

Application: 18-02-016

Exhibit: SDGE-

REBUTTAL TESTIMONY OF
KELLEN C. GILL
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

AUGUST 24, 2018

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**REBUTTAL TESTIMONY OF
KELLEN C. GILL**

I. INTRODUCTION

My rebuttal testimony responds to the prepared testimony submitted by intervening parties in San Diego Gas & Electric Company’s (“SDG&E’s”) Application for Approval of 2018 Energy Storage Procurement and Investment Plan (“Application”). Specifically, I will respond to the portion of the testimony of Small Business Utility Advocates (“SBUA”) related to cost recovery and allocation.¹

As a preliminary matter, the absence of a response to any particular issue in this rebuttal testimony does not imply or constitute agreement by SDG&E with the proposal or contention made by these or other parties. The information contained in SDG&E’s direct testimony is based on sound estimates of its revenue requirements at the time of testimony preparation.

Following is a summary of SBUA’s relevant positions:

- “...SDG&E – provided an analysis of the class rate effects of its proposals. That analysis forecasts that small businesses would pay more for the AB 2868 mandate than any other major rate class (excluding lighting), both in terms of the \$/kWh rate change and the percentage change from current rates...”²
- “This allocation results in subsidies from smaller, less sophisticated parties (small business and residential) to larger, more sophisticated ones.”³

¹ See *Direct Testimony of Paul Chernick on Behalf of Small Business Utility Advocates* (August 9, 2018). Citations to testimony will be as follows: [Party nickname] page number(s):line number(s).

² *Id.* at 10:18-21.

³ *Id.* at 11:6-8.

1 **II. RESPONSE TO DISCUSSION OF COST ALLOCATION**

2 Allocation factors are addressed in rate design proceedings, such as the General Rate
3 Case (“GRC”) Phase 2. SDG&E’s current effective distribution cost allocation was approved in
4 the utility’s 2016 GRC Phase 2.⁴ SDG&E is not proposing an update to the cost allocation for
5 distribution revenue in this Application. Small businesses are paying no more or less for the
6 revenue requirements that are the subject of this Application than they would for any other
7 project put before the Commission for approval using the effective 2016 GRC distribution cost
8 allocation. SBUA also asserts that “this allocation results in subsidies from smaller, less
9 sophisticated parties (small business and residential) to larger, more sophisticated ones.”⁵ It
10 appears that SBUA is characterizing this “subsidy” as a cost shift when no cost shift is occurring
11 as a result of the cost allocation. Therefore, SBUA is raising an out-of-scope issue. Specifically,
12 cost allocation was addressed in D.17-08-030, *Decision Adopting Revenue Allocation and Rate*
13 *Design* for SDG&E in Application (“A.”) 15-04-012 (Phase 2 of SDG&E’s 2016 GRC), where
14 SBUA was *not* a party. Any remaining concerns about revenue allocations would most
15 appropriately be addressed in SDG&E’s next GRC Phase 2 proceeding.

16 **III. CONCLUSION**

17 SBUA’s testimony on cost allocation is simply unsupported assertion. SDG&E is not
18 proposing an update to the current effective customer class cost allocation in this application.
19 The current effective allocation of distribution revenues among customer classes was
20 appropriately addressed by the Commission in D.17-08-030.

⁴ Decision (“D.”)17-08-030 approved the Joint Motion to Adopt Revenue Allocation Settlement Agreement, at 2.

⁵ SBUA 1:6-8.

1 I have previously submitted direct testimony in this proceeding. This concludes my
2 rebuttal testimony.