

Application of San Diego Gas & Electric
Company (U-902-E) For Authority To Update
Marginal Costs, Cost Allocation, And Electric
Rate Design

Application: 23-01-008
Exhibit No.: _____

CHAPTER 2

REVISED PREPARED DIRECT TESTIMONY OF

RAY C. UTAMA

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

September 29, 2023



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**REVISED PREPARED DIRECT TESTIMONY OF
RAY C. UTAMA
(CHAPTER 2)**

I. OVERVIEW AND PURPOSE

On January 17, 2023, San Diego Gas & Electric Company (SDG&E) filed its Application for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design (Application).¹ SDG&E is submitting this revised prepared direct testimony pursuant to the June 23, 2023 Administrative Law Judge’s Ruling to file revised testimony with approved 2023 sales forecast, and August 2, 2023 Ruling to modify the procedural schedule. The purpose of my revised prepared direct testimony is to present SDG&E’s proposed methodology for revenue allocations reflecting (a) the current effective sales forecast; and (b) updated customer class designations to accommodate SDG&E’s proposed addition of a Medium Commercial customer class as presented in the revised prepared direct testimony of SDG&E witness Samantha Pate (Chapter 1). Importantly, any reference to the “current” or “current effective” sales forecast, unless specified otherwise, reflect the 2023 sales forecast per D.22-12-042, and rates effective as of January 1, 2023, pursuant to Advice Letter (AL) 4129-E.

II. REVENUE ALLOCATIONS

Revenue allocation is the assignment of authorized revenue requirements to customer classes. SDG&E currently has five customer classes for the determination of revenue allocations and is proposing to create a new customer class for Medium Commercial. The revised prepared direct testimony of SDG&E witness Hannah Campi (Chapter 3) discusses the rate design of the Medium Commercial customer class in more detail. The six proposed customer classes are as follows:

1. Residential;

¹ See A.23-01-008.

2. Small Commercial;
3. Medium Commercial;
4. Large Commercial and Industrial (C&I);
5. Agricultural; and
6. Street Lighting.

As stated in the revised prepared direct testimony of SDG&E witness Pate (Chapter 1), SDG&E is proposing to continue to use the System Average Percentage Change (SAPC) methodology for its revenue allocations during the General Rate Case (GRC) cycle covered in this application to help support rate and bill stability for all customer classes. Additionally, SDG&E is proposing to establish Medium Commercial customer class revenue allocations when this GRC Phase 2 application is implemented, which will adjust the Large C&I and Small Commercial customer class revenue allocations one time.

As for the Public Purpose Program (PPP) rate component, SDG&E is proposing updated revenue allocations for the Energy Efficiency (EE) subcomponent only. For all other PPP components, SDG&E is proposing to continue the current methodologies adopted in Decision (D.) 21-07-010 in SDG&E's Test Year (TY) 2019 GRC Phase 2.² As most of the components are dependent upon the California Public Utilities Commission (Commission) adopted sales forecasts, when a new sales forecast is adopted, SDG&E will update the PPP rates via the implementation advice letter. By updating the electric PPP rates with the latest authorized sales forecast and latest PPP revenue requirements, the current methodology reflects the most up-to-date conditions and most equitable to minimize potential cost shift between the customer classes. Additionally, to accommodate the addition of the Medium Commercial customer class, SDG&E is presenting illustrative revenue allocations and rates for all other PPP components.

² See D.21-07-010 pages 21-22.

1 The proposed and illustrative revenue allocations for Distribution, Demand Response,
2 Commodity, Competition Transition Charges (CTC), Local Generation Charge (LGC), and PPP are
3 discussed in more detail below.

4 **A. SAPC Rate Components**

5 The proposed SAPC methodology would apply to revenue allocations for the Distribution,
6 Demand Response, Commodity, CTC, and LGC rate components when SDG&E implements annual
7 sales forecasts that are adopted in its Electric Procurement Revenue Requirement (ERRA) Forecast
8 Proceeding. Updates to the revenue allocations of SAPC rate components are to accommodate the
9 proposed Medium Commercial customer class as discussed in the revised prepared direct testimony
10 of SDG&E witnesses Pate (Chapter 1) and Campi (Chapter 3). Because SDG&E is proposing to use
11 the SAPC methodology for sales forecast implementations for the duration of this four-year GRC
12 cycle, the revenue allocations for the proposed Medium Commercial class are developed based on
13 the percentage of migrated sales from the current Small Commercial and Medium/Large (M/L) C&I
14 customer classes.³ This ensures that all customer classes will see the same percent increase from
15 future sales forecast implementations.

16 Figure RU-1 displays the cost-based revenue allocations from SDG&E's distribution,
17 commodity, and CTC cost studies, as discussed in the revised prepared direct testimony of SDG&E
18 witnesses William G. Saxe (Chapter 4) and Jeff DeTuri (Chapter 5), as well as the cost-based
19 revenue allocation for LGC, which is derived from SDG&E's current Transmission Owner (TO)
20 proceeding.⁴ Illustrative proposed revenue allocations presented in Figure RU-1 are developed
21 based on current effective sales forecast and actual revenue allocations will change annually using
22 the proposed SAPC methodology and sales forecasts adopted in future ERRA forecast proceedings.

³ Migrated system net sales to developed distribution, demand response and LGC rate components; migrated bundled sales for commodity rate component; and migrated delivered sales for CTC rate component.

⁴ SDG&E FERC filing, Docket Number ER23-542-000.

Proposed allocations compared to allocations effective as of January 1, 2023, are presented in each rate component section below. As shown in each figures RU-2 to RU-6, SDG&E’s proposal is intended to promote rate and bill stability for customers.

Figure RU-1: Cost-Based and Illustrative Proposed Revenue Allocations

Customer Class	Distribution		Commodity		CTC		LGC	
	Cost-Based Allocation (%)	Illustrative Proposed Allocation (%)	Cost-Based Allocation (%)	Illustrative Proposed Allocation (%)	Cost-Based Allocation (%)	Illustrative Proposed Allocation (%)	Cost-Based Allocation (%)	Illustrative Proposed Allocation (%)
Residential	53.1%	45.7%	54.8%	53.8%	63.9%	41.5%	44.9%	43.1%
Small Commercial	12.3%	12.6%	10.5%	9.3%	11.9%	9.8%	10.9%	8.6%
Medium Commercial	13.0%	12.1%	12.1%	14.8%	12.2%	14.0%	N/A ¹	13.6%
Large C&I	19.8%	27.5%	21.3%	20.3%	10.4%	33.6%	42.9%	33.3%
Agricultural	1.6%	1.4%	0.9%	1.5%	1.5%	1.1%	1.0%	1.0%
Street Lighting	0.1%	0.7%	0.4%	0.4%	0.1%	0.0%	0.3%	0.4%
System	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Cost-based allocation derived from current effective TO proceeding, which does not include the Medium Commercial customer class proposed in this application.

1. Distribution

Illustrative distribution revenue allocation factors presented in Figure RU-2 are displayed based on current effective sales forecast. Actual revenue allocations will be developed using the proposed SAPC methodology and sales forecasts adopted in future ERRA forecast proceedings.

Figure RU–2: Illustrative Distribution Revenue Allocation⁵

Customer Class	1/1/23 Effective (%)	Illustrative Proposed Allocation (%)	Percentage Change (%)
Residential	45.7%	45.7%	0.0%
Small Commercial	14.6%	12.6%	-13.8%
Medium Commercial	N/A	12.1%	N/A
Large C&I	37.6%	27.5%	-26.9%
Agricultural	1.4%	1.4%	0.0%
Street Lighting	0.7%	0.7%	0.0%
System	100.0%	100.0%	0.0%

⁵ Excludes miscellaneous revenues recovered through distribution rates, including Vehicle-Grid Integration, Medium Duty/Heavy Duty, and DG-R undercollection costs. No rate design changes are being requested for these revenues.

2. Demand Response

Illustrative demand response revenue allocation factors presented in Figure RU-3 are developed based on current effective sales forecast. Actual revenue allocations will be developed using the proposed SAPC methodology and sales forecasts adopted in future ERRA forecast proceedings.

Figure RU-3: Illustrative Demand Response Revenue Allocation

Customer Class	1/1/23 Effective (%)	Illustrative Proposed Allocation (%)	Percentage Change (%)
Residential	42.8%	42.8%	0.0%
Small Commercial	10.5%	9.1%	-13.8%
Medium Commercial	N/A	13.4%	N/A
Large C&I	44.4%	32.4%	-26.9%
Agricultural	1.7%	1.7%	0.0%
Street Lighting	0.5%	0.5%	0.0%
System	100.0%	100.0%	0.0%

3. Commodity

Illustrative commodity revenue allocation factors presented in Figure RU-4 are developed based on current effective sales forecast. Actual revenue allocations will be developed using the proposed SAPC methodology and sales forecasts adopted in future ERRA forecast proceedings.

Figure RU-4: Illustrative Commodity Revenue Allocation⁶

Customer Class	1/1/23 Effective (%)	Illustrative Proposed Allocation (%)	Percentage Change (%)
Residential	53.8%	53.8%	0.0%
Small Commercial	10.9%	9.3%	-14.9%
Medium Commercial	N/A	14.8%	N/A
Large C&I	33.5%	20.3%	-39.3%
Agricultural	1.5%	1.5%	0.0%
Street Lighting	0.4%	0.4%	0.0%
System	100.0%	100.0%	0.0%

⁶ Excludes miscellaneous revenues recovered through commodity rates, including Critical Peak Pricing, Dynamic Peak Pricing and DG-R under/overcollections which are allocated 100% to the respective class.

4. Ongoing Competition Transition Charges

Illustrative CTC revenue allocation factors presented in Figure RU-5 are developed based on current effective sales forecast. Actual revenue allocations will be developed using the proposed SAPC methodology and sales forecasts adopted in future ERRA forecast proceedings.

Figure RU-5: Illustrative CTC Revenue Allocation

Customer Class	1/1/23 Effective (%)	Illustrative Proposed Allocation (%)	Percentage Change (%)
Residential	41.5%	41.5%	0.0%
Small Commercial	11.3%	9.8%	-13.8%
Medium Commercial	N/A	14.0%	N/A
Large C&I	46.0%	33.6%	-27.1%
Agricultural	1.1%	1.1%	0.0%
Street Lighting	0.0%	0.0%	0.0%
System	100.0%	100.0%	0.0%

5. Local Generation Charge

The Commission authorized SDG&E to establish an LGC to recover new generation costs on a non-bypassable basis from all customers, consistent with the requirements of the Cost Allocation Mechanism (CAM) set forth in Rulemaking 06-02-013 and D.06-07-029. Illustrative LGC revenue allocation factors presented in Figure RU-6 are developed based on current effective sales forecast. Actual revenue allocations will be developed using the proposed SAPC methodology and sales forecasts adopted in future ERRA forecast proceedings.

Figure RU-6: Illustrative LGC Revenue Allocation

Customer Class	1/1/23 Effective (%)	Illustrative Proposed Allocation (%)	Percentage Change (%)
Residential	43.1%	43.1%	0.0%
Small Commercial	10.0%	8.6%	-13.8%
Medium Commercial	N/A	13.6%	N/A
Large C&I	45.6%	33.3%	-26.9%
Agricultural	1.0%	1.0%	0.0%
Street Lighting	0.4%	0.4%	0.0%
System	100.0%	100.0%	0.0%

1 **B. Public Purpose Program**

2 PPP consists of: (1) Low Income Programs, specifically California Alternate Rates for
3 Energy (CARE), Family Electric Rate Assistance (FERA), Food Bank Discount and Energy Savings
4 Assistance Programs (ESAP); (2) EE, (3) Electric Program Investment Charge (EPIC), (4) Self-
5 Generation Program (SGIP), (5) Tree Mortality Non-Bypassable Charge (TMNBC), (6) San Diego
6 Unified Port District (SDUPD), (7) Residential Uncollectible Balancing Account (RUBA), (8) Flex
7 Alert Balancing Account (FABA), (9) School Energy Efficiency Stimulus Program Balancing
8 Account (SEESPBA), (10) Economic Development Rate Balancing Account (EDRBA), (11)
9 Wildfire and Natural Disaster Resiliency Rebuild (WNDRR), (12) Disadvantaged Communities
10 Green Tariff Balancing Account (DACGTBA), and (13) Community Solar Green Tariff Balancing
11 Account (CSGTBA).⁷ As part of this application, SDG&E is proposing updates to revenue
12 allocations for the EE component only, to reflect more current program spending. For all other PPP
13 components, SDG&E is proposing to continue the current methodologies adopted in D.21-07-010.⁸
14 When a new sales forecast has been adopted by the Commission, SDG&E will update the PPP rates
15 via the implementation advice letter.

16 The proposed and illustrative revenue allocations for various PPP rate components are
17 discussed in more detail below.

18 **1. Energy Efficiency**

19 EE allocations are based on the forecasted EE program spending by customer class, as
20 approved in D.05-09-043, with the current allocations based on 2019 forecast program spending per
21 D.21-07-010. SDG&E proposes to update EE allocations to reflect 2022 forecasted EE program

⁷ SGIP and California Solar Initiative (CSI) were moved from the distribution rate component to the PPP rate component pursuant to D.17-08-030. CSI is excluded from PPP calculation as the funding is zero pursuant to D.15-01-027 and AL 2792, effective October 26, 2015.

⁸ See D.21-07-010 pages 21-22.

1 spending, consistent with the current allocation methodology for EE.⁹ Forecasted spending
 2 specifically associated with individual customer classes was allocated as such using the existing EE
 3 allocations as a reference. Unspecified “Commercial” spending was split proportionately between
 4 the Small Commercial and Large C&I classes using the current EE allocations. The EE allocation
 5 for the proposed Medium Commercial class is developed based on percentage of migrated system
 6 delivered sales from the Small Commercial and M/L C&I customer classes. All remaining spending,
 7 which currently is not assigned to a specific class, was allocated based on the subtotals for all
 8 customer classes. Figure RU-7 presents: 1) the proposed updated allocations based on this
 9 methodology, and 2) illustrative EE rates developed based on current effective sales forecast.¹⁰
 10 Actual EE rates will be developed using sales forecasts adopted in future ERRA forecast
 11 proceedings.

12 **Figure RU-7: Proposed Energy Efficiency Revenue Allocation and Illustrative Rates**

Customer Class	1/1/23 Effective (%)	Proposed Allocation (%)	Percentage Change (%)	1/1/23 Effective Rate (\$/kWh)	Illustrative Proposed Rate (\$/kWh)	Percentage Change (%)
Residential	25.8%	20.4%	-20.9%	0.00422	0.00334	-20.9%
Small Commercial	15.5%	14.2%	-8.5%	0.00904	0.00960	6.2%
Medium Commercial	N/A	18.6%	N/A	N/A	0.00805	N/A
Large C&I	56.8%	44.0%	-22.6%	0.00741	0.00787	6.2%
Agricultural	1.8%	2.8%	51.6%	0.00625	0.00948	51.6%
Street Lighting	0.0%	0.0%	-76.4%	0.00003	0.00001	-76.4%
System	100.0%	100.0%	0.0%	0.00630	0.00630	0.0%

14 **2. Other PPP Components**

15 To accommodate SDG&E’s proposed Medium Commercial customer class, SDG&E is
 16 presenting illustrative revenue allocations and rates for all other PPP components. The illustrative
 17 allocations and rates are developed based on current PPP revenue requirements and updated with the

⁹ On February 15, 2022, the Commission gave notice that SDG&E’s 2022-2023 Energy Efficiency funding filed in AL 3887-E-A/3035-G-A, was approved and effective January 1, 2022.

¹⁰ 2023 electric sales forecast per D.22-12-042, and rates effective as of January 1, 2023, pursuant to AL 4129-E.

1 current effective 2023 sales forecast to reflect the proposed Medium Commercial customer class.¹¹
 2 Actual revenue allocations will be developed whenever a new sales forecast is adopted by the
 3 Commission.

4 Figure RU-8 below shows the illustrative revenue allocation of the various PPP components.
 5 Figure RU-9 below provides illustrative rates for the components of PPP that reflect the proposed
 6 and illustrative updates to the PPP allocations.

7 **Figure RU-8: Illustrative Revenue Allocations for Other PPP Components**

Customer Class	Illustrative Allocation					
	CARE/ Food Bank (%)	ESAP (%)	EPIC (%)	SGIP ¹ (%)	TMNB (%)	SDUPD (%)
Residential	33.4%	38.8%	38.6%	43.8%	46.2%	38.6%
Small Comm.	10.2%	9.4%	9.3%	0.4%	9.7%	9.3%
Medium Comm.	15.9%	14.7%	14.6%	6.6%	15.0%	14.6%
Large C&I	38.5%	35.4%	35.2%	47.8%	28.1%	35.2%
Agricultural	2.0%	1.8%	1.8%	1.5%	1.0%	1.8%
Street Lighting	0.0%	0.0%	0.4%	0.0%	0.0%	0.4%
System	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Customer Class	Illustrative Allocation					
	RUBA (%)	FABA ² (%)	SEESPBA ² (%)	EDRBA (%)	DACGTBA /CSGTBA (%)	WNDRR ³ (%)
Residential	33.4%	20.4%	20.4%	38.6%	38.6%	100.0%
Small Comm.	10.2%	14.2%	14.2%	9.3%	9.3%	0.0%
Medium Comm.	15.9%	18.6%	18.6%	14.6%	14.6%	0.0%
Large C&I	38.5%	44.0%	44.0%	35.2%	35.2%	0.0%
Agricultural	2.0%	2.8%	2.8%	1.8%	1.8%	0.0%
Street Lighting	0.0%	0.0%	0.0%	0.4%	0.4%	0.0%
System	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Per Resolution E-4926, SGIP's allocation to reflect actual benefits resulting from disbursement of program incentives over the previous 3 years

² Pursuant to AL 3741-E and AL 3679-E, allocations based on EE

³ Pursuant to D.21-11-002, WNDRR is recovered from residential customer class only

¹¹ Reflects the PPP revenue requirement effective January 1, 2023, pursuant to AL 4129-E; and electric sales forecast approved in D.22-12-042, and effective January 1, 2023, pursuant to AL 4129-E.

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Figure RU-9: Illustrative PPP Rates Based on Change in Allocations

Customer Class	Unit	Illustrative Rate							
		CARE	Food Bank	ESAP	EE	EPIC	SGIP	TMNB	SDUPD
Residential	\$/kWh	0.01590	0.00000	0.00079	0.00334	0.00087	0.00122	0.00125	(0.00005)
Sm. Comm.	\$/kWh	0.01590	0.00000	0.00079	0.00960	0.00087	0.00004	0.00108	(0.00005)
Medium Comm.	\$/kWh	0.01590	0.00000	0.00079	0.00805	0.00087	0.00049	0.00107	(0.00005)
Large C&I									
Energy ¹	\$/kWh	0.01590	0.00000	0.00079	0.00787	0.00087	0.00150	0.00083	(0.00005)
NCD ²	\$/kW						0.60		
Energy ²	\$/kWh	0.01590	0.00000	0.00079	0.00787	0.00087	0.00000	0.00083	(0.00005)
Agricultural	\$/kWh	0.01590	0.00000	0.00079	0.00948	0.00087	0.00088	0.00059	(0.00005)
Street Lighting	\$/kWh	0.00000	0.00000	0.00000	0.00001	0.00087	0.00001	0.00004	(0.00005)
System		0.01590	0.00000	0.00079	0.00630	0.00087	0.00108	0.00104	(0.00005)

Customer Class	Unit	Illustrative Rate						Total PPP
		RUBA	FABA	SEESPBA	EDRBA	DACGTBA /CSGTBA	WNDRR	
Residential	\$/kWh	0.00039	0.00011	0.00054	0.00002	0.00003	0.00004	0.02331
Sm. Comm.	\$/kWh	0.00039	0.00031	0.00154	0.00002	0.00003	0.00000	0.02823
Medium Comm.	\$/kWh	0.00039	0.00026	0.00129	0.00002	0.00003	0.00000	0.02711
Large C&I								
Energy ¹	\$/kWh	0.00039	0.00025	0.00126	0.00002	0.00003	0.00000	0.02772
NCD ²	\$/kW							0.60
Energy ²	\$/kWh	0.00039	0.00025	0.00126	0.00002	0.00003	0.00000	0.02621
Agricultural	\$/kWh	0.00039	0.00031	0.00152	0.00002	0.00003	0.00000	0.02846
Street Lighting	\$/kWh	0.00000	0.00000	0.00000	0.00002	0.00003	0.00000	0.00088
System		0.00039	0.00020	0.00101	0.00002	0.00003	0.00002	0.02593

¹ Applicable to schedules AL-TOU, AL-TOU2 Secondary and Primary only; Schedules DG-R, VGI all voltage levels

² Applicable to schedules AL-TOU, AL-TOU2 Substation and Transmission only; Schedule A6-TOU all voltage levels

2

3

Figure RU-10 and Figure RU-11 below summarize the 1/1/23 effective, proposed, and

4

illustrative revenue allocation treatments of the different rate components.

5

Figure RU-10: Summary of SAPC Rate Component Treatment

Rate Components	1/1/23 Effective	Proposal
Distribution	System Average Percentage Change (SAPC)	Continue the SAPC methodology with updates to accommodate the proposed Medium Commercial customer class
Demand Response		
Commodity		
CTC		
LGC		

6

7

1

Figure RU-11: Summary of PPP Rate Component Treatment

PPP Rate Components	1/1/23 Effective	Proposal	Illustrative Rev. Allocation ¹
EE, FABA, SEESPBA	2019 forecast program spending	2022 forecast program spending	Updated with 2022 forecast program spending and to reflect new Medium Commercial class
Low Income Programs (CARE/FERA/Food Bank/ESAP/RUBA)	Equal cent per kWh based on sales with appropriate exemptions, and the revenue allocations will be updated whenever the Commission adopts new sales	No change	Updated with 2023 sales and to reflect new Medium Commercial class
EPIC, SDUPD, EDRBA	Equal cent per kWh based on sales, and the revenue allocations will be updated whenever the Commission adopts new sales	No change	Updated with 2023 sales and to reflect new Medium Commercial class
SGIP	Updated on a rolling basis annually to reflect the actual benefits resulting from disbursement of program incentives over the previous three years	No change	Updated to reflect new Medium Commercial class
TMNB	12-month coincident peak (12-CP) demand used for Cost Allocation Methodology (CAM), updated annually to reflect changes in the 12-CP	No change	Updated to reflect new Medium Commercial class
WNDRR	Recovered from residential customer class only, pursuant to D.21-11-002	No change	No change

2

¹ Illustrative revenue allocation to accommodate the proposed Medium Commercial customer class

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This concludes my revised prepared direct testimony.

1 **III. WITNESS QUALIFICATIONS**

2 My name is Ray Utama and I am a Rate Strategy Project Manager II in the Customer Pricing
3 department for SDG&E. My business address is 8330 Century Park Court, San Diego, California
4 92123. I have held this position for approximately two years and have held various positions with
5 increasing levels of responsibility within the Sempra Energy family of companies for approximately
6 eleven years. In my current position, my primary responsibilities include various aspects of electric
7 rate design.

8 I received a Bachelor of Science degree in Accountancy, with a minor in Economics, from
9 the San Diego State University in 2010. I am a Certified Public Accountant (inactive), licensed in the
10 state of California. I have previously submitted testimony before the California Public Utilities
11 Commission and the Federal Energy Regulatory Commission.