

Application: A.17-04-XXX

Exhibit No.: \_\_\_\_\_

Witnesses: Browy; Schmidt-Pines

**PREPARED DIRECT TESTIMONY OF**  
**LISA L. BROWY AND MARJORIE SCHMIDT-PINES**  
**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**  
**CHAPTER 8**



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

**April 28, 2017**

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1 revenue requirements for years 2017 through 2020. SDG&E proposes to use those negative  
 2 revenue requirements to offset the positive revenue requirements that occur in 2021. Table 1  
 3 below reflects the adjusted revenue requirements for recovery in rates.

4 **Table 1: Adjusted Revenue Requirements for Recovery in Rates (\$000)<sup>3</sup>**  
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	2017	2018	2019	2020	2021
<b>Revenue Requirements from Chapter 7</b>					
<b>Electric</b>					
<b>Distribution</b>	(\$1,339)	\$2,532	(\$17,662)	(\$9,808)	\$38,889
<b>Commodity</b>	(\$155)	(\$193)	(\$1,758)	(\$2,035)	\$1,829
<b>Gas</b>					
<b>Transportation</b>	(\$491)	\$1,664	(\$6,907)	(\$2,234)	\$18,301
<b>Adjusted Revenue Requirements for Recovery in Rates</b>					
<b>Electric</b>					
<b>Distribution</b>	\$0	\$0	\$0	\$0	\$12,612
<b>Commodity</b>	\$0	\$0	\$0	\$0	(\$2,311)
<b>Gas</b>					
<b>Transportation</b>	\$0	\$0	\$0	\$0	\$10,332

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 7 **II. ELECTRIC RATE AND BILL IMPACTS (BROWY)**

8 SDG&E proposes to recover electric SAP CR&B system costs through electric  
 9 distribution, commodity, and transmission rates. Table 2 below provides illustrative rate impacts  
 10 for 2021 by customer class of the \$10.300 million [\$10.743 million including FF&U] revenue  
 11 requirement for electric.<sup>4</sup> A typical non-California Alternate Rates for Energy (“CARE”)  
 12 residential customer with basic service living in the Inland climate zone and using 500 kilowatt  
 13 hours (“kWh”) per month could see a monthly summer bill increase of \$0.30, or 0.2%, from a  
 14 current monthly bill of \$125.36 to \$125.66 in 2021.

<sup>3</sup> These values do not include Franchise Fees & Uncollectibles (“FF&U”).

<sup>4</sup> See Chapter 7, Table 3.

**Table 2: Illustrative Electric Rate Impacts by Customer Class - 2021**

<b>Customer Class</b>	<b>Current Rates (¢/kWh)*</b>	<b>Proposed Rates (¢/kWh)</b>	<b>Rate Change (¢/kWh)</b>	<b>Percentage Rate Change (%)</b>
<b>Residential</b>	24.990	25.058	0.068	0.27%
<b>Small Commercial</b>	23.928	23.994	0.066	0.28%
<b>Medium and Large C&amp;I**</b>	19.850	19.882	0.032	0.16%
<b>Agricultural</b>	17.735	17.775	0.040	0.23%
<b>Lighting</b>	19.917	19.953	0.036	0.18%
<b>System Total</b>	22.122	22.171	0.049	0.22%

\* Rates effective 3/1/2017 per Advice Letters 3034-E and 3034-E-A, both approved April 5, 2017.

\*\* C&I is an abbreviation for Commercial and Industrial.

**III. GAS RATE AND BILL IMPACTS (SCHMIDT-PINES)**

SDG&E proposes to recover gas SAP CR&B system costs using the Equal Percentage of Authorized Margin (“EPAM”) cost allocation methodology. This proposed method is consistent with how spending programs authorized in a GRC are allocated in between cost allocation cycles.<sup>5</sup>

Table 3 below shows current and proposed gas transportation rates by major customer class due to the recovery of costs associated with SAP CR&B system costs. The rates shown assume the forecasted revenue requirement provided in the prepared direct testimony of Witnesses Woodruff and Vanderhye. Rates for other components of the bundled rates, including commodity and Public Purpose Program (“PPP”) surcharge, would remain unchanged based on this Application and, therefore, have been held constant for the present-versus-proposed comparison.

<sup>5</sup> Cost allocation proceedings have occurred every 2 to 4 years.

1 Both the current and proposed transportation rates reflect the allocation of costs and sales  
2 volumes adopted in SDG&E's most recent Triennial Cost Allocation Proceeding decision and  
3 implemented on January 1, 2017.<sup>6</sup> For illustrative purposes, the commodity price and PPP  
4 surcharge reflected in these tables also reflect the rates in effect on January 1, 2017.<sup>7</sup> Tables 3A  
5 and 3B below provide illustrative rate impacts by customer class for both SDG&E and Southern  
6 California Gas Company ("SoCalGas"). SoCalGas's Sempra-wide rates for Natural Gas Vehicle  
7 ("NGV"), Electric Generation ("EG") and Transmission Level Service ("TLS") are impacted.  
8 Sempra-wide rates imply that, for each of these three customer classes, a single common rate is  
9 developed for both SDG&E and SoCalGas.<sup>8</sup>

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<sup>6</sup> See D.16-10-004.

<sup>7</sup> SDG&E Advice Letter Nos. 2546-G (approved March 30, 2017) and 2524-G (approved December 13, 2016) for the commodity and PPP charges, respectively.

<sup>8</sup> Sempra-wide rates are slightly different between the SoCalGas and SDG&E due to different California Solar Initiative Thermal Memo Account ("CSITMA") and California Air Resource Board ("CARB") adders and FF&U.

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**Table 3: Illustrative Gas Transportation Rate Impacts by Customer Class – 2021**

<b>Table 3A – SDG&amp;E</b>				
<i>\$/therm except as noted</i>	<b>1/1/2017 Rates</b>	<b>Proposed Rates</b>	<b>Increase (decrease)</b>	<b>% change</b>
<b><u>SDG&amp;E Summary</u></b>				
Core Rates				
Residential	\$0.9616	\$0.9899	\$0.0283	2.94%
Core C&I	\$0.3721	\$0.3785	\$0.0063	1.71%
NGV	\$0.1754	\$0.1757	\$0.0003	0.15%
NonCore Distribution Level Service Rates				
C&I Rate	\$0.0920	\$0.0951	\$0.0031	3.32%
Electric Generation Tier 1	\$0.1162	\$0.1165	\$0.0003	0.24%
Electric Generation Tier 2	\$0.0452	\$0.0454	\$0.0002	0.40%
NonCore Transmission Level Service Rates				
C&I Rate (w/ CSITMA & CARB Fee adders)	\$0.01738	\$0.01742	\$0.00004	0.22%
Electric Generation Rate (w/CARB Fee)	\$0.01602	\$0.01606	\$0.00004	0.23%
Revenue Requirement \$ millions	\$396	\$407	\$10	2.61%
CARB Fee Credit \$/therm	(\$0.00077)	(\$0.00077)	\$0.0000	0.00%
System Total	\$0.3206	\$0.3290	\$0.0084	2.61%
<b>Table 3B – SoCalGas</b>				
<i>\$/therm except as noted</i>	<b>1/1/2017 Rates</b>	<b>Proposed Rates</b>	<b>Increase (decrease)</b>	<b>% change</b>
<b><u>SoCalGas Sempra-wide Rates Summary</u></b>				
NGV	\$0.1498	\$0.1500	\$0.0003	0.17%
NonCore Distribution Level Service Rates				
Electric Generation Tier 1	\$0.1157	\$0.1160	\$0.0003	0.24%
Electric Generation Tier 2	\$0.0451	\$0.0452	\$0.0002	0.39%
NonCore Transmission Level Service Rates				
C&I Rate (w/ CSITMA & CARB Fee adders)	\$0.02039	\$0.02043	\$0.00004	0.18%
Electric Generation Rate (w/CARB Fee)	\$0.01603	\$0.01606	\$0.00004	0.23%

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As shown in Table 4 below, in 2021, the bill amount for the average customer that

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uses an average of 25 therms per month would change by \$0.68 to \$39.21 per month, from a

1 current monthly bill of \$38.52, or 1.77%. Table 4 provides the estimates of a residential  
2 bundled customer average monthly gas bill for commodity and transportation costs.

3 **Table 4: SDG&E Typical Monthly Residential Gas Bill**  
4 **at Present and Proposed Rates - 2021**

Typical Usage	Average Monthly Bill		Change	
	Present	Proposed	\$	%
25 therm	\$38.52	\$39.21	\$0.68	1.77%

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**IV. CONCLUSION**

This concludes our joint testimony.



1 **V. STATEMENT OF QUALIFICATIONS**

2 **WITNESS QUALIFICATIONS FOR LISA L. BROWY**

3 My name is Lisa L. Browy and my business address is 8330 Century Park Court, San  
4 Diego, California 92123. I am employed by San Diego Gas & Electric Company (“SDG&E”) as  
5 a Customer Pricing Project Manager in the Customer Pricing Department. My primary  
6 responsibilities include planning, development, and implementation of rate related proceedings  
7 and preparation of various regulatory filings.

8 I have been employed with SDG&E and Sempra Energy since 1999. In addition to my  
9 current position in Customer Pricing, I have held various positions with increasing responsibility  
10 including Project Manager II in SDG&E Clean Transportation and Policy Initiatives, Senior  
11 Energy Programs Advisor in the SDG&E Sustainable Communities Program, Principal  
12 Regulatory Account Analyst in SDG&E Regulatory Affairs, Regulatory Case Administrator in  
13 SDG&E Regulatory Affairs, Sr. Business Analyst in the Sempra Energy Affiliate Compliance  
14 Department, Sr. Accountant in SDG&E Cost Accounting, and Sr. Accountant in Sempra Energy  
15 Affiliate Accounting. Prior to joining SDG&E, I was employed by the Illinois Commerce  
16 Commission as an auditor from 1992 - 1999.

17 I graduated from the University of Illinois in 1991 with a Bachelor of Science degree in  
18 Accountancy. In 1992 I received Master of Science in Accountancy from the University of  
19 Illinois. I am a Certified Public Accountant, licensed in the state of Illinois.

20 I have previously submitted testimony before the California Public Utilities Commission.  
21 In addition, I have previously submitted testimony and testified before the Illinois Commerce  
22 Commission.

1                   **WITNESS QUALIFICATIONS FOR MARJORIE SCHMIDT-PINES**

2                   My name is Marjorie A. Schmidt-Pines. My business address is 555 West Fifth Street,  
3 Los Angeles, California, 90013-1011. I am employed by the Southern California Gas Company  
4 (“SoCalGas”) as a Principal Regulatory Economic Advisor in the CPUC/FERC Gas Regulatory  
5 Affairs Department for SoCalGas and San Diego Gas & Electric Company (“SDG&E”).

6                   I hold a Bachelor of Science degree in Business Administration and Accounting from  
7 California State University at Northridge, California. I have been employed by SoCalGas since  
8 1981, and have held positions of increasing responsibilities as an Accountant and Senior  
9 Accountant in the Accounting & Finance department, as an Analyst and a Budget Coordinator in  
10 the Gas Supply department, and as a Market Advisor for the Marketing and Customer Services  
11 departments. I have been in my current position since September 2009.

12                   As Principal Regulatory Economic Advisor, I support the gas transportation rates for both  
13 SoCalGas and for SDG&E. This includes allocating authorized revenue requirements to  
14 customer rate classes, developing the design of the rate for each class, and computing the impact  
15 on customers’ monthly bills. I have previously testified before the California Public Utilities  
16 Commission.