1) The street light rate model (excel file Ch\_7\_WP#1\_Lighting Model\_Revised), tab

DEMAND&CUSTOMER MC shows the distribution marginal demand cost per kW per

Year as $107.20.

a. The footnotes of the lighting model explain: “This value is from the Marginal

Distribution Cost Study sponsored by SDG&E witness William G. Saxe (Chapter

5 Direct Testimony)”. Please provide the workpapers showing the calculation of

this value.

**SDG&E Response:**

1. The $107.20 amount referenced reflects the annual amount proposed to be collected in demand rates (summer on-peak and non-coincident demand rates) to recover distribution demand costs from the lighting class. The distribution demand costs associated with these demand rates can be found in Cells E111 and E112 of the “Distrib Class EPMC Rates & Rev” tab of the “Ch\_5\_WP#1\_Marg Dist Rev Alloc Revised” Chapter 5 workpaper file. Cells E111 and E112 provide the proposed Equal Percent of Marginal Cost (“EPMC”) demand rates (summer on-peak and non-coincident demand rates) for the lighting class that sum to $8.93 per customer on a monthly basis. Multiplying the unrounded $8.93 by 12 derives the $107.20 per customer on an annual basis. The $107.20 amount is per customer not per kW.

b. SDG&E’s Chapter 5 testimony and workpapers calculate a value of $78.45 per

kW per year as the total distribution demand-related marginal cost. Should the

distribution demand cost of $78.45 per kW per year be used to calculate street

light UDC rates?

**SDG&E Response:**

1. As shown in Cell C45 of the “Distrib Marginal Cost Summary” tab of the “Ch\_5\_WP#1\_Marg Dist Rev Alloc Revised” Chapter 5 workpaper file, the marginal distribution demand costs used to develop the demand rates (summer on-peak and non-coincident demand rates) for each customer class, including the lighting customer class, is the $78.45 per kW-year referenced. Applying the $78.45 per kW-year demand costs for the lighting class results in distribution marginal demand rates (summer on-peak and non-coincident demand rates) for the lighting class that sum to $4.05 per customer on a monthly basis, as shown in Cells D111 and D112 of the “Distrib Class EPMC Rates & Rev” tab of this Chapter 5 workpaper file. Multiplying the unrounded $4.05 by 12 derives $48.65 per customer on an annual basis. Cell C160 of this tab identifies the EPMC Allocation Factor of 220.34% that is multiplied by the marginal distribution demand rates to calculate the EPMC demand rates presented in response to Question 1a to ensure recovery of SDG&E’s Commission authorized distribution revenues [$48.65 x 220.34% = $107.20].