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Proceeding: 2024 General Rate Case
Application: A.22-05-016
Exhibit: SDG&E-42-R

REVISED
PREPARED DIRECT TESTIMONY OF
CHRISTINE FISCHER
(MISCELLANEOUS REVENUES)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



August 2022

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APPENDIX A – GLOSSARY OF TERMS

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SDG&E 2024 GRC Testimony Revision Log – August 2022

SUMMARY

My testimony proposes:

- A Test Year (TY) 2024 miscellaneous revenues forecast of \$36.8 million.
- A description of the components of miscellaneous revenues.

**REVISED PREPARED DIRECT TESTIMONY OF
CHRISTINE FISCHER
(MISCELLANEOUS REVENUES)**

I. INTRODUCTION

A. Summary of Proposals

I sponsor the TY 2024 calculations, presentation of revenues, and proposals of the Miscellaneous Revenue area for San Diego Gas & Electric Company (SDG&E). Table CF-1 below summarizes SDG&E's recorded Base Year (BY) 2021 and proposed TY 2024 miscellaneous revenues in thousands of dollars (\$000s).

**Table CF-1
Test Year 2024 Summary of Miscellaneous Revenue**

Department (\$ in 000's)	2021 Recorded	2024 Test Year	Net Change
Electric	20,230	30,399	10,169
Gas	4,179	6,383	2,204
Total	24,409	36,782	12,373

B. Support To/From Other Witnesses

The miscellaneous revenue forecast incorporates the forecasted meter growth that is covered in the Electric Customer Forecast testimony of Kenneth Schiermeyer (Exhibit (Ex.) SDG&E-40) and the Gas Customer Forecast testimony of Scott Wilder (Ex. SDG&E-39). This testimony also includes the forecast and revenue methodology for Customer Advances for Construction (CAC) described in the Rate Base testimony of Steven P. Dais (Ex. SDG&E-35). This testimony also includes information on the nature of shared assets presented in the Shared Services Billing, Shared Assets Billing, Segmentation, & Capital Reassignments testimony of Paul Malin (Ex. SDG&E-34).

1 **II. OVERVIEW OF TY 2024 FORECAST**

2 Miscellaneous revenues are comprised of fees and revenues collected by the utility from
3 non-rate sources for the provision of specific products or services. They include such revenues
4 as service establishment charges, collection charges, and rents. The miscellaneous revenues
5 presented in this testimony include only those revenues allocated to the electric distribution and
6 gas departments of SDG&E. This testimony excludes miscellaneous revenues associated with
7 electric transmission properties and facilities and other non-distribution sources recovered
8 through FERC-jurisdictional ratemaking mechanisms. Miscellaneous revenues are incorporated
9 into rates as a reduction to the electric distribution and gas base margin revenue requirements
10 charged to customers for utility service, thereby lowering rates.

11 For purposes of forecasting TY 2024 miscellaneous revenues, SDG&E performed an
12 item-by-item analysis of miscellaneous revenue accounts, including a review of historical
13 recorded results as well as the factors that could impact future results. The forecasts were
14 developed using methodologies that reflect the drivers for each miscellaneous revenue item. For
15 many items where SDG&E has multiple years of recorded activity, the forecast was developed
16 using a multi-year recorded average adjusted by estimated customer or sales growth factors, as
17 applicable. Where the charge is based on a per- customer basis, a customer growth factor was
18 applied to develop the TY 2024 forecast. In instances where recent factors have caused the
19 multi-year results to no longer reflect a reasonable expectation of the future, SDG&E used the
20 year(s) immediately prior to those factors to develop the forecast. In other cases, such as rents
21 from property, the forecast is based on executed lease agreements adjusted for applicable
22 escalation clauses. Finally, for other miscellaneous revenue items not reflected in the categories
23 described above, a forecasting methodology was applied to reflect the unique circumstances of
24 the activity.

25 **III. COMPONENTS OF MISCELLANEOUS REVENUES**

26 **A. Electric Department**

27 Electric miscellaneous revenues are recorded to Federal Energy Regulatory Commission
28 (FERC) accounts 451 (Miscellaneous Service Revenues), 454 (Rent from Electric Properties) and
29 456 (Other Electric Revenues). The following table summarizes BY 2021 recorded and TY 2024
30 estimated miscellaneous revenues in thousands of dollars (\$000s). A more detailed discussion
31 on each FERC account is provided below.

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Table CF-2
Test Year 2024 Summary of Electric Miscellaneous Revenues

FERC Account (\$ in 000's)	Description	2021 Recorded	2024 Test Year	Net Change
451	Miscellaneous Service Revenues ¹	5,571	10,666	5,095
454	Rent from Electric Property	4,166	3,887	(279)
456	Other Electric Revenues	10,493	15,846	5,353
	Total	20,230	30,399	10,169

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Miscellaneous Service Revenues – Account 451

These revenues reflect fees collected by the utility for Service Establishment Charges (SECs),² Collection Charges, Late Payment Charges, and other service-related fees.

1. Service Establishment Charges (\$000s)

2021 Recorded	2024 Test Year	Net Change
1,969	2,157	188

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SECs are the fees charged to establish or re-establish service each time an account is opened; however, pursuant to Decision (D.)20-06-003, residential re-establishment fees were eliminated.³ The SEC, set at \$5.85, is assessed in accordance with SDG&E’s Commission-approved Tariff Schedule SE. The forecast for TY 2024 is based on the two-year average of historical revenues for the years 2020-2021, adjusted by the estimated annual customer growth factors for the period 2022-2024. Customer growth is presented in Mr. Schiermeyer’s testimony (Ex. SDG&E-40). The years 2020 and 2021 were used in the forecast calculation due to the temporary elimination of reconnection fees for residential and small business residents as a COVID-19 emergency customer protection and permanently eliminated reconnection fees for residential customers when the reconnection is the result of a disconnection for non-payment.⁴

¹ SDG&E believes it has identified an error during the finalization of this testimony after the point at which it could be corrected prior to filing. Due to the error the BY 2021 recorded and TY 2024 forecast is understated by \$2.070 million and \$3.140 million, respectively. The corresponding calculations will be revised at another available opportunity.

² Unless defined herein, the use of initial capitalization herein denotes words that are defined in SDG&E’s tariffs.

³ See also SDG&E Tariff Schedule SE at Special Condition, Section 8.

⁴ D.20-06-003 at 148, Ordering Paragraph (OP) 16; see also SDG&E Tariff Schedule SE at Special

1 The temporary COVID-19 moratorium for residential and small business was extended to
2 medium and large commercial and industrial customers pursuant to D.21-04-015. Reconnection
3 fees for residential customers were permanently eliminated pursuant to D. 20-06-003.⁵
4 Accordingly, 2020 and 2021 are best reflective of future revenues.

5 **2. Collection Charges (\$000s)**

2021 Recorded	2024 Test Year	Net Change
0	45	45

6 Collection Charges are levied on customers to pay for the costs of delivering field-
7 collection notices for past-due billing and field disconnections for non-payment of past-due
8 billing. A charge of \$9 is assessed for field collection notices and \$15 is assessed for field
9 disconnection visits pursuant to SDG&E’s Commission-approved Tariff Rule 9, Section E. The
10 TY 2024 forecast calculation is based on the average of historical revenues from 2018-2019.
11 Years prior to 2018 were excluded from the calculation because of a change in field practices.
12 Field resources decreased and this, along with the increase in notices delivered via mail, is why
13 the two-year average best reflects a reasonable estimate of future revenues. The years 2020 and
14 2021 were excluded from the forecast calculation since these fees were not assessed due to the
15 disconnection moratorium.⁶ Collection Charges are allocated to both the electric and gas
16 departments.

Condition, Section 8.

⁵ D.20-06-003 at 148 (OP 16).

⁶ See Advice Letter (AL) 3516-E-C/2854-G-C, approved June 16, 2020 and effective March 19, 2020 at 13 (stating that SDG&E is suspending all collection activities as part of the disconnections moratorium/COVID customer protections); see also Resolution M-4842 (April 16, 2020) (adopting emergency customer protections for residential and small business as of March 4, 2020); Resolution M-4849 (February 11, 2021) (extending emergency customer protections through June 30, 2021); D.21-06-036 at 50, OP 10 (extending emergency customer protections on residential and small business customers until September 30, 2021); D.21-04-015 at 40-41, OP 1 (adopting the temporary COVID-19 disconnection moratorium for medium-large commercial and industrial customers through the same length of time as the residential/small-business moratorium, including any extensions).

1 **3. Late Payment Charges (\$000s)***

2021 Recorded	2024 Test Year	Net Change
0	689	689

2 *** Note: Totals may include rounding differences**

3 Late payment charges are assessed pursuant to SDG&E’s Commission-approved Tariff
4 Rule 9, Section E. The fees are charged to commercial customers for delinquent payments. In
5 determining the TY 2024 forecast, SDG&E used a three-year average of historical revenues from
6 2017-2019 adjusted by the estimated annual electric commercial customer growth factors for the
7 period 2022-2024. Pandemic years 2020 and 2021 were excluded from the forecast
8 determination because late payment charges were not assessed during this time.⁷ Customer
9 growth is presented in Mr. Schiermeyer’s testimony (Ex. SDG&E-40).

10 **4. Returned Check Service Charge (\$000s)**

2021 Recorded	2024 Test Year	Net Change
264	294	30

11 A fee of \$7 is charged to customers for returned checks.⁸ In determining the TY 2024
12 forecast, SDG&E used the most recent five-year historical average (2017-2021) of the volume of
13 charges assessed, adjusted for the projected annual customer growth factors for the period 2022-
14 2024, and multiplied by the current authorized rate of \$7. The revenues for returned checks have
15 little fluctuation and therefore a five-year average provides a reasonable estimate for future
16 revenues. Customer growth is presented in Mr. Schiermeyer’s testimony (Ex. SDG&E-40).

⁷ See Tariff Rule 9 at Section D, Late Payment Charge*, “*Per SDG&E Advice Letter 3516-E-C/2854-G-C, submitted pursuant to Resolution M-4842, condition will be waived for current customers effective March 4, 2020 through April 16, 2021, or as otherwise extended.”

⁸ See Tariff Rule 9 at Section B.6.

5. Community Choice Aggregation (CCA) and Direct Access (DA) Fees (\$000s)

2021 Recorded	2024 Test Year	Net Change
210	3,731	3,521

Revenues from residential Community Choice Aggregator (CCA) fees include (1) charges billed to the CCAs for mass enrollment services, consolidated billing and adjustment processing, customer enrollment and opt-out processing, and optional customer notification or other specialized services completed by SDG&E and (2) re-entry fees billed to CCA customers returning to bundled service⁹. Revenues from residential Direct Access (DA) fees include: (1) charges billed to Energy Service Providers (ESPs) for late payments, rebilling and other miscellaneous billing requests completed by SDG&E on behalf of ESPs and (2) metering charges billed to DA customers for installation of meters and monthly maintenance of SDG&E-owned meters. The TY 2024 forecast is calculated by multiplying the estimated future CCA population counts by the various CCA fees. CCA population counts are expected to increase during the forecast period. DA fees have been and are expected to remain a negligible portion of the forecast.

6. Cogeneration Reimbursement (\$000s)

2021 Recorded	2024 Test Year	Net Change
58	47	(11)

Cogeneration reimbursements are received from the billing of cogenerators and small power producers for utility operating and maintenance expenses attributable to work performed by the utility at the customer’s facilities. The charges by the utility are billed in accordance with SDG&E’s Commission-approved Tariff Rule 21. The TY 2024 forecast is based on the most recent five-year historical average (2017-2021). This is an established service with no significant changes; therefore, averaging the costs over a five-year period best reflects a reasonable estimate of future annual revenues.

⁹ Please see Appendix B for compliance item from The Decision Establishing Reentry Fees and Financial Security Requirements for Community Choice Aggregators, D.18-05-022.

1 **7. Smart Meter Opt-Out Revenues (\$000s)***

2021 Recorded	2024 Test Year	Net Change
46	75	29

2 *** Note: Totals may include rounding differences**

3 The smart meter opt-out revenues are from residential residences that opt out of wireless
4 smart meter installation. The charges are assessed through an initial fee and then a monthly fee
5 for three years.¹⁰ The TY 2024 forecast is based on the average of the most recent three years of
6 historical revenues (2017-2019) excluding pandemic years 2020 and 2021 due to a reduction in
7 participation in the program because SDG&E was prioritizing essential orders necessary for
8 compliance, safety, and billing accuracy.¹¹

9 **8. Net Energy Metering Fees (\$000s)**

2021 Recorded	2024 Test Year	Net Change
2,962	3,146	184

10 Net Energy Metering (NEM) is a program that provides solar customers with
11 credits for the excess energy produced by their photovoltaic systems that is added to the grid.
12 There are several types of Net Energy Metering fees, which include application processing and
13 administration costs, distribution engineering costs, and installation/inspection and
14 commissioning costs. The 2024 forecast is based on the calculation of the five-year historical
15 average (2017-2021 recorded) as revenues and enrollment are relatively stable and this best
16 reflects a reasonable estimate of future annual revenues.
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¹⁰ SDG&E Schedule E-SMOP.

¹¹ See Resolution M-4842 (April 16, 2020) (adopting COVID-19 emergency customer protections for residential and small business as of March 4, 2020); Resolution M-4849 (February 11, 2021) (extending emergency customer protections through June 30, 2021); D.21-06-036 at 50, OP 10 (extending emergency customer protections on residential and small business customers until September 30, 2021); D.21-04-015 at 40-41, OP 1 (adopting the temporary COVID-19 disconnection moratorium for medium-large commercial and industrial customers through the same length of time as the residential/small-business moratorium, including any extensions).

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9. Other Service Revenues (\$000s)

2021 Recorded	2024 Test Year	Net Change
63	481	418

These revenues are from other customer service items, primarily temporary service work, and include meter testing, special metering and billing charges, and other service charges. The TY 2024 forecast is based on the most recent five-year historical average (2017-2021), adjusted by the estimated annual customer growth factors for the period 2022-2024. Customer Growth is presented in Mr. Schiermeyer’s testimony (Ex. SDG&E-40).

Rent from Electric Property – Account 454

These revenues reflect payments received by the utility for the rental of electric property, equipment, and special facilities. This account also includes the revenues from Customer Advances for Construction (CAC).

1 **10. Rent from Electric Property (\$000s)**

2021 Recorded	2024 Test Year	Net Change
1,982	2,166	184

2 Rents from electric property primarily reflect revenues received for the use of SDG&E’s
3 operating sites, properties, and licenses. The amount recorded for rents excludes those properties
4 assigned to SDG&E’s electric transmission department. The TY 2024 forecast is based on the
5 rents received from existing lease and license agreements adjusted for applicable escalation
6 clauses.

7 **11. Special Facility Charges (\$000s)**

2021 Recorded	2024 Test Year	Net Change
2,070	1,459	(611)

8 Revenues from special facilities reflect charges billed to customers for the installation,
9 use, and/or maintenance of facilities by the utility at the customer’s request. Pursuant to
10 SDG&E’s Commission-approved Tariff Rule 2, Section I, these facilities can include, but are not
11 limited to, power quality conditioning equipment, peaking equipment, customer connection costs,
12 installation and/or maintenance of facilities downstream of the meter, facilities where the cost is
13 more than the standard extension allowances, and alternate equipment. Payments from
14 customers are received, at their choice, in monthly increments, annual installments, or as one-
15 time payments. The TY 2024 forecast is based on the calculation of estimated renewable meter
16 adapters planned for installation multiplied by a fixed price.

17 **12. Customer Advances for Construction (CAC)(\$000s)**

2021 Recorded	2024 Test Year	Net Change
87	185	98

18 CAC revenue, also called “ownership cost deductions,” reflects the amount of revenue,
19 based on a fixed percentage, which can be taken by SDG&E as a reduction to CAC deposits on a
20 monthly basis. A construction project is considered complete when energized and ready to be
21 metered. A customer has one year (for electric) and three years (for gas) to set up a meter. After
22 this time lapse, SDG&E can impose an ownership charge to recover costs of unmetered lines.
23 This ownership charge reduces any remaining customer deposit. CAC deposits are administered

1 in accordance with two Commission-approved Tariff Rules 15 and 16. The TY 2024 forecast
2 reflects a five-year historical average (2017-2021) of the total monthly balance in the CAC
3 miscellaneous revenue account as these revenues remain fairly constant and this historical
4 average is therefore a reasonable estimate of future revenues. Additional information on CAC
5 deposits is described in the testimony of Steven P. Dias (Ex. SDG&E-35).

6 **13. Other Miscellaneous Revenues (\$000s)**

2021 Recorded	2024 Test Year	Net Change
27	77	51

7 Other miscellaneous revenues reflect items not contained in any of the categories above.¹²
8 The TY 2024 forecast for the most significant activity, electric right-of-way fees, is based on a
9 five-year historical average (2017-2021) adjusted by increases in the baseline fees for electric
10 right-of-way customer charges for quit claims of easements, which have nearly doubled. The
11 forecast also includes anticipated revenue from items such as permission to grade letters, joint
12 use agreements, and street crossing fees. Additionally, SDG&E expects increases in the quantity
13 of customer-project-related quit claims carrying over from 2020-2021 to 2022-2024 because of
14 COVID-19 related delays and supply chain constraints. The forecast for the additional other
15 miscellaneous revenues is based on a five-year historical average (2017-2021) as these amounts
16 are small, without much fluctuation.

17 **Other Electric Revenues – Account 456**

18 These revenues reflect amounts received from other sources, including shared assets
19 charged to affiliates, federal government retrofit programs and other miscellaneous revenue
20 activities. Shared asset revenues reflect charges to SDG&E affiliates primarily for the use of
21 information technology and telecommunication assets. Government retrofit programs reflect the
22 provision of energy efficiency programs to government agencies. This account also includes the
23 revenues SDG&E receives from the lease of distribution pole attachments. Other miscellaneous
24 revenues include the provision of various goods and services to third parties.

¹² Commission-adopted rules governing access to right-of-way and support structures in D.98-10-058, Appendix A.

1 **14. Revenue Cycle Service (RCS) Credits (\$000s)**

2021 Recorded	2024 Test Year	Net Change
(240)	(270)	(30)

2 Pursuant to D.98-09-070, SDG&E was directed to provide credits to DA customer bills
3 for those customers who elect to have metering and billing services from a party other than
4 SDG&E.¹³ These credits are intended to capture the avoidable costs of a DA customer who no
5 longer takes the RCS from the utility, which is recovered in SDG&E’s electric distribution rate.
6 The RCS credits are calculated in accordance with the “Bill Credits” section of SDG&E’s
7 Commission-approved Tariff Schedule DA. Since the RCS credits reduce the amount of revenue
8 SDG&E can recover in electric distribution rates, the credits are recorded to Account 456 as
9 “negative” miscellaneous revenue. The forecast is based on the expanded DA cap as outlined in
10 SDG&E’s Tariff Rule 25.1 multiplied by the electric commodity procurement credit from
11 Schedule DA.¹⁴

12 **15. Pole Attachment Fees (\$000s)**

2021 Recorded	2024 Test Year	Net Change
3,033	4,124	1,091

13 Pole attachment fees reflect charges received from Communication Infrastructure
14 Providers for the use of SDG&E’s distribution poles, including rights of way. The amounts
15 exclude those fees related to electric transmission poles, which are addressed through the FERC-
16 jurisdictional rates. Pole attachment rates are fixed based on a 2019 settlement agreement, with
17 rates retroactive until 2017.¹⁵ Accordingly, the TY 2024 forecast is based on a five-year average
18 of historical revenues (2017-2021) adjusted by expected growth from the Intelligent Imagery

¹³ D.98-09-070 at 5.

¹⁴ SDG&E believes it has identified an error during the finalization of this testimony after the point at which it could be corrected prior to filing. The \$6,000 error results in a total credit of \$276,000 rather than \$270,000 for the TY 2024 forecast. Thus, after the correction, there will be a \$276,000 total decrease to overall Miscellaneous Revenues TY 2024 forecast. The corresponding calculation will be revised at another available opportunity.

¹⁵ Advice Letter 3443-E (approved November 12, 2019 and effective October 8, 2019) SDG&E entered a settlement agreement regarding distribution pole attachment fees. The set fees for 2022 – 2024 are as follows: \$25.00 for 2022, \$26.00 for 2023, and \$26.00 for 2024.

1 Processing review, which began in 2021 and will validate pole attachments. An increase in count
2 is expected, which accounts for the increased revenue forecast.

3 **16. Shared Assets (\$000s)**

2021 Recorded	2024 Test Year	Net Change
5,854	11,546	5,692

4 Revenue from shared assets reflects the use of SDG&E assets, primarily computer
5 hardware and software and communication equipment, by Southern California Gas Company
6 (SoCalGas), Sempra Energy (Sempra), and/or unregulated affiliates. Revenues from shared
7 assets are allocated to both the electric and gas departments. The company that receives the
8 majority of the benefits from the shared assets owns such assets and bills the affiliates for their
9 use.

10 The shared assets miscellaneous revenue forecast for TY 2024 reflects the development
11 of a revenue requirement associated with owned assets, including depreciation, property taxes,
12 federal and state income taxes, and the authorized return on rate base. The portion of the shared
13 asset costs allocated to SoCalGas, Sempra and its unregulated affiliates is based on
14 methodologies used to measure utilization. For each type of shared asset, an assignment of a
15 causal/beneficial relationship is determined (e.g., number of users, square footage, etc.). The
16 asset is then allocated to affiliates based on their share of the benefit from that asset according to
17 the applicable utilization methodology. More detailed information on the nature of shared assets,
18 including the methodology used to allocate the charges between SoCalGas, Sempra, and its
19 unregulated affiliates, is presented in the Shared Services Billing, Shared Assets Billing,
20 Segmentation, & Capital Reassignments testimony of Paul Malin (Ex. SDG&E-34).

21 For purposes of allocating the amounts charged to the affiliates for shared assets to
22 SDG&E business segments, shared asset revenue allocated to the electric distribution and gas
23 segments are reflected in this testimony, while revenue assigned to the electric transmission
24 segment is the subject of FERC-jurisdictional rates. The amounts billed to the affiliates are
25 recorded as SDG&E miscellaneous revenue and are net of the billings to Sempra charged back to
26 SDG&E.

1 **17. Energy Solutions Turnkey (\$000s)**

2021 Recorded	2024 Test Year	Net Change
1,846	446	(1,400)

2 Under 42 U.S.C. § 8256, the U.S. Government is authorized and encouraged to enter
3 contracts with local utilities to expedite and facilitate the implementation of cost-effective energy
4 and water conservation measures. SDG&E currently performs project management under
5 infrastructure improvement contracts. The amount recorded as miscellaneous revenue reflects
6 the gross revenues recognized using the percentage of completion method less the costs incurred
7 to perform the work. In 2021, the program offering provided under the Federal Turnkey program
8 was expanded and renamed the Energy Solutions Turnkey (EST). This expansion offers similar
9 turnkey project management services to Commercial/Industrial customers along with state
10 government and municipalities. The TY 2024 forecast is based on the expected net revenue from
11 existing contracts. The decrease in the forecasted revenue is due to the lower volume of projects
12 related to a reduction of smaller-sized contracts and an apparent decline in government initiation
13 of new contracts.

14 **B. Gas Department**

15 Gas miscellaneous revenues are recorded to FERC accounts 488 (Miscellaneous Service
16 Revenues), 493 (Rents from Gas Properties) and 495 (Other Gas Revenues). The following table
17 summarizes miscellaneous revenues for 2021 recorded and 2024 estimated in thousands of
18 dollars (\$000s):

19 **Table CF-3**
20 **Test Year 2024 Summary of Gas Miscellaneous Revenues**

FERC Account (\$ in 000's)	Description	2021 Recorded	2024 Test Year	Net Change
488	Miscellaneous Service Revenues	1,172	1,469	297
493	Rent from Gas Property	10	11	1
495	Other Gas Revenues	2,996	4,902	1,906
	Total	4,179	6,383	2,204

21 **Miscellaneous Service Revenues – Account 488**

22 These revenues reflect fees collected by the utility for SECs, Collection Charges, Late
23 Payment Charges and Smart Meter Opt-out fees.

1 **18. Parts Replacement Program (\$000s)**

2021 Recorded	2024 Test Year	Net Change
147	199	52

2 SDG&E’s Field Parts Replacement Program (FPR) operates in all 5 Customer Service
3 Field operating districts (Beach Cities, El Cajon, Metro, Northeast, and North Coast) using an
4 automated billing process, except for Master Metered customers (Mobile Home and Apartment
5 complex customers). The forecast is based on a five-year average of sales, a projected annual
6 increase in sales of approximately 3% over the next three years, along with the average historical
7 charge for part(s) and labor for each transaction. The Parts Replacement program is relatively
8 new and expected to grow based on sales efforts.

9 **19. Service Establishment Charges (SECs) (\$000s)**

2021 Recorded	2024 Test Year	Net Change
1,001	1,143	142

10 SECs are the fees charged to establish or re-establish service each time an account is
11 opened. Pursuant to D 20-06-003, residential re-establishment fees were eliminated.¹⁶ The SEC,
12 set at \$5.85, is assessed in accordance with SDG&E’s Commission-approved Tariff Schedule G-
13 91. The forecast for TY 2024 is based on a 5-year average of historical revenues for the years
14 2017-2021, adjusted by the estimated annual customer growth factors for the period 2022-2024.
15 Gas SECs are less affected than electric by the elimination of reconnection fees since there are
16 fewer gas disconnections due to the field visit necessary for disconnection. Most customers
17 reconnect electric before the field visit necessary for gas disconnection and therefore gas does
18 not experience the same volume of disconnections/reconnections. For this same reason, the gas
19 SECs were not greatly affected by COVID-19 measures. Gas SEC revenues are steady and have
20 little fluctuation, therefore a 5-year average is a reasonable estimate of future revenues.
21 Customer growth is presented in the testimony of Scott Wilder (Ex. SDG&E-39).

¹⁶ D.20-06-003 at 148-149, OP 16 and OP 17.

1 **20. Collection Charges (\$000s)**

2021 Recorded	2024 Test Year	Net Change
0	19	19

2 Collection Charges are levied on customers to pay for the costs of delivering field
3 collection notices for past-due billing and field disconnections for non-payment of past-due
4 billing. A charge of \$9 is assessed for field collection notices and \$15 is assessed for field
5 disconnection visits pursuant to SDG&E’s Commission-approved Tariff Rule 9, Section E. The
6 TY 2024 forecast calculation is based on the average of historical revenues from 2018-2019.
7 Years prior to 2018 were excluded from the calculation because of a change in field practices.
8 Field resources decreased and this, along with the increase in notices delivered via mail, is why
9 the two-year average best reflects a reasonable estimate of future revenues. The years 2020 and
10 2021 were excluded from the forecast calculation since these fees were not assessed due to the
11 disconnection moratorium. Collection Charges are allocated to both the electric and gas
12 departments.

13 **21. Late Payment Charges (\$000s)**

2021 Recorded	2024 Test Year	Net Change
0	68	68

14 Late payment charges are assessed pursuant to SDG&E’s Commission-approved Tariff
15 Rule 9. The fees are charged to commercial customers for delinquent payments. In determining
16 the TY 2024 forecast, SDG&E used a three-year average of historical revenues from 2017-2019
17 adjusted by the estimated annual gas commercial customer growth factors for the period 2022-
18 2024. Pandemic years 2020 and 2021 were excluded from the forecast determination because
19 late payment charges were not assessed during this time.¹⁷ Customer growth is presented in the
20 testimony of Scott Wilder (Ex. SDG&E-39).

¹⁷ See Resolution M-4842 (April 16, 2020) (adopting emergency customer protections for residential and small business as of March 4, 2020); Resolution M-4849 (February 11, 2021) (extending emergency customer protections through June 30, 2021); D.21-06-036 at 50, OP 1 (extending emergency customer protections on residential and small business customers until September 30, 2021); D.21-04-015 at 40-41, OP 1 (adopting the temporary COVID-19 disconnection moratorium for medium-large commercial and industrial customers through the same length of time as the residential/small-business moratorium, including any extensions).

1 **22. Smart Meter Opt-Out Revenues (\$000s)**

2021 Recorded	2024 Test Year	Net Change
25	41	16

2 The smart meter opt-out revenues are from those residential residences that opt out of
3 wireless smart meter installation. The charges are assessed through an initial fee and then a
4 monthly fee for three years.¹⁸ The TY 2024 forecast is based on the average of the most recent
5 three years of historical revenues (2017-2019) excluding pandemic years 2020 and 2021 due to a
6 reduction in participation in the program because SDG&E was prioritizing essential orders
7 necessary for compliance, safety, and billing accuracy.

8 **Rent from Gas Property – Account 493**

9 These revenues reflect payments received by the utility for the rental of gas property and
10 equipment.

11 **23. Rent from Gas Property (\$000s)**

2021 Recorded	2024 Test Year	Net Change
10	11	1

12 Rents from gas property primarily reflect revenues received for the use of SDG&E’s
13 operating sites, properties, and licenses. The TY 2024 forecast is based on the rents received
14 from existing lease and licensing agreements adjusted for applicable escalation clauses.

15 **Other Gas Revenues – Account 495**

16 Other gas revenues include the provision of various goods and services to other parties,
17 including shared assets charged to affiliates, federal government retrofit programs and other
18 miscellaneous revenue activities. Shared asset revenues reflect charges to SDG&E affiliates
19 primarily for the use of information technology and telecommunication assets. Government
20 retrofit programs reflect the provision of energy efficiency programs to government agencies.
21 This account also includes the revenues from CAC.

¹⁸ SDG&E Schedule G-SMOP.

1 **24. Customer Advances for Construction (\$000s)**

2021 Recorded	2024 Test Year	Net Change
53	54	1

2 CAC revenue, also called “ownership cost deductions,” reflects the amount of revenue,
3 based on a fixed percentage, which can be taken by SDG&E as a reduction to CAC deposits on a
4 monthly basis. A construction project is considered complete when energized and ready to be
5 metered. A customer has one year (for electric) and three years (for gas) to set up a meter. After
6 this time lapse, SDG&E can impose an ownership charge to recover costs of unmetered lines.
7 This ownership charge reduces any remaining customer deposit. CAC deposits are administered
8 in accordance with two Commission-approved Tariff Rules 15 and 16. The TY 2024 forecast
9 reflects a five-year historical average (2017-2021) of the total monthly balance in the CAC
10 miscellaneous revenue account as these revenues remain fairly constant and this historical
11 average is therefore a reasonable estimate of future revenues. Additional information on CAC
12 deposits can be found in Mr. Dais’ testimony (Ex. SDG&E-35).

13 **25. Energy Solutions Turnkey (\$000s)**

2021 Recorded	2024 Test Year	Net Change
466	44	(422)

14 As explained above, under 42 U.S.C. § 8256, the U.S. Government is authorized and
15 encouraged to enter contracts with local utilities to expedite and facilitate the implementation of
16 cost-effective energy and water conservation measures. SDG&E currently performs project
17 management under infrastructure improvement contracts. The amount recorded as
18 miscellaneous revenue reflects the gross revenues recognized using the percentage of completion
19 method less the costs incurred to perform the work. In 2021, the program offering provided under
20 the Federal Turnkey program was expanded and renamed the Energy Solutions Turnkey (EST). This
21 expansion offers similar turnkey project management services to Commercial/Industrial customers along
22 with state government and municipalities. The TY 2024 forecast is based on the expected net
23 revenue from existing contracts. The decrease in the forecasted revenue is due to the lower
24 volume of projects related to a reduction of smaller-sized contracts and an apparent decline in
25 government initiation of new contracts.

1

26. Shared Assets (\$000s)

2021 Recorded	2024 Test Year	Net Change
2,477	4,804	2,327

2

Revenue from shared assets is allocated to both electric and gas departments. The nature of these charges and the methodology used to develop the TY 2024 forecast are described above.

3

4

IV. CONCLUSION

5

This concludes my prepared direct testimony.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Christine Fischer. I am employed in the Regulatory Reporting Department at
3 SDG&E as a Principal Accountant. My business address is 8326 Century Park Court San Diego,
4 California 92123. I assumed my current position in December 2018.

5 I received a Bachelor of Science in Accounting in 2001 from Villa Julie College in
6 Stevenson, Maryland.

7 I have been employed with SDG&E since 2006. In addition to my current position in
8 Regulatory Reporting, I have held various other positions increasing in responsibility since
9 February 2006 in the Corporate Accounting Department at Sempra Energy and the Regulatory
10 Reporting Department at SDG&E.

11 I have not testified previously before this Commission.

APPENDIX A

GLOSSARY OF TERMS

APPENDIX A – GLOSSARY OF TERMS

CAC:	Customer Advances for Construction
CARE:	California Alternate Rates for Energy
CCA:	Community Choice Aggregation
DA:	Direct Access
ESP:	Energy Service Provider
FERC:	Federal Energy Regulatory Commission
FPR:	Field Parts Replacement Program
RCS:	Revenue Cycle Service
SEC:	Service Establishment Charge
SoCalGas:	Southern California Gas Company

APPENDIX B

D.18-05-022 COMPLIANCE ITEM

APPENDIX B – D.18-05-022 COMPLIANCE ITEM

CCA Re-Entry Fees

D.18-05-022, The Decision Establishing Reentry Fees and Financial Security Requirements for Community Choice Aggregators, establishes re-entry fees and Financial Security Requirements (FSR) applicable to CCAs, as required by Public Utilities Code Section 395.25(e). Re-entry fees include utility administrative costs and procurement costs resulting from a mass involuntary return of CCA customers to utility service, and the FSRs must cover those potential costs.

D.18-05-022, OP 4, directs SDG&E in its next GRC to: (1) identify its administrative fee as a separate item; (2) describe the administrative fee components and how it is calculated; and (3) and provide a comparison of its fee with that of the other major California utilities.

SDG&E filed Advice Letter 4000-E on May 9, 2022, which decreased the Community Choice Aggregation Service Request (CCASR) – Customer Re-entry fee from \$1.12 to \$0.56. SDG&E’s re-entry fee was previously calculated at \$1.12, as described in AL 3323-E “Description of Schedule CCA Customer Re-Entry Fee Pursuant to D.18-05-022.” AL 3323-E provides the description and calculation for SDG&E’s Schedule CCA customer re-entry fee, the components as described in AL 3323-E and AL 4000-E are identical and have not changed.

SDG&E AL 3323-E provided the Commission with a description of the services covered by the Customer Re-entry fee included in SDG&E’s Schedule CCA, Transportation of Electric Power for Community Choice Aggregation Customers, in accordance with OP 3 of D.18-05-022.¹ As defined in Schedule CCA, SDG&E’s administrative fee is the Customer Re-entry fee:

This fee is applicable to the customer requesting the return to Utility service after their opt-out period has concluded. This fee will also be used as a proxy for the incremental administrative costs in calculating CCA and ESP financial security amounts and may be used as a proxy for incremental administrative cost component of Re-Entry Fees in an Involuntary Return as defined in Rule 25 Section B.18 and Rule 27 Section B.29.

¹ AL 3323-E was made effective as of December 18, 2018.

SDG&E proposes to decrease the Customer Re-entry fee from \$1.12 to \$0.56. SDG&E's re-entry fee was previously calculated at \$1.12, as described in AL 3323-E. SDG&E's proposed revision is based on:

- Decreased labor costs due to automation and decreased processing time for CCASR.
- Elimination of costs related to electronic processing and storage of CCASRs because of SDG&E's customer information system (CIS) replacement.²
- Increased costs related to postage for customer letters.

The comparison of costs as determined by AL 3323-E and as requested here is found in the table below.

Category	Cost Components ³	AL 3323-E Cost	Proposed Cost	Reason for change
Validation and Setup Labor	Labor costs are based on the estimated time an Associate Analyst would need to spend in order to process a CCA Service Request (CCASR). Includes request review, validation, error handling, CCASR entry in CCSR System, and overheads.	\$0.67	\$0.01	Previously included manual labor has been automated, eliminated, or reduced.
Equipment and Computers	Electronic processing and storage of CCASR.	\$0.02	\$0.00	Previous system costs have been eliminated with SDG&E's new SAP system.
Customer Confirmation Letter	Handling, stationery, postage and mailing.	\$0.43	\$0.55	Increased costs for postage; stationery and handling costs are unchanged.
Total		\$1.12	\$0.56	

² The Commission approved SDG&E's application to replace its legacy CIS with a new, modernized platform in D.18-08-008, Decision Granting Authority to Implement Customer Information System Replacement Program and Approving Settlement Agreement, issued August 10, 2018.

³ As filed in AL 3323-E.

The table below provides a comparison of SDG&E's re-entry fee with that of the other major California utilities.

IOU	SDG&E (proposed)	SCE ⁴	PG&E ⁵
Re-entry Fee	\$0.56	\$0.47	\$4.24

⁴ As filed in Southern California Edison Company's General Rate Case, SCE-03, Vol 06A, at pp. 41

⁵ As filed in Pacific Gas and Electric Company's 2020 General Rate Case, Exhibit PG&E-6, Chapter 2 at pp. 2-28

SDG&E 2024 GRC Testimony Revision Log – August 2022

Exhibit	Witness	Page	Line or Table	Revision Detail
SDG&E-42	Christine Fischer	CF-iii	3	Changed forecast from “\$34.1” to “\$36.8”
SDG&E-42	Christine Fischer	CF-1	CF-1	Changed Electric 2021 Recorded from “17,303” to “20,230”
SDG&E-42	Christine Fischer	CF-1	CF-1	Changed Electric 2024 Test Year from “27,783” to “30,399”
SDG&E-42	Christine Fischer	CF-1	CF-1	Changed Electric Net Change from “10,435” to “10,169”
SDG&E-42	Christine Fischer	CF-1	CF-1	Changed Total 2021 Recorded from “21,482” to “24,409”
SDG&E-42	Christine Fischer	CF-1	CF-1	Changed Total 2024 Test Year from “34,121” to “36,782”
SDG&E-42	Christine Fischer	CF-1	CF-1	Changed Total Net Change from “\$12,639” to “12,373”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 451 2021 Recorded from “2,610” to “5,571”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 451 2024 Test Year from “7,981” to “10,666”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 451 Net Change from “5,371” to “5,095”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 454 2021 Recorded from “4,200” to “4,166”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 454 2024 Test Year from “3,885” to “3,887”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 454 Net Change from “(315)” to “(279)”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 456 2024 Test Year from “15,873” to “15,846”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 456 Net Change from “5,380” to “5,353”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 2021 Recorded Total from “17,303” to “20,230”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed 2024 Test Year Total from “27,783” to “30,399”
SDG&E-42	Christine Fischer	CF-3	CF-2	Changed Net Change Total from “10,435” to “10,169”
SDG&E-42	Christine Fischer	CF-3	6	Changed 2024 Test Year from “2,614” to “2,157”
SDG&E-42	Christine Fischer	CF-3	6	Changed Net Change from “645” to “188”
SDG&E-42	Christine Fischer	CF-3	10	Changed “three-year” to “two-year”
SDG&E-42	Christine Fischer	CF-3	11	Changed “2017-2019” to “2020-2021”
SDG&E-42	Christine Fischer	CF-3	13	Changed “were excluded from” to “were used in”
SDG&E-42	Christine Fischer	CF-4	2	Added “Reconnection fees for residential...”
SDG&E-42	Christine Fischer	CF-4	5	Deleted “Revenues in the three years prior to 2020-2021 had

	Fischer			limited fluctuation and SDG&E expects a return to pre-pandemic levels for establishment of service orders.”
SDG&E-42	Christine Fischer	CF-7	9	Added “8. Net Metering Fees section”
SDG&E-42	Christine Fischer	CF-8	2	Changed 2021 Recorded from “64” to “63”
SDG&E-42	Christine Fischer	CF-8	2	Changed 2024 Test Year from “484” to “481”
SDG&E-42	Christine Fischer	CF-8	2	Changed Net Change from “421” to “418”
SDG&E-42	Christine Fischer	CF-10	6	Changed 2021 Recorded from “25” to “27”
SDG&E-42	Christine Fischer	CF-10	6	Changed 2024 Test Year from “75” to “77”
SDG&E-42	Christine Fischer	CF-10	6	Changed Net Change from “50” to “51”
SDG&E-42	Christine Fischer	CF-10	10	Changed "and increases in" to ", which have nearly doubled. The forecast also includes”
SDG&E-42	Christine Fischer	CF-10	14	Added “The forecast for the additional other miscellaneous revenues is based on a five-year historical average (2017-2021) as these amounts are small, without much fluctuation.”
SDG&E-42	Christine Fischer	CF-11	1	Changed 2024 Test Year from “(243)” to “(270)”
SDG&E-42	Christine Fischer	CF-11	1	Changed Net Change from “(3)” to “(30)”
SDG&E-42	Christine Fischer	CF-11	9	Changed “five-year historical average as those revenues are steady and provide a reasonable estimate” to “DA cap as outlined in SDG&E’s Tariff Rule 25.1.”
SDG&E-42	Christine Fischer	CF-11	FN 14	Footnote added
SDG&E-42	Christine Fischer	CF-13	1	Changed “Federal Turnkey Program” to “Energy Solutions Turnkey”
SDG&E-42	Christine Fischer	CF-13	7	Added “In 2021, the program offering provided under the Federal Turnkey program was expanded and renamed the Energy Solutions Turnkey (EST). This expansion offers similar turnkey project management services to Commercial/Industrial customers along with state government and municipalities.”
SDG&E-42	Christine Fischer	CF-17	13	Changed “Federal Turnkey Program” to “Energy Solutions Turnkey”
SDG&E-42	Christine Fischer	CF-17	19	Added “In 2021, the program offering provided under the Federal Turnkey program was expanded and renamed the Energy Solutions Turnkey (EST). This expansion offers similar turnkey project management services to Commercial/Industrial customers along with state government and municipalities.”