

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2019 General Rate Case
Application: A.17-10-_____
Exhibit: SDG&E-45

SDG&E

**DIRECT TESTIMONY OF IFTEKHARUL (SHARIM) CHAUDHURY
(PRESENT AND PROPOSED GAS TRANSPORTATION REVENUE AND RATES)**

October 6, 2017

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



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SUMMARY

- This testimony presents the natural gas transportation revenue and rate changes, and the expected residential customer bill impact associated with San Diego Gas & Electric Company's (SDG&E) Test Year (TY) 2019 General Rate Case (GRC) proposals.
- Due to SDG&E's natural gas-related TY 2019 GRC proposals:
 - System total bundled revenues will increase 20.8% over present 2017 revenues and 18.1% over estimated 2018 revenues.
 - For an illustrative non-California Alternate Rates for Energy (non-CARE) residential customer with average gas usage, the average monthly bill at proposed rates will increase 24.0% over the bill at present 2017 rates and 21.1% over the bill at estimated 2018 rates.

SDG&E DIRECT TESTIMONY OF SHARIM CHAUDHURY
(PRESENT AND PROPOSED GAS TRANSPORTATION REVENUES AND RATES)

I. INTRODUCTION

The purpose of my testimony is to present: (1) a summary of the customer class-specific gas transportation revenue and rate changes that would result from the adoption of the TY 2019 GRC proposals of SDG&E; and (2) an estimate of average monthly gas bill impact for a residential customer with average monthly gas usage.

II. SUMMARY OF PRESENT AND PROPOSED GAS TRANSPORTATION REVENUES AND RATES

SDG&E's proposals in this GRC proceeding, if adopted, would result in changes to:

- (i) total authorized natural gas base margin for transportation rates (see Summary of Earnings testimony of Khai Nguyen (Exhibit SDG&E-42) and Present and Proposed Electric Revenues & Rates testimony of Jeffrey Shaughnessy (Exhibit SDG&E-46));
- (ii) franchise fee rate (see Tax testimony of Ragan Reeves (Exhibit SDG&E-35); and
- (iii) uncollectible rate (see Customer Services - Office Operations testimony of Jerry Stewart (Exhibit SDG&E-18)).

SDG&E's Gas Proposals Resulting in Rate Changes:	Proposed 2019 Amounts
Base Margin (\$ millions)	\$429
Franchise Fee Rate	2.0799%
Uncollectible Rate	0.1740%

SDG&E's gas-related GRC proposals, if adopted, would lead to changes in customer class-specific gas revenues and rates. SDG&E's customers are generally classified as core and noncore customers. Core customers comprise residential, small commercial and industrial (C&I), and natural gas vehicle. Noncore customers are large C&I, and electric

1 generation (EG) customers. SDG&E procures natural gas for its core customers,¹ noncore
2 customers are responsible for procuring their own gas.

3 SDG&E's gas-related GRC proposals, if adopted, would impact its gas intrastate
4 transportation rates and revenues. Rates and revenues for other components of the bundled
5 rates, including gas commodity cost and Public Purpose Program (PPP) surcharges, would
6 not be impacted based on this Application and, therefore, have been held constant for the
7 present versus proposed revenues and rates comparison.² The transportation rates and
8 revenues reflect the cost allocation methods, the functional cost studies,³ and sales volumes
9 adopted in SDG&E's most recent Triennial Cost Allocation Proceeding (TCAP)
10 implemented on January 1, 2017,⁴ and other proceedings as appropriate.

11 Since the proposed 2019 GRC revenue requirement and rates will be implemented no
12 earlier than January 1, 2019, the tables below compare the proposed 2019 GRC revenue
13 requirement and rates with those (i) currently in effect as of August 1, 2017 and (ii) estimated to
14 be in effect as of January 1, 2018.⁵ Table ISC-01 shows the current and proposed 2019 gas
15 bundled revenues to be recovered from major customer classes.

¹ With the exception of core customers who procure gas from core transportation aggregators.

² The commodity price used in these tables reflects 2017 annual gas price. The PPP surcharges used are those effective as of January 1, 2017.

³ Functional cost studies refer to cost studies for customer-related, distribution-related and transmission-related functions.

⁴ See Decision (D.) 16-10-004 (TCAP Phase 2), see also D.16-06-039 (TCAP Phase 1), effective January 1, 2016.

⁵ The 2018 expected revenue requirement and rates will be different than those currently in effect due primarily to 2018 base margin increase under the current GRC attrition mechanism.

Table ISC-01
SDG&E
Summary of Gas Bundled Revenues by Major Customer Class (\$ millions)

Line No.	Customer Class	Present Revenues	Proposed Revenues	Change	
		Aug-17	2019	\$	%
1	Residential	\$444	\$549	\$105	23.6%
2	Core C&I	\$134	\$147	\$13	10.1%
3	NGV	\$6	\$6	\$0	7.6%
4	Total Core	\$584	\$702	\$119	20.3%
	Noncore				
5	C&I	\$6	\$7	\$1	16.2%
6	EG	\$14	\$20	\$6	41.3%
7	Noncore Average	\$20	\$27	\$7	34.2%
8	SYSTEM TOTALS	\$604	\$729	\$125	20.8%

Table ISC-02 shows the estimated 2018 and proposed 2019 gas bundled revenues to be recovered from major customer classes.

Table ISC-02
SDG&E
Summary of Gas Bundled Revenues by Major Customer Class (\$ millions)

Line No.	Customer Class	Estimated Revenues	Proposed Revenues	Change	
		Jan-18	2019	\$	%
1	Residential	\$455	\$549	\$94	20.7%
2	Core C&I	\$136	\$147	\$12	8.7%
3	NGV	\$6	\$6	\$0	6.5%
4	Total Core	\$596	\$702	\$106	17.9%
	Noncore				
5	C&I	\$6	\$7	\$1	13.6%
6	EG	\$15	\$20	\$5	30.5%
7	Noncore Average	\$21	\$27	\$5	25.9%
8	SYSTEM TOTALS	\$617	\$729	\$112	18.1%

Table ISC-03 shows current and proposed 2019 gas bundled rates by major customer classes.

Table ISC-03
SDG&E
Summary of Gas Class Average Bundled Rates by Major Customer Class (\$/therm)

Line No.	Customer Class	Present Rates	Proposed Rates	Change	
		Aug-17	2019	\$	%
1	Residential	\$1.38745	\$1.71485	\$0.32740	23.6%
2	Core C&I	\$0.73334	\$0.80721	\$0.07387	10.1%
3	NGV	\$0.31618	\$0.34019	\$0.02402	7.6%
4	Total Core	\$1.12015	\$1.34792	\$0.22777	20.3%
	Noncore				
5	C&I	\$0.12592	\$0.14632	\$0.02040	16.2%
6	EG	\$0.02117	\$0.02992	\$0.00875	41.3%
7	Noncore Average	\$0.02776	\$0.03725	\$0.00948	34.2%
8	SYSTEM TOTALS	\$0.48835	\$0.58987	\$0.10152	20.8%

Table ISC-04 shows estimated 2018 and proposed 2019 gas bundled rates by major customer classes.

Table ISC-04
SDG&E
Summary of Gas Class Average Bundled Rates by Major Customer Class (\$/therm)

Line No.	Customer Class	Estimated Rates	Proposed Rates	Change	
		Jan-18	2019	\$	%
1	Residential	\$1.42040	\$1.71485	\$0.29445	20.7%
2	Core C&I	\$0.74236	\$0.80721	\$0.06485	8.7%
3	NGV	\$0.31950	\$0.34019	\$0.02069	6.5%
4	Total Core	\$1.14366	\$1.34792	\$0.20425	17.9%
	Noncore				
5	C&I	\$0.12879	\$0.14632	\$0.01753	13.6%
6	EG	\$0.02293	\$0.02992	\$0.00700	30.5%
7	Noncore Average	\$0.02959	\$0.03725	\$0.00766	25.9%

8	SYSTEM TOTALS	\$0.49932	\$0.58987	\$0.09055	18.1%
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III. RESIDENTIAL CUSTOMER GAS BILL IMPACT

The following table provides an estimate of the average monthly gas bill, comprising gas commodity cost, transportation charges, and PPPS surcharge, for an illustrative non-CARE residential customer.⁶ This estimated bill is based on the average residential customer gas usage of 25 therms per month. As shown in Table ISC-05 below, the gas bill for a residential customer using 25 therms per month would increase by \$8.41 per month, or 24.0% when compared to current 2017 bill (bill at current rates using the same 25 therms monthly usage); and increase by \$7.56 per month, or 21.1% when compared to estimated 2018 bill (bill at estimated 2018 rates using the same 25 therms monthly usage).

Table ISC-05
SDG&E
Monthly Residential Gas Bills with Average Usage

	Present Aug-17	Proposed 2019	Change \$	%
Average Bill 25 therms/month	\$35.02	\$43.43	\$8.41	24.0%

	Estimated Jan-18	Proposed 2019	Change \$	%
Average Bill 25 therms/month	\$35.86	\$43.43	\$7.56	21.1%

IV. CONCLUSION

This concludes my prepared direct testimony.

⁶ CARE customers receive a 20% CARE discount on all customer, commodity, and transportation charges on their otherwise applicable service schedule. In addition, they do not pay the CARE portion of the Public Purpose Programs Surcharge.

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Iftekharul (Sharim) Chaudhury. I am employed by SoCalGas and SDG&E
3 as the Rate Design and Demand Forecasting Manager within the Regulatory Affairs Department,
4 which supports gas regulatory activities of both SoCalGas and SDG&E. My business address is
5 555 West Fifth Street, Los Angeles, California, 90013-1011. I hold a Bachelor of Arts degree in
6 Economics from Illinois State University. I received my Masters and Ph.D. degrees in
7 Economics from the University of California, San Diego.

8 I have held my current position managing the rates group since August 2014, and have
9 been managing the demand forecasting group since April 2013. Prior to joining SoCalGas, I
10 worked at Southern California Edison Company from June 1999 to March 2013, holding several
11 positions of increasing responsibility, from Senior Analyst to Manager of Price Forecasting to
12 Manager of Long-Term Demand Forecasting. From October 1998 to May 1999, I worked at
13 National Economic Research Associates (NERA) as a Senior Consultant. Prior to joining
14 NERA, I worked at SoCalGas from 1991 to 1998, holding several positions of increasing
15 responsibility, starting as Marketing Analyst to Senior Economist in the Rate Design group to
16 Manager of Rate Design. I also worked for about a year at the California Energy Commission
17 (CEC) in the Demand Analysis Office.

18 I have previously testified before the Commission.

LIST OF ACRONYMS

ACRONYM	DEFINITION
CARE	California Alternate Rates for Energy
C&I	commercial and industrial
EG	electric generation
GRC	General Rate Case
PPP	Public Purpose Program
SDG&E	San Diego Gas & Electric Company
TCAP	Triennial Cost Allocation Proceeding
TY	Test Year