00079	0.00255	0.00243	0.00267	0.00309	0.00329	0.00469	0.00705	0.00654	0.00663	0.01064	0.01922	0.02180	0.02178	0.02184	0.02250	0.02250	0.02250	0.02250	0.02349
Small Commercial	0.00549	0.00075	0.00242	0.00230	0.00253	0.00292	0.00312	0.00444	0.00668	0.00620	0.00628	0.01065	0.01821	0.02006	0.02004	0.02009	0.02122	0.02122	0.02122	0.02122	0.02226

¹ As noted in Section IV, SDG&E has implemented the common workpapers for PCIA rates, which do not distinguish between Continuous and Non-Continuous customers. SDG&E's PCIA rates are applicable to both DA and CCA customers, ~~although SDG&E currently does not have CCA customers.~~

Medium & Large C&I	0.00549	0.0063	0.00703	0.00793	0.00813	0.00845	0.00862	0.00873	0.00860	0.00820	0.00557	0.00844	0.01529	0.01734	0.01733	0.01737	0.01790	0.01790	0.01790	0.01790	0.01868
Agriculture	0.00549	0.00647	0.00753	0.00845	0.00960	0.01084	0.01297	0.01480	0.01721	0.02091	0.00336	0.00634	0.01149	0.01363	0.01362	0.01365	0.01345	0.01345	0.01345	0.01345	0.01464
Streetlighting	0.00549	0.00605	0.00616	0.00615	0.00617	0.00619	0.00621	0.00629	0.00644	0.00641	0.00041	0.00066	0.00120	0.00136	0.00136	0.00136	0.00140	0.00140	0.00140	0.00140	0.00146
System Total	0.00549	0.00669	0.00724	0.00742	0.00734	0.00770	0.00789	0.00740	0.00617	0.00573	0.00551	0.00929	0.01663	0.01910	0.01908	0.01913	0.01915	0.01915	0.01915	0.01915	0.02057

**SAN DIEGO GAS & ELECTRIC COMPANY – ELECTRIC DEPARTMENT
2019-ERRA Forecast**

Attachment A Continued

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[†]

[†]As noted in Section IV, SDG&E has implemented the common workpapers for PCIA rates, which do not distinguish between Continuous and Non-Continuous customers. SDG&E's PCIA rates are applicable to both DA and CCA customers, although SDG&E currently does not have CCA customers.

(\$/kWh)

Rate Group	DWR BC (All Vintages)	CTC (For All Vintages) [†]	PCIA 2001 Vintage	PCIA 2002 Vintage	PCIA 2003 Vintage	PCIA 2004 Vintage	PCIA 2005 Vintage	PCIA 2006 Vintage	PCIA 2007 Vintage	PCIA 2008 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage
Residential	0.00549	0.00079	0.00255	0.00243	0.00267	0.00309	0.00329	0.00469	0.00705	0.00654	0.00643	0.01001	0.01922	0.02180	0.02158	0.02184	0.02250	0.02250	0.02250	0.02250	0.02349
Small Commercial	0.00549	0.00075	0.00242	0.00230	0.00253	0.00292	0.00312	0.00444	0.00668	0.00650	0.00658	0.01005	0.01821	0.02006	0.02006	0.02006	0.02152	0.02152	0.02152	0.02152	0.02256
Medium & Large C&I	0.00549	0.00063	0.00203	0.00193	0.00213	0.00245	0.00262	0.00373	0.00560	0.00550	0.00552	0.00824	0.01529	0.01734	0.01733	0.01733	0.01739	0.01739	0.01739	0.01739	0.01808
Agriculture	0.00549	0.00047	0.00153	0.00145	0.00160	0.00184	0.00197	0.00280	0.00421	0.00391	0.00396	0.00654	0.01149	0.01303	0.01302	0.01302	0.01304	0.01304	0.01304	0.01304	0.01404

Streetlighting	0.00549	0.00005	0.00016	0.00015	0.00017	0.00019	0.00021	0.00029	0.00044	0.0001	0.0001	0.0006	0.0010	0.0016	0.0016	0.0016	0.0010	0.0010	0.0010	0.0010	0.0010	0.0016	
System Total	0.00549	0.00069	0.00024	0.00012	0.00034	0.00070	0.00089	0.00110	0.00117	0.00053	0.00053	0.00092	0.00163	0.00193	0.00190	0.00193	0.00195	0.00195	0.00195	0.00195	0.00195	0.00195	0.00203

0429346678457

Rate Group	DWR BC (All Vintages)	CTC (For All Vintages) ¹	PCI A 2001 Vint age	PCI A 2002 Vint age	PCI A 2003 Vint age	PCI A 2004 Vint age	PCI A 2005 Vint age	PCI A 2006 Vint age	PCI A 2007 Vint age	PCI A 2008 Vint age	PCI A 2009 Vint age	PCI A 2010 Vint age	PCI A 2011 Vint age	PCI A 2012 Vint age	PCI A 2013 Vint age	PCI A 2014 Vint age	PCI A 2015 Vint age	PCI A 2016 Vint age	PCI A 2017 Vint age	PCI A 2018 Vint age	PCI A 2019 Vint age	Proposed Class Average Bundle Generation	
Residential	0.00549	0.00068	0.00059	0.00043	0.00043	0.00094	0.00099	0.00105	0.00133	0.00137	0.00181	0.00225	0.00283	0.00310	0.00310	0.00310	0.00310	0.00310	0.00310	0.00310	0.00310	0.00323	0.10335404
Small Commercial	0.00549	0.00061	0.00053	0.00039	0.00039	0.00071	0.00080	0.00098	0.00121	0.00123	0.00145	0.00165	0.00204	0.00227	0.00227	0.00280	0.00280	0.00280	0.00280	0.00280	0.00280	0.00291	0.10239293
Medium & Large C&I	0.00549	0.00043	0.00037	0.00027	0.00027	0.00050	0.00066	0.00063	0.00093	0.00086	0.00087	0.00110	0.00178	0.00195	0.00195	0.00195	0.00197	0.00197	0.00200	0.00200	0.00200	0.00203	0.10532446
Agriculture	0.00549	0.00052	0.00045	0.00033	0.00033	0.00063	0.00083	0.00080	0.00108	0.00104	0.00110	0.00138	0.00214	0.00223	0.00223	0.00223	0.00240	0.00240	0.00240	0.00240	0.00240	0.00245	0.0866667
Streetlighting	0.00549	0.00045	0.00039	0.00029	0.00029	0.00056	0.00079	0.00097	0.00109	0.00108	0.00115	0.00139	0.00216	0.00220	0.00220	0.00220	0.00221	0.00221	0.00221	0.00221	0.00221	0.00224	0.0683884
System Total	0.00549	0.00054	0.00047	0.00034	0.00034	0.00066	0.00087	0.00093	0.00113	0.00110	0.00110	0.00143	0.00222	0.00244	0.00244	0.00244	0.00250	0.00250	0.00250	0.00250	0.00250	0.00255	0.10357

**SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2019 ERRR Forecast**

Attachment B

2019 Proposed Green Tariff Rate Components

Description	\$/kWh		\$/kWh		\$/kWh		\$/kWh	
	Residential	Sm Commercial	M/L C&I	Agriculture	Streetlighting			
Renewable Power Rate	0.06200 0.05876	0.06200 0.05876	0.06200 0.05876	0.06200 0.05876	0.06200 0.05876			
Renewable Energy Value Adjustment	0.00421 0.00784	0.00421 0.00784	0.00421 0.00784	0.00421 0.00784	0.00421 0.00784			
Administrative Costs	0.00385 0.00385	0.00385 0.00385	0.00385 0.00385	0.00385 0.00385	0.00385 0.00385			
Marketing Costs	0.00117 0.00117	0.00117 0.00117	0.00117 0.00117	0.00117 0.00117	0.00117 0.00117			
SDG&E's Average Commodity Cost Adjustment	(0.10870947) (0.10607)	(0.10725787) (0.10483)	(0.110470970) (0.10820)	(0.09108116) (0.08869)	(0.07193245) (0.07018)			
WREGIS	0.00001 0.00001	0.00001 0.00001	0.00001 0.00001	0.00001 0.00001	0.00001 0.00001			
CAISO GMC	0.00071 0.00071	0.00071 0.00071	0.00071 0.00071	0.00071 0.00071	0.00071 0.00071			
Renewable Integration Cost	0.00000 0.00000	0.00000 0.00000	0.00000 0.00000	0.00000 0.00000	0.00000 0.00000			
GT Differential	(0.03752) (0.03375)	(0.03592) (0.03254)	(0.03774) (0.03588)	(0.01920) (0.01637)	(0.00049) 0.00213			
PCIA	See Attachment A							

**SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2019 ERRR Forecast**

Attachment C

2019 Proposed Enhanced Community Renewables Rate Components

	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh
<u>Description</u>	<u>Residential</u>	<u>Sm Commercial</u>	<u>M/L C&I</u>	<u>Agriculture</u>	<u>Streetlighting</u>
Renewable Energy Commodity Price	Refer to Contract				
Value of Solar Energy and Capacity Adjustment	<u>0.00421</u> 0.00781	<u>0.00421</u> 0.00781	<u>0.00421</u> 0.00781	<u>0.00421</u> 0.00781	<u>0.00421</u> 0.00781
Administrative Costs	<u>0.00343</u> 0.00343	<u>0.00343</u> 0.00343	<u>0.00343</u> 0.00343	<u>0.00343</u> 0.00343	<u>0.00343</u> 0.00343
Marketing Costs	<u>0.00013</u> 0.00013	<u>0.00013</u> 0.00013	<u>0.00013</u> 0.00013	<u>0.00013</u> 0.00013	<u>0.00013</u> 0.00013
Renewable Energy Commodity Credit	Refer to Contract				
SDG&E's Average Commodity Cost Adjustment	(0.10870947)(0.10607)	(0.10725787)(0.10483)	(0.110470970)(0.10820)	(0.09108116)(0.08869)	(0.07193245)(0.07018)
WREGIS	<u>0.00001</u> 0.00001	<u>0.00001</u> 0.00001	<u>0.00001</u> 0.00001	<u>0.00001</u> 0.00001	<u>0.00001</u> 0.00001
CAISO GMC	<u>0.00071</u> 0.00071	<u>0.00071</u> 0.00071	<u>0.00071</u> 0.00071	<u>0.00071</u> 0.00071	<u>0.00071</u> 0.00071
Renewable Integration Cost	<u>0.00000</u> 0.00000	<u>0.00000</u> 0.00000	<u>0.00000</u> 0.00000	<u>0.00000</u> 0.00000	<u>0.00000</u> 0.00000
ECR Bill Credit	(0.10099)(0.09398)	(0.09939)(0.09274)	(0.10121)(0.09641)	(0.08267)(0.07660)	(0.06396)(0.05809)
PCIA	See Attachment A				