

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

Application of San Diego Gas & Electric Company (U 902 E) for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design	Application 19-03-002 (Filed March 4, 2019)
And Related Matter.	Application 10-07-009

**RESPONSE OF
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
TO SECTION 3 OF THE ADMINISTRATIVE LAW JUDGE'S JULY 26, 2019 RULING
DIRECTING SAN DIEGO GAS & ELECTRIC COMPANY TO FILE/SERVE SUPPLEMENTAL
INFORMATION**

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August 12, 2019

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I. INTRODUCTION

Pursuant to the California Public Utilities Commission’s (“CPUC” or “Commission”) Rules of Practice and Procedure and Ordering Paragraph 2 of the Administrative Law Judge’s (“ALJ”) July 26, 2019 Ruling Directing San Diego Gas & Electric Company [“SDG&E”] to File/Serve Supplemental Information (“July 26, 2019 Ruling”), SDG&E respectfully submits this Response to Section 3 (“Distribution Demand Charge Study”) of the July 26, 2019 Ruling.¹

Section 3 of the July 26, 2019 Ruling (at p. 3) requires SDG&E to:

[F]ile and serve a document that explicitly states whether and how SDG&E’s distribution demand charge research study, and/or the results of the alternative scenario that SDG&E analyzed following the May 23, 2019 demand charge

¹ Ordering Paragraph (“OP”) 2 of the July 26, 2019 Ruling states that “SDG&E shall file and/or serve (as specified in each section) documents containing information responsive to Sections 2, 3 and 4 within 15 days after the issue date of this ruling.” August 12, 2019 is “within 15 days after the issue date” of the July 26, 2019 Ruling; as such, this Response is timely filed. Under separate cover, SDG&E is today also serving supplemental testimony in response to Section 2 of the July 26, 2019 Ruling. In an August 6, 2019 email ruling, the ALJ granted SDG&E’s request for an extension of time, until August 30, 2019, to respond to Section 4 of the July 26, 2019 Ruling.

workshop, impact any of the proposals included in SDG&E's application. If they do not, explain why not.

II. SDG&E RESPONSE

Portions of the workpapers related to distribution revenue allocation and supporting the Chapter 5 Revised Prepared Direct Testimony of William G. Saxe reflect the distribution demand charge study that SDG&E prepared in response to OP 33 of Decision ("D.") 17-08-030. In particular, the distribution demand charge study results are reflected in a file in Mr. Saxe's workpapers labeled "Ch_5_WP#1_Dist Rev Alloc_Public.xls" under the tab titled "Distrib Class EPMC Rates & Rev" (Excel Cells L16-L30), which are used to calculate the Equal Percentage of Marginal Cost ("EPMC") on-peak and non-coincident demand charges shown in Excel Column E (which results in a 94.8% / 5.2% cost allocation split of non-coincident demand to peak demand for SDG&E's System based on the on-peak and non-coincident demand charge revenues shown in Excel Cells F145 and F146).²

SDG&E did not, however, flow through any of the results of its distribution demand charge study into SDG&E's proposed distribution revenue allocations or proposed distribution demand charge rates. This is because SDG&E made the policy determination to propose to maintain the current 39%/61% split of non-coincident-to-peak demand charge cost allocation that the Commission approved in D.17-08-030.³ Among other reasons, SDG&E decided that maintaining the current 39%/61% split would create more certainty for customers who made technological investments in the past and help them to recover the cost of their investments as planned.⁴

² Workpaper Ch_5_WP#1_Dist Rev Alloc_Public, Tab [Distrib Class EPMC Rates & Rev] Excel Column & Row F145 & F146. The sum of F145 + F146 = \$808,472. $\$42,256 / \$808,472 = 5.2\%$. $\$766,216 / \$808,472 = 94.8\%$.

³ D.17-08-030, Conclusion of Law 15 ("COL") at p. 84.

⁴ See, e.g., Chapter 1, Revised Prepared Direct Testimony of Jeff P. Stein (May 2019) at p. JS-11.

SDG&E’s proposals in its testimony also do not incorporate any of the results of the alternative distribution demand charge cost allocation scenarios SDG&E ran in response to Resolution E-4951 and in response to feedback at the May 23, 2019 workshop.

For convenience, SDG&E has summarized the various distribution demand charge study cost allocation results in Table 1 below.

Table 1: Comparison of Distribution Demand Charge Study Allocations

Allocation	Non-Coincident Demand	Peak Demand
Current (from SDG&E 2016 GRC Phase 2) ⁵ and Proposed (for 2019 GRC Phase 2) ⁶	39.0%	61.0%
SDG&E Results Presented in its Distribution Demand Charge Study ⁷ and its Ch. 5 Workpapers ⁸	94.8%	5.2%
Results of Alternative Analysis Per Resolution E-4951 ⁹	42.1%	57.9%
Results of Alternative Scenario from May 23, 2019 workshop (using prior TOU Periods) ¹⁰	60.5%	39.5%

III. CONCLUSION

In conclusion, SDG&E respectfully submits this Response.

Respectfully submitted,

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SAN DIEGO GAS & ELECTRIC COMPANY

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⁵ D.17-08-030 at COL 15 at p. 84.

⁶ See, e.g., Chapter 1, Revised Prepared Direct Testimony of Jeff. P. Stein (May 2019) at p. JS-11.

⁷ See Attachment A-3 of Attachment A (Distribution Demand Charge Study Results) of SDG&E’s May 2019 Prepared Supplemental Testimony of Jose L. Lopez, William G. Saxe, Benjamin A. Montoya and Talal H. Hanna.

⁸ Workpaper Ch_5 WP#1_Dist Rev Alloc_Public, Tab [Distrib Class EPMC Rates & Rev] Excel Column & Row F145 & F146.

⁹ See p. 10 and Attachment A-3 of Attachment A (Distribution Demand Charge Study Results) of SDG&E’s May 2019 Prepared Supplemental Testimony of Jose L. Lopez, William G. Saxe, Benjamin A. Montoya and Talal H. Hanna.

¹⁰ SDG&E served the results of this alternative workshop scenario on June 6, 2019.