Application: A.26-02-XXX
Exhibit No.: SDGE-03
Witness: William G. Saxe

PREPARED DIRECT TESTIMONY OF

WILLIAM G. SAXE

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

CHAPTER 3 – DISTRIBUTION & TRANSMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FEBRUARY 2, 2026

TABLE OF CONTENTS

PREPARED DIRECT TESTIMONY OF
WILLIAM G. SAXE
CHAPTER 3 - DISTRIBUTION & TRANSMISSION

I. INTRODUCTION

The purpose of my prepared direct testimony is to (a) propose demand flexibility (DF) distribution rates and (b) describe the plan to propose DF transmission rates, pursuant to Ordering Paragraph (OP) 1 of the California Public Utilities Commission (Commission) Decision (D.) 25-08-049 (Guidance Decision). In accordance with Conclusions of Law (COL) 14 of the Guidance Decision, San Diego Gas & Electric Company (SDG&E) is proposing locational-based distribution rates for DF customers that have price differences based on the circuit that the customer is taking electric service on, as described in Section II. As described in Section III, and in accordance with COL 17 of the Guidance Decision, SDG&E describes its plan to design and implement time-varying transmission rates for DF customers. The DF distribution and transmission rates are proposed for all electric customer classes except streetlighting customers (residential, small commercial, medium/large commercial & industrial (M/L C&I), and agricultural customer classes).[1]

My testimony is organized as follows:

- **Section I - Introduction**
- **Section II – DF Distribution Rates**
- **Section III – DF Base Transmission Rates[2]**
- **Section IV – Summary and Conclusion**

[1] Although the Commission approved the creation of a new Medium Commercial customer class for SDG&E, that customer class is not included in this application because separating the M/L C&I class into Medium and Large Commercial classes has not yet been implemented. *See* D.25-09-006, COL 37 at 91. SDG&E plans to file supplemental/revised testimony to propose a DF rate for the Medium Commercial class after the new class has been implemented in April 2026.

[2] Base transmission rates are labeled as Base Transmission Revenue Requirements (BTRR) Transmission Rates by the Federal Energy Regulatory Commission (FERC).

- **Section V – Witness Qualifications**
- **Attachment A – Illustrative DF Distribution Monthly Service Fees (MSF)**
- **Attachment B – Illustrative DF Distribution Non-Coincident Demand Charges and Distance Adjustment Fees**
- **Attachment C – Illustrative DF Distribution Capacity Hourly Adders**
- **Attachment D – Illustrative DF Distribution Base Rates**
- **Attachment E – Illustrative DF Base Transmission Time-of-Use (TOU) Energy Rates**
- **Attachment F – Illustrative DF Base Transmission Non-Coincident and On-Peak Demand Charges**

II. DEMAND FLEXIBILITY (DF) DISTRIBUTION RATES

The Guidance Decision requires the Large Investor-Owned-Utilities (IOUs) to propose a distribution rate for DF customers that is location-based - either substation-based or circuit-based.[3] Of the four distribution rate components (distribution MSFs, distribution non-coincident demand charges & distance adjustment fees, distribution capacity hourly adders, and distribution base rates), SDG&E proposes the DF distribution capacity hourly adders to meet the location based requirement. SDG&E describes each distribution rate component below and its proposed design for each customer class that SDG&E proposes for DF customers.[4]

A. Marginal Distribution Customer Costs (collected via Monthly Service Fees)

This rate component will remain unchanged from the applicable default tariff. As adopted in SDG&E's General Rate Case (GRC) Phase 2 proceedings, marginal distribution

[3] Guidance Decision at 59-60.

[4] The DF distribution rates are designed based on the default rate for each customer class. Therefore, these rates are designed based on Schedule TOU-DR1 for residential, Schedule TOU-A for small commercial, Schedule AL-TOU for M/L C&I, and Schedules TOU-PA and TOU-PA3 for agricultural customers.

customer costs are recovered through distribution monthly service fees (MSFs) charges,[5] differentiated within each customer class by customer size or type. Attachment A presents the distribution MSFs that were adopted for each customer class that are being proposed for DF customers.[6]

B. Marginal Distribution Non-Peak Demand Costs/Maximum Demand Costs (collected via Distribution Non-Coincident Demand Charges) and Marginal Transmission Wire Cost for Substation Customers (collected via Distance Adjustment Fees)

This rate component will remain unchanged from the applicable default tariff. As adopted in SDG&E's GRC Phase 2 proceedings, M/L C&I customers pay distribution non-coincident demand charges to recover non-peak-related distribution demand costs, and M/L C&I substation voltage customers pay distribution distance adjustment fees. Attachment B presents the M/L C&I distribution non-coincident demand charges and distance adjustment fees that were adopted for M/L customers that are being proposed for M/L C&I DF customers.[7]

DF customers in the residential, small commercial, and agricultural customer classes will not have non-coincident demand charges or distance adjustment fees.

C. Distribution Capacity Component

Consistent with the Guidance Decision, the proposed distribution capacity component for DF customers is a circuit-based distribution capacity hourly adder designed to recover peak-

[5] MSFs are also labeled as "Base Services Charge" and "Basic Service Fees" in SDG&E's electric rate schedules.

[6] Distribution MSF, being proposed for DF customers, were the MSFs implemented for all SDG&E customers on October 1, 2025, pursuant to SDG&E Advice Letter (AL) 4701-E (approved September 30, 2025 and effective October 1, 2025).

[7] Distribution non-coincident demand charges and distance adjustment fees, being proposed for DF customers, were the non-coincident demand charges and distance adjustment fees implemented for M/L C&I customers on October 1, 2025, pursuant to SDG&E AL 4701-E.

related distribution demand costs.[8,9,10] This distribution capacity hourly adder is based on the top 200 hours of circuit load on a day-ahead basis, which is when the forecasted load exceeds a threshold level established based on historic circuit load. The forecasted load is based upon historical hourly load at the circuit level based on the local weather (both dry-bulb temperature and humidity taken into account), and calendar-based variables (weekends, holidays, day of week, month, etc.). Historic circuit load will be used to determine the threshold amount for determining the top 200 circuit peak hours in a given year.[11] When the forecast identifies an hour exceeding the prior year's top 200 hours circuit threshold, the distribution capacity hourly adder will be applied and presented to the participating customer on a day-ahead basis.

SDG&E is proposing a DF hourly distribution rate structure based on the top 200 circuit hours because this rate structure will capture the highest cost hours in the distribution capacity rate. The kilowatt-hour (kWh) consumption associated with the top 200 hours of circuits represents approximately 4.1% of the consumption associated with the total circuit hours over the 2022-2024 time-period.[12] Year-to-year differences in load can result in actual circuit peak hours that differ from the forecasted top 200 hours. Notably, this top 200 hours circuit-based

[8] Guidance Decision at 59.
[9] For DF M/L C&I secondary and primary voltage customers, the distribution capacity hourly adder will replace the distribution on-peak demand charges that M/L C&I secondary and primary voltage customers currently pay.
[10] Because M/L C&I secondary substation, primary substation, and transmission voltage customers are not currently billed distribution on-peak demand charges, these customers will not be billed the distribution capacity component to recover peak-related distribution demand costs.
[11] SDG&E notes that it is using 150 system hours to develop the generation capacity hourly adders and 200 circuit hours to develop the distribution capacity hourly adders. SDG&E is using the 150 system hours for generation and 200 circuit hours for distribution here because this is consistent with the hours used to developed SDG&E's existing Schedules VGI and Public GIR generation and distribution capacity hourly rates.
[12] The circuit total kWh and top 200 hours kWh will be updated annually each January 1st, after the implementation of the distribution rates for DF customers, to reflect the currently available three years of kWh data.

distribution capacity hourly adder approach is consistent with the circuit-based distribution capacity hourly adder that SDG&E implemented for Schedules VGI and Public GIR.[13]

Given that SDG&E currently has 1,030 circuits, SDG&E is proposing to cluster the circuits into 10 circuit groups based on the percentage of residential and non-residential kWh load on the circuits to reduce the number of distribution circuit rates needed from 1,030 to 10. SDG&E chose to cluster its circuits in order to reduce the number of distribution circuit rates and avoid the potential for significant billing issues, customer confusion, and need for significant billing system changes that adding over a thousand distribution circuit rates would require. SDG&E settled on 10 circuit clusters as a reasonable number that balanced the need for location-based distribution pricing with the need for a reasonable number of clusters. These circuit clusters will be developed based on residential and non-residential consumption, broken out by 10% increments, and customers will be notified what circuit cluster they will be billed under. Table 1 (provided below) reflects this approach and provides circuit cluster groupings based on 2024 data:[14]

[13] Schedule VGI rates were implemented on April 1, 2017, pursuant to D.16-01-045; Schedule Public GIR rates were implemented on June 1, 2019, pursuant to D.18-01-024.

[14] The circuit clusters will be updated annually each January 1st, after the implementation of the distribution rates for DF customers, to reflect the most currently available full year of circuit data.

TABLE 1 - DISTRIBUTION CAPACITY COMPONENT CIRCUIT GROUPS			
	Number of Circuits	**Residential kWh %**	**Non-Residential kWh %**
Group 1	112	100-90%	0-10%
Group 2	101	89-80%	11-20%
Group 3	115	79-70%	21-30%
Group 4	103	69-60%	31-40%
Group 5	99	59-50%	41-50%
Group 6	62	49-40%	51-60%
Group 7	68	39-30%	61-70%
Group 8	74	29-20%	71-80%
Group 9	62	19-10%	81-90%
Group 10	234	9-0%	91-100%
Total	1,030		

Based on SDG&E's most recently developed 2025 Distribution Cost Study,[15] SDG&E proposes to collect 6.2% of the marginal distribution demand costs through the distribution capacity hourly adder because 6.2% of the marginal distribution demand costs are estimated to be peak-related during the 2023-2025 period. In accordance with the Guidance Decision, these marginal distribution demand costs will be scaled using the Equal Percent of Marginal Cost (EPMC) methodology to recover the appropriate portion of SDG&E's non-marginal distribution costs.[16]

The remaining 93.8% of marginal distribution demand costs scaled using the EPMC methodology will be collected through the distribution non-coincident demand charges, distribution distance adjustment fees, and/or the distribution base rate. Attachment C presents the distribution capacity hourly adders for each customer class that are being proposed for DF customers.

[15] SDG&E's 2025 Distribution Cost Study evaluated peak-related and non-peak related distribution capacity costs to determine the percentage of SDG&E's total distribution capacity costs that are peak-related.
[16] Guidance Decision at 77-79.

D. Distribution Base Rate

The proposed distribution base rates for DF customers reflect the distribution rates needed to fully recover total authorized distribution costs by customer class.[17] The distribution base rates are calculated to recover the difference between the total authorized distribution revenues allocated to each customer class minus the revenues forecasted to be collected by customer class in the (a) MSF, described in Section A above, (b) non-coincident demand charges and distance adjustment fees, described in Section B above, and (c) distribution capacity hourly adders, described in Section C above.

The proposed distribution base rates reflect flat energy rates because the only distribution costs that are time-differentiated are the peak-related marginal distribution demand costs recovered in the distribution capacity hourly adders. Attachment D presents the distribution base rates for each customer class that are being proposed for DF customers.

III. DEMAND FLEXIBILITY (DF) BASE TRANSMISSION RATES

Pursuant to the Guidance Decision, the Large IOUs are required to propose hourly transmission rates and describe their plan for implementing time-varying transmission rates in their respective applications.[18] The Guidance Decision also acknowledges, however, that transmission studies are needed to determine appropriate hourly and time-of-use (TOU) transmission capacity price signals and encourages the IOUs to undertake the necessary studies to propose rate designs for time-varying transmission capacity prices.[19]

[17] Total distribution costs include distribution base costs and distribution miscellaneous costs such as demand response, medium-duty and heavy-duty (MD/HD) electric vehicle, transportation electrification advisory services, transportation electrification framework, and distribution generation renewable costs.
[18] Guidance Decision at 66-67.
[19] *Id.*

Pursuant to this language, SDG&E conducted a 2025 Transmission Cost Study using data from 2023 through 2025. The study identifies only transmission peak-related and non-peak-related costs, and does not identify transmission hourly capacity costs because the transmission costs are not hourly based. This study shows that approximately 8.1% of SDG&E's 2023-2025 total transmission capacity costs are peak-related.

Further, even if SDG&E had transmission hourly capacity costs to design transmission capacity hourly rates, SDG&E's billing system is not currently designed to handle the implementation of DF transmission capacity hourly rates. For this reason, SDG&E proposes to initially implement base transmission TOU energy rates for residential, small commercial, and agricultural DF customers with the plan to implement base transmission hourly energy rates for these customers at a later date.

As explained in Section III.B below, M/L C&I DF customers will continue to pay the base transmission non-coincident and on-peak demand charges that M/L C&I customers currently pay because these base transmission demand charges already reflect time variant rates.

A. Base Transmission Time-Of-Use (TOU) Energy Rates

SDG&E proposes to use the SDG&E 2025 Transmission Cost Study to develop base transmission TOU energy rates for residential, small commercial, and agricultural DF customers.[20] All rates for these customer classes currently have base transmission flat rate components, so the proposed DF transmission rates would provide a time-varying price signal for this base transmission rate component. These base transmission TOU energy rates will promote the efficient utilization of SDG&E's transmission system by charging higher rates during on-peak times when transmission peak-related capacity costs are incurred. Based on

[20] *Id.*

SDG&E's 2025 Transmission Cost Study, 8.1% of SDG&E's total transmission costs occurred during the peak TOU period. Accordingly, SDG&E is proposing to collect 8.1% of transmission costs directly through the base transmission on-peak energy rates.

Attachment E presents the proposed base transmission TOU energy rates for DF residential, small commercial, and agricultural customers that SDG&E plans to file with FERC.

B. Base Transmission Non-Coincident and On-Peak Demand Charges

M/L C&I customers already pay base transmission time-differentiated rates in the form of non-coincident and on-peak demand charges. Attachment F presents the M/L C&I base transmission non-coincident and on-peak demand charges that were adopted for Schedule AL-TOU customers and are being proposed for DF customers.[21] Currently, 90% of transmission costs are recovered in M/L C&I base transmission non-coincident demand charges, and 10% are recovered in M/L C&I base transmission on-peak demand charges. As stated above, SDG&E's 2025 Transmission Cost Study shows that 8.1% of transmission costs are peak-related. Therefore, SDG&E plans to revise the M/L C&I base transmission demand charges to reflect 91.9% non-coincident and 8.1% on-peak demand charges. Attachment E presents the proposed updated M/L C&I base transmission demand charges based on 91.9% non-coincident and 8.1% on-peak costs that SDG&E plans to file with FERC for M/L C&I customers, including DF customers.

IV. SUMMARY AND CONCLUSION

SDG&E recommends that the Commission approve the proposed distribution and transmission rate design for DF customers, as described above. This proposed rate design was based on recovery of SDG&E's total authorized distribution and transmission revenues used to

[21] M/L C&I transmission non-coincident demand charges, being proposed for DF customers, were implemented on October 1, 2025, pursuant to SDG&E AL 4701-E.

develop the illustrative DF distribution and base transmission rates, as presented in Attachments A through F. If this rate design is adopted, the distribution and base transmission rates implemented for DF customers will be updated to reflect the recovery of SDG&E's total authorized distribution and transmission revenues adopted at the time of DF distribution and base transmission rate implementation.

This concludes my prepared direct testimony.

V. WITNESS QUALIFICATIONS

My name is William G. Saxe. My business address is 8330 Century Park Court, San Diego, California 92123. I am employed at SDG&E as the Rates & Cost Studies Project Manager in the Customer Pricing Department. I have worked for SDG&E since February 2001. Prior to joining SDG&E, I was employed by Sempra Energy, the parent company of SDG&E, from April 1999 through January 2001. In addition, I was employed by the Illinois Commerce Commission (ICC) from September 1990 through April 1999.

I received a Bachelor of Science degree in Economics from the University of Wisconsin-Madison in 1985. I received a Master of Business Administration degree, with a concentration in Finance, from the University of Wisconsin-Madison in 1990.

I have previously testified before the Commission on rate design, marginal cost and other issues. In addition, I have previously submitted testimony before the FERC and the ICC.

ATTACHMENT A

ILLUSTRATIVE DEMAND FLEXIBILITY (DF) DISTRIBUTION MONTHLY SERVICE FEES (MSF)

ATTACHMENT A
ILLUSTRATIVE PROPOSED DEMAND FLEXIBILITY (DF) DISTRIBUTION MONTHLY SERVICE FEES (MSF)

Line No.	Customer Classes	Description	Current Distribution MSF[1,2,3,4]	DF Distribution MSF	$ Change
1	Residential				
2	Standard	$/Day	$0.48321	$0.48321	$0.00000
3	California Alternative Rates for Energy Program (CARE)	$/Day	$0.08202	$0.08202	$0.00000
4	Family Electric Rate for Assistance Program (FERA)/Deed-Restricted Affordable Housing (DRAH)	$/Day	$0.08666	$0.08666	$0.00000
5					
6	Small Commercial				
7	0-5 kW	$/Month	$11.45	$11.45	$0.00
8	5-20 kW	$/Month	$18.32	$18.32	$0.00
9	20-50 kW	$/Month	$34.35	$34.35	$0.00
10	>50 kW	$/Month	$85.87	$85.87	$0.00
11					
12	Medium/Large Commercial & Industrial Customers (M/L C&I)				
13	Less than 500 kW				
14	Secondary	$/Month	$213.30	$213.30	$0.00
15	Primary	$/Month	$57.52	$57.52	$0.00
16	Secondary Substation	$/Month	$19,278.87	$19,278.87	$0.00
17	Primary Substation	$/Month	$19,278.87	$19,278.87	$0.00
18	Transmission	$/Month	$310.20	$310.20	$0.00
19	Greater than 500 kW				
20	Secondary	$/Month	$766.91	$766.91	$0.00
21	Primary	$/Month	$68.43	$68.43	$0.00
22	Secondary Substation	$/Month	$19,278.87	$19,278.87	$0.00
23	Primary Substation	$/Month	$19,278.87	$19,278.87	$0.00
24	Transmission	$/Month	$1,241.14	$1,241.14	$0.00
25	Greater than 12 MW				
26	Secondary Substation	$/Month	$32,533.07	$32,533.07	$0.00
27	Primary Substation	$/Month	$32,593.49	$32,593.49	$0.00
28					
29	Agricultural				
30	Less than 20kW	$/Month	$25.05	$25.05	$0.00
31					
32	Greater than or equal to 20kW				
33	20-75 kW	$/Month	$41.50	$41.50	$0.00
34	75-100 kW	$/Month	$70.12	$70.12	$0.00
35	100-200 kW	$/Month	$87.29	$87.29	$0.00
36	>200 kW	$/Month	$144.54	$144.54	$0.00

Notes:

(1) Current Residential Distribution MSFs were implemented on October 1, 2025, pursuant to SDG&E Advice Letter 4701-E, and reflect the MSFs for all residential customers.

(2) Current Small Commercial Distribution MSFs were implemented on October 1, 2025, pursuant to SDG&E Advice Letter 4701-E, and reflect the MSFs for Schedule TOU-A, which is the standard electric rate schedule for small commercial customers.

(3) Current M/L C&I Distribution MSFs were implemented on October 1, 2025, pursuant to SDG&E Advice Letter 4701-E, and reflect the MSFs for Schedule AL-TOU, which is the standard electric rate schedule for M/L C&I customers.

(4) Current Agricultural Distribution MSFs were implemented on October 1, 2025, pursuant to SDG&E Advice Letter 4701-E, and reflect the MSFs for Schedule TOU-PA and TOU-PA3, which are the standard electric rate schedule for agricultural customers less than 20 kW or greater than or equal to 20 kW, respectively.

(5) MSFs are also labeled as "Base Service Charges" and "Basic Service Fees" in SDG&E's electric rate schedules.

ATTACHMENT B

ILLUSTRATIVE DEMAND FLEXIBILITY (DF) DISTRIBUTION NON-COINCIDENT DEMAND CHARGES AND DISTANCE ADJUSTMENT FEES

ATTACHMENT B
ILLUSTRATIVE PROPOSED DEMAND FLEXIBILITY (DF) DISTRIBUTION NON-COINCIDENT DEMAND CHARGES & DISTANCE ADJUSTMENT FEES

Line No.	Customer Classes	Description	Current Distribution Charges[1]	DF Distribution Charges	$ Change
1	Medium/Large Commercial & Industrial Customers (M/L C&I)				
2					
3	Non-Coincident Demand Charges				
4	Secondary	$/kW	$16.98	$16.98	$0.00
5	Primary	$/kW	$16.89	$16.89	$0.00
6	Secondary Substation	$/kW	$0.14	$0.14	$0.00
7	Primary Substation	$/kW	$0.14	$0.14	$0.00
8	Transmission	$/kW	$0.14	$0.14	$0.00
9					
10	Distance Adjustment Fees				
11	Secondary Substation - Overhead Fee	$/Foot/Month	$1.23	$1.23	$0.00
12	Secondary Substation - Overhead Fee	$/Foot/Month	$3.17	$3.17	$0.00
13	Primary Substation - Overhead Fee	$/Foot/Month	$1.22	$1.22	$0.00
14	Primary Substation - Overhead Fee	$/Foot/Month	$3.13	$3.13	$0.00

Note:

(1) Current non-coincident demand charges and distance adjustment fees for M/L C&I customers were implemented on October 1, 2025, pursuant to SDG&E Advice Letter 4701-E, and reflect the non-coincident demand charges and distance adjustment fees for Schedule AL-TOU.

ATTACHMENT C

ILLUSTRATIVE DEMAND FLEXBILITY (DF) DISTRIBUTION CAPACITY HOURLY ADDERS

ATTACHMENT C
ILLUSTRATIVE PROPOSED DEMAND FLEXIBILITY (DF) DISTRIBUTION CAPACITY HOURLY ADDERS

Line No.	Customer Classes	Description	Circuit Cluster 1 100-90% Residential	Circuit Cluster 2 90-80% Residential	Circuit Cluster 3 80-70% Residential	Circuit Cluster 4 70-60% Residential	Circuit Cluster 5 60-50% Residential	Circuit Cluster 6 50-40% Residential	Circuit Cluster 7 40-30% Residential	Circuit Cluster 8 30-20% Residential	Circuit Cluster 9 20-10% Residential	Circuit Cluster 10 10-0% Residential
1	Residential	$/kWh	$0.13588	$0.14662	$0.15369	$0.16431	$0.17163	$0.17824	$0.18540	$0.18867	$0.18406	$0.18652
2												
3	Small Commercial	$/kWh	$0.10437	$0.11263	$0.11806	$0.12621	$0.13184	$0.13691	$0.14241	$0.14492	$0.14138	$0.14327
4												
5	Medium/Large Commercial & Industrial Customers (M/L C&I)	$/kWh	$0.09312	$0.10048	$0.10532	$0.11260	$0.11762	$0.12214	$0.12705	$0.12929	$0.12613	$0.12782
6												
7	Agricultural	$/kWh	$0.07664	$0.08270	$0.08668	$0.09267	$0.09680	$0.10053	$0.10456	$0.10641	$0.10381	$0.10520

Note:
(1) The DF distribution capacity hourly adder only applies to secondary and primary voltage customers in the M/L C&I customer class. Because M/L C&I secondary substation, primary substation, and transmission voltage customers are not currently billed distribution on-peak demand charges, these customers will not be billed the distribution capacity hourly adder to recover peak-related distribution demand costs.

ATTACHMENT D

ILLUSTRATIVE DEMAND FLEXBILITY (DF) DISTRIBUTION BASE RATES

ATTACHMENT D
ILLUSTRATIVE PROPOSED DEMAND FLEXIBILITY (DF) DISTRIBUTION BASE RATES

Line No.	Customer Classes	Description	Current Distribution Rate	Proposed DF Distribution Base Rate	$ Change	% Change
1	Residential	$/kWh	$0.16192	$0.15724	($0.00468)	-2.9%
2						
3	Small Commercial					
4	Secondary	$/kWh	$0.18777	$0.18686	($0.00091)	-0.5%
5	Primary	$/kWh	$0.18681	$0.18588	($0.00093)	-0.5%
6						
7	Medium/Large Commercial & Industrial Customers (M/L C&I)					
8	Secondary	$/kWh	$0.00158	$0.08533	$0.08376	5317.9%
9	Primary	$/kWh	$0.00158	$0.07617	$0.07459	4736.0%
10	Secondary Substation	$/kWh	$0.00119	$0.00122	$0.00003	2.9%
11	Primary Substation	$/kWh	$0.00119	$0.00122	$0.00003	2.9%
12	Transmission	$/kWh	$0.00119	$0.00122	$0.00003	2.9%
13						
14	Agricultural					
15	Secondary	$/kWh	$0.08483	$0.08119	($0.00364)	-4.3%
16	Primary	$/kWh	$0.08440	$0.08076	($0.00364)	-4.3%

Notes:

(1) M/L C&I customers currently only pay distribution energy charges to recover distribution miscellaneous costs such as demand response, medium-duty and heavy-duty (MD/HD) electric vehicle, transportation electrification advisory services, transportation electrification framework, and distribution generation renewable costs. In addition, M/L C&I secondary and primary customers currently pay distribution on-peak distribution demand charges, which M/L C&I secondary and primary DF customers will not be paying. This is the reason that distribution base rates for M/L C&I secondary and primary DF customers reflect a significant increase from current distribution rates.

ATTACHMENT E

ILLUSTRATIVE DEMAND FLEXIBILITY (DF) BASE TRANSMISSION TIME-OF-USE (TOU) ENERGY CHARGES

ATTACHMENT E
ILLUSTRATIVE PROPOSED DEMAND FLEXIBILITY (DF) BASE TRANSMISSION TIME-OF-USE (TOU) ENERGY RATES

Line No.	Volumetric Rates ($/kWh)	Description	Current Transmission Rates[1]	DF Transmission TOU Energy Rates[2]	$ Change	% Change
1	**Residential**					
2	Flat $/kWh Rate	$/kWh	$0.09771			
3						
4	TOU $/kWh Rates	$/kWh				
5	*Summer On-Peak*	$/kWh	NA	$0.13705	$0.03934	40.3%
6	*Winter On-Peak*	$/kWh	NA	$0.09911	$0.00140	1.4%
7	*Summer & Winter Off-Peak*	$/kWh	NA	$0.08980	-$0.00791	-8.1%
8	*Summer & Winter Super Off-Peak*	$/kWh	NA	$0.08980	-$0.00791	-8.1%
9						
10	**Small Commercial**					
11	Flat $/kWh Rate	$/kWh	$0.05580			
12						
13	TOU $/kWh Rates	$/kWh				
14	*Summer On-Peak*	$/kWh	NA	$0.08646	$0.03066	55.0%
15	*Winter On-Peak*	$/kWh	NA	$0.05848	$0.00268	4.8%
16	*Summer & Winter Off-Peak*	$/kWh	NA	$0.05128	-$0.00452	-8.1%
17	*Summer & Winter Super Off-Peak*	$/kWh	NA	$0.05128	-$0.00452	-8.1%
18						
19	**Agricultural**					
20	Flat $/kWh Rate	$/kWh	$0.03799			
21						
22	TOU $/kWh Rates	$/kWh				
23	*Summer On-Peak*	$/kWh	NA	$0.06344	$0.02545	67.0%
24	*Winter On-Peak*	$/kWh	NA	$0.04187	$0.00388	10.2%
24	*Summer & Winter Off-Peak*	$/kWh	NA	$0.03491	-$0.00308	-8.1%
25	*Summer & Winter Super Off-Peak*	$/kWh	NA	$0.03491	-$0.00308	-8.1%

Notes:
(1) Current transmission rates reflect the 2025 $/kWh transmission rates developed in SDG&E's Federal Energy Regulatory Commission (FERC) Transmission Owner 6, Cycle 1 (TO6 Cycle 1) and implemented on June 1, 2025, per SDG&E Advice Letter 4653-E.
(2) DF TOU transmission energy Rates reflect the current 2025 transmission rates converted into TOU transmission energy rates by assuming that 8.1% of the allocated transmission revenues are directly assignable to on-peak rates consistent with SDG&E's 2025 transmission cost study.

ATTACHMENT F

ILLUSTRATIVE DEMAND FLEXIBILITY (DF) BASE TRANSMISSION NON-COINCIDENT AND ON-PEAK DEMAND CHARGES

ATTACHMENT F
ILLUSTRATIVE PROPOSED DEMAND FLEXIBILITY (DF) BASE TRANSMISSION NON-COINCIDENT AND ON-PEAK DEMAND CHARGES

Line No.	Customer Classes	Description	Current Transmission Demand Charges[1]	DF Transmission Demand Charges[2]	$ Change	% Change
1	Medium/Large Commercial & Industrial Customers (M/L C&I)					
2						
3	Non-Coincident Demand Charges					
4	Secondary	$/kW	$20.67	$21.11	$0.44	2.1%
5	Primary	$/kW	$19.97	$20.39	$0.42	2.1%
6	Secondary Substation	$/kW	$20.67	$21.11	$0.44	2.1%
7	Primary Substation	$/kW	$19.97	$20.39	$0.42	2.1%
8	Transmission	$/kW	$19.88	$20.30	$0.42	2.1%
9						
10	Summer On-Peak Demand Charges					
11	Secondary	$/kW	$4.23	$3.42	-$0.81	-19.1%
12	Primary	$/kW	$4.09	$3.31	-$0.78	-19.1%
13	Secondary Substation	$/kW	$4.23	$3.42	-$0.81	-19.1%
14	Primary Substation	$/kW	$4.09	$3.31	-$0.78	-19.1%
15	Transmission	$/kW	$4.08	$3.30	-$0.78	-19.1%
16						
17	Winter On-Peak Demand Charges					
18	Secondary	$/kW	$0.86	$0.69	-$0.17	-19.8%
19	Primary	$/kW	$0.83	$0.67	-$0.16	-19.3%
20	Secondary Substation	$/kW	$0.86	$0.69	-$0.17	-19.8%
21	Primary Substation	$/kW	$0.83	$0.67	-$0.16	-19.3%
22	Transmission	$/kW	$0.82	$0.67	-$0.15	-18.3%

Note:

(1) Current transmission non-coincident demand charges and on-peak demand charges for M/L C&I customers were implemented on October 1, 2025, pursuant to SDG&E Advice Letter 4701-E for Schedule AL-TOU.

(2) DF transmission demand charges for M/L C&I customers reflect updates to change the recovery of the allocated transmission revenues from 10% to 8.1% for the on-peak demand charges based on the 2025 transmission cost study that shows that 8.1% of the allocated transmission revenues are peak-related.