**DATA REQUEST**

**SUBJECT: EFFECT OF DEMAND CHARGE STUDY ON RATE DESIGN**

1. In SDG&E’s Chapter 5 workpapers, a revenue allocation is produced using marginal distribution demand costs that were developed using a regression analysis where, for the forecast years, 2.2% of feeder costs and 22.4% of substation costs (4.9% combined) are regarded as load related. These same percentages are shown in Attachment A-2 of the Demand Charge Study.

Please develop a rate design for Schedule AL-TOU where the distribution coincident and non-coincident demand charges are based on the results of the demand charge study. Indicate what percentage of distribution demand costs are recovered in the coincident demand charge, and what percentage are recovered in the non-coincided demand charge. Explain how the “Forecasted On-Peak Capacity-Related Distribution Demand Costs” on the top six lines of Attachment A-3 of the Demand Charge Study, where on-peak three-year average demand costs are 66.3% for feeders and 72.1% for substations, are incorporated into the rate design. Explain how the EPMC markup is partitioned between coincident and non-coincident demand charge. Provide an Excel workpaper with all references and formulae intact that develops this rate design.

**SDG&E Response:**

As requested, the attached file (CalPA DR-019) provides the calculation of the non-coincident and on-peak demand charges for Schedule AL-TOU based on SDG&E’s 2019 GRC Phase 2 demand charge proposals (Proposed Demand Charges [DC] tab) compared to the resulting demand charges based on SDG&E’s distribution demand charge study (DC Based on Demand Charge Study). As shown in Attachment A3 of SDG&E’s Distribution Demand Charge Study, the 94.8% non-coincident demand costs and 5.2% on-peak demand costs are developed based on 66.3% of Feeder & Local Distribution and 72.1% of Substation costs being on-peak related, as shown in Cells D16 and D22, respectively, of Attachment A3. However, Feeder & Local Distribution and Substation capacity costs only reflect 2.2% and 22.4% of the total distribution marginal demand costs, respectively, as shown in Cells D25 and D26 of Attachment A3. For this reason, the resulting total on-peak distribution demand charge percentage is 5.2% and the non-coincident distribution demand charge percentage is 94.8%, as shown in Cells D43 and D50, respectively, of Attachment A3.



Regarding the EPMC applied to the coincident (on-peak) and non-coincident demand charges, the same EPMC factor is applied to both the on-peak and non-coincident demand charges to ensure recovery of SDG&E’s authorized distribution revenue requirement. The EPMC is applied in SDG&E’s distribution revenue allocation workpaper (“Ch\_5\_WP#1\_Dist Rev Alloc\_Public”). Cell C157 of the “Dist Class EPMC Rates & Rev” tab in this workpaper presents the EPMC factor of 196.73% that gets applied to all marginal distribution cost rates in this tab, including the on-peak and non-coincident demand charges for Schedule AL-TOU. The on-peak and non-coincident EPMC demand charges for Schedule AL-TOU shown in Cells E59-E60 and E75-E76, respectively, are the on-peak and non-coincident EPMC rates shown in the attached “CalPA DR-019” file, Cells B20-B21 and B24-B25, respectively.