

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-016
Exhibit: SDG&E-47-R

REVISED
PREPARED DIRECT TESTIMONY OF
SHARIM B. CHAUDHURY
(PRESENT AND PROPOSED GAS TRANSPORTATION REVENUES AND RATES)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



August 2022

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3 **REVISED PREPARED DIRECT TESTIMONY OF**
4 **SHARIM B. CHAUDHURY**
5 **(PRESENT AND PROPOSED GAS RATES AND RESIDENTIAL BILL IMPACTS**
6 **BASED ON 2024 GRC PROPOSALS)**

7 **I. INTRODUCTION & SUMMARY**

8 The purpose of my testimony is to present the impacts of San Diego Gas & Electric
9 Company's (SDG&E) Test Year (TY) proposals¹ in its 2024 General Rate Case (GRC)
10 application on (1) bundled revenues by customer class, (2) bundled gas rates by customer class,
11 and (3) average residential non-CARE² customer bill. In addition, my testimony proposes
12 methods for allocating costs across customer classes for balances in new regulatory accounts
13 proposed in this GRC.

14 Based on SDG&E's 2024 GRC proposals:

- 15 • 2024 system total bundled rates revenue is likely to increase by 22.5% relative to
16 that in 2022 and by 16.1% relative to that in 2023.
- 2024 estimated average residential non-CARE bill is likely to increase by 25.2%
 over the 2022 bill and by 17.5% over the 2023 bill.

17 **II. PRESENT AND PROPOSED GAS BUNDLED REVENUES BY CUSTOMER**
18 **CLASS**

19 This section compares SDG&E's illustrative TY 2024-proposed bundled revenues with
20 those in 2022 and 2023. Illustrative bundled revenues include the GRC base margin, Public
21 Purpose Program Surcharge (PPPS) revenue requirement, the cost of procuring natural gas for
22 SDG&E's bundled core customers and regulatory account balances.³ This GRC application
23 affects SDG&E's base margin and does not impact PPPS revenue requirement, gas procurement

¹ Proposals affecting base margin, franchise fee and uncollectible costs.

² California Alternative Rates for Energy (CARE) is a low-income program whereby CARE program participants receive a 20% discount on their gas bills.

³ Core customers are residential and small commercial/industrial customers. SDG&E provides gas transportation service to all customers; for bundled core customers, it also procures natural gas.

1 costs or regulatory account balances. Therefore, SDG&E held these costs, excluding base
2 margin, constant for the present versus proposed bundled revenues (and rates) comparison.⁴

3 My testimony relies on the testimony of Ryan Hom, Ex. SDG&E-44 for TY 2024
4 proposed base margin of \$657 million, the testimony of Rajan Agarwal, Ex. SDG&E-33 for
5 proposed franchise fee rate of 2.1027%, the testimony of Sandra Baule, Ex. SDG&E-18 for
6 proposed uncollectible rate of 0.2190%, the testimony of Brittany A. Syz, Ex. SDG&E-24 for
7 California Air Resources Board's proposed administrative fee of \$965,000, the testimony of
8 Norm Kohl, Ex. SDG&E-08 for Pipeline Safety Enhancement Plan costs of \$50.5 million, and
9 the testimony of Jason Kupfersmid, Ex. SDG&E-43 for the proposed new regulatory accounts.

10 Table SBC-1 compares the present (as of March 1, 2022) and the TY 2024 GRC-
11 proposed bundled revenues by major customer class. Present revenue allocations reflect the cost
12 allocation results and sales volumes adopted in SDG&E's 2020 cost allocation proceeding, and
13 implemented on May 1, 2020.⁵ Proposed 2024 revenue allocations reflect the Commission-
14 ordered updates to the 2020 TCAP cost allocation studies to reflect more recent costs that
15 SDG&E will implement on January 1, 2023 rates.⁶ Relative to present bundled revenue, TY
16 2024 GRC proposals lead to residential and core commercial/industrial customers' share of
17 bundled revenue to increase by 22.5% and 15.5%, respectively.

⁴ For illustrative purposes, the commodity price reflected in these tables are a forecast of 2022 gas prices; and the PPP surcharges were effective January 1, 2022. See SDG&E Advice Letter Nos. 3024-G and 3027-G-A for the commodity and PPP charges, respectively.

⁵ See SDG&E Advice Letter No. 2856-G, available at <https://tariff.sdge.com/tm2/pdf/2856-G.pdf>.

⁶ See SDG&E Advice Letter No. 3042-G, available at <https://tariff.sdge.com/tm2/pdf/3042-G.pdf>.

Line No.	Customer Class	Present Revenues	Proposed Revenues	Change	
		Mar-22	2024	\$	%
1	Residential	\$629	\$787	\$158	25.2%
2	Core C&I	\$208	\$240	\$32	15.5%
3	NGV	\$14	\$15	\$1	6.3%
4	Total Core	\$851	\$1,042	\$192	22.5%
5	Noncore C&I	\$10	\$12	\$2	20.2%
6	EG	\$26	\$32	\$6	23.3%
7	Noncore Average	\$36	\$44	\$8	22.4%
8	SYSTEM TOTALS	\$887	\$1,086	\$200	22.5%

1 Table SBC-2 compares the illustrative 2023 and the TY 2024 GRC-proposed bundled
2 revenues by major customer class. Both 2023 and proposed 2024 revenue allocations reflect the
3 Commission-ordered updates to the 2020 TCAP cost allocation studies to reflect more recent
4 costs that SDG&E will implement on January 1, 2023, rates. Relative to illustrative 2023
5 bundled revenue, TY 2024 GRC proposals lead to residential and core commercial/industrial
6 customers' share of bundles revenue to increase by 18.1% and 11.8%, respectively.

Line No.	Customer Class	Estimated Revenues	Proposed Revenues	Change	
		Jan-23	2024	\$	%
1	Residential	\$666	\$787	\$121	18.1%
2	Core C&I	\$215	\$240	\$25	11.8%
3	NGV	\$14	\$15	\$1	5.9%
4	Total Core	\$895	\$1,042	\$147	16.4%
5	Noncore C&I	\$11	\$12	\$1	12.0%
6	EG	\$30	\$32	\$2	7.1%
7	Noncore Average	\$40	\$44	\$3	8.4%
8	SYSTEM TOTALS	\$936	\$1,086	\$150	16.1%

1 **III. PRESENT AND PROPOSED GAS BUNDLED RATES BY CUSTOMER CLASS**

2 Table SBC-3 compares the present (as of March 1, 2022) and the TY 2024 GRC-
 3 proposed bundled rates by customer class. The GRC proposals are likely to lead to 25.2% and
 4 15.5% increase in bundled residential and core commercial/industrial rates, respectively, relative
 5 to present rates.

Table SBC -3					
San Diego Gas and Electric					
Summary of Gas Class Average Bundled Rates by Major Customer Class					
2024 General Rate Case Application					
(\$/Therm)					
Line No.	Customer Class	Present Rates	Proposed Rates	Change	
		Mar-22	2024	\$	%
1	Residential	\$2.00804	\$2.51380	\$0.50576	25.2%
2	Core C&I	\$1.06667	\$1.23211	\$0.16544	15.5%
3	NGV	\$0.58585	\$0.62272	\$0.03687	6.3%
4	Total Core	\$1.59899	\$1.95892	\$0.35993	22.5%
5	Noncore C&I	\$0.20935	\$0.25168	\$0.04233	20.2%
6	EG	\$0.04908	\$0.06049	\$0.01141	23.3%
7	Noncore Average	\$0.06211	\$0.07604	\$0.01393	22.4%
8	SYSTEM TOTALS	\$0.79936	\$0.97926	\$0.17991	22.5%

6 Table SBC-4 compares the illustrative 2023 and the TY 2024 GRC-proposed bundled
 7 rates by customer class. The GRC proposals are likely to lead to 18.1% and 11.8% increase in
 8 bundled residential and core commercial/industrial rates, respectively, relative to illustrative
 9 2023 rates.

Table SBC -4
San Diego Gas and Electric
Summary of Gas Class Average Bundled Rates by Major Customer Class
2024 General Rate Case Application
(\$/Therm)

Line No.	Customer Class	Estimated Rates	Proposed Rates	Change	
		Jan-23	2024	\$	%
1	Residential	\$2.12779	\$2.51380	\$0.38601	18.1%
2	Core C&I	\$1.10221	\$1.23211	\$0.12990	11.8%
3	NGV	\$0.58809	\$0.62272	\$0.03462	5.9%
4	Total Core	\$1.68259	\$1.95892	\$0.27634	16.4%
5	Noncore C&I	\$0.22462	\$0.25168	\$0.02706	12.0%
6	EG	\$0.05646	\$0.06049	\$0.00403	7.1%
7	Noncore Average	\$0.07014	\$0.07604	\$0.00590	8.4%
8	SYSTEM TOTALS	\$0.84363	\$0.97926	\$0.13563	16.1%

IV. RESIDENTIAL CUSTOMER BILL IMPACTS

Table SBC-5 provides estimates of average monthly gas bill for residential non-CARE customers, comprising gas commodity, transportation and PPPS costs. The bill is estimated using an average residential non-CARE customer usage of 24 therms per month based on the most recent five-year historical usage.⁷ As shown in the table below, under the GRC proposals, the average monthly bill for a residential customer with an average usage of 24 therms per month would increase by \$12.28 per month, or 25.2% when compared to 2022 rates, and would increase by \$9.07 per month, or 17.5% when compared to expected 2023 rates.

⁷ The estimated bill does not include California greenhouse gas climate credit distribution to residential customers.

Table SBC -5				
San Diego Gas and Electric				
Average Monthly Residential non-CARE Gas Bills (24 Therms Average Monthly Usage)				
2024 General Rate Case Application				
(\$/Month)				
	Present	Proposed	Change	
	Mar-22	2024	\$	%
Average Bill	\$48.65	\$60.94	\$12.28	25.2%
	Estimated	Proposed	Change	
	Jan-23	2024	\$	%
Average Bill	\$51.87	\$60.94	\$9.07	17.5%

1 **V. PROPOSED COST ALLOCATION METHODS FOR NEW REGULATORY**
2 **ACCOUNTS**

3 SDG&E witness Mr. Kupfersmid (Ex. SDG&E-43) proposes the creation of five new gas
4 regulatory accounts. The Commission has not addressed the methods to allocate the future
5 balances in these accounts across customer classes since these are new accounts. These accounts
6 are Facilities Integrity Management Program Balancing Account (FIMPBA), Gas Safety
7 Enhancement Programs Balancing Account (GSEPBA), Locate and Mark Balancing Account
8 (LMBA), Litigated Project Costs Memorandum Account (LPCMA), and Wildfire Mitigation
9 Plan Balancing Account (WMPBA).

10 Mr. Kupfersmid summarizes the purpose of these regulatory accounts in his testimony.
11 These new accounts reflect costs for activities that are likely to benefit all customer classes. As
12 such, SDG&E proposes to allocate the balances in these accounts across customer classes using
13 the Equal Percent Authorized Margin (EPAM) method. According to the EPAM method, the
14 balances in these accounts will be allocated across customer classes based on each customer
15 class’s share of total GRC base margin allocated to that customer class. This proposed method is
16 consistent with how a regulatory account balance that benefits all customer classes is allocated.⁸

17 **VI. CONCLUSION**

18 This concludes my prepared direct testimony.

⁸ For example, the balance in SDG&E’s Distribution Integrity Management Plan Balancing Account (DIMPBA) is allocated across all customer classes using the EPAM method.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Iftexharul (Sharim) Bar Chaudhury. I am employed by SoCalGas and
3 SDG&E as the Rate Design and Demand Forecasting Manager within the Regulatory Affairs
4 Department, which supports gas regulatory activities of both SoCalGas and SDG&E. My
5 business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I hold a
6 Bachelor of Arts degree in Economics from Illinois State University. I received my Master's and
7 Ph.D. degrees in Economics from the University of California, San Diego.

8 I have held my current position managing the rates group since August 2014 and have
9 been managing the demand forecasting group since April 2013. Prior to joining SoCalGas, I
10 worked at Southern California Edison Company from June 1999 to March 2013, holding several
11 positions of increasing responsibility, from Senior Analyst to Manager of Price Forecasting to
12 Manager of Long-Term Demand Forecasting. From October 1998 to May 1999, I worked at
13 National Economic Research Associates (NERA) as a Senior Consultant. Prior to joining
14 NERA, I worked at SoCalGas from 1991 to 1998, holding several positions of increasing
15 responsibility, starting as Marketing Analyst to Senior Economist in the Rate Design group to
16 Manager of Rate Design. I also worked for about a year at the California Energy Commission
17 (CEC) in the Demand Analysis Office.

18 I have previously testified before the Commission.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A

Glossary of Terms

Acronyms	Definition
CARE	California Alternative Rates for Energy
EPAM	Equal Percent of Authorized Margin
FIMBA	Facilities Integrity Management Program Balancing Account
GRC	General Rate Case
GSEPBA	Gas Safety Enhancement Programs Balancing Account
LMBA	Locate and Mark Balancing Account
LPCMA	Litigated Project Costs Memorandum Account
PPPS	Public Purpose Program Surcharge
SDG&E	San Diego Gas & Electric Company
TY	Test Year
WMPBA	Wildfire Mitigation Plan Balancing Account

SDG&E 2024 GRC Testimony Revision Log –August 2022

Exhibit	Witness	Page	Line or Table	Revision Detail
SDG&E-47	Sharim Chaudhury	SBC-1	Line 13	Changed “27.6” to “22.5”.
SDG&E-47	Sharim Chaudhury	SBC-1	Line 14	Changed “16.5” to “16.1”.
SDG&E-47	Sharim Chaudhury	SBC-1	Line 15	Changed “28.6” to “25.5” and “18.1” to “17.5”.
SDG&E-47	Sharim Chaudhury	SBC-2	Line 4	Changed “667” to “657”.
SDG&E-47	Sharim Chaudhury	SBC-2	Line 17	Changed “29.6” to “22.5” and “19.8” to “15.5”.
SDG&E-47	Sharim Chaudhury	SBC-3	Table SBC-1	Revised table.
SDG&E-47	Sharim Chaudhury	SBC-4	Line 6	Changed “18.6” to “18.1” and “12.6” to “11.8”.
SDG&E-47	Sharim Chaudhury	SBC-3	Table SBC-2	Revised table.
SDG&E-47	Sharim Chaudhury	SBC-4	Line 3	Changed “29.6” to “25.2”.
SDG&E-47	Sharim Chaudhury	SBC-4	Line 4	Changed “19.8” to “15.5”.
SDG&E-47	Sharim Chaudhury	SBC-4	Table SBC-3	Revised table.
SDG&E-47	Sharim Chaudhury	SBC-4	Line 7	Changed “18.6” to “18.1” and “12.6” to “11.8”.
SDG&E-47	Sharim Chaudhury	SBC-5	Table SBC-4	Revised table.
SDG&E-47	Sharim Chaudhury	SBC-5	Line 7	Changed “13.93” to “12.28” and “28.6” to “25.2”.
SDG&E-47	Sharim Chaudhury	SBC-5	Line 8	Changed “9.57” to “9.07” and “18.1” to “17.5”.
SDG&E-47	Sharim Chaudhury	SBC-6	Table SBC-5	Revised table.