**SUBJECT: “INTERIM DISCOUNT IMPLEMENTATION FUNDING”**

1. **How was the cost estimate of $1.1 million determined?**

**SDG&E Response:** The $1.1 million revenue requirement is derived from the direct cost of manually billing the proposed interim rate discount for 15 months. These direct costs include three incremental resources in the Customer Operations Support, Billing, and Regulatory Accounting groups as well as IT costs.

The full derivation of the direct costs is shown in the Chapter 1 workpaper available on the SDG&E website at the following link: <https://www.sdge.com/rates-and-regulations/proceedings/ev-high-power-charging-rate>. The derivation of the revenue requirement is shown in the Chapter 4 workpapers.

1. **Was the cost estimate developed using an exact estimate of participants, or a range of participants? If so, please provide the detail of the assumptions and derivation of results for the estimate:**

**SDG&E Response:** While the total number of customers receiving the interim rate discount will depend on the growth of DCFC and MD/HD EV sites in SDG&E’s territory during the interim discount period, SDG&E anticipates that the discount will be applied to up to approximately 150 customer accounts. Potentially more customer accounts may receive the discount towards the end of the listed period.

* 1. **Were any customer surveys, focus groups or interviews used to ascertain customer interest in enrollment in the High-Power EV rate?**

**SDG&E Response:** SDG&E has not conducted any surveys, focus groups, or interviews to ascertain customer interest in the EV-HP rate. However, SDG&E has informally discussed the rate with potential MD/HD EV customers and at public events and believes that many potential customers are interested in the simplicity and certainty of the proposed EV-HP rate.

* 1. **Was the cost to manually bill the interim rate estimated on a per customer account basis? If so, how and what inputs were included?**

**SDG&E Response:** The cost to manually bill the interim rate discount was based on the assumption that up to approximately 150 customer accounts will receive the interim discount, which is based on the existing number of DCFC and MD/HD EV customer accounts in SDG&E’s service territory plus expected growth during the time period when the interim discount will be applied. The cost to manually bill the interim rate discount was not calculated on a per customer account basis.

* 1. **Provide the enrollment expectation used for the interim discount implementation cost estimate and describe whether it is a midpoint or high range estimate or defined in some other fashion. If “other,” provide full explanation. Regardless of the enrollment estimate used, provide a midpoint and high range estimate of enrollment, both in terms of raw number of accounts and participation percentage. Provide the cost estimates associated with the midpoint and high range enrollment estimates.**

**SDG&E Response:** SDG&E estimates that up to approximately 100 customers would receive the interim rate discount as a midpoint, and up to approximately 150 customers as a high range. These ranges are based on existing eligible customer accounts, the estimated growth in the number of DCFC accounts in SDG&E’s service territory, and estimated MD/HD EV adoption through the MD/HD program.

SDG&E did not estimate participation percentages associated with the interim rate discount.

Because SDG&E requests incremental resources to manually bill the discount, the cost of the interim rate discount is based on the number of months during which the discount is manually billed and not the number of customers receiving the discount. The $1.1 million assumes 15 months of manual billing and is not expected to vary between the midpoint and high range enrollment estimates.

1. **Are the overall costs of the manual billing influenced by the length of the interim period?**

**SDG&E Response:** See response to question 2c above.

* 1. **If yes, explain how costs are influenced by the length of the interim period.**

**SDG&E Response:** SDG&E will incur a loaded cost of approximately $64,000 per month during the period the interim rate discount is manually billed.

Since the direct cost of manual billing is comprised primarily of contracted labor costs, SDG&E is also applying an estimated loader of 1% which is comprised of the applicable overheads for O&M non-labor purchased services.

* 1. **Show how the costs will change from the shortest to longest duration scenarios. Include scenario results for both midpoint and high enrollment expectations described in Question 2c above. The end result of this 2x2 request will be four cost estimate scenarios.**

**SDG&E Response:** SDG&E has estimated the loaded total cost of manually billing the interim rate discount for different discount duration scenarios as shown in the table below. As noted above, the cost of manually billing the interim rate discount does not depend on the number of customers receiving the discount.

|  |  |  |
| --- | --- | --- |
| **Total Loaded Costs for Manual Billing Duration Scenarios** (thousands of $) | | |
| 8 months | 12 months | 15 months |
| $555 | $819 | $1,016 |