

Application No: A.14-04-  
Exhibit No.: \_\_\_\_\_  
Date: April 15, 2014  
Witness: Yvonne M. Le Mieux

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Application of San Diego Gas & Electric Company )  
(U 902 E) for Approval of its Greenhouse Gas ) Application 14-04-\_\_\_\_\_  
Forecasted Costs and Allowance Revenues for 2015 ) (Filed April 15, 2014)  
and Reconciliation of its Allowance Revenues )  
for 2013. )  
\_\_\_\_\_)

**PREPARED DIRECT TESTIMONY OF**  
**YVONNE M. LE MIEUX**  
**ON BEHALF OF**  
**SAN DIEGO GAS & ELECTRIC COMPANY**

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

**April 15, 2014**

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**PREPARED DIRECT TESTIMONY  
OF YVONNE M. LE MIEUX  
ON BEHALF OF  
SAN DIEGO GAS & ELECTRIC COMPANY**

**I. PURPOSE AND OVERVIEW**

The purpose of my testimony is to: 1) describe the revenue return allocation methodology for greenhouse gas (“GHG”) allowance revenues resulting from the auction of GHG allowances directly allocated to San Diego Gas and Electric (“SDG&E”) by the California Air Resources Board (“ARB”) and 2) describe the reconciliation methodology and calculation for the 2013 GHG allowance revenue returns. My testimony also: 1) identifies the 2015 forecasted GHG allowance revenue return allocation amounts (including the residential California Climate Credit<sup>1</sup>), 2) presents the reconciliation of 2013 GHG allowance revenue return, 3) requests authorization to revise the 2013 GHG cost forecast amount for recovery in rates, and 4) presents various rate impacts associated with the revised forecasted 2013 GHG costs and authorized allowance revenue returns<sup>2</sup> and the forecasted 2015 GHG costs and allowance revenue return bill credits.

**II. CAP-AND-TRADE PROGRAM EMISSION ALLOWANCES**

On January 1, 2012,<sup>3</sup> ARB’s approved cap-and-trade program was implemented to achieve California’s GHG emissions reduction targets. This market-based regulation sets a cap on GHG emissions and allows firms to accomplish the GHG reduction goals at a minimum cost. Some facilities subject to the cap are allocated GHG emission allowances which can be traded or used directly for compliance. These facilities have the option of either reducing their own GHG emissions or purchasing GHG emission allowances at an ARB allowance auction from others who

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<sup>1</sup> The “California Climate Credit” was previously referred to as the “climate dividend.” Pursuant to Decision (“D.”) 14-01-012, the Energy Division issued a letter on January 27, 2014, notifying the electric utilities that “California Climate Credit” will be used as the name for the on-bill credit of GHG allowance revenue that small businesses and households will receive as directed by D.12-12-033 and subsequent implementing decisions. The “California Climate Credit” was previously referred to as the “climate dividend.”

<sup>2</sup> Pursuant to Ordering Paragraph (“OP”) 10 of D.13-12-041, the electric utilities were ordered to amortize 2013 GHG costs and 2013 GHG allowance revenues equally between 2014 and 2015.

<sup>3</sup> On June 29, 2011, the ARB announced that the enforceable compliance obligation for the cap-and trade program was delayed until 2013.

1 have made GHG emissions cuts beyond their obligations; however, the total GHG emissions must  
2 remain below the cap. Investor-owned utilities (“IOUs”), such as SDG&E, are allocated free  
3 GHG allowances on behalf of their customers and are required to consign their GHG allowances  
4 into the allowance auctions.

5 On March 24, 2011, in response to the new cap-and-trade requirements for electric utilities,  
6 the California Public Utilities Commission (“Commission”) opened the GHG Order Instituting  
7 Rulemaking (“R.”) 11-03-012 (“GHG OIR”) to address the use of GHG allowance revenues that  
8 electric utilities may receive. In accordance with OP 3 of D.12-12-033, the utilities were directed  
9 to allocate the revenues to all customers in the applicable customer groups set forth in the decision  
10 inclusive of Direct Access (“DA”) and Community Choice Aggregator (“CCA”) customers.

11 **III. GHG ALLOWANCE REVENUE RETURN ALLOCATION METHODOLOGY**

12 Pursuant to OP 1 of D.12-12-033, the Commission directed the utilities to distribute GHG  
13 allowance revenues to customers using a hierarchy (see Table 1 below) after first setting aside  
14 appropriate amounts for customer outreach and education activities and administrative activities.  
15 Furthermore, under California Public Utilities Code (“P.U. Code”) Section 748.5(c), the  
16 Commission may allocate up to 15% of the revenues received by an electrical corporation from its  
17 sales of allocated GHG allowances to clean energy and energy efficiency projects that are not  
18 funded by another source.

19 **Table 1 – GHG Allowance Revenue Return Allocation Hierarchy**

Hierarchy	Description
1	Emission-intensive and trade-exposed entities
2	Offset cap-and-trade program rate impacts for small businesses
3	Neutralize cap-and-trade program rate impacts for residential customers
4	Climate Dividend for residential customers

20 Attachment A of my testimony sets forth SDG&E’s calculation of the proposed 2015 GHG  
21 Allowance Revenue Return including: 1) authorized allowance revenues from 2013 and forecasted  
22 allowance revenues from 2015, 2) authorized expenses for 2013 and forecasted expenses for 2015,

1 and 3) forecast revenue returns for each customer class for 2015. The following sections III.A and  
2 III.B describe the inputs that are used for calculating the 2015 GHG allowance revenue return.

3 **A. 2015 GHG Allowance Revenue Return Calculation**

4 For 2015, SDG&E forecasts the GHG allowance revenue return as follows:

5 **Table 2 – 2013 & 2015 Combined Forecasted Net GHG Revenues Available for Return**

Line	Description	Amount
1	2015 Forecasted GHG Allowance Revenues*	(132,147,156)
2	Less Forecasted Expenses:	
3	Outreach and Education Activities	576,250
4	Administration Activities	225,000
5	Reserves for Clean Energy Investment	11,000,000
6	2015 Forecasted Net GHG Revenues Available for Return	<u><u>(120,345,906)</u></u>

6 \*Includes interest, franchise fees & uncollectibles (FF&U)

7 As discussed in the Prepared Direct Testimony of David T. Barker, SDG&E forecasts 2015 GHG  
8 allowance revenues of approximately \$78.7 million.<sup>4</sup> Prior to distributing the GHG allowance  
9 revenues to electric customers, the revenues are adjusted to set aside funds for outreach and  
10 administration activities as well as clean energy and energy efficiency investments. For 2015, as  
11 discussed in the Prepared Direct Testimony of Rick Janke, SDG&E forecasts customer outreach  
12 costs of approximately \$175,000<sup>5</sup> and administrative costs of approximately \$12,500.<sup>6</sup> As  
13 discussed in the Prepared Direct Testimony of David T. Barker, SDG&E requests that the  
14 Commission authorize SDG&E to allocate \$11.0 million<sup>7</sup> of the revenues to fund clean energy and  
15 energy efficiency investments. Therefore, if SDG&E's proposal is approved by the Commission,  
16 the forecasted net amount of GHG allowance revenue available for return to ratepayers specific to  
17 2015 will be \$68.7 million. SDG&E is also authorized to include 50% of the 2013 GHG

<sup>4</sup> Amount not adjusted for FF&U.

<sup>5</sup> Amount not adjusted for FF&U.

<sup>6</sup> Amount not adjusted for FF&U.

<sup>7</sup> Amount not adjusted for FF&U.

1 allowance revenue available for return to ratepayers which is \$51.7 million. The combined 2013  
2 and 2015 GHG allowance revenue available for return to ratepayers in 2015 is \$120.3 million.<sup>8</sup>

3 **B. 2015 Forecasted Net GHG Revenues Available for Return Allocation**

4 In accordance with the GHG allocation methodology adopted in D.12-12-033, SDG&E's  
5 GHG allowance revenue return will be allocated to ratepayers, including DA and CCA customers,  
6 using the following methodology:

7 **Table 3 – 2013 & 2015 Combined Forecasted GHG Revenues Available for Return**  
8 **Allocation**

Line	Description	Amount
1	2015 Forecasted GHG Revenues Avail. for Return Allocation	
2	Emission-Intensive and Trade-Exposed Entities	(1,396,503)
3	Small Businesses	(9,928,673)
4	Residential Customers Volumetric Return	(46,111,421)
5	Residential California Climate Credit	<u>(62,909,309)</u>
6	2015 Forecasted Net GHG Revenues Available for Return	<u><u>(120,345,906)</u></u>

9  
10 **1. Emission-Intensive and Trade-Exposed Entities (“EITE”)**

11 Facilities identified as EITE currently are more formally referred to as Industrial Covered  
12 Entities that qualify for Industry Assistance in the ARB cap-and-trade Regulation; but the EITEs  
13 may be expanded for purposes of revenue return. Using the Energy Division's allocation  
14 methodology recommended in the “Greenhouse Gas Allowance Revenue Allocation  
15 Methodologies for Emissions Intensive and Trade Exposed Entities and Small Businesses” (“Staff  
16 Report”), as outlined in the Prepared Direct Testimony of David T. Barker, the forecasted set aside  
17 for revenue return to EITE customers will be approximately \$0.961<sup>9</sup> million specific to 2015. In  
18 addition, SDG&E is also including 50% of the forecasted set aside for the 2013 EITE revenue  
19 return which is \$0.424 million. The combined 2013 and 2015 EITE set aside for return in 2015 is

<sup>8</sup> Amount adjusted for interest and FF&U.

<sup>9</sup> Amount not adjusted for FF&U.

1 \$1.397 million. Bundled, DA and CCA customers identified as EITE will receive an annual fixed-  
2 amount on-bill credit based on CPUC calculations.

### 3 **2. Small Businesses**

4 Small businesses are defined as non-residential electric customers on a general service or  
5 agricultural tariff with monthly demand not exceeding 20 kilowatts for more than three months in  
6 a twelve-month period. Small businesses entitled to receive revenue return bill credits, as defined  
7 above, will include customers in SDG&E's Small Commercial, Medium and Large Commercial  
8 and Industrial, and Agricultural customer classes. Bundled, DA and CCA small business  
9 customers will receive the volumetric return in dollars per kilowatt hour ("kWh"). To meet the  
10 OP 1 of D.12-12-033, which directs the utilities to offset the rate impacts of the cap-and-trade  
11 program in the electricity rates of small businesses, the credit rate is volumetrically-calculated  
12 based on the amount of GHG-related costs that are allocated to the defined bundled small business  
13 customers, differentiated by customer class. The same credit rate, differentiated by customer  
14 class, will apply to DA and CCA customers to ensure they receive their share of GHG allowance  
15 revenues. Monthly, the revenue return bill credit, referred to as the California Climate Credit, will  
16 appear as a separate line-item on the customers' bills. The forecasted return to small business  
17 customers specific to 2015 is \$5.3 million.<sup>10</sup> In addition, SDG&E is authorized to include 50% of  
18 the forecasted 2013 small business return to customers in 2015. The forecasted combined 2013  
19 and 2015 small business return in 2015 is \$9.9 million.

### 20 **3. Residential Customers Volumetric Return**

21 The revenue return to residential customers is designed to neutralize the rate impacts of  
22 cap-and-trade program costs embedded in rates. As a result of Assembly Bill ("AB") 1X<sup>11</sup> and  
23 Senate Bill ("SB") 695,<sup>12</sup> residential Tier 1 and 2 customers were protected from rate increases  
24 while Tier 3 and 4 customers essentially subsidize the increased costs. The Commission

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<sup>10</sup> Amount adjusted for FF&U.

<sup>11</sup> In 2001, in response to the energy crisis, Legislature passed AB 1X which froze Tier 1 and 2 rates.

<sup>12</sup> SB 695 limited increases to Tier 1 and 2 rates for both California Alternative Rates for Energy ("CARE") and non-CARE customer. SB 695 limitations related to CARE tiered rates expired December 31, 2013.

1 recognized that the current residential tiered rate structure disproportionately assigns costs to the  
2 upper tiers (Tier 3 and 4); therefore, utilities are authorized to use GHG allowance revenues to  
3 offset all GHG costs in the upper-tier residential rates. Residential customers will receive their  
4 first revenue return in electric rates through a volumetrically-calculated rate adjustment. This  
5 same volumetric rate adjustment to Tier 3 and 4 rates will apply to DA and CCA customers. As  
6 set forth in the Prepared Direct Testimony of Benjamin Montoya, SDG&E forecasts GHG cap-  
7 and-trade program costs of approximately \$62.2 million for 2015, of which residential customers  
8 are allocated 42.45% based on SDG&E's currently authorized commodity allocation factors. The  
9 resulting revenue return for bundled, DA and CCA residential customers is expected to be about  
10 \$26.8 million<sup>13</sup> for 2015. In addition, SDG&E is authorized to include 50% of the authorized  
11 2013 residential volumetric return to customers in 2015 which is \$19.3 million. The forecasted  
12 combined 2013 and 2015 residential volumetric return in 2015 is \$46.1 million.

#### 13 **IV. RECONCILIATION OF 2013 GHG ALLOWANCE REVENUE RETURN**

14 The 2015 allowance revenue returns to eligible small business customers and residential  
15 customers that receive volumetric returns of allowance revenue will be adjusted for deviations of  
16 the 2013 GHG costs used to set the revenue return and actual 2013 GHG costs. The adjusted 2015  
17 allowance revenue is further described below in Section V. The authorized forecasted 2013 GHG  
18 costs were \$89.8 million while actual GHG costs, as discussed in the Prepared Direct Testimony  
19 of Ana Garza-Beutz, were \$59.3 million which results in a variance of \$30.4 million. The  
20 authorized forecasted 2013 GHG allowance revenues were \$103.3 million while actual 2013 GHG  
21 allowance revenues, as discussed in the Prepared Direct Testimony of Ana Garza-Beutz, were  
22 \$82.5 million which results in a variance of \$20.8 million.

23 SDG&E was authorized to set aside 2013 allowance revenues to fund customer outreach  
24 and education activities as well as administrative activities. For the allowance revenue return  
25 reconciliation, these expenses of approximately \$1.2 million remained unchanged.

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<sup>13</sup> Amount adjusted for FF&U.



1           SDG&E forecasted \$103.4 million<sup>14</sup> for the 2013 GHG revenues available for return in its  
2 2014 GHG forecast application. SDG&E calculated \$82.3 million<sup>15</sup> for its actual 2013 GHG  
3 revenues available for return by taking the actual 2013 GHG allowance revenues of \$82.5 million  
4 (as described above) adding FF&U of \$1.0 million and interest of \$49,626 then subtracting the  
5 actual 2013 GHG expenses of \$1.2 million (as described above). The variance between the  
6 forecasted and actual 2013 GHG revenues available for return is \$21.1 million. The actual 2013  
7 GHG revenues available for return are then allocated using the methodology adopted by the  
8 Commission in D.12-12-033.

9           As discussed in the Prepared Direct Testimony of David T. Barker, the Commission has  
10 not issued a final decision resolving outstanding EITE customer allocation methodology issues as  
11 of April 15, 2014. Therefore, for the purposes of this allowance revenue return reconciliation, the  
12 2013 forecasted EITE allowance revenue return of \$0.8 million will remain unchanged.

13           SDG&E forecasted \$9.2 million for the volumetric California Climate Credit return to  
14 eligible small businesses. SDG&E calculated the rate impact of the actual 2013 GHG costs in  
15 eligible small business electricity rates based on the amount of GHG-related costs that are  
16 allocated to the defined bundled small business customers, differentiated by customer class. The  
17 actual 2013 allowance revenue return for small businesses is \$6.1 million. The variance between  
18 the forecasted and actual 2013 allowance revenue return to small businesses is \$3.1 million.

19           SDG&E forecasted \$38.7 million for the 2013 volumetric return to residential customers.  
20 SDG&E calculated the rate impact of the actual 2013 GHG costs allocated to bundled residential  
21 customers to determine the actual 2013 volumetric return to residential customers. Currently,  
22 SDG&E is authorized to allocate 42.45% of commodity costs to residential customers resulting in  
23 an actual 2013 volumetric return to residential customers of \$25.6 million. The variance between  
24 the forecasted and actual 2013 volumetric return to residential customers is \$13.1 million.

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<sup>14</sup> Amount adjusted for FF&U and interest.

<sup>15</sup> Amount adjusted for FF&U and interest.

1 Table 4 compares the difference between the authorized forecasted 2013 GHG allowance  
 2 revenue return allocation and the actual 2013 GHG allowance return allocation for the items  
 3 described above.

4 **Table 4 – Reconciliation of 2013 Allowance Revenue Return Allocation**

Reconciliation of 2013 GHG Allowance Revenue Return				
Line	Description	2013 FC (\$000)	2013 Actual (\$000)	Difference
1	<b>Forecasted GHG Allowance Revenues</b>			
2	Forecast	\$ (103,302.000)	\$ (82,453.505)	\$ 20,848.495
3	Interest	\$ (57.545)	\$ (49.626)	\$ 7.919
4	Franchise Fees and Uncollectibles	\$ (1,243.825)	\$ (1,019.117)	\$ 224.708
5	<b>Subtotal Revenue Forecast</b>	<b>\$ (104,603.370)</b>	<b>\$ (83,522.248)</b>	<b>\$ 21,081.122</b>
6	<b>Forecast Expenses</b>			
7	Outreach Expenses	\$ 750.000	\$ 750.000	\$ -
8	Share of 2013 Outreach Consultant Expense (Targetbase)	\$ 52.500	\$ 52.500	\$ -
9	Admin Expenses <sup>1</sup>	\$ 425.000	\$ 425.000	\$ -
10	Reserve for Clean Energy Investment	\$ -	\$ -	\$ -
11	Interest	\$ -	\$ -	\$ -
12	Franchise Fees and Uncollectibles	\$ -	\$ -	\$ -
13	<b>Subtotal Forecast Expenses</b>	<b>\$ 1,227.500</b>	<b>\$ 1,227.500</b>	<b>\$ -</b>
14	<b>Net GHG Revenues Available for Return (Line 5 + Line 13)</b>	<b>\$ (103,375.870)</b>	<b>\$ (82,294.748)</b>	<b>\$ 21,081.122</b>
15	<b>GHG Revenue Amount Returned to Eligible Customers</b>			
16	EITE Customer Return (Forecast)	\$ 847.193	\$ 847.193	\$ -
17	Small Business Volumetric Return (Forecast)	\$ 9,240.054	\$ 6,115.948	\$ (3,124.107)
18	Residential Volumetric Return (Forecast)	\$ 38,660.981	\$ 25,561.478	\$ (13,099.504)
19	<b>Subtotal EITE + Volumetric Returns</b>	<b>\$ 48,748.229</b>	<b>\$ 32,524.619</b>	<b>\$ (16,223.610)</b>
20	<b>Total Revenue Return Available for 2015 (Line 14 + Line 19)</b>	<b>\$ (54,627.641)</b>	<b>\$ (49,770.130)</b>	<b>\$ 4,857.511</b>

<sup>1</sup>Simple Average of 2013 forecasted administrative costs which are estimated to be between \$350k and \$500k.

5 **V. RESIDENTIAL CALIFORNIA CLIMATE CREDIT**

6 For 2015, the residential California Climate Credit is forecasted to be approximately \$58.1  
 7 million. The California Climate Credit is calculated by taking the remaining 2015 GHG  
 8 allowance revenues of \$62.9 million (from Table 3, line 5) less the \$4.9 million adjustment for the  
 9 2013 GHG allowance revenue return reconciliation (from Table 4, line 20). The credit will be  
 10 allocated to all residential customers on an equal cents-per-residential-account basis which will be  
 11 credited to customers semi-annually as an on-bill credit.

12 **VI. REVISED 2013 GHG COST FORECAST**

13 D.13-12-041 authorized SDG&E to amortize 50% of its forecasted 2013 GHG costs in  
 14 2015 rates. Since the 50% of 2013 forecasted GHG costs have not been implemented into rates,  
 15 SDG&E is requesting the Commission to authorize the revised forecast of 2013 GHG costs based

on the estimated actual GHG costs described in the Prepare Direct Testimony of SDG&E witness Ana Garza-Beutz of \$59.3 million or \$60.0 million including FF&U. SDG&E proposes that the Commission adopt a revised 2013 GHG cost forecast of \$30.0 million to be applied to the 2015 GHG cost recovery.

## VII. RATE IMPACT

Table 5 below compares the difference between the 2014 and 2015 GHG allowance revenue return allocation.

**Table 5 – Comparison of 2014 and 2015 Allowance Revenue Return Allocation**

2014 to 2015 GHG Forecast Comparison				
Line	Description	2014 Forecast <sup>1</sup> (\$000)	2015 Forecast <sup>2</sup> (\$000)	Difference
<b>GHG Costs</b>				
1	Forecasted GHG Costs	\$ 107,888	\$ 92,959	\$ (14,929)
2	Total GHG Costs (Line 1)	\$ 107,888	\$ 92,959	\$ (14,929)
<b>GHG Revenue Return Allocation</b>				
3	Forecasted GHG Allowance Revenues	\$ (148,021)	\$ (111,066)	\$ 36,955
4	Forecasted GHG Expenses	\$ 801	\$ 11,801	\$ 11,000
5	Net GHG Revenues Available for Return (Line 3 + Line 4)	\$ (147,220)	\$ (99,265)	\$ 47,955
<b>Customer Returns</b>				
6	Forecasted EITE Customer Return	\$ 1,584	\$ 1,397	\$ (187)
7	Forecasted Small Business Volumetric Customer Return <sup>3</sup>	\$ 10,346	\$ 6,805	\$ (3,541)
8	Forecasted Residential Volumetric Customer Return	\$ 45,915	\$ 33,012	\$ (12,903)
9	Subtotal EITE + Volumetric Returns (Lines 6 through 8)	\$ 57,845	\$ 41,213	\$ (16,632)
10	Total Forecasted Revenue Available for California Climate Credit	\$ (88,739)	\$ (58,052)	\$ 30,687

<sup>1</sup> Amounts include 50% of the authorized 2013 GHG costs and 50% of the authorized 2013 GHG revenue return allocations.

<sup>2</sup> 2015 GHG costs include 50% of the revised forecasted 2013 GHG costs. 2015 GHG revenue return allocation includes 50% of the authorized 2013 GHG revenue return allocations and 100% of the 2013 reconciliation between forecasted and revised revenue return allocations.

<sup>3</sup> The authorized 2013 forecasted small business amount was adjusted to account for the small business industry assistance factor of 90%.

Tables 6 – 8, below, reflect the estimated electric rate impacts of the: 1) forecasted GHG costs to be recovered from customers, 2) forecasted GHG allowance revenue return to be credited to customers, and 3) GHG allowance revenue return credited to customers offsetting the GHG costs recovered from customers. The percentages shown do not necessarily reflect the changes that a customer may see on a bill. Actual changes in individual bills will depend on how much electricity each customer uses.

**A. GHG Costs**

The following table represents the illustrative class average rate impacts for 50% of the proposed revised 2013 GHG costs (\$30.0 million) and 100% of the forecasted 2015 GHG costs (\$62.9 million) that will be recovered from customers during 2015. The adjusted 2015 GHG costs of \$93.0 million are a decrease of \$14.9 million when compared to the authorized 2014 GHG costs of \$107.9 million.

**Table 6 – 2013 and 2015 GHG Costs Class Average Rate Impacts**

	<b>Current Total Rate (¢/KWhr)<sup>16</sup></b>	<b>Proposed Total Rate (¢/KWhr)</b>	<b>Total Rate Change (¢/KWhr)</b>	<b>Total Rate Change (%)</b>
<b>Residential</b>	20.624	20.348	(0.276)	-1.34%
<b>Small Commercial</b>	21.172	20.874	(0.298)	-1.41%
<b>Med &amp; Lg C&amp;I</b>	17.233	16.939	(0.294)	-1.71%
<b>Agriculture</b>	20.869	20.584	(0.285)	-1.37%
<b>Lighting</b>	17.696	17.491	(0.205)	-1.16%
<b>System Total</b>	18.873	18.587	(0.286)	-1.52%

**B. GHG Allowance Revenue Return**

The following table represents the illustrative class average rate impacts for 50% of the authorized 2013 (\$24.4 million), 100% of the forecasted 2015 (\$33.1 million) GHG allowance revenue return as well as the forecasted California Climate Credit of \$58.1 million that will be credited to customers during 2015. The rate impacts also include the true-up adjustment between

<sup>16</sup> Per AL 2587-E, effective April 1, 2014.

1 forecasted and actual 2013 GHG allowance revenue return to small business customers (\$3.1  
 2 million) and residential customers (\$13.1 million).

3 The small businesses and EITE customers, as defined in D.12-12-033, are represented in  
 4 more than one of SDG&E’s customer classes. Small businesses entitled to receive GHG  
 5 allowance revenue bill credits will include customers in SDG&E’s Small Commercial, Medium &  
 6 Large Commercial & Industrial, and Agricultural customer classes. EITE customers are  
 7 anticipated to be included in SDG&E’s Medium & Large Commercial & Industrial customer  
 8 class. Since bill credits for small businesses are included in more than one customer class, rate  
 9 impacts specific to each group are not computed.

10 The adjusted 2015 allowance revenue returns of \$99.3 million are a decrease of \$48.0  
 11 million when compared to the authorized 2014 allowance revenue returns of \$147.2 million.

12 **Table 7 – 2013 and 2015 GHG Allowance Revenue Return Class Average Rate Impacts**

	<b>Current Total Rate (¢/KWhr)</b>	<b>Proposed Total Rate (¢/KWhr)</b>	<b>Total Rate Change (¢/KWhr)</b>	<b>Total Rate Change (%)</b>
<b>Residential</b>	<b>20.624</b>	<b>21.375</b>	<b>0.751</b>	<b>3.64%</b>
<b>Small Commercial</b>	<b>21.172</b>	<b>21.454</b>	<b>0.282</b>	<b>1.33%</b>
<b>Med &amp; Lg C&amp;I</b>	<b>17.233</b>	<b>17.229</b>	<b>(0.004)</b>	<b>-0.02%</b>
<b>Agriculture</b>	<b>20.869</b>	<b>20.954</b>	<b>0.085</b>	<b>0.41%</b>
<b>Lighting</b>	<b>17.696</b>	<b>17.696</b>	<b>0.000</b>	<b>0.00%</b>
<b>System Total</b>	<b>18.873</b>	<b>19.182</b>	<b>0.309</b>	<b>1.64%</b>

13 **C. GHG Costs Offset by GHG Allowance Revenue Return**

14 The following table represents the illustrative class average rate impacts for the combined  
 15 authorized 2013 and forecasted 2015 GHG costs offset by: 1) the GHG allowance revenue return  
 16 and 2) the variances between the 2013 forecasted and actual GHG costs and GHG allowance  
 17 revenue return amounts.  
 18

**Table 8 – 2013 and 2015 GHG Costs Offset by GHG Allowance Revenue Return  
Class Average Rate Impacts**

	<b>Current Total Rate (¢/KWhr)<sup>17</sup></b>	<b>Proposed Total Rate (¢/KWhr)</b>	<b>Total Rate Change (¢/KWhr)</b>	<b>Total Rate Change (%)</b>
<b>Residential</b>	20.624	21.099	0.475	2.30%
<b>Small Commercial</b>	21.172	21.156	(0.016)	-0.08%
<b>Med &amp; Lg C&amp;I</b>	17.233	16.935	(0.298)	-1.73%
<b>Agriculture</b>	20.869	20.669	(0.200)	-0.96%
<b>Lighting</b>	17.696	17.491	(0.205)	-1.16%
<b>System Total</b>	18.873	18.896	0.023	0.12%

Table 9 below presents the illustrative class average rate impacts for the combined 2013 and forecasted 2015 GHG costs offset by: 1) the GHG allowance revenue return, and 2) the variances between the 2013 forecasted and actual GHG costs and GHG allowance revenue return amounts excluding revenues associated with the residential California Climate Credit.

**Table 9 – 2013 and 2015 GHG Costs Offset by GHG Allowance Revenue Return  
Class Average Rate Impacts excluding residential California Climate Credit**

	<b>Current Total Rate (¢/KWhr)<sup>18</sup></b>	<b>Proposed Total Rate (¢/KWhr)</b>	<b>Total Rate Change (¢/KWhr)</b>	<b>Total Rate Change (%)</b>
<b>Residential</b>	21.757	21.841	0.084	0.39%
<b>Small Commercial</b>	21.172	21.156	(0.016)	-0.08%
<b>Med &amp; Lg C&amp;I</b>	17.233	16.935	(0.298)	-1.73%
<b>Agriculture</b>	20.869	20.669	(0.200)	-0.96%
<b>Lighting</b>	17.696	17.491	(0.205)	-1.16%
<b>System Total</b>	19.298	19.174	(0.124)	-0.64%

This concludes my prepared direct testimony.

<sup>17</sup> Per AL 2587-E, effective April 1, 2014.

<sup>18</sup> Per AL 2587-E, effective April 1, 2014.

1 **VIII. QUALIFICATIONS**

2 My name is Yvonne M. Le Mieux. I am employed by SDG&E as a Project Manager II in  
3 the Electric Rates section of the Electric Rates & Analysis department. My business address is  
4 8330 Century Park Court, San Diego, California, 92123.

5 I graduated from the San Diego State University in 2003 with a Bachelor of Science degree  
6 in Business Administration with Distinction in Accounting. I have been a Certified Public  
7 Accountant, licensed in the state of California, since 2005. I have held the Certified Internal  
8 Auditor designation since 2006 and the Chartered Global Management Accountant designation  
9 since 2012.

10 I have been employed with SDG&E and Sempra Energy since 2003. In addition to my  
11 current position in Electric Rates & Analysis, I have held various positions with increasing  
12 responsibility including a senior regulatory accounts advisor position in the Financial Analysis  
13 Department, a senior auditor position in the Audit Services Department under the Financial and  
14 Operational discipline and a staff accountant position in the Sempra Energy Global Accounting  
15 Department at Sempra Energy's corporate offices. In my current position, my responsibilities  
16 include implementing electric rate changes and analytical support for cost recovery and rate  
17 design.

18 I have previously submitted testimony and testified before the California Public Utilities  
19 Commission.

## Attachment A

<b>Proposed 2015 Allowance Revenue Return<sup>1</sup></b>		
Line	Description	(\$000)
1	<b>GHG Allowance Revenues</b>	
2	2013 Forecast (amortized in 2015)	\$ (51,651)
3	2013 Reconciliation	\$ 20,848
4	2015 Forecast	\$ (78,672)
5	2013 Forecast Franchise Fees and Uncollectibles	\$ (622)
6	2015 Forecast Franchise Fees and Uncollectibles	\$ (1,095)
7	2013 Franchise Fees and Uncollectibles Reconciliation	\$ 225
8	2013 Interest (Forecasted)	\$ (29)
9	2014 Interest (Forecasted)	\$ (78)
10	2013 Interest Reconciliation	\$ 8
11	<b>Subtotal Revenue</b>	<b>\$ (111,066)</b>
12	<b>Expenses</b>	
13	2013 Outreach Expenses (amortized in 2015)	\$ 375
14	Share of 2013 Outreach Consultant Expense (Targetbase)	\$ 26
15	2015 Outreach Expenses	\$ 175
16	2013 Admin Expenses (amortized in 2015)	\$ 213
17	2015 Reserve for Clean Energy Investment	\$ 11,000
18	2015 Admin Expenses	\$ 13
19	Franchise Fees and Uncollectibles	\$ -
20	Interest	\$ -
21	<b>Subtotal Expenses</b>	<b>\$ 11,801</b>
22	<b>Net GHG Revenues Available for Return (Line 6 + Line 16)</b>	<b>\$ (99,265)</b>
23	<b>GHG Revenue Amount Returned to Eligible Customers</b>	
24	2013 EITE Customer Return (Forecast)	\$ 424
25	2015 EITE Customer Return (Forecast)	\$ 973
26	2013 Small Business Volumetric Return (Forecast)	\$ 4,620.027
27	2013 Small Business Volumetric Return (Reconciliation)	\$ (3,124)
28	2015 Small Business Volumetric Return (Forecast)	\$ 5,308.646
29	2013 Residential Volumetric Return (Forecast)	\$ 19,330.491
30	2013 Residential Volumetric Return (Reconciliation)	\$ (13,100)
31	2015 Residential Volumetric Return (Forecast)	\$ 26,780.930
32	<b>Subtotal EITE + Volumetric Returns</b>	<b>\$ 41,213</b>
33	<b>Total Revenue Available for 2015 California Climate Credit (Line 17 + Line 22)</b>	<b>\$ (58,052)</b>
34	Estimated Number of Households Eligible for 2015 California Climate Credit	1,224
35	<b>Estimated 2015 Per-Household Semi-Annual California Climate Credit ((1/2 x Line 23) ÷ Line 24)</b>	<b>\$ (23.71)</b>

<sup>1</sup>Assumes amortization of 50% of the 2013 revenue return