

Company: San Diego Gas & Electric Company (U902M)  
Proceeding: 2019 General Rate Case  
Application: A.17-10-007/-008 (cons.)  
Exhibit: SDG&E-246

**SDG&E**

**REBUTTAL TESTIMONY OF CYNTHIA S. FANG  
(ELECTRIC RATES AND BILL COMPARISON)**

**JUNE 18, 2018**

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



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1 **SDG&E REBUTTAL TESTIMONY OF CYNTHIA S. FANG**  
2 **(PRESENT AND PROPOSED ELECTRIC REVENUES & RATES)**

3  
4 **I. INTRODUCTION**

5 This exhibit (1) adopts the direct testimony of Jeffrey Shaughnessy supporting San Diego  
6 Gas & Electric Company's (SDG&E's) Present and Proposed Electric Revenue and Rates;<sup>1</sup> and  
7 (2) provides rebuttal testimony addressing the concerns raised by parties regarding the  
8 affordability impact of SDG&E's rates if SDG&E's Test Year (TY) 2019 General Rate Case  
9 (GRC) revenue requirement is approved, more specifically regarding the affordability of  
10 SDG&E's electric rates raised by the following parties:

- 11 • National Diversity Coalition (NDC), as submitted by Ms. Faith Bautista (Exhibit  
12 NDC-01), dated May 14, 2018.
- 13 • San Diego Consumers' Action Network (SDCAN), as submitted by Mr. Michael  
14 Shames, dated May 14, 2018.

15 As a preliminary matter, the absence of a response to any particular issue in this rebuttal  
16 testimony does not imply or constitute agreement by SDG&E with the proposal or contention  
17 made by these or other parties. The information contained in SDG&E's direct testimony is based  
18 on sound estimates of its revenue requirements at the time of testimony preparation.

19 **A. NDC**

20 NDC submitted testimony on May 14, 2018.<sup>2</sup> The following is a summary of NDC's  
21 positions:

- 22 • "The Commission must consider the reasonableness of utility requests,  
23 with a focus on keeping utility rates affordable for ratepayers."<sup>3</sup>

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<sup>1</sup> April 6, 2018, Direct Testimony of Jeffrey Shaughnessy on Present and Proposed Electric Revenues and Rates, Exhibit SDG&E-46-2R (Shaughnessy).

<sup>2</sup> May 14, 2018, Prepared Testimony of Faith Bautista on the 2019 General Rate Case Applications Of San Diego Gas & Electric Company and Southern California Gas Company, on behalf of National Diversity Coalition and National Asian American Coalition [NDC], Exhibit NDC-01 (Bautista).

<sup>3</sup> *Id.* at ii.

- 1           •       “Continued massive increases in utility revenue requirements outpace  
2           ratepayer ability to afford, and must be stopped.”<sup>4</sup>

3           **B.     SDCAN**

4           SDCAN submitted testimony on May 14, 2018.<sup>5</sup> The following is a summary of  
5           SDCAN’s position:

- 6           •       “SDG&E’s Rates Have Leapfrogged Those of Other California Utilities.”<sup>6</sup>

7  
8           **II.    REBUTTAL TO PARTIES’ PROPOSALS**

9           **A.    Comparison of SDG&E’s Electric Rates and Customer Bills**

10          NDC expresses concerns regarding the affordability of SDG&E’s rates. It states that “[i]t  
11          is essential that any approved rate increase take into account the economic conditions within the  
12          utility’s service territory, and the stagnant wages, rising costs of living, and unemployment rates  
13          affecting their ratepayers.”<sup>7</sup> In addition, SDCAN raises concerns regarding how SDG&E electric  
14          rates compare with the electric rates of other investor-owned utilities (IOUs).<sup>8</sup> Ms. Caroline  
15          Winn’s policy testimony (Exhibit SDG&E-01-R) discusses SDG&E’s overall approach to how  
16          its TY 2019 revenue requirement request is just and reasonable, while various operations  
17          witnesses’ direct testimonies explain why the Commission should adopt their specific forecasts  
18          as reasonable. My rebuttal testimony addresses that when considering the question of  
19          affordability, it is important to look at more than just rates and instead focus on customer bills.  
20          As explained below, parties’ statements implying that SDG&E’s rates are unreasonable are  
21          without factual support when compared with other utilities’ bills.

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<sup>4</sup> *Id.*

<sup>5</sup> May 14, 2018, Prepared Testimony of Michael Shames, SDCAN Evaluation of San Diego Gas and Electric Company’s Customer Service and External Affairs Activities, on behalf of San Diego Consumers’ Action Network [SDCAN], Exhibit SDCAN (Shames).

<sup>6</sup> *Id.* at 13.

<sup>7</sup> Ex. NDC-01 (Bautista) at 4:6-8.

<sup>8</sup> Ex. SDCAN (Shames) at 15.

1           SDCAN’s statements are repetitive and omit relevant points of comparison. Mr. Shames  
2 made an identical allegation in SDG&E’s TY 2016 GRC.<sup>9</sup> Mr. Shames, providing testimony on  
3 behalf of the Utility Consumers’ Action Network (UCAN) at the time, made the same allegation  
4 in SDG&E’s TY 2012<sup>10</sup> GRC as well as SDG&E’s TY 2008 GRC.<sup>11</sup>

5           Contrary to SDCAN’s statements, SDG&E is uniquely positioned with having among the  
6 lowest average monthly residential usage in the nation among IOUs. In response to Mr. Shames’  
7 claims in its last GRC proceeding, SDG&E provided analysis indicating that its average monthly  
8 residential usage was among the lowest in the nation among IOUs.<sup>12</sup> This continues to be the  
9 case for SDG&E. Appendix A shows that SDG&E’s average monthly residential usage  
10 continues to be among the lowest in the nation among IOUs. Since 2008, SDG&E’s average  
11 residential usage has been amongst the lowest three among the top 100 largest IOUs. As stated  
12 in prior GRC’s in response to Mr. Shames’ assertions, SDG&E explained that SDG&E’s lower  
13 average monthly residential usage naturally translates to higher than average electric rates due to  
14 fewer kilowatt hours (kWhs) over which to recover costs which often are largely “fixed,” that is,  
15 not driven by a customer’s energy usage.<sup>13</sup> More specifically, assuming the same cost for  
16 providing residential service, a utility with lower average usage per residential customer will  
17 have rates higher than a utility that has a higher level of average usage. This continues to be true  
18 in this GRC. Mr. Shames continues to fail to understand this point with the use of SDCAN’s  
19 Figure 6, a table comparing bills assuming that same 750 kWh monthly usage, which is well  
20 above the 500 kWh monthly usage of SDG&E’s typical residential customer, for seven

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<sup>9</sup> A.14-11-003, Exhibit SDCAN, Prepared Testimony of Michael Shames on SDCAN Evaluation of San Diego Gas and Electric Company’s Customer Service and External Affairs Activities (May 15, 2015) at 14.

<sup>10</sup> A.10-12-005, Exhibit UCAN-1, Testimony of Michael Shames on UCAN Testimonies Overview and Evaluation of San Diego Gas and Electric Company’s Customer Service and External Affairs Activities (September 22, 2011) at 22.

<sup>11</sup> A.06-12-009, Exhibit UCAN-1, Testimony of Michael Shames on Selected Issues Relating to Utility Expenditures for San Diego Gas & Electric Company’s 2008 TY General Rate Case (July 6, 2007) at 5.

<sup>12</sup> A.14-11-003, Exhibit SDG&E-239, Rebuttal Testimony of Cynthia S. Fang on Electric Revenues and Rates (June 2015) at CSF-5.

<sup>13</sup> *Id.*

1 California utilities, including IOUs as well as municipalities, found on the website of the  
2 Sacramento Municipal Utility District.<sup>14</sup>

3 Average customer bills provide a better indication of how SDG&E's cost to serve  
4 customers compare with other IOUs. Appendix B compares SDG&E's average residential bills  
5 with that of other IOUs nationally. SDG&E's residential average bill continues to be among the  
6 lowest 33% of the 100 largest IOUs in the United States and has been since 2010.

7 Accordingly, SDCAN's presented "facts" are misleading to support its recommendations  
8 related to SDG&E's electric rates.<sup>15</sup> These assertions should be disregarded and carry no  
9 weight, similar to the treatment SDCAN's statements received by the Commission in the last  
10 three GRC cycles.

### 11 **B. SDCAN's Out of Scope Recommendations Should be Rejected**

12 SDCAN attempts to raise out of scope issues related to rate design for SDG&E's tiered  
13 rates,<sup>16</sup> which were addressed in Decision (D.) 15-07-001, *Decision on Residential Rate Reform*  
14 *for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego*  
15 *Gas & Electric Company and Transition to Time-of-Use Rates*, in Rulemaking (R.) 12-06-013  
16 (Residential Electric Rate Reform), of which SDCAN was *not* a party. Further, although the  
17 tiered rates that SDCAN disputes were approved by the Commission in the Residential Electric  
18 Rate Reform proceeding (a rate design proceeding), SDCAN still raises such issues in this  
19 proceeding in the context of SDG&E's current and historic electric rates and comparisons to the  
20 other California IOUs. SDCAN requests that SDG&E's rates be tied to the rates of Southern  
21 California Edison Company and Pacific Gas and Electric Company,<sup>17</sup> which is also not part of  
22 the scope of an individual utility's GRC.<sup>18</sup> SDCAN's request does not address SDG&E's

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<sup>14</sup> Ex. SDCAN (Shames) at 15.

<sup>15</sup> *Id.* at 20.

<sup>16</sup> *Id.* 16-18.

<sup>17</sup> *Id.* at 6.

<sup>18</sup> See A.17-10-007/-008 (cons.), Assigned Commissioner's Scoping Memorandum and Ruling (issued Jan. 29, 2018) at 4 ("Whether or not the proposed revenue requirements and proposed costs for TY2019 are just and reasonable and should be adopted by the Commission and reflected in rates.").

1 specific funding requests in this GRC or how these rate-related proposals are supported by the  
2 record in this proceeding.

3 Accordingly, SDCAN's recommendations should be rejected.

4 This concludes my prepared rebuttal testimony.



1 **III. WITNESS QUALIFICATIONS**

2 My name is Cynthia Fang and my business address is 8330 Century Park Court, San  
3 Diego, California 92123. I am the Manager of Customer Pricing at SDG&E. My primary  
4 responsibilities are the oversight of electric rates, rate design and rate strategy, which includes  
5 the development of cost-of-service studies, determination of revenue allocation and electric rate  
6 design methods, analysis of ratemaking theories, preparation of various regulatory filings, as  
7 well as the oversight the electric load analysis and electric sales and demand forecasting  
8 functions for SDG&E. I began work at SDG&E in May 2006 as a Regulatory Economic  
9 Advisor and have held positions of increasing responsibility in the Electric Rate Design group.  
10 Prior to joining SDG&E, I was employed by the Minnesota Department of Commerce, Energy  
11 Division, as a Public Utilities Rates Analyst from 2003 through May 2006.

12 In 1993, I graduated from the University of California at Berkeley with a Bachelor of  
13 Science in Political Economics of Natural Resources. I also attended the University of  
14 Minnesota where I completed all coursework required for a Ph.D. in Applied Economics.

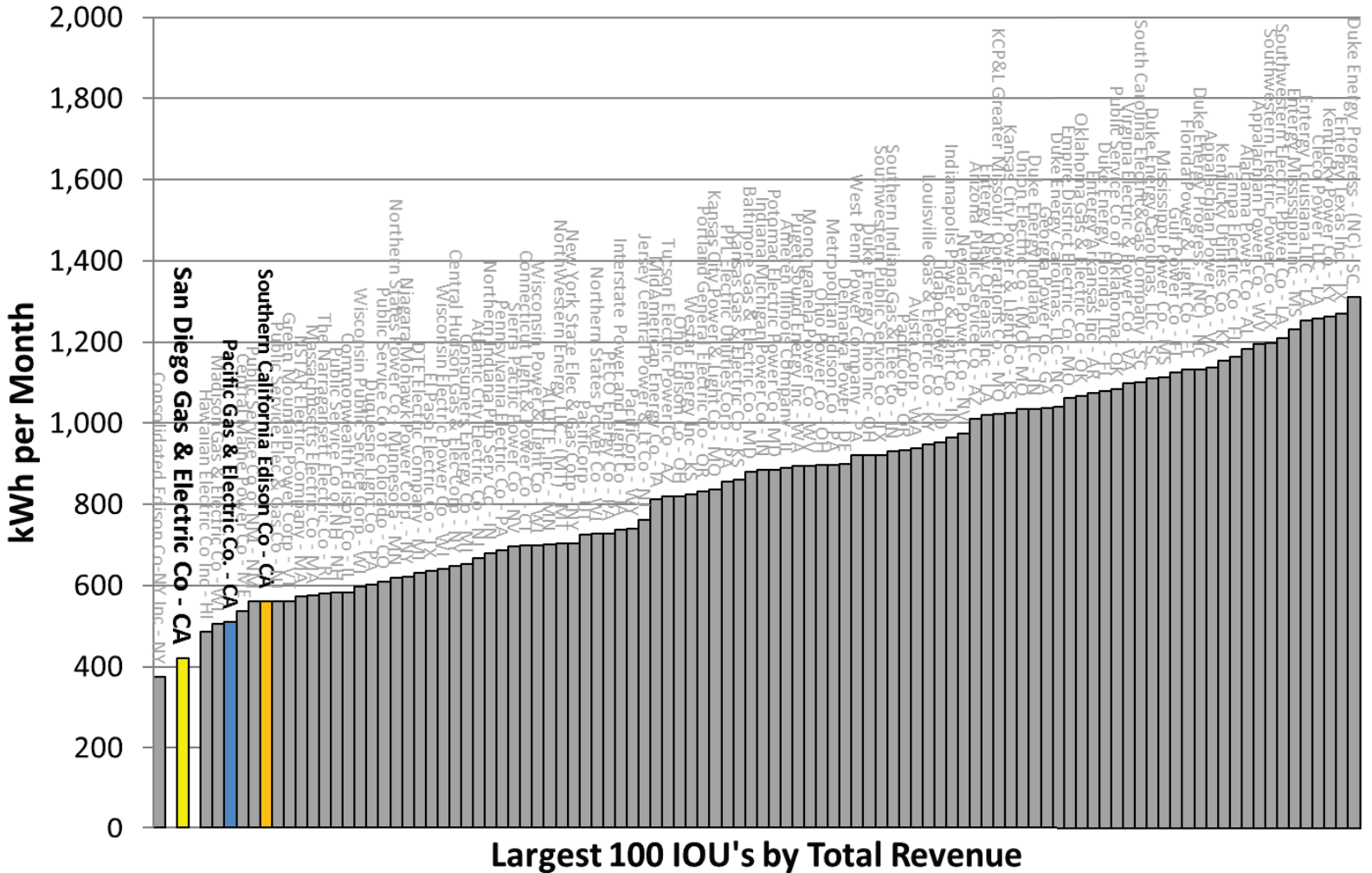
15 I have previously submitted testimony before the Commission and the FERC regarding  
16 SDG&E's electric rate design and other regulatory proceedings. In addition, I have previously  
17 submitted testimony and testified before the Minnesota Public Utilities Commission on  
18 numerous rate and policy issues applicable to electric and natural gas utilities.

**APPENDIX A**

**RESIDENTIAL AVERAGE USAGE**

# Residential Average Usage

(Based on March 2017 through February 2018 U.S. Energy Information Administration Form EIA-826)

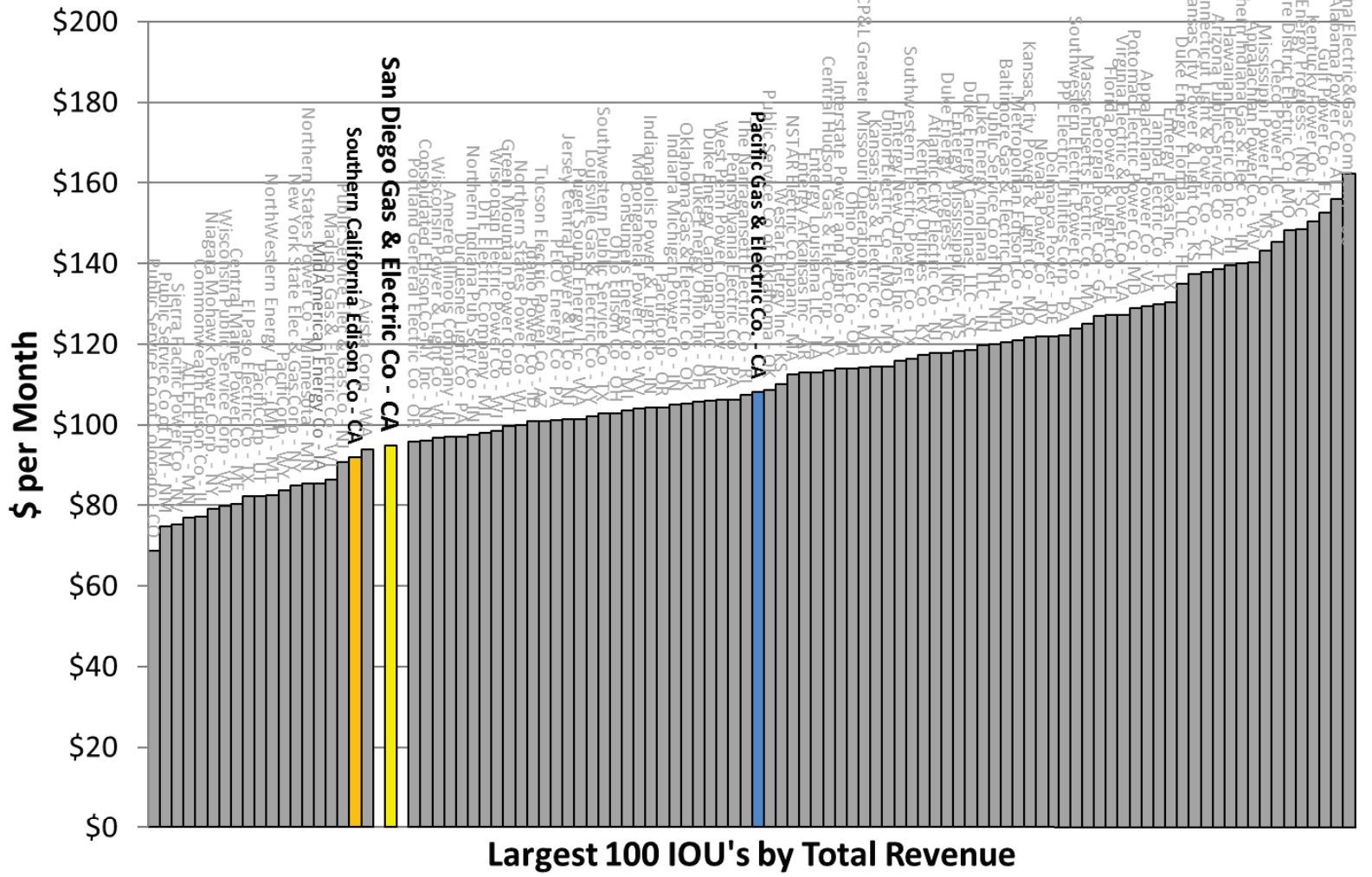


**APPENDIX B**

**RESIDENTIAL AVERAGE BILL**

# Residential Average Bill

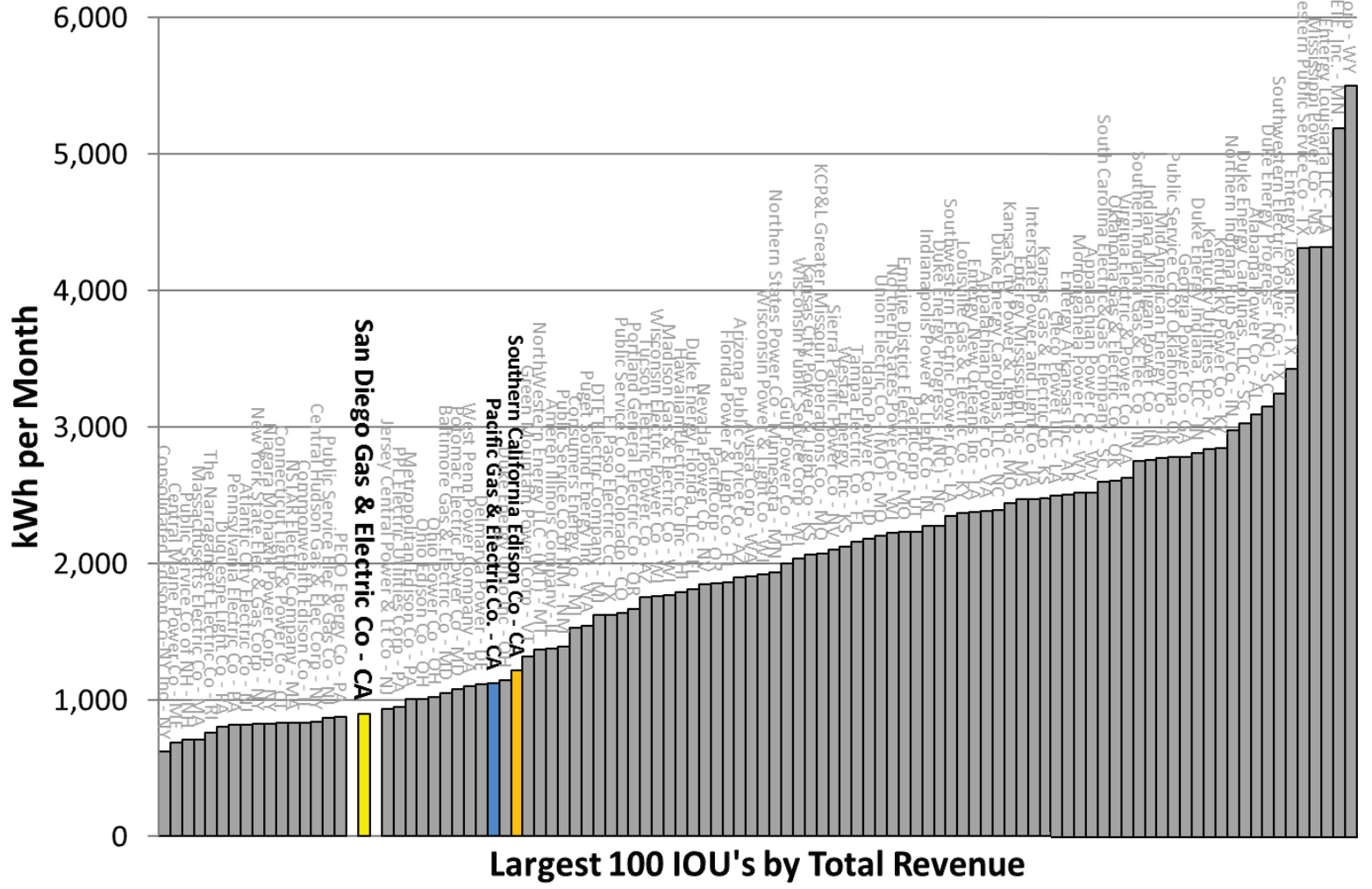
(Based on March 2017 through February 2018 U.S. Energy Information Administration Form EIA-826)



**APPENDIX C**  
**SYSTEM AVERAGE USAGE**

# System Average Usage

(Based on March 2017 through February 2018 U.S. Energy Information Administration Form EIA-826)



**APPENDIX D**

**SYSTEM AVERAGE BILL**



