

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U 902 E) For Authority To
Update Marginal Costs, Cost Allocation,
And Electric Rate Design.

Application: 15-04-012
Exhibit No.: SDG&E - 23

**SAN DIEGO GAS & ELECTRIC COMPANY
LATE-FILED EXHIBIT ON
FOLLOW-UP QUESTIONS FROM NOVEMBER 29, 2016 HEARING**

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

December 2, 2016



SAN GAS & ELECTRIC COMPANY (SDG&E)
2016 GENERAL RATE CASE (GRC) PHASE 2 – APPLICATION (A.) 15-04-012
LATE-FILED EXHIBIT

Question 1 – Allocation of Schools Discount Costs:

During the Schools settlement panel (Cyndee Fang for SDG&E and Gina Potter and Lora Duzyk for the Schools), Administrative Law Judge (“ALJ”) Cooke asked questions on how the Schools discount would be recovered from customer classes and Ms. Fang responded that SDG&E recommends that the costs associated with the discount be recovered in a similar fashion to how Public Purpose Program (“PPP”) costs are recovered. Don Kelly with the Utility Consumers’ Action Network (“UCAN”) followed up on this line of cross by asking Ms. Fang how PPP costs are currently allocated to customers. Ms. Fang stated that there are separate allocations for the various PPP components with California Alternate Rates for Energy (“CARE”) costs or low-income costs allocated based on non-CARE sales and Energy Efficiency (“EE”) costs allocated based on forecasted funding. Ms. Fang stated that she would need to follow-up on the specifics of the Electric Program Investment Charge (“EPIC”) and the Energy Savings Assistance Program (“ESAP”) allocations.¹

Response 1:

As explained in Section III (“Revenue Allocations”) of the direct testimony of Christopher Swartz (that was subsequently adopted by Ms. Fang), ESAP is allocated to all customer classes except Streetlighting customers who are exempt from paying the costs of these programs on a per kWh basis and EPIC is allocated to all customer classes based on sales.²

In addition SDG&E also would like to clarify the responses that Ms. Fang provided on the allocation of CARE and EE costs. Ms. Fang stated that CARE costs are allocated based on non-CARE sales when actually these costs are allocated based on non-CARE and non-lighting sales because both CARE and Streetlighting customers are exempt from paying CARE costs, as stated in Section III (“Revenue Allocations”) of the direct testimony of Christopher Swartz (that was subsequently adopted by Ms. Fang).³ Regarding the allocation of EE costs, as Ms. Fang stated, these costs are allocated based on forecasted funding. The forecasted funding used is funding by customer class.

Question 2 – SDG&E Source Documents for Taxes and Fees on Customer Bills:

During the San Diego Airport Parking (“SDAP”) cross of SDG&E witness Cyndee Fang, Lisa McGhee asked Ms. Fang to identify where in SDG&E’s tariffs it gives SDG&E the authority to charge customers for certain taxes and fees shown on her customer bill, that she identified on Tab 14 of SDAP’s cross exhibit (page 3 of 4).⁴ The taxes and fees identified are as follows:

¹ Tr. p. 310, line 26 through p. 311, line 15.

² SDG&E Exhibit 2 (at pp. CS-13 and CS-15).

³ SDG&E Exhibit 2 (at p. CS-13).

⁴ Tr. p. 350, line 19 through p. 352, line 21.

- City of San Diego Franchise Fee Differential
- Franchise Fees on Electric Energy Supplied by Others
- State Surcharge Tax
- State Regulatory Fee

On redirect, Ms. Fang identified the SDG&E source document for these taxes and fees except the “Franchise Fees on Electric Energy Supplied by Others.” Ms. Fang stated that she would identify the source document for the “Franchise Fees on Electric Energy Supplied by Others” in a late-filed exhibit.⁵

Response 2:

The “Franchise Fees on Electric Energy Supplied by Others,” which represents fees associated with franchise fees for DWR energy sales, is identified on Sheet 12 of SDG&E’s Schedule EECC (Electric Energy Commodity Costs).

In addition, SDG&E notes that all four of these taxes and fees are identified and defined on the back of customers’ bills. The definitions for these taxes and fees are shown below:

- City of San Diego Franchise Fee Differential - A fee charged to SDG&E by the City of San Diego for the rights to operate within city streets.
- Franchise Fees on Electric Energy Supplied by Others - This charge pays cities for the right to have transmission and distribution equipment (such as poles and wires) on city streets. This charge collects the franchise fee on the electricity purchased for you by DWR. The franchise fee on the electricity provided to you by SDG&E is included in the SDG&E Electricity Generation Charge.
- State Regulatory Fee - Charged to all utility users to pay for the California Public Utilities Commission (CPUC) operations.
- State Surcharge Tax - Collected by the State of California for the conservation and development of energy resources in the state.

Question 3 – Summer On-Peak to Off-Peak Commodity Differential:

During the Residential/Small Commercial panel (Cyndee Fang for SDG&E and Lee-Whei Tan for ORA), ALJ McKinney indicated that she saw that the summer on-peak to super off-peak commodity rate differential of 3.88 was identified in Exhibit JT-4 (at p. 6) but asked Ms. Fang where the summer on-peak to off-peak commodity rate differential was identified. Ms. Fang indicated that the summer on-peak to off-peak rate differential is not identified because this ratio

⁵ Tr. p. 392, line 7 through p. 393, line 23.

falls out residually but that she would provide the resulting on-peak to off-peak ratio in a late-filed exhibit.⁶

Response 3:

Applying a 3.88 summer on-peak to off-peak commodity rate differential results in a summer on-peak to off-peak commodity rate differential of 1.64.

⁶ Tr. p. 408, line 28 through p. 410, line 20.