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Exhibit No.:
Witness: Stacy Fuhrer

PREPARED DIRECT TESTIMONY OF

STACY FUHRER

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

July 10, 2020

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PREPARED DIRECT TESTIMONY OF
STACY FUHRER
ON BEHALF OF SDG&E

I. INTRODUCTION

The purpose of my testimony is to present San Diego Gas & Electric Company's ("SDG&E") rate recovery proposals for its Expedited Application Under the Power Charge Indifference Adjustment ("PCIA") Account Trigger Mechanism, which includes the undercollection as currently recorded in its PCIA undercollection balancing account ("CAPBA"). In addition, this testimony presents revised PCIA rates that will bring the projected CAPBA balance below the seven percent ("7%") trigger point and maintain the balance below that level until January 1 of the following year, when the PCIA rates adopted in SDG&E's 2021 Energy Resource Recovery Account ("ERRA") forecast proceeding will take effect.[1] SDG&E's proposal to amortize its CAPBA undercollection over a 3-month period beginning October 1, 2020 and ending December 31, 2020 would bring the projected CAPBA balance below 7% and maintain the balance below that level until January 1 of the following year as required by the California Public Utilities Commission's ("Commission") *Decision Modifying the Power Charge Indifference Adjustment Methodology*.[2] However, a 3-month amortization period using the approved PCIA cost recovery methodology of generation revenue allocation factors[3] has the

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[1] SDG&E filed its 2021 ERRA Forecast Application ("A.")20-04-014 on April 15, 2020, with an amended application filed on April 20, 2020. Delays in this proceeding may result in a delayed implementation after January 1.

[2] Decision ("D.")18-10-019, Ordering Paragraph ("OP") 10.d.

[3] D.18-10-019, OP 4.

potential to create significant "rate shock" or short term rate instability for Departing Load[4] customers. Therefore, SDG&E is also presenting an alternative proposal to amortize the undercollection over a 3-month period using an alternative equal cents per kilowatt-hour ("kWh") cost recovery in order to mitigate against rate instability and minimize rate shock for our Departing Load customers.[5] Both proposals are discussed in more detail below. My testimony is organized as follows:

- In Section II, I discuss the background of the PCIA and its trigger mechanism, as well as its applicability to SDG&E's CAPBA balance.
- In Section III, I discuss SDG&E's 3-month amortization cost recovery proposal of its CAPBA undercollected balance using generation revenue allocation factors and present rate impacts for PCIA rates and bundled[6] commodity rates.
- In Section IV, I discuss SDG&E's alternative 3-month amortization cost recovery proposal of its CAPBA undercollected balance using an equal cents per kWh methodology and present rate impacts for PCIA rates.
- In Section V, I provide a summary of my testimony and the relief requested.
- In Section VI, I provide my witness qualifications.

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[4] Departing Load customers are customers who only receive electric utility distribution company ("UDC") services from SDG&E. Departing Load customers include Direct Access (DA), Community Choice Aggregation (CCA), and Green Tariff Shared Renewables (GTSR) customers.

[5] SDG&E explored other amortization periods to reduce the rate impact to Departing Load customers, however, any period other than a 3-month period would not bring SDG&E's projected CAPBA balance below 7% by January 1 of the following year as required by the PCIA trigger mechanism set forth in D.18-10-019 and are therefore not included in my testimony.

[6] Bundled customers are customers who receive bundled electric service from SDG&E, meaning they receive electric generation, and UDC services. Most of SDG&E's customers are bundled customers.

II. BACKGROUND

A. PCIA Rates

In Decision ("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.[7]

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" Departing Load customers, based on their departure date, when determining the customers' cost responsibility for the "total portfolio" of resources.[8] Assigning customers to a vintage ensured that Departing Load customers pay their share of above-market costs associated with the specific vintage portfolio of resources that were acquired to serve them prior to their departure from bundled load service in order to better protect bundled customer indifference. After departure from bundled service, the Departing Load customers are not required to pay for above-market costs associated with utility procurement commitments after that load departs.

In D.11-12-018, the Commission adopted further refinement to the indifference amount methodology recognizing that regulatory and industry changes had impacted energy procurement practices. Changes to the Market Price Benchmark ("MPB") methodology, used to determine the "above-market" value of electricity, now included the addition of a renewables portfolio standards adder ("RPS adder") to better reflect the market value of renewable resources and a

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7 In D.07-01-025, the Commission adopted the PCIA methodology for Community Choice Aggregation ("CCA") customers.

8 D.08-09-012, OP 10.

revised resource adequacy capacity adder ("CAP adder"), which resulted in vintage MPBs.[9] The vintage portfolio of resources calculation was revised to better reflect time-of-use load variations and also removed load-related costs incurred by the California Independent System Operator ("CAISO") that are then charged to the utilities.

In accordance with D.16-09-044, the Joint Utilities and CCAs[10] developed a uniform workpaper template through the PCIA Working Group to "facilitate comparison and analysis of the PCIA across utilities."[11] Pursuant to OP1 of D.17-08-026 and consistent with SDG&E's 2020 ERRA Forecast, SDG&E has reflected the uniform workpaper template as attached in Appendix 7 of D.06-07-030 as part of this filing. The Commission further ordered in D.18-10-019 that PG&E, SCE and SDG&E develop a uniform common template for the calculation of each of their PCIA rates reflecting the changes ordered in the Decision.[12] SDG&E submitted its common template to the Commission's Energy Division and concurrently served the updated common template to the service list for its ERRA proceeding.

In D.18-10-019, the Commission issued a decision modifying the PCIA methodology revising inputs to the MPB that is used to calculate the PCIA. The revised methodology affects PCIA rates that were effective as of January 1, 2019. In addition to the revised MPB inputs, the decision also adopted an annual true-up mechanism, as recommended by a number of parties, as well as a cap that will limit the change of the PCIA rate from one year to the next. Starting in

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[9] D.11-12-018, OP 2.

[10] Southern California Edison ("SCE"), Pacific Gas & Electric Company ("PG&E"), SDG&E companies (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.

[11] D.17-08-026, p. 2.

[12] D.18-10-019, OP 3.

forecast year 2020, the cap level of the PCIA rate is set at 0.5 cents/kWh more than the prior year's PCIA, differentiated by system average vintage rate. In Advice Letter ("AL") 3318-E, the Portfolio Allocation Balancing Account ("PABA") was established to record the "above-market" costs and revenues associated with all PCIA eligible resources by vintage subaccounts. This balancing account became effective as of January 1, 2019.

In D.19-10-001, the Commission issued a decision further modifying the PCIA methodology revising the inputs to the billing determinants (sales) that is used to calculate the PCIA rates. The revised methodology affects PCIA rates that are effective February 1, 2020.[13] This revision ordered SDG&E to use vintage billing determinants of those responsible for the vintage portfolio to determine PCIA rates, instead of the previously used system billing determinants. In addition, the decision authorized any over/under-collection in the PABA vintage subaccounts in a given year to be rolled into the next year's ERRA Forecast filing. The decision adopted the methodology for SDG&E to true-up the values in PABA for the imputed RPS and RA costs using the updated benchmarks provided by the Energy Division on November 1st. The true-up amounts for both RPS and RA will be booked as adjustments to PABA annually through the ERRA Forecast filing.

AL 3436-E established the PCIA under-collection balancing account ("CAPBA").[14] CAPBA establishes an interest-bearing balance account that will be used in the event that the

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[13] Ordinarily, rates would have been effective January 1, 2020. However, SDG&E's 2020 ERRA Forecast Filing was not approved until January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

[14] SDG&E AL 3436-E was filed on September 30, 2019 and approved on October 31, 2019.

PCIA cap is reached, in order to track any obligation that accrues for Departing Load customers by vintage subaccounts.[15]

B. Indifference Methodology

Under Commission rules,[16] Departing Load customers are responsible for their fair share of above-market costs, or an indifference amount, incurred by the utility on behalf of those customers when electric generation costs exceed the current market price, or MPB. To maintain bundled customer indifference to the departure of SDG&E's customers to non-utility service, SDG&E calculates the indifference amount to determine the cost responsibility for direct access ("DA"), CCA and other Departing Load as follows:

Indifference Amount = CTC + PCIA

The above-market costs for both the Ongoing Competition Transition Charge ("CTC") and PCIA are determined using the MPB, a calculated proxy for the market value of electricity. This methodology is consistent with Commission directives, specifically D.11-12-018 and Resolution E-4475.

C. Treatment of SONGS-related Costs

On July 26, 2018, the Commission approved D.18-07-037 adopting the majority of the 2018 Revised Settlement Agreement ("Agreement"), which stated, in part, that SDG&E would cease collecting in rates the revenue requirement authorized to be recovered related to the San Onofre Nuclear Generation Station ("SONGS") regulatory asset. SDG&E's PCIA rates therefore no longer include SONGS-related Regulatory Asset costs.[17] The only remaining

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[15] Pursuant to D.18-10-019, OP 9 to R.17-06-026, the CAPBA balance is the portion of PABA revenues that is above the capped system average rate of $0.005 kWh per vintage.

[16] California Public Utilities Code Section 365.2.

[17] In the Order Instituting Investigation on the Commission's Own Motion in the Rates, Operations, Practices, Services and Facilities of SCE and SDG&E Associated with the SONGS Units 2 and 3 (I.

SONGS-related costs included in PCIA rates are non-fuel-related costs authorized in SDG&E's 2019 General Rate Case ("GRC").[18]

D. PCIA Rate Caps

As part of the ERRA Forecast proceeding, SDG&E must now evaluate whether the $0.005/kWh PCIA cap has been reached based on the system average PCIA rate by customer vintage, using a comparison between the final as-implemented PCIA rates from the prior year's ERRA Forecast proceeding and the PCIA rates proposed in the current year's ERRA Forecast proceeding. If the system average PCIA rate by customer vintage is forecasted to increase by more than $0.005/kWh, then all PCIA rates for that customer vintage would be capped. The revenue shortfall resulting from the rate caps is tracked in the customer vintage subaccount within CAPBA. The forecasted revenue shortfall from these Departing Load customers in 2020 is then divided by the 2020 forecasted bundled sales to calculate the increase in bundled customers' commodity rates in 2020 to cover the shortfall.[19]

E. PCIA Trigger Mechanism

OP 10 of D.18-10-019 established a trigger mechanism for the capped PCIA rates applicable to Departing Load customers that function as follows:

a. The PCIA trigger threshold is 10% of the forecast PCIA revenues.

12-10-013), a Joint Motion for Adoption of Settlement Agreement was approved by the Commission in D.18-07-037.

18 D.19-09-051.

19 SDG&E's bundled sales were approved in D.18-11-035 and implemented January 1, 2019 per AL 3326-E.

b. If PG&E, SDG&E, or SCE reach 7%, and forecast that the balance will reach 10%, they shall, within 60 days, file expedited applications for approval in 60 days from the filing date when the balance reaches 7%.

c. The application shall include a projected account balance as of 60 days or more from the date of filing depending on when the balance will reach the 10% threshold.

d. The application shall propose a revised PCIA rate that will bring the projected account balance below 7% and maintain the balance below that level until January 1 of the following year, when the PCIA rate adopted in that utility's ERRA forecast proceeding will take effect.

e. The investor-owned-utilities ("IOUs") are authorized to notify the Commission through advice letter filing, instead of expedited application, when the PCIA balance exceeds its trigger point and the IOU does not seek a change in rates, if the IOU reasonably believes the balance will self-correct below the trigger point within 120 days of filing. The advice letter filing shall include necessary documentation to support the IOU's conclusion that the PCIA balance will self-correct below the trigger point within 120 days and that a rate change is not needed.

Pursuant to D.18-10-019 and AL 3436-E, the purpose of the CAPBA[20] is to record the obligation that accrues for Departing Load customers in the event that the half-cent per kWh PCIA rate cap is reached.[21] The trigger mechanism associated with the capped PCIA rate is calculated based on the Departing Load customers' portion of the PCIA revenue requirement.

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[20] Pursuant to D.18-10-019 OP 9. The CAPBA balance is the portion of PABA revenues that is above the capped system average rate of $0.005 kWh per vintage.

[21] SDG&E Advice Letter 3436-E filed on September 30, 2019 and approved on October 30, 2019.

For example, if the total PCIA revenue requirement is $2 billion and Departing Load customers' share of the PCIA revenue requirement is $1 billion, the 7 percent trigger and 10 percent trigger threshold for CAPBA would be $70 million and $100 million, respectively.

III. 3-MONTH AMORTIZATION PROPOSAL

A. Cost Recovery Proposal, Proposed PCIA Rates and Departing Load Rate Impact

In this Application, SDG&E is proposing to increase the current effective vintage PCIA rates (which are reflected in Attachment C) in order to bring the CAPBA account balance below 7% by January 1, 2021 (and maintain it below 7%) and refund bundled customers for the undercollection amount associated with the CAPBA trigger that is the result of the 2020 PCIA capped rates applicable to SDG&E's 2020 ERRA Forecast Filing Application (A.19-04-010).[22] SDG&E proposes to increase PCIA rates for its Departing Load customers using the existing rate allocation applied for the PCIA common template – *i.e.*, using the generation revenue allocation factors.[23] The existing approved generation allocation factors[24] will be applied to the authorized vintaged CAPBA trigger amount to determine the revenues for each customer class by vintage. SDG&E divides the allocated class revenues by the vintage Departing Load billing determinants[25] to calculate SDG&E's proposed CAPBA PCIA rates which are added-on to the current approved vintage PCIA rates[26] to determine final PCIA rates as shown in Attachment A.

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[22] Approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

[23] Approved in D.17-08-030, in Phase 2 of SDG&E's 2016 GRC.

[24] *Id.*

[25] Approved in D.19-01-001.

[26] Approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

Table 1 presents the 2015 vintage PCIA rate impacts associated with the undercollection from the CAPBA trigger of $8.92 million.[27] SDG&E is requesting rate recovery of this undercollection beginning October 1, 2020 to be amortized over a 3-month period ending December 31, 2020. D.18-10-019 requires SDG&E to bring the projected account balance below the 7% trigger point and maintain the balance below that level until January 1 of the following year. In order to meet this requirement, a 3-month amortization period – from October 1, 2020 to December 31, 2020 – is needed. SDG&E proposes to increase the applicable PCIA vintage rates that were capped as a result of the PCIA cap mechanism, as shown in Attachment A (*Proposed PCIA Rates With 3-Month Amortization Using Generation Revenue Allocation Factors*). Those vintages capped with an undercollection associated with them include: 2009-2012, 2014 and 2015. However, PCIA rates are cumulative so vintages 2009 through 2020 will all see increased PCIA rates as a result of this 2020 CAPBA Trigger Application. Due to the fact that PCIA rates are cumulative, Departing Load customers in PCIA vintages 2016 through 2019 are currently paying lower PCIA rates than would exist if the PCIA cap was not in place, even though those vintages have no revenue undercollection associated to their specific vintage. Using generation revenue allocation factors, a typical residential Departing Load customer in the 2015 PCIA vintage using 400 kWh per month could see a bill increase of approximately $187 (from $13 to $200) from the PCIA charge.[28]

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[27] $8.92 million is without Franchise Fees & Uncollectibles (“FF&U”). With FF&U it is $9.03 million.

[28] Customers’ actual bill impacts will vary with usage per month, by season and by climate zone.

Table 1 - Illustrative PCIA Rate Impacts For Departing Load Customers in Vintage 2015[29]

Customer Classes	Current Effective Rates[30] (¢/kWh)	Proposed Rates (¢/kWh)	Change (¢/kWh)	Change (%)
Residential	3.205	49.976	46.771	1459%
Small Commercial	2.693	24.045	21.352	793%
Medium and Large Commercial and Industrial	2.964	6.711	3.747	126%
Agriculture	2.239	78.621	76.382	3412%
Streetlighting	2.106	42.549	40.443	1920%
System	3.001	10.625	7.625	254%

B. Cost Recovery Proposal and Rate Impact for Bundled Customers

SDG&E proposes to refund bundled customers for the undercollection amount associated with the CAPBA trigger that is the result of the 2020 PCIA capped rates applicable to SDG&E's 2020 ERRA Forecast Filing Application (A.19-04-010).[31] SDG&E proposes to provide a refund of the undercollection to its bundled customers using the existing rate allocation applied for the ERRA balancing account. The existing approved generation allocation factors[32] will be applied to the authorized CAPBA trigger refund to determine the revenues for each customer class. SDG&E divides the allocated class revenues by the approved sales determinants[33] to calculate SDG&E's rate schedule. SDG&E will refund the undercollection from the CAPBA trigger

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29 Table 1 only reflects the illustrative rate impacts for PCIA vintage 2015 as it is the last vintage capped with an undercollected CAPBA balance. All PCIA rates shown are final cumulative rates. Differences due to rounding.

30 Rates effective February 1, 2020 per AL 3500-E.

31 Approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

32 Approved in D.17-08-030, in Phase 2 of SDG&E's 2016 GRC.

33 Approved in D.18-11-035, per AL 3326-E, approved May 3, 2019 and effective January 1, 2019.

proposal through customers' applicable commodity rates, consistent with SDG&E's ERRA balancing account.

Table 2 presents the class average rate impacts associated with the undercollection from the CAPBA trigger of $8.92 million.[34] SDG&E is requesting rate recovery of this undercollection beginning October 1, 2020 to be amortized over a 3-month period ending December 31, 2020. The $8.92 million[35] will decrease the system average rate by 0.248 cents per kWh, or 1.03%. Without the Residential Semi-Annual CCC, the system average rate would decrease by 0.248 cents per kWh, or 1.01%. A typical non-California Alternative Rates for Energy ("CARE") residential customer in the inland climate zone using 400 kWh could see a monthly summer bill decrease of 0.9%, or $0.95 (from $111.71 to $110.76). A typical non-CARE residential customer in the inland climate zone using 400 kWh could see a monthly winter bill decrease of 0.8%, or $0.94 (from $112.36 to $111.42).[36]

[34] $8.92 million is without FF&U. With FF&U it is $9.03 million.

[35] $8.92 million is without FF&U. With FF&U it is $9.03 million.

[36] Customers' actual bill impacts will vary with usage per month, by season and by climate zone.

Table 2 – Illustrative Rate Impacts For Bundled Customers[37]

Customer Classes	Current Effective Rates[38] (¢/kWh)	Proposed Rates (¢/kWh)	Change (¢/kWh)	Change (%)
Residential	27.130	26.875	(0.255)	-0.94%
Small Commercial	25.084	24.868	(0.216)	-0.86%
Medium and Large Commercial and Industrial	22.123	21.866	(0.257)	-1.16%
Agriculture	16.980	16.798	(0.182)	-1.07%
Streetlighting	22.132	21.965	(0.167)	-0.75%
System	23.993	23.745	(0.248)	-1.03%

IV. ALTERNATIVE 3-MONTH AMORTIZATION PROPOSAL USING EQUAL CENTS PER KWH COST RECOVERY FOR PROPOSED PCIA RATES

As previously stated, SDG&E is also presenting an alternative 3-month proposal to increase the current effective vintage PCIA rates (which are reflected in Attachment C) in order to bring the CAPBA account balance below 7% by January 1, 2021 (and maintain it below 7%) and refund bundled customers for the undercollection amount associated with the CAPBA trigger that is the result of the 2020 PCIA capped rates applicable to SDG&E's 2020 ERRA Forecast Filing Application (A.19-04-010).[39] In this alternative cost recovery proposal, SDG&E proposes to increase PCIA rates for its Departing Load customers using an equal cents per kWh vintage rate, regardless of customer class. As set forth below, SDG&E recommends that this alternative proposal be adopted by the Commission because (i) using the generation revenue allocation factors creates a distortion which disproportionally impacts certain customer classes,

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[37] Differences due to rounding.

[38] Rates effective July 1, 2020 per AL 3556-E.

[39] Approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

(ii) given that the PCIA cap is calculated at the vintage system rate level,[40] it is just and reasonable to assess the CAPBA trigger revenues at the vintage system level as well, and (iii) because every class within a vintage benefited from the cap, it is just and reasonable that revenues be recovered equally.

As reflected above, using the existing approved generation revenue allocation factors[41] creates a distortion which negatively impacts multiple customer classes who have minimal Departing Load sales (specifically residential and agriculture as shown in Attachment B and Table 3 below) in the vintages where the PCIA cap was assessed (2009-2012, 2014 and 2015). This distortion is due to the generation revenue allocation factors approved in SDG&E's 2016 GRC Phase 2[42] being calculated based on SDG&E's bundled system load sales, not Departing Load specific sales. Comparing the approved generation revenue allocation factors against the average forecasted vintage Departing Load sales from 2001 to 2020 (see Table 3 below), clearly shows the distortion created by the current PCIA cost recovery methodology, which uses generation revenue allocation factors, when calculating CAPBA PCIA rates. This distortion is most significant for the residential and medium/large commercial and industrial customer classes.

[40] Approved in D.18-10-019.

[41] Approved in D.17-08-030, in Phase 2 of SDG&E's 2016 GRC.

[42] *Id.*

Table 3 – Generation Revenue Allocation Factors Compared to Average Departing Load Sales

Customer Classes	Approved Generation Revenue Allocation Factors	Average Vintage Departing Load Sales 2001-2020
Residential	42.8%	4.8%
Small Commercial	13.3%	3.3%
Medium and Large Commercial and Industrial	42.0%	90.8%
Agriculture	1.5%	1.1%
Streetlighting	0.4%	0.1%

While the use of generation revenue allocation factors is appropriate for the calculation of PCIA rates in SDG&E's ERRA Forecast Filing (using SDG&E's vintage system sales determinants), it is ill-suited for the calculation of CAPBA PCIA rates which are calculated using vintage Departing Load billing determinants only. Using generation revenue allocation factors to calculate SDG&E's CAPBA PCIA rates creates a distortion which disproportionately impacts several customer classes, in particular Residential.[43]

In addition, given that the PCIA cap is calculated at the vintage system rate level,[44] SDG&E believes it is just and reasonable to assess the CAPBA trigger revenues at the vintage system level as well. Table 4 below shows the calculation of the PCIA cap for PCIA rates approved in SDG&E's 2020 ERRA Forecast Filing,[45] which shows the PCIA cap assessed at the

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[43] This distortion may be unique to SDG&E given the customer composition within its service territory. By submitting this alternative proposal, SDG&E does not intend to impact or affect the manner in which CAPBA rates are calculated by any other investor owned utility.

[44] Approved in D.18-10-019.

[45] A.19-04-010 approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

vintage system level.[46] Due to the cumulative nature of PCIA rates, vintages 2017 through 2019 exceeded the cap at the system level, as shown below in Table 4, however, those vintages have no undercollected revenues associated to them in this application.

Table 4 – 2020 ERRA FORECAST APPLICATION PCIA CAP ANALYSIS[47,48]

Line		PCIA 2001 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage	PCIA 2020 Vintage
1	2019 PCIA SAR ($/kWh)	$0.00047	$0.01089	$0.01439	$0.02226	$0.02448	$0.02451	$0.02501	$0.02503	$0.02503	$0.02553	N/A
2	2020 PCIA SAR without CAP ($/kWh)	$0.00004	$0.01975	$0.02662	$0.04435	$0.04985	$0.05025	$0.05077	$0.05060	$0.05060	$0.05021	$0.05136
3	Line 1 + $0.005/kWh Cap	$0.00547	$0.01589	$0.01939	$0.02726	$0.02948	$0.02951	$0.03001	$0.03003	$0.03003	$0.03053	
4	Exceeded $0.005/kWh Cap?	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
5	Estimated Undercollection	$ -	$ (3,077)	$ (2,181)	$ (3,781)	$ (715)	$ (79)	$ (6)	$ -	$ -	$ -	

As such, in this alternative proposal SDG&E divides the total vintage CAPBA revenues by the system vintage Departing Load billing determinants[49] to calculate SDG&E's proposed equal cents per kWh CAPBA PCIA rates which are added-on to the current approved vintage PCIA rates[50] to determine final PCIA rates as shown in Attachment B. This cost recovery proposal will promote rate stability and reduce rate shock for Departing Load customers, as well as alleviate the distortion created by the use of generation revenue allocation factors as discussed above. Furthermore, as every class within a vintage benefited from the cap, the recovery of the revenues should be recovered equally.

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[46] SDG&E's CAPBA Trigger Application only includes capped PCIA rates that have undercollected revenues associated with a vintage.

[47] Estimated Undercollection assumes 12 months of 2020 ERRA PCIA rates, however SDG&E did not implement its 2020 ERRA Forecast until February 1, 2020. Thus SDG&E's 2020 CAPBA Trigger amount is only $9.0M not the $9.8M displayed in Table 4.

[48] Line 3 is the max vintage PCIA rate from the cap that a departing load customer could have received as a result of SDG&E's 2020 ERRA Forecast Application Filing (A.19-04-010).

[49] Approved in D.19-01-001.

[50] Approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

Under this alternative proposal, SDG&E is requesting rate recovery of its $8.92 million[51] CAPBA undercollection beginning October 1, 2020 to be amortized over a 3-month period ending December 31, 2020. Table 5 presents the 2015 vintage PCIA rate impacts associated with the undercollection from the CAPBA trigger of $8.92 million.[52] SDG&E proposes to increase the applicable PCIA vintage rates that were capped as a result of the PCIA cap mechanism, as shown in Attachment B (*Alternative Proposed PCIA Rates With 3-Month Amortization Using An Equal Cents per kWh Cost Recovery*). Those vintages capped with an undercollection associated with them include: 2009-2012, 2014 and 2015. However, PCIA rates are cumulative so vintages 2009 through 2020 will all see increased PCIA rates as a result of this 2020 CAPBA Trigger Application. Due to the fact that PCIA rates are cumulative, Departing Load customers in PCIA vintages 2016 through 2019 are currently paying lower PCIA rates than would exist if the PCIA cap was not in place, even though those vintages have no revenue undercollection associated to their specific vintage. Using equal cents per kWh, a typical residential Departing Load customer in the 2015 PCIA vintage using 400 kWh per month could see a bill increase of approximately $30 (from $13 to $43) from the PCIA charge.[53]

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[51] $8.92 million is without FF&U. With FF&U it is $9.03 million.

[52] $8.92 million is without FF&U. With FF&U it is $9.03 million.

[53] Customers' actual bill impacts will vary with usage per month, by season and by climate zone.

Table 5- Illustrative PCIA Rate Impacts For Departing Load Customers in Vintage 2015[54]

Customer Classes	Current Effective Rates[55] (¢/kWh)	Proposed Rates (¢/kWh)	Change (¢/kWh)	Change (%)
Residential	3.205	10.830	7.625	238%
Small Commercial	2.693	10.318	7.625	283%
Medium and Large Commercial and Industrial	2.964	10.589	7.625	257%
Agriculture	2.239	9.863	7.625	341%
Streetlighting	2.106	9.731	7.625	362%
System	3.001	10.625	7.625	254%

Table 6 below compares present vintage 2015 PCIA rates with the two 3-month amortization proposals included in this testimony. As shown below, SDG&E's alternative proposal provides a measure of relief from the PCIA rate increases under the initial proposal which uses generation revenue allocation factors.

[54] SDG&E shows an impact to PCIA vintage 2015 only as it is the last vintage capped with an undercollection. All PCIA rates shown are final cumulative rates. Differences due to rounding.

[55] Rates effective February 1, 2020 per AL 3500-E.

Table 6 – Comparison of Illustrative 2015 Vintage PCIA Rates Under Each Proposal[56]

Customer Classes	Current Effective Rates[57] (¢/kWh)	Proposed Rates Using Generation Revenue Allocation (¢/kWh)	Proposed Rates Using Equal Cents per kWh (¢/kWh)	Difference in Proposed Rates
Residential	3.205	49.976	10.830	(39.147)
Small Commercial	2.693	24.045	10.318	(13.727)
Medium and Large Commercial and Industrial	2.964	6.711	10.589	3.877
Agriculture	2.239	78.621	9.863	(68.758)
Streetlighting	2.106	42.549	9.731	(32.818)
System	3.001	10.625	10.625	0.000

Because of the substantially higher PCIA rate increase caused by a 3-month amortization using authorized PCIA cost recovery methodology from generation revenue allocation factors, SDG&E recommends that it amortize the undercollection over 3 months using the alternative equal cents per kWh cost recovery proposal in order to provide rate stability and reduce rate shock for its Departing Load customers. If the Commission agrees with this alternative proposal, SDG&E respectfully requests explicit acknowledgement that although this proposal deviates from the authorized cost recovery requirement set forth in D.18-10-019, it is nonetheless appropriate under the circumstances and therefore approved.

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[56] Table 5 only reflects the illustrative rate impacts for PCIA vintage 2015 as it is the last vintage capped with an undercollected CAPBA balance. All PCIA rates shown are final cumulative rates. Differences due to rounding.

[57] Rates effective February 1, 2020 per AL 3500-E.

V. SUMMARY AND RELIEF REQUESTED

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

1. Approve SDG&E's undercollected CAPBA balance of $8.92 million[58] for refund in commodity rates and its proposal to amortize the undercollection over 3 months using generation revenue allocation factors beginning October 1, 2020 and ending December 31, 2020; and,
2. Approve SDG&E's proposed PCIA rates as presented in Attachment A.

In the alternative, SDG&E requests that the Commission:

1. Approve SDG&E's undercollected CAPBA balance of $8.92 million[59] for refund in commodity rates and its alternative proposal to amortize the undercollection over 3 months using an equal cents per kWh methodology beginning October 1, 2020 and ending December 31, 2020, with the caveat that this will be a change in cost recovery as required by D.18-10-019; and,
2. Approve SDG&E's proposed PCIA rates as presented in Attachment B.

This concludes my prepared direct testimony.

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[58] $8.92 million is before FF&U. With FF&U it is $9.03 million.

[59] $8.92 million is before FF&U. With FF&U it is $9.03 million.

VI. WITNESS QUALIFICATIONS

My name is Stacy Fuhrer and my business address is 8330 Century Park Court, San Diego, California 92123. I received a bachelor's degree in International Management from Central College in 2010, and a master's degree in Global Management from Thunderbird School of Global Management in 2011.

I am a Rate Strategy Project Manager II in the Customer Pricing Department of SDG&E. My primary responsibilities include planning, development, and implementation of rate related proceedings, cost-of-service studies and preparation of various regulatory filings. I have been employed by SDG&E since April 2017 and have held my current position since March 2020. I also served as a gas marketer for Sempra Infrastructure for two years. I have been employed with Sempra Energy or SDG&E for 5 years.

I have previously testified before the California Public Utilities Commission.

ATTACHMENT A

PROPOSED PCIA RATES WITH 3-MONTH AMORTIZATION USING GENERATION REVENUE ALLOCATION FACTORS

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2020 CAPBA TRIGGER

ATTACHMENT A – PROPOSED PCIA RATES WITH 3-MONTH AMORTIZATION USING GENERATION REVENUE ALLOCATION FACTORS

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[1]

($/kWh)

Rate Group	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
Residential	0.00005	(0.00044)	(0.00044)	0.00908	0.01109	0.01359	0.01476	0.01713	0.16345	0.27088
Small Commercial	0.00004	(0.00037)	(0.00037)	0.00762	0.00931	0.01140	0.01238	0.01438	0.06894	0.11246
Medium & Large C&I	0.00003	(0.00041)	(0.00041)	0.00817	0.00998	0.01223	0.01328	0.01542	0.02200	0.03130
Agriculture	0.00003	(0.00030)	(0.00030)	0.00626	0.00765	0.00937	0.01018	0.01181	0.02672	0.03985
Streetlighting	0.00003	(0.00029)	(0.00029)	0.00597	0.00729	0.00893	0.00970	0.01126	0.14010	0.23387
System Total	0.00004	(0.00041)	(0.00041)	0.00840	0.01026	0.01257	0.01365	0.01585	0.03004	0.04592

1 As noted in Section II, 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.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2020 CAPBA TRIGGER

ATTACHMENT A CONTINUED – PROPOSED PCIA RATES WITH 3-MONTH AMORTIZATION USING GENERATION REVENUE ALLOCATION FACTORS

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[1]

($/kWh)

Rate Group	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	PCIA 2020 Vintage
Residential	0.45890	0.49518	0.49543	0.49894	0.49976	0.49976	0.49958	0.49958	0.49918	0.50036
Small Commercial	0.21585	0.23762	0.23783	0.23984	0.24045	0.24045	0.24030	0.24030	0.23996	0.24096
Medium & Large C&I	0.05687	0.06577	0.06601	0.06655	0.06711	0.06711	0.06693	0.06693	0.06653	0.06772
Agriculture	0.65528	0.77214	0.77231	0.78482	0.78621	0.78621	0.78608	0.78608	0.78579	0.78664
Streetlighting	0.39759	0.42237	0.42253	0.42494	0.42549	0.42549	0.42537	0.42537	0.42511	0.42588
System Total	0.09000	0.10427	0.10451	0.10565	0.10625	0.10625	0.10608	0.10608	0.10569	0.10684

1 As noted in Section II, 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.

ATTACHMENT B

ALTERNATIVE PROPOSED PCIA RATES WITH 3-MONTH AMORTIZATION USING AN EQUAL CENTS PER KWH COST RECOVERY

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2020 CAPBA TRIGGER

ATTACHMENT B – ALTERNATIVE PROPOSED PCIA RATES WITH 3-MONTH AMORTIZATION USING AN EQUAL CENTS PER KWH COST RECOVERY

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[1]

($/kWh)

Rate Group	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
Residential	0.00005	(0.00044)	(0.00044)	0.00908	0.01109	0.01359	0.01476	0.01713	0.03133	0.04746
Small Commercial	0.00004	(0.00037)	(0.00037)	0.00762	0.00931	0.01140	0.01238	0.01438	0.02857	0.04409
Medium & Large C&I	0.00003	(0.00041)	(0.00041)	0.00817	0.00998	0.01223	0.01328	0.01542	0.02961	0.04544
Agriculture	0.00003	(0.00030)	(0.00030)	0.00626	0.00765	0.00937	0.01018	0.01181	0.02600	0.04096
Streetlighting	0.00003	(0.00029)	(0.00029)	0.00597	0.00729	0.00893	0.00970	0.01126	0.02544	0.04028
System Total	0.00004	(0.00041)	(0.00041)	0.00840	0.01026	0.01257	0.01365	0.01585	0.03004	0.04592

[1] As noted in Section II, 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.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2020 CAPBA TRIGGER

ATTACHMENT B CONTINUED – ALTERNATIVE PROPOSED PCIA RATES WITH 3-MONTH AMORTIZATION USING AN EQUAL CENTS PER KWH COST RECOVERY

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[1]

($/kWh)

Rate Group	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	PCIA 2020 Vintage
Residential	0.09194	0.10630	0.10654	0.10767	0.10830	0.10830	0.10812	0.10812	0.10771	0.10890
Small Commercial	0.08727	0.10126	0.10147	0.10263	0.10318	0.10318	0.10302	0.10302	0.10269	0.10368
Medium & Large C&I	0.08957	0.10389	0.10414	0.10527	0.10589	0.10589	0.10570	0.10570	0.10530	0.10649
Agriculture	0.08308	0.09678	0.09696	0.09815	0.09863	0.09863	0.09850	0.09850	0.09822	0.09906
Streetlighting	0.08193	0.09549	0.09565	0.09686	0.09731	0.09731	0.09719	0.09719	0.09692	0.09770
System Total	0.09000	0.10427	0.10451	0.10565	0.10625	0.10625	0.10608	0.10608	0.10569	0.10684

[1] As noted in Section II, 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.

ATTACHMENT C

CURRENT EFFECTIVE PCIA RATES

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2020 CAPBA TRIGGER

ATTACHMENT C - CURRENT EFFECTIVE PCIA RATES[1]

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[2]

($/kWh)

Rate Group	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
Residential	0.00005	(0.00044)	(0.00044)	0.00908	0.01109	0.01359	0.01476	0.01713	0.01718	0.02092
Small Commercial	0.00004	(0.00037)	(0.00037)	0.00762	0.00931	0.01140	0.01238	0.01438	0.01441	0.01756
Medium & Large C&I	0.00003	(0.00041)	(0.00041)	0.00817	0.00998	0.01223	0.01328	0.01542	0.01546	0.01891
Agriculture	0.00003	(0.00030)	(0.00030)	0.00626	0.00765	0.00937	0.01018	0.01181	0.01185	0.01443
Streetlighting	0.00003	(0.00029)	(0.00029)	0.00597	0.00729	0.00893	0.00970	0.01126	0.01129	0.01375
System Total	0.00004	(0.00041)	(0.00041)	0.00840	0.01026	0.01257	0.01365	0.01585	0.01589	0.01939

1 SDG&E's 2020 ERRA Forecast Application approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

2 As noted in Section II, 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.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2020 CAPBA TRIGGER

ATTACHMENT C CONTINUED – CURRENT EFFECTIVE PCIA RATES[1]

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[2]

($/kWh)

Rate Group	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	PCIA 2020 Vintage
Residential	0.02919	0.03151	0.03175	0.03154	0.03205	0.03205	0.03187	0.03187	0.03147	0.03265
Small Commercial	0.02452	0.02647	0.02668	0.02650	0.02693	0.02693	0.02678	0.02678	0.02644	0.02744
Medium & Large C&I	0.02683	0.02910	0.02935	0.02913	0.02964	0.02964	0.02946	0.02946	0.02906	0.03024
Agriculture	0.02034	0.02200	0.02217	0.02202	0.02239	0.02239	0.02226	0.02226	0.02197	0.02281
Streetlighting	0.01918	0.02070	0.02086	0.02072	0.02106	0.02106	0.02094	0.02094	0.02068	0.02146
System Total	0.02726	0.02948	0.02972	0.02951	0.03001	0.03001	0.02983	0.02983	0.02944	0.03059

1 SDG&E's 2020 ERRA Forecast Application approved January 16, 2020 via D.20-01-005 and implemented per AL 3500-E on February 1, 2020.

2 As noted in Section II, 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.