

**CITY OF MISSION VIEJO DATA REQUEST
CITY OF MISSION VIEJO-SDG&E-DR-01
SDG&E SECOND AMENDED GRC Phase 2 APPLICATION – A.15-04-012
SDG&E RESPONSE
DATE RECEIVED: APRIL 21, 2016
DATE RESPONDED: MAY 17, 2016**

1. Please provide SDG&E's updated workpapers in Excel format for the Second-Amended Application in SDG&E's 2016 GRC Phase 2 (A.15-04-012).

SDG&E Response: SDG&E has mailed the City of Mission Viejo, via overnight delivery, a CD-ROM containing all publically available work papers for its Second-Amended GRC Phase 2 Application, A.15-04-012.

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2. Please provide SDG&E's workpapers in Excel format for SDG&E's 2012 GRC Phase 2 (A.11-10-002).

SDG&E Response: SDG&E has mailed the City of Mission Viejo, via overnight delivery, a CD-ROM containing all publically available work papers supporting its 2012 GRC Phase 2 Application, A.11-10-002.

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3. Please provide copies of pages 1-2 of SDG&E's Schedule LS-1 that were in effect on January 1 of each year from 1985 through 2015.

SDG&E Response: Please see attached PDF files -- Effective date noted in lower right corner:

ATTACHMENT COPIES, PLEASE CONTACT US.

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4. For the City of Mission Viejo street lights that are billed on rate LS-1C, please provide:
- a. An inventory of the street lights in Excel format, including their location, wattage, type, and date installed.
 - b. An executed agreement between the City of Mission Viejo and SDG&E, or some other documentation, showing that service was properly initiated on rate LS-1C when the street lights were installed.
 - c. Documentation of the amount paid by the city or the developer to SDG&E when the street lights were installed, and the amount that would have been paid in order for the city to qualify for rate LS-1B.

SDG&E Response:

- a. The requested street light inventory for the City of Mission Viejo on Schedule LS-1C is attached in file CMV DR-01 Q4a.xlsx. This City of Mission Viejo customer information is confidential and is only being provided to the City of Mission Viejo.
- b. These lights were installed before the City of Mission Viejo was the customer of record. The lights were installed and billed to the County of Orange initially. Upon incorporation, the City of Mission Viejo requested that all street light billing transfer from the County of Orange to the City of Mission Viejo. Upon transfer and payment of street lighting services, the City of Mission Viejo became the customer of record for these lights. Please refer to the files ‘mission viejo change of ownership.pdf’ and ‘city of mission viejo contract.pdf,’ which are included with this data request response.
- c. The amount paid by the developer or the County of Orange at the time of install is not available. Records of the install are not kept indefinitely. The amount that would have been paid in order to qualify for the rate LS-1B at that time is also not readily available. These figures would have varied depending on installation factors (labor rates, materials, etc.) and cannot be readily estimated.

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5. As of April 1, 2016, how many street lights are billed throughout SDG&E's service territory under "Class C" of the LS-1 rate schedule?
 - a. How many separate accounts are billed on Class C?
 - b. How many separate customers are billed on Class C?
 - c. What is the average installation date for these street lights?

SDG&E Response:

- a. As of April 1, 2016, SDG&E has 326 separate accounts being billed on Class C.
- b. As of April 1, 2016, SDG&E has 253 separate customers being billed on Class C.
- c. As of April 1, 2016, the median installation date for these street lights is 9/30/1987.

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6. Special Condition 1.b(1) of SDG&E’s LS-1 tariff states “Class B rates are applicable to service where the customer pays to the utility in advance the amount...”. As of April 1, 2016, what is the “amount” referenced above that street lighting customers must pay to SDG&E per street light in order to initiate service using Class B rates? What has this amount been in prior years dating back to 1980?

SDG&E Response:

SDG&E does not have a set amount it charges for an install under the Class B special condition described above. These figures are developed during the construction planning phase as a result of various locational and material factors at the time of install. The amount of additional work or material needed will impact this calculation, so SDG&E is unable to provide a set figure for an install prior to a request being submitted for new service.

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7. Special Condition 1.b(2) of SDG&E’s LS-1 tariff states “Class C rates are applicable to service where the customer pays to the utility, in advance the amount...”. As of April 1, 2016, what is the “amount” referenced above that street lighting customers must pay to SDG&E per street light in order to initiate service using Class C rates? What has this amount been in prior years dating back to 1980?

SDG&E Response:

Please refer to SDG&E’s response to Question 6 above, which is incorporated herein by reference.

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8. The prepared testimony of Yvonne M. Le Mieux, Chapter 6 of SDG&E A.15-04-012, states on page YML-10 that “The upfront costs for LS-1 Class C customers are capped at a fixed value, with costs above the cap rolled into rates, resulting in higher rates than LS-1 Class B”. Why are the Class C upfront costs capped? What is the cap amount? Please provide a breakdown illustrating how “costs above the cap are rolled into rates”.

SDG&E Response:

SDG&E’s filed Advice Letter (“AL”) 770-E in June, where SDG&E requested “to establish a cap on SDG&E’s investment in a standard electrolier and allow SDG&E to stabilize its LS-1C rate structure.”¹ This was approved pursuant to Commission Resolution E-3163:

“...SDG&E plans to put a cap on its investment in street lighting facilities by “freezing” the investment at the current cost per unit in order to stabilize the LS-1C rate. The developer will be required to provide Contributions In Aid of Construction (CIAC) when the total cost of installation rises above the fixed investment as established by this cap.”²

The cap values for the individual lamps are provided in the file labeled: “CMV-DR-01 Q8”.

Consistent with the approval of AL 770-E pursuant to Commission Resolution E-3163, the rates for LS-1C are calculated as described below and reflected in “CMV-DR-01 Q8”:

- 1) The cap values (“fixed investment” in “CMV-DR-01 Q8”) vary by the individual lamp type (i.e., varies by technology, lumens/wattage) for all Class C options.
- 2) The escalated cap amount is then subtracted from the escalated Underground Assembly Cost for LS-1 C to derive the Contributions in Aid of Construction cost. This differs from Class B, where the escalated Overhead Assembly Equivalent cost is subtracted from the escalated Underground Assembly Cost for LS-1 B to derive the Contributions in Aid of Construction cost.
- 3) The Real Economic Carrying Charge & Levelized Annual Capital Cost Factors are then applied to the Contribution in Aid of Construction cost and the escalated cap amount and then divided by 12 to derive the monthly Facility Only Marginal Cost. This differs from Class B, where the Real Economic Carrying Charge & Levelized Annual Capital Cost Factors are applied to the Contribution in Aid of Construction cost and the Overhead Assembly Equivalent cost and then divided by 12 to derive the monthly Facility Only Marginal Cost.
- 4) The Facility Only Marginal Cost is added with the Maintenance Only Marginal Cost and the Distribution Demand and Customer Marginal Cost adjusted for the Streetlight Effective Percent Marginal Cost to derive the Proposed Rate for Distribution.
- 5) The Proposed Rate for Distribution is then added with the other rate components,

¹ See AL 770-E

² See, Resolution E-3163, pg 3

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Transmission, Competition Transition Charge (CTC), Local Generation Charge (LGC), Commodity, Department of Water Resources (DWR) charges, Nuclear Decommissioning (ND), Total Rate Adjustment Component (TRAC), Reliability Services (RS) and Public Purpose Programs (PPP) to develop the Total Proposed Rate for the lamp.

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9. Ms. Le Mieux states on page YML-10 of her testimony “The one-time transfer payment is calculated based on the proposed LS-1 Class C rates in this proceeding and will promote indifference to other street lighting customers. Please describe the methodology that SDG&E proposes for calculating the “one-time transfer payment”. Using LS-1 rates in effect as of April 1, 2016 and the proposed SDG&E methodology, how much would the one-time transfer payments be for HPSV street lights?

SDG&E Response:

The one-time transfer payment is intended to capture the different that would occur in the event all customer currently on Class C were to migrate to Class B and therefore is calculated by taking the difference between the LS-1 Class C revenues (assuming all customers on Class C) and the LS-1 Class B revenues (assuming all customers on Class B) for each lamp type and then dividing the difference by the population of LS-1 Class C lamps for each lamp type. The LS-1 Class C revenues are calculated by taking the population of LS-1 Class C lamps (which assumes all customers on Class C) times the proposed LS-1 Class C rates in this proceeding. The LS-1 Class B revenues are calculated by taking the population of LS-1 Class C lamps times the proposed LS-1 Class B rates in this proceeding. As shown in the tables below, the full migration of Class C customers to Class B service would result in an overall increase to Class B rates and as such this one-time payment is intended to mitigate this impact for existing Class B customers.

The following table provides an illustrative example of the LS-1 Class C HPSV one-time transfer payment calculations from the workpapers associated with the testimony of Yvonne Le Mieux filed on 4/13/2015, which were revenue neutral based on rates effective April 1, 2015:

TABLE REMOVED, DUE TO VOLUME. PLEASE CONTACT US.

The following table provides an illustrative example of the LS-1 Class C HPSV one-time transfer payment calculations using the rates proposed in this proceeding from the workpapers associated with the Direct Testimony of Christopher Swartz (Chapter 2) filed on 2/9/2016, which were revenue neutral based on rates effective November 1, 2015:

TABLE REMOVED, DUE TO VOLUME. PLEASE CONTACT US.

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10. Is SDG&E’s cost to serve LS-1C street lights different than its cost to serve LS-1B street lights? If so, please explain.

SDG&E Response:

The total cost of service, including the detailed calculations described in Q8 comparing the application of the cap values under Class C with the Overhead Assembly Equivalent cost under Class B, does not differ materially between LS-1C and LS-1B.

As defined in SDG&E’s tariff, the primary difference between the Class B Option and the Class C Option is what the customer pays in advance.

“Class B rates are applicable to service where the customer pays to the utility in advance the amount by which the estimated cost to the utility of the concrete pole street lighting system exceeds the cost to the utility of the wood pole overhead system which would otherwise be required”³.

In comparison, the LS-1 tariff defines that:

“Class C rates are applicable to service where the customer pays to the utility, in advance, the amount by which the estimated cost to the utility of the concrete pole street light system exceeds the fixed investment of a concrete pole street light system, as determined by the utility”.⁴

³ See, SDG&E LS-1 tariff sheet 4

⁴ See, SDG&E LS-1 tariff sheet 4

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11. If a customer served on rate LS-1C terminates service, in some circumstances does SDG&E require that customer to reimburse SDG&E for the additional costs that were incurred by the utility when the LS-1C street lights were installed?
- a. If yes, how does SDG&E determine whether the customer must reimburse SDG&E?
 - b. How does SDG&E determine the appropriate amount of the reimbursement?
 - c. In what situations would a customer *not* be required to reimburse SDG&E?

SDG&E Response:

- a. Yes. If a request to terminate service comes in, up to and including 5 years after install, SDG&E would require the customer to reimburse SDG&E for the additional street light installation costs, as outlined by SDG&E's General Street Lighting Contract (please refer to file 'General Street Lighting Contract.doc,' included with this response).
- b. SDG&E reviews the upfront costs incurred and the costs associate with the removal of the service (if applicable), in order to determine the amount of the reimbursement.
- c. As indicated by the General Street Lighting Contract, if a customer terminates service beyond 5 years from date of initial install, SDG&E would not seek reimbursement at that time.

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12. Ms. Le Mieux states on page YML-10 of her testimony that “Once a lighting installation option is selected, the tariff does not allow movement between classes”.
- a. What is the basis for this statement?
 - b. What is the particular language in the tariff that “does not allow movement between classes”?
 - c. Why couldn’t a customer that has been served on rate LS-1C for 20 years terminate service on LS-1C, and immediately request new service on LS-1B?

SDG&E Response:

- a. This statement was based on the SDG&E’s interpretation of Class B and Class C rate applicability stated in Special Condition 1(b) of the LS-1 rate schedule.
- b. Special Condition 1(b)(1) of LS-1 states:

“Class B rates are applicable to service where the customer pays to the utility **in advance** the amount by which the estimated cost to the utility of the concrete pole street lighting system exceeds the cost to the utility of the wood pole overhead system which would otherwise be required.” (emphasis added)

Moreover, Special Condition 1(b)(2) of LS-1 states:

“Class C rates are applicable to service where the customer pays to the utility, **in advance**, the amount by which the estimated cost to the utility of the concrete pole street light system exceeds the fixed investment of a concrete pole street light system, as determined by the utility.” (emphasis added)

The use of the term ‘in advance’ in each tariff provision indicates that these options are intended to be selected *prior* to taking service under the LS-1 rate schedule. Moreover, the applicable rate option is expressly determined based on the upfront payment amount elected by the customer.

- c. Please see SDG&E’s response to Question 10 above. Also, as referenced in the Direct Testimony of Christopher Swartz, “since moving all LS-1 Class C customers to LS-1 Class B would result in a rate increase to all other streetlighting customers, SDG&E proposes to give current LS-1 Class C customers the option to move to LS-1 Class B with a one-time transfer payment, thereby avoiding LS-1 Class C cost shifting to other streetlighting customers. The one-time transfer payment is calculated based on the proposed LS-1 Class C rates in this proceeding and the number of lamps the customer has. This payment will promote indifference to other streetlighting customers”.⁵

⁵ See, Direct Testimony of Christopher Swartz, pg. CS-60