

Application: A.26-02-~~XXX~~001  
Exhibit No.: SDGE-03-R  
Witness: William G. Saxe

**PREPARED REVISED 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**



**JUNE 1~~FEBRUARY 2~~, 2026**

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1 ~~medium/L~~ Large Commercial & Industrial (~~Large M/L~~ C&I), and Agricultural customer  
2 classes).<sup>2</sup>

3 My testimony is organized as follows:

- 4 • **Section I - Introduction**
- 5 • **Section II – DF Distribution Rates**
- 6 • **Section III – DF Base Transmission Rates<sup>3</sup>**
- 7 • **Section IV – Summary and Conclusion**
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17 **Peak Demand Charges**

## 18 **II. DEMAND FLEXIBILITY (DF) DISTRIBUTION RATES**

19 The Guidance Decision requires the Large Investor-Owned-Utilities (IOUs) to propose a  
20 distribution rate for DF customers that is location-based - either substation-based or circuit-  
21 based.<sup>4</sup> Of the four distribution rate components (distribution MSFs, distribution non-coincident

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<sup>2</sup> ~~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.~~

<sup>3</sup> Base transmission rates are ~~labeled as developed using the~~ Base Transmission Revenue Requirements (BTRR) ~~Transmission Rates approved by the Federal Energy Regulatory Commission (FERC).~~

<sup>4</sup> Guidance Decision at 59-60.

1 demand charges & distance adjustment fees, distribution capacity hourly adders, and distribution  
2 base rates), SDG&E proposes the DF distribution capacity hourly adders to meet the location  
3 based requirement. SDG&E describes each distribution rate component below and its proposed  
4 design for each customer class that SDG&E proposes for DF customers.<sup>5</sup>

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

6 This rate component will remain unchanged from the applicable default tariff. As  
7 adopted in SDG&E's General Rate Case (GRC) Phase 2 proceedings, marginal distribution  
8 customer costs are recovered through distribution monthly service fees (MSFs) charges,<sup>6</sup>  
9 differentiated within each customer class by customer size or type. Attachment A presents the  
10 distribution MSFs that were adopted for each customer class that are being proposed for DF  
11 customers.<sup>7</sup>

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

16 This rate component will remain unchanged from the applicable default tariff. As  
17 adopted in SDG&E's GRC Phase 2 proceedings, Mmedium Ceommercial and M/LLarge C&I  
18 customers pay distribution non-coincident demand charges to recover non-peak-related  
19 distribution demand costs, and M/LLarge C&I substation voltage customers pay distribution  
20 distance adjustment fees. Attachment B presents the Mmedium Ceommercial and M/LLarge

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<sup>5</sup> 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-M for medium commercial, Schedule AL-TOU-L for LargeM/L C&I, and Schedules TOU-PA and TOU-PA3 for agricultural customers.

<sup>6</sup> MSFs are also labeled as "Base Services Charge" and "Basic Service Fees" in SDG&E's electric rate schedules.

<sup>7</sup> Distribution MSF, being proposed for DF customers, were the MSFs implemented for all SDG&E customers on April 1, 2026October 1, 2025, pursuant to SDG&E Advice Letter (AL) 47901-E/E-A (approved September 30, 2025 and effective AprilOctober 1, 20265).

1 C&I distribution non-coincident demand charges and distance adjustment fees that were adopted  
2 for Mmedium Ceommercial and Large C&I M/L customers that are being proposed for  
3 Mmedium Ceommercial and M/L Large C&I DF customers.<sup>8</sup>

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

### 6 C. Distribution Capacity Component

7 Consistent with the Guidance Decision, the proposed distribution capacity component for  
8 DF customers is a circuit-based distribution capacity hourly adder designed to recover peak-  
9 related distribution demand costs.<sup>9,10,11</sup> This distribution capacity hourly adder is based on the  
10 top 200 hours of circuit load on a day-ahead basis, which is when the forecasted load exceeds a  
11 threshold level established based on historic circuit load. The forecasted load is based upon  
12 historical hourly load at the circuit level based on the local weather (both dry-bulb temperature  
13 and humidity taken into account), and calendar-based variables (weekends, holidays, day of  
14 week, month, etc.). Historic circuit load will be used to determine the threshold amount for  
15 determining the top 200 circuit peak hours in a given year.<sup>12</sup> When the forecast identifies an

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<sup>8</sup> 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 Mmedium Ceommercial and M/LLarge C&I customers on April 1, 2026~~October 1, 2025~~, pursuant to SDG&E AL 47901-E/E-A.

<sup>9</sup> Guidance Decision at 59.

<sup>10</sup> For DF Mmedium Ceommercial and M/LLarge C&I secondary and primary voltage customers, the distribution capacity hourly adder will replace the distribution on-peak demand charges that Mmedium Ceommercial and M/LLarge C&I secondary and primary voltage customers currently pay.

<sup>11</sup> Because M/LLarge 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.

<sup>12</sup> 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.

1 hour exceeding the prior year's top 200 hours circuit threshold, the distribution capacity hourly  
2 adder will be applied and presented to the participating customer on a day-ahead basis.

3         SDG&E is proposing a DF hourly distribution rate structure based on the top 200 circuit  
4 hours because this rate structure will capture the highest cost hours in the distribution capacity  
5 rate. The kilowatt-hour (kWh) consumption associated with the top 200 hours of circuits  
6 represents approximately 4.1% of the consumption associated with the total circuit hours over  
7 the 2022-2024 time-period.<sup>13</sup> Year-to-year differences in load can result in actual circuit peak  
8 hours that differ from the forecasted top 200 hours. Notably, this top 200 hours circuit-based  
9 distribution capacity hourly adder approach is consistent with the circuit-based distribution  
10 capacity hourly adder that SDG&E implemented for Schedules VGI and Public GIR.<sup>14</sup>

11         Given that SDG&E currently has 1,030 circuits, SDG&E is proposing to cluster the  
12 circuits into 10 circuit groups based on the percentage of residential and non-residential kWh  
13 load on the circuits to reduce the number of distribution circuit rates needed from 1,030 to 10.  
14 SDG&E chose to cluster its circuits in order to reduce the number of distribution circuit rates and  
15 avoid the potential for significant billing issues, customer confusion, and need for significant  
16 billing system changes that adding over a thousand distribution circuit rates would require.  
17 SDG&E settled on 10 circuit clusters as a reasonable number that balanced the need for location-  
18 based distribution pricing with the need for a reasonable number of clusters. These circuit  
19 clusters will be developed based on residential and non-residential consumption, broken out by  
20 10% increments, and customers will be notified what circuit cluster they will be billed under.

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<sup>13</sup> The circuit total kWh and top 200 hours kWh will be updated annually each January 1<sup>st</sup>, after the implementation of the distribution rates for DF customers, to reflect the currently available three years of kWh data.

<sup>14</sup> 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.

1 Table 1 (provided below) reflects this approach and provides circuit cluster groupings based on  
2 2024 data:<sup>15</sup>

<b>TABLE 1 - DISTRIBUTION CAPACITY COMPONENT CIRCUIT GROUPS</b>			
	<b><u>Number of Circuits</u></b>	<b><u>Residential kWh %</u></b>	<b><u>Non-Residential kWh %</u></b>
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		

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Based on SDG&E's most recently developed 2025 Distribution Cost Study,<sup>16</sup> SDG&E proposes to collect 5.96.2% of the marginal distribution demand costs through the distribution capacity hourly adder because 5.96.2% of the marginal distribution demand costs are estimated to be peak-related during the 2023-2025 period.<sup>17</sup> 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.<sup>18</sup>

<sup>15</sup> The circuit clusters will be updated annually each January 1<sup>st</sup>, after the implementation of the distribution rates for DF customers, to reflect the most currently available full year of circuit data.

<sup>16</sup> 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.

<sup>17</sup> The originally 2025 Distribution Cost Study only had 2025 cost data through September 2025. The updated 2025 Distribution Cost Study now reflects January through December 2025 costs. The update results in the peak-related distribution percentage decreasing from 6.2% to 5.9%.

<sup>18</sup> Guidance Decision at 77-79.

1 The remaining 94.193.8% of marginal distribution demand costs scaled using the EPMC  
2 methodology will be collected through the distribution non-coincident demand charges,  
3 distribution distance adjustment fees, and/or the distribution base rate. Attachment C presents  
4 the distribution capacity hourly adders for each customer class that are being proposed for DF  
5 customers.

#### 6 **D. Distribution Base Rate**

7 The proposed distribution base rates for DF customers reflect the distribution rates  
8 needed to fully recover total authorized distribution costs by customer class.<sup>19</sup> The distribution  
9 base rates are calculated to recover the difference between the total authorized distribution  
10 revenues allocated to each customer class minus the revenues forecasted to be collected by  
11 customer class in the (a) MSF, described in Section A above, (b) non-coincident demand charges  
12 and distance adjustment fees, described in Section B above, and (c) distribution capacity hourly  
13 adders, described in Section C above.

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

### 18 **III. DEMAND FLEXIBILITY (DF) BASE TRANSMISSION RATES**

19 Although transmission rates are subject to the exclusive jurisdiction of the Federal  
20 Energy Regulatory Commission, Pursuant to the Guidance Decision, the Large IOUs are  
21 required to propose hourly transmission rates and describe their plan for implementing time-

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<sup>19</sup> 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.

1 varying transmission rates in their respective applications.<sup>20</sup> The Guidance Decision also  
2 acknowledges, however, that transmission studies are needed to determine appropriate hourly  
3 and time-of-use (TOU) transmission capacity price signals and encourages the IOUs to undertake  
4 the necessary studies to propose rate designs for time-varying transmission capacity prices.<sup>21</sup>

5 Pursuant to this language, SDG&E conducted a 2025 Transmission Cost Study using data  
6 from 2023 through 2025. The study identifies only transmission peak-related and non-peak-  
7 related costs, and does not identify transmission hourly capacity costs because the transmission  
8 costs are not hourly based. This study shows that approximately 10.78.1% of SDG&E's 2023-  
9 2025 total transmission capacity costs are peak-related.<sup>22</sup>

10 Further, even if SDG&E had transmission hourly capacity costs to design transmission  
11 capacity hourly rates, SDG&E's billing system is not currently designed to handle the  
12 implementation of DF transmission capacity hourly rates. For this reason, SDG&E proposes to  
13 initially seek with FERC to implement base transmission TOU energy rates for residential, small  
14 commercial, and agricultural DF customers with the plan to implement base transmission hourly  
15 energy rates for these customers at a later date. SDG&E reiterates that, as the Commission has  
16 repeatedly found, transmission rates are subject to FERC's exclusive jurisdiction.<sup>23</sup> As such, the  
17 Commission cannot require SDG&E to make any proposal to SDG&E's federal regulator. Nor

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<sup>20</sup> Guidance Decision at 66-67.

<sup>21</sup> *Id.*

<sup>22</sup> The original 2025 Transmission Cost Study only had 2025 cost data through September 2025. The updated 2025 Transmission Cost Study now reflects January through December 2025 costs and revisions to correct the following errors: (1) some corrections. In addition, transmission costs for budget code TL6975 were shown twice in the study and thus, the updated study removes one of the TL6975 costs for each year; (2) Finally, the transmission costs for the TL623C and TL 632 budget codes were mistakenly excluded and thus, the updated study includes the costs for these budget codes for each year. The updated results in the peak-related transmission percentage increasing from 8.1% to 10.7%.

<sup>23</sup> See D.21-11-016 at 70 ("There is no questioning FERC's exclusive jurisdiction over setting transmission rates.").

1 does SDG&E have any control over whether FERC approves any such SDG&E proposal.

2 Nevertheless, my testimony describes SDG&E's plan and proposal for DF transmission rates that

3 SDG&E will submit to FERC.

4 As explained in Section III.B below, if approved by FERC, Mmedium Ceommercial and  
5 M/LLarge C&I DF customers will continue to pay the base transmission non-coincident and on-  
6 peak demand charges that Mmedium Ceommercial and M/LLarge C&I customers currently pay  
7 because these base transmission demand charges already reflect time variant rates.

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

9 SDG&E proposes to use the SDG&E 2025 Transmission Cost Study to develop base  
10 transmission TOU energy rates for residential, small commercial, and agricultural DF  
11 customers.<sup>24</sup> All rates for these customer classes currently have base transmission flat rate  
12 components, so the proposed DF transmission rates would provide a time-varying price signal  
13 for this base transmission rate component. These base transmission TOU energy rates will  
14 promote the efficient utilization of SDG&E's transmission system by charging higher rates  
15 during on-peak times when transmission peak-related capacity costs are incurred. Based on  
16 SDG&E's 2025 Transmission Cost Study, 10.78.1% of SDG&E's total transmission costs  
17 occurred during the peak TOU period. Accordingly, SDG&E is proposing to collect 10.78.1% of  
18 transmission costs directly through the base transmission on-peak energy rates.

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

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<sup>24</sup> *Id.*

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

2 Medium Commercial and M/L Large C&I customers already pay base transmission time-  
3 differentiated rates in the form of non-coincident and on-peak demand charges. Attachment F  
4 presents the Medium Commercial and M/L Large C&I base transmission non-coincident and  
5 on-peak demand charges that were adopted for Schedule AL-TOU-M and AL-TOU-L customers  
6 and are being proposed to FERC for DF customers.<sup>25</sup> Currently, 90% of transmission costs are  
7 recovered in Medium Commercial and M/L Large C&I base transmission non-coincident  
8 demand charges, and 10% are recovered in Medium Commercial and M/L Large C&I base  
9 transmission on-peak demand charges. As stated above, SDG&E's 2025 Transmission Cost  
10 Study shows that 10.78.4% of transmission costs are peak-related. Therefore, SDG&E plans to  
11 revise the Medium Commercial and M/L Large C&I base transmission demand charges to  
12 reflect 89.391.9% non-coincident and 10.78.4% on-peak demand charges. Attachment E  
13 presents the proposed updated Medium Commercial and M/L Large C&I base transmission  
14 demand charges based on 89.391.9% non-coincident and 10.78.4% on-peak costs that SDG&E  
15 plans to file with FERC for Medium Commercial and M/L Large C&I customers, including  
16 DF customers.

17 **IV. SUMMARY AND CONCLUSION**

18 SDG&E recommends that the Commission approve the proposed distribution ~~and~~  
19 ~~transmission~~ rate design for DF customers, as described above. SDG&E further recommends  
20 that the Commission find that SDG&E's plan to file with FERC for a proposed transmission rate  
21 design for DF customers is consistent with Commission guidance. This proposed rate design  
22 was based on recovery of SDG&E's total authorized distribution and transmission revenues used

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<sup>25</sup> Medium commercial and M/L Large C&I transmission non-coincident demand charges, being proposed for DF customers, were implemented on April 1, 2026~~October 1, 2025~~, pursuant to SDG&E AL 47901-E.

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

6 This concludes my prepared supplemental-revised direct testimony.

1 **V. WITNESS QUALIFICATIONS**

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

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

11 I have previously testified before the Commission on rate design, marginal cost and other  
12 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 <sup>1,2,3,4</sup>	DF Distribution MSF	\$ Change	
1	Residential					
2		Standard	\$/Day	\$0.63391	\$0.63391	\$0.00000
3		California Alternative Rates for Energy Program (CARE)	\$/Day	\$0.06674	\$0.06674	\$0.00000
4		Family Electric Rate for Assistance Program (FERA)/Deed-Restricted Affordable Housing (DRAH)	\$/Day	\$0.23736	\$0.23736	\$0.00000
5						
6	Small Commercial					
7		0-5 kW	S/Month	\$12.02	\$12.02	\$0.00
8		5-20 kW	S/Month	\$19.23	\$19.23	\$0.00
9		20-50 kW	S/Month	\$36.06	\$36.06	\$0.00
10		>50 kW	S/Month	\$90.16	\$90.16	\$0.00
11						
12	Medium Commercial					
13		<u>Secondary</u>				
14		Secondary	S/Month	\$209.77	\$209.77	\$0.00
15		Primary	S/Month	\$66.15	\$66.15	\$0.00
16						
17		<u>Primary</u>				
18		Secondary	S/Month	\$245.30	\$245.30	\$0.00
19		Primary	S/Month	\$66.15	\$66.15	\$0.00
20						
21	Large Commercial & Industrial Customers (Large C&I)					
22		<u>Less than 500 kW</u>				
23		Secondary	S/Month	\$234.63	\$234.63	\$0.00
24		Primary	S/Month	\$63.27	\$63.27	\$0.00
25		Secondary Substation	S/Month	\$20,724.79	\$20,724.79	\$0.00
26		Primary Substation	S/Month	\$20,724.79	\$20,724.79	\$0.00
27		Transmission	S/Month	\$341.22	\$341.22	\$0.00
28		<u>Greater than 500 kW</u>				
29		Secondary	S/Month	\$749.39	\$749.39	\$0.00
30		Primary	S/Month	\$75.27	\$75.27	\$0.00
31		Secondary Substation	S/Month	\$20,724.79	\$20,724.79	\$0.00
32		Primary Substation	S/Month	\$20,724.79	\$20,724.79	\$0.00
33		Transmission	S/Month	\$1,365.25	\$1,365.25	\$0.00
34		<u>Greater than 12 MW</u>				
35		Secondary Substation	S/Month	\$34,973.05	\$34,973.05	\$0.00
36		Primary Substation	S/Month	\$35,038.00	\$35,038.00	\$0.00
37						
38	Agricultural					
39		<u>Less than 20kW</u>	S/Month	\$26.30	\$26.30	\$0.00
40						
41		<u>Greater than or equal to 20kW</u>				
42		20-75 kW	S/Month	\$43.57	\$43.57	\$0.00
43		75-100 kW	S/Month	\$73.62	\$73.62	\$0.00
44		100-200 kW	S/Month	\$91.66	\$91.66	\$0.00
45		>200 kW	S/Month	\$151.76	\$151.76	\$0.00

Notes:

- (1) Current Residential Distribution MSFs were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-E, and reflect the MSFs for all residential customers.
  - (2) Current Small Commercial Distribution MSFs were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-E, and reflect the MSFs for Schedule TOU-A, which is the standard electric rate schedule for small commercial customers.
  - (3) Current Medium Commercial Distribution MSFs were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-E, and reflect the MSFs for Schedule AL-TOU-M, which is the standard electric rate schedule for Medium Commercial customers.
  - (4) Current Large C&I Distribution MSFs were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-E, and reflect the MSFs for Schedule AL-TOU-L, which is the standard electric rate schedule for Large C&I customers.
  - (5) Current Agricultural Distribution MSFs were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-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**

<u>Line No.</u>	<u>Customer Classes</u>	<u>Description</u>	<u>Current Distribution Charges<sup>1</sup></u>	<u>DF Distribution Charges</u>	<u>\$ Change</u>
1	Medium Commercial Customers				
2					
3		<u>Non-Coincident Demand Charges</u>			
4		Secondary \$/kW	\$9.30	\$9.30	\$0.00
5		Primary \$/kW	\$9.25	\$9.25	\$0.00
6					
7	Large Commercial & Industrial Customers (Large C&I)				
8					
9		<u>Non-Coincident Demand Charges</u>			
10		Secondary \$/kW	\$23.38	\$23.38	\$0.00
11		Primary \$/kW	\$23.26	\$23.26	\$0.00
12		Secondary Substation \$/kW	\$0.06	\$0.06	\$0.00
13		Primary Substation \$/kW	\$0.06	\$0.06	\$0.00
14		Transmission \$/kW	\$0.06	\$0.06	\$0.00
15					
16		<u>Distance Adjustment Fees</u>			
17		Secondary Substation - Overhead Fee \$/Foot/Month	\$1.23	\$1.23	\$0.00
18		Secondary Substation - Overhead Fee \$/Foot/Month	\$3.17	\$3.17	\$0.00
19		Primary Substation - Overhead Fee \$/Foot/Month	\$1.22	\$1.22	\$0.00
20		Primary Substation - Overhead Fee \$/Foot/Month	\$3.13	\$3.13	\$0.00

Note:

(1) Current non-coincident demand charges for Medium Commercial and Large C&I customers and distance adjustment fees for Large C&I customers were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-E, and reflect the non-coincident demand charges and distance adjustment fees for Schedule AL-TOU.

**ATTACHMENT C**

**ILLUSTRATIVE DEMAND FLEXIBILITY (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	S/kWh	\$0.11210	\$0.12097	\$0.12680	\$0.13556	\$0.14160	\$0.14705	\$0.15295	\$0.15565	\$0.15185	\$0.15388
2												
3	Small Commercial	S/kWh	\$0.08082	\$0.08721	\$0.09141	\$0.09773	\$0.10208	\$0.10601	\$0.11027	\$0.11221	\$0.10947	\$0.11094
4												
5	Medium Commercial	S/kWh	\$0.08042	\$0.08678	\$0.09097	\$0.09725	\$0.10158	\$0.10549	\$0.10973	\$0.11166	\$0.10894	\$0.11039
6												
7	Large Commercial & Industrial Customers (Large C&I)	S/kWh	\$0.06011	\$0.06487	\$0.06799	\$0.07269	\$0.07593	\$0.07885	\$0.08202	\$0.08346	\$0.08143	\$0.08252
8												
9	Agricultural	S/kWh	\$0.06787	\$0.07323	\$0.07676	\$0.08206	\$0.08572	\$0.08902	\$0.09260	\$0.09423	\$0.09193	\$0.09316

Note:  
(1) The DF distribution capacity hourly adder only applies to secondary and primary voltage customers in the Large C&I customer class. Because Large 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 FLEXIBILITY (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		\$0.15719	\$0.15368	(\$0.00351)	-2.2%
2						
3	Small Commercial					
4		Secondary	\$0.16083	\$0.16050	(\$0.00033)	-0.2%
5		Primary	\$0.15999	\$0.15964	(\$0.00035)	-0.2%
6						
7	Medium Commercial					
8		Secondary	\$0.02343	\$0.06041	\$0.03698	157.8%
9		Primary	\$0.02343	\$0.05127	\$0.02784	118.8%
10						
11	Large Commercial & Industrial Customers (Large C&I)					
12		Secondary	(\$0.00109)	\$0.10463	\$0.10572	-9741.2%
13		Primary	(\$0.00109)	\$0.10136	\$0.10244	-9439.6%
14		Secondary Substation	(\$0.00124)	(\$0.00128)	(\$0.00004)	2.9%
15		Primary Substation	(\$0.00124)	(\$0.00128)	(\$0.00004)	2.9%
16		Transmission	(\$0.00124)	(\$0.00128)	(\$0.00004)	2.9%
17						
18	Agricultural					
19		Secondary	\$0.10647	\$0.10337	(\$0.00310)	-2.9%
20		Primary	\$0.10592	\$0.10282	(\$0.00310)	-2.9%

- Note:
- (1) Current Distribution Rates were implemented on April 1, 2026, pursuant to SDG&E Advice Letter 4791-E, and reflect the distribution rates for all customer classes.
  - (2) Medium Commercial and Larger C&I secondary and primary customers currently pay distribution on-peak distribution demand charges, which Medium Commercial and Large C&I secondary and primary DF customers will not be paying. This is the reason that the distribution base rates for Medium Commercial and Large C&I secondary and primary DF customers reflect an increase from current distribution rates because the distribution miscellaneous charges are being converted from on-peak demand charges to distribution energy rates in the distribution base rate.
  - (3) Large C&I customers currently pay only 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.

**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 Base	DF Base	\$ Change	% Change	
			Transmission Rates <sup>1</sup>	Transmission TOU Energy Rates <sup>2</sup>			
1	Residential						
2		Flat \$/kWh Rate	\$/kWh	\$0.11364			
3							
4		TOU \$/kWh Rates	\$/kWh				
5		<i>Summer On-Peak</i>	\$/kWh	NA	\$0.17407	\$0.06043	53.2%
6		<i>Winter On-Peak</i>	\$/kWh	NA	\$0.11577	\$0.00213	1.9%
7		<i>Summer &amp; Winter Off-Peak</i>	\$/kWh	NA	\$0.10148	-\$0.01216	-10.7%
8		<i>Summer &amp; Winter Super Off-Peak</i>	\$/kWh	NA	\$0.10148	-\$0.01216	-10.7%
9							
10	Small Commercial						
11		Flat \$/kWh Rate	\$/kWh	\$0.06192			
12							
13		TOU \$/kWh Rates	\$/kWh				
14		<i>Summer On-Peak</i>	\$/kWh	NA	\$0.10686	\$0.04494	72.6%
15		<i>Winter On-Peak</i>	\$/kWh	NA	\$0.06584	\$0.00392	6.3%
16		<i>Summer &amp; Winter Off-Peak</i>	\$/kWh	NA	\$0.05529	-\$0.00663	-10.7%
17		<i>Summer &amp; Winter Super Off-Peak</i>	\$/kWh	NA	\$0.05529	-\$0.00663	-10.7%
18							
19	Agricultural						
20		Flat \$/kWh Rate	\$/kWh	\$0.03675			
21							
22		TOU \$/kWh Rates	\$/kWh				
23		<i>Summer On-Peak</i>	\$/kWh	NA	\$0.06929	\$0.03254	88.5%
24		<i>Winter On-Peak</i>	\$/kWh	NA	\$0.04171	\$0.00496	13.5%
24		<i>Summer &amp; Winter Off-Peak</i>	\$/kWh	NA	\$0.03282	-\$0.00393	-10.7%
25		<i>Summer &amp; Winter Super Off-Peak</i>	\$/kWh	NA	\$0.03282	-\$0.00393	-10.7%

Notes:

(1) Current base transmission rates reflect the 2026 \$/kWh transmission rates developed in SDG&E's Federal Energy Regulatory Commission (FERC) Transmission Owner 6, Cycle 2 (TO6 Cycle 2) and implemented on January 1, 2026, per SDG&E Advice Letter 4757-E. These transmission rates for residential, small commercial, and agricultural customers reflect the current transmission rates effective April 1, 2026, pursuant to SDG&E Advice Letter 4791-E.

(2) DF base transmission TOU energy Rates reflect the current 2026 transmission rates converted into TOU transmission energy rates by assuming that 10.7% 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 Base Transmission	DF Base Transmission	\$ Change	% Change	
			Demand Charges <sup>1</sup>	Demand Charges <sup>2</sup>			
1	Medium Commercial						
2							
3		<u>Non-Coincident Demand Charges</u>					
4		Secondary	\$/kW	\$23.07	\$22.89	-\$0.18	-0.8%
5		Primary	\$/kW	\$22.28	\$22.11	-\$0.17	-0.8%
6							
7		<u>Summer On-Peak Demand Charges</u>					
8		Secondary	\$/kW	\$4.73	\$5.06	\$0.33	7.0%
9		Primary	\$/kW	\$4.56	\$4.88	\$0.32	7.0%
10							
11		<u>Winter On-Peak Demand Charges</u>					
12		Secondary	\$/kW	\$0.98	\$1.05	\$0.07	7.1%
13		Primary	\$/kW	\$0.95	\$1.01	\$0.06	6.3%
14							
15	Large Commercial & Industrial Customers (Large C&I)						
16							
17		<u>Non-Coincident Demand Charges</u>					
18		Secondary	\$/kW	\$23.07	\$22.89	-\$0.18	-0.8%
19		Primary	\$/kW	\$22.28	\$22.11	-\$0.17	-0.8%
20		Secondary Substation	\$/kW	\$23.07	\$22.89	-\$0.18	-0.8%
21		Primary Substation	\$/kW	\$22.28	\$22.11	-\$0.17	-0.8%
22		Transmission	\$/kW	\$22.19	\$22.02	-\$0.17	-0.8%
23							
24		<u>Summer On-Peak Demand Charges</u>					
25		Secondary	\$/kW	\$4.73	\$5.06	\$0.33	7.0%
26		Primary	\$/kW	\$4.56	\$4.88	\$0.32	7.0%
27		Secondary Substation	\$/kW	\$4.73	\$5.06	\$0.33	7.0%
28		Primary Substation	\$/kW	\$4.56	\$4.88	\$0.32	7.0%
29		Transmission	\$/kW	\$4.55	\$4.87	\$0.32	7.0%
30							
31		<u>Winter On-Peak Demand Charges</u>					
32		Secondary	\$/kW	\$0.98	\$1.05	\$0.07	7.1%
33		Primary	\$/kW	\$0.95	\$1.01	\$0.06	6.3%
34		Secondary Substation	\$/kW	\$0.98	\$1.05	\$0.07	7.1%
35		Primary Substation	\$/kW	\$0.95	\$1.01	\$0.06	6.3%
36		Transmission	\$/kW	\$0.94	\$1.01	\$0.07	7.4%

Note:  
(1) Current base transmission demand charges reflect the 2026 \$/kWh transmission demand charges developed in SDG&E's Federal Energy Regulatory Commission (FERC) Transmission Owner 6, Cycle 2 (TO6 Cycle 2) and implemented on January 1, 2026. These current transmission demand charges reflect the demand charges for Schedule AL-TOU-M (Medium Commercial) and AL-TOU-L (Large C&I) customers effective April 1, 2026, pursuant to SDG&E Advice Letter 4791-E.  
(2) DF base transmission demand charges for medium commercial and Large C&I customers reflect updates to change the recovery of the allocated transmission revenues from 10% to 10.7% for the on-peak demand charges based on the 2025 transmission cost study that shows that 10.7% of the allocated transmission revenues are peak-related.