

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

Application 11-10-002
Exhibit No.: (SDG&E-207)

**PREPARED REBUTTAL TESTIMONY OF
CYNTHIA S. FANG
CHAPTER 7
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

JULY 17, 2012



TABLE OF CONTENTS

I. OVERVIEW AND PURPOSE 1

II. CAL-SLA PROPOSED CHANGE TO LIGHTING DETERMINANTS 1

III. SUMMARY AND CONCLUSION 2

**PREPARED REBUTTAL TESTIMONY OF
CYNTHIA S. FANG
(CHAPTER 7)**

I. OVERVIEW AND PURPOSE

My rebuttal testimony adopts the Second Revised Prepared Direct Testimony of Robert M. Ehlers (Chapter 7) presenting San Diego Gas and Electric Company's (SDG&E's) allocation and rate design proposals for street lighting, and responds to the prepared direct testimony submitted by the California City-County Street Light Association (CAL-SLA) in San Diego Gas & Electric's (SDG&E) 2012 General Rate Case (GRC) Phase 2 Application (A.11-10-002) on Streetlighting. Specifically, I will address the recommendation made by CAL-SLA witness Alison Lechowicz. My testimony is organized as follows:

- **Section II – CAL-SLA Proposed Change to Lighting Determinants:** SDG&E disagrees with CAL-SLA's proposal to modify SDG&E's lighting determinants.
- **Section III: Conclusion and Summary:** the California Public Utilities Commission (Commission) should reject CAL-SLA's suggested modification to SDG&E's lighting determinants.

CAL-SLA witness Lechowicz's recommendations related to marginal distribution costs are addressed in Chapter 6 by SDG&E witness William Saxe and recommendations related to rate design for other than Streetlighting are addressed in Chapter 2 by SDG&E witness Cynthia Fang.

II. CAL-SLA PROPOSED CHANGE TO LIGHTING DETERMINANTS

CAL-SLA witness Lechowicz notes the difference between the revenue allocation workpapers, the street light cost-of-service and rate-design model totals for street light energy sales (kWh). As Ms. Lechowicz states, this is due to the fact that the 2012 GRC Phase 2 Street Lighting cost study contained within the Lighting model uses a street lighting lamp count based on 2011 actuals and the energy sales are the result of a calculation based on the updated lamp count, lamp wattages and lighting hours. This differs from the revenue allocation and rate-design model which use 2012 GRC Phase 2 forecasted determinants.¹

The general practice is to develop the basis for marginal cost studies on actual costs. These marginal costs then provide the basis for rate design development in the test year. In order to do this correctly, the cost study determinants should be based on the same time frame as the

¹ CAL-SLA (Lechowicz), pp. 10, lines 6-12.

1 costs. Similarly, the rate design determinants should tie to the test year. SDG&E's determinants
2 reflect this common practice. As such, the cost study uses 2011 determinants and 2011 dollars
3 for the facilities costs developed in the lighting model. The marginal distribution customer costs
4 for all rate classes are based on 2009 costs and determinants. These costs provide a price
5 reference which is then scaled to the revenue requirement and GRC Phase 2 Test Year 2012
6 determinants used in revenue allocation and rate design.

7 **III. SUMMARY AND CONCLUSION**

8 For the reasons stated above, the Commission should reject CAL-SLA's proposal to
9 modify SDG&E's lighting determinants.

10 This concludes my prepared rebuttal testimony.