

Company: San Diego Gas & Electric Company (U 902 M)  
Proceeding: 2024 General Rate Case – Track 2  
Application No.: A.22-05-016  
Exhibit: SDG&E-T2-05

**CHAPTER 5**  
**PREPARED DIRECT TESTIMONY OF**  
**EVELYN LUNA**  
**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**  
**(TRACK 2 – ELECTRIC AFFORDABILITY METRICS)**

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



**October 2023**

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1                                   **PREPARED DIRECT TESTIMONY OF EVELYN LUNA**  
2                                   **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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4       **I.       OVERVIEW**

5                   Pursuant to Ordering Paragraphs (OPs) 5 and 6 of Decision (D.) 22-08-023, San Diego  
6 Gas & Electric Company (SDG&E) is required to submit Affordability Metrics in any initial  
7 filing in a proceeding with a revenue increase estimated to exceed one percent of currently  
8 authorized revenues systemwide for a single fuel. As required by OPs 5 and 6, this testimony  
9 provides the Affordability Ratio 20 (AR20) by climate zone, Affordability Ratio 50 (AR50) by  
10 climate zone, and Hours at Minimum Wage (HM) associated with both current revenues in effect  
11 and the annual revenue requirement requested. It also provides current and resulting essential  
12 usage bills by climate zone and current and resulting average usage bills by climate zone. Lastly,  
13 it presents for climate zones with Areas of Affordability Concern (AAC) as defined in the most  
14 recent annual Affordability Report, AR20 by climate zones subdivided by Public Use Microdata  
15 Area (PUMA).<sup>1</sup>

16                   This testimony will further present additional analyses of (1) the impact on affordability  
17 of including California Alternate Rates for Energy (CARE) discounts for low-income  
18 households; (2) energy burden to isolate the impact of the electric revenue requirement being  
19 requested; and (3) affordability analysis using a traditional ratemaking. D.22-08-023 permits  
20 stakeholders to provide alternatives to the adopted metrics.<sup>2</sup> SDG&E believes these are important  
21 supplemental metrics that provide a rounded view of potential impacts to its customers.

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<sup>1</sup> CPUC, 2020 Annual Affordability Report (October 2022) (2020 Annual Affordability Report), available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/affordability-proceeding/2020/2020-annual-affordability-report.pdf>.

<sup>2</sup> D.22-08-023, Findings of Fact (FOF) 17 at 77.

1 As stated in the direct testimony of Valerie Bille, SDG&E will be seeking authority for  
2 interim relief in 2024 (\$194 million without franchise fees and uncollectibles (FF&U)) and 2025  
3 (\$96 million without FF&U) for the 2019-2022 balance of the Wildfire Mitigation Plan  
4 Memorandum Account (WMPMA). SDG&E also plans to seek securitization of the approved  
5 remaining revenue requirement and anticipates securitization will begin in 2026 and will spread  
6 over ten years. SDG&E anticipates the revenue requirement impact will be an annual \$117  
7 million without FF&U over the ten-year spread.<sup>3</sup> Since the total requested revenue requirement  
8 exceeds the Affordability Metric threshold, SDG&E is submitting the Affordability Metrics  
9 results.<sup>4</sup>

10 This testimony is organized as follows:

- 11 • **Section I – Overview**
- 12 • **Section II – Essential and Average Bills**
- 13 • **Section III – Affordability Metrics**
- 14 • **Section IV – Areas of Affordability Concern**
- 15 • **Section V – Supplemental California Alternate Rates for Energy (CARE)**
- 16 **Analysis**
- 17 • **Section VI – Supplemental Energy Burden Analysis**
- 18 • **Section VII – Supplemental Traditional Ratemaking Analysis**
- 19 • **Section VIII – Statement of Qualifications**

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<sup>3</sup> The total amount requested in this application including interim relief and securitization is \$1,459 million without FF&U.

<sup>4</sup> The 2020 AR Calculator used to produce Affordability Metrics only produces results up to 2027, therefore SDG&E is only presenting metrics for the proposed years 2024-2027.

1 **II. ESSENTIAL AND AVERAGE BILLS**

2 Essential usage bills represent the average monthly bill a customer would pay for their  
3 essential energy, water, or telecommunications usage. For electric, essential usage has been  
4 defined as the baseline allocation of electricity, which is generally 60% of the average household  
5 usage in a given climate zone.<sup>5</sup> To calculate the essential usage bills, SDG&E multiplied: (1) the  
6 baseline allowance per climate zone for individually metered electric residential customers; by  
7 (2) the Tier 1 electric residential Schedule DR rate, which is uniform by baseline territory.<sup>6</sup> This  
8 is the same agreed-upon methodology between SDG&E and Energy Division (ED) that is used in  
9 its quarterly Cost and Rate Tracking tool submissions as part of the Affordability Order  
10 Instituting Rulemaking 18-07-006 (Affordability OIR). By utilizing Schedule DR, which is a  
11 tiered, non-time-of-use (TOU) rate, there is no additional forecasting of usage patterns, which  
12 vary by customer. SDG&E then weighted the metrics by the number of households in each  
13 baseline territory.<sup>7</sup> Essential usage bills are used as the numerator to calculate the AR and HM  
14 metrics.

15 Figure 1 below presents a map of baseline territories in SDG&E’s service area, which  
16 represent different climate zones.

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<sup>5</sup> See D.20-07-032 at 20-21. Daily baseline quantities vary based on climate zone, season (summer vs winter) and service type (all-electric vs basic).

<sup>6</sup> See *id.* at 20-21. Tier 1 rates are applicable to customers who use up to 130% of baseline allowance.

<sup>7</sup> The number of households by climate zone were used from the AR calculator is the 2020 Affordability Ratio Calculator, published by Energy Division on July 8, 2022, available at <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>.

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**FIGURE 1**  
**SDG&E BASELINE TERRITORY MAP**



To understand the impact that the 2019-2022 WMPMA revenue requirement request has on the Affordability Metrics, SDG&E calculated the electric essential usage bills using (1) rates effective January 1, 2023 and (2) the proposed revenue requirements for 2024, 2025, 2026 and 2027. The resulting electric essential usage bills are summarized in Tables 1 and 2 for non-CARE basic and non-CARE all-electric customers, respectively.<sup>8</sup>

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<sup>8</sup> For simplifying purposes, all months were assumed to be 30-day months to get the monthly baseline allocation. The calculation of the essential usage bills does not incorporate the biannual electric residential California Climate Credits (CCC).

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**TABLE 1**  
**MONTHLY ELECTRIC ESSENTIAL USAGE BILLS**  
**(BASIC SERVICE, NON-CARE)**

|                     | <b>Current</b>   | <b>2024</b>      |                    |          | <b>2025</b>      |                    |          |
|---------------------|------------------|------------------|--------------------|----------|------------------|--------------------|----------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b> |
| Coastal             | \$124.10         | \$128.54         | \$4.44             | 3.58%    | \$126.30         | -\$2.24            | -1.74%   |
| Desert              | \$176.73         | \$183.06         | \$6.32             | 3.58%    | \$179.87         | -\$3.19            | -1.74%   |
| Inland              | \$135.22         | \$140.05         | \$4.84             | 3.58%    | \$137.62         | -\$2.44            | -1.74%   |
| Mountain            | \$179.57         | \$185.99         | \$6.42             | 3.58%    | \$182.76         | -\$3.24            | -1.74%   |
| Average             | \$129.73         | \$134.37         | \$4.64             | 3.58%    | \$132.03         | -\$2.34            | -1.74%   |

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|                     | <b>2026</b>      |                    |          | <b>2027</b>      |                    |          | <b>Total Change Over Current</b> |          |
|---------------------|------------------|--------------------|----------|------------------|--------------------|----------|----------------------------------|----------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b> | <b>Change (\$)</b>               | <b>%</b> |
| Coastal             | \$126.04         | -\$0.27            | -0.21%   | \$126.04         | \$0.00             | 0.00%    | \$1.94                           | 1.56%    |
| Desert              | \$179.49         | -\$0.38            | -0.21%   | \$179.49         | \$0.00             | 0.00%    | \$2.76                           | 1.56%    |
| Inland              | \$137.33         | -\$0.29            | -0.21%   | \$137.33         | \$0.00             | 0.00%    | \$2.11                           | 1.56%    |
| Mountain            | \$182.37         | -\$0.38            | -0.21%   | \$182.37         | \$0.00             | 0.00%    | \$2.80                           | 1.56%    |
| Average             | \$131.75         | -\$0.28            | -0.21%   | \$131.75         | \$0.00             | 0.00%    | \$2.02                           | 1.56%    |

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**TABLE 2**  
**MONTHLY ELECTRIC ESSENTIAL USAGE BILLS**  
**(ALL-ELECTRIC SERVICE, NON-CARE)**

|                     | <b>Current</b>   | <b>2024</b>      |                    |              | <b>2025</b>      |                    |               |
|---------------------|------------------|------------------|--------------------|--------------|------------------|--------------------|---------------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>     | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>      |
| Coastal             | \$104.10         | \$107.82         | \$3.72             | 3.58%        | \$105.94         | -\$1.88            | -1.74%        |
| Desert              | \$232.02         | \$240.32         | \$8.30             | 3.58%        | \$236.13         | -\$4.18            | -1.74%        |
| Inland              | \$146.14         | \$151.37         | \$5.23             | 3.58%        | \$148.74         | -\$2.64            | -1.74%        |
| Mountain            | \$261.96         | \$271.33         | \$9.37             | 3.58%        | \$266.61         | -\$4.72            | -1.74%        |
| <b>Average</b>      | <b>\$124.62</b>  | <b>\$129.08</b>  | <b>\$4.46</b>      | <b>3.58%</b> | <b>\$126.83</b>  | <b>-\$2.25</b>     | <b>-1.74%</b> |

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|                     | <b>2026</b>      |                    |               | <b>2027</b>      |                    |              | <b>Total Change Over Current</b> |              |
|---------------------|------------------|--------------------|---------------|------------------|--------------------|--------------|----------------------------------|--------------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>      | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>     | <b>Change (\$)</b>               | <b>%</b>     |
| Coastal             | \$105.72         | -\$0.22            | -0.21%        | \$105.72         | \$0.00             | 0.00%        | \$1.62                           | 1.56%        |
| Desert              | \$235.64         | -\$0.50            | -0.21%        | \$235.64         | \$0.00             | 0.00%        | \$3.62                           | 1.56%        |
| Inland              | \$148.42         | -\$0.31            | -0.21%        | \$148.42         | \$0.00             | 0.00%        | \$2.28                           | 1.56%        |
| Mountain            | \$266.05         | -\$0.56            | -0.21%        | \$266.05         | \$0.00             | 0.00%        | \$4.09                           | 1.56%        |
| <b>Average</b>      | <b>\$126.56</b>  | <b>-\$0.27</b>     | <b>-0.21%</b> | <b>\$126.56</b>  | <b>\$0.00</b>      | <b>0.00%</b> | <b>\$1.94</b>                    | <b>1.56%</b> |

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The electric average usage bills are summarized in Tables 3 and 4 for non-CARE, basic and non-CARE, all-electric customers, respectively.<sup>9</sup> While essential usage is based on the

<sup>9</sup> The calculation of the average usage bills does not incorporate the biannual electric residential CCC.



1 allocated baseline quantity for each climate zone, average usage is based on the 2022 calendar  
 2 year's recorded average usage for each climate zone.

3 **TABLE 3**  
 4 **MONTHLY ELECTRIC AVERAGE USAGE BILLS**  
 5 **(BASIC SERVICE, NON-CARE)**

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|                     | <b>Current</b>   | <b>2024</b>      |                    |              | <b>2025</b>      |                    |               |
|---------------------|------------------|------------------|--------------------|--------------|------------------|--------------------|---------------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>     | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>      |
| Coastal             | \$170.04         | \$176.12         | \$6.08             | 3.58%        | \$173.05         | -\$3.07            | -1.74%        |
| Desert              | \$188.49         | \$195.23         | \$6.74             | 3.58%        | \$191.84         | -\$3.40            | -1.74%        |
| Inland              | \$171.82         | \$177.96         | \$6.15             | 3.58%        | \$174.87         | -\$3.10            | -1.74%        |
| Mountain            | \$215.64         | \$223.36         | \$7.71             | 3.58%        | \$219.47         | -\$3.89            | -1.74%        |
| <b>Average</b>      | <b>\$171.42</b>  | <b>\$177.55</b>  | <b>\$6.13</b>      | <b>3.58%</b> | <b>\$174.46</b>  | <b>-\$3.09</b>     | <b>-1.74%</b> |

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|                     | <b>2026</b>      |                    |               | <b>2027</b>      |                    |              | <b>Total Change Over Current</b> |              |
|---------------------|------------------|--------------------|---------------|------------------|--------------------|--------------|----------------------------------|--------------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>      | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>     | <b>Change (\$)</b>               | <b>%</b>     |
| Coastal             | \$172.69         | -\$0.36            | -0.21%        | \$172.69         | \$0.00             | 0.00%        | \$2.65                           | 1.56%        |
| Desert              | \$191.43         | -\$0.40            | -0.21%        | \$191.43         | \$0.00             | 0.00%        | \$2.94                           | 1.56%        |
| Inland              | \$174.50         | -\$0.37            | -0.21%        | \$174.50         | \$0.00             | 0.00%        | \$2.68                           | 1.56%        |
| Mountain            | \$219.01         | -\$0.46            | -0.21%        | \$219.01         | \$0.00             | 0.00%        | \$3.36                           | 1.56%        |
| <b>Average</b>      | <b>\$174.09</b>  | <b>-\$0.37</b>     | <b>-0.21%</b> | <b>\$174.09</b>  | <b>\$0.00</b>      | <b>0.00%</b> | <b>\$2.67</b>                    | <b>1.56%</b> |

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**TABLE 4**  
**MONTHLY ELECTRIC AVERAGE USAGE BILLS**  
**(ALL-ELECTRIC SERVICE, NON-CARE)**

|                     | <b>Current</b>   | <b>2024</b>      |                    |              | <b>2025</b>      |                    |               |
|---------------------|------------------|------------------|--------------------|--------------|------------------|--------------------|---------------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>     | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>      |
| Coastal             | \$147.33         | \$152.60         | \$5.27             | 3.58%        | \$149.95         | -\$2.66            | -1.74%        |
| Desert              | \$193.59         | \$200.52         | \$6.92             | 3.58%        | \$197.03         | -\$3.49            | -1.74%        |
| Inland              | \$184.68         | \$191.29         | \$6.61             | 3.58%        | \$187.96         | -\$3.33            | -1.74%        |
| Mountain            | \$257.56         | \$266.77         | \$9.21             | 3.58%        | \$262.12         | -\$4.64            | -1.74%        |
| <b>Average</b>      | <b>\$165.07</b>  | <b>\$170.97</b>  | <b>\$5.90</b>      | <b>3.58%</b> | <b>\$168.00</b>  | <b>-\$2.98</b>     | <b>-1.74%</b> |

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|                     | <b>2026</b>      |                    |               | <b>2027</b>      |                    |              | <b>Total Change Over Current</b> |              |
|---------------------|------------------|--------------------|---------------|------------------|--------------------|--------------|----------------------------------|--------------|
| <b>Climate Zone</b> | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>      | <b>Bill (\$)</b> | <b>Change (\$)</b> | <b>%</b>     | <b>Change (\$)</b>               | <b>%</b>     |
| Coastal             | \$149.63         | -\$0.31            | -0.21%        | \$149.63         | \$0.00             | 0.00%        | \$2.30                           | 1.56%        |
| Desert              | \$196.61         | -\$0.41            | -0.21%        | \$196.61         | \$0.00             | 0.00%        | \$3.02                           | 1.56%        |
| Inland              | \$187.56         | -\$0.39            | -0.21%        | \$187.56         | \$0.00             | 0.00%        | \$2.88                           | 1.56%        |
| Mountain            | \$261.57         | -\$0.55            | -0.21%        | \$261.57         | \$0.00             | 0.00%        | \$4.02                           | 1.56%        |
| <b>Average</b>      | <b>\$167.65</b>  | <b>-\$0.35</b>     | <b>-0.21%</b> | <b>\$167.65</b>  | <b>\$0.00</b>      | <b>0.00%</b> | <b>\$2.58</b>                    | <b>1.56%</b> |

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1 **III. AFFORDABILITY METRICS**

2 **A. Hours at Minimum Wage**

3 The HM metric represents the number of hours a household that earns the minimum wage  
4 would need to work per month to pay their monthly essential usage bill.<sup>10</sup> It is calculated by  
5 dividing the essential usage bill by the hourly minimum wage.<sup>11</sup> The HM formula is shown  
6 below:

7 **HM = essential electric usage bill / hourly minimum wage**

8 SDG&E is presenting two sets of HM metrics – City of San Diego and Non-City of San Diego.  
9 These two sets of metrics are necessary because the minimum wage for the City of San Diego is  
10 greater than the Statewide minimum wage (i.e., Non-City of San Diego). For 2023, the minimum  
11 wage for the City of San Diego, which makes up approximately 40% of SDG&E’s service  
12 territory) is \$16.30/hour, which is higher than the California statewide minimum wage of  
13 \$15.50/hour.<sup>12</sup> For purposes of forecasting HM minimum wage for 2024-2027, SDG&E uses the  
14 five-year average increase in Consumer Price Index for Urban Wage Earners  
15 and Clerical Workers (CPI-W).<sup>13</sup>

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<sup>10</sup> D.20-07-032 at 11.

<sup>11</sup> *Id.* at 47.

<sup>12</sup> SDG&E’s service territory is made up of the San Diego County and parts of Orange County. Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2021-2023 (May 2023), available at <https://dof.ca.gov/forecasting/demographics/estimates/e-5-population-and-housing-estimates-for-cities-counties-and-the-state-2020-2023/>.

<sup>13</sup> City of San Diego uses the August to August percent change in CPI-W pursuant to San Diego Municipal Code (SDMC) Chapter 3, Article 9, Division 1, Section 39.0107. Statewide increase based on the lesser of 3.5 percent or the 12-month period from July to June percentage change in CPI-W pursuant to California Labor Code section 1182.12.c.

The resulting HM metric for each climate zone is presented in Tables 5 and 6.<sup>14</sup>

**TABLE 5**  
**HM METRIC FOR ELECTRIC CUSTOMERS –**  
**CITY OF SAN DIEGO (NON-CARE)**

|                     | <b>Current</b> | <b>2024</b>  |                     |                   | <b>2025</b>  |                     |                   |
|---------------------|----------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|
| <b>Climate Zone</b> | <b>Hours</b>   | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> |
| Coastal             | 7.36           | 7.32         | -0.04               | -0.6%             | 6.91         | -0.41               | -5.7%             |
| Desert              | 12.66          | 12.59        | -0.07               | -0.6%             | 11.88        | -0.71               | -5.7%             |
| Inland              | 8.45           | 8.40         | -0.05               | -0.6%             | 7.93         | -0.48               | -5.7%             |
| Mountain            | 13.00          | 12.93        | -0.07               | -0.6%             | 12.20        | -0.73               | -5.7%             |
| <b>Average</b>      | <b>7.92</b>    | <b>7.87</b>  | <b>-0.04</b>        | <b>-0.6%</b>      | <b>7.43</b>  | <b>-0.45</b>        | <b>-5.7%</b>      |

|                     | <b>2026</b>  |                     |              | <b>2027</b>  |                     |              | <b>Total Change Over Current</b> |               |
|---------------------|--------------|---------------------|--------------|--------------|---------------------|--------------|----------------------------------|---------------|
| <b>Climate Zone</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b>     | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b>     | <b>Change (hrs)</b>              | <b>%</b>      |
| Coastal             | 6.62         | -0.29               | -4.2%        | 6.35         | -0.26               | -4.0%        | -1.01                            | -13.7%        |
| Desert              | 11.38        | -0.50               | -4.2%        | 10.93        | -0.45               | -4.0%        | -1.73                            | -13.7%        |
| Inland              | 7.60         | -0.33               | -4.2%        | 7.29         | -0.30               | -4.0%        | -1.16                            | -13.7%        |
| Mountain            | 11.69        | -0.51               | -4.2%        | 11.22        | -0.47               | -4.0%        | -1.78                            | -13.7%        |
| <b>Average</b>      | <b>7.11</b>  | <b>-0.31</b>        | <b>-4.2%</b> | <b>6.83</b>  | <b>-0.28</b>        | <b>-4.0%</b> | <b>-1.08</b>                     | <b>-13.7%</b> |

<sup>14</sup> The essential usage used in the HM metric is the weighted average of basic vs all-electric bills using the “Percentage of Customers on All-Electric Rate” field from the AR Calculator to align with the affordability ratio calculations.

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**TABLE 6**  
**HM METRIC FOR ELECTRIC CUSTOMERS –**  
**NON-CITY OF SAN DIEGO (NON-CARE)**

|                | Current | 2024  |              |            | 2025  |              |            |
|----------------|---------|-------|--------------|------------|-------|--------------|------------|
| Climate Zone   | Hours   | Hours | Change (hrs) | Change (%) | Hours | Change (hrs) | Change (%) |
| Coastal        | 7.74    | 7.75  | 0.01         | 0.1%       | 7.35  | -0.39        | -5.1%      |
| Desert         | 13.32   | 13.33 | 0.01         | 0.1%       | 12.65 | -0.67        | -5.1%      |
| Inland         | 8.89    | 8.89  | 0.01         | 0.1%       | 8.44  | -0.45        | -5.1%      |
| Mountain       | 13.67   | 13.68 | 0.01         | 0.1%       | 12.99 | -0.69        | -5.1%      |
| <b>Average</b> | 8.32    | 8.33  | 0.01         | 0.1%       | 7.91  | -0.42        | -5.1%      |

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|                | 2026  |              |       | 2027  |              |       | Total Change Over Current |        |
|----------------|-------|--------------|-------|-------|--------------|-------|---------------------------|--------|
| Climate Zone   | Hours | Change (hrs) | %     | Hours | Change (hrs) | %     | Change (hrs)              | %      |
| Coastal        | 7.09  | -0.26        | -3.6% | 6.85  | -0.24        | -3.4% | -0.89                     | -11.5% |
| Desert         | 12.20 | -0.45        | -3.6% | 11.79 | -0.41        | -3.4% | -1.53                     | -11.5% |
| Inland         | 8.14  | -0.30        | -3.6% | 7.86  | -0.28        | -3.4% | -1.02                     | -11.5% |
| Mountain       | 12.53 | -0.47        | -3.6% | 12.10 | -0.42        | -3.4% | -1.57                     | -11.5% |
| <b>Average</b> | 7.62  | -0.28        | -3.6% | 7.37  | -0.26        | -3.4% | -0.96                     | -11.5% |

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**B. Affordability Ratio (AR)**

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The AR seeks to quantify the percentage of a representative household’s income that is required to pay for an essential utility service after non-discretionary costs, such as housing and

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1 other essential utility services, are removed from the household income.<sup>15</sup> It is calculated by  
2 dividing the essential usage bill by the discretionary income for a given geography. Energy  
3 Division created a tool (AR Calculator) to calculate the AR that considers the essential usage  
4 bills for each commodity (electric, gas, water and telecommunications) and the tool is updated  
5 annually.<sup>16</sup>

6 SDG&E utilized the AR Calculator by entering the electric average monthly essential  
7 usage bills by climate zone (shown in Tables 1 and 2) and ran the macro to calculate and  
8 populate the results by year at the 20<sup>th</sup> and 50<sup>th</sup> percentiles of income distribution in SDG&E's  
9 territory. The AR Calculator calculates individual AR values for each commodity using the  
10 essential usage bill for the given commodity in the numerator with the denominator equal to  
11 household income minus housing costs and the remaining essential usage commodity bills. The  
12 AR formula for electric is shown below:

$$\text{Individual Electric AR} = \frac{\text{Electric Essential Bill}}{(\text{Income} - \text{Housing} - \text{Other Essential Bills [gas, water, telecomm.]})}$$

15 The individual AR values are calculated at the climate zone level. In addition to the  
16 underlying assumptions within the AR Calculator, the following assumptions and definitions  
17 apply:

- 18 1) Electric essential bills are based on the essential usage for non-CARE residential  
19 customers on Schedule DR by climate zone. Electric essential bills do not include the  
20 biannual CCC.

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<sup>15</sup> D.20-07-032 at 16 and 51.

<sup>16</sup> The current AR Calculator used for all calculations in this testimony is the 2020 Affordability Ratio Calculator, published by ED on July 8, 2022, available at <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>.

- 1           2) Other commodity bills (gas, telecommunications and water) are pre-populated by the
- 2           AR Calculator.
- 3           3) Current metrics are based on current electric rates effective January 1, 2023, per
- 4           Advice Letter 4129-E.
- 5           4) Proposed metrics are based on SDG&E's WMPMA's requested revenue requirement.
- 6           5) The Electric AR20 and AR50 metrics are meant to represent the percentage of
- 7           income after housing and all other essential commodity (gas, water and
- 8           telecommunications) expenses that essential electric bills require for households at
- 9           the 20th lowest and 50th income percentile, respectively.

10           The resulting individual electric AR20 and AR50 metrics for each climate zone is  
11 presented in Tables 7 and 8, respectively.<sup>17</sup>

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<sup>17</sup> The results in Tables 7 and 8 reflect the increases in electric essential bills along with the embedded calculator assumptions such as inflation for income, housing and other utility bills, which were unchanged by SDG&E.

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**TABLE 7**

**AR20 METRIC FOR ELECTRIC CUSTOMERS (NON-CARE)**

|                     | <b>Current</b> | <b>2024</b> |   | <b>2025</b> |   |
|---------------------|----------------|-------------|---|-------------|---|
| <b>Climate Zone</b> | <b>AR20</b>    | <b>AR20</b> | <b>Incremental<br/>Change in<br/>AR20</b> | <b>AR20</b> | <b>Incremental<br/>Change in<br/>AR20</b> |
| Coastal             | 7.44%          | 7.63%       | 0.20                                      | 7.42%       | -0.21                                     |
| Desert              | 8.42%          | 8.57%       | 0.14                                      | 8.25%       | -0.32                                     |
| Inland              | 11.25%         | 11.65%      | 0.41                                      | 11.45%      | -0.21                                     |
| Mountain            | 10.35%         | 10.58%      | 0.23                                      | 10.24%      | -0.34                                     |
| <b>Average</b>      | 9.14%          | 9.42%       | 0.29                                      | 9.21%       | -0.21                                     |

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|                     | <b>2026</b> |   | <b>2027</b> |   |                                 |
|---------------------|-------------|---|-------------|---|---------------------------------|
| <b>Climate Zone</b> | <b>AR20</b> | <b>Incremental<br/>Change in<br/>AR20</b> | <b>AR20</b> | <b>Incremental<br/>Change in<br/>AR20</b> | <b>Total Change<br/>in AR20</b> |
| Coastal             | 7.21%       | -0.21                                     | 7.03%       | -0.19                                     | -0.41                           |
| Desert              | 7.99%       | -0.26                                     | 7.76%       | -0.23                                     | -0.67                           |
| Inland              | 11.17%      | -0.28                                     | 10.93%      | -0.24                                     | -0.32                           |
| Mountain            | 9.93%       | -0.30                                     | 9.66%       | -0.27                                     | -0.69                           |
| <b>Average</b>      | 8.97%       | -0.24                                     | 8.76%       | -0.21                                     | -0.38                           |

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**TABLE 8**  
**AR50 METRIC FOR ELECTRIC CUSTOMERS (NON-CARE)**

| Climate Zone   | Current | 2024  |                            | 2025  |                            |
|----------------|---------|-------|----------------------------|-------|----------------------------|
|                | AR50    | AR50  | Incremental Change in AR20 | AR50  | Incremental Change in AR50 |
| Coastal        | 2.01%   | 2.04% | 0.03                       | 1.96% | -0.08                      |
| Desert         | 3.34%   | 3.39% | 0.04                       | 3.25% | -0.14                      |
| Inland         | 2.23%   | 2.26% | 0.03                       | 2.17% | -0.09                      |
| Mountain       | 3.37%   | 3.41% | 0.05                       | 3.28% | -0.14                      |
| <b>Average</b> | 2.12%   | 2.15% | 0.03                       | 2.07% | -0.09                      |

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| Climate Zone   | 2026  |                            | 2027  |                            | Total Change in AR50 |
|----------------|-------|----------------------------|-------|----------------------------|----------------------|
|                | AR50  | Incremental Change in AR50 | AR50  | Incremental Change in AR50 |                      |
| Coastal        | 1.89% | -0.06                      | 1.84% | -0.06                      | -0.17                |
| Desert         | 3.14% | -0.11                      | 3.05% | -0.10                      | -0.30                |
| Inland         | 2.10% | -0.07                      | 2.03% | -0.06                      | -0.19                |
| Mountain       | 3.17% | -0.11                      | 3.07% | -0.10                      | -0.30                |
| <b>Average</b> | 2.00% | -0.07                      | 1.94% | -0.06                      | -0.18                |

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**IV. AREAS OF AFFORDABILITY CONCERN (AAC)**

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AACs are pockets of the state where lower-income Californians spend more of their available budget on essential utility service than the majority of Californians. Based on the most

1 recent 2020 Annual Affordability Report, for electric service, an AAC is designated by areas  
 2 where the AR20 is in excess of 15%.<sup>18</sup> Table 9 presents the PUMAs where the Electric AR20 is  
 3 greater than 15% for either the current year or proposed, making them areas of affordability  
 4 concern.<sup>19</sup>

5 **TABLE 9**  
 6 **AAC – PUMAs WITH ELECTRIC AR20 >15% (NON-CARE)**

| <b>PUMA #</b>       | <b>County/City</b>   | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>Current</b> | <b>2024</b> | <b>2025</b> |
|---------------------|--|---------------------|---------------------------|----------------|-------------|-------------|
| 02500 <sup>20</sup> | Imperial County--El Centro City PUMA   | SDG&E DESERT        | 2                         | 17.75%         | 18.11%      | 17.52%      |
| 07306               | San Diego County (Northwest)--Escondido City (East) PUMA                     | SDG&E INLAND        | 44,980                    | 24.93%         | 26.29%      | 26.31%      |
| 07306               | San Diego County (Northwest)--Escondido City (East) PUMA                     | SDG&E MOUNTAIN      | 477                       | 32.30%         | 33.84%      | 33.63%      |
| 07313               | San Diego County (Central)--El Cajon & Santee Cities PUMA                    | SDG&E INLAND        | 70,527                    | 25.35%         | 26.62%      | 26.52%      |
| 07321               | San Diego County (Southwest)--Chula Vista (West) & National City Cities PUMA | SDG&E INLAND        | 5,458                     | 15.81%         | 16.31%      | 15.94%      |

| <b>PUMA #</b> | <b>County/City</b>                   | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>2026</b> | <b>2027</b> | <b>Total Impact (2027 – Current)</b> |
|---------------|--------------------------------------|---------------------|---------------------------|-------------|-------------|--------------------------------------|
| 02500         | Imperial County--El Centro City PUMA | SDG&E DESERT        | 2                         | 17.00%      | 16.53%      | (1.22)                               |

18 2020 Annual Affordability Report at 19.

19 The results in Table 9 reflect the increases in electric essential bills along with the embedded calculator assumptions such as inflation for income, housing and other utility bills, which were unchanged by SDG&E.

20 PUMA 02500 is designated as an SDG&E territory in the AR Calculator; however, SDG&E does not serve Imperial County.

|       |   |                   |        |        |        |        |
|-------|---|-------------------|--------|--------|--------|--------|
| 07306 | San Diego County (Northwest)--<br>Escondido City (East) PUMA                        | SDG&E<br>INLAND   | 44,980 | 25.85% | 25.47% | 0.54   |
| 07306 | San Diego County (Northwest)--<br>Escondido City (East) PUMA                        | SDG&E<br>MOUNTAIN | 477    | 32.98% | 32.41% | 0.11   |
| 07313 | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA                        | SDG&E<br>INLAND   | 70,527 | 26.02% | 25.59% | 0.24   |
| 07321 | San Diego County (Southwest)--<br>Chula Vista (West) & National<br>City Cities PUMA | SDG&E<br>INLAND   | 5,458  | 15.53% | 15.16% | (0.65) |

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2 **V. SUPPLEMENTAL CARE ANALYSIS**

3 The Affordability Metrics presented above utilize non-CARE rates to calculate the HM  
4 and AR metrics. However, the CARE program, which offers a 35% average effective discount  
5 on electricity bills and 20% discount on gas bills to low-income customers, should be taken into  
6 consideration as an additional metric in determining a low-income customer’s cost of essential  
7 utility service.<sup>21</sup> For customers that participate in the CARE program, excluding the CARE  
8 discount inflates the true cost of essential utility charges and provides an inaccurate  
9 representation of affordability. Additionally, the 2020 Annual Affordability Report  
10 acknowledges that, when low-income discounts are considered for purposes of assessing  
11 affordability, there is a “sizable improvement in utility affordability for customers who are  
12 enrolled in the programs in the most vulnerable areas.”<sup>22</sup> Furthermore, it is important to note that

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<sup>21</sup> Public Utilities Code Section 739.1; D.01-06-010, OP 2. Further, as of May 2023, SDG&E has achieved a 116% penetration rate and thus it is reasonable to assume that most SDG&E low-income customers in the 20% income percentile are enrolled in the CARE program. See A.19-11-003, et al., Monthly Report of SDG&E on Low Income Assistance Programs for May 2023 (June 23, 2023), Appendix A, CARE Table 2, available at <https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2023/06/SDGE-MAY2023-Low-Income-Monthly-Report-Tables.pdf>

<sup>22</sup> 2020 Annual Affordability Report at 52.

1 under SDG&E’s securitization rate recovery proposal as described in Valerie Bille’s testimony,<sup>23</sup>  
 2 SDG&E’s CARE customers would be exempt from paying the fixed recovery charge (FRC)  
 3 associated with securitization. SDG&E anticipates CARE customers would be excluded from  
 4 any bill impacts, therefore the Affordability Metrics presented below use current essential usage  
 5 bills to develop the 2026 and 2027 Affordability Metrics.

6 Accordingly, because CARE discounts are relevant to the issue of affordability, SDG&E  
 7 provides supplemental HM and AR20 metrics including the CARE discount in the bills in Tables  
 8 10, 11, and 12, respectively.<sup>24</sup> In addition, SDG&E provides the AAC PUMAs with the CARE  
 9 discount included in Table 13. These figures were developed using the “2020 CARE Rates” pre-  
 10 loaded scenario in the AR Calculator, updating the electric essential usage bills with current and  
 11 proposed CARE bills. By utilizing this scenario, this also includes the impact of the gas CARE  
 12 discount.

13 **TABLE 10**  
 14 **HM METRIC FOR ELECTRIC CUSTOMERS**  
 15 **– CITY OF SAN DIEGO (CARE)**

| Climate Zone | Current | 2024  |              |            | 2025  |              |            |
|--------------|---------|-------|--------------|------------|-------|--------------|------------|
|              | Hours   | Hours | Change (hrs) | Change (%) | Hours | Change (hrs) | Change (%) |
| Coastal      | 4.79    | 4.76  | -0.03        | -0.6%      | 4.49  | -0.27        | -5.7%      |
| Desert       | 8.23    | 8.19  | -0.05        | -0.6%      | 7.72  | -0.46        | -5.7%      |
| Inland       | 5.49    | 5.46  | -0.03        | -0.6%      | 5.15  | -0.31        | -5.7%      |

<sup>23</sup> See Direct Testimony of Valerie Bille at VB-13.

<sup>24</sup> The results in Tables 10-12 reflect the increases in electric essential bills along with the embedded calculator assumptions such as inflation for income, housing and other utility bills, which were unchanged by SDG&E.

|                |      |      |       |       |      |       |       |
|----------------|------|------|-------|-------|------|-------|-------|
| Mountain       | 8.45 | 8.41 | -0.05 | -0.6% | 7.93 | -0.48 | -5.7% |
| <b>Average</b> | 5.15 | 5.12 | -0.03 | -0.6% | 4.83 | -0.29 | -5.7% |

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| Climate Zone   | 2026  |              |       | 2027  |              |       | Total Change Over Current |        |
|----------------|-------|--------------|-------|-------|--------------|-------|---------------------------|--------|
|                | Hours | Change (hrs) | %     | Hours | Change (hrs) | %     | Change (hrs)              | %      |
| Coastal        | 4.23  | -0.25        | -5.7% | 4.07  | -0.17        | -4.0% | -0.72                     | -15.0% |
| Desert         | 7.29  | -0.44        | -5.7% | 7.00  | -0.29        | -4.0% | -1.24                     | -15.0% |
| Inland         | 4.86  | -0.29        | -5.7% | 4.67  | -0.19        | -4.0% | -0.83                     | -15.0% |
| Mountain       | 7.48  | -0.45        | -5.7% | 7.18  | -0.30        | -4.0% | -1.27                     | -15.0% |
| <b>Average</b> | 4.55  | -0.27        | -5.7% | 4.37  | -0.18        | -4.0% | -0.77                     | -15.0% |

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**TABLE 11**  
**HM METRIC FOR ELECTRIC CUSTOMERS –**  
**NON-CITY OF SAN DIEGO (CARE)**

|                     | <b>Current</b> | <b>2024</b>  |                     |                   | <b>2025</b>  |                     |                   |
|---------------------|----------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|
| <b>Climate Zone</b> | <b>Hours</b>   | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> |
| Coastal             | 5.03           | 5.04         | 0.00                | 0.1%              | 4.78         | -0.25               | -5.1%             |
| Desert              | 8.66           | 8.66         | 0.01                | 0.1%              | 8.22         | -0.44               | -5.1%             |
| Inland              | 5.78           | 5.78         | 0.00                | 0.1%              | 5.49         | -0.29               | -5.1%             |
| Mountain            | 8.89           | 8.90         | 0.01                | 0.1%              | 8.45         | -0.45               | -5.1%             |
| <b>Average</b>      | 5.41           | 5.41         | 0.00                | 0.1%              | 5.14         | -0.27               | -5.1%             |

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|                     | <b>2026</b>  |                     |          | <b>2027</b>  |                     |          | <b>Total Change Over Current</b> |          |
|---------------------|--------------|---------------------|----------|--------------|---------------------|----------|----------------------------------|----------|
| <b>Climate Zone</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b> | <b>Change (hrs)</b>              | <b>%</b> |
| Coastal             | 4.54         | -0.24               | -5.1%    | 4.39         | -0.15               | -3.4%    | -0.65                            | -12.9%   |
| Desert              | 7.81         | -0.42               | -5.1%    | 7.54         | -0.26               | -3.4%    | -1.11                            | -12.9%   |
| Inland              | 5.21         | -0.28               | -5.1%    | 5.03         | -0.18               | -3.4%    | -0.74                            | -12.9%   |
| Mountain            | 8.02         | -0.43               | -5.1%    | 7.75         | -0.27               | -3.4%    | -1.14                            | -12.9%   |
| <b>Average</b>      | 4.88         | -0.26               | -5.1%    | 4.72         | -0.17               | -3.4%    | -0.70                            | -12.9%   |

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**TABLE 12**  
**AR20 METRIC FOR ELECTRIC CUSTOMERS (CARE)**

| Climate Zone   | Current      | 2024         |                                  | 2025         |                                  |
|----------------|--------------|--------------|----------------------------------|--------------|----------------------------------|
|                | AR20         | AR20         | Incremental<br>Change in<br>AR20 | AR20         | Incremental<br>Change in<br>AR20 |
| Coastal        | 4.79%        | 4.92%        | 0.13                             | 4.78%        | -0.14                            |
| Desert         | 5.45%        | 5.54%        | 0.09                             | 5.34%        | -0.21                            |
| Inland         | 7.21%        | 7.47%        | 0.26                             | 7.33%        | -0.14                            |
| Mountain       | 6.69%        | 6.83%        | 0.14                             | 6.61%        | -0.22                            |
| <b>Average</b> | <b>5.87%</b> | <b>6.05%</b> | <b>0.18</b>                      | <b>5.91%</b> | <b>-0.14</b>                     |

4

| Climate Zone   | 2026         |                                  | 2027         |                                  | Total Change<br>in AR20 |
|----------------|--------------|----------------------------------|--------------|----------------------------------|-------------------------|
|                | AR20         | Incremental<br>Change in<br>AR20 | AR20         | Incremental<br>Change in<br>AR20 |                         |
| Coastal        | 4.58%        | -0.21                            | 4.46%        | -0.12                            | -0.34                   |
| Desert         | 5.09%        | -0.25                            | 4.94%        | -0.15                            | -0.51                   |
| Inland         | 7.04%        | -0.29                            | 6.89%        | -0.16                            | -0.32                   |
| Mountain       | 6.31%        | -0.29                            | 6.14%        | -0.17                            | -0.55                   |
| <b>Average</b> | <b>5.67%</b> | <b>-0.24</b>                     | <b>5.54%</b> | <b>-0.14</b>                     | <b>-0.33</b>            |

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**TABLE 13**  
**AAC PUMA’s INCLUDING CARE DISCOUNTS<sup>25</sup>**

| <b>PUMA #</b> | <b>County/City</b>   | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>Current</b> | <b>2024</b> | <b>2025</b> |
|---------------|--|---------------------|---------------------------|----------------|-------------|-------------|
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>INLAND     | 44,980                    | 15.85%         | 16.70%      | 16.69%      |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>MOUNTAIN   | 477                       | 20.61%         | 21.57%      | 21.43%      |
| 07313         | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA | SDG&E<br>INLAND     | 70,527                    | 16.11%         | 16.90%      | 16.82%      |

4

| <b>PUMA #</b> | <b>County/City</b>   | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>2026</b> | <b>2027</b> | <b>Total Impact (2027 – Current)</b> |
|---------------|--|---------------------|---------------------------|-------------|-------------|--------------------------------------|
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>INLAND     | 44,980                    | 16.15%      | 15.91%      | 0.05                                 |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>MOUNTAIN   | 477                       | 20.68%      | 20.33%      | (0.28)                               |
| 07313         | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA | SDG&E<br>INLAND     | 70,527                    | 16.25%      | 15.98%      | (0.13)                               |

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**VI. SUPPLEMENTAL ENERGY BURDEN (EB) ANALYSIS**

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The EB metric is the percentage of total income spent on an energy bill or bills. Although the Commission declined to adopt this metric in the Affordability OIR, the Commission specifically found that the Decision Implementing the Affordability Metrics (D.22-08-023) “does

<sup>25</sup> When incorporating the CARE Discount, only 3 are designated as an AAC, where the Electric AR20 is greater than 15% for either the current or proposed AR20 in any year.



1 not preclude stakeholders from generating variations on or alternatives to the adopted metrics ...  
2 in Commission proceedings.”<sup>26</sup> The EB metric is an additional, complementary metric that  
3 should be considered in conjunction with the required Affordability Metrics addressed above.  
4 The EB metric is a simple, easily understood calculation that isolates the impact of SDG&E’s  
5 2019-2022 WMPMA Application request and excludes the uncertainty posed by non-  
6 discretionary expenses outside the Commission’s control (e.g., housing costs). In addition, it  
7 allows for greater ease of comparison across utility services. The electric EB formula is shown  
8 below:

$$\text{Electric EB} = \text{Electric Essential Bill} / \text{Income}$$

9  
10 The AR metrics discussed above remove housing and other essential utility/service bills  
11 from total income. The electric EB metric does not remove any bills or expenses from total  
12 income. By not removing non-discretionary expenses from total income, the EB metric is able to  
13 better isolate the impact of any utility bill—here the electric bill—and create a metric that is  
14 comparable across utility services. The EB metric further eliminates the impact of housing costs,  
15 which can vary across SDG&E’s service territory and between income levels. While SDG&E  
16 recognizes that housing costs may be non-discretionary, neither SDG&E nor the Commission  
17 influence or determine housing affordability. Additionally, because the denominator for the AR  
18 metric changes based on what utility service is being analyzed, the various AR metrics cannot be  
19 compared or added together. For example, the Electric AR value cannot be added to the Gas AR  
20 value for a total SDG&E AR value. Because the denominator for the EB metric is total income,

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<sup>26</sup> D.22-08-023, FOF 17 at 77.

1 it is a more flexible metric that allows for comparison and combination across utility services,  
2 similar to the HM metric.

3 Further, although the EB metric has been previously used in the Affordability OIR to  
4 represent median-income households and average usage, SDG&E uses the same income  
5 assumptions and essential usage bills as the AR metric to make an apples-to-apples comparison  
6 to the AR metric. Thus, for purposes of the electric EB metric, SDG&E used the AR Calculator  
7 and cleared the gas, water, and telecommunication bill inputs as well as the housing and propane  
8 cost embedded assumptions to calculate the electric EB for a median income household (EB50)  
9 and a low-income household (EB20).

10 The resulting electric EB50 and EB20 (both Non-CARE and CARE) metrics for each  
11 climate zone are presented in Tables 14, 15 and 16, respectively. In addition, the areas of  
12 affordability concern from Tables 9 and 13 are reproduced below in Tables 17 and 18 using  
13 energy burden.

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**TABLE 14**

**EB20 METRIC FOR ELECTRIC CUSTOMERS (NON-CARE)**

|                     | <b>Current</b> | <b>2024</b>  |                                   | <b>2025</b>  |                                   |
|---------------------|----------------|--------------|-----------------------------------|--------------|-----------------------------------|
| <b>Climate Zone</b> | <b>EB20</b>    | <b>EB20</b>  | <b>Incremental Change in EB20</b> | <b>EB20</b>  | <b>Incremental Change in EB20</b> |
| Coastal             | 3.29%          | 3.32%        | 0.03                              | 3.17%        | -0.15                             |
| Desert              | 5.53%          | 5.58%        | 0.05                              | 5.33%        | -0.25                             |
| Inland              | 4.21%          | 4.25%        | 0.04                              | 4.06%        | -0.19                             |
| Mountain            | 5.85%          | 5.91%        | 0.06                              | 5.65%        | -0.26                             |
| <b>Average</b>      | <b>3.73%</b>   | <b>3.76%</b> | <b>0.04</b>                       | <b>3.60%</b> | <b>-0.17</b>                      |

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|                     | <b>2026</b>  |                                   | <b>2027</b>  |                                   | <b>Total Change in EB20</b> |
|---------------------|--------------|-----------------------------------|--------------|-----------------------------------|-----------------------------|
| <b>Climate Zone</b> | <b>EB20</b>  | <b>Incremental Change in EB20</b> | <b>EB20</b>  | <b>Incremental Change in EB20</b> |                             |
| Coastal             | 3.06%        | -0.11                             | 2.97%        | -0.10                             | -0.33                       |
| Desert              | 5.15%        | -0.18                             | 4.99%        | -0.17                             | -0.54                       |
| Inland              | 3.92%        | -0.14                             | 3.80%        | -0.13                             | -0.41                       |
| Mountain            | 5.46%        | -0.19                             | 5.28%        | -0.17                             | -0.57                       |
| <b>Average</b>      | <b>3.47%</b> | <b>-0.12</b>                      | <b>3.36%</b> | <b>-0.11</b>                      | <b>-0.37</b>                |

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**TABLE 15**

**EB50 METRIC FOR ELECTRIC CUSTOMERS (NON-CARE)**

|                     | <b>Current</b> | <b>2024</b>  |   | <b>2025</b>  |   |
|---------------------|----------------|--------------|---|--------------|---|
| <b>Climate Zone</b> | <b>EB50</b>    | <b>EB50</b>  | <b>Incremental<br/>Change in<br/>EB50</b> | <b>EB50</b>  | <b>Incremental<br/>Change in<br/>EB50</b> |
| Coastal             | 1.44%          | 1.46%        | 0.01                                      | 1.39%        | -0.07                                     |
| Desert              | 2.64%          | 2.67%        | 0.03                                      | 2.55%        | -0.12                                     |
| Inland              | 1.65%          | 1.67%        | 0.02                                      | 1.59%        | -0.07                                     |
| Mountain            | 2.62%          | 2.64%        | 0.03                                      | 2.52%        | -0.12                                     |
| <b>Average</b>      | <b>1.55%</b>   | <b>1.57%</b> | <b>0.01</b>                               | <b>1.50%</b> | <b>-0.07</b>                              |

|                     | <b>2026</b>  |   | <b>2027</b>  |   | <b>Total Change<br/>in EB50</b> |
|---------------------|--------------|---|--------------|---|---------------------------------|
| <b>Climate Zone</b> | <b>EB50</b>  | <b>Incremental<br/>Change in<br/>EB50</b> | <b>EB50</b>  | <b>Incremental<br/>Change in<br/>EB50</b> |                                 |
| Coastal             | 1.34%        | -0.05                                     | 1.30%        | -0.04                                     | -0.14                           |
| Desert              | 2.46%        | -0.09                                     | 2.38%        | -0.08                                     | -0.26                           |
| Inland              | 1.54%        | -0.05                                     | 1.49%        | -0.05                                     | -0.16                           |
| Mountain            | 2.44%        | -0.09                                     | 2.36%        | -0.08                                     | -0.26                           |
| <b>Average</b>      | <b>1.44%</b> | <b>-0.05</b>                              | <b>1.40%</b> | <b>-0.05</b>                              | <b>-0.15</b>                    |

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**TABLE 16**  
**EB20 METRIC FOR ELECTRIC CUSTOMERS (CARE)**

| Climate Zone   | Current | 2024  |                                  | 2025  |                                  |
|----------------|---------|-------|----------------------------------|-------|----------------------------------|
|                | EB20    | EB20  | Incremental<br>Change in<br>EB20 | EB20  | Incremental<br>Change in<br>EB20 |
| Coastal        | 2.14%   | 2.16% | 0.02                             | 2.06% | -0.10                            |
| Desert         | 3.59%   | 3.63% | 0.04                             | 3.47% | -0.16                            |
| Inland         | 2.74%   | 2.76% | 0.03                             | 2.64% | -0.12                            |
| Mountain       | 3.81%   | 3.84% | 0.04                             | 3.67% | -0.17                            |
| <b>Average</b> | 2.42%   | 2.45% | 0.02                             | 2.34% | -0.11                            |

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| Climate Zone   | 2026  |                                  | 2027  |                                  | Total Change<br>in EB20 |
|----------------|-------|----------------------------------|-------|----------------------------------|-------------------------|
|                | EB20  | Incremental<br>Change in<br>EB20 | EB20  | Incremental<br>Change in<br>EB20 |                         |
| Coastal        | 1.96% | -0.10                            | 1.90% | -0.06                            | -0.24                   |
| Desert         | 3.30% | -0.17                            | 3.19% | -0.11                            | -0.40                   |
| Inland         | 2.51% | -0.13                            | 2.43% | -0.08                            | -0.31                   |
| Mountain       | 3.49% | -0.18                            | 3.38% | -0.11                            | -0.43                   |
| <b>Average</b> | 2.22% | -0.11                            | 2.15% | -0.07                            | -0.27                   |

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**TABLE 17**  
**AAC – PUMAs WITH ELECTRIC AR20 >15%,**  
**USING ENERGY BURDEN (NON-CARE)**

| <b>PUMA #</b> | <b>County/City</b>  | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>Current</b> | <b>2024</b> | <b>2025</b> |
|---------------|---|---------------------|---------------------------|----------------|-------------|-------------|
| 02500         | Imperial County--El Centro City PUMA <sup>27</sup>                                  | SDG&E<br>DESERT     | 2                         | 11.1%          | 11.3%       | 10.9%       |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA                        | SDG&E<br>INLAND     | 44,980                    | 5.8%           | 5.9%        | 5.6%        |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA                        | SDG&E<br>MOUNTAIN   | 477                       | 8.9%           | 9.0%        | 8.6%        |
| 07313         | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA                        | SDG&E<br>INLAND     | 70,527                    | 6.4%           | 6.5%        | 6.2%        |
| 07321         | San Diego County (Southwest)--<br>Chula Vista (West) & National<br>City Cities PUMA | SDG&E<br>INLAND     | 5,458                     | 5.8%           | 5.9%        | 5.6%        |

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| <b>PUMA #</b> | <b>County/City</b>  | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>2026</b> | <b>2027</b> | <b>Total Impact (2027 – Current)</b> |
|---------------|---|---------------------|---------------------------|-------------|-------------|--------------------------------------|
| 02500         | Imperial County--El Centro City PUMA  | SDG&E<br>DESERT     | 2                         | 10.5%       | 10.2%       | (0.9)                                |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA                        | SDG&E<br>INLAND     | 44,980                    | 5.4%        | 5.2%        | (0.6)                                |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA                        | SDG&E<br>MOUNTAIN   | 477                       | 8.3%        | 8.1%        | (0.9)                                |
| 07313         | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA                        | SDG&E<br>INLAND     | 70,527                    | 6.0%        | 5.8%        | (0.6)                                |
| 07321         | San Diego County (Southwest)--<br>Chula Vista (West) & National<br>City Cities PUMA | SDG&E<br>INLAND     | 5,458                     | 5.4%        | 5.2%        | (0.6)                                |

<sup>27</sup> PUMA 02500 is designated as an SDG&E territory in the AR Calculator; however, SDG&E does not serve Imperial County.

**TABLE 18**

**AAC PUMA's INCLUDING CARE DISCOUNTS, USING ENERGY BURDEN**

| <b>PUMA #</b> | <b>County/City</b>   | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>Current</b> | <b>2024</b> | <b>2025</b> |
|---------------|--|---------------------|---------------------------|----------------|-------------|-------------|
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>INLAND     | 44,980                    | 3.8%           | 3.8%        | 3.6%        |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>MOUNTAIN   | 477                       | 5.8%           | 5.9%        | 5.6%        |
| 07313         | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA | SDG&E<br>INLAND     | 70,527                    | 4.2%           | 4.2%        | 4.0%        |

| <b>PUMA #</b> | <b>County/City</b>   | <b>Climate Zone</b> | <b># of Housing Units</b> | <b>2026</b> | <b>2027</b> | <b>Total Impact (2027 – Current)</b> |
|---------------|--|---------------------|---------------------------|-------------|-------------|--------------------------------------|
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>INLAND     | 44,980                    | 3.5%        | 3.4%        | (0.4)                                |
| 07306         | San Diego County (Northwest)--<br>Escondido City (East) PUMA | SDG&E<br>MOUNTAIN   | 477                       | 5.3%        | 5.2%        | (0.6)                                |
| 07313         | San Diego County (Central)--El<br>Cajon & Santee Cities PUMA | SDG&E<br>INLAND     | 70,527                    | 3.8%        | 3.7%        | (0.5)                                |

**VII. SUPPLEMENTAL TRADITIONAL RATEMAKING ANALYSIS**

SDG&E is providing supplemental HM, AR20, and AR50 affordability metrics for Non-CARE and CARE customers in Tables 19-25 below. These supplemental affordability metrics present the results assuming a traditional three-year amortization of the entire WMPMA revenue requirement. As noted in the direct testimony of Valerie Bille, SDG&E's WMPMA revenue requirement, amortized over 36 months would be \$1,237 million without FF&U.

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**TABLE 19**  
**HM METRIC FOR ELECTRIC CUSTOMERS – CITY OF SAN DIEGO (NON-CARE)**

|                     | <b>Current</b> | <b>2025</b>  |                     |                   | <b>2026</b>  |                     |                   |
|---------------------|----------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|
| <b>Climate Zone</b> | <b>Hours</b>   | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> |
| Coastal             | 7.36           | 7.32         | -0.04               | -0.6%             | 7.01         | -0.31               | -4.2%             |
| Desert              | 12.66          | 12.59        | -0.08               | -0.6%             | 12.06        | -0.53               | -4.2%             |
| Inland              | 8.45           | 8.40         | -0.05               | -0.6%             | 8.05         | -0.35               | -4.2%             |
| Mountain            | 13.00          | 12.92        | -0.08               | -0.6%             | 12.38        | -0.54               | -4.2%             |
| <b>Average</b>      | 7.92           | 7.87         | -0.05               | -0.6%             | 7.54         | -0.33               | -4.2%             |

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|                     | <b>2027</b>  |                     |          | <b>Total Change Over Current</b> |          |
|---------------------|--------------|---------------------|----------|----------------------------------|----------|
| <b>Climate Zone</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b> | <b>Change (hrs)</b>              | <b>%</b> |
| Coastal             | 6.72         | -0.29               | -4.2%    | -0.64                            | -8.7%    |
| Desert              | 11.56        | -0.50               | -4.2%    | -1.11                            | -8.7%    |
| Inland              | 7.71         | -0.34               | -4.2%    | -0.74                            | -8.7%    |
| Mountain            | 11.87        | -0.52               | -4.2%    | -1.14                            | -8.7%    |
| <b>Average</b>      | 7.22         | -0.31               | -4.2%    | -0.69                            | -8.7%    |

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**TABLE 20**  
**HM METRIC FOR ELECTRIC CUSTOMERS –**  
**NON-CITY OF SAN DIEGO (NON-CARE)**

|                     | <b>Current</b> | <b>2025</b>  |                     |                   | <b>2026</b>  |                     |                   |
|---------------------|----------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|
| <b>Climate Zone</b> | <b>Hours</b>   | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> |
| Coastal             | 7.74           | 7.79         | 0.05                | 0.7%              | 7.51         | -0.28               | -3.6%             |
| Desert              | 13.32          | 13.40        | 0.09                | 0.7%              | 12.92        | -0.48               | -3.6%             |
| Inland              | 8.89           | 8.94         | 0.06                | 0.7%              | 8.62         | -0.32               | -3.6%             |
| Mountain            | 13.67          | 13.76        | 0.09                | 0.7%              | 13.27        | -0.49               | -3.6%             |
| <b>Average</b>      | <b>8.32</b>    | <b>8.38</b>  | <b>0.05</b>         | <b>0.7%</b>       | <b>8.08</b>  | <b>-0.30</b>        | <b>-3.6%</b>      |

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|                     | <b>2027</b>  |                     |              | <b>Total Change Over Current</b> |              |
|---------------------|--------------|---------------------|--------------|----------------------------------|--------------|
| <b>Climate Zone</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b>     | <b>Change (hrs)</b>              | <b>%</b>     |
| Coastal             | 7.24         | -0.27               | -3.6%        | -0.50                            | -6.4%        |
| Desert              | 12.46        | -0.46               | -3.6%        | -0.85                            | -6.4%        |
| Inland              | 8.32         | -0.31               | -3.6%        | -0.57                            | -6.4%        |
| Mountain            | 12.80        | -0.47               | -3.6%        | -0.88                            | -6.4%        |
| <b>Average</b>      | <b>7.79</b>  | <b>-0.29</b>        | <b>-3.6%</b> | <b>-0.53</b>                     | <b>-6.4%</b> |

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**TABLE 21**

**HM METRIC FOR ELECTRIC CUSTOMERS – CITY OF SAN DIEGO (CARE)**

|                     | <b>Current</b> | <b>2025</b>  |                     |                   | <b>2026</b>  |                     |                   |
|---------------------|----------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|
| <b>Climate Zone</b> | <b>Hours</b>   | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> |
| Coastal             | 4.79           | 4.76         | -0.03               | -0.6%             | 4.56         | -0.20               | -4.2%             |
| Desert              | 8.23           | 8.18         | -0.05               | -0.6%             | 7.84         | -0.34               | -4.2%             |
| Inland              | 5.49           | 5.46         | -0.03               | -0.6%             | 5.23         | -0.23               | -4.2%             |
| Mountain            | 8.45           | 8.40         | -0.05               | -0.6%             | 8.05         | -0.35               | -4.2%             |
| <b>Average</b>      | 5.15           | 5.11         | -0.03               | -0.6%             | 4.90         | -0.21               | -4.2%             |

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|                     | <b>2027</b>  |                     |          | <b>Total Change Over Current</b> |          |
|---------------------|--------------|---------------------|----------|----------------------------------|----------|
| <b>Climate Zone</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b> | <b>Change (hrs)</b>              | <b>%</b> |
| Coastal             | 4.37         | -0.19               | -4.2%    | -0.42                            | -8.7%    |
| Desert              | 7.51         | -0.33               | -4.2%    | -0.72                            | -8.7%    |
| Inland              | 5.01         | -0.22               | -4.2%    | -0.48                            | -8.7%    |
| Mountain            | 7.71         | -0.34               | -4.2%    | -0.74                            | -8.7%    |
| <b>Average</b>      | 4.70         | -0.20               | -4.2%    | -0.45                            | -8.7%    |

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**TABLE 22**  
**HM METRIC FOR ELECTRIC CUSTOMERS –**  
**NON-CITY OF SAN DIEGO (CARE)**

|                     | <b>Current</b> | <b>2025</b>  |                     |                   | <b>2026</b>  |                     |                   |
|---------------------|----------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|
| <b>Climate Zone</b> | <b>Hours</b>   | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>Change (%)</b> |
| Coastal             | 5.03           | 5.06         | 0.03                | 0.6%              | 4.88         | -0.18               | -3.6%             |
| Desert              | 8.66           | 8.71         | 0.06                | 0.6%              | 8.40         | -0.31               | -3.6%             |
| Inland              | 5.78           | 5.81         | 0.04                | 0.6%              | 5.61         | -0.21               | -3.6%             |
| Mountain            | 8.89           | 8.95         | 0.06                | 0.6%              | 8.63         | -0.32               | -3.6%             |
| <b>Average</b>      | 5.41           | 5.45         | 0.03                | 0.6%              | 5.25         | -0.19               | -3.6%             |

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|                     | <b>2027</b>  |                     |          | <b>Total Change Over Current</b> |          |
|---------------------|--------------|---------------------|----------|----------------------------------|----------|
| <b>Climate Zone</b> | <b>Hours</b> | <b>Change (hrs)</b> | <b>%</b> | <b>Change (hrs)</b>              | <b>%</b> |
| Coastal             | 4.71         | -0.17               | -3.6%    | -0.32                            | -6.4%    |
| Desert              | 8.10         | -0.30               | -3.6%    | -0.56                            | -6.4%    |
| Inland              | 5.41         | -0.20               | -3.6%    | -0.37                            | -6.4%    |
| Mountain            | 8.32         | -0.31               | -3.6%    | -0.57                            | -6.4%    |
| <b>Average</b>      | 5.06         | -0.19               | -3.6%    | -0.35                            | -6.4%    |

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**TABLE 23**

**AR20 METRIC FOR ELECTRIC CUSTOMERS (NON-CARE)**

| Climate Zone   | Current      | 2025         |                                  | 2026         |                                  |
|----------------|--------------|--------------|----------------------------------|--------------|----------------------------------|
|                | AR20         | AR20         | Incremental<br>Change in<br>AR20 | AR20         | Incremental<br>Change in<br>AR20 |
| Coastal        | 7.44%        | 7.86%        | 0.42                             | 7.64%        | -0.22                            |
| Desert         | 8.42%        | 8.74%        | 0.31                             | 8.47%        | -0.27                            |
| Inland         | 11.25%       | 12.13%       | 0.88                             | 11.84%       | -0.29                            |
| Mountain       | 10.35%       | 10.85%       | 0.49                             | 10.53%       | -0.32                            |
| <b>Average</b> | <b>9.14%</b> | <b>9.76%</b> | <b>0.62</b>                      | <b>9.51%</b> | <b>-0.25</b>                     |

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| Climate Zone   | 2027         |                                  | Total Change<br>in AR20 |
|----------------|--------------|----------------------------------|-------------------------|
|                | AR20         | Incremental<br>Change in<br>AR20 |                         |
| Coastal        | 7.43%        | -0.21                            | -0.01                   |
| Desert         | 8.20%        | -0.26                            | -0.22                   |
| Inland         | 11.55%       | -0.28                            | 0.31                    |
| Mountain       | 10.22%       | -0.31                            | -0.14                   |
| <b>Average</b> | <b>9.26%</b> | <b>-0.24</b>                     | <b>0.13</b>             |

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**TABLE 24**

**AR50 METRIC FOR ELECTRIC CUSTOMERS (NON-CARE)**

| Climate Zone   | Current | 2025  |                                  | 2026  |                                  |
|----------------|---------|-------|----------------------------------|-------|----------------------------------|
|                | AR50    | AR50  | Incremental<br>Change in<br>AR50 | AR50  | Incremental<br>Change in<br>AR50 |
| Coastal        | 2.01%   | 2.07% | 0.06                             | 2.01% | -0.07                            |
| Desert         | 3.34%   | 3.44% | 0.10                             | 3.33% | -0.11                            |
| Inland         | 2.23%   | 2.30% | 0.07                             | 2.22% | -0.07                            |
| Mountain       | 3.37%   | 3.47% | 0.10                             | 3.36% | -0.11                            |
| <b>Average</b> | 2.12%   | 2.19% | 0.07                             | 2.12% | -0.07                            |

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| Climate Zone   | 2027  |                                  | Total Change<br>in AR50 |
|----------------|-------|----------------------------------|-------------------------|
|                | AR50  | Incremental<br>Change in<br>AR50 |                         |
| Coastal        | 1.94% | -0.06                            | -0.07                   |
| Desert         | 3.22% | -0.11                            | -0.12                   |
| Inland         | 2.15% | -0.07                            | -0.08                   |
| Mountain       | 3.25% | -0.11                            | -0.12                   |
| <b>Average</b> | 2.05% | -0.07                            | -0.07                   |

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**TABLE 25**

**AR20 METRIC FOR ELECTRIC CUSTOMERS (CARE)**

| Climate Zone   | Current | 2025  |                                  | 2026  |                                  |
|----------------|---------|-------|----------------------------------|-------|----------------------------------|
|                | AR20    | AR20  | Incremental<br>Change in<br>AR20 | AR20  | Incremental<br>Change in<br>AR20 |
| Coastal        | 4.79%   | 5.06% | 0.27                             | 4.92% | -0.14                            |
| Desert         | 5.45%   | 5.65% | 0.20                             | 5.48% | -0.18                            |
| Inland         | 7.21%   | 7.76% | 0.55                             | 7.58% | -0.19                            |
| Mountain       | 6.69%   | 7.00% | 0.31                             | 6.79% | -0.21                            |
| <b>Average</b> | 5.87%   | 6.27% | 0.40                             | 6.10% | -0.16                            |

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| Climate Zone   | 2027  |                                  | Total Change<br>in AR20 |
|----------------|-------|----------------------------------|-------------------------|
|                | AR20  | Incremental<br>Change in<br>AR20 |                         |
| Coastal        | 4.79% | -0.14                            | -0.01                   |
| Desert         | 5.30% | -0.17                            | -0.14                   |
| Inland         | 7.40% | -0.18                            | 0.19                    |
| Mountain       | 6.59% | -0.20                            | -0.09                   |
| <b>Average</b> | 5.95% | -0.16                            | 0.08                    |

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This concludes my prepared direct testimony.

1 **VIII. WITNESS QUALIFICATIONS**

2 My name is Evelyn Luna and I am a Senior Business Economics Advisor in the  
3 Customer Pricing department of SDG&E. My business address is 8330 Century Park Court, San  
4 Diego, California 92123.

5 I received a Bachelor of Arts degree in Economics from San Diego State University in  
6 2011 and a Master of Science degree in Economics from the Vrije Universiteit van Amsterdam  
7 in 2013. I have been employed by SDG&E since August 2017 and have held various positions in  
8 Customer Operations and Electric Rates with increasing levels of responsibility. In my current  
9 role, one of my responsibilities is to develop and analyze revenue requirements, revenue  
10 allocation, and rate design for SDG&E in proceedings before the Commission.

11 I have previously submitted testimony before the California Public Utilities Commission  
12 and Federal Energy Regulatory Commission.

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